

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

FORM 10-Q

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

For the quarterly period ended March 28, 2020
OR

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

For the transition period from _____ to _____

Commission File Number: 001-06024

WOLVERINE WORLD WIDE, INC.

(Exact Name of Registrant as Specified in its Charter)

Delaware

(State or other jurisdiction of incorporation or organization)

38-1185150

(I.R.S. Employer Identification No.)

9341 Courtland Drive N.E. , Rockford , Michigan

(Address of principal executive offices)

49351

(Zip Code)

(616) 866-5500

(Registrant's telephone number, including area code)

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

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

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

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

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

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

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

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

There were 81,187,759 shares of common stock, \$1 par value, outstanding as of April 23, 2020.

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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:

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

- changes in future pension funding requirements and pension expenses.

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

PART I. FINANCIAL INFORMATION

ITEM 1. Financial Statements

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

	Quarter Ended	
	March 28, 2020	March 30, 2019
<i>(In millions, except per share data)</i>		
Revenue	\$ 439.3	\$ 523.4
Cost of goods sold	257.5	303.2
Gross profit	181.8	220.2
Selling, general and administrative expenses	156.1	164.0
Environmental and other related costs	8.8	3.8
Operating profit	16.9	52.4
Other expenses:		
Interest expense, net	7.8	6.9
Other income, net	(0.6)	(1.3)
Total other expenses	7.2	5.6
Earnings before income taxes	9.7	46.8
Income tax expense (benefit)	(3.1)	6.2
Net earnings	\$ 12.8	\$ 40.6
Less: net earnings (loss) attributable to noncontrolling interests	(0.2)	0.1
Net earnings attributable to Wolverine World Wide, Inc.	\$ 13.0	\$ 40.5
Net earnings per share (see Note 3):		
Basic	\$ 0.16	\$ 0.44
Diluted	\$ 0.16	\$ 0.43
Comprehensive income	\$ 2.2	\$ 43.4
Less: comprehensive income (loss) attributable to noncontrolling interests	(1.4)	0.3
Comprehensive income attributable to Wolverine World Wide, Inc.	\$ 3.6	\$ 43.1
Cash dividends declared per share	\$ 0.10	\$ 0.10

See accompanying notes to consolidated condensed financial statements.

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

<i>(In millions, except share data)</i>	March 28, 2020	December 28, 2019	March 30, 2019
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 472.6	\$ 180.6	\$ 80.6
Accounts receivable, less allowances of \$28.3, \$26.7 and \$25.7	323.4	331.2	375.5
Inventories:			
Finished products, net	396.2	342.0	359.2
Raw materials and work-in-process, net	9.1	6.2	14.8
Total inventories	405.3	348.2	374.0
Prepaid expenses and other current assets	50.4	107.1	45.4
Total current assets	1,251.7	967.1	875.5
Property, plant and equipment:			
Gross cost	325.6	325.0	385.6
Accumulated depreciation	(187.3)	(184.0)	(252.6)
Property, plant and equipment, net	138.3	141.0	133.0
Lease right-of-use assets, net	158.3	160.8	157.2
Other assets:			
Goodwill	434.7	438.9	425.9
Indefinite-lived intangibles	604.5	604.5	604.5
Amortizable intangibles, net	76.2	77.8	70.7
Deferred income taxes	2.4	2.9	3.4
Other	87.6	87.0	81.1
Total other assets	1,205.4	1,211.1	1,185.6
Total assets	\$ 2,753.7	\$ 2,480.0	\$ 2,351.3

See accompanying notes to consolidated condensed financial statements.

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

<i>(In millions, except share data)</i>	March 28, 2020	December 28, 2019	March 30, 2019
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current liabilities:			
Accounts payable	\$ 137.6	\$ 202.1	\$ 112.6
Accrued salaries and wages	15.3	20.8	16.9
Other accrued liabilities	129.4	157.9	98.0
Lease liabilities	34.9	34.1	28.6
Current maturities of long-term debt	12.5	12.5	10.0
Borrowings under revolving credit agreements	790.0	360.0	326.0
Total current liabilities	1,119.7	787.4	592.1
Long-term debt, less current maturities	423.6	425.9	435.3
Accrued pension liabilities	109.5	109.7	92.1
Deferred income taxes	86.5	99.0	108.6
Lease liabilities, noncurrent	145.0	147.2	147.3
Other liabilities	133.5	132.4	58.6
Stockholders' equity:			
Wolverine World Wide, Inc. stockholders' equity:			
Common stock – par value \$1, authorized 320,000,000 shares; 109,208,832, 108,329,250 and 107,881,756 shares issued	109.2	108.3	107.9
Additional paid-in capital	219.8	233.4	208.0
Retained earnings	1,268.1	1,263.3	1,201.2
Accumulated other comprehensive loss	(111.5)	(102.1)	(85.7)
Cost of shares in treasury; 28,146,763, 27,181,512 and 19,152,384 shares	(760.0)	(736.2)	(520.0)
Total Wolverine World Wide, Inc. stockholders' equity	725.6	766.7	911.4
Noncontrolling interest	10.3	11.7	5.9
Total stockholders' equity	735.9	778.4	917.3
Total liabilities and stockholders' equity	\$ 2,753.7	\$ 2,480.0	\$ 2,351.3

See accompanying notes to consolidated condensed financial statements.

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

(In millions)	Quarter Ended	
	March 28, 2020	March 30, 2019
OPERATING ACTIVITIES		
Net earnings	\$ 12.8	\$ 40.6
Adjustments to reconcile net earnings to net cash used in operating activities:		
Depreciation and amortization	7.8	7.2
Deferred income taxes	(12.6)	(0.4)
Stock-based compensation expense	2.7	6.6
Pension and SERP expense	2.1	1.4
Environmental and other related costs, net of cash payments and recoveries received	49.6	(1.0)
Other	5.8	(6.0)
Changes in operating assets and liabilities:		
Accounts receivable	4.1	(13.6)
Inventories	(61.0)	(56.3)
Other operating assets	1.4	0.5
Accounts payable	(64.0)	(89.6)
Income taxes payable	2.7	(0.5)
Other operating liabilities	(28.0)	(21.3)
Net cash used in operating activities	(76.6)	(132.4)
INVESTING ACTIVITIES		
Business acquisition, net of cash acquired	(5.5)	—
Additions to property, plant and equipment	(3.6)	(7.8)
Other	(0.2)	(0.1)
Net cash used in investing activities	(9.3)	(7.9)
FINANCING ACTIVITIES		
Net borrowings under revolving credit agreements	430.0	201.0
Payments on long-term debt	(2.5)	—
Payments of debt issuance costs	—	(0.3)
Cash dividends paid	(9.0)	(7.9)
Purchases of common stock for treasury	(21.0)	(103.1)
Employee taxes paid under stock-based compensation plans	(19.7)	(16.3)
Proceeds from the exercise of stock options	1.5	4.1
Net cash provided by financing activities	379.3	77.5
Effect of foreign exchange rate changes	(1.4)	0.3
Increase (decrease) in cash and cash equivalents	292.0	(62.5)
Cash and cash equivalents at beginning of the year	180.6	143.1
Cash and cash equivalents at end of the quarter	\$ 472.6	\$ 80.6

See accompanying notes to consolidated condensed financial statements.

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

(In millions, except share and per share data)	Wolverine World Wide, Inc. Stockholders' Equity						
	Common Stock	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Treasury Stock	Non- controlling Interest	Total
Balance at December 29, 2018	\$ 107.6	\$ 201.4	\$ 1,169.7	\$ (88.3)	\$ (404.4)	\$ 5.6	\$ 991.6
Net earnings			40.5			0.1	40.6
Other comprehensive income				2.6		0.2	2.8
Shares forfeited, net of shares issued under stock incentive plans (9,243 shares)	—	(3.8)					(3.8)
Shares issued for stock options exercised, net (263,307 shares)	0.3	3.8					4.1
Stock-based compensation expense		6.6					6.6
Cash dividends declared (\$0.10 per share)			(9.0)				(9.0)
Purchase of common stock for treasury (2,891,761 shares)					(103.1)		(103.1)
Purchases of shares under employee stock plans (356,880 shares)					(12.5)		(12.5)
Balance at March 30, 2019	<u>\$ 107.9</u>	<u>\$ 208.0</u>	<u>\$ 1,201.2</u>	<u>\$ (85.7)</u>	<u>\$ (520.0)</u>	<u>\$ 5.9</u>	<u>\$ 917.3</u>
Balance at December 28, 2019	108.3	233.4	1,263.3	(102.1)	(736.2)	11.7	\$ 778.4
Net earnings (loss)			13.0			(0.2)	12.8
Other comprehensive loss				(9.4)		(1.2)	(10.6)
Shares issued, net of shares forfeited under stock incentive plans (727,936 shares)	0.7	(17.6)					(16.9)
Shares issued for stock options exercised, net (151,646 shares)	0.2	1.3					1.5
Stock-based compensation expense		2.7					2.7
Cash dividends declared (\$0.10 per share)			(8.2)				(8.2)
Purchase of common stock for treasury (877,624 shares)					(21.0)		(21.0)
Purchases of shares under employee stock plans (88,694 shares)					(2.8)		(2.8)
Balance at March 28, 2020	<u>\$ 109.2</u>	<u>\$ 219.8</u>	<u>\$ 1,268.1</u>	<u>\$ (111.5)</u>	<u>\$ (760.0)</u>	<u>\$ 10.3</u>	<u>\$ 735.9</u>

See accompanying notes to consolidated condensed financial statements.

WOLVERINE WORLD WIDE, INC. AND SUBSIDIARIES
Notes to Consolidated Condensed Financial Statements
Quarters Ended March 28, 2020 and March 30, 2019
(Unaudited)

1. BASIS OF PRESENTATION

Nature of Operations

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

Basis of Presentation

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

Fiscal Year

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

Seasonality

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

2. NEW ACCOUNTING STANDARDS

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

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

3. EARNINGS PER SHARE

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

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

	Quarter Ended	
	March 28, 2020	March 30, 2019
(In millions, except per share data)		
Numerator:		
Net earnings attributable to Wolverine World Wide, Inc.	\$ 13.0	\$ 40.5
Adjustment for earnings allocated to non-vested restricted common stock	(0.2)	(0.8)
Net earnings used in calculating basic and diluted earnings per share	\$ 12.8	\$ 39.7
Denominator:		
Weighted average shares outstanding	81.4	91.0
Adjustment for non-vested restricted common stock	(0.3)	(1.0)
Shares used in calculating basic earnings per share	81.1	90.0
Effect of dilutive stock options	0.9	1.8
Shares used in calculating diluted earnings per share	82.0	91.8
Net earnings per share:		
Basic	\$ 0.16	\$ 0.44
Diluted	0.16	0.43

For the quarters ended March 28, 2020 and March 30, 2019, 167,298 and 33,614 outstanding stock options, respectively, have not been included in the denominator for the computation of diluted earnings per share because they were anti-dilutive.

4. GOODWILL AND INDEFINITE-LIVED INTANGIBLES

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

(In millions)	Quarter Ended	
	March 28, 2020	March 30, 2019
Goodwill balance at beginning of the year	\$ 438.9	\$ 424.4
Foreign currency translation effects	(4.2)	1.5
Goodwill balance at end of the quarter	<u>\$ 434.7</u>	<u>\$ 425.9</u>

The Company's indefinite-lived intangible assets, which comprise trade names and trademarks, totaled \$604.5 million as of March 28, 2020, December 28, 2019 and March 30, 2019. The carrying value of the Company's *Sperry*[®] trade name was \$518.2 million as of March 28, 2020. Based on the interim impairment assessment as of March 28, 2020, it was determined there were no triggering events of impairment for goodwill and indefinite-lived intangible assets. If the operating results for *Sperry*[®] were to decline in future periods compared to current projections, or if further deterioration of macroeconomic conditions due to the COVID-19 pandemic adversely affect the value of the Company's *Sperry*[®] trade name and goodwill balances, the Company may need to record a non-cash impairment charge. We continue to monitor the significant global economic uncertainty as a result of COVID-19 to assess the outlook for demand for our products and the impact on our business and financial performance.

5. ACCOUNTS RECEIVABLE

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

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

(In millions)	Quarter Ended	
	March 28, 2020	March 30, 2019
Accounts receivable sold	\$ 14.1	\$ —
Fees charged	0.1	—

The fees charged are recorded in other expense. Net proceeds of this program are classified in operating activities in the consolidated condensed statements of cash flows. The amount outstanding under this program was \$3.2 million and \$0 as of March 28, 2020 and March 30, 2019, respectively.

6. REVENUE FROM CONTRACTS WITH CUSTOMERS

Revenue Recognition and Performance Obligations

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

The Company has agreements to license symbolic intellectual property with minimum guarantees or fixed consideration. The Company is due \$29.3 million of remaining fixed transaction price under its license agreements as of March 28, 2020, which it expects to recognize per the terms of its contracts over the course of time through December 2024. The Company has elected to omit the remaining variable consideration under its license agreements given the Company recognizes revenue equal to what it has the right to invoice and that amount corresponds directly with the value to the customer of the Company's performance to date.

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

(In millions)	Quarter Ended March 28, 2020			Quarter Ended March 30, 2019		
	Wholesale	Consumer-Direct	Total	Wholesale	Consumer-Direct	Total
Wolverine Michigan Group	\$ 214.3	\$ 33.5	\$ 247.8	\$ 272.3	\$ 30.4	\$ 302.7
Wolverine Boston Group	149.1	33.0	182.1	175.5	29.3	204.8
Other	8.7	0.7	9.4	15.0	0.9	15.9
Total	\$ 372.1	\$ 67.2	\$ 439.3	\$ 462.8	\$ 60.6	\$ 523.4

Reserves for Variable Consideration

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

The Company's contract balances are as follows:

(In millions)	March 28, 2020	December 28, 2019	March 30, 2019
Product returns reserve	\$ 10.3	\$ 11.4	\$ 10.9
Customer markdowns reserve	5.4	4.4	4.8
Other sales incentives reserve	2.3	2.3	2.5
Customer rebates liability	10.2	12.0	11.3
Customer advances liability	3.4	7.2	3.5

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

7. DEBT

Total debt consists of the following obligations:

(In millions)	March 28, 2020	December 28, 2019	March 30, 2019
Term Loan A, due December 6, 2023	\$ 190.0	\$ 192.5	\$ 200.0
Senior Notes, 5.00% interest, due September 1, 2026	250.0	250.0	250.0
Borrowings under revolving credit agreements	790.0	360.0	326.0
Unamortized deferred financing costs	(3.9)	(4.1)	(4.7)
Total debt	\$ 1,226.1	\$ 798.4	\$ 771.3

On December 6, 2018, the Company amended its credit agreement (as amended, the "Credit Agreement"). The Credit Agreement includes a \$200.0 million term loan facility ("Term Loan A") and an \$800.0 million Revolving Credit Facility, both with maturity dates of December 6, 2023. 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 December 6, 2023. The scheduled principal payments due over the next 12 months total \$12.5 million as of March 28, 2020 and are recorded as current maturities of long-term debt on the consolidated condensed balance sheets.

The Revolving Credit Facility allows the Company to borrow up to an aggregate amount of \$800.0 million, which includes a \$200.0 million foreign currency subfacility under which borrowings may be made, subject to certain conditions, in Canadian dollars, British pounds, euros, Hong Kong dollars, Swedish kronor, Swiss francs and such additional currencies as are determined in accordance with the 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 \$5.7 million, \$5.7 million and \$2.3 million as of March 28, 2020, December 28, 2019 and March 30, 2019, respectively. These outstanding letters of credit reduce the borrowing capacity under the Revolving Credit Facility.

The interest rates applicable to amounts outstanding under Term Loan A and to U.S. dollar denominated amounts outstanding under the Revolving Credit Facility will be, at the Company's option, either (1) the Alternate Base Rate plus an Applicable Margin as determined by the Company's Consolidated Leverage Ratio, within a range of 0.125% to 0.750%, or (2) the Eurocurrency Rate plus an Applicable Margin as determined by the Company's Consolidated Leverage Ratio, within a range of 1.125% to 1.750% (all capitalized terms used in this sentence are as defined in the Credit Agreement). The Company has two interest rate swap arrangements that reduce the Company's exposure to fluctuations in interest rates on its variable rate debt. At March 28, 2020, Term Loan A and the Revolving Credit Facility had weighted-average interest rates of 2.79% and 2.39%, respectively.

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 and a minimum Consolidated Interest Coverage Ratio (all capitalized terms used in this paragraph are as defined in the Credit Agreement). As of March 28, 2020, 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. There were no borrowings against this facility as of March 28, 2020, December 28, 2019 and March 30, 2019.

The Company included in interest expense the amortization of deferred financing costs of \$0.4 million and \$0.4 million for the quarters ended March 28, 2020 and March 30, 2019, respectively.

8. LEASES

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

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

(In millions)	Quarter Ended	
	March 28, 2020	March 30, 2019
Operating lease cost	\$ 8.2	\$ 8.0
Variable lease cost	3.4	3.5
Short-term lease cost	0.3	0.2
Sublease income	(1.2)	(1.0)
Total lease cost	\$ 10.7	\$ 10.7

Future undiscounted cash flows for operating leases for the fiscal periods subsequent to March 28, 2020 are as follows:

(In millions)	Operating Leases
Remainder of 2020	\$ 27.0
2021	30.7
2022	28.0
2023	20.8
2024	18.0
Thereafter	107.5
Total future payments	232.0
Less: imputed interest	52.1
Recognized lease liability	\$ 179.9

9. DERIVATIVE FINANCIAL INSTRUMENTS

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

The Company utilizes foreign currency forward exchange contracts designated as cash flow hedges to manage the volatility associated primarily with U.S. dollar inventory purchases made by non-U.S. wholesale operations in the normal course of business. These foreign currency forward exchange hedge contracts extended out to a maximum of 503 days, 545 days and 531 days, as of March 28, 2020, December 28, 2019 and March 30, 2019, respectively. If, in the future, the foreign exchange contracts are determined not to be highly effective or are terminated before their contractual termination dates, the Company would remove the hedge designation from those contracts and reclassify into earnings the unrealized gains or losses that would otherwise be included in accumulated other comprehensive income (loss) ("AOCI") within stockholders' equity. The Company did not have any reclassifications during the quarters ended March 28, 2020 and March 30, 2019.

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

The Company has two interest rate swap arrangements, which unless otherwise terminated, will mature on July 13, 2020 and December 6, 2023, respectively. These agreements, which exchange floating rate for fixed rate interest payments over the life of the agreements without the exchange of the underlying notional amounts, have been designated as cash flow hedges of the underlying debt. The notional amounts of the interest rate swap arrangements are used to measure interest to be paid or received and do not represent the amount of exposure to credit loss. The differential paid or received on the interest rate swap arrangements is recognized

as interest expense. In accordance with ASC 815, the Company has formally documented the relationship between the interest rate swaps and the variable rate borrowing, as well as its risk management objective and strategy for undertaking the hedge transactions. This process included linking the derivative to the specific liability or asset on the balance sheet. The Company also assessed at the inception of each hedge, and continues to assess on an ongoing basis, whether the derivatives used in the hedging transactions are highly effective in offsetting changes in the cash flows of the hedged item.

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

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

(Dollars in millions)	March 28, 2020	December 28, 2019	March 30, 2019
Foreign exchange contracts:			
Hedge contracts	\$ 202.1	\$ 246.3	\$ 235.3
Non-hedge contracts	—	7.3	—
Interest rate swaps	335.2	355.8	162.5
Cross currency swap	79.8	79.8	79.8

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

(In millions)	March 28, 2020	December 28, 2019	March 30, 2019
Financial assets:			
Foreign exchange contracts - hedge	\$ 6.6	\$ 2.3	\$ 7.0
Interest rate swaps	—	—	0.9
Financial liabilities:			
Foreign exchange contracts - hedge	\$ —	\$ (1.8)	\$ (1.0)
Interest rate swaps	(9.7)	(1.8)	—
Cross currency swap	(1.9)	(3.0)	(5.1)

10. STOCK-BASED COMPENSATION

The Company recognized compensation expense of \$2.7 million and \$6.6 million, and related income tax benefits of \$0.5 million and \$1.3 million, for grants under its stock-based compensation plans for the quarters ended March 28, 2020 and March 30, 2019, respectively.

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

During the quarter ended March 28, 2020, the Company issued 493,420 restricted awards at a weighted average grant date fair value of \$32.84 per award. During the quarter ended March 30, 2019, the Company issued 482,893 restricted awards at a weighted average grant date fair value of \$34.81 per award.

During the quarter ended March 28, 2020, the Company issued 336,181 performance awards at a weighted average grant date fair value of \$35.45 per award. During the quarter ended March 30, 2019, the Company issued 329,089 performance awards at a weighted average grant date fair value of \$37.65 per award.

11. RETIREMENT PLANS

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

(In millions)	Quarter Ended	
	March 28, 2020	March 30, 2019
Service cost pertaining to benefits earned during the period	\$ 1.6	\$ 1.4
Interest cost on projected benefit obligations	3.5	3.8
Expected return on pension assets	(4.6)	(4.4)
Net amortization loss	1.6	0.6
Net pension expense	\$ 2.1	\$ 1.4

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

12. INCOME TAXES

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

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

The Company’s effective tax rates for the quarters ended March 28, 2020 and March 30, 2019 were (32.3)% and 13.2%, respectively. The decrease in the current year effective tax rate is driven by favorable discrete benefits related to stock compensation and a favorable settlement of an audit in a foreign jurisdiction. The effect of the discrete items on the current year effective tax rate was increased due to the reduction in pretax book income in the first quarter of 2020 compared to the first quarter of 2019.

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

13. ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

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

The change in AOCI during the quarters ended March 28, 2020 and March 30, 2019 is as follows:

(In millions)	Foreign currency translation adjustments	Derivatives	Pension adjustments	Total
Balance of AOCI as of December 29, 2018	\$ (53.0)	\$ 0.9	\$ (36.2)	\$ (88.3)
Other comprehensive income (loss) before reclassifications ⁽¹⁾	2.4	1.3	—	3.7
Amounts reclassified from AOCI	—	(1.8) ⁽²⁾	0.6 ⁽³⁾	(1.2)
Income tax expense (benefit)	—	0.2	(0.1)	0.1
Net reclassifications	—	(1.6)	0.5	(1.1)
Net current-period other comprehensive income (loss) ⁽¹⁾	2.4	(0.3)	0.5	2.6
Balance of AOCI as of March 30, 2019	<u>\$ (50.6)</u>	<u>\$ 0.6</u>	<u>\$ (35.7)</u>	<u>\$ (85.7)</u>
Balance of AOCI as of December 28, 2019	\$ (47.6)	\$ (5.8)	\$ (48.7)	\$ (102.1)
Other comprehensive income (loss) before reclassifications ⁽¹⁾	(10.9)	1.1	—	(9.8)
Amounts reclassified from AOCI	—	(1.2) ⁽²⁾	1.6 ⁽³⁾	0.4
Income tax expense (benefit)	—	0.3	(0.3)	—
Net reclassifications	—	(0.9)	1.3	0.4
Net current-period other comprehensive income (loss) ⁽¹⁾	(10.9)	0.2	1.3	(9.4)
Balance of AOCI as of March 28, 2020	<u>\$ (58.5)</u>	<u>\$ (5.6)</u>	<u>\$ (47.4)</u>	<u>\$ (111.5)</u>

(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 condensed balance sheets and the respective pricing levels to which the fair value measurements are classified within the fair value hierarchy.

(In millions)	Fair Value Measurements		
	Quoted Prices With Other Observable Inputs (Level 2)		
	March 28, 2020	December 28, 2019	March 30, 2019
Financial assets:			
Derivatives	\$ 6.6	\$ 2.3	\$ 7.9
Financial liabilities:			
Derivatives	\$ (11.6)	\$ (6.6)	\$ (6.1)

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

Fair Value Disclosures

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

(In millions)	March 28, 2020	December 28, 2019	March 30, 2019
Carrying value	\$ 1,226.1	\$ 798.4	\$ 771.3
Fair value	1,228.0	817.6	782.2

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

15. LITIGATION AND CONTINGENCIES

Litigation

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

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

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

Civil and Regulatory Actions of EGLE and EPA

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

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

Under the Consent Decree, the Company will pay to extend Plainfield Township’s municipal water system to more than 1,000 properties in Plainfield and Algoma Townships, subject to an aggregate cap of \$69.5 million. The Consent Decree also obligates the Company to continue maintaining water filters for certain homeowners, resample certain residential wells for PFAS, continue remediation at the Company’s Tannery property and House Street site, and conduct further investigations and monitoring to assess the presence of PFAS in area groundwater.

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

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

Individual and Class Action Litigation

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

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

In addition, in December 2018 the Company filed a lawsuit against certain of its historic liability insurers, seeking their participation in the Company’s defense and remediation efforts. No estimated recoveries from legacy insurance policies have been recognized.

Other Litigation

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

Environmental Liabilities

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

(In millions)	Quarter Ended	
	March 28, 2020	March 30, 2019
Remediation liability at beginning of the year	\$ 124.4	\$ 22.6
Changes in estimate	—	—
Amounts paid	(8.0)	(2.3)
Remediation liability at the end of the quarter	\$ 116.4	\$ 20.3

The reserve balance as of March 28, 2020 includes \$39.0 million that is expected to be paid within the next twelve months and is recorded as a current obligation in other accrued liabilities, with the remaining \$77.4 million expected to be paid over the course of up to 25 years, recorded in other liabilities.

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

Minimum Royalties and Advertising Commitments

The Company has future minimum royalty and advertising obligations due under the terms of certain licenses held by the Company. These minimum future obligations for the fiscal periods subsequent to March 28, 2020 are as follows:

(In millions)	2020	2021	2022	2023	2024	Thereafter
Minimum royalties	\$ 0.9	\$ 1.7	\$ 1.8	\$ —	\$ —	\$ —
Minimum advertising	2.6	3.3	3.4	3.5	3.6	—

Minimum royalties are based on both fixed obligations and assumptions regarding the Consumer Price Index. Royalty obligations in excess of minimum requirements are based upon future sales levels. In accordance with these agreements, the Company incurred royalty expense of \$0.4 million and \$0.5 million for the quarters ended March 28, 2020 and March 30, 2019, respectively.

The terms of certain license agreements also require the Company to make advertising expenditures based on the level of sales of the licensed products. In accordance with these agreements, the Company incurred advertising expense of \$0.6 million and \$0.4 million for the quarters ended March 28, 2020 and March 30, 2019, respectively.

16. BUSINESS SEGMENTS

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

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

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

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

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

(In millions)	Quarter Ended	
	March 28, 2020	March 30, 2019
Revenue:		
Wolverine Michigan Group	\$ 247.8	\$ 302.7
Wolverine Boston Group	182.1	204.8
Other	9.4	15.9
Total	\$ 439.3	\$ 523.4
Operating profit (loss):		
Wolverine Michigan Group	\$ 43.1	\$ 58.5
Wolverine Boston Group	18.8	32.0
Other	(0.1)	0.8
Corporate	(44.9)	(38.9)
Total	\$ 16.9	\$ 52.4

(In millions)	March 28, 2020	December 28, 2019	March 30, 2019
Total assets:			
Wolverine Michigan Group	\$ 755.3	\$ 773.8	\$ 775.0
Wolverine Boston Group	1,351.5	1,354.8	1,365.0
Other	41.4	38.4	48.5
Corporate	605.5	313.0	162.8
Total	\$ 2,753.7	\$ 2,480.0	\$ 2,351.3
Goodwill:			
Wolverine Michigan Group	\$ 143.3	\$ 144.4	\$ 144.3
Wolverine Boston Group	291.4	294.5	281.6
Total	\$ 434.7	\$ 438.9	\$ 425.9

17. BUSINESS ACQUISITIONS

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

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

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

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

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

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

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

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

BUSINESS OVERVIEW

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

The Company's brands are marketed in approximately 170 countries and territories at March 28, 2020, including through owned operations in the U.S., Canada, the United Kingdom and certain countries in continental Europe and Asia Pacific. In other regions (Latin America, portions of Europe and Asia Pacific, the Middle East and Africa), the Company relies on a network of third-party distributors, licensees and joint ventures. At March 28, 2020, the Company operated 94 retail stores in the U.S. and Canada and 37 consumer-direct eCommerce sites.

COVID-19

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

- To increase liquidity, the Company fully drew the borrowing capacity remaining under the Company's \$800 million revolving line of credit, delayed most capital projects, suspended share repurchases, implemented select employee furloughs and organizational changes, and compensation changes for the Company's management team, delayed or canceled certain future product purchases across its portfolio of brands, and took additional steps to reduce discretionary spending and other expenditures.
- The Company temporarily closed all U.S. and Canada retail stores on March 17, 2020. The stores will remain closed until further notice. However, the Company's distribution centers remain open and we continue to serve demand from retail customers and consumers through our direct on-line channels.
- Due to the heightened uncertainty and recent volatility in the retail market relating to the potential impact of COVID-19 on the Company's operations, including its duration and effect on overall customer demand, the Company announced withdrawal of its guidance for 2020 issued on February 25, 2020.

The COVID-19 pandemic has had, and is expected to continue to have, a material adverse impact on the Company's financial results. The full nature and extent of the impact will depend on future developments, including, among other things; the continued spread and duration of the pandemic; the negative impact on global and regional economies and economic activity; actions governments, businesses and individuals take in response to the pandemic; and how quickly the global economy and demand for the Company's products recovers after the pandemic subsides. The Company continues to monitor the situation closely and may implement further measures intended to improve liquidity.

2020 FINANCIAL OVERVIEW

- Revenue was \$439.3 million for the first quarter of 2020, representing decline of 16.1% compared to the first quarter of 2019. The change in revenue reflected a 18.1% decline from the Michigan Group and a 11.1% decline from the Boston Group. Changes in foreign exchange rates increased revenue by \$2.6 million during the first quarter of 2020.
- Gross margin was 41.4% in the first quarter of 2020 compared to 42.1% in the first quarter of 2019.
- The effective tax rates in the first quarters of 2020 and 2019 were (32.3)% and 13.2%, respectively.
- Diluted earnings per share for the first quarters of 2020 and 2019 were \$0.16 per share and \$0.43 per share, respectively.
- The Company declared cash dividends of \$0.10 per share in both the first quarters of 2020 and 2019.
- The Company repurchased \$21.0 million of shares in the first quarter of 2020 at an average price of \$23.93 per share prior to the suspension of further share repurchases in March.

RESULTS OF OPERATIONS

(In millions, except per share data)	Quarter Ended		
	March 28, 2020	March 30, 2019	Percent Change
Revenue	\$ 439.3	\$ 523.4	(16.1)%
Cost of goods sold	257.5	303.2	(15.1)
Gross profit	181.8	220.2	(17.4)
Selling, general and administrative expenses	156.1	164.0	(4.8)
Environmental and other related costs	8.8	3.8	131.6
Operating profit	16.9	52.4	(67.7)
Interest expense, net	7.8	6.9	13.0
Other income, net	(0.6)	(1.3)	53.8
Earnings before income taxes	9.7	46.8	(79.3)
Income tax expense (benefit)	(3.1)	6.2	(150.0)
Net earnings	12.8	40.6	(68.5)
Less: net earnings (loss) attributable to noncontrolling interests	(0.2)	0.1	(300.0)
Net earnings attributable to Wolverine World Wide, Inc.	\$ 13.0	\$ 40.5	(67.9)%
Diluted earnings per share	\$ 0.16	\$ 0.43	(62.8)%

REVENUE

Revenue was \$439.3 million for the first quarter of 2020, representing a decline of 16.1% compared to the first quarter of 2019. The change in revenue reflected an 18.1% decline from the Michigan Group and a 11.1% decline from the Boston Group. The Michigan Group's revenue decline was driven by low-teens decline from *Merrell*[®], high-twenties decline from *Cat*[®], low-thirties decline from *Chaco*[®], and a high-teens decline from *Wolverine*[®]. The Boston Group's revenue decline was driven by a low-twenties decline for *Sperry*[®] and Kids' and a low-teens decline for *Keds*[®], partially offset by a low-teens increase for *Saucony*[®]. Changes in foreign exchange rates increased revenue by \$2.6 million during the first quarter of 2020.

GROSS MARGIN

Gross margin was 41.4% in the first quarter of 2020 compared to 42.1% in the first quarter of 2019. The decline in the first quarter of 2020 resulted mostly from increased tariffs on inventory sourced from China (70 basis points).

OPERATING EXPENSES

Operating expenses decreased \$2.9 million, from \$167.8 million in the first quarter of 2019 to \$164.9 million in the first quarter of 2020. The decrease was driven by lower employee incentive compensation costs (\$8.8 million), lower product development costs (\$1.8 million), lower advertising costs (\$1.1 million), and lower distribution costs (\$1.0 million), partially offset by higher environmental and other related costs (\$5.0 million) and higher general and administrative costs (\$4.8 million).

INTEREST, OTHER AND INCOME TAXES

Net interest expense was \$7.8 million in the first quarter of 2020 compared to \$6.9 million in the first quarter of 2019. Interest expense increased by \$0.9 million during the first quarter of 2020 due to higher average debt balances in 2020.

Other income was \$0.6 million in the first quarter of 2020, compared to \$1.3 million in the first quarter of 2019. The decrease was driven by higher non-service pension costs (\$0.5 million).

The effective tax rates in the first quarter of 2020 and 2019 were (32.3)% and 13.2%, respectively. The decrease in the current year effective tax rate is driven by favorable discrete benefits related to stock compensation and a favorable settlement of an audit in a foreign jurisdiction. The effect of the discrete items on the current year effective tax rate was increased due to the reduction in pretax book income in the first quarter of 2020 compared to the first quarter of 2019.

REPORTABLE SEGMENTS

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

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

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

The reportable segment results are as follows:

(In millions)	Quarter Ended			
	March 28, 2020	March 30, 2019	Change	Percent Change
REVENUE				
Wolverine Michigan Group	\$ 247.8	\$ 302.7	\$ (54.9)	(18.1)%
Wolverine Boston Group	182.1	204.8	(22.7)	(11.1)
Other	9.4	15.9	(6.5)	(40.9)
Total	\$ 439.3	\$ 523.4	\$ (84.1)	(16.1)%
OPERATING PROFIT (LOSS)				
Wolverine Michigan Group	\$ 43.1	\$ 58.5	\$ (15.4)	(26.3)%
Wolverine Boston Group	18.8	32.0	(13.2)	(41.3)
Other	(0.1)	0.8	(0.9)	(112.5)
Corporate	(44.9)	(38.9)	(6.0)	(15.4)
Total	\$ 16.9	\$ 52.4	\$ (35.5)	(67.7)%

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

Wolverine Michigan Group

The Michigan Group's revenue decreased \$54.9 million, or 18.1%, in the first quarter compared to the first quarter of 2019. The revenue decrease included low-teens decline from *Merrell*[®], high-twenties decline from *Cat*[®], low-thirties decline from *Chaco*[®], and a high-teens decline from *Wolverine*[®]. The *Merrell*[®] decline is due to decreases in all regions, except South America and closure of owned retail stores due to the COVID-19 pandemic, partially offset by eCommerce growth in the mid-twenties. The *Cat*[®] decline is due to decreases in North America, EMEA, and Latin America from the COVID-19 pandemic, partially offset by eCommerce growth in the mid-thirties. The *Chaco*[®] decrease is due to continued declines in its core Z-Sandals product and the impact of COVID-19 on the U.S. wholesale market, partially offset by growth in eCommerce in the high-twenties. The *Wolverine*[®] decline is due to the impact of COVID-19 on the U.S. wholesale market, partially offset by eCommerce growth in the low-twenties.

The Michigan Group's operating profit declined \$15.4 million in the first quarter compared to the first quarter of 2019. The operating profit decline was due to the revenue declines, partially offset by an \$8.1 million decrease in selling, general and administrative costs. The decrease in selling, general and administrative expenses was due to declines in advertising and other discretionary spending.

Wolverine Boston Group

The Boston Group's revenue decreased by \$22.7 million, or 11.1%, during the first quarter compared to the first quarter of 2019. The revenue decrease was due to a low-twenties decline for *Sperry*[®] and Kids' and a low-teens decline for *Keds*[®], partially offset by a low-teens increase for *Saucony*[®]. The *Sperry*[®] decline is due impact of COVID-19 on the U.S. wholesale business and closure

of retail stores. The Kids' decline is due to lower demand in U.S. across all brands due to COVID-19, partially offset by eCommerce growth in the high-twenties. *Keds*® revenue declined due to lower revenue in the U.S. wholesale market and declines in the Asia Pacific region due to excess inventory with third-party distributors and the impact of the COVID-19 on the owned business in China, partially offset by eCommerce growth in the high-teens. The increase for *Saucony*® was due to the acquisition of the *Saucony*® distributor in Italy and eCommerce growth in the low-twenties, partially offset by lower demand in the U.S. wholesale market due to COVID-19.

The Boston Group's operating profit decreased \$13.2 million in the first quarter of 2020 compared to the first quarter of 2019. The operating profit decline was due to the revenue declines and a \$3.5 million increase in selling, general and administrative costs due to the *Saucony*® Italy distributor acquisition and new *Sperry*® stores.

Other

The Other category's revenue decreased \$6.5 million, or 40.9%, in the first quarter of 2020 compared to the first quarter of 2019. The decrease was due to a low-forties decline in the performance leathers business due to lower demand.

LIQUIDITY AND CAPITAL RESOURCES

(In millions)	March 28, 2020	December 28, 2019	March 30, 2019
Cash and cash equivalents	\$ 472.6	\$ 180.6	\$ 80.6
Debt	1,226.1	798.4	771.3
Available revolving credit facility ⁽¹⁾	4.3	434.3	471.7

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

(In millions)	Quarter Ended	
	March 28, 2020	March 30, 2019
Net cash used in operating activities	\$ (76.6)	\$ (132.4)
Net cash used in investing activities	(9.3)	(7.9)
Net cash provided by financing activities	379.3	77.5
Additions to property, plant and equipment	3.6	7.8
Depreciation and amortization	7.8	7.2

Liquidity

Cash and cash equivalents of \$472.6 million as of March 28, 2020 were \$392.0 million higher compared to March 30, 2019. The increase is due primarily to increased net borrowings under the Credit Agreement of \$454.0 million and cash provided by operating activities during the previous four quarters of \$278.4 million, partially offset by share repurchases of \$237.1 million, increased investing activity of \$62.9 million and cash dividends paid of \$34.7 million. The Company had \$4.3 million of borrowing capacity available under the Revolving Credit Facility as of March 28, 2020. Cash and cash equivalents located in foreign jurisdictions totaled \$86.6 million as of March 28, 2020.

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

A detailed discussion of environmental remediation costs is found in Note 15 to the consolidated condensed financial statements. The Company has established a reserve for estimated environmental remediation costs based upon an evaluation of currently available facts with respect to each individual site. As of March 28, 2020, the Company had a reserve of \$116.4 million, of which \$39.0 million is expected to be paid in the next 12 months and is recorded as a current obligation in other accrued liabilities with the remaining \$77.4 million recorded in other liabilities expected to be paid over the course of up to 25 years. The Company's remediation activity at its former Tannery site and sites where the Company disposed of Tannery byproducts is ongoing. It is difficult to estimate the cost of environmental compliance and remediation given the uncertainties regarding the interpretation and enforcement of applicable environmental laws and regulations, the extent of environmental contamination and the existence of alternative cleanup methods. Developments may occur that could materially change the Company's current cost estimates. The Company adjusts recorded liabilities as further information develops or circumstances change.

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

Operating Activities

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

For the first quarter of 2020, an increase in net working capital represented a use of cash of \$144.8 million. Working capital balances were unfavorably impacted by a decrease in accounts payable of \$64.0 million, an increase in inventories of \$61.0 million, and a decrease in other operating liabilities of \$28.0 million, partially offset by a decrease in accounts receivable of \$4.1 million and an increase in income taxes payable of \$2.7 million. The increase in inventory is due primarily to the Company's revenue decline from COVID-19. Operating cash flows were favorably impacted by Environmental and other related costs, net of cash payments and recoveries received of \$49.6 million.

Investing Activities

The Company made capital expenditures of \$3.6 million and \$7.8 million in the first quarter of 2020 and 2019, respectively, for building improvements, new retail stores and information system enhancements. During the first quarter of 2020, the Company made contingent consideration payment of \$5.5 million related to the *Saucony*[®] Italy distributor acquisition. See Note 17 for additional information regarding the acquisition.

Financing Activities

On December 6, 2018, the Company amended its Credit Agreement. The Credit Agreement includes a \$200.0 million Term Loan A and an \$800.0 million Revolving Credit Facility, both with maturity dates of December 6, 2023. 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 December 6, 2023.

As of March 28, 2020, the Company was in compliance with all covenants and performance ratios under the Credit Agreement.

The Company's debt at March 28, 2020 totaled \$1,226.1 million compared to \$798.4 million at December 28, 2019. The Company expects to use the proceeds of the borrowing under the Revolving Credit Facility for working capital and general corporate purposes. The increased cash position resulting from incremental borrowings under the Credit Agreement allow for greater financial flexibility in light of current uncertainty in the global markets resulting from the COVID-19 pandemic.

The Company repurchased \$21.0 million and \$103.1 million of shares in the first quarter of 2020 and 2019, respectively. The Company may purchase up to an additional \$487.4 million of shares under its existing common stock repurchase program that expires in 2023. The Company also paid \$19.7 million in the first quarter of 2020 in connection with shares or units withheld to pay employee taxes related to stock incentive plans.

The Company declared a cash dividend of \$0.10 per share in the first quarter of 2020 and 2019, respectively, or \$8.2 million and \$9.0 million, respectively. A quarterly dividend of \$0.10 per share was declared on February 5, 2020 to shareholders of record on April 1, 2020.

CRITICAL ACCOUNTING POLICIES

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

The Company has identified the critical accounting policies used in determining estimates and assumptions in the amounts reported and for information regarding our critical accounting policies refer to Management Discussion and Analysis of Financial Conditions

and Results of Operations in the 2019 Form 10-K and Note 5, Goodwill and indefinite-lived intangibles for discussion regarding the valuation of goodwill and indefinite-lived intangible assets. Management believes there have been no material changes in those critical accounting policies.

ITEM 3. Quantitative and Qualitative Disclosures about Market Risk

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

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

The Company conducts wholesale operations outside of the U.S. in Canada, continental Europe, United Kingdom, Colombia, Hong Kong, China and Mexico where the functional currencies are primarily the Canadian dollar, euro, British pound, Colombian peso, Hong Kong dollar, Chinese renminbi and Mexican peso, respectively. The Company utilizes foreign currency forward exchange contracts to manage the volatility associated primarily with U.S. dollar inventory purchases made by non-U.S. wholesale operations in the normal course of business as well as to manage foreign currency translation exposure. As of March 28, 2020 and March 30, 2019, the Company had outstanding forward currency exchange contracts to purchase primarily U.S. dollars in the amounts of \$202.1 million and \$235.3 million, respectively, with maturities ranging up to 503 and 531 days, respectively.

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

Assets and liabilities outside the U.S. are primarily located in the United Kingdom, Canada and the Netherlands. The Company's investments in foreign subsidiaries with a functional currency other than the U.S. dollar are generally considered long-term. As of March 28, 2020, a stronger U.S. dollar compared to certain foreign currencies decreased the value of these investments in net assets by \$10.9 million from their value as of December 28, 2019. As of March 30, 2019, a weaker U.S. dollar compared to certain foreign currencies increased the value of these investments in net assets by \$2.4 million from their value at December 29, 2018. The Company has a cross currency swap, which has been designated as a hedge of a net investment in a foreign operation. As of March 28, 2020, the hedge had a notional amount of \$79.8 million and will mature on September 1, 2021.

The Company is exposed to interest rate changes primarily as a result of interest expense on borrowings used to finance acquisitions and working capital requirements. As of March 28, 2020, the Company's total variable-rate debt was \$980.0 million and the Company held two interest rate swap agreements, denominated in U.S. dollars, that effectively converted \$335.2 million to fixed-rate debt.

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

ITEM 4. Controls and Procedures

An evaluation was performed under the supervision and with the participation of the Company's management, including the Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures. Based on, and as of the time of such evaluation, the Company's management, including the Chief Executive Officer and Chief Financial Officer, concluded that the Company's disclosure controls and procedures, as defined in Securities Exchange Act Rule 13a-15(e), were effective as of the end of the period covered by this report. There have been no changes during the quarter ended March 28, 2020 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1A. Risk Factors

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

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

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

- The inability of our employees, suppliers, and other business providers to carry out tasks at ordinary levels of performance as a result of measures taken by governmental authorities to limit the spread of COVID-19.
- Retail store closures and, after stores re-open, reduced store hours and decreased retail traffic resulting from social distancing restrictions.
- Negative effects on consumer spending due to general macroeconomic conditions, decreased disposable income and increased unemployment.
- Wholesale and distributor customer order cancellations resulting from lower consumer demand.
- Decline in the performance or financial condition of major wholesale customers as a result of retail store closures, bankruptcy, or liquidation.
- Disruption to the operations of the Company's distribution centers and our third-party manufacturers because of facility closures, reductions in operating hours, labor or material shortages, travel limitations or mass transit disruptions.
- Additional expenses related to mitigating the pandemic's impact on regular operations.
- Increased cyber security risk due to the increase in the number of employees working remotely.

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

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

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

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

Issuer Purchases of Equity Securities

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Dollar Amount that May Yet Be Purchased Under the Plans or Programs
Period 1 (December 29, 2019 to February 1, 2020)				
Common Stock Repurchase Program ⁽¹⁾	—	\$ —	—	\$ 508,440,465
Employee Transactions ⁽²⁾	188,842	\$ 33.74	—	—
Period 2 (February 2, 2020 to February 29, 2020)				
Common Stock Repurchase Program ⁽¹⁾	147,659	\$ 27.09	147,659	\$ 504,440,487
Employee Transactions ⁽²⁾	555,278	\$ 32.43	—	—
Period 3 (March 1, 2020 to March 28, 2020)				
Common Stock Repurchase Program ⁽¹⁾	729,965	\$ 23.29	729,965	\$ 487,440,708
Employee Transactions ⁽²⁾	—	\$ —	—	—
Total for the first Quarter Ended March 28, 2020				
Common Stock Repurchase Program ⁽¹⁾	877,624	\$ 23.93	877,624	\$ 487,440,708
Employee Transactions ⁽²⁾	744,120	\$ 32.76	—	—

⁽¹⁾ On February 11, 2019, the Company's Board of Directors approved a common stock repurchase program that authorized the repurchase of \$400.0 million of common stock over a four-year period. On September 11, 2019, the Company's Board of Directors approved a new common stock repurchase program that authorizes the repurchase of \$400.0 million of common stock over a four-year period, incremental to the \$113.4 million remaining under the previous program. The annual amount of any stock repurchases is restricted under the terms of the Company's 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. Exhibits

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

Exhibit Number	Document
3.1	<u>Amended and Restated Certificate of Incorporation. Incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed on April 24, 2014.</u>
3.2	<u>Amended and Restated By-laws. Incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed on May 8, 2019.</u>
10.1	<u>2020 Form of Restricted Stock Unit Agreement.*</u>
10.2	<u>Form of Performance Stock Unit Agreement (2020 - 2022 performance period).*</u>
10.3	<u>Separation and Release Agreement between Wolverine World Wide, inc. and Todd Spaletto, dated as of April 15, 2020.</u>
10.4	<u>2020 Form of Restricted Stock Agreement.* Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on April 22, 2020.</u>
31.1	<u>Certification of Chairman, Chief Executive Officer and President under Section 302 of the Sarbanes-Oxley Act of 2002.</u>
31.2	<u>Certification of Senior Vice President, Chief Financial Officer and Treasurer under Section 302 of the Sarbanes-Oxley Act of 2002.</u>
32	<u>Certification pursuant to 18 U.S.C. §1350.</u>
101	The following financial information from the Company's Quarterly Report on Form 10-Q for the quarter ended March 28, 2020, formatted in Inline XBRL: (i) Consolidated Condensed Statements of Operations and Comprehensive Income; (ii) Consolidated Condensed Balance Sheets; (iii) Consolidated Condensed Statements of Cash Flows; (iv) Consolidated Condensed Statements of Stockholders' Equity; and (v) Notes to Consolidated Condensed Financial Statements.
104	The cover page of the Company's Quarterly Report on Form 10-Q for the quarter ended March 28, 2020, formatted in Inline XBRL (included in Exhibit 101).

* Management contract or compensatory plan or arrangement.

SIGNATURES

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

WOLVERINE WORLD WIDE, INC.

April 29, 2020

Date

/s/ Blake W. Krueger

Blake W. Krueger
Chairman, Chief Executive Officer and President
(Principal Executive Officer and Duly Authorized Signatory for Registrant)

April 29, 2020

Date

/s/ Michael D. Stornant

Michael D. Stornant
Senior Vice President, Chief Financial Officer and Treasurer
(Principal Financial and Accounting Officer and Duly Authorized Signatory for Registrant)

Restricted Stock Unit Agreement
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RESTRICTED STOCK UNIT AGREEMENT

This Restricted Stock Unit Agreement (the “**Agreement**”) is made as of the award date set forth in the grant (the “**Grant Date**”), between WOLVERINE WORLD WIDE, INC., a Delaware corporation (“**Wolverine**”), and the employee identified in the grant (“**Employee**”).

The Wolverine World Wide, Inc. Stock Incentive Plan of 2016, as amended and restated and as it may be further amended from time to time (the “**Plan**”) is administered by the Compensation Committee of Wolverine’s Board of Directors (the “**Committee**”). The Committee has determined that Employee is eligible to participate in the Plan and has awarded restricted stock units to Employee, subject to the terms and conditions contained in this Agreement and in the Plan.

The Committee has awarded to Employee restricted stock units of Wolverine subject to the terms, conditions and restrictions contained in this Agreement and in the Plan (the “**Restricted Stock Unit Award**”). Employee acknowledges receipt of a copy of the Plan and accepts this restricted stock unit award subject to all of the terms, conditions, and provisions of this Agreement and the Plan.

1. Award. Wolverine hereby awards to Employee the Restricted Stock Unit Award consisting of the number of restricted stock units as set in the grant (the “**Restricted Stock Units**”), which shall be eligible to vest in accordance with the terms of this Agreement and the Plan. Each Restricted Stock Unit shall represent the conditional right to receive, without payment but subject to the terms, conditions and limitations set forth in this Agreement and in the Plan, on the applicable vesting date one share of common stock of the Company (“**Common Stock**”) or, at the option of the Committee, a cash payment in an amount equal to the Fair Market Value (as defined in the Plan) of a share of Common Stock on the date of vesting multiplied by the number of shares of Common Stock that vest hereunder, subject to any applicable withholdings required by applicable laws.

2. Transferability. Until the Restricted Stock Units vest as set forth in this Agreement, the Plan provides that Restricted Stock Units are generally not transferable by Employee except by will or according to the laws of descent and distribution, and further provides that all rights with respect to the Restricted Stock Units are exercisable during Employee’s lifetime only by Employee, Employee’s guardian, or legal representative.

3. Vesting. *Except as otherwise provided in this Agreement, the Restricted Stock Units shall vest as follows: twenty percent (20%) at the end of the first, twenty percent (20%) at the end of the second, thirty percent (30%) at the end of the third, and thirty (30%) at the end of the fourth year anniversary of the Grant Date, respectively.*

4. Termination of Employment Status.

(a) If Employee’s employment with Wolverine or any of its Subsidiaries is terminated prior to the date on which the Restricted Stock Units vest hereunder, any then unvested Restricted Stock Units shall be automatically forfeited with no consideration due to Employee.

(b) Notwithstanding the above, if Employee’s employment with Wolverine or its Subsidiaries terminates due to Employee’s (a) death; (b) Disability; or (c) Retirement, any then unvested Restricted Stock Units will immediately vest in full.

(c) Upon a Change in Control, unvested Restricted Stock Units will vest, if at all, in accordance with Section 13(b)(ii) of the Plan. Employee’s rights under this sub-Section (c) are in addition to any other rights Employee has under this Section 4.

(d) If, in connection with a Change in Control, the Restricted Stock Units are not assumed or continued, or a new award is not substituted for the Restricted Stock Units by the acquirer or survivor (or an affiliate of the acquirer or survivor) in accordance with the provisions of Section 13(b) of the Plan, the Restricted Stock Units will automatically vest in full upon the occurrence of such Change in Control.

5. Settlement. On or within sixty (60) days following the vesting date of the Restricted Stock Units, Wolverine will deliver shares of Common Stock and/or pay cash, as applicable, in respect of such vested Restricted Stock Units, unless such payment or delivery is deferred in a manner consistent with Section 409A of the Code.

6. Employment by Wolverine. The Agreement and the Restricted Stock Unit Award under this Agreement shall not impose upon Wolverine or any Subsidiary any obligation to retain Employee in its employ for any given period or upon any specific terms of employment. Wolverine or any Subsidiary may at any time dismiss Employee from employment, free from any liability or claim under the Plan or this Agreement, unless otherwise expressly provided in any written agreement with Employee. By accepting this Award, Employee reaffirms the obligations of any Employee Confidentiality, Intellectual Property Protection, and Restrictive Covenant Agreement or similar agreement, previously entered into between Wolverine and Employee.

7. Stockholder Rights. Employee (or Employee's permitted transferees) shall not have any voting and liquidation rights with respect to the Restricted Stock Units or the underlying Common Stock represented thereby unless and until shares of Common Stock are actually issued to Employee upon vesting of the Restricted Stock Units, in accordance with the terms of this Agreement. Employee shall be paid a dividend equivalent ("**Dividend Equivalent**") in the form of cash, with respect to any cash dividend, and additional Restricted Stock Units, with respect to any stock dividend, as of each dividend payment date, if any, prior to the vesting of the Restricted Stock Award (or portion thereof), on which dividends are paid on Common Stock underlying outstanding Restricted Stock Units. Such Dividend Equivalent shall be computed by multiplying the amount of the cash dividend or the amount of the stock dividend, as applicable, declared and paid per share of Common Stock by the number of Restricted Stock Units held by Employee on the record date for the payment of such dividend. Any stock dividends declared on the Common Stock underlying the Restricted Stock Units prior to vesting of the award (or any portion of the award) will be credited by the Company for Employee's account and will be paid, if at all, to Employee on the applicable vesting date with respect to the applicable Restricted Stock Units to which such dividends relate. Any cash Dividend Equivalent will be paid within seven days of the payment date of such cash dividend, and, for the avoidance of doubt, will be paid on unvested Restricted Stock Units. Upon vesting of the Restricted Stock Units and issuance to Employee of underlying shares of Common Stock, if applicable, Employee shall have all stockholder rights, including the right to transfer the underlying shares of Common Stock, subject to such conditions as Wolverine may reasonably specify to ensure compliance with applicable federal, provincial and state securities laws.

8. Withholding. Wolverine or one of its subsidiaries shall be entitled to (a) withhold and deduct from Employee's future wages (or from other amounts that may be due and owing to Employee from Wolverine or a Subsidiary), or make other arrangements for the collection of, all legally required amounts necessary to satisfy any and all applicable federal, state and local withholding and employment-related tax requirements attributable to the Restricted Stock Units award under this Agreement, including, without limitation, the award, vesting, or settlement of Restricted Stock Units and any Dividend Equivalents; or (b) require Employee promptly to remit the amount of such withholding to Wolverine or a Subsidiary before taking any action with respect to the Restricted Stock Units. Unless the Committee provides otherwise, withholding may be satisfied by withholding shares of Common Stock to be received by Employee pursuant to this Agreement or by delivery to Wolverine or a Subsidiary of previously owned Common Stock of Wolverine.

9. Section 409A of the Code.

(a) If Employee is deemed on the date of his or her termination of employment to be a "specified employee" within the meaning of that term under Section 409A(a)(2)(B), then, with regard to any payment that is considered nonqualified deferred compensation under Section 409A of the Code, to the extent applicable, payable on account of a "separation from service", to the extent required in order to avoid any accelerated taxation or the imposition of an

additional tax, interest or penalty under Section 409A of the Code, such payment will be made or provided on the date that is the earlier of (i) the expiration of the six-month period measured from the date of such “separation from service” and (ii) the date of the Participant’s death (the “**Delay Period**”). Upon the expiration of the Delay Period, all payments delayed pursuant to this Section (whether they would have otherwise been payable in a single lump sum or in installments in the absence of such delay) will be paid on the first business day following the expiration of the Delay Period in a lump sum and any remaining payments due under the Award will be paid in accordance with the normal payment dates specified for them in this Agreement. Notwithstanding anything contained herein to the contrary, to the extent required in order to avoid any accelerated taxation or the imposition of an additional tax, interest or penalty under Section 409A of the Code, Employee shall not be considered to have terminated employment with the Company or any affiliate for purposes of this Restricted Stock Unit Award until Employee would be considered to have incurred a “separation from service” from the Company and its affiliates within the meaning of Section 409A of the Code (after giving effect to the presumptions contained therein).

(b) For purposes of Section 409A of the Code, each payment made hereunder will be treated as a separate payment.

(c) With regard to any payment considered to be nonqualified deferred compensation under Section 409A of the Code, to the extent applicable, that is payable upon a Change in Control or other similar event, to the extent required in order to avoid any accelerated taxation or the imposition of an additional tax, interest or penalty under Section 409A of the Code, no amount will be payable unless such change in control constitutes a “change in control event” within the meaning of Section 1.409A-3(i)(5) of the Treasury Regulations.

(d) This Restricted Stock Unit Award is intended to comply with, or be exempt from, the requirements of Section 409A of the Code and shall be interpreted consistent with this intent. Notwithstanding the foregoing, neither the Company, any affiliate of the Company, the Committee, nor any other person shall have any liability to Employee with respect to the foregoing.

10. Effective Date. This Restricted Stock Unit Award shall be effective as of the Grant Date.

11. Agreement Controls. The Plan is hereby incorporated in this Agreement by reference. Capitalized terms not defined in this Agreement shall have those meanings provided in the Plan. In the event of any conflict between the terms of this Agreement and the terms of the Plan, the provisions of the Agreement shall control.

WOLVERINE WORLD WIDE, INC.

/s/ Michael D. Stornant

Michael D. Stornant

Sr Vice President and Chief Financial Officer

FORM OF PERFORMANCE RESTRICTED STOCK UNIT AWARD AGREEMENT**Performance Restricted Stock Unit Agreement****PERFORMANCE RESTRICTED STOCK UNIT AWARD AGREEMENT**

This Performance Restricted Stock Unit Award Agreement (together with Attachment 1 hereto, the “**Agreement**”) is made as of the award date set forth in the grant (the “**Grant Date**”), by and between WOLVERINE WORLD WIDE, INC., a Delaware corporation (“**Wolverine**” or the “**Company**”), and the employee identified in the grant (“**Employee**”).

Wolverine maintains a Stock Incentive Plan of 2016 (as amended and restated and as it may be further amended from time to time, the “**Plan**”) that is administered by the Compensation Committee of Wolverine’s Board of Directors (the “**Committee**”), under which the Committee may award restricted stock units as all or part of a long-term incentive award.

The Committee has determined (i) that Employee is eligible to participate in the Plan and receive a long-term incentive award, (ii) Employee’s participation level, and (iii) the performance criteria for the award. The Committee has awarded to Employee restricted stock units of Wolverine subject to the terms, conditions and restrictions contained in this Agreement and in the Plan (the “**Restricted Stock Unit Award**”). Employee acknowledges receipt of a copy of the Plan and accepts this Restricted Stock Unit Award subject to all such terms, conditions and restrictions.

1. **Award.** Wolverine hereby awards to Employee the Restricted Stock Unit Award consisting of a target number of restricted stock units as set forth in the grant (the “**Restricted Stock Units**”), which shall be eligible to vest in accordance with the terms of this Agreement and the Plan. The ultimate “**Incentive Award**” received by Employee will be the number of Restricted Stock Units that vest hereunder as determined by the Committee. Each Restricted Stock Unit represents the conditional right to receive, without payment but subject to the terms, conditions and limitations set forth in this Agreement and in the Plan, one share of common stock of the Company (“**Common Stock**”) in accordance with this Agreement. On the Payout Date (as defined in Attachment 1), the Company shall deliver to Employee a number of shares of Common Stock in respect of the Restricted Stock Units that vest hereunder, together with any Dividend Equivalents (as defined below) thereon, or, at the option of the Company, a cash payment in an amount equal to the Fair Market Value on the Payout Date multiplied by the number of shares of Common Stock in respect of the Restricted Stock Units that vest hereunder, together with any Dividend Equivalents thereon, subject to any applicable withholdings required by applicable law.

2. **Transferability.** Until the Restricted Stock Units vest as set forth in Section 3 below and Attachment 1, the Plan provides that Restricted Stock Units are generally not transferable by Employee except by will or according to the laws of descent and distribution. The Plan further provides that all rights with respect to the Restricted Stock Units are exercisable during Employee’s lifetime only by Employee, Employee’s guardian or legal representative.

3. **Vesting.** Except as otherwise provided in this Agreement or by action of the Committee to reduce the number of Restricted Stock Units that would otherwise vest hereunder, the Restricted Stock Units shall vest as set forth in Attachment 1.

4. Termination of Employment Status.

(a) Except as set forth in subsection (b) or Section 5 below, Employee:

(i) must be an employee of the Company or one of its subsidiaries at the time the Committee certifies the achievement of the Performance Period performance criteria for the vesting of any portion of the Restricted Stock Unit Award (the performance criteria being Cumulative BVA, Cumulative EPS, and TSR Percentile Ranking, as defined in Attachment 1); and

(ii) shall forfeit the entire unvested Restricted Stock Unit Award if, before such certification, Employee's employment with Wolverine or its subsidiaries terminates (the "**Employment Termination**") or the Committee terminates the Restricted Stock Unit Award (an "**Award Termination**").

(b) If the Employment Termination is:

(i) due to Employee's:

- (1) Disability;
- (2) death; or
- (3) Retirement; or

(ii) due to such other circumstances as the Committee in its discretion allows;

then the number of Restricted Stock Units which shall vest at the end of the Performance Period shall be calculated as set forth in subsection (c), subject to reduction by the Committee in its discretion. If there is an Award Termination, the Committee may in its discretion allow some or all of the Restricted Stock Units to vest, calculated as set forth in subsection (c), subject to reduction by the Committee in its discretion.

(c) As soon as reasonably practicable following the end of the Performance Period, the Committee shall calculate, as set forth in Attachment 1, the number of Restricted Stock Units that would have vested based on the attainment of the performance criteria if Employee's employment or Restricted Stock Units had not been terminated prior to the certification. The remainder of the Restricted Stock Units shall be automatically forfeited.

5. Change in Control. If, prior to the Performance Period End Date (as defined in Attachment 1), a Change in Control occurs, to the extent the Restricted Stock Units are outstanding immediately prior to such Change in Control, they shall vest in accordance with Section 13(b)(iii) of the Plan.

6. Employment by Wolverine. The Agreement and the Restricted Stock Unit Award shall not impose upon Wolverine or any of its Subsidiaries any obligation to retain Employee in its employ for any given period or upon any specific terms of employment. Wolverine or any of its Subsidiaries may at any time dismiss Employee from employment, free from any liability or claim under the Plan or this Agreement, unless otherwise expressly provided in any written agreement with Employee. By accepting this Award, Employee reaffirms the obligations of any Employee Confidentiality, Intellectual Property Protection, and Restrictive Covenant Agreement or similar agreement, previously entered into between Wolverine and Employee.

7. Stockholder Rights. Employee (or Employee's permitted transferees) shall not have any voting and liquidation rights with respect to the Restricted Stock Units or the underlying Common Stock represented thereby unless and until shares of Common Stock are actually issued to Employee upon vesting of the Restricted Stock Units in accordance with the terms of this Agreement. Employee shall be entitled to receive a dividend equivalent ("**Dividend Equivalent**") in the form of cash, with respect to any cash dividend that is declared and paid on the Common Stock underlying the Restricted Stock Units prior to the Payout Date, with the amount that is paid to Employee in respect of the Dividend Equivalents equal to the aggregate cash dividends declared and paid per share of Common Stock during the period beginning on the Grant Date and ending immediately prior to the Payout Date multiplied by the number of Restricted Stock Units that vest hereunder in accordance with

Appendix 1. For greater certainty, no Dividend Equivalent shall be payable to Employee in respect of any unvested Restricted Stock Units that are forfeited. Upon vesting of the Restricted Stock Units and issuance to Employee of underlying Common Stock, if applicable, Employee shall have all stockholder rights, including the right to transfer the underlying Common Stock, subject to such conditions as Wolverine may reasonably specify to ensure compliance with applicable federal and state securities laws.

8. Withholding. Wolverine and any of its Subsidiaries shall be entitled to (a) withhold and deduct from Employee's future wages (or from other amounts that may be due and owing to Employee from Wolverine or a Subsidiary, including amounts under this Agreement), or make other arrangements for the collection of, all legally required amounts necessary to satisfy any and all applicable federal, state and local withholding and employment-related tax requirements attributable to the Restricted Stock Units Award under this Agreement, including, without limitation, the award, vesting or settlement of Restricted Stock Units and any Dividend Equivalents; or (b) require Employee promptly to remit the amount of such withholding to Wolverine or a Subsidiary before taking any action with respect to the Restricted Stock Units. Unless the Committee provides otherwise, withholding may be satisfied by withholding shares of Common Stock to be received by Employee pursuant to this Agreement or by delivery to Wolverine or a Subsidiary of previously owned Common Stock of Wolverine.

9. Effective Date. This grant of Restricted Stock Units shall be effective as of the Grant Date set forth in the grant.

10. Agreement Controls. The Plan is hereby incorporated in this Agreement by reference. Capitalized terms not defined in this Agreement shall have those meanings provided in the Plan. In the event of any conflict between the terms of this Agreement and the terms of the Plan, the provisions of the Agreement shall control.

**WOLVERINE WORLD WIDE, INC.
COMPENSATION COMMITTEE**

ATTACHMENT 1 TO RESTRICTED STOCK UNITS AWARD AGREEMENT

The number of Restricted Stock Units that will vest is equal to the number resulting from the formula set forth immediately below, but not in excess of 600% of the target number of Restricted Stock Units (“the Maximum RSU Amount”), subject to any exercise of negative discretion of the Committee.

1. The number of Restricted Stock Units that will vest under this Attachment 1 and this Agreement, as determined by the Committee, is equal to:

[(Overall Award Percentage x Target Value)/Market Price] x the Adjustment Factor

rounded up to the nearest whole number (but not in excess of the Maximum RSU Amount) where:

Overall Award Percentage will be the sum of (i) the BVA Award Percentage multiplied by the BVA Factor, and (ii) the EPS Award Percentage multiplied by the EPS Factor.

(a) BVA Award Percentage will be calculated as follows:

If the Cumulative BVA is < Threshold BVA, BVA Award Percentage = 0%

If the Cumulative BVA is ≥ Threshold BVA and < Target BVA, BVA Award Percentage =

$$\left(\left[\left[\frac{(\text{Cumulative BVA} - \text{Threshold BVA})}{(\text{Target BVA} - \text{Threshold BVA})} \right] \times 0.5 \right] + 0.5 \right) \times 100$$

If the Cumulative BVA is ≥ Target BVA and < Goal BVA, BVA Award Percentage =

$$\left(\left[\left[\frac{(\text{Cumulative BVA} - \text{Target BVA})}{(\text{Goal BVA} - \text{Target BVA})} \right] \times 0.5 \right] + 1.0 \right) \times 100$$

If the Cumulative BVA is ≥ Goal BVA and < Stretch BVA, BVA Award Percentage =

$$\left(\left[\left[\frac{(\text{Cumulative BVA} - \text{Goal BVA})}{(\text{Stretch BVA} - \text{Goal BVA})} \right] \times 0.5 \right] + 1.5 \right) \times 100$$

If the Cumulative BVA is ≥ Stretch BVA, BVA Award Percentage = Award Cap

(b) EPS Award Percentage will be calculated as follows:

If the Cumulative EPS is < Threshold EPS, EPS Award Percentage = 0%

If the Cumulative EPS is ≥ Threshold EPS and < Target EPS, EPS Award Percentage =

$$\left(\left[\left[\frac{(\text{Cumulative EPS} - \text{Threshold EPS})}{(\text{Target EPS} - \text{Threshold EPS})} \right] \times 0.5 \right] + 0.5 \right) \times 100$$

If the Cumulative EPS is \geq Target EPS and $<$ Goal EPS, EPS Award Percentage =

$$\left(\left[\left[\frac{(\text{Cumulative EPS} - \text{Target EPS})}{(\text{Goal EPS} - \text{Target EPS})} \right] \times 0.5 \right] + 1.0 \right) \times 100$$

If the Cumulative EPS is \geq Goal EPS and $<$ Stretch EPS, EPS Award Percentage =

$$\left(\left[\left[\frac{(\text{Cumulative EPS} - \text{Goal EPS})}{(\text{Stretch EPS} - \text{Goal EPS})} \right] \times 0.5 \right] + 1.5 \right) \times 100$$

If the Cumulative EPS is \geq Stretch EPS, EPS Award Percentage = Award Cap

2. The number of Restricted Stock Units that vest based on performance as determined under Section 1 above will be adjusted by the following “**Adjustment Factor**”:

- a. If the TSR Percentile Rank is greater than or equal to 75.00, then the number of Restricted Stock Units that vest will be a number equal to the number of Restricted Stock Units that would vest based on performance as determined under Section 1 above, multiplied by an Adjustment Factor of 1.25 (e.g., if 100 Restricted Stock Units would vest under Section 1 prior to applying the Adjustment Factor, 125 would vest), subject to the Maximum RSU Amount.
- b. If the TSR Percentile Rank is greater than 25.01 and less than 74.99, the Adjustment Factor is 1.0 (e.g., there shall be no adjustment to the number of Restricted Stock Units that vest based on performance as determined under Section 1 above).
- c. If the TSR Percentile Rank is less than or equal to 25.00, then the number of Restricted Stock Units that vest based on performance as determined under Section 1 above will be a number equal to the number of Restricted Stock Units that would vest based on performance as determined under Section 1 above, multiplied by an Adjustment Factor of 0.75 (e.g., if 100 Restricted Stock Units would vest under Section 1 prior to applying the Adjustment Factor, 75 would vest).

The other defined terms shall have the following meanings for the purpose of this Agreement:

Award Cap	200%
Award Recipient	An employee of the Company to whom the Compensation Committee of the Board of Directors or the Board of Directors grants a Performance Restricted Unit Award, for such portion of the Performance Period as the Committee determines.
BVA	An economic value added measurement that equals the operating income for a Fiscal Year reduced by (i) a provision for income taxes equal to the operating income multiplied by the Company’s total effective tax rate for the same Fiscal Year; and (ii) a capital charge equal to a 13-point average of “ net operating assets ” at the beginning and end of a Fiscal Year (with “net operating assets” defined as the net of trade receivables (net of reserves), inventory (net of reserves), other current assets, property, plant and equipment, trade payables and accrued liabilities) multiplied by 10%, as adjusted by resolution of the Compensation Committee within the first 90 days of the Performance Period.
Cumulative BVA	The sum of the BVA for each of the Fiscal Years in the Performance Period.
Cumulative EPS	The sum of the EPS for each of the Fiscal Years in the Performance Period.
EPS	The total after-tax profits for a Fiscal Year divided by the fully-diluted weighted average shares outstanding during the Fiscal Year, as adjusted by resolution of the Compensation Committee within the first 90 days of the Performance Period.

Fiscal Year	The fiscal year of the Company for financial reporting purposes as the Company may adopt from time to time.
Market Price	The Fair Market Value on the Grant Date.
Payout Date	The date determined by the Committee upon the vesting of Restricted Stock Units for the issuance and delivery of Common Stock and, if applicable, any cash payment, to which such Payout Date relates, which date shall be as soon as practicable, but in no event more than sixty (60) days following the date of vesting (or, if earlier, within 30 days following the date of a Change in Control, to the extent provided in Section 5 of this Agreement and the Plan).
Performance Period	The three year period beginning on the first day of the Company's 2020 Fiscal Year and ending on the last day of the Company's 2022 Fiscal Year.
Performance Period End Date	The last day of the Company's 2022 Fiscal Year.
Russell 3000 Companies	The companies making up the Russell 3000 Consumer Discretionary Index as of the first day of the Performance Period.
Target Value	Subject to the forfeiture provisions of Section 4 of the Agreement, the Target Value shall be the sum of the highest dollar target amount granted each year of the Performance Period, multiplied by a fraction, the numerator of which is months employed and participating for that year of the Performance Period and the denominator of which is 12. For clarification, the dollar target amount is only counted once for corresponding cycle grant year in cases where grants are made on the same date for multiple performance periods. Partial months employed/participating shall only be included in the numerator, above, if Employee is employed/participating for the majority of days in such month.
Total Shareholder Return	The change in value expressed as a percentage of a given dollar amount invested in a company's most widely publicly traded stock over the Performance Period, taking into account both stock price appreciation (or depreciation) and the reinvestment of dividends (including the cash value of non-cash dividends) in such stock of the company. The thirty (30) calendar-day average closing price of shares of Common Stock and the stock of the Russell 3000 Companies (i.e., the average closing prices over the period of trading days occurring in the thirty (30) calendar days prior to the first day of the Performance Period and ending on the first day of the Performance Period and the average closing prices over the period of trading days occurring in the final thirty (30) calendar days ending on the Performance Period End Date) will be used to value shares of Common Stock and the stock of the Russell 3000 Companies. Dividend reinvestment will be calculated using the closing price of a share of Common Stock or the stock of the applicable Russell 3000 Company on the ex-dividend date or, if no trades were reported on such date, the latest preceding date for which a trade was reported. If a company that is included in the Russell 3000 Consumer Discretionary Index as of the first day of the Performance Period ceases to be publicly traded (other than through bankruptcy) during the Performance Period, or if it publicly announced that any such company will be acquired, whether or not such acquisition occurs during the Performance Period, such company shall not be treated as Russell 3000 Company for purposes of the determinations herein and such company's Total Shareholder Return shall not be included for purposes of the calculations herein. Companies that were in the Russell 3000 Consumer Discretionary Index on the first day of the Performance Period but that exit due to bankruptcy before the end of the Performance Period remain Russell 3000 Companies and are assigned a Total Shareholder Return value of -100%. Companies that exit the Russell 3000 Consumer Discretionary Index before the end of the Performance Period but remain publicly-traded throughout the Performance Period remain Russell 3000 Companies.
TSR Percentile Rank	The percentage of Total Shareholder Return values among the Russell 3000 Companies at the Performance Period End Date that are equal to or lower than the Company's Total Shareholder Return at the Performance Period End Date, provided that if the Company's Total Shareholder Return falls between the Total Shareholder Return of two of the Russell 3000 Companies the TSR Percentile Rank shall be adjusted by interpolating the Company's Total Shareholder Return on a straight line basis between the Total Shareholder Return of the two Russell 3000 Companies that are closest to the Company's. For purposes of the TSR Percentile Rank calculation, the Company will be excluded from the group of Russell 3000 Companies.
BVA Factor	As set by the Compensation Committee within the first 90 days of the Performance Period.

Threshold BVA	As set by the Compensation Committee within the first 90 days of the Performance Period.
Target BVA	As set by the Compensation Committee within the first 90 days of the Performance Period.
Goal BVA	As set by the Compensation Committee within the first 90 days of the Performance Period.
Stretch BVA	As set by the Compensation Committee within the first 90 days of the Performance Period.
EPS Factor	As set by the Compensation Committee within the first 90 days of the Performance Period.
Threshold EPS	As set by the Compensation Committee within the first 90 days of the Performance Period.
Target EPS	As set by the Compensation Committee within the first 90 days of the Performance Period.
Goal EPS	As set by the Compensation Committee within the first 90 days of the Performance Period.
Stretch EPS	As set by the Compensation Committee within the first 90 days of the Performance Period.

WOLVERINE WORLD WIDE INC.
SEPARATION AND RELEASE AGREEMENT

This Separation and Release Agreement (the “Agreement”) is made by and among Wolverine World Wide, Inc., acting on behalf of itself and its affiliates, subsidiaries, and related companies (collectively, the “Company”) and Todd Spaletto (the “Employee”).

WHEREAS, the Employee’s employment by the Company is expected to end on May 30, 2020; and

WHEREAS, the Company and the Employee wish to fully and finally settle and resolve any and all claims, differences, and disputes between them, including, but not limited to, claims arising out of the or relating to the Employee’s employment, terms and conditions of employment, separation from employment or any other event, transaction, or communication between the Company and the Employee; and

WHEREAS, the Company desires to provide the Employee with certain separation benefits in exchanges for the Employee’s execution of this Agreement.

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Company and the Employee agree as follows:

1. Conclusion of Employment. The Employee’s employment by the Company shall end on the Separation Date identified in Exhibit A, and the Employee shall continue receiving base salary and benefits through that date. Following the Separation Date, the Employee shall have no rights to any compensation, severance, or other benefits not expressly provided in this Agreement.

2. Employee’s Separation Payment. Subject to the Employee complying with all of the Employee’s obligations under this Agreement, the Company will pay the Employee severance compensation in the total amount of the Separation Payment identified in Exhibit A, less all applicable deductions for federal, state, and local taxes, social security, wage withholding, and other taxes, subject to the qualification in the following paragraph.

The “Separation Payment Period” shall begin on the Effective Date and shall end on the date of the last scheduled installment of the Separation Payment. Should the Employee begin new employment, including any consulting, independent contractor, or similar type of arrangement, prior to the end of the Separation Payment Period, the Company’s obligation to pay any of the installment payments not yet paid shall immediately cease and the Company’s obligation under this Agreement to pay any Separation Payment shall be capped at the amount paid prior to the date the Employee began new employment. The Company shall pay the Employee for all accrued, unused vacation, less applicable deductions for federal, state, and local taxes, social security, wage withholding, and other taxes.

The Separation Payment will be made after the “Effective Date” of this Agreement as defined in Section 18.

3. Outplacement Assistance. The Company will pay for outplacement assistance for the Employee as set forth in Exhibit A. If Exhibit A does not state any outplacement assistance or states that outplacement assistance is not included as a separation benefit, then the Company is under no obligation to provide outplacement assistance to the Employee.

4. Outstanding Balances. Prior to the Effective Date, the Employee will reimburse the Company for any outstanding personal expenses the Company paid on behalf of the Employee. The Employee shall pay any balances outstanding for personal purchases or expenses charged to any Company credit card or any business expenses already reimbursed. If the Employee does not pay these expenses, or any other amounts due to the Company, in full on or before the Effective Date, the Employee consents to the Company deducting these amounts from the Employee’s last paycheck or offsetting these amounts against any Separation payments or other payments due to the Employee.

5. Equity Awards.

(a) The Employee is not and shall not be eligible for or entitled to any awards of stock or other equity or equity-based incentives after the Separation Date.

(b) The Employee acknowledges and understands that: (i) any restricted stock or other equity awards (including any time-vested and performance-based stock) for which the restrictions have not lapsed as of the Separation Date shall be forfeited to the Company in accordance with the terms of the applicable stock agreements and plans; and (ii) any stock options or other equity awards that have not vested as of the Separation Date shall be forfeited to the Company in accordance with the terms of the applicable option agreements and plans.

6. Other Benefits; Health Insurance Coverage.

(a) All of the Employee’s Company benefits, including, but not limited to, employee discount, long-term disability, short-term disability and life insurance coverage will cease as of the Separation Date, except to the extent explicitly set forth in this Agreement. The Employee will not continue to earn vacation or other paid time off after the Separation Date. The Employee’s right to contribute to the Company’s 401(k) plan shall cease as of the Separation Date, in accordance with the terms of that plan.

(b) Employee will not be eligible for any bonus for fiscal year 2020, including but not limited to any bonuses under the Company’s Administrative Bonus Plan, Amended and Restated Executive Short-Term Incentive Plan, or Amended and Restated Executive Long-Term Incentive Plan. Employee will remain eligible for the Company’s concierge medicine and financial counseling programs through the earlier of December 31, 2020, or the date the Company ceases offering those programs.

(c) If enrolled as of the Separation Date, the Employee will be eligible for continued health care coverage, as permitted under the federal Consolidated Omnibus Budget Reconciliation Act of 1985, as amended (“COBRA”). Provided the Employee timely elects to continue receiving group medical coverage and/or dental coverage pursuant to COBRA, the Company shall pay for the Employee’s COBRA coverage as of the Separation Date through the Company Contribution Termination Date set forth in Exhibit A. The Company’s obligation to pay for the Employee’s COBRA coverage, however, shall be reduced by the amount that the Employee will pay toward such coverage, which shall be equal to the amount of the Employee’s medical and/or dental coverage premiums as of the Separation Date. The Employee will be required to pay the Employee’s COBRA contributions directly to the Company’s COBRA administrator each month. As of the Company Contribution Termination Date, all continuing COBRA coverage shall be at the Employee’s sole election and expense. To the extent that the Employee begins new employment on or before the Company Contribution Termination Date, the Employee shall immediately notify the Company of such employment. In the event Employee becomes eligible for coverage through a new employer, the Employee shall elect such coverage. Upon the Employee electing such coverage, the Company’s obligation to pay for COBRA coverage shall immediately cease. If the Employee timely elects COBRA, the Employee may use any unused balance in the Employee’s Medical Flexible Spending Account.

Notwithstanding the foregoing, if the Employee is eligible for and timely enrolls in any other medical and/or dental insurance plan offered by the Company on or after the Separation Date, the Company shall pay the same amount for the same period of time towards such coverage as it otherwise would towards the Employee’s COBRA coverage under this Section 6(c).

The Company may substitute for its current health insurance plan and/or dental insurance plan such coverage and employee contribution requirements as are then being furnished by the Company to its similarly situated active employees.

7. Return of Property. All documents, including memoranda, notes, records, reports, photographs, drawings, plans, papers, or other documents, samples or analyses, or electronically stored information, whether or not they contain Confidential Information, are the property of the Company and must be returned to the Company on or before the Separation Date. The Employee shall return to the Company all of its property in the Employee’s possession, including, but not limited to, keys, office equipment, credit cards, personal computers, files, correspondence, customer lists, business notes, documents and all other materials relating to the Company’s business on or before the Separation Date. The Employee shall not keep photocopies, facsimiles or electronically stored forms of any Company materials.

8. Future Communications. Should inquiries be made of the Company regarding the Employee’s employment by the Company, the Company will limit the information it releases to the dates of the Employee’s employment and the positions held, except to the extent it is otherwise required by law to release information regarding the Employee’s employment.

9. Non-Disparagement. The Employee shall not disparage or defame the Company, its directors, management, employees, products, or services, in any conversation, correspondence, or other form of communication, oral or written, and shall not do or say anything that could

reasonably be expected to disrupt the good morale of the employees of the Company or otherwise harm the business interests, goodwill, or reputation of the Company.

10. Compliance with Laws. The Employee acknowledges, affirms, represents, and warrants that at all times during the Employee's employment by the Company, the Employee complied with all state and federal laws, conducted himself with the highest degree of fidelity to the Company, committed no acts of theft, embezzlement, misappropriation, insider trading, or other forms of misconduct contrary to the interests of the Company.

11. Confidential Information. The Employee shall not use for personal benefit or another's benefit, or disclose to anyone, any information obtained during the Employee's employment by the Company that is not generally known to the public, including, but not limited to, technical data, methods, processes, software, compositions, equipment, research data, marketing and sales information, product design, development and sourcing information, personnel data, customer lists, books, records, reports, statements, financial and other data, and all the other know-how and trade secrets pertaining in any respect to the Company or the Company's business or customers (collectively, "Confidential Information"). In addition, the Employee shall not disclose the terms or nature of this Agreement to anyone, except as strictly necessary to the Employee's attorneys and tax advisors.

12. Non-Solicitation. For the period beginning on the Separation Date and extending through the Non-Solicitation Termination Date set forth in Exhibit A, the Employee shall not, without the Company's prior written consent, directly or indirectly: (a) solicit, hire, cause, or induce, or attempt to solicit, hire, cause, or induce any employee, agent, representative, or contractor of the Company who was an employee, agent, representative, or contractor of the Company as of the Separation Date, to terminate such person's relationship with the Company or to become employed by any business or person other than the Company; (b) authorize, condone, solicit, or assist in the taking of such actions by any third party, including but not limited to a recruiter or future employer of the Employee; provided, however, that with respect to this Section, a general solicitation or advertisement not specifically targeted to or reasonably expected to specifically target such individuals will not be deemed in and of itself to violate the prohibitions of this Agreement; or (c) interfere or attempt to interfere with any transaction, agreement, prospective agreement, business opportunity or business relationship in which Company or any affiliate was involved during the two (2) years prior to the Separation Date. Employee acknowledges and agrees that the restriction in this Section is reasonable in light of the Employee's responsibilities with the Company and the scope of the Company's business.

"Customer" is defined as any person, company, or business that placed a wholesale order with any of the Company's brands during the two (2) years prior to the Separation Date.

13. Enforcement of Covenants. The Employee acknowledges and affirms that the Employee has carefully read and considered all the terms and conditions of this Agreement, including the restraints imposed upon the Employee pursuant to Sections 9, 10, 11, and 12. The Employee agrees without reservation that each of the restraints contained herein is necessary for the reasonable and proper protection of the goodwill, Confidential Information, trade secrets, and other legitimate interests of the Company and its subsidiaries, affiliates, and related parties; that

each of them is a significant and material provision of this Agreement, and serves as an inducement for the Company to enter into this Agreement; and that each and every one of those restraints is reasonable in respect to subject matter, length of time and geographic area. The Employee further acknowledges that, were the Employee to breach any of the covenants contained in Sections 9, 10, 11, or 12, the damage to the Company would be irreparable. The Employee therefore agrees that in the event of the breach or a threatened breach by the Employee of any of the provisions of Sections 9, 10, 11, or 12, the Company, in addition to any and all other rights remedies available to it at law or equity, shall be entitled to: (a) cease any payments set forth in this Agreement that would otherwise be paid to the Employee after the date of the breach under this Agreement; (b) State or federal court injunctive relief restraining the Employee from further violation of this Agreement, and ordering specific performance of the Employee's obligations under this Agreement; (c) money damages suffered by the Company as a result of the Employee's breach; and (d) reimbursement of court costs and attorney fees and costs reasonably incurred by the Company in securing the Employee's compliance with this Agreement.

No breach of any provision of this Agreement by the Company, or any other claimed breach of contract or violation of law, or change in the nature or scope of the Employee's employment relationship with the Company, shall operate to extinguish the Employee's obligation to comply with Sections 9, 10, 11, or 12.

14. Interpretation by Court. If any provision of this Agreement as applied to the Company or Employee or to any circumstance shall be adjudged by a court of competent jurisdiction to be invalid or unenforceable, that provision and determination shall in no way affect any other provision of this Agreement, the application of such provision in any other circumstances, or the validity or enforceability of this Agreement. The Company and the Employee agree that the provisions of this Agreement are reasonable and they intend this Agreement to be enforced as written. If, however, any provision, or part any part of a provision is held to be unenforceable because of its duration or the types of activities restricted by it, all parties agree that a Court of competent jurisdiction making such determination shall have and should exercise the power to (1) reduce the duration of the provision or types of activities restricted to the maximum duration permitted by applicable law; (2) delete specific words or phrases; and (3) enforce the provision in its reduced form.

15. Waiver and Release. In consideration of the payments and benefits set forth in this Agreement, Employee, for herself/himself, her/his spouse (if any), their marital community (if any), and their respective heirs, estates, representatives, executors, successors and assigns, hereby fully, forever, irrevocably, and unconditionally releases and discharges the Company, its shareholders, affiliates, subsidiaries, parent companies, employee benefit plans, any co-employers or joint employers, their officers, directors, employees, agents, attorneys, administrators, representatives, successors, heirs, assigns, and all persons acting by, through, under, or in concert with them (collectively, the "Released Parties"), from any and all claims of whatever kind and nature, character, and description, whether in law or equity, whether sounding in tort, contract, federal, state and/or local law, statute, ordinance, regulation, common law, or other source of law, which she/he or they may have against them, or any of them, including any and all claims arising out of and/or in any way related to Employee's employment with the Company or the circumstances of the termination of that employment, which could have arisen out of any act or omission occurring from the beginning

of time to the Effective Date, whether now known or unknown, contingent or vested, whether anticipated or unanticipated, asserted or unasserted, at the time of execution of this Agreement or not, for any type of relief.

(a) Included Statutes. This Release and Waiver includes but is not limited to, any and all claims, including claims arising under the Civil Rights Act of 1964, the Employee Retirement Income Security Act, the Americans with Disabilities Act, the Family & Medical Leave Act, the Age Discrimination in Employment Act (“ADEA”), the Older Workers Benefit Protection Act, the Occupational Safety and Health Act, the Immigration Reform and Control Act, the Fair Labor Standards Act, the Workers Adjustment and Retraining Notification Act, the Fair Credit Reporting Act, the Uniformed Services Employment and Reemployment Act of 1994, the Equal Pay Act, the Rehabilitation Act, the Employee Polygraph Protection Act, the Sarbanes-Oxley Act (as applicable), the National Labor Relations Act, the Securities and Exchange Act of 1933 and 1934, the Consolidated Omnibus Budget Reconciliation Act (“COBRA”), Michigan’s Elliot-Larsen Civil Rights Act, the Michigan Persons With Disabilities Civil Rights Act, the Massachusetts Fair Employment Practices Law, the Massachusetts Public Accommodations Act, Article 114 of the Massachusetts Constitution, and all other relevant local, state and federal statutes, rules, regulations, and applicable provisions of state constitutions.

(b) Included Claims. This Agreement includes, but is not limited to, all claims for past due or future wages, overtime, compensation, minimum wages, damages, back pay, front pay, severance pay, meal and rest break compensation, penalties (including late payment penalties), liquidated damages, punitive damages, interest, attorneys’ fees, litigation costs, restitution, equitable relief, bonuses, vacation pay, medical insurance, life or disability insurance, and other benefits (except vested retirement benefits) and all claims for violation of any express or implied agreement, written or verbal, that occurred before the execution of this Agreement, or for any violation of any common law duty or statute.

In waiving and releasing any and all claims set forth in this Agreement, whether or not now known to Employee, Employee understands that this means that if Employee later discovers facts different from or in addition to those facts currently known or believed to be true by the waivers and releases of this Agreement will remain effective in all respects – despite such different or additional facts – and even if Employee would not have agreed to this Agreement if Employee had prior knowledge of such facts. Employee expressly, knowingly, and intentionally waives the benefits and rights of any statute, rule, doctrine, or common law principle of any jurisdiction whatsoever that provides that a general release does not extend to unknown claims.

The Employee further agrees that, except to enforce the terms of the Agreement and subject to the rights enumerated in Section 15(c), the Employee will not initiate or file, or cause to be initiated or filed, any complaint, suit, charge, or other proceeding asserting any of the released claims against the Company. The consideration offered herein is accepted by the Employee as being in full accord, satisfaction, compromise and settlement of any and all claims or potential claims, and the Employee expressly agrees that Employee is not entitled to and shall not receive any further recovery of any kind from, and that in the event of any further complaint, suit, charge or other proceeding whatsoever, except those to enforce the terms of the Agreement, based upon any matter

released herein, the Company shall have no further monetary or other obligation of any kind to the Employee, including any obligation for any costs, expenses, and attorneys' fees incurred by Employee or on Employee's behalf. **THE EMPLOYEE AGREES TO WAIVE ANY RIGHT TO RECOVER MONETARY DAMAGES (INCLUDING, BUT NOT LIMITED TO, BACK PAY, FRONT PAY, LIQUIDATED DAMAGES, PUNITIVE DAMAGES, AND/OR COMPENSATORY DAMAGES) IN ANY SUIT, COMPLAINT, CHARGE, OR OTHER PROCEEDING FILED BY THE EMPLOYEE OR ANYONE ELSE ON THE EMPLOYEE'S BEHALF.**

(c) Excluded Claims & Protected Rights. Notwithstanding the above, by signing this agreement, the Employee does not release and discharge: (i) file any claims that are not permitted to be waived or released under applicable law, including but not limited to, the right to file a charge with or participate in an investigation by the EEOC, claims for workers' compensation, and claims for unemployment compensation; (ii) any claim for breach of this Agreement or to challenge its validity under the ADEA; and (iii) any claims arising after the date on which the Employee signs this Agreement. Nor is this Agreement intended in any way to limit the Employee's right or ability to: (i) bring a lawsuit against the Company to enforce the Company's obligations under this Agreement; (ii) make any disclosure of information required by law; (iii) report a possible violation of any federal law or regulation to any government agency or entity including but not limited to the EEOC, the National Labor Relations Board, the Department of Justice, the Securities and Exchange Commission, Congress, and any agency Inspector General, or making disclosures that are protected under the whistleblower provisions of any law; or (iv) initiate, provide information to, testify at, participate, or otherwise assist, in any investigation or proceeding brought by any federal regulatory or law enforcement agency or legislative body, such as the EEOC and SEC, any self-regulatory organization, or the Company's legal, compliance, or human resources officers relating to an alleged violation of any federal, state, or municipal law.

(d) This release shall not constitute a release by the Employee of any right by the Employee to be indemnified by the Company as provided by statute, the Company's By-Laws, or any Directors and Officers liability insurance policy maintained by the Company for any acts or omissions during the term of the Employee's employment to the same extent the Employee would have had the right to be indemnified absent this release.

(e) This waiver and release does not affect the Employee's right to continue COBRA continuation coverage after the Company paid period, if any, of COBRA coverage.

16. Retirement Plans. The parties recognize that the Employee may have certain vested interests in a "401(k)" retirement and/or other pension plan to which the Company has contributed on the Employee's behalf. The waiver and release of claims set forth in Section 15 does not apply to the Employee's vested interests in such plans.

17. Opportunity for Review and Consultation. The Employee acknowledges having read this Agreement and understands all of its provisions. The Employee knowingly and voluntarily agrees to all of the terms and provisions of this Agreement. The Employee acknowledges that the Employee has had twenty-one (21) days to enter into this Agreement. If this Agreement was executed prior to the expiration of the twenty-one (21) day deliberation period, the Employee warrants such

execution was voluntary and without coercion by the Company. The Company encourages the Employee to consult with an attorney regarding this Agreement. The Employee acknowledges that the Employee either has consulted with an attorney regarding this Agreement or has intentionally chosen not to exercise the right to do so.

18. Effective Date; Revocation Period. The Employee has seven (7) days after signing this Agreement to revoke the Agreement and the Agreement will not be effective until that revocation period has expired (the “Effective Date”). Notice of revocation shall be in a signed document delivered to the Senior Vice President, Global Human Resources before the expiration of the revocation period.

19. Disclosures and Subpoena.

(a) The Employee agrees that the Employee will not, directly or indirectly, and without the Company’s prior written consent, voluntarily provide information, documents, or statements to any entity or person, including current or former employees of the Company (except the Employee’s counsel, tax preparer, and immediate family) regarding: (a) any other person’s employment with, or termination of employment from, the Company; or (b) any information or documents concerning the Company. In the event that a subpoena or other lawful process is properly served upon the Employee requiring production or disclosure of information or documents concerning the foregoing matters, the Employee shall promptly notify the Company, in accordance with the Notices provisions detailed herein, and shall provide it with copies of any subpoena or other process served upon the Employee. The Employee shall thereafter make such documents available to the Company for inspection and copying at a reasonable time and place designated by the Company prior to their production.

(b) In the event that the subpoena or other process requires testimony or statements from the Employee, the Employee agrees to meet, telephonically or in person, with attorneys or agents designated by the Company, at a reasonable time and place designated by the Company and prior to giving the testimony or the production of documents, for the purpose of discussing the same.

(c) Nothing herein shall give the Company the right to control or dictate the content of any testimony given by the Employee, or any documents produced by the Employee pursuant to subpoena or other lawful process. It is understood that the Employee shall provide all information lawfully required of the Employee, but shall not waive any matters of attorney-client privilege without the Company’s express consent. In the event that the Company requires any information or testimony from the Employee in connection with any claim made against the Company, or any claims made by the Company against persons or entities not party to this Agreement, the Employee agrees to cooperate fully with and without cost to the Company, including: (a) appearing at any deposition, trial, hearing or arbitration; (b) meeting telephonically or in person with attorneys or agents designated by the Company, at a reasonable time and place designated by the Company and prior to the giving of testimony, for the purpose of discussing such testimony; and (c) providing the Company with any relevant documentation in the Employee’s custody, control or possession. The Company will, however, pay for or reimburse the Employee for any reasonable expenses, not including attorneys’ fees, the Employee incurs in connection with such cooperation, provided the Company has agreed in advance to such expenses.

20. Future Cooperation. The Employee agrees that, in the future, the Employee will cooperate with the Company and will respond to reasonable requests for information about the Company's business activities during the period when the Employee was employed by the Company and will execute such documents that the Company requests in order to fulfill the Employee's obligations hereunder.

21. Assignment/Binding Effect. This Agreement is personal in nature as to Employee and the Employee may not assign the Agreement. The terms of this Agreement shall inure to the benefit of the Company and its successors and assigns.

22. Amendment. The Company and the Employee may amend this Agreement only through a writing signed by both of them.

23. Governing Law. This Agreement will be governed by and construed in accordance with the laws of the State of Michigan. The Company and the Employee irrevocably agree and consent to the exclusive jurisdiction of the Circuit Court for Kent County, Michigan for the resolution of claims, disputes and controversies under this Agreement.

24. Voluntary Agreement. The Employee acknowledges and affirms that the Employee is signing this Agreement knowingly, voluntarily, and without any coercion or duress.

25. Adequate Consideration. The Employee acknowledges and affirms that the payments and other benefits provided to the Employee under this Agreement exceed the nature and scope of that to which the Employee would otherwise have been entitled to receive from the Company, and constitute adequate consideration for the promises herein.

26. Entire Agreement. This Agreement including Exhibit A constitutes the entire agreement between Employee and the Company with respect to the subject matter of this Agreement and supersedes all earlier agreements and understandings, oral and written, between the parties.

AGREED:

/s/ Todd Spaletto

Todd Spaletto

Apr 10, 2020

Date

AGREED:

/s/ Amy Klimek

Wolverine World Wide, Inc.
By:

Apr 15, 2020

Date

EXHIBIT A
WOLVERINE WORLD WIDE INC.
SEPARATION AND RELEASE AGREEMENT

Employee	Todd Spaletto
Separation Date	May 30, 2020
Separation Payment	\$218,076.84, which shall be paid in eighteen (18) equal installments of \$12,115.38, less all applicable deductions for federal, state, and local taxes, social security, wage withholding, and other taxes, on the same bi-weekly schedule as salaried employees (“Separation Payment”).
Outplacement Assistance	The Company will pay for an outplacement program provided by a Company selected vendor, containing content and at a cost acceptable to the Company.
Company Contribution Termination Date	February 6, 2021
Non-Solicitation Termination Date	May 31, 2022

CERTIFICATION

I, Blake W. Krueger, certify that:

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

Date: April 29, 2020

/s/ Blake W. Krueger

Blake W. Krueger

Chairman, Chief Executive Officer and President

Wolverine World Wide, Inc.

CERTIFICATION

I, Michael D. Stornant, certify that:

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

Date: April 29, 2020

/s/ Michael D. Stornant

Michael D. Stornant

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

CERTIFICATIONS

Solely for the purpose of complying with 18 U.S.C. § 1350, each of the undersigned hereby certifies in his capacity as an officer of Wolverine World Wide, Inc. (the “Company”) that the Quarterly Report of the Company on Form 10-Q for the quarter ended March 28, 2020 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that information contained in such report fairly presents, in all material respects, the financial condition of the Company at the end of such period and the results of operations of the Company for such period.

Date: April 29, 2020

/s/ Blake W. Krueger

Blake W. Krueger

Chairman, Chief Executive Officer and President

(Principal Executive Officer)

/s/ Michael D. Stornant

Michael D. Stornant

Senior Vice President, Chief Financial Officer and Treasurer

(Principal Financial Officer)