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

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): **August 8, 2018**

WOLVERINE WORLD WIDE, INC.

(Exact name of registrant as specified in its charter)

Delaware	001-06024	38-1185150
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification No.)
9341 Courtland Drive N.E., Rockford, Michigan		49351
(Address of principal executive offices)		(Zip Code)

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

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company ☐

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

Item 2.02 Results of Operations and Financial Condition.

On August 8, 2018, Wolverine World Wide, Inc. (the “Company”) issued a press release announcing its financial results for the Company’s second quarter of 2018, attached as Exhibit 99.1 to this Form 8-K (the “8-K”), which is hereby incorporated by reference. This 8-K and Exhibit 99.1 shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or incorporated by reference in any filing under the Securities Act of 1933, as amended (the “Securities Act”), or the Exchange Act, except as shall be expressly set forth by specific reference in such a filing.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits:

99.1 Press Release dated August 8, 2018. This Exhibit shall not be deemed “filed” for purposes of Section 18 of the Exchange Act, or incorporated by reference in any filing under the Securities Act or the Exchange Act, except as shall be expressly set forth by specific reference in such a filing.

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 hereunto duly authorized.

Dated: August 8, 2018

WOLVERINE WORLD WIDE, INC.
(Registrant)

/s/ Michael D. Stornant

Michael D. Stornant

Senior Vice President, Chief Financial Officer and Treasurer

EXHIBIT INDEX

Exhibit Number

Document

99.1	Wolverine World Wide, Inc. Press Release dated August 8, 2018.
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Phone (616) 866-5500; Fax (616) 866-0257

FOR IMMEDIATE RELEASE
CONTACT: Michael D. Stornant
(616) 866-5728

WOLVERINE WORLD WIDE REPORTS RECORD SECOND QUARTER EARNINGS AND RAISES FULL-YEAR EARNINGS OUTLOOK

Solid underlying revenue growth leads to strong operating margin expansion over prior year

Rockford, Michigan, August 8, 2018 - Wolverine World Wide, Inc. (NYSE: WWW) today reported financial results including strong earnings for the second quarter ended June 30, 2018, and updated progress on its 2018 GLOBAL GROWTH AGENDA. The Company also raised full-year earnings guidance and updated its full-year outlook.

“We had a strong second quarter highlighted by solid revenue performance, especially from Merrell and Sperry, along with earnings that significantly surpassed expectations” said Blake W. Krueger, Wolverine World Wide’s Chairman, Chief Executive Officer and President. “Our underlying revenue growth during the quarter was the highest since the second quarter of 2015, and reflects early progress against our GLOBAL GROWTH AGENDA. The strong operating margin expansion and earnings leverage reflects fundamental improvements in our business model related to our recent transformation initiatives.”

SECOND-QUARTER 2018 REVIEW

- Reported revenue of \$566.9 million decreased 5.3% during the second quarter. Underlying revenue increased 3.9% and further adjusting for currency, increased 3.3%.
- Reported gross margin was 41.3%, as compared to 37.9% in the prior year. On an adjusted basis, gross margin of 41.3% expanded 250 basis points compared to prior year.
- Reported operating margin was 12.0%, compared to 5.2% in the prior year. Adjusted operating margin was 12.5%, an increase of 140 basis points compared to the prior year.
- Reported diluted earnings per share was \$0.57, compared to \$0.21 in the prior year. Adjusted diluted earnings per share were \$0.54 compared to \$0.43 in the prior year, an increase of 26%.
- Inventories declined \$39.9 million, or 12.0% compared to the prior year.

“Operating margin in the second quarter benefited from broad-based expansion of gross margins across our brands primarily due to favorable product mix, lower product costs and benefits from a cleaner inventory pipeline,” said Mike Stornant, Senior Vice President and Chief Financial Officer. “Importantly, we now expect to exceed our stated 12% adjusted operating margin goal for fiscal 2018.”

2018 GLOBAL GROWTH AGENDA UPDATE

“The Company made nearly \$20 million in key incremental investments intended to drive growth during the first half of 2018 as part of our GLOBAL GROWTH AGENDA,” stated Mr. Krueger. “Investment has focused on several initiatives across the three key elements of the Agenda - a more robust and streamlined product development process, optimizing our social prospecting capabilities, and adding strategic and operational resources to our international teams, especially in China. We’re excited to see the benefits of the new tools and capabilities being put in place to better drive top-line performance.”

“We remain committed to our enhanced investment strategy related to the GLOBAL GROWTH AGENDA, and similar levels of incremental investment spending are planned for the second half of 2018,” stated Mr. Stornant.

UPDATED 2018 OUTLOOK

Primarily as a result of the strong second quarter earnings results, which were better than expected, the Company is raising its earnings projection for the full year. The full-year outlook is summarized below.

- Revenue is expected to be in the range of \$2.24 billion to \$2.32 billion.
- Gross margin expansion is now expected to be in the range of 100 to 130 basis points higher compared to the adjusted prior year, despite a full-year negative mix impact of 20 basis points from 2017 store closures.
- Reported operating margin is now expected to be between 11.6% to 11.9% and adjusted operating margin is now expected to be 12.1% to 12.4%, inclusive of up to \$45 million of incremental investments to support the Company’s GLOBAL GROWTH AGENDA.
- An effective tax rate now expected to be in the range of 18% to 20%.
- Reported diluted earnings per share are expected to be in the range of \$2.05 to \$2.12 and adjusted diluted earnings per share are expected to be in the range of \$2.08 to \$2.15.

NON-GAAP FINANCIAL MEASURES

This release contains certain non-GAAP financial measures. References to "underlying" revenue indicate reported revenue adjusted for the impact of retail store closures, the transition of *Stride Rite*® to a license business model, the sale of the *Sebago*® brand and the sale of the Department of Defense business. Measures referred to as "adjusted" financial results exclude environmental and other related costs, organizational transformation costs which include gains or losses from divestitures, restructuring and other related costs, a foreign currency remeasurement gain recorded in the second quarter that is not expected to reoccur and incremental store inventory mark-downs.

Beginning in Q1 2018, the Company has separately provided the impact of changes in foreign currency exchange rates on revenue, rather than including it as a part of underlying revenue, to better isolate this variable. The constant currency presentation, which is a non-GAAP measure, excludes the impact of fluctuations in foreign currency exchange rates. The Company believes providing constant currency information provides valuable supplemental information regarding results of operations, consistent with how the Company evaluates performance. The Company calculates constant currency by converting the current-period local currency financial results using the prior period exchange rates and comparing these adjusted amounts to our current period reported results.

The Company has provided a reconciliation of the above non-GAAP financial measures to the most directly comparable GAAP financial measure. The Company believes these non-GAAP measures provide useful information to both management and investors to increase comparability to the prior period by adjusting for certain items that may not be indicative of core operating measures and to better identify trends in our business. The adjusted financial results are used by management to, and allow investors to, evaluate the operating performance of the Company on a comparable basis.

EARNINGS CALL INFORMATION

The Company will host a conference call today at 8:30 a.m. Eastern Time to discuss these results and current business trends. The conference call will be broadcast live and accessible under the "Investor Relations" tab at www.wolverineworldwide.com. A replay of the conference call will be available at the Company's website for a period of approximately 30 days.

ABOUT WOLVERINE WORLDWIDE

With a commitment to service and product excellence, Wolverine World Wide, Inc. is one of the world's leading marketers and licensors of branded casual, active lifestyle, work, outdoor sport, athletic, children's and uniform footwear and apparel. The Company's portfolio of highly recognized brands includes: Merrell®, Sperry®, Hush Puppies®, Saucony®, Wolverine®, Keds®, Stride Rite®, Chaco®, Bates®, HYTEST®, and Soft Style®. The Company also is the global footwear licensee of the popular brands Cat® and Harley-Davidson®. The Company's products are carried by leading retailers in the U.S. and globally in approximately 200 countries and territories. For additional information, please visit our website, www.wolverineworldwide.com.

FORWARD-LOOKING STATEMENTS

This press release contains forward-looking statements, including statements regarding: the Company's ability to invest in growth, successfully execute key strategic initiatives, elevate brands with consumers, and deliver product innovation, organic and global growth and operational efficiencies; and the Company's fiscal 2018 outlook and guidance. In addition, words such as "guidance," "estimates," "anticipates," "believes," "forecasts," "step," "plans," "predicts," "focused," "projects," "outlook," "is likely," "expects," "intends," "should," "will," "confident," variations of such words, and similar expressions are intended to identify forward-looking statements. These statements are not guarantees of future performance and involve certain risks, uncertainties, and assumptions ("Risk Factors") that are difficult to predict with regard to timing, extent, likelihood, and degree of occurrence. Risk Factors include, among others: 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 owned and 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 customers; increase in the Company's effective tax rates; failure of licensees or distributors to meet planned annual sales goals or to make timely payments to the Company; the risks of doing business in developing countries, and politically or economically volatile areas; the ability to secure and protect owned intellectual property or use licensed intellectual property; the impact of regulation, regulatory and legal proceedings and legal compliance risks, including compliance with federal, state and local laws and regulations relating to the protection of the environment, environmental remediation and other related costs, and litigation or other legal proceedings relating to the protection of the environment or environmental effects on human health; the potential breach of the Company's databases, or those of its vendors, which contain certain personal information or payment card data; problems affecting the Company's distribution system, including service interruptions at shipping and receiving ports; strategic actions, including new initiatives and ventures, acquisitions and dispositions, and the Company's success in integrating acquired businesses, and implementing new initiatives and ventures; the risk of impairment to goodwill and other acquired intangibles; the success of the Company's consumer-direct realignment initiatives; changes in future pension funding requirements and pension expenses; and additional factors discussed in the Company's reports filed with the Securities and Exchange Commission and exhibits thereto. The foregoing Risk Factors, as well as other existing Risk Factors and new Risk Factors that emerge from time to time, may cause actual results to differ materially from those contained in any forward-looking statements. Given these risks and uncertainties, investors should not place undue reliance on forward-looking statements as a prediction of actual results. Furthermore, the Company undertakes no obligation to update, amend, or clarify forward-looking statements.

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WOLVERINE WORLD WIDE, INC.
CONSOLIDATED CONDENSED STATEMENTS OF OPERATIONS
(Unaudited)
(In millions, except per share data)

	Quarter Ended		Year-To-Date Ended	
	June 30, 2018	July 1, 2017	June 30, 2018	July 1, 2017
Revenue	\$ 566.9	\$ 598.8	\$ 1,101.0	\$ 1,190.1
Cost of goods sold	332.7	369.4	638.9	721.4
Restructuring costs	—	2.5	—	7.1
Gross profit	234.2	226.9	462.1	461.6
Gross margin	41.3%	37.9%	42.0%	38.8%
Selling, general and administrative expenses	163.3	173.1	327.0	353.3
Restructuring and other related costs	—	22.6	—	42.6
Environmental and other related costs	2.8	—	5.5	—
Operating expenses	166.1	195.7	332.5	395.9
Operating expenses as a % of revenue	29.3%	32.7%	30.2%	33.3%
Operating profit	68.1	31.2	129.6	65.7
Operating margin	12.0%	5.2%	11.8%	5.5%
Interest expense, net	5.7	5.9	12.9	14.8
Other expense (income), net	(5.3)	3.3	(5.9)	7.7
Total other expenses	0.4	9.2	7.0	22.5
Earnings before income taxes	67.7	22.0	122.6	43.2
Income tax expense	12.2	1.5	20.5	5.9
Effective tax rate	18.1%	7.0%	16.8%	13.7%
Net earnings	55.5	20.5	102.1	37.3
Less: net earnings (loss) attributable to noncontrolling interests	0.2	(0.2)	0.1	(0.1)
Net earnings attributable to Wolverine World Wide, Inc.	\$ 55.3	\$ 20.7	\$ 102.0	\$ 37.4
Diluted earnings per share	\$ 0.57	\$ 0.21	\$ 1.05	\$ 0.38
Supplemental information:				
Net earnings used to calculate diluted earnings per share	\$ 54.1	\$ 20.2	\$ 99.9	\$ 36.6
Shares used to calculate diluted earnings per share	95.0	96.2	95.3	96.1
Weighted average shares outstanding	94.9	96.8	95.3	96.9

WOLVERINE WORLD WIDE, INC.
CONSOLIDATED CONDENSED BALANCE SHEETS
(Unaudited)
(In millions)

	June 30, 2018	July 1, 2017
ASSETS		
Cash and cash equivalents	\$ 354.9	\$ 412.8
Accounts receivables, net	297.2	287.1
Inventories, net	293.8	333.7
Other current assets	36.3	58.9
Total current assets	982.2	1,092.5
Property, plant and equipment, net	130.4	150.1
Goodwill and other indefinite-lived intangibles	1,031.5	1,105.7
Other non-current assets	156.2	151.7
Total assets	\$ 2,300.3	\$ 2,500.0
LIABILITIES AND STOCKHOLDERS' EQUITY		
Accounts payable and other accrued liabilities	\$ 324.7	\$ 342.7
Current maturities of long-term debt	45.0	45.0
Borrowings under revolving credit agreements and other short-term notes	1.3	1.6
Total current liabilities	371.0	389.3
Long-term debt	615.6	758.7
Other non-current liabilities	298.4	343.5
Stockholders' equity	1,015.3	1,008.5
Total liabilities and stockholders' equity	\$ 2,300.3	\$ 2,500.0

WOLVERINE WORLD WIDE, INC.
CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS
(Unaudited)
(In millions)

	Year-To-Date Ended	
	June 30, 2018	July 1, 2017
OPERATING ACTIVITIES:		
Net earnings	\$ 102.1	\$ 37.3
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization	15.1	18.2
Deferred income taxes	0.9	(8.6)
Stock-based compensation expense	14.2	13.0
Pension contribution	(20.7)	(0.7)
Pension and SERP expense	3.0	7.5
Restructuring and other related costs	—	49.7
Cash payments related to restructuring costs	(4.3)	(27.5)
Environmental and other related costs, net of cash payments	(3.4)	—
Other	7.9	(10.1)
Changes in operating assets and liabilities	(49.7)	28.8
Net cash provided by operating activities	65.1	107.6
INVESTING ACTIVITIES:		
Additions to property, plant and equipment	(8.3)	(19.8)
Proceeds from sale of assets	1.7	—
Other	(0.8)	(3.2)
Net cash used in investing activities	(7.4)	(23.0)
FINANCING ACTIVITIES:		
Net borrowings (payments) under revolving credit agreements and other short-term notes	0.8	(1.6)
Payments on long-term debt	(122.6)	(15.0)
Payments of debt issuance and debt extinguishment costs	—	(0.1)
Cash dividends paid	(13.4)	(11.6)
Purchase of common stock for treasury	(49.9)	(21.5)
Purchases of shares under employee stock plans	(8.0)	(5.0)
Proceeds from the exercise of stock options	16.4	8.3
Contributions from noncontrolling interests	—	0.8
Net cash used in financing activities	(176.7)	(45.7)
Effect of foreign exchange rate changes	(7.1)	4.1
Increase (decrease) in cash and cash equivalents	(126.1)	43.0
Cash and cash equivalents at beginning of the year	481.0	369.8
Cash and cash equivalents at end of the period	\$ 354.9	\$ 412.8

The following tables contain information regarding the non-GAAP adjustments used by the Company in the presentation of its financial results:

WOLVERINE WORLD WIDE, INC.

Q2 2018 RECONCILIATION TABLES

**RECONCILIATION OF REPORTED REVENUE TO ADJUSTED
REVENUE ON A CONSTANT CURRENCY BASIS***

(Unaudited)
(In millions)

	GAAP Basis	Adjustments ⁽¹⁾	Underlying Revenue	Foreign Exchange Impact	Constant Currency Revenue
Revenue - Fiscal 2018 Q2	\$ 566.9		\$ 566.9	\$ (3.3)	\$ 563.6
Growth (decline)	(5.3)%		3.9%		3.3%

Revenue - Fiscal 2017 Q2	\$ 598.8	\$ (53.1)	\$ 545.7		\$ 545.7
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⁽¹⁾ Adjustments include the impact from retail store closures, the transition of *Stride Rite*® to a license business model, the sale of *Sebago*® and the sale of the Department of Defense business.

**RECONCILIATION OF REPORTED GROSS MARGIN
TO ADJUSTED GROSS MARGIN***

(Unaudited)
(In millions)

	GAAP Basis	Restructuring Costs	Store Inventory Mark- downs ⁽¹⁾	As Adjusted
Gross Profit - Fiscal 2018 Q2	\$ 234.2	—	—	\$ 234.2
Gross margin	41.3%			41.3%
Gross Profit - Fiscal 2017 Q2	\$ 226.9	\$ 2.5	\$ 3.0	\$ 232.4
Gross margin	37.9%			38.8%

⁽¹⁾ Q2 2017 store inventory mark-downs relate to retail stores closed since January 1, 2017 as part of the Company's previously announced 2016 store closure plan ("2016 Plan") as disclosed in the Company's 2016 Form 10-K.

**RECONCILIATION OF REPORTED OPERATING MARGIN
TO ADJUSTED OPERATING MARGIN***

(Unaudited)
(In millions)

	<u>GAAP Basis</u>		<u>Adjustments ⁽¹⁾</u>		<u>As Adjusted</u>
Operating Profit - Fiscal 2018 Q2	\$ 68.1		\$ 2.8		\$ 70.9
Operating margin	12.0%				12.5%
Operating Profit - Fiscal 2017 Q2	\$ 31.2		\$ 35.3		\$ 66.5
Operating margin	5.2%				11.1%

⁽¹⁾ Q2 2018 adjustments include \$2.8 million of environmental and related costs. Q2 2017 adjustments include \$25.1 million of restructuring and other related costs, \$7.2 million of organizational transformation costs and \$3.0 million of incremental store inventory mark-downs.

**RECONCILIATION OF REPORTED DILUTED EPS
TO ADJUSTED DILUTED EPS***

(Unaudited)

	<u>GAAP Basis EPS</u>		<u>Adjustments ⁽¹⁾</u>		<u>As Adjusted EPS</u>
Fiscal 2018 Q2	\$ 0.57		\$ (0.03)		\$ 0.54
Fiscal 2017 Q2	\$ 0.21		\$ 0.22		\$ 0.43

⁽¹⁾ Q2 2018 adjustments include the impact of environmental and related costs and a foreign currency remeasurement gain that is not expected to reoccur. Q2 2017 adjustments include the impact of restructuring and other related costs, organizational transformation costs and incremental store inventory mark-downs.

2018 GUIDANCE RECONCILIATION TABLES

**RECONCILIATION OF FISCAL 2018 FULL-YEAR REPORTED REVENUE GUIDANCE TO
ADJUSTED REVENUE ON A CONSTANT CURRENCY BASIS GUIDANCE***

(Unaudited)
(In millions)

	<u>GAAP Basis Full-Year Revenue</u>		<u>Adjustments ⁽¹⁾</u>		<u>Underlying Full-Year Revenue</u>		<u>Foreign Exchange Impact</u>		<u>Constant Currency Revenue</u>
Fiscal 2018 Revenue Guidance	\$ 2,240 - 2,320				\$ 2,240 - 2,320		\$ (4.0)		\$ 2,236 - 2,316
Fiscal 2017 Revenue	\$ 2,350.0		\$ (159.0)		\$ 2,191.0				\$ 2,191.0
Percentage growth (decline)	(4.7) - (1.3)%				2.2 - 5.9%				2.1 - 5.7%

⁽¹⁾ Adjustments include the impact from retail store closures, the transition of *Stride Rite*® to a license business model, the sale of *Sebago*® and the sale of the Department of Defense business.

**RECONCILIATION OF FISCAL 2018 FULL-YEAR REPORTED GROSS PROFIT
GUIDANCE TO ADJUSTED GROSS PROFIT GUIDANCE***

(Unaudited)
(In millions)

	GAAP Basis			As Adjusted
	Full-Year Gross Profit		Adjustment ⁽¹⁾	Full-Year Gross Profit
Fiscal 2018 Gross Profit Guidance	\$ 910 - 949			\$ 910 - 949
Gross Margin Guidance	40.6 - 40.9%			40.6 - 40.9%
Fiscal 2017 Gross Profit	\$ 914.4	\$	16.5	\$ 930.9
Gross Margin	38.9%			39.6%

⁽¹⁾ 2017 Full-Year adjustment include restructuring costs and incremental inventory mark-downs.

**RECONCILIATION OF FISCAL 2018 FULL-YEAR REPORTED OPERATING PROFIT
GUIDANCE TO ADJUSTED OPERATING PROFIT GUIDANCE***

(Unaudited)
(In millions)

	GAAP Basis			As Adjusted
	Full-Year Operating Profit		Adjustment ⁽¹⁾	Full-Year Operating Profit
Fiscal 2018 Operating Profit Guidance	\$ 260 - 277	\$	10.0	\$ 270 - 287
Operating Margin Guidance	11.6 - 11.9%			12.1 - 12.4%

⁽¹⁾ Adjustment includes the estimated midpoint within a \$8 million to \$12 million range of environmental related costs for legal, consulting and other costs.

**RECONCILIATION OF FISCAL 2018 FULL-YEAR DILUTED EPS
GUIDANCE TO ADJUSTED DILUTED EPS GUIDANCE***

(Unaudited)

	GAAP Basis			As Adjusted
	Full-Year		Adjustments ⁽¹⁾	Full-Year
Diluted earnings per share guidance	\$ 2.05 - 2.12	\$	0.03	\$ 2.08 - 2.15

⁽¹⁾ Adjustment includes the estimated midpoint within a range of environmental related costs for legal, consulting and other costs and a foreign currency remeasurement gain recorded in the second quarter that is not expected to reoccur.

* To supplement the consolidated financial statements presented in accordance with Generally Accepted Accounting Principles ("GAAP"), the Company describes what certain financial measures would have been if restructuring and other related costs, incremental inventory mark-downs, organizational transformation costs which include gains or losses from divestitures, a foreign currency remeasurement gain recorded in the second quarter of fiscal 2018 that is not expected to reoccur and environmental and other related costs were excluded. The Company also describes underlying revenue, which excludes the impact of retail store closures, the transition of *Stride Rite*® to a license business model, the sale of the *Sebago*® brand and the sale of the Department of Defense business. The Company believes these non-GAAP measures provide useful information to both management and investors to increase comparability to the prior period by adjusting for certain items that may not be indicative of core operating measures and to better identify trends in our business. The adjusted financial results are used by management to, and allow investors to, evaluate the operating performance of the Company on a comparable basis.

Beginning in Q1 2018, the Company has separately provided the impact of changes in foreign currency exchange rates on revenue, rather than including it as a part of underlying revenue, to better isolate this variable. The constant currency presentation, which is a non-GAAP measure, excludes the impact of fluctuations in foreign currency exchange rates. The Company believes providing constant currency information provides valuable supplemental information regarding results of operations, consistent with how the Company evaluates performance. The Company calculates constant currency by converting the current-period local currency financial results using the prior period exchange rates and comparing these adjusted amounts to our current period reported results.

Management does not, nor should investors, consider such non-GAAP financial measures in isolation from, or as a substitution for, financial information prepared in accordance with GAAP. A reconciliation of all non-GAAP measures included in this press release, to the most directly comparable GAAP measures are found in the financial tables above.