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

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FORM 10-K

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 29, 2007

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from ____________________ to ____________________

Commission File Number: 001-6024

WOLVERINE WORLD WIDE, INC.

(Exact name of registrant as specified in its charter)

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

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

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

Title of each class	Name of each exchange on which registered
Common Stock, $1 Par Value	New York Stock Exchange

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

Indicate by check mark whether the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes __X__ No ____

Indicate by check mark whether the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.

Yes ____ No __X__

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 __X__ No ____

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

Indicate by check mark whether the registrant is a large accelerated filer (as defined in Exchange Act Rule 12b-2), an accelerated filer (as defined in Exchange Act Rule 12b-2), a non-accelerated filer, or a smaller reporting company (as defined in Exchange Act Rule 12b-2).

Large accelerated filer	X	Accelerated filer	
Non-Accelerated filer (do not check if a smaller reporting company)		Smaller reporting company	

Indicate by check mark whether the registrant is a shell company (as defined in Exchange Act Rule 12b-2).

Yes ___ No X

The aggregate market value of the registrant's voting stock held by non-affiliates of the registrant based on the closing price on the New York Stock Exchange on June 15, 2007, the last business day of the registrant's most recently completed second fiscal quarter: $1,469,385,282.

Number of shares outstanding of the registrant's Common Stock, $1 par value (excluding shares of treasury stock) as of February 22, 2008: 50,333,597.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the definitive proxy statement for the registrant's annual stockholders' meeting to be held April 17, 2008, are incorporated by reference into Part III of this report.

FORWARD-LOOKING STATEMENTS

This Report on Form 10-K contains forward-looking statements that are based on management's beliefs, assumptions, current expectations, estimates and projections about the footwear business, worldwide economics and the Company itself. Statements, including without limitation, those related to: future revenue, earnings, margins, growth, cash flows, operating measurements, tax rates and tax benefits; expected economic returns; projected 2008 operating results and dividend rates; future share repurchase activity; the effect of new accounting rules and guidance; future strength of the Company; future brand positioning; seasonal sales patterns and capital requirements; ability to arrange adequate alternative sources of supply; the outcome of litigation; achievement of the Company vision; future pension expenses, contributions and costs; future marketing investments; the ability to successfully extend into new lines or categories of products, including *Merrell*® Apparel and *Patagonia*® Footwear; future growth or success in specific countries, categories or market sectors; liquidity; capital resources and market risk are forward-looking statements. In addition, words such as "anticipates," "believes," "estimates," "expects," "forecasts," "intends," "is likely," "plans," "predicts," "projects," "should," "will," 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. Therefore, actual results and outcomes may materially differ from what may be expressed or forecasted in such forward-looking statements.

Risk Factors include, but are not limited to, uncertainties relating to changes in demand for the Company's products; changes in consumer preferences or spending patterns; the cost and availability of inventories, services, labor and equipment furnished to the Company; the cost and availability of contract manufacturers; the cost and availability of raw materials, including leather and petroleum based materials; changes in planned consumer demand or at-once orders; customer order cancellations; the impact of competition and pricing by the Company's competitors; changes in government and regulatory policies; foreign currency fluctuation in valuations compared to the U.S. dollar; changes in monetary controls and valuations of the Chinese yuan renminbi and the relative value to the U.S. dollar; changes in duty structures in countries of import and export; changes in interest rates, tax laws, duties, tariffs, quotas or applicable assessments; technological developments; changes in local, domestic or international economic and market conditions; the size and growth of footwear markets; service interruptions at shipping and receiving ports; changes in the amount or severity of inclement weather; changes due to the growth of Internet commerce; popularity of particular designs and categories of footwear; the ability of the Company to manage and forecast its growth and inventories; the ability to secure and protect trademarks, patents and other intellectual property; integration of operations of newly acquired businesses; changes in business strategy or development plans; the Company's ability to adapt and compete in global apparel and accessory markets; the success of new business initiatives, including *Patagonia*® Footwear and *Merrell*® Apparel; the ability to attract and retain qualified personnel; the ability to retain rights to brands licensed by the Company; loss of significant customers; relationships with international distributors and licensees; the Company's ability to meet at-once orders; the exercise of future purchase options by the U.S. Department of Defense on previously awarded contracts; the risk of doing business in developing countries and economically volatile areas; retail buying patterns; consolidation in the retail sector; and the acceptability of U.S. brands in international markets. Additionally, concerns regarding acts of terrorism, the war in Iraq and subsequent events have created significant global economic and political uncertainties that may have material and adverse effects on consumer demand, foreign sourcing of footwear, shipping and transportation, product imports and exports and the sale of products in foreign markets. These matters are representative of the Risk Factors that could cause a difference between an ultimate actual outcome and a forward-looking statement. Historical operating results are not necessarily indicative of the results that may be expected in the future. The Risk Factors included here are not exhaustive. Other Risk

Factors exist, and new Risk Factors emerge from time-to-time, that 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, whether as a result of new information, future events or otherwise.

PART I

Item 1. Business.

General.

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

Approximately 47.5 million pairs of Company branded footwear were sold during fiscal 2007, making the Company a global leader among footwear companies in the marketing of branded casual, work and outdoor footwear. The Company's products generally feature contemporary styling with proprietary technologies designed to provide maximum comfort and performance. The products are marketed throughout the world under widely recognized brand names, including *Bates*®, *Cat*® Footwear, *Harley-Davidson*® Footwear, *Hush Puppies*®, *HyTest*®, *Merrell*®, *Patagonia*® Footwear, *Sebago*® and *Wolverine*®. The Company believes that its primary competitive strengths are its well-recognized brand names, broad range of comfortable footwear, patented and proprietary designs and comfort technologies, numerous distribution channels and diversified manufacturing and sourcing base. *Cat*® is a registered trademark of Caterpillar Inc., *Harley-Davidson*® is a registered trademark of H-D Michigan, Inc. and *Patagonia*® is a registered trademark of Patagonia, Inc.

The Company's footwear is sold under a variety of brand names designed to appeal to most consumers of casual, work and outdoor footwear at numerous price points. The Company's footwear products are organized under four operating units: (i) the Wolverine Footwear Group, focusing primarily on the *Bates*®, *HyTest*® and *Wolverine*® product lines of work, outdoor, uniform and lifestyle boots and shoes, and *Wolverine*® brand apparel, (ii) the Outdoor Group, currently focusing on *Patagonia*® and *Merrell*® product lines of performance and lifestyle footwear, and *Merrell*® brand apparel, (iii) the Heritage Brands Group, focusing on the *Cat*® product lines of work and lifestyle footwear, the *Harley-Davidson*® lines of lifestyle and performance footwear, and the *Sebago*® lines of lifestyle and performance footwear, and (iv) The Hush Puppies Company, focusing on the *Hush Puppies*® brand of comfortable casual and dress footwear. The Company also licenses its brands for use on non-footwear products including apparel, eyewear, watches, socks, gloves, handbags and plush toys.

The Company's Global Operations Group is responsible for manufacturing, sourcing, distribution and customer support for the various Company brands. The Company's footwear is distributed domestically through 90 Company-owned retail stores and to numerous accounts including department stores, footwear chains, catalogs, specialty retailers, mass merchants and Internet retailers. Many of the retailers to which Wolverine distributes operate multiple storefront locations. The Company's products are marketed worldwide in nearly 200 countries and territories through Company-owned wholesale operations, licensees and distributors.

The Company, through its Wolverine Leathers Division, operates a tannery which tans pigskin leather for the shoe and leather goods industries. A significant portion of the pigskin leather tanned by the Company is used in the footwear marketed by the Company, and is also sold to Company licensees and other domestic and foreign manufacturers of footwear. In addition, Wolverine Procurement, Inc., a Company-owned subsidiary, performs skinning operations and purchases raw pigskins which it then cures and sells to outside customers for processing into pigskin leather products.

For financial information regarding the Company, see the consolidated financial statements of the Company and the notes thereto, which are attached as Appendix A to this Form 10-K. The Company has one reportable segment, Branded Footwear and Licensing. The Branded Footwear and Licensing segment is engaged in manufacturing, sourcing, licensing, marketing and distributing branded footwear and apparel, including casual shoes and apparel, dress shoes, boots, uniform shoes, work shoes and rugged outdoor footwear and apparel. The Company's Other Business units consist of its retail stores, tannery and pigskin procurement operations. Financial information regarding the Company's business segments and financial information about geographic areas is found in Note 9 to the consolidated financial statements of the Company that are attached as Appendix A to this Form 10-K.

Branded Footwear, Apparel and Licensing.

The Company sources and markets a broad range of footwear styles including shoes, boots and sandals under many recognizable brand names including *Bates*®, *Cat*®, *Harley-Davidson*®, *Hush Puppies*®, *HyTest*®, *Merrell*®, *Patagonia*®, *Sebago*® and *Wolverine*®. The Company combines quality materials and skilled workmanship from around the world to produce footwear according to its specifications at both Company-owned and independent manufacturing facilities. The Company also markets *Merrell*® and *Wolverine*® brand apparel and licenses its brands for use on non-footwear products including apparel, eyewear, watches, socks, handbags and plush toys. Current significant licensing programs include *Hush Puppies*® apparel, eyewear, watches, socks, handbags and plush toys, and *Wolverine*® brand gloves, eyewear, socks and headwear.

The Company's four branded apparel, footwear and licensing operating units are described below.

1. **<u>The Outdoor Group</u>.** The Outdoor Group consists of *Merrell*® and *Patagonia*® Footwear and *Merrell*® Apparel. Outdoor Group products include performance outdoor and hiking footwear, casual and after-sport footwear and performance and casual *Merrell*® Apparel.

Merrell® Footwear. The *Merrell*® footwear line consists primarily of technical hiking, rugged outdoor and outdoor-inspired casual footwear designed for backpacking, day hiking and everyday use. The *Merrell*® footwear line also includes the "After-Sport" category, incorporating *Merrell*® footwear's technical hiking and outdoor expertise with *Wolverine Performance Leathers*™ and other technical materials to create footwear with unique styling, performance and comfort features. *Merrell*® footwear products are sold primarily through outdoor specialty retailers, department stores and catalogs. *Merrell*® footwear is marketed in approximately 160 countries and territories worldwide.

Merrell® Apparel. The *Merrell*® Apparel line consists primarily of technical outdoor and outdoor-inspired casual apparel. In addition to *Merrell*® Apparel, the Outdoor Group markets *Merrell*® packs, bags and luggage.

Patagonia® Footwear. In 2005, the Company entered into a license agreement providing the Company with exclusive worldwide rights to manufacture, market, distribute and sell footwear under the *Patagonia®, Water Girl®* and other trademarks. The Outdoor Group launched its *Patagonia®* Footwear line in Spring 2007.

2. **Wolverine Footwear Group.** The Wolverine Footwear Group encompasses footwear primarily under the *Wolverine®*, *Bates®*, and *HyTest®* brands and markets footwear designed with performance and comfort features to serve a variety of work, outdoor and lifestyle functions. The Wolverine Footwear Group also markets *Wolverine®* brand apparel.

Wolverine® Work and Industrial Footwear. The *Wolverine®* brand has built its reputation by offering high quality work boots and shoes that incorporate innovative technologies to deliver comfort and durability. The *Wolverine®* brand, which has been in existence for 125 years, markets work and outdoor footwear in three categories: (i) work and industrial; (ii) outdoor sport; and (iii) rugged casual. The development of *DuraShocks®* technology and *MultiShox®* technology, has allowed the *Wolverine®* brand to introduce a broad line of work footwear with a focus on comfort. The *Wolverine Fusion®*, *DuraShocks SR™* and *Wolverine Compressor®* technologies represent the Company's tradition of comfortable work and industrial footwear, a tradition that is continued and enhanced with the development of the *MultiShox®* Individual Comfort System and the new *Contour Welt™* product line. The *Wolverine®* work product line features work boots and shoes, including steel toe boots and shoes, targeting male and female industrial and farm workers. The *Wolverine®* rugged casual and outdoor sport product lines incorporate *DuraShocks®* technology and other comfort features into products designed for casual and outdoor sport use. The rugged casual line targets active lifestyles and includes trail shoes, rugged casuals and outdoor sandals. The outdoor sport line is designed to meet the demands of hunters, fishermen and other active outdoor sportsmen and women. Warmth, waterproofing and comfort are achieved through the use of *Gore-Tex®* (a registered trademark of W.L. Gore & Associates, Inc.) and *Thinsulate®* (a registered trademark of Minnesota Mining and Manufacturing Company) brand fabrics, the Company's performance leathers and patented *DuraShocks®* technologies.

Wolverine® Apparel and Licensing. The Wolverine Footwear Group markets a line of work and rugged casual *Wolverine®* brand apparel. In addition, the *Wolverine®* brand is licensed for use on eyewear, headwear, gloves and socks.

Bates® Uniform Footwear. The Bates Uniform Footwear Division is an industry leader in supplying footwear to military and civilian uniform users. The Bates Uniform Footwear Division utilizes *DuraShocks®*, *DuraShocks SR™*, *CoolTech®* and other proprietary comfort technologies in the design of its military-style boots and oxfords including the *Bates®*, *Enforcer Series®* and *Special Ops™* footwear lines. The Bates Uniform Footwear Division contracts with the U.S. Department of Defense and the militaries of several foreign countries to supply military footwear. Civilian uniform uses include police, security, postal, restaurant and other industrial occupations. Bates Uniform Footwear Division's products are also distributed through specialty retailers and catalogs.

HyTest® Safety Footwear. The *HyTest®* product line consists primarily of high-quality work boots and shoes designed to protect industrial workers from foot injuries. *HyTest®* footwear incorporates various specialty safety features into its product lines, including steel toe, composite toe, metatarsal guards, electrical hazard, static dissipating and conductive footwear to protect against hazards of the workplace. In addition, *HyTest*® brand footwear incorporates features such as *FootRests*® comfort technology to provide comfort together with safety for working men and women. *HyTest*® footwear is distributed primarily through a network of independently-owned *Shoemobile*® mobile truck retail outlets providing direct sales of the Company's occupational and work footwear brands to workers at industrial facilities and also through direct sales arrangements with large industrial customers.

3. **<u>The Heritage Brands Group</u>**. The Heritage Brands Group consists of *Caterpillar*® Footwear, *Harley-Davidson*® Footwear and *Sebago*® Footwear. *Sebago*® Footwear was recently added to the Heritage Brands Group.

Caterpillar® Footwear. Pursuant to a license arrangement with Caterpillar Inc., the Company has exclusive worldwide rights to manufacture, market and distribute footwear under the *Caterpillar*®, *Cat & Design*®, *Walking Machines*® and other trademarks. The Company believes the association with *Cat*® equipment enhances the reputation of its footwear for quality, ruggedness and durability. *Cat*® brand footwear products include work boots and shoes, sport boots, rugged casuals and lifestyle footwear, including lines of work and casual footwear featuring *iTechnology*™ and *Hidden Tracks*® comfort features. In addition, the Company also manufactures and markets *Cat*® *Marine Power*® footwear, designed for industrial and recreational marine uses. *Cat*® footwear products target work and industrial users and active lifestyle users. *Cat*® footwear is marketed in approximately 135 countries and territories worldwide. *Cat*®, *Caterpillar*®, *Cat & Design*®, *Walking Machines*® and *Marine Power*® are registered trademarks of Caterpillar Inc.

Harley-Davidson® Footwear. Pursuant to a license arrangement with the Harley-Davidson Motor Company, the Company has the exclusive right to manufacture, market, distribute and sell *Harley-Davidson*® brand footwear throughout the world. *Harley-Davidson*® brand footwear products include motorcycle, casual, fashion, work and western footwear for men, women and children. *Harley-Davidson*® footwear is sold globally through a network of independent *Harley-Davidson*® dealerships as well as through department stores and specialty retailers. *Harley-Davidson*® is a registered trademark of H-D Michigan, Inc.

Sebago® Footwear. The *Sebago*® product line consists primarily of performance nautical and American-inspired casual footwear for men and women such as boat shoes and handsewn loafers that have been manufactured and distributed since 1946. Highly recognized *Sebago*® line extensions include *Sebago Docksides*®, *Sebago Drysides*™, *Sebago Campsides*™ and *Athletic Marine.* The *Sebago*® product line is marketed in approximately 110 countries and territories worldwide. The *Sebago*® manufacturing and design tradition of quality componentry, durability, comfort and "Americana" heritage is further supported by targeted distribution to better-grade independent, marine and department store retailers throughout the world.

4. **<u>The Hush Puppies Company</u>.** Since 1958, the *Hush Puppies*® brand has been a leader in the casual footwear market. The brand offers shoes and boots for men, women and children, and is marketed in approximately 130 countries and territories. The modern styling is complemented by a variety of comfort features and proprietary technologies that have earned the

brand its reputation for comfort. In addition, the *Hush Puppies*® brand is licensed for use on apparel, eyewear, handbags, socks, watches and plush toys.

Other Businesses.

In addition to manufacturing, sourcing, marketing and distributing the Company's footwear and apparel products as reported in the Branded Footwear and Licensing segment, the Company also (i) operates a Company-owned pigskin tannery through its Wolverine Leathers Division, (ii) purchases and cures raw pigskins for sale to various customers through its wholly-owned subsidiary Wolverine Procurement, Inc., and (iii) operates 90 domestic retail footwear stores.

1. **The Wolverine Leathers Division.** The Wolverine Leathers Division produces and markets pigskin leathers primarily for use in the footwear industry. *Wolverine Leathers & Design*® brand products are primarily manufactured in the Company's pigskin tannery located in Rockford, Michigan. The Company believes pigskin leathers offer superior performance and advantages over cowhide leathers. The Company's waterproof and stain resistant leathers are featured in some of the Company's domestic footwear lines and many products offered by the Company's international licensees and distributors. Wolverine performance leathers are also featured in certain outside brands of athletic and outdoor footwear.

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

3. **Wolverine Retail.** The Company operates 90 domestic retail shoe stores as of February 2008. These stores are under the *Hush Puppies*®, *Hush Puppies and Family*℠, *Track'N Trail*®, *Rockford Footwear Depot*® and *Merrell*® names. Both the *Rockford Footwear Depot*® and *Track'N Trail*® retail formats carry a large selection of Company branded footwear featuring such brands as *Wolverine*®, *Merrell*®, *Hush Puppies*®, *Cat*®, *Patagonia*®, *Sebago*® and *Harley-Davidson*®. The Company also operates direct-to-customer retail websites, including *www.upfootgear.com*, *www.trackandtrail.com*, *www.catfootwear.com*, *www.hushpuppies.com, www.sebago.com and www.merrell.com*.

Marketing.

The Company's overall marketing strategy is to develop brand-specific plans and related promotional materials for the United States and international markets to foster a differentiated and consistent image for each of the Company's core brands. Each brand group has its own marketing personnel who develop the marketing strategy for products within that group. Marketing campaigns and strategies vary by brand and may target accounts and/or end users as they strive to increase overall brand awareness for the Company's branded products. The Company's advertisements typically emphasize fashion, comfort, quality, durability, functionality and other performance and lifestyle aspects of the Company's products. Components of the brand-specific plans vary and may include print, radio and television advertising, event sponsorships, in-store point of purchase displays, promotional materials, and sales and technical assistance.

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

Domestic Sales and Distribution.

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

- Traditional wholesale distribution is used to service department stores, large footwear chains, specialty retailers, catalogs, independent retailers and uniform outlets. A dedicated sales force and customer service team, advertising and point of purchase support, and in-stock inventories are used to service these accounts.

- Volume direct programs provide footwear at competitive prices with limited marketing support. These programs service major retail, mail order, mass merchant and government customers.

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

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

In addition to its wholesale activities, the Company also operates a domestic retail operation as described above. The Company continues to develop various programs, both independently and with its retail customers, for the distribution of its products.

A broad distribution base insulates the Company from dependence on any one customer. No customer of the Company accounted for more than 10% of the Company's revenue in fiscal 2007.

The Company experiences moderate fluctuations in sales volume during the year as reflected in quarterly revenue (and taking into consideration the 16 weeks or 17 weeks included in the fourth accounting period versus the 12 weeks included in the first three accounting periods). The Company also experiences some fluctuation in its levels of working capital, typically including an increase in working capital requirements near the end of the third quarter. The Company provides working capital for such fluctuations through internal financing and through a revolving credit agreement that the Company has in place. The Company expects current seasonal sales patterns to continue in future years.

International Operations and Global Licensing.

The Company records revenue from foreign sources through a combination of (i) sales of branded footwear products generated from the Company's owned operations in Canada, the United Kingdom, Austria, Finland, France, Germany, Italy, The Netherlands, Spain, Sweden and Switzerland and from sales to international distributors for certain markets and businesses, and (ii) from royalty income through a network of independent licensees and distributors. The Company's owned operations include Hush

Puppies (UK) Ltd., Wolverine Europe B.V. (formerly known as Merrell Europe B.V.), Merrell (Europe) Limited, Wolverine Europe Limited and Wolverine World Wide Corporation, Inc. (formerly known as Hush Puppies Canada Footwear, Ltd.). The Company's owned operations are located in markets where the Company believes it can gain a strategic advantage.

The Company derives royalty income from sales of products (primarily Company footwear) bearing the *Hush Puppies®*, *Wolverine®*, *Bates®*, *Merrell®*, *Sebago®* and other trademarks by independent distributors and licensees. The Company also derives royalty income from sales of footwear bearing the *Cat®* and *Harley-Davidson®* trademarks through foreign distributors. License and distribution arrangements enable the Company to develop sales in international markets without the capital commitment required to maintain related foreign operations, employees, inventories or localized marketing programs.

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

Manufacturing and Sourcing.

The Company controls the sourcing and/or manufacture of approximately 73% of the pairs of footwear marketed under the Company's brand names globally. The balance is controlled directly by the Company's licensees. Of the pairs purchased by the Company, approximately 89% are purchased or sourced from third parties, with the remainder produced at Company-operated facilities. Footwear produced by the Company is manufactured at Company-operated facilities in several domestic and certain affiliated foreign facilities located in Michigan, Arkansas, and the Dominican Republic. For some of the Company-produced footwear, a "twin plant" concept is utilized whereby a majority of the labor intensive cutting and fitting construction of the "upper" portion of shoes and boots is performed at the Company's facilities in the Dominican Republic and Arkansas, and the technology intensive construction, or "bottoming," is performed primarily at the Company's Michigan facilities.

The Company's factories each have the flexibility to produce a variety of footwear, which departs from the industry's historical practice of dedicating a given facility to production of specific footwear products. This flexibility allows the Company to quickly respond to changes in market preference and demand. The Company currently produces military footwear and work, casual and dress casual footwear in its owned facilities.

The Company sources a majority of its footwear from a variety of foreign manufacturing facilities in the Asia-Pacific region, South America and India. The Company maintains technical offices in the Asia-Pacific region to facilitate the sourcing and importation of quality footwear. The Company has established guidelines for each of its third-party manufacturers in order to monitor product quality, labor practices and financial viability. In addition, the Company has adopted "Engagement Criteria for Partners & Sources" to require that its domestic and foreign manufacturers, licensees and distributors use ethical business standards, comply with all applicable health and safety laws and regulations, are committed to environmentally safe practices, treat employees fairly with respect to wages, benefits and working conditions, and do not use child or prison labor.

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

The Company owns and operates a pigskin tannery through its Wolverine Leathers Division. The Company and its licensees receive a majority of their pigskin leather requirements from the tannery.

The Company's principal required raw material is quality leather, which it purchases from a select group of domestic and offshore suppliers, including the Company's tannery. The global availability of common upper materials and specialty leathers eliminates any reliance by the Company upon a sole supplier. The Company currently purchases the vast majority of the raw pigskins used in a significant portion of its tannery operations from one domestic source. This source has been a reliable and consistent supplier for over 30 years. Alternative sources of pigskin are available; however the price, processing and/or product characteristics are less advantageous to the Company. The Company purchases all of its other raw materials and component parts from a variety of sources, none of which is believed by the Company to be a dominant supplier.

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

Trademarks, Licenses and Patents.

The Company holds a significant portfolio of registered and common law trademarks that identify its branded footwear and apparel products. The owned trademarks that are most widely used by the Company include *Hush Puppies*®, *Wolverine*®, *Bates*®, *Wolverine Fusion*®, *DuraShocks*®, *MultiShox*®, *Wolverine Compressor*®, *Hidden Tracks*®, *iTechnology*™, *Bounce*®, *Comfort Curve*®, *HyTest*®, *Merrell*®, *Continuum*®, *Sebago*®, *Q-Form*® and *Track 'N Trail*®. Pigskin leather produced by the Company's Wolverine Leathers Division is sold under the trademarks *Wolverine Leathers & Design*®, *Wolverine Warrior Leather*®, *Weather Tight*® and *All Season Weather Leathers*™. The Company has obtained license rights to manufacture, market and distribute footwear throughout the world under the *Cat*®, *Harley-Davidson*® and *Patagonia*® trademarks, and the right to manufacture, market and distribute footwear in the United States and other countries under the *Stanley*® trademark, all pursuant to license arrangements with the respective trademark owners. The Company's license agreement for *Stanley*® footgear will terminate effective June 30, 2008. The *Cat*® footwear license has a current term extending through December 2011. The *Harley-Davidson*® footwear license is long term and extends for more than five years. The *Patagonia*® Footwear license extends for more than five years and also includes conditional renewal options. All of these license agreements are subject to early termination provisions.

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

Order Backlog.

At February 16, 2008, the Company had an order backlog of approximately $389 million compared with an order backlog of approximately $354 million at February 17, 2007, determined on a basis consistent with the current year. Substantially all of the backlog relates to demand for products expected to be shipped in 2008. Orders in backlog are subject to cancellation by customers and to changes in planned customer demand or at-once orders. The backlog at a particular time is affected by a number of factors, including seasonality, retail conditions, expected customer demand, product availability and the schedule for the manufacture and shipment of products. Accordingly, a comparison of backlog from period to period is not necessarily meaningful and may not be indicative of eventual actual shipments.

Competition.

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

Because of the lack of reliable published statistics, the Company is unable to state with certainty its position in the footwear industry. Market shares in the non-athletic footwear industry are highly fragmented and no one company has a dominant market position.

Research and Development.

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

Environmental Matters.

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

Employees.

As of December 29, 2007, the Company had approximately 4,651 domestic and foreign production, office and sales employees. Approximately 667 employees were covered by four union contracts expiring at various dates through April 30, 2009. The Company presently considers its employee relations to be good.

Available Information.

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

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

Item 1A. Risk Factors.

Impact of Consumer Spending Patterns.

The success of the Company's operations depends to a significant extent upon a number of factors affecting disposable consumer income, both domestic and foreign, including economic conditions and factors such as employment, business conditions, interest rates and taxation. In addition, consumer spending patterns may be affected by changes in the amount or severity of inclement weather, the acceptability of U.S. brands in international markets and the growth or decline of global footwear markets. The Company's business, results of operations and financial condition may be adversely affected by changes in consumer spending or economic conditions.

Competition and Changes in Consumer Preferences.

The Company competes with numerous other marketers of footwear, some of which are larger and have greater resources than the Company. Product performance and quality, including technological improvements, product identity, competitive pricing and the ability to adapt to style changes are all important elements of competition in the footwear industry. The footwear industry in general is subject to changes in consumer preferences with respect to the popularity of particular designs and categories of footwear. The Company strives to maintain and improve its competitive position through promotion of brand awareness, sourcing efficiencies, and the style, comfort and value of its products. Future sales by the Company will be affected by its continued ability to sell its products at competitive prices and to meet shifts in consumer preferences. If the Company is unable to respond effectively to competitive pressures and changes in consumer spending, the Company's business, results of operations and financial condition will be adversely affected.

Inventory Management.

The Company's ability to manage its inventories properly is an important factor in its operations. Inventory shortages can impede the Company's ability to meet at-once orders and can adversely affect the timing of shipments to customers and diminish brand loyalty. Conversely, excess inventories can result in increased interest costs as well as lower gross margins due to the necessity of lowering prices in order to liquidate excess inventories. If the Company is unable to effectively manage its inventory, its business, results of operations and financial condition will be adversely affected.

Dependence on Foreign Manufacturers.

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

Foreign manufacturing is subject to a number of risks, including work stoppages, transportation delays and interruptions, political instability, foreign currency fluctuations, changing economic conditions, expropriation, nationalization, the imposition of tariffs, import and export controls and other non-tariff barriers and changes in governmental policies. The possibility exists that trade relations with China and other countries where the Company sources its products will worsen or that China will shift its manufacturing capacity away from footwear to other industries. Any of these events could have an adverse effect on the Company's business, results of operations and financial condition.

Changes in monetary controls and valuations of the Chinese yuan renminbi and the currencies of other countries from which the Company sources, and their relative value to the U.S. Dollar could have an adverse effect on the Company's business, results of operations and financial condition.

The Company cannot predict whether additional United States or foreign customs quotas, duties, taxes or other changes or restrictions will be imposed upon the importation of non-domestically produced products in the future or what effect such actions could have on the Company's business, financial condition or results of operations.

Suppliers and Service Providers.

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

The Company purchases pigskins for its tannery operations from a single domestic source pursuant to short-term contracts. Although this source has been a reliable and consistent supplier for over 30 years, there are no assurances that it will continue as a supplier. Failure of this source to continue to supply the Company with pigskin or to supply the Company with pigskin on less favorable terms could have a negative impact on the Company's business, results of operations and financial condition.

Customers.

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

The Company sells its products to wholesale customers and extends credit based on an evaluation of each customer's financial condition, usually without requiring collateral. The financial difficulties of a customer could cause the Company to stop doing business with that customer or reduce its business with that customer. The Company's inability to collect from its customers or a cessation or reduction of sales to certain customers because of credit concerns could have an adverse effect on the Company's business, results of operations and financial condition.

The recent trend toward consolidation in the retail industry could lead to customers seeking more favorable terms of purchase from the Company and could lead to a decrease in the number of stores that carry the Company's products.

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

The Company's products are sold in many international markets through independent licensees or distributors. Failure by the Company's licensees or distributors to meet planned annual sales goals could have an adverse effect on the Company's business, results of operations and financial condition, and it may be difficult and costly to locate an acceptable substitute distributor or licensee. If a change in distributors becomes necessary, the Company may experience increased costs, as well as substantial disruption and a resulting loss of sales and brand equity in that market.

In addition, changes in the channels of distribution such as the growth of Internet commerce and the trend toward the sale of private label products by major retailers could have an adverse effect on the Company's business, results of operations and financial condition.

Implementation of Growth Strategy.

As part of its growth strategy, the Company seeks to enhance the positioning of its brands and to extend its brands into complementary product categories and consumer groups, to expand geographically, and to improve operational performance. There can be no assurance that we will be able to successfully implement any or all of these growth strategies, which could have an adverse effect on the Company's business, results of operations and financial condition. There is no assurance that the *Patagonia*® Footwear initiative and the Company's expansion into apparel will be successful. The Company has invested substantial resources into these two product launches and the failure of either or both could have an adverse effect on the Company's business, results of operations and financial condition.

Reputational Risks.

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

Information Technology.

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

Government/Regulation.

The Company's business is affected by changes in government and regulatory policies in the United States and on a global basis. Changes in interest rates, tax laws, duties, tariffs and quotas could have a negative impact on the Company's ability to produce and market footwear at competitive prices.

Global Political and Economic Uncertainty.

Concerns regarding acts of terrorism, the war in Iraq and subsequent events have created significant global economic and political uncertainties that may have material and adverse effects on consumer demand, foreign sourcing of footwear, shipping and transportation, product imports and exports and the sale of products in foreign markets. The Company is subject to risks in doing business in developing countries and economically volatile areas.

Currency.

Foreign currency fluctuation in valuations compared to the U.S. Dollar, changes in monetary controls and valuations, and the relative value to the U.S. dollar affect the Company's profitability. For a more detailed discussion of risk relating to foreign currency fluctuation, see Item 7A, *Quantitative and Qualitative Disclosures About Market Risk.*

Protection of Intellectual Property; Continuation of Licensing Agreements.

The Company invests significant resources to develop and protect its intellectual property. The Company's ability to remain competitive is dependent upon its continued ability to secure and protect trademarks, patents and other intellectual property rights. In addition, some of the Company's branded footwear operations are operated pursuant to licensing agreements with third party trademark owners. These agreements are subject to early termination for breach. Expiration or early termination of any of these license agreements by the licensor could have a material adverse effect on the Company's business, results of operations and financial condition.

Integration of Newly Acquired Businesses.

The Company may make strategic acquisitions in the future and cannot assure that it will be able to successfully integrate the operations of newly-acquired businesses into the Company's current operations. The failure to integrate newly acquired businesses or the inability to make suitable strategic acquisitions in the future could have an adverse effect on the Company's business, results of operations and financial condition.

Litigation and Regulatory Proceedings.

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

Anti-Takeover Provisions.

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

Attraction and Retention of Qualified Personnel.

The Company is dependent on the efforts and abilities of its senior executive officers. While the Company believes that its senior management team has significant depth and that appropriate senior management succession plans are in place, the loss of one or more members of senior executive management or the failure to successfully implement succession planning could have an adverse effect on the Company, its results of operations and financial condition. The Company's future success also depends on its ability to identify, attract and retain additional qualified personnel. While the Company has historically been successful in attracting and retaining key employees, competition for such employees in the footwear industry is intense and failure to retain or attract key employees could adversely impact the Company.

Item 1B. Unresolved Staff Comments.

None.

Item 2. Properties.

The Company operates its domestic administration, sales and marketing operations primarily from an owned facility of approximately 225,000 square feet in Rockford, Michigan. The Company's manufacturing and tanning operations are primarily conducted at a combination of leased and owned facilities in Arkansas, Michigan and the Dominican Republic. The Company operates its warehousing operations primarily through owned warehouses in Rockford, Michigan, totaling approximately 475,000 square feet, a leased warehouse in Cedar Springs, Michigan, of approximately 356,000 square feet and a leased warehouse in Howard City, Michigan, of approximately 460,000 square feet.

The Company also leases and owns various other offices and warehouses in the United States to meet its operational requirements. In addition, the Company's subsidiary, Hush Puppies Retail, Inc., operates retail stores through leases with various third-party landlords. International operations are conducted in Canada, the United Kingdom, and Europe through leased warehouses, offices and showrooms. The Company believes that its current facilities are suitable and adequate for its current needs.

Item 3. Legal Proceedings.

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

Item 4. Submission of Matters to a Vote of Security Holders.

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

Supplemental Item. Executive Officers of the Registrant.

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

Name	Age	Positions held with the Company
Kenneth A. Grady	51	General Counsel and Secretary
Stephen L. Gulis, Jr.	50	Executive Vice President, Chief Financial Officer and Treasurer
Blake W. Krueger	54	Chief Executive Officer and President
Pamela L. Linton	58	Senior Vice President of Human Resources
Nicholas P. Ottenwess	45	Vice President of Finance and Corporate Controller
James D. Zwiers	40	Senior Vice President

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

Stephen L. Gulis, Jr., has served the Company as Executive Vice President, Chief Financial Officer and Treasurer since April 1996. Mr. Gulis will be taking on the role of Executive Vice President and President of the Company's Global Operations Group upon the appointment and integration of a new Chief Financial Officer. From 1994 to April 1996 he served as Vice President and Chief Financial Officer. From 1993 to 1994 he served as Vice President of Finance and Corporate Controller and from 1986 to 1993 he was the Vice President of Administration and Controller for The Hush Puppies Company.

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

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

Nicholas P. Ottenwess has served the Company as Vice President of Finance and Corporate Controller since June 2001. Mr. Ottenwess will be taking on the new role of Senior Vice President - Operations of the Outdoor Group in early 2008. From September 1997 to June 2001 he served as Corporate Controller. From 1993 to September 1997 he served as Vice President of Finance and Administration for The Hush Puppies Company.

James D. Zwiers has served the Company as Senior Vice President since January 2008. From October 2006 to December 2007 he served as President of the Company's Hush Puppies U.S. Division. From October 2005 to October 2006 he served as the Company's General Counsel and Secretary. From December 2003 to October 2005 he served as General Counsel and Assistant Secretary. From January

1998 to December 2003 he served the Company as Associate General Counsel and Assistant Secretary. From 1995 to 1998 he was an attorney with the law firm of Warner Norcross & Judd LLP.

PART II

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

The Company's common stock is traded on the New York Stock Exchange under the symbol "WWW." The following table shows the high and low stock prices on the New York Stock Exchange and dividends declared by calendar quarter for 2007 and 2006. The number of stockholders of record on February 22, 2008, was 1,301.

	2007		2006	
Stock Price	High	Low	High	Low
First quarter	**$ 31.08**	**$ 26.78**	$ 24.21	$ 20.96
Second quarter	**30.80**	**27.30**	25.18	20.26
Third quarter	**29.22**	**24.55**	26.46	22.27
Fourth quarter	**29.60**	**23.38**	30.20	25.41

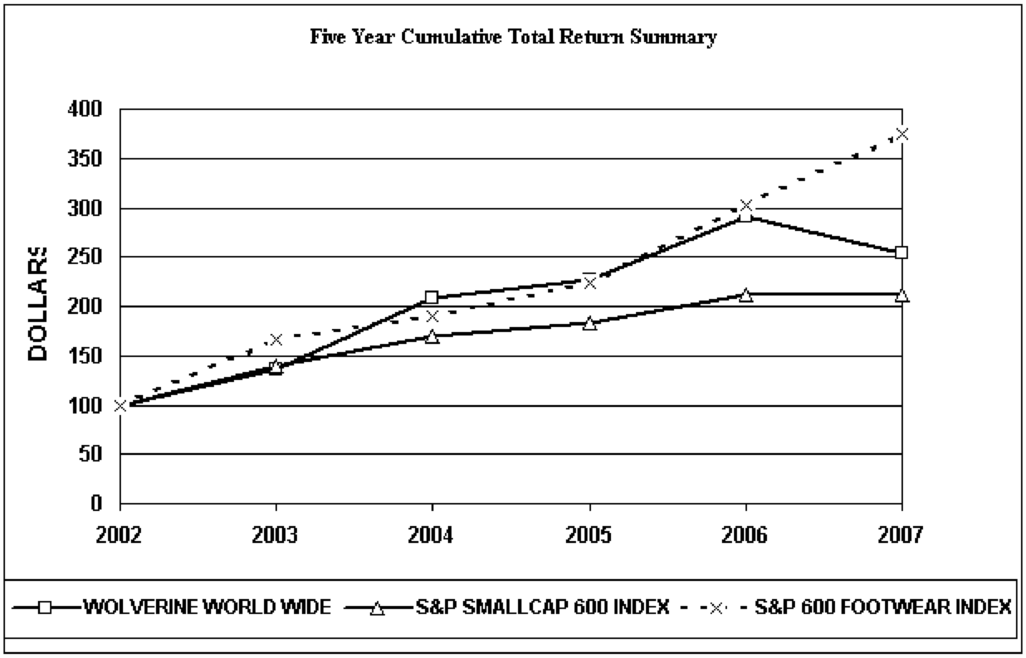
Cash Dividends Declared Per Share	**2007**	2006
First quarter	**$ .09**	$ .075
Second quarter	**.09**	.075
Third quarter	**.09**	.075
Fourth quarter	**.09**	.075

A quarterly dividend of $.11 per share was declared during the first quarter of fiscal 2008.

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

Stock Performance Graph

The following graph compares the cumulative total stockholder return on Wolverine common stock to the Standard & Poor's Small Cap 600 Index and the Standard & Poor's 600 Footwear Index, assuming an investment of $100.00 at the beginning of the period indicated. Wolverine is part of the Standard & Poor's Small Cap 600 Index and the Standard & Poor's Footwear Index. This Stock Performance Graph shall not be deemed to be incorporated by reference into the Company's SEC filings and shall not constitute soliciting material or otherwise be considered filed under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended.



The following table relates information regarding the Company's purchases of its own common stock during the fourth quarter of fiscal 2007:

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 Number of Shares that May Yet Be Purchased Under the Plans or Programs
Period 1 (September 9, 2007 to October 6, 2007)				
Common Stock Repurchase Program (1)	--	$ --	--	4,646,282
Employee Transactions(2)	--	--	N/A	N/A
Period 2 (October 7, 2007 to November 3, 2007)				
Common Stock Repurchase Program (1)	802,817	$ 25.51	802,817	3,843,465
Employee Transactions(2)	--	--	N/A	N/A
Period 3 (November 4, 2007 to December 1, 2007)				
Common Stock Repurchase Program (1)	393,000	$ 24.61	393,000	3,450,465
Employee Transactions(2)	--	--	N/A	N/A
Period 4 (December 2, 2007 to December 29, 2007)				
Common Stock Repurchase Program (1)	--	--	--	3,450,465
Employee Transactions(2)	225	$ 25.80	N/A	N/A
Total for Fourth Quarter ended December 29, 2007				
Common Stock Repurchase Program (1)	1,195,817	$ 25.21	1,195,817	3,450,465
Employee Transactions(2)	225	25.80	N/A	N/A

(1) The Company's Board of Directors approved common stock repurchase programs on December 13, 2005 and April 19, 2007. These programs authorize the repurchase of 3.0 million and 7.0 million shares of common stock over a 24-month and 36-month period, respectively, commencing on the effective date of the program. All shares repurchased during the period covered by this report were purchased under publicly announced programs.

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

Item 6. Selected Financial Data.

Five-Year Operating and Financial Summary [1]

		2007		2006		2005		2004		2003
(Thousands of Dollars, Except Per Share Data)										
Summary of Operations										
Revenue	**$**	**1,198,972**	$	1,141,887	$	1,060,999	$	991,909	$	888,926
Net earnings		**92,886**		83,647		74,467		65,938		51,716
Per share of common stock:										
Basic net earnings [2][3]	**$**	**1.77**	$	1.52	$	1.33	$	1.15	$	.88
Diluted net earnings [2][3]		**1.70**		1.47		1.27		1.09		.85
Cash dividends declared [2]		**.36**		.30		.26		.19		.15
Financial Position at Year End										
Total assets	**$**	**638,378**	$	671,092	$	626,580	$	639,571	$	593,762
Long-term debt		**10,731**		21,471		32,411		43,904		59,923

Notes to Five-Year Operating and Financial Summary

(1) This summary should be read in conjunction with the consolidated financial statements and the notes thereto, which are attached as Appendix A to this Form 10-K.

(2) On December 15, 2004, the Company announced a three-for-two stock split in the form of a stock dividend on shares of common stock outstanding at January 3, 2005 that was distributed to stockholders on February 1, 2005. All per share data has been retroactively adjusted for the increased shares resulting from this stock split. Treasury shares were excluded from the stock split.

(3) Basic earnings per share are based on the weighted average number of shares of common stock outstanding during the year after adjustment for nonvested restricted common stock. Diluted earnings per share assume the exercise of dilutive stock options and the vesting of all outstanding restricted stock.

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

OVERVIEW

Wolverine World Wide, Inc. (the "Company") continues to evolve from a leading global marketer of branded footwear into a global multi-branded footwear and apparel company. The Company's goal is articulated in its strategic vision - "To Excite Consumers Around the World with Innovative Footwear and Apparel that Bring Style to Purpose." The Company intends to achieve this goal by extending key brands beyond footwear, strengthening the global brand portfolio, pursuing product excellence, leveraging global supply chain management and managing its brands' presence at retail. The Company is focused on delivering its long-term financial objectives of mid-to-upper single digit average annual revenue growth, annual double digit earnings per share increases, improved asset utilization and strong cash generation.

The following financial performance highlights of 2007 are a result of the execution of these strategies:

- Eighth consecutive year of revenue growth with revenue increasing 5.0% to an all-time record level of $1.199 billion
- Earnings per share achieved an all-time record level of $1.70 per share, an increase of 15.6% over the $1.47 reported in the prior year, which marks the fifth consecutive year of double-digit growth
- Accounts receivable increased 17.9% resulting from the timing of deliveries to large international customers and increased shipments

- Inventory decreased 10.0% primarily due to the successful execution of inventory reduction programs

- Cash provided from operating activities for 2007 reached $123.3 million, marking the fifth consecutive year of cash generation in excess of $100.0 million

- The Company's cash position remained strong at the end of 2007 with $76.1 million of cash on hand and debt outstanding of $10.7 million

- New business initiatives were implemented as *Patagonia*® Footwear and *Wolverine*® Apparel completed their first full year of business in 2007 and *Merrell*® Apparel was launched in the second half of the year

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 consolidated financial statements and notes. All share and per share amounts in Management's Discussion and Analysis of Financial Condition and Results of Operations have been adjusted for all periods to reflect the three-for-two stock split distributed on February 1, 2005.

RESULTS OF OPERATIONS - FISCAL 2007 COMPARED TO FISCAL 2006

FINANCIAL SUMMARY - 2007 VERSUS 2006

	2007		2006		Change	
	$	**%**	$	%	$	%
(Millions of Dollars, Except Per Share Data)						
Revenue						
Branded footwear, apparel and licensing	**$ 1,099.2**	**91.7%**	$ 1,036.9	90.8%	$ 62.3	6.0%
Other business units	**99.8**	**8.3%**	105.0	9.2%	(5.2)	(4.9%)
Total revenue	**$ 1,199.0**	**100.0%**	$ 1,141.9	100.0%	$ 57.1	5.0%
Gross margin						
Branded footwear, apparel and licensing	**$ 434.6**	**39.5%**	$ 402.3	38.8%	$ 32.3	8.0%
Other business units	**37.3**	**37.4%**	39.2	37.4%	(1.9)	(4.9%)
Total gross margin	**$ 471.9**	**39.4%**	$ 441.5	38.7%	$ 30.4	6.9%
Selling and administrative expenses	**$ 333.2**	**27.8%**	$ 318.2	27.9%	$ 15.0	4.7%
Interest income - net	**(.7)**	**(.1%)**	(.2)	.0%	(.5)	(227.1%)
Other expense - net	**.8**	**.1%**	1.2	.1%	(.4)	(27.6%)
Earnings before income taxes	**138.6**	**11.6%**	122.3	10.7%	16.3	13.3%
Net earnings	**92.9**	**7.7%**	83.6	7.3%	9.3	11.0%
Diluted earnings per share	**$ 1.70**	**-**	$ 1.47	-	$ .23	15.6%

The Company has one reportable segment that is engaged in manufacturing, sourcing, marketing, licensing and distributing branded footwear, apparel and accessories. Within the branded footwear, apparel and licensing segment, the Company has identified five operating units, consisting of the Outdoor Group (comprised of the *Merrell*®, *Patagonia*® Footwear, and *Sebago*® brands), the Wolverine Footwear Group (comprised of the *Wolverine*®, *HyTest*®, *Bates*® and *Stanley*® Footgear brands and certain private label branded products), the Heritage Brands Group (comprised of *Cat*® Footwear and *Harley-Davidson*® Footwear), The Hush Puppies Company, and Other Branded Footwear. The Company's other business units consist of Wolverine Retail and Wolverine Leathers (comprised of the tannery and procurement operations). The following is supplemental information on total revenue:

TOTAL REVENUE

	2007		2006		Change	
	$	**%**	$	%	$	%
(Millions of Dollars)						
Outdoor Group	**$ 458.3**	**38.2%**	$ 393.3	34.4%	$ 65.0	16.5%
Wolverine Footwear Group	**256.6**	**21.4%**	275.8	24.2%	(19.2)	(6.9%)
Heritage Brands Group	**199.4**	**16.7%**	192.3	16.8%	7.1	3.7%
The Hush Puppies Company	**174.1**	**14.5%**	169.9	14.9%	4.2	2.4%
Other Branded Footwear	**10.8**	**.9%**	5.6	.5%	5.2	92.5%
Total branded footwear, apparel and licensing revenue	**$ 1,099.2**	**91.7%**	$ 1,036.9	90.8%	$ 62.3	6.0%
Other business units	**99.8**	**8.3%**	105.0	9.2%	(5.2)	(4.9%)
Total revenue	**$ 1,199.0**	**100.0%**	$ 1,141.9	100.0%	$ 57.1	5.0%

REVENUE

Revenue for 2007 increased $57.1 million over 2006. Increases in unit volume, changes in product mix and changes in selling price for the branded footwear, apparel and licensing segment operations, as discussed below, contributed $39.5 million of the revenue increase. The impact of translating foreign denominated revenue to U.S. dollars improved revenue by $22.8 million. The other business units' revenue decreased $5.2 million. Both domestic and international revenue increased, with international revenue accounting for 39.1% of total revenue in 2007 compared to 36.8% in 2006.

The Outdoor Group reported an increase in revenue of $65.0 million over 2006, its tenth year of double-digit growth. The *Merrell*® footwear business realized a $41.8 million increase over the prior year as revenue increases were achieved across all geographic locations. Strong sales in the multi-sport and trail running categories along with strong reorders of the women's casual product drove the majority of the increase. The brand also continued to experience growth with its network of international distributors. The *Merrell*® Apparel division, which launched in the second half of 2007, contributed $4.6 million in revenue. The *Sebago*® brand experienced an increase in revenue of $7.1 million during 2007 due to strong consumer and retail response across all categories including marine, dress casual, sandals and kids. In the first full year of business, *Patagonia*® experienced strong sell-through, especially in men's product, and contributed approximately $11.5 million to the increase.

The Wolverine Footwear Group recorded a $19.2 million decrease in revenue for 2007, as compared to 2006. The *Wolverine*® business experienced an increase of $5.2 million during 2007 due to higher demand in the mobile distribution channel, strong reorder activity on the *MultiShox*® comfort technology product, the successful introduction of the *Contour Welt*™ technology and the launch of the *Wolverine*® Apparel business. The *Bates*® division recognized a decrease in revenue from 2006 of $7.2 million due to a planned reduction in demand from the U.S. Department of Defense. Planned lower sales due to the phase out of *Stanley*® Footgear and private label businesses decreased revenue by $5.2 million and $12.0 million, respectively.

The Heritage Brands Group experienced a $7.1 million revenue increase in 2007, as compared to 2006. *Cat*® Footwear's revenue increased $7.4 million driven by strong revenue growth in the U.S. and globally through the international distribution network. Positive momentum has been driven through continued focus on strong integrated product marketing concepts including the *Legendary Raw Collection* and *iTechnology*™ collection. The *Harley-Davidson*® Footwear brand experienced a $.3 million revenue decrease in 2007 as the brand refocuses its distribution in the U.S.

The Hush Puppies Company's revenue increased $4.2 million in 2007. The majority of the revenue growth was driven by increased wholesale shipments in the Canadian and European markets, as well as higher royalty income generated by international licensees. Strong response to the *Hush Puppies*® product fueled a revenue increase of $2.3 million in Canada and an increase of $8.7 million in Europe. Revenue for the U.S. market decreased $6.5 million from 2006 due to the internal reorganization of the *SoftStyle*® business, a weak spring sandal season and reducing inventories to limit retail risk. A $3.9 million revenue decrease in the slipper operations was experienced as the Company decided to phase out of the slipper business. International licensing revenue increased $3.6 million in 2007 as global demand for *Hush Puppies*® product continued to grow.

Within the Company's other business units, Wolverine Retail reported a $4.8 million increase in revenue as a result of a mid-single digit same-store revenue increase, as well as the net addition of eight stores as compared to 2006. The Wolverine Leathers operation reported a $10.0 million revenue decrease primarily due to decreased demand for the Company's proprietary sueded products.

The Company ended 2007 with an increase in order backlog of nearly 10% above 2006 year-end levels. This backlog principally reflects demand for the first half of 2008.

GROSS MARGIN

The gross margin level for 2007 of 39.4% was a 70 basis point increase over the prior year. Increased initial pricing margins, strong inventory reduction programs, and improvements in sourcing and manufacturing operations increased margin by 110 basis points. Offsetting a portion of this improvement were inventory reserve increases associated with apparel inventory and domestically produced footwear. Benefits from favorable foreign exchange contract rates associated with the Company's foreign entity inventory purchases added 60 basis points. These improvements were partially offset by a reduction of 20 basis points due to increased product costs on the European operations related to the levying of dumping duties on products sourced from China and Vietnam and increased shipments to lower gross margin international distributors, which decreased gross margin by 80 basis points.

SELLING AND ADMINISTRATIVE EXPENSES

Selling and administrative expenses of $333.2 million for 2007 increased $15.0 million from $318.2 million in 2006. Selling and administrative expenses as a percentage of revenue decreased 10 basis points as compared to the prior year reflecting improvements in overall distribution costs and reductions in employee benefit expenses of $7.0 million. The Company invested an additional $9.4 million in product development, selling, advertising and administrative costs on the *Merrell*® Apparel and *Patagonia*® Footwear initiatives in 2007 compared to 2006. Additional brand development initiatives during the year increased selling and advertising costs by $9.5 million. The remaining increases related primarily to selling and distribution costs that vary with the increase in revenue.

INTEREST, OTHER & TAXES
The change in net interest reflected lower average outstanding amounts on senior notes.

The decrease in other expense primarily related to the change in realized gains or losses on foreign denominated assets and liabilities.

The Company's effective income tax rate for 2007 was 33.0% compared to 31.6% in 2006. In the fourth quarter of 2006, the Company recognized a one-time net income tax benefit of $1.5 million resulting from the closure of prior year income tax audits. The annualized effective tax rate for fiscal 2008 is estimated to range from 32.5% to 33.5%.

NET EARNINGS
As a result of the revenue, gross margin and expense changes discussed above, the Company achieved net earnings of $92.9 million compared to $83.6 million in 2006, an increase of $9.3 million.

RESULTS OF OPERATIONS - FISCAL 2006 COMPARED TO FISCAL 2005

FINANCIAL SUMMARY - 2006 VERSUS 2005

	2006		2005		Change	
	$	**%**	$	%	$	%
(Millions of Dollars, Except Per Share Data)						
Revenue						
Branded footwear, apparel and licensing	**$ 1,036.9**	**90.8%**	$ 964.5	90.9%	$ 72.4	7.5%
Other business units	**105.0**	**9.2%**	96.5	9.1%	8.5	8.8%
Total revenue	**$ 1,141.9**	**100.0%**	$ 1,061.0	100.0%	$ 80.9	7.6%
Gross margin						
Branded footwear, apparel and licensing	**$ 402.3**	**38.8%**	$ 369.6	38.3%	$ 32.7	8.9%
Other business units	**39.2**	**37.4%**	35.6	36.9%	3.6	10.1%
Total gross margin	**441.5**	**38.7%**	$ 405.2	38.2%	$ 36.3	9.0%
Selling and administrative expenses	**$ 318.2**	**27.9%**	$ 291.9	27.5%	$ 26.3	9.0%
Interest (income) expense - net	**(.2)**	**.0%**	1.9	.2%	(2.1)	(110.6%)
Other expense - net	**1.2**	**.1%**	.2	.0%	1.0	698.7%
Earnings before income taxes	**122.3**	**10.7%**	111.2	10.5%	11.1	9.9%
Net earnings	**83.6**	**7.3%**	74.5	7.0%	9.1	12.3%
Diluted earnings per share	**$ 1.47**	**-**	$ 1.27	-	$ .20	15.7%

The following is supplemental information on total revenue:

TOTAL REVENUE

	2006		2005		Change	
	$	**%**	$	%	$	%
(Millions of Dollars)						
Outdoor Group	**$ 393.3**	**34.4%**	$ 337.8	31.8%	$ 55.5	16.5%
Wolverine Footwear Group	**275.8**	**24.2%**	285.5	26.9%	(9.7)	(3.4%)
Heritage Brands Group	**192.3**	**16.8%**	174.2	16.4%	18.1	10.4%
The Hush Puppies Company	**169.9**	**14.9%**	163.4	15.4%	6.5	4.0%
Other Branded Footwear	**5.6**	**.5%**	3.6	.4%	2.0	57.8%
Total branded footwear, apparel and licensing revenue	**$ 1,036.9**	**90.8%**	$ 964.5	90.9%	$ 72.4	7.5%
Other business units	**105.0**	**9.2%**	96.5	9.1%	8.5	8.8%
Total revenue	**$ 1,141.9**	**100.0%**	$ 1,061.0	100.0%	$ 80.9	7.6%

REVENUE

Revenue for 2006 increased $80.9 million over 2005. Increases in unit volume, changes in product mix and changes in selling price for the branded footwear, apparel and licensing segment operations, as discussed below, contributed $66.8 million of the revenue increase. Of the $66.8 million revenue increase, $19.2 million was attributed to increased shipments to an international distributor and the conversion of this distributor from a royalty arrangement to a wholesale operation, which required recognition of sales and cost of products sold. The impact of translating foreign denominated revenue to U.S. dollars improved revenue by $5.6 million. The other business units contributed $8.5 million to the increase. Both domestic and international revenue increased, with international revenue accounting for 36.8% of total revenue in 2006 compared to 30.2% in 2005.

The Outdoor Group reported an increase in revenue of $55.5 million over 2005, its ninth year of double-digit growth. The *Merrell*® business realized a $54.8 million increase over the prior year as revenue increases were achieved across all geographic locations. The brand also continued to experience growth with its network of international distributors. Strong sales in the multi-sport, after-sport and sports fashion categories drove the majority of the increase. The *Sebago*® brand experienced a slight decrease in revenue from the prior year. The decrease was primarily a result of lower than anticipated shipments in the U.S. The growth and change in the international distributor arrangement mentioned above contributed $11.8 million to the increase for the Outdoor Group. The first shipments of the *Patagonia*® product contributed approximately $.8 million to the increase.

The Wolverine Footwear Group recorded a $9.7 million decrease in revenue for 2006, as compared to 2005. The *Wolverine*® boot business experienced an increase of $3.8 million during 2006 due to strong customer demand and reorder activity on the *MultiShox*® comfort technology product. A decrease of $6.0 million in the *Bates*® division was primarily the result of a planned reduction of Department of Defense contract shipments. The *Stanley*® Footgear and private label businesses realized $3.6 million and $3.9 million revenue decreases, respectively, due to reduced customer demand.

The Heritage Brands Group experienced an $18.1 million revenue increase in 2006 as compared to 2005. *Cat*® Footwear's revenue increased $16.1 million driven by strong revenue growth in the U.S., Canada, continental Europe and globally through the international distribution network. Improved sell-through results were experienced through the introduction of expanded product campaigns including the *Legendary Raw Collection* and *iTechnology*™ collection. Increased shipments to the *Harley-Davidson*®

dealer network resulted in a $2.0 million revenue increase for the *Harley-Davidson®* Footwear brand in 2006. The growth and change in the international distributor arrangement mentioned above contributed $7.4 million to the increase for the Heritage Brands Group.

The Hush Puppies Company's revenue increased $6.5 million in 2006. The majority of the revenue growth was driven by increased wholesale shipments in the Canadian and European markets, as well as higher royalty income generated by international licensees. Strong response to the *Hush Puppies®* product fueled a revenue increase of $4.6 million in Canada, an increase of $2.6 million in Europe and a slight increase in the U.S. A $2.1 million revenue decrease in the slipper product was experienced as the Company has decided to phase out of the slipper business. International licensing revenue increased $1.2 million in 2006 as global demand for *Hush Puppies®* product continued to grow.

Within the Company's other business units, Wolverine Retail reported a $4.5 million increase in revenue as a result of a mid-single digit same-store revenue increase, as well as the net addition of six stores as compared to 2005. The Wolverine Leathers operation reported a $4.0 million increase primarily due to increased demand for the Company's proprietary sueded products.

The Company ended 2006 with an increase in order backlog of over 10% above 2005 year-end levels. This backlog principally reflects demand for the first half of 2007.

GROSS MARGIN

The gross margin level for 2006 of 38.7% was a 50 basis point increase over the prior year. A change in business mix contributed an increase of 40 basis points, favorable product costs increased margin by 30 basis points and benefits from favorable foreign exchange contract rates associated with the Company's foreign entity inventory purchases added 10 basis points. These improvements were partially offset by a reduction of 30 basis points due to increased product costs on the European operations related to the levying of dumping duties on products sourced from China and Vietnam.

SELLING AND ADMINISTRATIVE EXPENSES

Selling and administrative expenses increased $26.3 million during 2006 to $318.2 million. The Company invested approximately $6.1 million in product development and selling and administrative costs on the *Merrell®* Apparel and *Patagonia®* Footwear initiatives in 2006. Incremental stock-based compensation costs increased the selling and administrative expenses by $2.7 million as a result of the adoption of Statement of Financial Accounting Standards (SFAS) No. 123(R). The remaining increases related primarily to selling and distribution costs that vary with the increase in revenue.

INTEREST, OTHER & TAXES

The change in net interest reflected increased interest income from invested cash balances, as well as lower average outstanding amounts on senior notes and minimal borrowing under the Company's revolving credit facility.

The increase in other expense primarily related to the change in realized gains or losses on foreign denominated assets and liabilities.

The Company's effective income tax rate for 2006 was 31.6%, compared to 33.1% in 2005. In the fourth quarter of 2006, the Company recognized a one-time net income tax benefit of $1.5 million resulting from the closure of prior year income tax audits. The 2005 income tax rate reflected additional income tax expense of $1.4 million due to the Company's repatriation of earnings of foreign subsidiaries of $41.5 million as provided under the American Jobs Creation Act of 2004.

NET EARNINGS
As a result of the revenue, gross margin and expense changes discussed above, the Company achieved net earnings of $83.6 million compared to $74.5 million in 2005, an increase of $9.1 million.

LIQUIDITY AND CAPITAL RESOURCES

	December 29, 2007	December 30, 2006	Change $	Change %
(Millions of Dollars)				
Cash and cash equivalents	**$ 76.1**	$ 124.7	$ (48.6)	(39.0%)
Accounts receivable	**179.9**	152.6	27.3	17.9%
Inventories	**165.9**	184.3	(18.4)	(10.0%)
Accounts payable	**51.6**	47.4	4.2	8.7%
Accrued salaries and wages	**18.5**	19.3	(.8)	(4.0%)
Other accrued liabilities	**41.9**	43.5	(1.6)	(3.8%)
Debt	**10.7**	21.5	(10.8)	(50.0%)
Cash provided by operating activities	**123.3**	109.7	13.6	12.4%
Additions to property, plant and equipment	**17.9**	17.1	.8	4.8%
Depreciation and amortization	**22.8**	22.0	.8	3.6%

The Company continued to strengthen its balance sheet in 2007. Cash of $123.3 million was generated from operating activities in 2007. Accounts receivable increased 17.9% on a 5.0% revenue gain resulting from the timing of deliveries to large international customers and increased shipments. Accounts receivable days sales outstanding increased 1.0% in comparison to 2006. Inventory levels were down 10.0% at year end and inventory turns increased by 2.8% in comparison to the prior year primarily due to successful execution of inventory reduction programs.

The increase in accounts payable was attributed to the timing of inventory purchases from contract suppliers. The decrease in other accrued liabilities was primarily attributable to foreign currency forward exchange contracts, profit-sharing accruals, and a decrease in taxes payable.

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

The Company has a long-term revolving credit agreement that expires in July 2010 and allows for borrowings up to $150.0 million. The revolving credit facility is used to support working capital requirements. No amounts were outstanding under the revolving credit facility at December 29, 2007 or December 30, 2006. The Company was in compliance with all debt covenant requirements at December 29, 2007 and December 30, 2006. Proceeds from the existing credit facility along with cash flows from operations are expected to be sufficient to meet capital needs in the foreseeable future. Any excess cash flows from operating activities are expected to be used to purchase property, plant and equipment, pay down existing debt, fund internal and external growth initiatives, pay dividends or repurchase the Company's common stock.

The decrease in debt was the result of annual principal payments on the Company's senior notes. The Company had commercial letter-of-credit facilities outstanding of $2.1 million and $2.8 million at the end of 2007 and 2006, respectively. The total debt to total capital ratio for the Company was 2.2% in 2007 and 4.1% in 2006.

The Company's pension benefit results are based upon actuarial valuations. Inherent in these valuations are key assumptions, including discount rates and expected returns on plan assets. The Company is required to consider market conditions, including changes in interest rates, in selecting these assumptions. Pre-tax expense resulting from the Company's qualified defined benefit pension plans decreased $4.1 million for 2007 when compared to 2006 primarily due to the reduction in amortization of prior market value losses and a discount rate increase. In 2006, the Company adopted the provision of SFAS No. 158 requiring the recognition of the funded status of pension plans on its balance sheet. As a result, in 2006 the Company recorded a net reduction of $13.1 million within the accumulated other comprehensive income component of stockholders' equity, a reduction to net assets of $12.3 million and an increase to net liabilities of $1.6 million. This adjustment had no impact on the net earnings or cash flows of the Company. The Company estimates that pre-tax expense related to qualified defined benefit pension plans will decrease in 2008 as compared to 2007 by approximately $1.1 million primarily as a result of the reduction in the amortization of prior market value losses and a discount rate increase.

Applying the provisions of SFAS No. 87, SFAS No. 132 and SFAS No. 158, the Company's qualified defined benefit pension plans (the "Plans") were overfunded by $17.2 million in 2007 and $9.6 million in 2006. Under the Employee Retirement Income Security Act of 1974, the Plans had no minimum funding requirements for 2007 and 2006. Discretionary cash contributions were made to the Plans totaling $3.0 million in both 2007 and in 2006 to provide long-term stability to the Plans. The Company expects to contribute approximately $3.0 million to its qualified defined benefit pension plans and approximately $1.8 million to the Supplemental Executive Retirement Plan (SERP) in 2008.

In the fourth quarter and full year 2006 results, the Company recognized a one-time net income tax benefit of $1.5 million resulting from the closure of prior year income tax audits. In 2005, the Company elected to repatriate earnings of foreign subsidiaries as provided under the American Jobs Creation Act of 2004, which provided for a tax deduction of 85% of certain foreign earnings that were repatriated in 2005. During the fourth quarter of fiscal 2005, the Company repatriated foreign earnings of $41.5 million and, as a result, recorded a related tax expense of $1.4 million. No provision has been made for U.S. federal and state income taxes or foreign taxes that may result from future remittances of the undistributed earnings of foreign subsidiaries of $176.2 million at December 29, 2007 ($125.3 million at December 30, 2006) as the Company expects such earnings will remain invested overseas indefinitely.

The Company's Board of Directors approved common stock repurchase programs on April 19, 2007 and December 13, 2005. These programs authorize the repurchase of 7.0 million and 3.0 million shares of common stock over a 36-month and 24-month period, respectively, commencing on the effective date of the program. The primary purpose of these stock repurchase programs is to increase shareholder value. The Company intends to continue repurchasing shares of its common stock in open market or privately negotiated transactions, from time-to-time, depending upon market conditions and other factors.

	2007		2006		Cumulative	
Authorization effective date	**Shares repurchased**	**Market price of shares repurchased**	Shares repurchased	Market price of shares repurchased	Shares repurchased	Market price of shares repurchased
April 19, 2007	**3,549,535**	**$ 95,945,000**	-	$ -	3,549,535	$ 95,945,000
December 13, 2005	**1,191,882**	**$ 33,864,000**	1,808,118	42,039,000	3,000,000	75,950,000
October 5, 2004	-	-	18,882	407,000	3,000,000	64,862,000

The Company declared dividends of $18.8 million in 2007, or $.36 per share, which was a 20.0% increase on a per share basis over the $16.5 million, or $.30 per share, declared in 2006. On February 7, 2008, the Company declared a quarterly cash dividend of $.11 per share of common stock, an increase of 22.2% as compared to the same period of 2007. The quarterly dividend is payable on May 1, 2008, to shareholders of record on April 1, 2008.

On June 6, 2005, the Company announced an exclusive global footwear licensing agreement for *Patagonia*® Footwear, with the initial product introduction debuting in Spring 2007.

During the second quarter of 2005, the Company purchased the remaining 5% ownership from the minority stockholder of Wolverine Europe Limited for a purchase price of $2.3 million, making it a wholly-owned subsidiary. The transaction eliminated the minority interest of $.6 million and resulted in goodwill of $1.8 million.

On January 3, 2005, the Company expanded its owned *Cat*® and *Wolverine*® Footwear operations in Canada. This expansion allowed the Company to directly wholesale all of its major brands in Canada. Assets consisting primarily of inventory, fixed assets and amortizable intangible assets totaling $2.1 million and assumed liabilities of $.8 million were acquired from a former *Wolverine*® and *Cat*® Footwear distributor for $2.3 million in cash and resulted in goodwill and intangible assets of approximately $1.0 million. Consolidated pro forma revenue and net earnings, assuming the transaction occurred at the beginning of 2005, were not materially different from reported amounts. Pursuant to SFAS No. 142, goodwill and indefinite-lived intangibles will not be amortized, but will be evaluated for impairment annually. Goodwill was assigned to the Company's branded footwear, apparel and licensing segment. The amortizable intangible assets have a weighted average useful life of approximately ten years.

On January 3, 2005, the Company expanded its owned *Merrell*® operations into Sweden and Finland and its *Sebago*® operations into the U.K. and Germany. Assets consisting primarily of inventory totaling approximately $.5 million were acquired from former distributors for cash.

These acquisitions are discussed further in Note 11 to the consolidated financial statements.

In early October 2006, the European Commission announced definitive anti-dumping duties at rates of 16.5% and 10.0% on imports from China and Vietnam, respectively. These definitive measures became effective October 7, 2006 and will remain in effect until October 6, 2008. The imposition of these anti-dumping measures could have a material impact on the Company's business, results of operations and financial condition.

NEW ACCOUNTING STANDARDS

In September 2006, the Financial Accounting Standards Board (FASB) issued SFAS No. 157, *Fair Value Measurements* ("SFAS No. 157"). SFAS No. 157 establishes a framework for measuring the fair value of assets and liabilities. This framework is intended to provide increased consistency in how fair value determinations are made under various existing accounting standards that permit, or in some cases require, estimates of fair market value. SFAS No. 157 also expands financial statement disclosure requirements about a company's use of fair value measurements, including the effect of such measures on earnings. SFAS No. 157 is effective for fiscal years beginning after November 15, 2007 (fiscal year 2008 for the Company). In February 2008, the FASB issued FASB Staff Position (FSP) 157-2, *Partial Deferral of the Effective Date of Statement 157* ("FSP 157-2"). FSP 157-2 delays the effective date of SFAS No. 157, for all nonfinancial assets and nonfinancial liabilities, except those that are recognized or disclosed at fair value in the financial statements on a recurring basis (at least annually) to fiscal years beginning after November 15, 2008 (fiscal year 2009 for the Company). The adoption is not expected to have a material impact on the Company's consolidated financial statements.

In February 2007, the FASB issued SFAS No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities, including an amendment of FASB Statement No. 115* ("SFAS No. 159"). SFAS No. 159 allows companies to measure many financial instruments and certain other items at fair value that are not currently required to be measured at fair value. SFAS No. 159 is effective for fiscal years beginning after November 15, 2007 (fiscal year 2008 for the Company). While the Company is currently evaluating the provisions of SFAS No. 159, the adoption is not expected to have a material impact on its consolidated financial statements.

In June 2007, the FASB ratified the consensus on Emerging Issues Task Force (EITF) Issue No. 06-11, *Accounting for Income Tax Benefits of Dividends on Share-Based Payment Awards* ("EITF 06-11"). EITF 06-11 requires companies to recognize the income tax benefit realized from dividends or dividend equivalents that are charged to retained earnings and paid to employees for non-vested equity-classified employee share-based payment awards as an increase to additional paid-in capital. EITF 06-11 is effective for fiscal years beginning after December 15, 2007 (fiscal year 2008 for the Company). The adoption is not expected to have a material impact on the Company's consolidated financial statements.

In December 2007 the FASB issued SFAS No. 141(R), *Business Combinations* ("SFAS No. 141(R)"). SFAS No. 141(R) establishes principles and requirements for how the acquirer of a business recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed, and any noncontrolling interest in the acquiree. The statement also provides guidance for recognizing and measuring the goodwill acquired in the business combination and determines what information to disclose to enable users of the financial statement to evaluate the nature and financial effects of the business combination. SFAS No. 141(R) is to be applied prospectively to business combinations for which the acquisition date is on or after an entity's fiscal year that begins after December 15, 2008 (fiscal year 2009 for the Company). The Company expects the adoption will have an impact on the consolidated financial statements when effective, but the nature and magnitude of the specific effects will depend upon the nature, terms and size of the acquisitions consummated after the effective date. The Company will assess the impact of this standard on the consolidated financial statements if and when a future acquisition occurs.

In December 2007, the FASB issued SFAS No. 160, *Noncontrolling Interests in Consolidated Financial Statements - an amendment of ARB No. 51* ("SFAS No. 160"). SFAS No. 160 establishes new accounting and reporting standards for the noncontrolling interest in a subsidiary and for the deconsolidation of a subsidiary. Specifically, this statement requires the recognition of a noncontrolling interest (minority interest) as equity in the consolidated financial statements and separate from the parent's equity. The amount of net income attributable to the noncontrolling interest will be included in consolidated net income on the face of the income statement. SFAS No. 160 clarifies that changes in a parent's ownership interest in a subsidiary that do not result in deconsolidation are equity transactions if the parent retains its controlling financial interest. In addition, this statement requires that a parent recognize a gain or loss in net income when a subsidiary is deconsolidated. Such gain or loss will be measured using the fair value of the noncontrolling equity investment on the deconsolidation date. SFAS No. 160 also includes expanded disclosure requirements regarding the interests of the parent and its noncontrolling interest. SFAS No. 160 is effective for fiscal years, and interim periods within those fiscal years, beginning on or after December 15, 2008 (fiscal year 2009 for the Company). Earlier adoption is prohibited. The Company currently does not have any noncontrolling interests and will assess the impact of this standard on the consolidated financial statements if and when a future acquisition occurs.

CRITICAL ACCOUNTING POLICIES

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

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

REVENUE RECOGNITION

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

The Company records provisions against gross revenue for estimated stock returns and cash discounts in the period when the related revenue is recorded. These estimates are based on factors that include, but are not limited to, historical stock returns, historical discounts taken and analysis of credit memorandum activity. The actual amount of customer returns or allowances, which is uncertain, may differ from the Company's estimates. The Company would record either an increase or decrease to net sales in the period in which it determined an adjustment to be appropriate.

ACCOUNTS RECEIVABLE

The Company maintains an allowance for uncollectible accounts receivable for estimated losses resulting from its customers' inability to make required payments. Company management evaluates the allowance for uncollectible accounts receivable based on a review of current customer status and historical collection experience. Historically, losses have been within the Company's expectations. Adjustments to these estimates may be required if the financial condition of the Company's customers were to change. If the Company were to determine that increases or decreases to the allowance for uncollectible accounts were appropriate, the Company would record either an increase or decrease to general and administrative expenses in the period the Company made such a determination. At December 29, 2007 and December 30, 2006, management believes that it has provided sufficient reserves to address future collection uncertainties.

INVENTORY

The Company values its inventory at the lower of cost or market. Cost is determined by the last-in, first-out (LIFO) method for all domestic raw materials and work-in-process inventories, and certain domestic finished goods inventories. Cost is determined using methods approximating cost under the first-in, first-out (FIFO) method for all raw materials, work-in-process and finished good inventories in foreign countries. The FIFO method is also used for all finished goods inventories of the Company's retail business, due to the unique nature of that operation, and for certain domestic finished goods inventories that were acquired as part of asset purchase transactions. Once elected, the Company has applied these inventory cost valuation methods consistently from year to year. The Company reduces the value of its inventories to the lower of cost or market for excess or obsolete inventories based upon assumptions about future demand and market conditions. If the Company were to determine that the estimated market value of its inventory is less than the carrying value of such inventory, the Company would provide a reserve for such difference as a charge to cost of sales. If actual market conditions are different from those projected, adjustments to those inventory reserves may be required. The adjustments would increase or decrease the Company's cost of sales and net income in the period in which they were realized or recorded. Inventory quantities are verified at various times throughout the year by performing annual physical inventory observations and perpetual inventory cycle count procedures. If the Company determines that adjustments to the inventory quantities are appropriate, an increase or decrease to the Company's cost of sales and inventory would be recorded in the period in which such determination was made. At December 29, 2007 and December 30, 2006, management believes that it has provided sufficient reserves for excess or obsolete inventories.

GOODWILL AND OTHER NON-AMORTIZABLE INTANGIBLES
Goodwill and intangible assets deemed to have indefinite lives are not amortized, but are subject to impairment tests at least annually. The first step of the goodwill impairment test requires that the fair value of the applicable reporting unit be compared with its recorded value. The Company establishes fair value by calculating the present value of the expected future cash flows of the reporting unit. The Company uses assumptions about expected future operating performance in determining estimates of those cash flows, which may differ from actual cash flows. If the recorded values of these assets are not recoverable, based on this discounted cash flow analysis, management performs the next step which compares the fair value of the reporting unit calculated in step one to the fair value of the tangible and intangible assets of the reporting unit, which results in an implied fair value of goodwill. Goodwill is reduced by any shortfall of implied goodwill to its carrying value. Impairment tests for other non-amortizable intangibles require the determination of the fair value of the intangible asset. The carrying value is reduced by any excess over fair value. The Company reviewed the carrying amounts of goodwill and other non-amortizable intangible assets and there was no impairment indicated for the years ended December 29, 2007 or December 30, 2006.

INCOME TAXES
The Company operates in multiple tax jurisdictions both inside and outside the United States. Accordingly, management must determine the appropriate allocation of income in accordance with local law for each of these jurisdictions. The Company believes its tax accruals are adequate to cover exposures related to changes in income allocation between tax jurisdictions. The carrying value of the Company's deferred tax assets assumes that the Company will be able to generate sufficient taxable income in future years to utilize these deferred tax assets. If these assumptions change, the Company may be required to record valuation allowances against its gross deferred tax assets in future years, which would result in additional income tax expense in the Company's consolidated statements of operations. Management evaluates the potential for realizing gross deferred tax assets and assesses the need for valuation allowances on a quarterly basis. The Company did not record a valuation allowance in 2007 or 2006.

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

STOCK-BASED COMPENSATION

The Company accounts for stock-based compensation in accordance with the fair value recognition provisions of SFAS No. 123(R), *Share-Based Payment*. The Company utilizes the Black-Scholes model, which requires the input of subjective assumptions. These assumptions include estimating (a) the length of time employees will retain their vested stock options before exercising them ("expected term"), (b) the volatility of the Company's common stock price over the expected term and (c) the number of options that will ultimately not complete their vesting requirements. Changes in the subjective assumptions can materially affect the estimate of fair value of stock-based compensation and, consequently, the related amounts recognized on the consolidated condensed statements of operations.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company faces market risk to the extent that changes in foreign currency exchange rates affect the Company's foreign assets, liabilities and inventory purchase commitments and to the extent that its long-term debt requirements are affected by changes in interest rates. The Company manages these risks by attempting to denominate contractual and other foreign arrangements in U.S. dollars and by maintaining a significant percentage of its debt on a fixed-rate basis. 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 Annual Report Form 10-K, the Company does not know of or expect there to be any material change in the general nature of its primary market risk exposure in the near term.

Under the provisions of SFAS No. 133, *Accounting for Derivative Instruments and Hedging Activities*, as amended by SFAS Nos. 137 and 138, the Company is required to recognize all derivatives on the balance sheet at fair value. Derivatives that are not qualifying hedges must be adjusted to fair value through earnings. If a derivative is a qualifying hedge, depending on the nature of the hedge, changes in the fair value of derivatives are either offset against the change in fair value of the hedged assets, liabilities or firm commitments through earnings or recognized in accumulated other comprehensive income until the hedged item is recognized in earnings.

The Company conducts wholesale operations outside of the United States in Europe and Canada where the functional currencies are primarily the British pound, euro, and Canadian dollar. The Company utilizes foreign currency forward exchange contracts to manage the volatility associated with inventory purchases made by non-U.S. wholesale operations in foreign currencies in the normal course of business. At December 29, 2007 and December 30, 2006, the Company had outstanding forward currency exchange contracts to purchase $70.4 million and $56.4 million, respectively, of various currencies (principally U.S. dollars) with maturities ranging up to 252 days.

The Company also has production facilities in the Dominican Republic where financial statements reflect U.S. dollars as the functional currency; however, operating costs are paid in the local currency. Royalty revenue generated by the Company from third-party foreign licensees is calculated in the licensees' local currencies, but paid in U.S. dollars. Accordingly, the Company is subject to related foreign currency remeasurement gains and losses in 2008 and beyond.

Assets and liabilities outside the United States are primarily located in the United Kingdom, Canada and The Netherlands. The Company's investments in foreign subsidiaries with a functional currency other than the U.S. dollar are generally considered long-term. Accordingly, the Company does not hedge these net investments. For the year ended December 29, 2007, the strengthening of foreign currencies increased the value of these investments in net assets by $13.6 million. For the year ended December 30, 2006, the strengthening of foreign currencies increased the value of these investments in net assets by $9.5 million.

These changes resulted in cumulative foreign currency translation adjustments at December 29, 2007 and December 30, 2006 of $35.4 million and $21.8 million, respectively, that are deferred and recorded as a component of accumulated other comprehensive income in stockholders' equity.

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

The Company is exposed to changes in interest rates primarily as a result of its long-term debt requirements. The Company's interest rate risk management objectives are to limit the effect of interest rate changes on earnings and cash flows and to effectively manage overall borrowing costs. To achieve its objectives, the Company maintains substantially all fixed-rate debt to take advantage of lower relative interest rates currently available and finances seasonal working capital needs with variable-rate debt. The Company has not historically utilized interest rate swaps or similar hedging arrangements to fix interest rates; however, in 1998 the Company entered into an interest rate lock agreement to fix the interest rate prior to the issuance of 6.5% senior notes in the amount of $75 million. The contract was settled in 1998 and resulted in a prepayment of interest of $2.2 million that is being amortized over the term of the senior notes. The remaining unamortized balance at December 29, 2007 was $.2 million. The amortization of the prepayment creates an effective interest rate of 6.78% on the senior notes.

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

The following table lists required principal payments and related interest rates for the Company's short- and long-term debt by fiscal year of maturity.

							2007		2006	
	2008	2009	2010	2011	2012	There-after	**Total**	**Fair Value**	Total	Fair Value
(Millions of Dollars, Except Percentages)										
Denominated in U.S. Dollars:										
Fixed rate	$10.7	-	-	-	-	-	**$10.7**	**$11.0**	$21.4	$21.7
Average interest rate	6.5%	-	-	-	-	-	**6.5%**	**-**	6.5%	-

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

	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
(Thousands of Dollars)					
Long-term debt	$ 10,714	$ 10,714	$ -	$ -	$ -
Estimated interest on long-term debt	696	696	-	-	-
Capital leases	20	20	-	-	-
Operating leases	159,258	18,702	33,568	26,474	80,514
Purchase obligations (1)	161,804	161,804	-	-	-
Deferred compensation	1,442	295	440	333	374
Pension (2)	3,000	3,000	-	-	-
SERP	18,262	1,772	3,259	3,361	9,870
Dividends declared	10,084	10,084	-	-	-
Minimum royalties	6,676	1,062	2,872	2,742	-
Minimum advertising	12,479	2,023	4,268	4,528	1,660
Total (3)	$ 384,435	$ 210,172	$ 44,407	$ 37,438	$ 92,418

(1) Purchase obligations primarily relate to inventory and capital expenditure commitments.

(2) Pension obligations reflect only planned pension funding as there are currently no required funding obligations under government regulation. Funding amounts are calculated on an annual basis and no required or planned funding beyond one year has been determined.
(3) The Company adopted Financial Interpretation No. 48, *Accounting for Uncertainty in Income Taxes,* ("FIN 48") on December 31, 2006. The total amount of unrecognized tax benefits on the Consolidated Balance Sheet at December 29, 2007 is $2.9 million. At this time, the Company is unable to make a reasonably reliable estimate of the timing of payments in individual years beyond 12 months due to uncertainties in the timing of tax audit outcomes. As a result, this amount is not included in the table above.

The Company had $154.8 million of additional borrowing capacity available under all of its existing credit facilities at December 29, 2007. The Company's additional borrowing capacity is summarized as follows:

	Expiration of availability		
	Total commitments available	Less than 1 year	1 year or greater
(Millions of Dollars)			
Revolving credit	$150.0	$ -	$150.0
Standby letters of credit	4.8	4.8	-

Item 7A. <u>Quantitative and Qualitative Disclosures About Market Risk</u>.

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

Item 8. <u>Financial Statements and Supplementary Data</u>.

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

Item 9. <u>Changes in and Disagreements with Accountants on Accounting and Financial Disclosure</u>.

None.

Item 9A. <u>Controls and Procedures</u>.

Evaluation of Disclosure Controls and Procedures.

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

Management's Report on Internal Control Over Financial Reporting.

Management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Securities Exchange Act Rule 13a-15(f). Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting as of December 29, 2007, based on the framework in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on that evaluation, our management concluded that our internal control over financial reporting was effective as of December 29, 2007.

The effectiveness of the Company's internal control over financial reporting as of December 29, 2007, has been audited by Ernst & Young LLP, an independent registered public accounting firm, as stated in their report, which is included in Appendix A and is incorporated into this Item 9A by reference.

Changes in Internal Control Over Financial Reporting.

There was no change in the Company's internal control over financial reporting that occurred during the sixteen-week period ended December 29, 2007 that has materially affected, or that is reasonably likely to materially affect, the Company's internal control over financial reporting.

Item 9B. Other Information.

None.

PART III

Item 10. Directors and Executive Officers of the Registrant.

The Company's Audit Committee is comprised of four Board members, all of whom are independent under independence standards adopted by the Board and applicable SEC Regulations and New York Stock Exchange standards (including independence standards related specifically to Audit Committee membership). The Audit Committee members each have financial and business experience with companies of substantial size and complexity and have a significant understanding of generally accepted accounting principles, financial statements, internal controls and audit committee functions. The Company's Board of Directors has determined that David T. Kollat and Jeffrey M. Boromisa are audit committee financial experts, as defined by the SEC. Additional information regarding the Audit Committee is provided in the Definitive Proxy Statement of the Company with respect to the Annual Meeting of Stockholders to be held on April 17, 2008, under the caption "Wolverine's Board of Directors" under the subheading "Board Committees and Meetings - Audit Committee."

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

The information regarding directors of the Company contained under the caption "Election of Directors" and under the caption "Wolverine's Board of Directors" under the subheading "Nominees for Terms Expiring in 2011," "Continuing Directors - Terms Expiring in 2010," and "Continuing Directors -

Terms Expiring in 2009" in the definitive Proxy Statement of the Company with respect to the Annual Meeting of Stockholders to be held on April 17, 2008, is incorporated herein by reference.

The information regarding directors and executive officers of the Company under the caption "Related Matters" under the subheading "Section 16(a) Beneficial Ownership Reporting Compliance" in the definitive Proxy Statement of the Company with respect to the Annual Meeting of Stockholders to be held on April 17, 2008, is incorporated herein by reference. Additional information regarding Executive Officers is provided in the Supplemental Item following Item 4 of Part I above.

Item 11. Executive Compensation.

The information contained under the captions "Executive Compensation," "Potential Payments Upon Termination or Change in Control," "Compensation Committee Interlocks and Insider Participation" and "Compensation Committee Report" in the definitive Proxy Statement of the Company with respect to the Annual Meeting of Stockholders to be held on April 17, 2008, is incorporated herein by reference.

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

The information contained under the caption "Ownership of Wolverine Stock" contained in the definitive Proxy Statement of the Company with respect to the Annual Meeting of Stockholders to be held on April 17, 2008, is incorporated herein by reference.

The following table provides information about Wolverine's equity compensation plans as of December 29, 2007:

Equity Compensation Plan Information

Plan Category [1]	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights (a)	Weighted Average Exercise Price of Outstanding Options, Warrants and Rights (b)	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a)) (c)
Equity compensation plans approved by security holders	4,588,245[2][3]	$ 18.46	4,386,758[4]
Equity compensation plans not approved by security holders	-	N/A	-
Total	4,588,245	$ 18.46	4,386,758

Notes to Equity Compensation Plan Information

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

(2) Includes: (i) 4,137,061 stock options awarded to employees under the 1993 Stock Incentive Plan, the 1995 Stock Incentive Plan, the 1997 Stock Incentive Plan, the Stock Incentive Plan of 1999, the Stock Incentive Plan of 2001, the Stock Incentive Plan of 2003 and the Stock Incentive Plan of 2005; and (ii) and 451,184 stock options awarded to non-employee directors under the Stock Incentive Plan of 2005 and the Amended and Restated Directors' Stock Option Plan approved by stockholders in 2002 and the previous Amended and Restated Directors' Stock Option Plan initially adopted in 1988. Column (a) does not include stock units credited to outside directors' fee accounts or retirement accounts under the Outside Directors' Deferred Compensation Plan. Stock units do not have an exercise price. Each stock unit credited to a director's fee account and retirement account under the Outside Directors' Deferred Compensation Plan will be converted into one share of common stock upon distribution. Column (a) also does not include shares of restricted or unrestricted common stock previously issued under the Company's equity compensation plans.

(3) Of this amount, 953,150 options were not exercisable as of December 29, 2007, due to vesting restrictions.

(4) Comprised of: (i) 508,392 shares available for issuance under the Outside Directors' Deferred Compensation Plan upon the retirement of the current directors or upon a change in control; and (ii) 3,878,366 shares issuable under the various employee stock incentive plans. Of these total amounts available, the number of shares with respect to the following plans may be issued other than upon the exercise of an option, warrant or right as of December 29, 2007:

- Outside Directors' Deferred Compensation Plan: 508,392
- Stock Incentive Plan of 1999: 32,428
- Stock Incentive Plan of 2001: 382,966
- Stock Incentive Plan of 2003: 75,852
- Stock Incentive Plan of 2005: 1,693,560

The Outside Directors' Deferred Compensation Plan is a supplemental, unfunded, nonqualified deferred compensation plan for non-employee directors. Beginning in 2006, the Company began paying an annual equity retainer to non-management directors in the form of a contribution under the Outside Directors' Deferred Compensation Plan. Participation in the plan in addition to the annual equity retainer is voluntary. The plan allows participating directors to receive, in lieu of some or all directors' fees, a number of stock units equal to the amount of the deferred directors' fees divided by the fair market value of the Company's common stock on the date of payment of the next cash dividend on the Company's common stock. These stock units are increased by a dividend equivalent based on dividends paid by the Company and the amount of stock units credited to the participating director's fee account and retirement account. Upon distribution, the participating directors receive a number of shares of the Company's common stock equal to the number of stock units to be distributed at that time. Distribution is triggered by termination of service as a director or by a change in control of the Company and can occur in a lump sum, in installments or on another deferred basis. Of the 508,392 shares issuable under the Outside Directors' Deferred Compensation Plan, 194,002 shares have been issued to a trust to satisfy the Company's obligations and are included in shares reported as issued and outstanding as of the record date.

The employee stock incentive plans listed above are equity-based incentive plans for officers, key employees, and, under the Stock Incentive Plan of 2005, directors. Those plans authorize awards of stock options, restricted common stock, common stock and, under certain plans, tax benefit rights, restricted stock units, deferred stock units, and/or stock appreciation rights. The Stock Incentive Plans of 2001 and 2003 specifically limit the number of shares that can be awarded as restricted or unrestricted common stock to 40% and 15%, respectively, of the shares authorized under the plan. The Stock Incentive Plan of 2005 provides that each share of restricted or unrestricted common stock, each restricted stock unit and each stock appreciation right is counted as two shares against the total number of shares authorized under the plan. The number of securities listed as remaining available in column (c) of the table assumes the grant of all stock options, which count as only one share against the total number of shares authorized under the Stock Incentive Plan of 2005. Actual shares available under the Stock Incentive Plan of 2005 will be less to the extent that awards of restricted or unrestricted common stock, restricted stock units or stock appreciation rights are issued from that plan. The numbers provided in this footnote and in column (c) will increase to the extent that options relating to the number of shares listed in column (a) of the table or other outstanding awards (e.g., shares of restricted or unrestricted stock, restricted stock units or stock appreciation rights) previously issued under a plan are canceled, surrendered, modified, exchanged for substitutes or expire or terminate prior to exercise or vesting because the number of shares underlying any such awards will again become available for issuance under the plan under which the award was granted.

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

The information contained under the caption "Related Matters" under the subheading "Certain Relationships and Related Transactions" contained in the definitive Proxy Statement of the Company with respect to the Annual Meeting of Stockholders to be held on April 17, 2008, is incorporated herein by reference. The information contained under the caption "Corporate Governance Principles" under the subheading "Independence" contained in the definitive Proxy Statement of the Company with respect to the Annual Meeting of Stockholders to be held on April 17, 2008, is incorporated herein by reference.

Item 14. Principal Accountant Fees and Services.

The information contained under the caption "Selection of Auditors" in the definitive Proxy Statement of the Company with respect to the Annual Meeting of Stockholders to be held on April 17, 2008, is incorporated herein by reference.

PART IV

Item 15. Exhibits and Financial Statement Schedules.

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

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

- Consolidated Balance Sheets as of December 29, 2007 and December 30, 2006.
- Consolidated Statements of Stockholders' Equity and Comprehensive Income for the Fiscal Years Ended December 29, 2007, December 30, 2006 and December 31, 2005.
- Consolidated Statements of Operations for the Fiscal Years Ended December 29, 2007, December 30, 2006 and December 31, 2005.
- Consolidated Statements of Cash Flows for the Fiscal Years Ended December 29, 2007, December 30, 2006 and December 31, 2005.
- Notes to the Consolidated Financial Statements as of December 29, 2007.
- Reports of Independent Registered Public Accounting Firm.

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

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

- Schedule II--Valuation and Qualifying Accounts of Continuing Operations.

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

Item 15(a)(3). Exhibits.

The following exhibits are filed as part of this report:

Exhibit Number	Document
3.1	Restated Certificate of Incorporation. Previously filed as Exhibit 3.1 to the Company's Annual Report on Form 10-K for the period ended December 30, 2006. Here incorporated by reference.
3.2	Amended and Restated By-laws. Previously filed as Exhibit 3.2 to the Company's Quarterly Report on Form 10-Q for the period ended September 8, 2007. Here incorporated by reference.
4.1	Restated Certificate of Incorporation. See Exhibit 3.1 above.
4.2	Amended and Restated By-laws. See Exhibit 3.2 above.
4.3	Note Purchase Agreement dated as of December 8, 1998, relating to 6.50% Senior Notes due on December 8, 2008. Previously filed as Exhibit 4.7 to the Company's Annual Report on Form 10-K for the fiscal year ended January 1, 2005. Here incorporated by reference.
4.4	The Registrant has several classes of long-term debt instruments outstanding in addition to those described in Exhibits 4.3 and 4.5. The authorized amount of none of these classes of debt exceeds 10% of the Company's total consolidated assets. The Company agrees to furnish copies of any agreement defining the rights of holders of any such long-term indebtedness to the Securities and Exchange Commission upon request.
4.5	Credit Agreement dated as of July 22, 2005, among Wolverine World Wide, Inc. and certain of its subsidiaries, JPMorgan Chase Bank, N.A., as Administrative Agent, Harris, N.A., as Syndication Agent, Comerica Bank, Standard Federal Bank N.A. and National City Bank of the Midwest, as Documentation Agents, and certain other Banks that are parties to the Credit Agreement. Previously filed as Exhibit 10.1 to the Company's Current Report on Form 8-K dated July 28, 2005. Here incorporated by reference.
10.1	Amended and Restated 1993 Stock Incentive Plan.* Previously filed as Exhibit 10.1 to the Company's Annual Report on Form 10-K for the fiscal year ended December 30, 2006. Here incorporated by reference.
10.2	Amended and Restated 1995 Stock Incentive Plan.* Previously filed as Exhibit 10.2 to the Company's Annual Report on Form 10-K for the fiscal year ended December 30, 2006. Here incorporated by reference.
10.3	Amended and Restated 1997 Stock Incentive Plan.* Previously filed as Exhibit 10.3 to the Company's Annual Report on Form 10-K for the fiscal year ended December 30, 2006. Here incorporated by reference.
10.4	Amended and Restated Stock Incentive Plan of 1999.* Previously filed as Exhibit 10.4 to the Company's Annual Report on Form 10-K for the fiscal year ended December 30, 2006. Here incorporated by reference.
10.5	Amended and Restated Stock Incentive Plan of 2001.* Previously filed as Exhibit 10.5 to the Company's Annual Report on Form 10-K for the fiscal year ended December 30, 2006. Here incorporated by reference.

10.6	Amended and Restated Stock Incentive Plan of 2003.* Previously filed as Exhibit 10.6 to the Company's Annual Report on Form 10-K for the fiscal year ended December 30, 2006. Here incorporated by reference.
10.7	Amended and Restated Stock Incentive Plan of 2005.* Previously filed as Exhibit 10.7 to the Company's Annual Report on Form 10-K for the fiscal year ended December 30, 2006. Here incorporated by reference.
10.8	Amended and Restated Directors' Stock Option Plan.* Previously filed as Exhibit 10.8 to the Company's Annual Report on Form 10-K for the fiscal year ended December 30, 2006. Here incorporated by reference.
10.9	Amended and Restated Outside Directors' Deferred Compensation Plan.*
10.10	Amended and Restated Executive Short-Term Incentive Plan (Annual Bonus Plan).* Previously filed as Exhibit 10.2 to the Company's Current Report on Form 8-K filed on April 25, 2007. Here incorporated by reference.
10.11	Amended and Restated Executive Long-Term Incentive Plan (3-Year Bonus Plan).* Previously filed as Exhibit 10.3 to the Company's Current Report on Form 8-K filed on April 25, 2007. Here incorporated by reference.
10.12	Amended and Restated Stock Option Loan Program.*
10.13	Executive Severance Agreement.* Previously filed as Exhibit 10.4 to the Company's Current Report on Form 8-K filed on April 25, 2007. Here incorporated by reference. A participant schedule of current executive officers who are parties to the agreement is attached as Exhibit 10.13.
10.14	Form of Indemnification Agreement.* The Company has entered into an Indemnification Agreement with each director and executive officer. Previously filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed on April 25, 2007. Here incorporated by reference.
10.15	Amended and Restated Benefit Trust Agreement dated April 25, 2007.* Previously filed as Exhibit 10.5 to the Company's Current Report on Form 8-K filed on April 25, 2007. Here incorporated by reference.
10.16	Amended and Restated Supplemental Executive Retirement Plan.* Previously filed as Exhibit 10.16 to the Company's Annual Report on Form 10-K for the fiscal year ended December 30, 2006. Here incorporated by reference. An updated participant schedule of current executive officers participating in the plan is attached as Exhibit 10.16.
10.17	Employees' Pension Plan (Restated as amended through November 30, 2007).*
10.18	Form of Incentive Stock Option Agreement.* Previously filed as Exhibit 10.1 to the Company's Current Report on Form 8-K dated February 9, 2005. Here incorporated by reference.

10.19	Form of Non-Qualified Stock Option Agreement for Stephen L. Gulis, Blake W. Krueger and Timothy J. O'Donovan.* Previously filed as Exhibit 10.2 to the Company's Current Report on Form 8-K dated February 9, 2005. Here incorporated by reference.
10.20	Form of Non-Qualified Stock Option Agreement for employees other than those to whom Exhibit 10.19 applies.* Previously filed as Exhibit 10.3 to the Company's Current Report on Form 8-K dated February 9, 2005. Here incorporated by reference.
10.21	Form of Restricted Stock Agreement.* Previously filed as Exhibit 10.4 to the Company's Current Report on Form 8-K dated February 9, 2005. Here incorporated by reference.
10.22	Form of Incentive Stock Option Agreement.* Previously filed as Exhibit 10.1 to the Company's Current Report on Form 8-K dated February 15, 2006. Here incorporated by reference.
10.23	Form of Non-Qualified Stock Option Agreement for Stephen L. Gulis, Blake W. Krueger and Timothy J. O'Donovan.* Previously filed as Exhibit 10.2 to the Company's Current Report of Form 8-K dated February 15, 2006. Here incorporated by reference.
10.24	Form of Non-Qualified Stock Option Agreement for employees other than those to whom Exhibit 10.23 applies.* Previously filed as Exhibit 10.3 to the Company's Current Report on Form 8-K dated February 15, 2006. Here incorporated by reference.
10.25	Form of Restricted Stock Agreement.* Previously filed as Exhibit 10.4 to the Company's Current Report on Form 8-K dated February 15, 2006. Here incorporated by reference.
10.26	Form of Stock Option Agreement for non-employee directors.* Previously filed as Exhibit 10.23 to the Company's Annual Report on Form 10-K for the fiscal year ended January 1, 2005. Here incorporated by reference.
10.27	Separation and Release Agreement between Wolverine World Wide, Inc. and Cheryl L. Johnson.*
21	Subsidiaries of Registrant.
23	Consent of Ernst & Young LLP.
24	Powers of Attorney.
31.1	Certification of President and Chief Executive Officer under Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Executive Vice President, Chief Financial Officer and Treasurer under Section 302 of the Sarbanes-Oxley Act of 2002.
32	Certification pursuant to 18 U.S.C. § 1350.

*Management contract or compensatory plan or arrangement.

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

SIGNATURES

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

WOLVERINE WORLD WIDE, INC.

Dated: February 26, 2008

By: /s/ Blake W. Krueger

Blake W. Krueger
Chief Executive Officer and President
(Principal Executive Officer)

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

Signature	Title	Date
/s/ Blake W. Krueger Blake W. Krueger	Chief Executive Officer and President (Principal Executive Officer)	February 26, 2008
/s/ Stephen L. Gulis, Jr. Stephen L. Gulis, Jr.	Executive Vice President, Chief Financial Officer and Treasurer (Principal Financial Officer)	February 26, 2008
/s/ Nicholas P. Ottenwess Nicholas P. Ottenwess	Vice President of Finance and Corporate Controller (Principal Accounting Officer)	February 26, 2008
*/s/ Jeffrey M. Boromisa Jeffrey M. Boromisa	Director	February 26, 2008
*/s/ William K. Gerber William K. Gerber	Director	February 26, 2008
*/s/ Alberto L. Grimoldi Alberto L. Grimoldi	Director	February 26, 2008
*/s/ David T. Kollat David T. Kollat	Director	February 26, 2008

*/s/ Brenda J. Lauderback Brenda J. Lauderback	Director	February 26, 2008
/s/ Blake W. Krueger Blake W. Krueger	Director	February 26, 2008
*/s/ Phillip D. Matthews Phillip D. Matthews	Director	February 26, 2008
*/s/ David P. Mehney David P. Mehney	Director	February 26, 2008
*/s/ Timothy J. O'Donovan Timothy J. O'Donovan	Director and Chairman	February 26, 2008
*/s/ Shirley D. Peterson Shirley D. Peterson	Director	February 26, 2008
*/s/ Michael A. Volkema Michael A. Volkema	Director	February 26, 2008
*By /s/ Blake W. Krueger Blake W. Krueger Attorney-in-Fact	Chief Executive Officer and President	February 26, 2008

APPENDIX A

Financial Statements

CONSOLIDATED BALANCE SHEETS

(Thousands of Dollars)		As of Fiscal Year End **2007**		2006
ASSETS				
Current assets:				
Cash and cash equivalents	**$**	**76,087**	$	124,663
Accounts receivable, less allowances (2007 - $13,643; 2006 - $13,320)		**179,934**		152,608
Inventories				
Finished products		**148,925**		168,603
Raw materials and work-in-process		**16,927**		15,656
		165,852		184,259
Deferred income taxes		**11,909**		8,346
Prepaid expenses and other current assets		**11,859**		15,437
Total current assets		**445,641**		485,313
Property, plant and equipment:				
Land		**882**		882
Buildings and improvements		**76,678**		71,687
Machinery and equipment		**149,944**		146,967
Software		**60,702**		58,187
		288,206		277,723
Less accumulated depreciation		**202,789**		189,771
		85,417		87,952
Other assets:				
Goodwill		**39,573**		38,776
Other non-amortizable intangibles		**8,936**		8,506
Cash surrender value of life insurance		**32,886**		31,739
Pension assets		**17,752**		10,233
Deferred income taxes		**3,877**		3,736
Other		**4,296**		4,837
		107,320		97,827
Total assets	**$**	**638,378**	$	671,092
LIABILITIES AND STOCKHOLDERS' EQUITY				
Current liabilities:				
Accounts payable	**$**	**51,551**	$	47,420
Salaries, wages and other compensation		**18,475**		19,254
Income taxes		**3,911**		6,435
Taxes, other than income taxes		**5,855**		4,414
Other accrued expenses		**32,109**		32,662
Current maturities of long-term debt		**10,731**		10,730
Total current liabilities		**122,632**		120,915

Long-term debt, less current maturities	**-**	10,741
Deferred compensation	**10,204**	11,026
Accrued pension liabilities	**25,684**	22,744
Other liabilities	**1,079**	1,107
Stockholders' equity:		
Common stock, $1 par value: authorized 160,000,000 shares; shares issued, including treasury shares: 2007 - 61,085,123; 2006 - 60,468,000	**61,085**	60,468
Additional paid-in capital	**47,786**	31,341
Retained earnings	**591,706**	519,815
Accumulated other comprehensive income	**22,268**	3,923
Cost of shares in treasury: 2007 - 9,850,299 shares; 2006 - 5,005,487 shares	**(244,066)**	(110,988)
Total stockholders' equity	**478,779**	504,559
Total liabilities and stockholders' equity	**$ 638,378**	$ 671,092

( ) Denotes deduction.
See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY AND COMPREHENSIVE INCOME

	Fiscal Year		
	2007	2006	2005
(Thousands of Dollars, Except Per Share Data)			
COMMON STOCK			
Balance at beginning of the year	**$ 60,468**	$ 59,212	$ 67,350
Common stock issued under stock incentive plans (2007 - 618,123 shares; 2006 - 1,255,286 shares; 2005 - 1,214,857 shares)	**617**	1,256	1,214
Impact of stock split on treasury shares	**-**	-	(9,352)
Balance at end of the year	**61,085**	60,468	59,212
ADDITIONAL PAID-IN CAPITAL			
Balance at beginning of the year	**31,341**	13,203	99,518
Stock-based compensation expense	**8,316**	7,155	**-**
Reclassification of unearned compensation upon adoption of SFAS No. 123(R)	**-**	(5,873)	**-**
Amounts associated with common stock issued under stock incentive plans:			
Proceeds over par value	**4,603**	12,254	14,609
Income tax benefits	**3,572**	4,672	3,720
Impact of stock split on treasury shares	**-**	-	(104,726)
Issuance of treasury shares (2007 - 12,661 shares; 2006 - 14,511 shares; 2005 - 11,662 shares)	**47**	55	12
Net change in employee notes receivable	**(93)**	(125)	70
Balance at end of the year	**47,786**	31,341	13,203
RETAINED EARNINGS			
Balance at beginning of the year	**519,815**	452,672	437,406
Impact of stock split on treasury shares	**-**	-	(44,725)
Net earnings	**92,886**	83,647	74,467
Cash dividends declared (2007 - $.36 per share; 2006 - $.30 per share; 2005 - $.26 per share)	**(18,844)**	(16,504)	(14,476)
Cumulative effect of adopting FIN 48 (See Note 7)	**(509)**	-	-
Pension adjustments (See Note 6)	**(1,642)**	-	-
Balance at end of the year	**591,706**	519,815	452,672
ACCUMULATED OTHER COMPREHENSIVE INCOME			
Balance at beginning of the year	**3,923**	9,398	19,446
Foreign currency translation adjustments	**13,643**	9,548	(11,544)
Change in fair value of foreign exchange contracts, net of taxes (2007 - $929; 2006 - $901; 2005 - $1,280)	**(1,007)**	(1,657)	2,085
Pension adjustments, net of taxes (2007 - ($3,396); 2006 - $6,885; 2005 - $303)	**5,709**	(13,366)	(589)
Balance at end of the year	**22,268**	3,923	9,398

UNEARNED COMPENSATION			
Balance at beginning of the year	**-**	(5,873)	(4,955)
Awards under restricted stock incentive plans	**-**	-	(4,190)
Compensation expense	**-**	-	3,272
Reclassification of unearned compensation upon adoption of SFAS No. 123(R)	**-**	5,873	**-**
Balance at end of the year	**-**	-	(5,873)
COST OF SHARES IN TREASURY			
Balance at beginning of the year	**(110,988)**	(66,291)	(160,474)
Common stock purchased for treasury (2007 - 4,587,473 shares; 2006 - 1,937,450 shares; 2005 - 2,994,210 shares)	**(133,379)**	(45,009)	(64,856)
Issuance of treasury shares (2007 - 12,661 shares; 2006 - 14,511 shares; 2005 - 11,662 shares)	**301**	312	236
Impact of stock split on treasury shares	**-**	-	158,803
Balance at end of the year	**(244,066)**	(110,988)	(66,291)
Total stockholders' equity at end of the year	**$ 478,779**	$ 504,559	$ 462,321
COMPREHENSIVE INCOME			
Net earnings	**$ 92,886**	$ 83,647	$ 74,467
Foreign currency translation adjustments	**13,643**	9,548	(11,544)
Change in fair value of foreign exchange contracts, net of taxes	**(1,007)**	(1,657)	2,085
Pension liability adjustment, net of taxes	**5,709**	(306)	(589)
Total comprehensive income	**$ 111,231**	$ 91,232	$ 64,419

( ) Denotes deduction.
See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF OPERATIONS

	Fiscal Year		
	2007	2006	2005
(Thousands of Dollars, Except Per Share Data)			
Revenue	**$ 1,198,972**	$ 1,141,887	$ 1,060,999
Cost and expenses:			
Cost of products sold	**727,041**	700,349	655,800
Selling and administrative expenses	**333,151**	318,243	291,891
Interest expense	**2,470**	2,973	3,647
Interest income	**(3,134)**	(3,175)	(1,736)
Other expense	**873**	1,205	150
	1,060,401	1,019,595	949,752
Earnings before income taxes	**138,571**	122,292	111,247
Income taxes	**45,685**	38,645	36,780
Net earnings	**$ 92,886**	$ 83,647	$ 74,467
Net earnings per share:			
Basic	**$ 1.77**	$ 1.52	$ 1.33
Diluted	**1.70**	1.47	1.27

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Fiscal Year		
	2007	2006	2005
(Thousands of Dollars)			
OPERATING ACTIVITIES			
Net earnings	**$ 92,886**	$ 83,647	$ 74,467
Adjustments necessary to reconcile net earnings to net cash provided by operating activities:			
Depreciation	**20,223**	21,024	19,470
Amortization	**2,568**	968	593
Deferred income taxes	**(5,660)**	(8,543)	(4,908)
Stock-based compensation expense	**8,316**	7,155	3,272
Excess tax benefits from stock-based compensation	**(2,620)**	(3,599)	-
Pension	**2,884**	7,254	6,221
Other	**4,339**	3,498	2,378
Changes in operating assets and liabilities:			
Accounts receivable	**(21,530)**	6,409	(7,739)
Inventories	**22,450**	(18,764)	19,375
Other operating assets	**3,141**	(3,382)	11,221
Accounts payable	**3,140**	5,434	(4,862)
Other operating liabilities	**(6,849)**	8,588	(2,153)
Net cash provided by operating activities	**123,288**	109,689	117,335
INVESTING ACTIVITIES			
Business acquisitions, net of cash acquired	**-**	-	(4,602)
Additions to property, plant and equipment	**(17,879)**	(17,067)	(19,160)
Other	**(4,441)**	(2,039)	3,599
Net cash used in investing activities	**(22,320)**	(19,106)	(20,163)
FINANCING ACTIVITIES			
Proceeds from long-term borrowings	**168,287**	61,685	69,972
Payments of long-term debt	**(179,026)**	(72,624)	(81,465)
Cash dividends paid	**(18,391)**	(16,079)	(14,814)
Purchase of common stock for treasury	**(133,379)**	(45,009)	(64,856)
Proceeds from shares issued under stock incentive plans	**5,662**	13,752	11,951
Excess tax benefits from stock-based compensation	**2,620**	3,599	-
Net cash used in financing activities	**(154,227)**	(54,676)	(79,212)
Effect of foreign exchange rate changes	**4,683**	3,498	(4,874)
Increase (decrease) in cash and cash equivalents	**(48,576)**	39,405	13,086
Cash and cash equivalents at beginning of the year	**124,663**	85,258	72,172
Cash and cash equivalents at end of the year	**$ 76,087**	$ 124,663	$ 85,258
OTHER CASH FLOW INFORMATION			
Interest paid	**$ 1,916**	$ 2,545	$ 3,171
Net income taxes paid	**48,336**	35,784	27,207

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

NATURE OF OPERATIONS

Wolverine World Wide, Inc. (NYSE: WWW) is a leading designer, manufacturer and marketer of a broad line of quality casual shoes, performance outdoor footwear, apparel, work shoes and boots, and uniform shoes and boots. The Company's global portfolio of owned and licensed brands includes: *Bates*®, *Cat*® Footwear, *Harley-Davidson*® Footwear, *Hush Puppies*®, *HyTest*®, *Merrell*®, *Patagonia*® Footwear, *Sebago*®, *Stanley*® Footgear and *Wolverine*®. Apparel and licensing programs are utilized to extend the Company's owned brands into product categories beyond footwear. The Company also operates a retail division to showcase its brands and branded footwear and apparel from other manufacturers, a tannery that produces *Wolverine Performance Leathers*™ and a pigskin procurement operation.

PRINCIPLES OF CONSOLIDATION

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

FISCAL YEAR

The Company's fiscal year is the 52- or 53-week period that ends on the Saturday nearest to December 31. Fiscal years presented in this report include the 52-week periods ended December 29, 2007, December 30, 2006 and December 31, 2005.

USE OF ESTIMATES

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

REVENUE RECOGNITION

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

The Company records provisions against gross revenue for estimated stock returns and cash discounts in the period when the related revenue is recorded. These estimates are based on factors that include, but are not limited to, historical stock returns, historical discounts taken and analysis of credit memorandum activity.

COST OF PRODUCTS SOLD

Cost of products sold for the Company's operations include the actual product costs, including inbound freight charges, purchasing, sourcing, inspection and receiving costs. Warehousing costs are included in selling and administrative expenses.

SHIPPING AND HANDLING COSTS

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

CASH EQUIVALENTS

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

ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS

The Company maintains an allowance for uncollectible accounts receivable for estimated losses resulting from its customers' inability to make required payments. Company management evaluates the allowance for uncollectible accounts receivable based on a review of current customer status and historical collection experience. Adjustments to these estimates may be required if the financial condition of the Company's customers were to change. The Company does not require collateral or other security on trade accounts receivable.

INVENTORIES

Inventories are valued at the lower of cost or market. Cost is determined by the last-in, first-out (LIFO) method for all domestic raw materials and work-in-process inventories, and certain U.S. finished goods inventories. Cost is determined using methods approximating cost under the first-in, first-out (FIFO) method for all raw materials, work-in-process and finished goods inventories in foreign countries. The FIFO method is also used for all finished goods inventories of the Company's retail business, due to the unique nature of that operation, and for certain U.S. finished goods inventories that were acquired as part of asset purchase transactions. Once elected, the Company has applied these inventory cost valuation methods consistently from year to year.

PROPERTY, PLANT AND EQUIPMENT

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

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

GOODWILL AND OTHER INTANGIBLES

Goodwill represents the excess of the purchase price over the fair value of net tangible and identifiable intangible assets of acquired businesses. Other intangibles consist primarily of trademarks, brand names, patents and customer relationships. Goodwill and intangible assets deemed to have indefinite lives are not amortized, but are subject to impairment tests at least annually in accordance with Statement of Financial Accounting Standards (SFAS) No. 142, *Goodwill and Other Intangible Assets*. The Company reviews the carrying amounts of goodwill and other non-amortizable intangible assets annually by reporting unit to determine if such assets may be impaired. If the carrying amounts of these assets are not recoverable based upon a discounted cash flow analysis, such assets are reduced by the estimated shortfall of fair value to recorded value. Other amortizable intangible assets (principally patents) are amortized using the straight-line method over their estimated useful lives (periods ranging from two to ten years). Other amortizable intangible assets are included in other assets on the consolidated balance sheets and have net carrying amounts of $3,487,000 and $3,389,000 for 2007 and 2006, respectively, and accumulated amortization of $4,986,000 and $2,457,000 for 2007 and 2006, respectively. Estimated aggregate amortization expense for such intangibles for each of the five fiscal years subsequent to 2007 is as follows: 2008 - $1,197,000; 2009 - $1,046,000; 2010 - $781,000; 2011 - $343,000; 2012 - $60,000.

The Company has performed the required annual impairment tests and has determined that there was no impairment indicated for recorded goodwill and other non-amortizable intangibles.

The changes in the carrying amount of goodwill and other non-amortizable intangibles for the years ended December 29, 2007 and December 30, 2006 are as follows:

	Goodwill	Trademarks	Total
(Thousands of Dollars)			
Balance at December 31, 2005	$ 35,624	$ 8,347	$ 43,971
Intangibles acquired	-	277	277
Trademark disposals	-	(118)	(118)
Foreign currency translation effects	3,152	-	3,152
Balance at December 30, 2006	$ 38,776	$ 8,506	$ 47,282
Intangibles acquired	**-**	**430**	**430**
Foreign currency translation effects	**797**	**-**	**797**
Balance at December 29, 2007	**$ 39,573**	**$ 8,936**	**$ 48,509**

IMPAIRMENT OR DISPOSAL OF LONG-LIVED ASSETS

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

STOCK-BASED COMPENSATION

Prior to January 1, 2006, the Company followed Accounting Principles Board (APB) Opinion No. 25 *, Accounting for Stock Issued to Employees*, and related Interpretations, in accounting for its stock incentive plans. The Company did not recognize stock-based compensation expense related to employee stock options in its statements of operations for periods prior to the adoption of SFAS No. 123(R), *Share-Based Payment*, as options granted had an exercise price equal to the market value of the underlying common stock on the date of grant. Effective January 1, 2006, the Company adopted the fair value recognition provisions of SFAS No. 123(R) using the modified prospective transition method. Under that transition method, compensation cost recognized in the years ended December 29, 2007 and December 30, 2006 includes: (a) compensation cost for all stock-based payments granted prior to, but not yet vested as of January 1, 2006, based on the grant date fair value estimate in accordance with the original provisions of SFAS No. 123, *Accounting for Stock-Based Compensation*, and (b) compensation cost for all stock-based payments granted subsequent to January 1, 2006, based on the grant date fair value estimated in accordance with the provisions of SFAS No. 123(R). Results of prior periods have not been restated.

The Company recognized compensation costs of $8,316,000 and $7,155,000 and related income tax benefits of $2,092,000 and $1,967,000 for its stock-based compensation plans in the statements of operations for the years ended December 29, 2007 and December 30, 2006, respectively. Compensation costs capitalized as part of inventory and property, plant and equipment were not material.

Pro forma information regarding net earnings and earnings per share has been determined as if the Company had applied the fair value recognition provisions of SFAS No. 123 to its stock awards for all periods presented. For purposes of pro forma disclosures, the estimated fair values of stock options are amortized to expense over the related vesting periods and awards subject to acceleration of vesting upon retirement are recognized over the explicit service period up to the date of actual retirement. The Company's pro forma information under SFAS No. 123 is as follows:

		2005
(Thousands of Dollars, Except Per Share Data)		
Net earnings, as reported	$	74,467
Add: Total stock-based employee compensation expense included in reported net income, net of related tax effects		3,272
Deduct: Total stock-based employee compensation expense determined under fair value method for all awards, net of related tax effects		7,266
Pro forma net earnings	$	70,473
Net earnings per share:		
Basic-as reported	$	1.33
Basic-pro forma		1.26
Diluted-as reported		1.27
Diluted-pro forma		1.20

The Company estimated the fair value of employee stock options on the date of grant using the Black-Scholes model. The estimated weighted-average fair value for each option granted was $6.87, $5.29 and $5.10 per share in 2007, 2006 and 2005, respectively, with the following weighted-average assumptions:

	2007	2006	2005
Expected market price volatility (1)	**23.3%**	24.5%	23.9%
Risk-free interest rate (2)	**4.8%**	4.6%	3.7%
Dividend yield (3)	**1.4%**	1.4%	1.1%
Expected term (4)	**4 years**	4 years	4 years

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

Stock-based compensation expense recognized in the consolidated condensed statements of operations for the years ended December 29, 2007 and December 30, 2006 has been reduced for estimated forfeitures, as it is based on awards ultimately expected to vest. SFAS No. 123(R) requires forfeitures to be estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates. Forfeitures were estimated based on historical experience. In the Company's pro forma information required under SFAS No. 123 for the periods prior to fiscal 2006, the Company accounted for forfeitures as they occurred. The cumulative effect of the change in accounting for forfeitures was not material.

ADVERTISING COSTS

Advertising costs are expensed as incurred and customer specific advertising dollars are expensed when earned by customers. Total advertising expense was $45,982,000 in 2007, $42,037,000 in 2006 and $40,059,000 in 2005, and includes customer specific advertising dollars of $12,160,000 in 2007,

$9,327,000 in 2006 and $6,445,000 in 2005. The Company provides sales incentives to certain retail customers in the form of a cooperative advertising program and accounts for this in accordance with EITF 01-9, *Accounting for Consideration Given by a Vendor to a Customer (Including a Reseller of the Vendor's Products)*. Under this program, customers are reimbursed for Company-approved advertising expenditures where the value to the Company is objectively verifiable.

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

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

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

	2007	2006	2005
Weighted average shares outstanding during the year	**53,140,581**	55,655,822	57,241,893
Adjustment for nonvested restricted common stock	**(641,088)**	(802,624)	(1,098,177)
Denominator for basic earnings per share	**52,499,493**	54,853,198	56,143,716
Effect of dilutive stock options	**1,586,804**	1,622,103	1,742,344
Adjustment for nonvested common stock - treasury method	**401,369**	455,806	789,065
Denominator for diluted earnings per share	**54,487,666**	56,931,107	58,675,125

Options to purchase 546,247 shares of common stock in 2007, 507,775 shares in 2006 and 516,335 shares in 2005 have not been included in the denominator for the computation of diluted earnings per share because the related exercise prices were greater than the average market price for the period and, therefore, they were antidilutive.

STOCK SPLIT
On December 15, 2004, the Company announced a three-for-two stock split in the form of a stock dividend on shares of common stock outstanding at January 3, 2005 that was distributed to stockholders on February 1, 2005. All share and per share amounts in the consolidated financial statements and related notes have been adjusted for all periods to reflect the stock split. Treasury shares were not split in the transaction; however, in conjunction with the stock split, 9,352,361 shares of treasury stock were issued to fund a portion of the transaction.

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

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT
The Company's financial instruments consist of cash and cash equivalents, accounts and notes receivable, accounts and notes payable and long-term debt. Except for fixed rate long-term debt with a carrying value of $10,714,000 and a fair value of $10,976,000 at December 29, 2007 and a carrying value of $21,429,000 and a fair value of $21,723,000 at December 30, 2006, the Company's estimate of the fair

values of these financial instruments approximates their carrying amounts for the respective years. Fair value was determined using discounted cash flow analyses and current interest rates for similar instruments. The Company does not hold or issue financial instruments for trading purposes.

The Company follows SFAS No. 133, *Accounting for Derivative Instruments and Hedging Activities* , as amended by SFAS Nos. 137 and 138, which requires that all derivative instruments be recorded on the consolidated balance sheets at fair value and establishes criteria for designation and effectiveness of hedging relationships. The Company utilizes foreign currency forward exchange contracts to manage the volatility associated with inventory purchases made by non-U.S. wholesale operations in foreign currencies in the normal course of business. At December 29, 2007 and December 30, 2006, foreign exchange contracts with a notional value of $70,357,000 and $56,399,000, respectively, were outstanding to purchase various currencies (principally U.S. dollars) with maturities ranging up to 252 days. These contracts have been designated as cash flow hedges. As of December 29, 2007 and December 30, 2006, liabilities of $1,918,000 and $1,352,000, respectively, have been recognized for the fair value of the foreign currency forward exchange contracts.

The fair value of the foreign currency forward exchange contracts represents the estimated receipts or payments necessary to terminate the contracts. Hedge effectiveness is evaluated by the hypothetical derivative method. Any hedge ineffectiveness is reported within the cost of products sold caption of the consolidated statements of operations. Hedge ineffectiveness was not material in 2007 or 2006. If, in the future, the foreign exchange contracts are determined to be ineffective hedges or terminated before their contractual termination dates, the Company would be required to reclassify into earnings all or a portion of the unrealized amounts related to the cash flow hedges that are currently included in accumulated other comprehensive income within stockholders' equity.

COMPREHENSIVE INCOME

Comprehensive income represents net earnings and any revenue, expenses, gains and losses that, under accounting principles generally accepted in the United States, are excluded from net earnings and recognized directly as a component of stockholders' equity.

Ending accumulated other comprehensive income is as follows:

	2007	2006
(Thousands of Dollars)		
Foreign currency translation adjustments	**$ 35,433**	$ 21,790
Foreign currency cash flow hedge adjustments, net of taxes (2007 - $1,543; 2006 - $614)	**(2,055)**	(1,048)
Pension adjustments, net of taxes (2007 - $5,268; 2006 - $8,664)	**(11,110)**	(16,819)
Accumulated other comprehensive income	**$ 22,268**	$ 3,923

RECLASSIFICATIONS

Certain amounts previously reported in 2006 and 2005 have been reclassified to conform with the presentation used in 2007.

2. Inventories

Inventories of $61,070,000 at December 29, 2007 and $71,420,000 at December 30, 2006 have been valued using the LIFO method. If the FIFO method had been used, inventories would have been $8,983,000 and $8,191,000 higher than reported at December 29, 2007 and December 30, 2006, respectively.

3. Debt

Long-term debt consists of the following obligations:

(Thousands of Dollars)	**2007**	2006
6.5% senior notes payable	**$ 10,714**	$ 21,429
Other	**17**	42
	10,731	21,471
Less current maturities	**10,731**	10,730
	$ -	$ 10,741

The 6.5% unsecured senior notes payable require annual principal payments of $10,714,000 due through the maturity date of December 8, 2008. In connection with the issuance of these senior notes, the Company entered into an interest rate lock agreement with a bank that was settled in 1998 and resulted in a prepayment of interest of $2,200,000. This prepayment is being amortized over the remaining term of the notes using the effective interest method. The remaining unamortized balance at December 29, 2007 was $231,000.

The Company has an unsecured revolving credit agreement that allows for borrowings up to $150,000,000, subject to increase or decrease as specified in the credit agreement. This agreement, which expires in July 2010, requires that interest be paid at a variable rate based on one of the following options elected by the Company: prime, LIBOR or money market rate plus applicable spread. No amounts were outstanding under revolving credit facilities at December 29, 2007 or December 30, 2006.

The Company had commercial letters of credit outstanding of $2,060,000 and $2,813,000 at December 29, 2007 and December 30, 2006, respectively.

The long-term loan agreements contain restrictive covenants that, among other things, require the Company to maintain certain financial ratios and minimum levels of consolidated net worth. At December 29, 2007, the Company was in compliance with all restrictive covenants. The agreements also impose restrictions on securing additional debt, sale and merger transactions and the disposition of significant assets.

Interest costs of $237,000 in 2007, $170,000 in 2006 and $208,000 in 2005 were capitalized in connection with various capital improvement and computer hardware and software installation projects.

4. Leases

The Company leases machinery, equipment and certain warehouse, office and retail store space under operating lease agreements that expire at various dates through 2023. Certain leases contain renewal provisions and generally require the Company to pay utilities, insurance, taxes and other operating expenses. At December 29, 2007, minimum rental payments due under all noncancelable leases were as follows: 2008 - $18,702,000; 2009 - $18,260,000; 2010 - $15,308,000; 2011 - $13,648,000; 2012 - $12,826,000; thereafter - $80,514,000.

Rental expense under all operating leases consisted primarily of minimum rentals and totaled $14,681,000 in 2007, $13,934,000 in 2006 and $12,403,000 in 2005.

5. Capital Stock

The Company has 2,000,000 authorized shares of $1 par value preferred stock, of which none is issued or outstanding. The Company had designated 500,000 shares of preferred stock as Series B junior participating preferred stock for possible future issuance under a preferred stock rights plan.

As of December 29, 2007, the Company had stock options outstanding or available for grant under stock incentive plans adopted in 1993, 1995, 1997, 1999, 2001, 2003 and 2005. Shares of restricted stock may also be granted under each of these plans, with the exception of the 1993, 1995 and 1997 plans. As of

December 29, 2007, the Company had approximately 3,387,120 stock incentive units available for issuance under the Stock Incentive Plan of 2005. Under the provisions of the Stock Incentive Plan of 2005, each option granted counts as one stock incentive unit and each share of restricted stock granted counts as two stock incentive units. In addition, as of December 29, 2007, the Company had approximately 491,246 stock incentive units available for grant under the balance of its other plans. Options granted under each plan have an exercise price equal to the fair market value of the underlying stock on the grant date, expire no later than ten years from the grant date and generally vest over three years. Common stock issued under these plans is subject to certain restrictions, including a prohibition against any sale, transfer or other disposition by the officer or employee during the vesting period (except for certain transfers for estate planning purposes for certain officers) and a requirement to forfeit all or a certain portion of the award upon certain terminations of employment or upon failure to achieve performance criteria in certain instances. These restrictions typically lapse over a three- to five-year period from the date of the award. The Company has elected to recognize expense for these stock-based incentive plans ratably over the vesting term on a straight-line basis. Certain option and restricted share awards provide for accelerated vesting under various scenarios, including retirement and upon a change in control of the Company. With regard to acceleration of vesting upon retirement, employees of eligible retirement age are vested in accordance with plan provisions and applicable stock option and restricted stock agreements. The Company issues shares to plan participants upon exercise or vesting of stock-based incentive awards from either authorized, but unissued, shares or treasury shares.

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

	Shares Under Option	Weighted-Average Exercise Price	Average Remaining Contractual Term *(Years)*	Aggregate Intrinsic Value
Outstanding at January 1, 2005	5,582,349	$13.14		
Granted	643,695	22.89		
Exercised	(1,166,838)	11.62		
Cancelled	(18,494)	16.30		
Outstanding at December 31, 2005	5,040,712	$14.72	5.6	$39,201,000
Granted	735,210	22.71		
Exercised	(1,168,639)	12.51		
Cancelled	(32,338)	20.46		
Outstanding at December 30, 2006	4,574,945	$16.53	5.6	$54,873,000
Granted	**623,577**	**30.16**		
Exercised	**(551,020)**	**14.67**		
Cancelled	**(59,257)**	**27.73**		
Outstanding at December 29, 2007	**4,588,245**	**$18.46**	**5.4**	**$31,096,000**
Estimated forfeitures	**(13,852)**			
Vested or expected to vest at December 29, 2007	**4,574,393**	**$18.43**	**5.3**	**$31,086,000**
Nonvested at December 29, 2007 and expected to vest	**(939,298)**			
Exercisable at December 29, 2007	**3,635,095**	**$16.22**	**4.5**	**$30,303,000**

The total pre-tax intrinsic value of options exercised during the year ended December 29, 2007 was $7,498,000. As of December 29, 2007, there was $2,498,000 of unrecognized compensation cost related to stock option awards that is expected to be recognized over a weighted-average period of 1.2 years.

The aggregate intrinsic value in the preceding table represents the total pre-tax intrinsic value, based on the Company's closing stock price of $24.50 as of December 29, 2007, which would have been received by the option holders had all option holders exercised in-the-money options as of that date. The total number of in-the-money options exercisable as of December 29, 2007 was 3,591,347. As of December 30, 2006, 3,897,145 outstanding options were exercisable, and the weighted-average exercise price was $15.46.

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

	Shares	Weighted-Average Grant Date Fair Value
Nonvested at January 1, 2005	905,562	$ 11.85
Granted	188,150	23.03
Vested	(159,821)	10.80
Forfeited	-	-
Nonvested at December 31, 2005	933,891	$ 14.28
Granted	178,950	22.59
Vested	(324,735)	12.06
Forfeited	(12,296)	17.09
Nonvested at December 30, 2006	775,810	$ 17.09
Granted	**146,950**	**30.17**
Vested	**(335,695)**	**14.81**
Forfeited	**(13,684)**	**27.64**
Nonvested at December 29, 2007	**573,381**	**$ 21.52**

As of December 29, 2007, there was $3,732,000 of unrecognized compensation cost related to nonvested share-based compensation arrangements granted under restricted stock award plans. That cost is expected to be recognized over a weighted-average period of 1.6 years. The total fair value of shares vested during the year ended December 29, 2007 was $9,793,000.

6. Retirement Plans

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

The Company has a Supplemental Executive Retirement Plan ("SERP") for certain current and former employees that entitles them to receive payments from the Company following retirement based on the employees' years of service and final average earnings (as defined in the SERP). Under the SERP, the employees can elect early retirement with a corresponding reduction in benefits. The Company also has individual deferred compensation agreements with certain former employees that entitle them to receive payments from the Company for a period of fifteen to eighteen years following retirement. The Company maintains life insurance policies with a cash surrender value of $32,157,000 at December 29, 2007 and $31,025,000 at December 30, 2006 that are intended to fund deferred compensation benefits under the SERP and deferred compensation agreements.

The Company has a defined contribution money accumulation plan ("MAP") covering substantially all domestic employees that provides for Company contributions based on earnings. Prior to January 1, 2007, this plan was combined with the principal defined benefit pension plan for funding purposes under Code Section 414(k) of the Internal Revenue Code ("IRC"). On January 1, 2007, the assets and projected benefit obligation attributable to the Code Section 414(k) arrangement were split off from the defined benefit pension plan and merged with the MAP. The Company recognized expense for the MAP of $2,078,000 in 2007, $2,100,000 in 2006 and $2,031,000 in 2005. The Company has certain defined contribution plans at foreign subsidiaries. Contributions to these plans were $1,327,000 in 2007, $978,000 in 2006 and $962,000 in 2005. The Company also has a defined benefit plan at a foreign location that provides for retirement benefits based on years of service. The obligation recorded under this plan was $2,466,000 at December 29, 2007 and $2,500,000 at December 30, 2006 with the majority recognized in the deferred compensation liability on the accompanying balance sheet.

On December 30, 2006, the Company adopted the recognition and disclosure provisions of SFAS No. 158, *Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans* . SFAS No. 158 requires the Company to recognize the funded status of its pension plans in the December 30, 2006 consolidated balance sheets, with a corresponding adjustment to accumulated other comprehensive income, net of tax. The adjustment to accumulated other comprehensive income at adoption represents the net unrecognized actuarial losses and unrecognized prior service costs, which were previously netted against the plan's funded status in the Company's consolidated balance sheets pursuant to the provisions of SFAS No. 87, *Employers' Accounting for Pensions*. These amounts will be subsequently recognized as a component of net periodic pension cost on the same basis as the amounts recognized in accumulated other comprehensive income at adoption of SFAS No. 158.

The incremental effects of adopting the provisions of SFAS No. 158 on the Company's consolidated balance sheets at December 30, 2006 are presented in the following table. There was no effect on the Company's consolidated statements of operations for the year ended December 30, 2006, or for any prior period presented, and it will not affect the Company's operating results in future periods.

	Before Implementation of SFAS No. 158	Change Due to SFAS No. 158	After Implementation of SFAS No. 158
(Thousands of Dollars)			
Assets:			
Prepaid pension cost	$ 28,443	$ (18,210)	$ 10,233
Deferred income taxes	1,936	6,728	8,664
Intangible asset - pension	854	(854)	-
Total assets	$ 31,233	$ (12,336)	$ 18,897
Liabilities and Stockholders' Equity:			
Accrued pension liabilities	$ 21,166	$ 1,578	$ 22,744
Accumulated other comprehensive income	(3,759)	(13,060)	(16,819)
Total liabilities and stockholders' equity	$ 17,407	$ (11,482)	$ 5,925

Effective in 2007, the Company adopted the measurement date provisions of SFAS No. 158 requiring the measurement date of the defined benefit pension plans to correspond with the Company's fiscal year end. As a result, the Company recognized a reduction of $1,642,000 in retained earnings and a reduction in accumulated other comprehensive income of $6,338,000. The previous measurement date was September 30. The following summarizes the status of and changes in the Company's pension assets and related obligations for its pension plans (which include the Company's defined benefit pension plans and the SERP) as of:

	12/29/2007	09/30/2006
(Thousands of Dollars)		
Change in projected benefit obligations:		
Projected benefit obligations at beginning of the year	**$ 176,262**	$ 167,631
Service cost pertaining to benefits earned during the year	**6,061**	4,940
Interest cost on projected benefit obligations	**13,701**	10,342
Actuarial losses	**141**	1,124
Plan amendment	**717**	-
IRC Code Section 414(k) split-off	**(10,785)**	-
Benefits paid to plan participants	**(11,006)**	(7,775)
Projected benefit obligations at end of the year	**$ 175,091**	$ 176,262
Change in fair value of pension assets:		
Fair value of pension assets at beginning of the year	**$ 163,498**	$ 158,407
Actual return on plan assets	**20,682**	8,991
Company contributions	**4,770**	3,875
IRC Code Section 414(k) split-off	**(10,785)**	-
Benefits paid to plan participants	**(11,006)**	(7,775)
Fair value of pension assets at end of the year	**$ 167,159**	$ 163,498
Funded status	**$ (7,932)**	$ (12,764)
Amounts recognized in the consolidated balance sheets:		
Non current assets	**17,752**	10,233
Non current liabilities	**(25,684)**	(22,997)
Net amount recognized	**$ (7,932)**	$ (12,764)
Amounts recognized in accumulated other comprehensive income, net of tax:		
Unrecognized net actuarial loss	**$ 9,757**	$ 15,529
Unrecognized prior service cost	**1,353**	1,290
Net amount recognized	**$ 11,110**	$ 16,819
Funded status of pension plans and SERP (supplemental):		
Funded status of qualified defined benefit plans and SERP	**$ (7,932)**	$ (12,764)
Nonqualified trust assets (cash surrender value of life insurance) recorded in other assets and intended to satisfy the projected benefit obligation of unfunded supplemental employee retirement plans	**30,715**	29,020

Net funded status of pension plans and SERP (supplemental)	**$**	**22,783**	$	16,256

Information for pension plans with an accumulated benefit obligation in excess of plan assets:

	December 29, 2007	September 30, 2006
(Thousands of Dollars)		
Projected benefit obligations	**$ 28,729**	$ 32,847
Accumulated benefit obligations	**26,910**	31,268
Fair value of plan assets	**2,886**	9,463

The accumulated benefit obligations for all defined benefit pension plans and the SERP were $164,094,000 at December 29, 2007 and $165,935,000 at September 30, 2006.

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

	2007	2006	2005
(Thousands of Dollars)			
Service cost pertaining to benefits earned during the year	**$ (4,849)**	$ (4,940)	$ (4,272)
Interest cost on projected benefit obligations	**(11,011)**	(10,342)	(9,444)
Expected return on pension assets	**14,024**	12,844	12,013
Net amortization loss	**(5,569)**	(8,743)	(7,800)
Net pension cost	**$ (7,405)**	$ (11,181)	$ (9,503)

The prior service cost and actuarial loss included in accumulated other comprehensive income and expected to be recognized in net periodic pension cost during 2008 is $458,000 ($302,000, net of tax) and $3,509,000 ($2,316,000, net of tax), respectively. Expense for qualified defined benefit pension plans was $4,707,000 in 2007, $8,759,000 in 2006 and $7,916,000 in 2005.

	2007	2006
Weighted average assumptions used to determine benefit obligations at measurement date:		
Discount rate	**6.70%**	6.25%
Rate of compensation increase	**3.50%**	3.50%
Weighted average assumptions used to determine net periodic benefit cost for the years ended:		
Discount rate	**6.25%**	6.00%
Expected long-term rate of return on plan assets	**8.75%**	8.75%
Rate of compensation increase	**3.50%**	3.50%

Unrecognized net experience losses exceeding certain corridors are amortized over a five-year period, unless the minimum amortization method based on average remaining service periods produces a higher amortization. The Company utilizes a bond matching calculation to determine the discount rate.

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

	2007	2006
Weighted average asset allocations at measurement date by asset category are as follows:		
Equity securities	**75.4%**	72.6%
Fixed income investments	**20.0%**	20.0%
Cash and money market investments	**4.6%**	7.4%
	100.0%	100.0%

The Company's investment policy for plan assets uses a blended approach of U.S. and foreign equities combined with U.S. fixed income investments. Policy guidelines indicate that total equities should not exceed 80% and fixed income securities should not exceed 50%. Within the equity and fixed income classifications, the investments are diversified.

The Company expects to contribute $3,000,000 to its qualified defined benefit pension plans and $1,772,000 to the SERP in 2008.

Expected benefit payments for the five years subsequent to 2007 and the sum of the five years following those are as follows: 2008 - $9,622,000; 2009 - $9,895,000; 2010 - $10,218,000; 2011 - $10,730,000; 2012 - $11,062,000; and 2013 through 2017 - $64,832,000.

7. Income Taxes

Earnings before income taxes consist of the following:

	2007	2006	2005
(Thousands of Dollars)			
United States	**$ 87,648**	$ 84,379	$ 73,541
Foreign	**50,923**	37,913	37,706
	$ 138,571	$ 122,292	$ 111,247

The provisions for income taxes consist of the following:

	2007	2006	2005
(Thousands of Dollars)			
Currently payable:			
Federal	**$ 37,404**	$ 35,442	$ 30,458
State	**977**	784	636
Foreign	**12,964**	10,962	10,594
Deferred credit	**(5,660)**	(8,543)	(4,908)
	$ 45,685	$ 38,645	$ 36,780

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

	2007	2006	2005
(Thousands of Dollars)			
Income taxes at statutory rate	**$ 48,500**	$ 42,850	$ 38,937
State income taxes, net of federal income tax reduction	**302**	349	314
Nontaxable earnings of foreign affiliates	**(2,026)**	(2,123)	(1,625)
Research and development credits	**(877)**	(481)	(740)

Repatriation of earnings of foreign subsidiaries	**-**	-	1,400
Foreign earnings taxed at rates differing from the U.S. statutory rate	**(1,439)**	(93)	(853)
Tax reserve adjustments	**670**	(1,535)	-
Other	**555**	(322)	(653)
	$ 45,685	$ 38,645	$ 36,780

Significant components of the Company's deferred income tax assets and liabilities as of the end of 2007 and 2006 are as follows:

	2007	2006
(Thousands of Dollars)		
Deferred income tax assets:		
Accounts receivable and inventory valuation allowances	**$ 6,486**	$ 4,570
Deferred compensation accruals	**1,916**	2,140
Future benefit of foreign net operating losses	**254**	254
Accrued pension costs	**5,268**	8,664
Other amounts not deductible until paid	**10,370**	8,422
Total deferred income tax assets	**24,294**	24,050
Deferred income tax liabilities:		
Tax over book depreciation	**(4,164)**	(6,388)
Prepaid pension costs	**(2,670)**	(3,983)
Other	**(1,674)**	(1,597)
Total deferred income tax liabilities	**(8,508)**	(11,968)
Net deferred income tax assets	**$ 15,786**	$ 12,082

The Company adopted the provisions of Financial Accounting Standards Board (FASB) Interpretation No. 48 ("FIN 48"), *Accounting for Uncertainty in Income Taxes - An Interpretation of FASB Statement No. 109*, on the first day of fiscal year 2007, December 31, 2006. Prior to adoption of FIN 48, the Company had unrecognized tax benefits of $1,599,000, net of tax. As a result of the implementation of FIN 48, the Company recognized an increase in the liability for unrecognized tax benefits of $369,000, which was accounted for as a reduction to the December 31, 2006 balance of retained earnings.

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

	2007
(Thousands of Dollars)	
Balance at December 31, 2006	**$ 2,415**
Increases related to current year tax positions	**1,001**
Release due to settlements of audits	**(489)**
Balance at December 29, 2007	**$ 2,927**

The Company had unrecognized tax benefits of $2,382,000 as of December 29, 2007, that if recognized currently would reduce the annual effective tax rate. Unrecognized tax benefits are not expected to change significantly over the next 12 months. The Company recognizes interest and penalties related to unrecognized tax benefits through interest expense and income tax expense, respectively. The Company has accrued approximately $140,000 for interest as part of the cumulative effect of implementing the provisions of FIN 48, which was accounted for as reduction to the December 31, 2006 balance of retained earnings. Net interest accrued as of December 29, 2007 was $282,000.

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

For the majority of tax jurisdictions, the Company is no longer subject to U.S. federal, state and local, or non-U.S. income tax examinations by tax authorities for years before 2004.

No provision has been made for U.S. federal and state income taxes or foreign taxes that may result from future remittances of the remaining undistributed earnings of foreign subsidiaries of $176,219,000 at

December 29, 2007 as the Company expects such earnings will remain invested overseas indefinitely. (At December 30, 2006, undistributed foreign earnings were $125,293,000).

8. Litigation and Contingencies

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

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

Pursuant to certain of the Company's lease agreements, the Company has provided financial guarantees to third parties in the form of indemnification provisions. These provisions indemnify and reimburse the third parties for costs, including but not limited to adverse judgments in lawsuits, taxes and operating costs. The terms of the guarantees are equal to the terms of the related lease agreements. The Company is not able to calculate the maximum potential amount of future payments it could be required to make under these guarantees, as the potential payment is dependent upon the occurrence of future unknown events.

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

	2008	2009	2010	2011	2012
(Thousands of Dollars)					
Minimum royalties	$1,062	$1,328	$1,544	$1,772	$970

Minimum royalties are based on both fixed obligations and assumptions regarding the consumer price index. Royalty obligations in excess of minimum requirements are based upon future sales levels. In accordance with these agreements, the Company incurred royalty expense of $3,456,000, $3,159,000 and $3,145,000 for 2007, 2006 and 2005, respectively.

The terms of certain license agreements also require advertising expenditures based on the level of sales. In accordance with these agreements, the Company's advertising obligations, based on actual sales, totaled $2,590,000, $2,331,000 and $1,906,000 for 2007, 2006 and 2005, respectively.

9. Business Segments

The Company has one reportable segment that is engaged in manufacturing, sourcing, marketing, licensing and distributing branded footwear, apparel and accessories to the retail sector, including casual shoes, dress shoes, performance outdoor footwear, boots, uniform shoes, work shoes, slippers, moccasins and apparel and accessories. Revenue of this segment is derived from the sale of branded footwear and apparel to external customers as well as royalty income from the licensing of the Company's trademarks and brand names to licensees and distributors. The business units comprising the branded footwear, apparel and licensing segment manufacture or source, market and distribute products in a similar manner.

Branded footwear, apparel and licensed products are distributed through wholesale channels and under licensing and distributor arrangements.

The other business units in the following tables consist of the Company's retail, tannery and pigskin procurement operations. The Company operated 90 retail stores in North America and 20 consumer-direct internet sites at December 29, 2007 that sell Company-manufactured and sourced products, as well as footwear manufactured by unaffiliated companies. The other business units distribute products through retail and wholesale channels.

The Company measures segment profits as earnings before income taxes. The accounting policies used to determine profitability and total assets of the branded products and other business segments are the same as disclosed in Note 1.

Business segment information is as follows:

2007	**Branded Footwear, Apparel and Licensing**	**Other Businesses**	**Corporate**	**Consolidated**
(Thousands of Dollars)				
Revenue	**$ 1,099,205**	**$ 99,767**	**$ -**	**$ 1,198,972**
Intersegment sales	**45,603**	**2,616**	**-**	**48,219**
Interest (income) expense - net	**9,578**	**1,128**	**(11,370)**	**(664)**
Depreciation expense	**9,660**	**3,621**	**6,942**	**20,223**
Earnings (loss) before income taxes	**145,686**	**2,338**	**(9,453)**	**138,571**
Total assets	**491,926**	**52,018**	**94,434**	**638,378**
Additions to property, plant and equipment	**7,313**	**3,380**	**7,186**	**17,879**

2006	Branded Footwear, Apparel and Licensing	Other Businesses	Corporate	Consolidated
(Thousands of Dollars)				
Revenue	$ 1,036,929	$ 104,958	$ -	$ 1,141,887
Intersegment sales	38,712	2,798	-	41,510
Interest (income) expense - net	9,862	1,050	(11,114)	(202)
Depreciation expense	9,800	3,859	7,365	21,024
Earnings (loss) before income taxes	133,463	6,976	(18,147)	122,292
Total assets	439,248	50,040	181,804	671,092
Additions to property, plant and equipment	6,943	3,205	6,919	17,067

	2005			
	Branded Footwear, Apparel and Licensing	Other Businesses	Corporate	Consolidated
(Thousands of Dollars)				
Revenue	$ 964,522	$ 96,477	$ -	$ 1,060,999
Intersegment sales	36,232	3,437	-	39,669
Interest (income) expense - net	9,706	1,009	(8,804)	1,911
Depreciation expense	7,845	3,735	7,890	19,470
Earnings (loss) before income taxes	120,668	5,847	(15,268)	111,247
Total assets	406,024	41,600	178,956	626,580
Additions to property, plant and equipment	7,975	4,721	6,464	19,160

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

	2007	2006	2005
(Thousands of Dollars)			
United States	**$ 730,654**	$ 721,459	$ 705,413
Foreign countries:			
Europe	**250,428**	220,370	200,286
Canada	**86,339**	80,289	66,157
Other	**131,551**	119,769	89,143
Total foreign countries revenue	**468,318**	420,428	355,586
	$ 1,198,972	$ 1,141,887	$ 1,060,999

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

	2007	2006	2005
(Thousands of Dollars)			
United States	**$ 135,756**	$ 137,807	$ 131,820
Foreign countries	**35,352**	34,003	40,277

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

The Company sources approximately 89% (based on pairs) of its footwear products from unrelated suppliers primarily located in Asia. The remainder is produced in Company-owned manufacturing facilities in the United States and the Dominican Republic. All apparel and accessories are sourced from unrelated suppliers. While changes in suppliers could cause delays in manufacturing and a possible loss of sales, management believes that other suppliers could provide similar products on comparable terms.

Revenue derived from the branded footwear, apparel and licensing segment accounted for approximately 92% of revenue in 2007 and 91% in 2006 and 2005. No other product groups account for more than 10% of consolidated revenue.

Approximately 14% of the Company's employees are subject to bargaining unit contracts extending through various dates ranging from 2008 through 2009.

10. Quarterly Results of Operations (Unaudited)

The Company reports its quarterly results of operations on the basis of 12-week periods for each of the first three quarters and a 16- or 17-week period for the fourth quarter. The fourth quarters of 2007 and 2006 include 16 weeks.

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

2007	**First Quarter**	**Second Quarter**	**Third Quarter**	**Fourth Quarter**
(Thousands of Dollars, Except Per Share Data)				
Revenue	**$ 281,052**	**$ 250,329**	**$ 310,168**	**$ 357,423**
Gross margin	**114,001**	**95,528**	**124,952**	**137,450**
Net earnings	**22,289**	**15,518**	**29,483**	**25,596**
Net earnings per share:				
Basic	**$ .41**	**$ .29**	**$ .56**	**$ .51**
Diluted	**.39**	**.28**	**.54**	**.49**

2006	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
(Thousands of Dollars, Except Per Share Data)				
Revenue	$ 262,839	$ 238,457	$ 298,856	$ 341,735
Gross margin	105,875	90,405	117,542	127,716
Net earnings	19,629	14,234	26,140	23,644
Net earnings per share:				
Basic	$ .36	$ .26	$ .48	$ .42
Diluted	.34	.25	.46	.42

11. Business Acquisitions

During the second quarter of 2005, the Company purchased the remaining 5% ownership from the minority stockholder of Wolverine Europe Limited, making it a wholly-owned subsidiary. The purchase price was $2,322,000. The transaction eliminated the minority interest of $566,000 and resulted in goodwill of $1,756,000.

On January 3, 2005, the Company converted its *Cat*® and *Wolverine*® businesses in Canada from a non-affiliated distributor-based operation to a Company-owned wholesale operation. This expansion allowed the Company to directly wholesale all major brands in Canada. Assets consisting primarily of inventory, fixed assets and amortizable intangible assets totaling $2,117,000 and assumed liabilities of $883,000 were acquired from a former *Wolverine*® and *Cat*® Footwear distributor for cash of $2,280,000 and resulted in goodwill and intangible assets of $1,046,000. Consolidated pro forma revenue and net earnings, assuming the transaction occurred at the beginning of 2005, were not materially different from reported amounts. Pursuant to SFAS No. 142, goodwill and indefinite-lived intangibles will not be amortized, but will be evaluated for impairment annually. Goodwill was assigned to the Company's branded footwear, apparel and licensing segment. The amortizable intangible assets have a weighted average useful life of approximately ten years.

On January 3, 2005, the Company converted its *Merrell*® operations in Sweden and Finland and its *Sebago*® operations in the United Kingdom and Germany from a non-affiliated distributor-based operation to a Company-owned wholesale operation. Assets consisting primarily of inventory totaling $544,000 were acquired from former distributors for cash.

Report of Independent Registered Public Accounting Firm

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

We have audited the accompanying consolidated balance sheets of Wolverine World Wide, Inc. and subsidiaries as of December 29, 2007 and December 30, 2006, and the related consolidated statements of stockholders' equity and comprehensive income, operations, and cash flows for each of the three fiscal years in the period ended December 29, 2007. Our audits also included the financial statement schedule listed in the Index at Item 15(a). These financial statements and schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and schedule based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Wolverine World Wide, Inc. and subsidiaries at December 29, 2007 and December 30, 2006, and the consolidated results of their operations and their cash flows for each of the three fiscal years in the period ended December 29, 2007, in conformity with U.S. generally accepted accounting principles. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

As discussed in Note 1 to the consolidated financial statements, in 2006 the Company changed its method of accounting for share-based payments in connection with the required adoption of Statement of Financial Accounting Standards No. 123(R). As discussed in Note 6 to the consolidated financial statements, in 2006 and in 2007 the Company changed its method of accounting for defined benefit plans in connection with the required adoption of Statement of Financial Accounting Standards No. 158. As discussed in Note 7 to the consolidated financial statements, in 2007 the Company changed its method of accounting for uncertain tax positions in connection with the required adoption of Financial Accounting Standards Board Interpretation No. 48.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Wolverine World Wide, Inc.'s internal control over financial reporting as of December 29, 2007, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 8, 2008 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

Grand Rapids, Michigan
February 8, 2008

Report of Independent Registered Public Accounting Firm

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

We have audited Wolverine World Wide, Inc. and subsidiaries' internal control over financial reporting as of December 29, 2007, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (the COSO criteria). Wolverine World Wide, Inc.'s management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the company's internal control over financial reporting based on our audit.

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

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

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

In our opinion, Wolverine World Wide, Inc. maintained, in all material respects, effective internal control over financial reporting as of December 29, 2007, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the 2007 consolidated financial statements of Wolverine World Wide, Inc. and subsidiaries and our report dated February 8, 2008 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

Grand Rapids, Michigan
February 8, 2008

APPENDIX B

Schedule II - Valuation and Qualifying Accounts of Continuing Operations

Wolverine World Wide, Inc. and Subsidiaries

Column A	Column B	Column C		Column D	Column E
		Additions			
		(1)	(2)		
Description	Balance at Beginning of Period	Charged to Costs and Expenses	Charged to Other Accounts (Describe)	Deductions (Describe)	Balance at End of Period
Fiscal year ended December 29, 2007					
Deducted from asset accounts:					
Allowance for doubtful accounts	$ 6,324,000	$ 2,169,000		$ 1,627,000 (A)	$ 6,866,000
Allowance for sales returns	5,322,000	30,363,000		30,416,000 (B)	5,269,000
Allowance for cash discounts	1,674,000	14,955,000		15,121,000 (C)	1,508,000
Inventory valuation allowances	10,458,000	6,831,000		2,387,000 (D)	14,902,000
	$ 23,778,000	$ 54,318,000		$ 49,551,000	$ 28,545,000
Fiscal year ended December 30, 2006					
Deducted from asset accounts:					
Allowance for doubtful accounts	$ 4,656,000	$ 3,106,000		$ 1,438,000 (A)	$ 6,324,000
Allowance for sales returns	2,540,000	29,675,000		26,893,000 (B)	5,322,000
Allowance for cash discounts	1,533,000	14,920,000		14,779,000 (C)	1,674,000
Inventory valuation allowances	6,456,000	9,954,000		5,952,000 (D)	10,458,000
	$ 15,185,000	$ 57,655,000		$ 49,062,000	$ 23,778,000
Fiscal year ended December 31, 2005					
Deducted from asset accounts:					
Allowance for doubtful accounts	$ 4,834,000	$ 1,706,000		$ 1,884,000 (A)	$ 4,656,000
Allowance for sales returns	1,786,000	28,405,000		27,651,000 (B)	2,540,000
Allowance for cash discounts	1,580,000	13,023,000		13,070,000 (C)	1,533,000
Inventory valuation allowances	5,844,000	10,941,000		10,329,000 (D)	6,456,000
	$ 14,044,000	$ 54,075,000		$ 52,934,000	$ 15,185,000

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

Commission File No. 001-6024

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

EXHIBITS
TO
FORM 10-K

For the Fiscal Year Ended
December 29, 2007

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

EXHIBIT INDEX

Exhibit Number	Document
3.1	Restated Certificate of Incorporation. Previously filed as Exhibit 3.1 to the Company's Annual Report on Form 10-K for the period ended December 30, 2006. Here incorporated by reference.
3.2	Amended and Restated By-laws. Previously filed as Exhibit 3.2 to the Company's Quarterly Report on Form 10-Q for the period ended September 8, 2007. Here incorporated by reference.
4.1	Restated Certificate of Incorporation. See Exhibit 3.1 above.
4.2	Amended and Restated By-laws. See Exhibit 3.2 above.
4.3	Note Purchase Agreement dated as of December 8, 1998, relating to 6.50% Senior Notes due on December 8, 2008. Previously filed as Exhibit 4.7 to the Company's Annual Report on Form 10-K for the fiscal year ended January 1, 2005. Here incorporated by reference.
4.4	The Registrant has several classes of long-term debt instruments outstanding in addition to those described in Exhibits 4.3 and 4.5. The authorized amount of none of these classes of debt exceeds 10% of the Company's total consolidated assets. The Company agrees to furnish copies of any agreement defining the rights of holders of any such long-term indebtedness to the Securities and Exchange Commission upon request.
4.5	Credit Agreement dated as of July 22, 2005, among Wolverine World Wide, Inc. and certain of its subsidiaries, JPMorgan Chase Bank, N.A., as Administrative Agent, Harris, N.A., as Syndication Agent, Comerica Bank, Standard Federal Bank N.A. and National City Bank of the Midwest, as Documentation Agents, and certain other Banks that are parties to the Credit Agreement. Previously filed as Exhibit 10.1 to the Company's Current Report on Form 8-K dated July 28, 2005. Here incorporated by reference.
10.1	Amended and Restated 1993 Stock Incentive Plan.* Previously filed as Exhibit 10.1 to the Company's Annual Report on Form 10-K for the fiscal year ended December 30, 2006. Here incorporated by reference.
10.2	Amended and Restated 1995 Stock Incentive Plan.* Previously filed as Exhibit 10.2 to the Company's Annual Report on Form 10-K for the fiscal year ended December 30, 2006. Here incorporated by reference.
10.3	Amended and Restated 1997 Stock Incentive Plan.* Previously filed as Exhibit 10.3 to the Company's Annual Report on Form 10-K for the fiscal year ended December 30, 2006. Here incorporated by reference.
10.4	Amended and Restated Stock Incentive Plan of 1999.* Previously filed as Exhibit 10.4 to the Company's Annual Report on Form 10-K for the fiscal year ended December 30, 2006. Here incorporated by reference.
10.5	Amended and Restated Stock Incentive Plan of 2001.* Previously filed as Exhibit 10.5 to the Company's Annual Report on Form 10-K for the fiscal year ended December 30, 2006. Here incorporated by reference.

10.6	Amended and Restated Stock Incentive Plan of 2003.* Previously filed as Exhibit 10.6 to the Company's Annual Report on Form 10-K for the fiscal year ended December 30, 2006. Here incorporated by reference.
10.7	Amended and Restated Stock Incentive Plan of 2005.* Previously filed as Exhibit 10.7 to the Company's Annual Report on Form 10-K for the fiscal year ended December 30, 2006. Here incorporated by reference.
10.8	Amended and Restated Directors' Stock Option Plan.* Previously filed as Exhibit 10.8 to the Company's Annual Report on Form 10-K for the fiscal year ended December 30, 2006. Here incorporated by reference.
10.9	Amended and Restated Outside Directors' Deferred Compensation Plan.*
10.10	Amended and Restated Executive Short-Term Incentive Plan (Annual Bonus Plan).* Previously filed as Exhibit 10.2 to the Company's Current Report on Form 8-K filed on April 25, 2007. Here incorporated by reference.
10.11	Amended and Restated Executive Long-Term Incentive Plan (3-Year Bonus Plan).* Previously filed as Exhibit 10.3 to the Company's Current Report on Form 8-K filed on April 25, 2007. Here incorporated by reference.
10.12	Amended and Restated Stock Option Loan Program.*
10.13	Executive Severance Agreement.* Previously filed as Exhibit 10.4 to the Company's Current Report on Form 8-K filed on April 25, 2007. Here incorporated by reference. A participant schedule of current executive officers who are parties to the agreement is attached as Exhibit 10.13.
10.14	Form of Indemnification Agreement.* The Company has entered into an Indemnification Agreement with each director and executive officer. Previously filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed on April 25, 2007. Here incorporated by reference.
10.15	Amended and Restated Benefit Trust Agreement dated April 25, 2007.* Previously filed as Exhibit 10.5 to the Company's Current Report on Form 8-K filed on April 25, 2007. Here incorporated by reference.
10.16	Amended and Restated Supplemental Executive Retirement Plan.* Previously filed as Exhibit 10.16 to the Company's Annual Report on Form 10-K for the fiscal year ended December 30, 2006. Here incorporated by reference. An updated participant schedule of current executive officers participating in the plan is attached as Exhibit 10.16.
10.17	Employees' Pension Plan (Restated as amended through November 30, 2007).*
10.18	Form of Incentive Stock Option Agreement.* Previously filed as Exhibit 10.1 to the Company's Current Report on Form 8-K dated February 9, 2005. Here incorporated by reference.

10.19	Form of Non-Qualified Stock Option Agreement for Stephen L. Gulis, Blake W. Krueger and Timothy J. O'Donovan.* Previously filed as Exhibit 10.2 to the Company's Current Report on Form 8-K dated February 9, 2005. Here incorporated by reference.
10.20	Form of Non-Qualified Stock Option Agreement for employees other than those to whom Exhibit 10.19 applies.* Previously filed as Exhibit 10.3 to the Company's Current Report on Form 8-K dated February 9, 2005. Here incorporated by reference.
10.21	Form of Restricted Stock Agreement.* Previously filed as Exhibit 10.4 to the Company's Current Report on Form 8-K dated February 9, 2005. Here incorporated by reference.
10.22	Form of Incentive Stock Option Agreement.* Previously filed as Exhibit 10.1 to the Company's Current Report on Form 8-K dated February 15, 2006. Here incorporated by reference.
10.23	Form of Non-Qualified Stock Option Agreement for Stephen L. Gulis, Blake W. Krueger and Timothy J. O'Donovan.* Previously filed as Exhibit 10.2 to the Company's Current Report of Form 8-K dated February 15, 2006. Here incorporated by reference.
10.24	Form of Non-Qualified Stock Option Agreement for employees other than those to whom Exhibit 10.23 applies.* Previously filed as Exhibit 10.3 to the Company's Current Report on Form 8-K dated February 15, 2006. Here incorporated by reference.
10.25	Form of Restricted Stock Agreement.* Previously filed as Exhibit 10.4 to the Company's Current Report on Form 8-K dated February 15, 2006. Here incorporated by reference.
10.26	Form of Stock Option Agreement for non-employee directors.* Previously filed as Exhibit 10.23 to the Company's Annual Report on Form 10-K for the fiscal year ended January 1, 2005. Here incorporated by reference.
10.27	Separation and Release Agreement between Wolverine World Wide, Inc. and Cheryl L. Johnson.*
21	Subsidiaries of Registrant.
23	Consent of Ernst & Young LLP.
24	Powers of Attorney.
31.1	Certification of President and Chief Executive Officer under Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Executive Vice President, Chief Financial Officer and Treasurer under Section 302 of the Sarbanes-Oxley Act of 2002.
32	Certification pursuant to 18 U.S.C. § 1350.

*Management contract or compensatory plan or arrangement.

EXHIBIT 10.9

WOLVERINE WORLD WIDE, INC.

AMENDED AND RESTATED
OUTSIDE DIRECTORS' DEFERRED COMPENSATION PLAN

ARTICLE 1

Establishment of Plan; Purposes of Plan

1.1 *Establishment of Plan*. The Company hereby establishes the WOLVERINE WORLD WIDE, INC. AMENDED AND RESTATED OUTSIDE DIRECTORS' DEFERRED COMPENSATION PLAN (the "Plan"), a supplemental nonqualified deferred compensation plan for the Outside Directors of the Company. The Plan amends and restates the Outside Directors' Deferred Compensation Plan that went into effect April 17, 1996 (the "1996 Plan"). The Plan shall be an unfunded plan within the meaning of the Internal Revenue Code of 1986, as amended. It is intended that the Plan not cover employees and therefore not be subject to the Employee Retirement Income Security Act of 1974, as amended.

1.2 *Purposes of Plan*. The purposes of the Plan are to attract and retain well qualified individuals for service as Outside Directors of the Company, to provide Outside Directors with the opportunity to increase their financial interest in the Company, and thereby increase their personal interest in the Company's continued success, through the payment of retirement income to Current Directors in amounts tied to the performance of the Company's Common Stock and payable in Common Stock, and to provide Outside Directors with the opportunity to accumulate supplemental assets for retirement through the deferral of all or a portion of Director's Fees payable to Outside Directors.

1.3 *Effective Date*. The "Effective Date" of the Plan as amended and restated is February 15, 2002, subject to approval by the stockholders at the 2002 Annual Meeting of Stockholders or any adjournment thereof or at a Special Meeting of Stockholders. No Common Stock shall be issued under the Plan prior to such stockholder approval. Each Plan provision applies until the effective date of an amendment of that provision.

1.4 *Number of Stock Units*. Subject to adjustment as provided in Section 7.1 of the Plan, a maximum of 400,000 Stock Units, which are convertible into Common Stock at a one-to-one ratio upon distribution, together with 400,000 shares of Common Stock shall be available for awards under the Plan.

1.5 *Application to Former Participants*. This Plan applies to former Participants and controls, among other things, the timing, manner and form of any future distribution that is based on amounts deferred and reflected in the Fee Account or Retirement Account of former and current Participants before the Effective Date of the Plan.

ARTICLE 2

Definitions

2.1 *Beneficiary*. "Beneficiary" means the individual, trust or other entity designated by the Participant to receive any benefits to be distributed under the Plan after the Participant's death. A Participant may designate or change a Beneficiary by filing a signed designation with the Committee in a form approved by the Committee. The Participant's Will is not effective for this purpose. If a designation has not been properly completed and filed with the Committee or is ineffective for any other reason, the Beneficiary shall be the Participant's Surviving Spouse. If there is no effective designation and the Participant does not have a Surviving Spouse, the remaining benefits, if any, shall be distributed to the Participant's estate.

2.2 *Change in Control*. "Change in Control" means:

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

(b) Individuals who, as of the date of the Plan, constitute the Board (the "Incumbent Board") cease for any reason to constitute at least a majority of such Board; provided, that any individual who becomes a director of the Company subsequent to the date of the Plan whose election, or nomination for election by the Company's stockholders, was approved by the vote of at least three-quarters of the directors then comprising the Incumbent Board (either by a specific vote or by approval of the proxy statement of the Company in which such person is named as a nominee for director, without objection to such nomination) shall be deemed to have been a member of the Incumbent Board; and provided further, that no individual who was initially elected as a director of the Company as a result of an actual or threatened election contest subject to Rule 14a-12(c) issued under the Exchange Act, or any other actual or threatened solicitation of proxies or consents by or on behalf of any Person other than the Board, shall be deemed to have been a member of the Incumbent Board;

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

Company Common Stock or the Outstanding Company Voting Securities, as the case may be) beneficially owns, directly or indirectly, 20% or more of the then outstanding shares of common stock of such corporation or 20% or more of the combined voting power of the then outstanding securities of such corporation entitled to vote generally in the election of directors, and (iii) at least a majority of the members of the board of directors of the corporation resulting from such reorganization, merger or consolidation were members of the Incumbent Board at the time of the execution of the initial agreement or action of the Board providing for such reorganization, merger or consolidation; or

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

2.3 *Committee*. "Committee" means the Compensation Committee of the Board of Directors or such other committee as the Board of Directors shall designate to administer the Plan. The Committee shall consist of at least two members of the Board, and all of its members shall be "non-employee directors" as defined in Rule 16b-3 under the Securities Exchange Act of 1934, as amended.

2.4 *Common Stock*. "Common Stock" means the common stock, $1.00 par value per share, of Wolverine World Wide, Inc.

2.5 *Company*. "Company" means Wolverine World Wide, Inc., a Delaware corporation.

2.6 *Current Directors*. "Current Directors" means the Outside Directors of the Company at the close of business on April 17, 1996 who participated in the Company's former Director Retirement Plan.

2.7 *Director's Fee*. "Director's Fee" means the amount of income payable to a Participant for service as an Outside Director, including payments for attendance at meetings of the Board of Directors or meetings of committees of the Board of Directors, and any retainer fee paid to chairpersons of committees of the Board of Directors.

2.8 *Dividend Equivalent*. "Dividend Equivalent" means a number of Stock Units equal to the number of shares of Common Stock (including fractions of a share) that have a Market Value equal to the amount of any cash dividends that would have been payable to a stockholder owning the number of shares of Common Stock represented by Stock Units credited to a Fee Account or Retirement Account on each dividend payment date.

2.9 *Fee Account*. "Fee Account" means the bookkeeping device used by the Company to measure and determine the amounts of deferred Director's Fee income to be distributed to a Participant under the Plan.

2.10 *Fee Stock Unit*. "Fee Stock Unit" means a Stock Unit credited to a Participant's Fee Account representing deferred Director's Fee income and Dividend Equivalents to be distributed to a Participant under the Plan.

2.11 *Market Value*. "Market Value" means the mean of the highest and lowest sale prices of shares of Common Stock on the New York Stock Exchange (or any successor exchange that is the primary stock exchange for trading of Common Stock) on the applicable date, or if the New York Stock Exchange (or any such successor) is closed on that date, the last preceding date on which the New York Stock Exchange (or any such successor) was open for trading and on which shares of Common Stock were traded.

2.12 *Outside Director*. "Outside Director" means any individual who serves as a member of the Board of Directors of the Company and who is not an employee of the Company or any of its subsidiaries; provided, that the Committee may exclude any Outside Director from participating in the Plan at any time or from time to time pursuant to an individual agreement or arrangement with such Outside Director.

2.13 *Participant*. "Participant" means any individual who is participating in the Plan.

2.14 *Plan Year*. "Plan Year" means the 12-month period beginning each January 1, except that the Plan Year for the year in which the Plan becomes effective shall commence on the effective date of the Plan and end on December 31 of such year.

2.15 *Retirement Account*. "Retirement Account" means the bookkeeping device used by the Company to measure and determine the amounts of retirement income to be distributed to a Current Director under the Plan.

2.16 *Retirement Stock Unit*. "Retirement Stock Unit" means a Stock Unit credited to a Current Director's Retirement Account representing retirement income and Dividend Equivalents to be distributed to a Current Director under the Plan.

2.17 *Spouse*. "Spouse" means the husband or wife to whom the Participant is married on the date the benefit is scheduled to be distributed, or distribution is scheduled to begin. The legal existence of the spousal relationship shall be governed by the law of the state or other jurisdiction of domicile of the Participant.

2.18 *Stock Unit*. "Stock Unit" means the device used by the Company to measure and determine the value of benefits to be distributed to a Participant under the Plan. One Stock Unit represents an amount of cash equal to the Market Value of one share of the Company's Common Stock on the applicable date.

2.19 *Surviving Spouse*. "Surviving Spouse" means the Spouse of the Participant at the time of the Participant's death who survives the Participant. If the Participant and Spouse die under circumstances which prevent ascertainment of the order of their deaths, it shall be presumed for the Plan that the Participant survived the Spouse.

2.20 *Termination of Service*. "Termination of Service" means the termination by a Participant of service as a director of the Company for any reason.

ARTICLE 3

Administration

3.1 *Power and Authority*. The Committee shall administer the Plan, shall have full power and authority to interpret the provisions of the Plan, and shall have full power and authority to supervise the administration of the Plan. All determinations, interpretations and selections made by the Committee regarding the

Plan shall be final and conclusive. The Committee shall hold its meetings at such times and places as it deems advisable. Action may be taken by a written instrument signed by a majority of the members of the Committee, and any action so taken shall be fully as effective as if it had been taken at a meeting duly called and held. The Committee shall make such rules and regulations for the conduct of its business as it deems advisable. The members of the Committee shall not be paid any additional fees for their services.

3.2 *Delegation of Powers; Employment of Advisers*. The Committee may delegate to any agent such duties and powers, both ministerial and discretionary, as it deems appropriate except those that may not be delegated by law or regulation. In administering the Plan, the Committee may employ attorneys, consultants, accountants or other persons, and the Company and the Committee shall be entitled to rely upon the advice, opinions or valuation of any such persons. All usual and reasonable expenses of the Committee shall be paid by the Company.

3.3 *Indemnification of Committee Members*. Each person who is or shall have been a member of the Committee or to whom authority is or has been delegated shall be indemnified and held harmless by the Company from and against any cost, liability or expense imposed or incurred in connection with such person's or the Committee's taking or failing to take any action under the Plan. Each such person shall be justified in relying on information furnished in connection with the Plan's administration by any appropriate person or persons.

ARTICLE 4

Participation

4.1 *Eligibility to Participate*. An Outside Director shall be eligible to become a Participant in the Plan on the first day of the individual's term as an Outside Director.

ARTICLE 5

Elective Deferrals of Director's Fees

5.1 *Deferral of Director's Fees*. A Participant may elect to defer payment of 25%, 50%, 75% or 100% of Director's Fees for a Plan Year. For each amount deferred, the Participant's Fee Account shall be credited with a number of Fee Stock Units (including fractions of a Stock Unit) determined by dividing the dollar amount deferred by the Market Value of Common Stock on the date on which the corresponding non-deferred portion of the Director's Fee is paid or would have been payable to the Participant if the Participant had not elected to defer payment of Director's Fees.

5.2 *Prior Irrevocable Election*. The election to defer Director's Fees shall be made by the Participant on a form provided for that purpose prior to the beginning of a Plan Year and shall become irrevocable for each Plan Year thereafter as of the beginning of each Plan Year. The deferral election shall continue in effect for each Plan Year until revoked or modified for a subsequent Plan Year by the Participant. The deferral shall be applicable to Director's Fees earned in each Plan Year. A new Participant may make an initial irrevocable election to defer Director's Fees during the first 90 days of eligibility to participate and such election shall apply only to Director's Fees earned following the date of the election. If a new Participant does not make an election during this 90-day period, the Participant may not make an election effective earlier than the beginning of the next Plan Year. The Participant shall have no claim or right to payment or distribution of the amounts deferred and shall be limited solely to the rights and benefits conferred under the terms of the Plan. In no event shall an election to defer Director's Fees become effective sooner than the date of the written, irrevocable election.

5.3 *Fee Accounts*. For bookkeeping purposes only, the Company shall maintain a separate Fee Account for each Participant. A Fee Account shall be maintained for and credited with Fee Stock Units representing the value of the Participant's deferrals plus Dividend Equivalents on such Fee Stock Units. The Company shall provide each Participant with a written account statement reflecting the number of Fee Stock Units in the

Participant's account at least annually. If the Participant does not object to the account within 60 days after receipt, the account shall be deemed final and binding on all parties.

5.4 *Timing of Deferrals*. Deferrals shall be credited to the Participant's Fee Account on each January 1, April 1, July 1, October 1 or such other dates on which the Director's Fees would have been payable to the Participant if the Participant had not made a deferral election.

5.5 *Vesting*. The right to receive Common Stock (and cash in lieu of fractional shares) equal to the number of Fee Stock Units credited to the Participant's Fee Account, including Dividend Equivalents credited to the Participant's Fee Account, is fully vested and shall not be subject to forfeiture for any reason.

5.6 *Event of Distribution*. Upon Termination of Service or a Change in Control, a number of shares of Common Stock (and cash in lieu of fractional shares) equal to the number of Fee Stock Units credited to the Participant shall be distributed at the times and in the manner specified in the Plan.

5.7 *Manner of Distribution*. At the time of the initial irrevocable election to defer Director's Fees under the Plan, each Participant shall elect a manner of distribution. All elections of manner of payment in cash under the 1996 Plan shall be deemed to be elections for the manner of distribution under the Plan as amended and restated, and the Company's Common Stock (and cash in lieu of fractional shares) shall be distributed in the same manner as cash would have been paid under the 1996 Plan. The following manners of distribution may be elected by a Participant:

(a) *Lump Sum*. A single lump-sum distribution of all of the Common Stock (and cash in lieu of fractional shares) to be issued with respect to Fee Stock Units under the Plan;

(b) *Installments*. Distribution of all of the Common Stock (and cash in lieu of fractional shares) to be distributed with respect to Fee Stock Units under the Plan in not more than 10 annual installments; or

(c) *Deferred Distribution*. Distribution of the lump sum or installment distributions that are to be distributed following Termination of Service and commencing either (i) when the Participant retires from his or her principal employment, (ii) in January of the year following Termination of Service or retirement from his or her principal employment, or (iii) at such age selected by the Participant not to exceed age 70.

A Participant may change his or her election as to the manner of distribution, provided, that any such change will only become effective if the change is made at least one year before the event of distribution.

If, on the date of distribution, the Market Value of the Common Stock (and cash in lieu of fractional shares) to be distributed to a Participant does not exceed $5,000, the distribution shall occur as a lump-sum distribution under (a) above. If the Participant fails to make an election of a manner of distribution in the initial election, the Participant shall receive a lump-sum distribution. Notwithstanding any election by a Participant of a manner of distribution pursuant to (a), (b) or (c) of this Section, all Participants shall receive a lump-sum distribution upon an event of distribution resulting from a Change in Control.

5.8 *Number of Shares to be Distributed*. The Participant shall receive a number of shares of Common Stock (and cash in lieu of fractional shares) equal to the number of Fee Stock Units in the Participant's Fee Account plus Dividend Equivalents credited to the Participant's Fee Account. The amount to be distributed shall be determined as follows:

(a) *Lump Sum*. For a lump-sum distribution, the Participant shall receive a one-time distribution of Common Stock (and cash in lieu of fractional shares) equal to the number of Fee Stock Units in the Participant's Fee Account plus Dividend Equivalents credited to the Participant's Fee Account.

(b) *Installments*. If distribution is in installments, the initial amount to be distributed shall be a number of shares of Common Stock (and cash in lieu of fractional shares) equal to the number of Fee Stock Units in the Participant's Fee Account plus Dividend Equivalents credited to the Participant's Fee Account divided by the number of installment distributions elected. The number of Fee Stock Units credited to the Participant's Fee Account shall be reduced by the number of Fee Stock Units that were converted to Common Stock (and cash in lieu of fractional shares) and either distributed to the Participant (or to any other person as contemplated by the Plan) or withheld to account for payment of the generation-skipping transfer tax. Future installments shall be determined by dividing the remaining Fee Stock Units credited to the Participant's Fee Account, plus any additional Dividend Equivalents credited to the Participant's Fee Account during the distribution period by the remaining number of annual installment distributions. Each such distribution shall result in a reduction of the amount of Fee Stock Units credited to Participant's Fee Account by an amount of Fee Stock Units equal to the number of Fee Stock Units that were either converted to Common Stock (and cash in lieu of fractional shares) and distributed to the Participant (or to any other person, as contemplated by the Plan) or withheld to account for payment of the generation-skipping tax.

5.9 *Form of Distribution*. Distributions shall be made to the Participant or Beneficiary in Common Stock (and cash in lieu of fractional shares) directly by the Company. The Company shall not be relieved of its obligation and liability to distribute the benefits of the Plan, except to the extent distributions are actually made from any trust established by the Company for such purpose.

5.10 *Time of Distribution*. A lump-sum distribution or an initial installment distribution shall be made within 30 days following the date of Termination of Service, unless such distributions are deferred pursuant to Section 5.7(c) of the Plan. Later installment distributions shall be made on or before January 31 of each year thereafter until the total amount to be distributed under the Plan is distributed. A lump-sum distribution shall be made immediately upon the occurrence of a Change in Control.

5.11 *Death*.

(a) *Distribution to Beneficiary*. If the Participant dies prior to distribution of all benefits due under the Plan, distribution of all remaining benefits shall be made to the Participant's Beneficiary. Distributions to a Beneficiary following a Participant's death shall be in the form elected by the Participant and shall be made or shall begin on the date specified in Section 5.10. At the time of the initial irrevocable election to defer Director's Fees, the Participant may designate a manner of distribution following the Participant's death which is different from the manner of distribution during the Participant's lifetime.

(b) *Distribution to Estate*. If distribution is to be made to the estate of a Participant, distribution shall be made in a lump sum within 90 days after the date of the Participant's death.

(c) *Generation-Skipping Transfer Tax*. Notwithstanding any other provision in the Plan, the Company may withhold any benefits that would otherwise be distributed to a Beneficiary as a result of the death of a Participant or any other Beneficiary until it can be determined whether a generation-skipping transfer tax, as defined in Chapter 13 of the Internal Revenue Code of 1986, as amended, or any substitute provision therefor, is payable by the Company and the amount of generation-skipping transfer tax, including interest, that is due. If such tax is payable, the benefits that would otherwise be distributed under the Plan shall be reduced by the number of shares of Common Stock with a Market Value on the date of distribution of the benefits, if any, equal to the generation-skipping transfer tax and interest. Any benefits withheld and determined not to be required to account for the generation-skipping transfer tax shall be distributed as soon as there is a final determination of the applicable generation-skipping transfer tax and interest. No interest shall be payable to any Beneficiary for the period from the date of death to the time when the amount of benefits to be distributed to a Beneficiary can be fully determined pursuant to this paragraph.

ARTICLE 6

Awards of Past-Service Retirement Income

6.1 *Past-Service Awards*. Under the 1996 Plan, on April 17, 1996, each Current Director as of the close of business on April 17, 1996, was credited with a number of Retirement Stock Units based on his or her anticipated benefit under the former Director Retirement Plan.

6.2 *Retirement Accounts*. For bookkeeping purposes only, the Company shall maintain a separate Retirement Account for each Current Director. A Retirement Account shall be maintained for and credited with Retirement Stock Units representing the value of the Current Director's past-service awards plus Dividend Equivalents on such Retirement Stock Units. The Company shall provide each Current Director with a written account statement reflecting the number of Retirement Stock Units in the Current Director's account at least annually. If the Current Director does not object to the account within 60 days after receipt, the account shall be deemed final and binding on all parties.

6.3 *Vesting*. All accumulated Retirement Stock Units credited pursuant to Section 6.1 of the Plan shall vest at the rate of 50% after five years of total service, and 10% per year of total service thereafter; provided, that all Retirement Stock Units credited to a Participant pursuant to the Plan shall vest upon a Change in Control or at such time as the Participant attains age 65 or becomes unable to fulfill his or her duties as a director due to death or disability. As used in this Article, a "year of total service" means that period of time measured from Annual Meeting of Stockholders to the next following Annual Meeting of Stockholders. Each Current Director shall receive full credit for purposes of this Section 6.4 for each year of total service served by him or her before the effective date of the Plan.

6.4 *Event of Distribution; Manner of Distribution*.

(a) *Termination of Service*. Upon Termination of Service, a number of shares of Common Stock (and cash in lieu of fractional shares) equal to the number of vested Retirement Stock Units credited to the Current Director shall be distributed in 10 annual installments. The initial amount to be distributed shall be a number of shares of Common Stock (and cash in lieu of fractional shares) equal to the number of vested Retirement Stock Units credited to the Current Director's Retirement Account divided by 10. The number of vested Retirement Stock Units credited to the Current Director's Retirement Account shall be reduced by the number of Retirement Stock Units that were converted to Common Stock (and cash in lieu of fractional shares) and either distributed to the Participant (or to any other person, as contemplated by the Plan) or withheld to account for payment of the generation-skipping transfer tax. Future installments shall be determined by dividing the remaining vested Retirement Stock Units credited to the Current Director's Retirement Account, plus any additional Dividend Equivalents credited to the Participant's Retirement Account during the distribution period by the remaining number of annual installment distributions. Each such distribution shall result in a reduction of the amount of Retirement Stock Units credited to Current Director's Retirement Account by an amount of Retirement Stock Units equal to the number of Retirement Stock Units that were either converted to Common Stock (and cash in lieu of fractional shares) and distributed to the Current Director (or to any other person, as contemplated by the Plan) or withheld to account for payment of the generation-skipping tax.

(b) *Change in Control*. Upon a Change in Control, shares of Common Stock (and cash in lieu of fractional shares) equal to the number of vested Retirement Stock Units credited to the Current Director shall be distributed in a single lump-sum.

6.5 *Form of Distribution*. Distribution shall be made to the Participant or Beneficiary in shares of Common Stock (and cash in lieu of fractional shares) directly by the Company. The Company shall not be relieved of its obligation and liability to distribute the benefits of the Plan, except to the extent distributions are actually made from any trust established by the Company for such purpose.

6.6 *Time of Distribution*. An initial installment distribution shall be made within 30 days following the date of Termination of Service. Later installment distributions shall be made on or before January 31 of each year thereafter until the total amount to be distributed under the Plan is distributed. A lump-sum distribution shall be made immediately upon a Change in Control.

6.7 *Death*.

(a) *Distribution to Beneficiary*. If the Participant dies prior to distribution of all benefits due under the Plan, distribution of all remaining benefits shall be made to the Participant's Beneficiary. Distributions to a Beneficiary following a Participant's death shall be made on the same schedule set forth in Section 6.4 and shall begin on the date specified in Section 6.6.

(b) *Distribution to Estate*. If distribution is to be made to the estate of a Participant, distribution shall be made in a lump sum within 90 days after the date of the Participant's death.

(c) *Generation-Skipping Transfer Tax*. Notwithstanding any other provision in the Plan, the Company may withhold any benefits that would otherwise be distributed to a Beneficiary as a result of the death of a Participant or any other Beneficiary until it can be determined whether a generation-skipping transfer tax, as defined in Chapter 13 of the Internal Revenue Code of 1986, as amended, or any substitute provision therefor, is payable by the Company and the amount of generation-skipping transfer tax, including interest, that is due. If such tax is payable, the benefits that would otherwise be distributed under the Plan shall be reduced by the number of shares of Common Stock with a Market Value on the date of distribution of the benefits, if any, equal to the generation-skipping transfer tax and interest. Any benefits withheld and determined not to be required to account for the generation-skipping transfer tax shall be distributed as soon as there is a final determination of the applicable generation-skipping transfer tax and interest. No interest shall be payable to any Beneficiary for the period from the date of death to the time when the amount of benefits to be distributed to a Beneficiary can be fully determined pursuant to this paragraph.

ARTICLE 7

General Provisions

7.1 *Adjustments*. If the number of shares of Common Stock outstanding changes by reason of a stock dividend, stock split, recapitalization, merger, consolidation, combination, exchange of shares or any other change in the corporate structure or shares of the Company, the number of Stock Units credited to a Participant's Fee Account and Retirement Account shall be appropriately adjusted to reflect the number and kind of shares of common stock, other securities or other consideration that holders of common stock would receive by reason of the change in corporate structure.

7.2 *Amendment; Termination*. The Company reserves the right to amend the Plan prospectively or retroactively, in whole or in part, or to terminate the Plan, provided that no change or amendment may be made more than once every six months and that an amendment or termination may not reduce or revoke Stock Units accrued and the amounts represented by them promised to be distributed to Participants as of the later of the date of adoption of the amendment or the effective date of the amendment or termination. Upon termination of the Plan, the accounts of affected Participants shall be administered and distributed in accordance with the provisions of the Plan.

7.3 *Rights Not Assignable*. Except for designation of a Beneficiary, Stock Units credited to Participants and amounts represented thereby promised under the Plan shall not be subject to assignment, conveyance, transfer, anticipation, pledge, alienation, sale, encumbrance or charge, whether voluntary or involuntary, by the Participant or any Beneficiary of the Participant, even if directed under a qualified domestic relations order or other divorce order. An interest in a Stock Unit or the amount represented thereby shall not provide collateral or security for a debt of a Participant or Beneficiary or be subject to garnishment, execution, assignment, levy or to another form of judicial or administrative process or to the claim of a creditor of a Participant or Beneficiary, through legal process or otherwise. Any attempt to anticipate, alienate, sell, transfer, assign, pledge, encumber, charge or to otherwise dispose of benefits, before actual receipt of the benefits, or a right to receive benefits, shall be void and shall not be recognized.

7.4 *Unsecured Creditor Status*. A Participant shall be an unsecured general creditor of the Company as to the distribution of any benefit under the Plan. The right of any Participant or Beneficiary to receive a distribution promised in the Plan shall be no greater than the right of any other general, unsecured creditor of the Company.

7.5 *No Trust or Fiduciary Relationship*. Nothing contained in the Plan shall be deemed to create a trust or fiduciary relationship of any kind for the benefit of any Participant or Beneficiary.

7.6 *Construction*. The singular includes the plural, and the plural includes the singular, unless the context clearly indicates the contrary. Capitalized terms (except those at the beginning of a sentence or part of a heading) have the meaning specified in the Plan. If a capitalized term is not defined in the Plan, the term shall have the general, accepted meaning of the term.

7.7 *Disputes*. In the event that a dispute arises regarding the eligibility to participate in the Plan or any other matter relating to Plan participation, such dispute shall be made to the Committee. The determination by the Committee with respect to such disputes shall be final and binding on all parties. In the event that a dispute arises regarding the amount of any benefit distribution under the Plan that is not related to Participant eligibility disputes, the Committee may appoint a qualified independent certified public accountant to determine the amount of distribution and such determination shall be final and binding on all parties. If the Participant involved in the dispute is a member of the Committee, such Participant shall not be involved in the Committee's decision.

7.8 *Unfunded Plan*. This shall be an unfunded plan within the meaning of the Internal Revenue Code of 1986, as amended. Benefits provided in the Plan constitute only an unsecured contractual promise to distribute Common Stock (and cash in lieu of fractional shares) in accordance with the terms of the Plan by the Company.

7.9 *Self-Employment Taxes*. To the extent that amounts distributed or deferred under the Plan are deemed to be net earnings from self-employment, each Outside Director shall be responsible for any taxes payable under federal, state or local law.

7.10 *Right of Company to Replace Directors*. Neither the action of the Company in establishing the Plan, nor any provision of the Plan, shall be construed as giving any Outside Director the right to be retained as a director, or any right to any payment whatsoever except to the extent of the benefits provided for by the Plan. The Company expressly reserves the right at any time to replace or fail to renominate any Outside Director without any liability for any claim against the Company for any payment or distribution whatsoever except to the extent provided for in the Plan. The Company has no obligation to create any other or subsequent deferred compensation plan for directors.

7.11 *Governing Law; Severability*. The Plan shall be construed, regulated and administered under the laws of the State of Michigan. If any provisions of the Plan shall be held invalid or unenforceable for any reason, such invalidity or unenforceability shall not affect the remaining provisions of the Plan, and the Plan shall be deemed to be modified to the least extent possible to make it valid and enforceable in its entirety.

7.12 *Trust Fund*. The Company shall be responsible for the distribution of all benefits provided under the Plan. At its discretion, the Company may establish one or more trust, with such trustees as the Board or the Committee may approve, for the purpose of providing for the distribution of such benefits. Such trust or trusts may be irrevocable, but the assets thereof shall be subject to the claims of the Company's creditors. To the extent any benefits provided under the Plan are actually distributed from any such trust, the Company shall have no further obligation with respect thereto, but to the extent not so distributed, such benefits shall remain the obligation of, and shall be distributed by, the Company.

EXHIBIT 10.12

WOLVERINE WORLD WIDE, INC.

STOCK OPTION LOAN PROGRAM
(Revisions Effective July 30, 2002)

A loan program has been established by the Company to assist certain current employees, directors and/or officers (to the extent permitted by applicable laws or regulations) with the exercise of stock options. This program enables these individuals ("Participants") to borrow up to 95% of the market value of the stock on the date of the loan (but not more than 95% of the option price). The loan is collateralized by 100% of the related shares of optioned stock. The following rules have been established.

1. Only those Participants whose cumulative options are 500 shares or more are eligible. Also, you will become eligible under the loan program if you receive a later option grant which, when added to any prior options received, puts you up to the 500 share minimum. Executive officers of the Company are not eligible to receive stock option loans, except as permitted by applicable laws or regulations.

2. "Executive Officers" are those employees of the Company falling within the definition of executive officers as set forth in Section 402(a) of the Sarbanes-Oxley Act of 2002 and related sections of the Securities Exchange Act of 1934 and rulings by the SEC as determined by the Board of Directors from time to time.

3. Interest Rate - The interest rate, fixed at the commencement of the loan, will be the greater of 6 1/2% per annum or the prime rate offered by Bank One of Chicago, Illinois on the business day prior to the date of commencement. Interest will be billed and payable quarterly (March, June, September and December).

4. Each loan is repayable over a twelve (12) year period (or until termination of employment, if earlier). During the first five (5) years, payments of interest only are required. After five (5) years, quarterly principal payments of 3 3/4 (15% per year) are required, plus accrued interest, until the loan is repaid. In the event of termination of employment (excluding retirement, death or permanent disability), the unpaid principal and interest is due, in full, within thirty (30) days. Loans may be prepaid without penalty. In the event of retirement, death, or permanent disability, the full-unpaid principal and interest is due within twenty-four (24) months of the date of termination of employment.

5. The principal of any loan and/or accrued interest may be paid at anytime by surrendering shares of Company stock to the Company. Subject to the requirements in Paragraph 6(c), the surrendered shares may be shares held as collateral for the loan being repaid or other shares held by the Participant; however, all shares surrendered must be fully vested and must have been held by the Participant for six months or more. The surrendered shares will be applied to principal and/or interest at the market value of the shares on the day of

such surrender (calculated as the average of the highest and lowest sale prices on the date of surrender or the last preceding trading day if the date of surrender is not a trading day).

6. Subject to the requirements of Paragraph 6(c), the proceeds of any sale of stock acquired pursuant to a loan must be applied first to the payment of the loan and accrued interest. If any part of the stock is to be sold, a pro-rata portion (shares sold to total pledged) of the loan must be repaid first from the proceeds of the sale.

7. (a) Collateral of 100% of the stock exercised is required to be pledged for each loan. The original stock pledged may relate only to the loan made against that stock purchase and cannot be used as further security for future loans until the original loan is paid off.
   (b) If the collateral value of the stock pledged falls below the loan balances for more than three (3) consecutive months, the Participant must either: (i) repay the loan at a rate equal to 2 1/2% of the difference per quarter until no shortfall exists, or (ii) pledge other unencumbered stock to secure the loan shortfall. This is in addition to other required payments.
   (c) The Participant is not permitted to sell, withdraw, pledge or otherwise dispose of all or any part of the collateral for a loan until deficiency payments in (b) above have been repaid or until, as a result of the repayments and/or an increase in the market value of the underlying stock, the current loan is equal to or less than the current market value of the stock.
   (d) All loans are full recourse loans and, as permitted by law, the Company may pursue all assets of the Participant, including without limitation wages, bonuses and personal assets, in satisfaction of the loan.

8. Existing stock option loans will, as necessary, convert to the new loan program under the following guidelines.

   (a) If required principal payments have not yet commenced under the original loan, repayment (principal and interest) will be governed by the new loan program.
   (b) A new note, if such is deemed necessary by the Company, must be executed.

9. Participants will have the right to receive dividends on the stock and to vote the stock.

10. A promissory note, stock pledge agreement, and assignment of stock certificate to sell stock, in the form supplied by the Company, must be executed at the time of the loan.

11. Loans to Executive Officers and directors outstanding as of July 30, 2002, remain in effect in accordance with their existing terms which may not be amended, renewed or modified in any way unless later permitted by applicable laws and regulations.

12. Executive Officers and directors of the Company are excluded from participating in and receiving new loans under the Stock Option Loan Program only to the extent required to comply with applicable laws or regulations. In the event that such loans are or become permitted to be made to Executive Officers and/or directors of the Company, this plan

will be deemed to allow such loans with any limits or restrictions as may be necessary to comply with such laws or regulations as determined by the Board of Directors from time to time.

Exhibit 10.13

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

	Salary Multiplier Rate (Section 4(a)(4))	Termination Period (Section 1(n))	Change of Control Continuation Period (Section 2)
Stephen L. Gulis, Jr.	3	3 years	36 months
Blake W. Krueger	3	3 years	36 months
Kenneth A. Grady	2	2 years	24 months
Pamela L. Linton	2	2 years	24 months
Nicholas P. Ottenwess	2	2 years	24 months
James D. Zwiers	2	2 years	24 months

Exhibit 10.16

The following executive officers have a percentage benefit multiplier under the Supplemental Executive Retirement Plan (the "Plan") of 2.4% or 2.0%, as indicated below, in lieu of the 1.6% of final average monthly remuneration benefit multiplier described in the Plan:

2.4%	2.0%
Stephen L. Gulis, Jr.	Pamela L. Linton
Blake W. Krueger	Nicholas P. Ottenwess
	James D. Zwiers

EXHIBIT 10.17

WOLVERINE

EMPLOYEES' PENSION PLAN

(Amended and Restated Effective January 1, 1997)

Warner Norcross & Judd LLP
400 Terrace Plaza
P.O. Box 900
Muskegon, Michigan 49443-0900

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EMPLOYEES' PENSION PLAN

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

ARTICLE 1

Establishment of Plan and Trust

1.1 Establishment of Plan.

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

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

(b) Plan History. A schedule of the effective dates of this plan and certain amendments is attached as Schedule A.

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

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

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

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

1.2 Declaration of Trust.

The Employer may establish one or more Trusts to fund the benefits under the Plan. The "Trustee" (PW Trust Company or a successor Trustee) declares that plan assets delivered to it will be held in trust and administered under the terms of this plan and trust. A trust so established shall be operated for the exclusive benefit of Participants and their beneficiaries. Trust assets shall not be used for any other purpose except payment of reasonable administrative expenses. Former 414(k) assets separately held with CG Trust Company shall for all purposes be removed from this Plan and merged with the assets of the Wolverine World Wide, Inc. Money Accumulation Plan.

1.3 Compliance With Law.

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

1.4 Effective Dates of Plan Provisions.

"Effective Date" of this restated plan means January 1, 1997, unless a provision specifies a different effective date. Each plan provision applies from its effective date until the effective date of an amendment.

1.5 Application to Inactive and Former Participants.

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

ARTICLE 2

Definitions

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

2.1 Break in Service.

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

2.2 Employer Contributions.

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

2.3 5% Owner.

"5% Owner" means:

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

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

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

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

2.4 Highly Compensated Employee.

(a) Definition. For Plan Years beginning after December 31, 1996, "Highly Compensated Employee" for a Plan Year means any Employee who:

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

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

(A) Compensation. Received Section 415 Compensation in excess of $80,000 (as adjusted under Code Section 415(d)); and

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

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

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

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

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

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

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

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

(iii) Compensation. For Plan Years beginning before January 1, 1998, for purposes of determining compensation under (a) above, compensation means Section 415 Compensation plus elective contributions that are excluded from gross income by Code Sections 125, 402(e)(3), 402(h)(1)(B), or 403(b).

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

(v) Consistency. For Plan Years beginning on or after January 1, 1998, the determination of Highly Compensated Employees shall be applied consistently to the determination years of all qualified retirement plans maintained by the Employer (and any Related Employer) that begin with or within the same calendar year. For Plan Years beginning on or after January 1, 2000, the consistency requirement applies to all qualified retirement and non-retirement plans. For purposes of this provision, determination year means the plan year for which the determination of Highly Compensated Employees is being made.

2.5 Hour of Service.

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

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

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

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

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

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

(e) Qualified Military Service. Effective December 12, 1994, if employment terminates due to Qualified Military Service, the Employee shall be credited with Hours of Service for the hours the Employee would have been scheduled to work during the period of Qualified Military Service.

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

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

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

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

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

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

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

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

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

2.6 Person.

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

2.7 Plan Year.

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

2.8 Related Employer.

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

2.9 Valuation Date.

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

ARTICLE 3

Eligibility to Participate

3.1 Eligibility Requirements.

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

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

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

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

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

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

3.2 Requirement of Covered Employment.

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

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

3.3 Participation Rules.

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

(b) Cancellation of Years of Eligibility Service. For periods after December 31, 1976, an Employee's Years of Eligibility Service shall be canceled if the Employee's vested percentage is zero and the Employee has at least five consecutive Breaks in Service.

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

3.4 Leased Employee.

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

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

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

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

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

(ii) Covered by Plan Described in Code Section 414(n). The individual is covered by a money purchase pension plan described in Code Section 414(n) maintained by the leasing organization with a nonintegrated employer contribution rate of at least 10% of compensation, immediate participation for all employees of the leasing organization, and full and immediate vesting. Immediate participation shall not be required for employees who received less than $1,000 in compensation from the leasing organization in each Plan Year during the four-year period ending with the current Plan Year. For purposes of this provision, compensation means Section 415 Compensation including, for Plan Years beginning before January 1, 1998, elective contributions that are excluded from gross income by Code Sections 125, 402(e)(3), 402(h)(1)(B), or 403(b).

ARTICLE 4

Contributions

4.1 Contributions/Amount.

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

4.2 Limits on Employer Contributions.

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

4.3 Return of Employer Contributions.

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

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

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

4.4 Reduction of Contribution for Leased Employees.

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

4.5 Timing of Contributions.

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

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

ARTICLE 5

Amount of Benefits

5.1 Normal Retirement.

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

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

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

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

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

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

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

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

(A) ¾ Unit. ¾ of 1% of the lesser of the Participant's Final Average Monthly Compensation or Covered Compensation multiplied by the Participant's Years of Benefit Service.

(B) ½ Benefit. ½ of the Participant's Accrued Benefit calculated under 5.1(c)(i)(A) above but based upon the smallest of the Participant's Monthly Average Compensation, Final Average Compensation or Covered Compensation.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

5.2 Early Retirement.

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

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

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

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

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

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

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

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

5.3 Late Retirement.

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

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

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

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

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

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

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

5.4 Deferred Vested Retirement.

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

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

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

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

5.5 Death Benefits.

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

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

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

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

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

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

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

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

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

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

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

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

5.6 Pension Offsets.

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

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

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

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

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

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

5.7 Special Benefit Schedules.

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

5.8 Benefit Rules.

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

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

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

5.9 Maximum Annual Benefits.

The Annual Benefit payable to a Participant in a Limitation Year, from all defined benefit plans maintained by the Employer and each Related Employer, may not exceed the lesser of the Defined Benefit Dollar Limit or the Compensation Limit.

(a) Annual Benefit. "Annual Benefit" means a benefit payable annually in the form of a Single Life Annuity with no ancillary benefits. Annual Benefit does not include benefits attributable to after-tax employee contributions, rollover contributions, or assets transferred from a qualified retirement plan not maintained by the Employer.

(i) Adjustment. Benefits payable in another form will be adjusted to the actuarially equivalent value of the Single Life Annuity. No actuarial adjustment is required for (i) the value of a QJSA, (ii) the value of benefits that are not directly related to retirement benefits (such as the qualified disability benefit, preretirement death benefits, and post-retirement medical benefits), and (iii) the value of post-retirement cost-of-living increases made in accordance with Code Section 415(d) and Regulations Section 1.415-3(c)(2)(iii).

(ii) Actuarial Equivalence. For Limitation Years beginning before January 1, 1995, actuarial equivalence shall be determined by using an interest rate assumption equal to the greater of 5% or the rate specified in this plan. For Limitation Years beginning after December 31, 1994, the actuarially equivalent value of the Single Life Annuity shall be the greater of (i) the benefit computed using the interest rate and mortality table specified in this plan for adjusting benefits in the same form, or (ii) the benefit computed using an interest rate assumption of 5% and the 417(e) Mortality Table. For a benefit form other than a nondecreasing annuity payable for a period of not less than the Participant's life (or, in the case of a QPSA, the Surviving Spouse's life) or decreases during the Participant's life merely because of the death of the survivor annuitant (but only if the reduction is not less than 50% of the benefit payable before the survivor annuitant's death) or the cessation or reduction of Social Security supplements of qualified disability payments as defined in Code Section 401(a)(11), the 5% interest rate assumption in the preceding sentence shall be replaced with the 30-Year Treasury Rate.

(b) Defined Benefit Dollar Limit. Effective for Limitation Years ending after June 30, 2002, for Employees who have an Hour of Service in Covered Employment on or after the first day of the first Limitation Year ending after December 31, 2001, "Defined Benefit Dollar Limit" means $160,000, as adjusted, effective January 1 of each year, under Code Section 415(d) in such manner as the Secretary shall prescribe, and payable in the form of a straight life annuity. The limit as adjusted under Code Section 415(d) will apply to Limitation Years ending with or within the calendar year for which the adjustment applies.

(c) Compensation Limit. "Compensation Limit" means 100% of the average of the Participant's Section 415 Compensation for the three consecutive years that produce the highest average.

If a Participant's employment terminates, the Participant's highest average compensation shall be automatically adjusted by the cost-of-living adjustment factor under Code Section 415(d) in the manner prescribed by the Secretary of Treasury. The adjusted compensation amount shall apply to Limitation Years ending within the calendar year of the date of the adjustment.

(d) Section 415 Compensation. "Section 415 Compensation" means a Participant's wages, salaries, and fees for professional services and other amounts received (whether or not an amount is paid in cash) for personal services actually rendered in the course of employment with the Employer (including, but not limited to, commissions paid to salesmen, compensation for services based on a percentage of profits, commissions on insurance premiums, tips, bonuses, fringe benefits, and reimbursements or other expense allowances under a nonaccountable plan (as described in Regulations Section 1.62-2(c)) actually paid (or accrued For Limitation Years beginning before January 1, 1992) and includable in gross income for the Limitation Year. For Limitation Years beginning after December 31, 1997, Section 415 Compensation shall include elective contributions that are excluded from gross income by Code Sections 125, 132(f)(4), 402(g)(3), or 457.

(i) Exclusions. Section 415 Compensation excludes:

(A) Contributions. Contributions to a plan of deferred compensation that are not includable in the Employee's gross income for the taxable year in which contributed, or contributions under a simplified employee pension plan to the extent the contributions are deductible by the Employee, or any distributions from a plan of deferred compensation;

(B) Nonqualified Stock Option. Amounts realized from the exercise of a nonqualified stock option, or when restricted stock (or property) held by the Employee either becomes freely transferable or is no longer subject to substantial risk of forfeiture;

(C) Qualified Stock Option. Amounts realized from the sale, exchange, or other disposition of stock acquired under a qualified stock option;

(D) Other Amounts. Other amounts that received special tax benefits or contributions made by the Employer (other than under a salary reduction agreement) toward the purchase of an annuity described in Code Section 403(b) (whether or not the amounts are actually excludable from the gross income of the Employee); and

(E) Adjusted Annual Compensation Limit. Section 415 Compensation shall not exceed the Annual Compensation Limit. For Plan Years beginning after June 30, 2002, the "Annual Compensation Limit" means $200,000 (as adjusted under Code Section 401(a)(17)(B)).

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

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

(f) Related Employer Aggregation. All plans maintained by the Employer and any Related Employer, all contributions under those plans, and Section 415 Compensation from the Employer and any Related Employer shall be aggregated for purposes of applying this section and the remainder of this article.

5.10 Adjustments to Maximum Annual Benefits.

(a) Accrued Benefit. The Accrued Benefit, including the right to an optional form of benefit payment provided under this plan (and under all other defined benefit plans required to be aggregated with this plan under provisions of Code Section 415), shall not exceed the amount permitted under Code Section 415, as amended.

(i) RPA'94 Protection. If a Participant was a participant in one or more defined benefit plans maintained by the Employer or a Related Employer as of the first day of the first Limitation Year beginning after December 31, 1994, then, for purposes of Code Sections 415(b) and (e), the Defined Benefit Dollar Limit for that Participant shall not be less than the Participant's RPA'94 Old Law Benefit. This provision shall not apply unless the defined benefit plans met the requirements of Code Section 415 on December 7, 1994.

(A) RPA'94 Old Law Benefit. "RPA'94 Old Law Benefit" means the Participant's Accrued Benefit under this plan as of January 1, 2000 (the "RPA'94 Freeze Date"), for the Annuity Starting Date and optional form and taking into account the limitations of Code Section 415, as in effect on December 7, 1994, including the participation requirement under Code Section 415(b)(5). In determining the amount of the RPA'94 Old Law Benefit, the following shall be disregarded:

(1) Plan Amendment. Any amendment to this plan increasing benefits adopted after the RPA'94 Freeze Date;

(2) Cost-of-Living Adjustment. Any cost-of-living adjustment occurring after the RPA'94 Freeze Date; and

(3) Changed Actuarial Assumptions. The use of a different interest rate or mortality table if it increases a Participant's RPA'94 Old Law Benefit to an amount greater than the RPA'94 Old Law Benefit as of the RPA'94 Freeze Date.

(B) Reduction of RPA'94 Old Law Benefit. A Participant's RPA'94 Old Law Benefit shall not be increased after the RPA'94 Freeze Date. If the limitations of Code Section 415, as in effect on December 7, 1994, are less than the limitations that were applied to determine the Participant's RPA'94 Old Law Benefit on the RPA'94 Freeze Date, then the Participant's RPA'94 Old Law Benefit shall be reduced in accordance with such reduced limitation. If, at any date after the RPA'94 Freeze Date, the Participant's total benefit, before the application of Code Section 415, is less than the Participant's RPA'94 Old Law Benefit, the RPA'94 Old Law Benefit will be reduced to the Participant's total benefit.

(C) Reduction Due to Annual Additions. If the RPA'94 Old Law Benefit was reduced during the period between the RPA'94 Freeze Date and the first day of the first Limitation Year beginning on or after January 1, 2000, because of Annual Additions credited to the Participant's account in an existing defined contribution plan, the RPA'94 Old Law Benefit shall increase to the RPA'94 Freeze Date level as of the first day of the first Limitation Year beginning on or after January 1, 2000.

(D) Transition Rule. This subsection applies to the determination of whether a Participant's benefit exceeds the limits of Sections 5.8 (as modified by this Section 5.9) after the RPA'94 Freeze Date. The "Final Implementation Date" shall be January 1, 2000.

(1) Amount. A Participant's total annual benefit is the greater of either the sum of the Participant's RPA'94 Old Law Benefit and the portion of the Participant's total annual benefit that exceeds the RPA'94 Old Law Benefit (the summed benefit) or the total annual benefits under this plan as amended and restated (the restated benefit). The benefit shall not be less than the Participant's RPA'94 Old Law Benefit.

(2) Actuarially Equivalent Annual Benefit. If the determination is made before the Final Implementation Date and the summed benefit must be adjusted to an actuarially equivalent Annual Benefit, the Annual Benefit equivalent to the RPA'94 Old Law Benefit shall be determined using the greater of 5% or the rate specified in this plan and the mortality table, as provided in Code Section 415(b)(2)(E) as in effect on December 7, 1994, under the terms of the plan as of that date. The Annual Benefit equivalent to the other portion of the summed benefit shall be determined in accordance with Section 5.8(a)(ii).

If the determination is made on or after the Final Implementation Date and the summed benefit must be adjusted to an actuarially equivalent Annual Benefit, the Annual Benefit equivalent to the RPA'94 Old Law Benefit shall be determined using an interest rate equal to the greater of 5% or the rate specified in this plan and the mortality table specified in this plan. The Annual Benefit equivalent to the other portion of the summed benefit shall be determined in accordance with Section 5.8(a)(ii).

If adjustments are necessary for commencement of benefits prior to age 62, the adjustments shall be made under (c)(i)(B) below or for commencement of benefits after Social Security Retirement Age, the adjustments shall be made under (c)(ii) below.

(3) Actuarial Equivalence - RPA'94 Old Law Benefit. For purposes of determining that a Participant receives no less than the Participant's RPA'94 Old Law Benefit, the limitation applicable to the Participant's RPA'94 Old Law Benefit (old law limitation) is determined and to the extent the Participant's RPA'94 Old Law Benefit does not exceed such limitation, the Participant may receive the RPA'94 Old Law Benefit. Before the Final Implementation Date, adjustments to the old law limitation for commencement of benefits prior to age 62 shall be determined using an interest rate equal to the greater of 5% or the rate specified in this plan and the mortality table, as provided under Code Section 415(b)(2)(E) as in effect on December 7, 1994, under the terms of the plan as of that date. Adjustments to the old law limitation for commencement of benefits after Social Security Retirement Age are determined in accordance with the preceding sentence, however, the interest rate shall be the lesser of 5% or the rate specified in this plan.

On or after the Final Implementation Date, adjustments to the old law limitation for benefits commencing prior to age 62 are determined using the greater of 5% or the rate specified in this plan and the mortality table under the plan as of the date of determination. Adjustment to the old law limitation for commencement of benefits after Social Security Retirement Age are determined in accordance with the preceding sentence, however, the interest rate shall be the lesser of 5% or the rate specified in this plan.

(ii) TRA'86 Protection. If a Participant was a participant in one or more defined benefit plans maintained by the Employer or a Related Employer as of the first day of the first Limitation Year beginning after December 31, 1986, then, for purposes of Code Sections 415(b) and (e), the Defined Benefit Dollar Limit for that Participant shall not be less than the Participant's TRA'86 Accrued Benefit. This provision shall not apply unless the defined benefit plans met the requirements of Code Section 415 for all Limitation Years beginning before January 1, 1997. "TRA'86 Accrued Benefit" means a Participant's Accrued Benefit under this plan assuming that the Participant's employment terminated as of the last day of the last Limitation Year beginning before January 1, 1987, when expressed as an annual benefit within the meaning of Code Section 415(b)(2). In determining the amount of the TRA'86 Accrued Benefit, any change in the terms and conditions of this plan adopted after May 5, 1986, and any cost-of-living adjustment occurring after May 5, 1986, shall be disregarded.

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

(i) Defined Benefit Dollar Limit. If the Annual Benefit begins when the Participant has been a Participant for less than 10 years, the Defined Benefit Dollar Limit shall be reduced by one-tenth for each year (or part of a year) that the Participant has been a Participant for less than 10 years.

For purposes of this provision, each Participant shall be credited with a year of participation (computed to fractional parts of a year) for each Plan Year during which the Participant accrues a benefit, beginning with the Plan Year in which the Participant first becomes a Participant. A Participant who is permanently and totally disabled within the meaning of Code Section 415(c)(3)(C)(i) for a Plan Year shall be credited with a year of participation for that Plan Year. A Participant will be credited with not more than one year of participation for each Plan Year.

(ii) Compensation Limit. If the Annual Benefit begins when the Participant has less than 10 years of service, the Compensation Limit shall be reduced by one-tenth for each year of service (or part of a year) the Participant has less than 10 years. For Limitation Years beginning before January 1, 2000, this adjustment shall be applied in the denominator of the Defined Benefit Plan Fraction based upon years of service. For purposes of computing the Defined Benefit Plan Fraction only, years of service shall include future years occurring before the Participant's Normal Retirement Date. Future years shall include the year that includes the Participant's Normal Retirement Date, only if it can be reasonably anticipated that the Participant will receive a year of service for that year or if earlier, the year in which the Participant terminates employment.

(c) Age. Effective for Limitation Years ending after June 30, 2002, for Employees who have an Hour of Service in Covered Employment on or after the first day of the first Limitation Year ending after June 30, 2002, the maximum Annual Benefit shall be adjusted as follows:

(i) Before Age 62. If the Annual Benefit begins before the date the Participant attains age 62, the benefit may not exceed the actuarially equivalent value of the Defined Benefit Dollar Limit (as reduced under (b) above, if necessary) beginning at age 62. The actuarially equivalent annual benefit shall be the lesser of (A) the benefit computed using the interest rate and mortality table specified for early retirement benefits, or (B) the benefit computed using an interest rate assumption of 5% and the 417(e) Mortality Table. Any decrease in the adjusted Defined Benefit Dollar Limit determined in accordance with this provision shall not reflect any mortality decrement to the extent that benefits will not be forfeited upon the Participant's death.

(ii) After Age 65. If the Annual Benefit begins after the Participant attains age 65, the benefit may not exceed the actuarially equivalent value of the Defined Benefit Dollar Limit (as reduced under (b) above, if necessary) beginning at age 65. The actuarially equivalent annual benefit shall be the lesser of (A) the benefit computed using the interest rate and mortality table specified for late retirement benefits, or (B) the benefit computed using an interest rate assumption of 5% and the 417(e) Mortality Table.

(d) $10,000 Limitation. A benefit shall not be deemed to exceed the limits of this or the preceding section or Code Section 415 if benefits payable with respect to the Participant under this plan and all other defined benefit plans (regardless of whether terminated) of the Employer and all Related Employers does not at any time exceed $1,000 multiplied by the Participant's years of service or parts thereof (not to exceed 10) with the Employer and any Related Employer. This limitation shall be applicable only to a Participant who has never participated in a defined contribution plan, a welfare benefit fund under which amounts attributable to post-retirement medical are allocated to separate accounts of Key Employees (as defined in Code Section 419A(d)(3)), or an individual medical account maintained by the Employer or a Related Employer. For this purpose, after-tax employee contributions to this plan, to a prior plan, or to another defined benefit plan maintained by the Employer or a Related Employer shall not be deemed a defined contribution plan.

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

(f) Late Retirement. If a Participant's Accrued Benefit exceeds the maximum Annual Benefit because of actuarial increases to the Participant's Accrued Benefit due to postponement of commencement of benefits or Late Retirement, the excess shall be disregarded.

5.11 Maximum Combined Limitation.

For Limitation Years beginning before January 1, 2000, if a Participant is, or was, a Participant in both a defined benefit plan and a defined contribution plan maintained by the Employer or a Related Employer, the sum of the Participant's Defined Benefit Plan Fraction and Defined Contribution Plan Fraction may not exceed 1.0 in a Limitation Year.

(a) Defined Benefit Plan Fraction.

(i) Definition. "Defined Benefit Plan Fraction" means a fraction. The numerator of the fraction is the sum of the Participant's Projected Annual Benefits under all defined benefit plans (whether or not terminated) maintained by the Employer or a Related Employer. The denominator is the lesser of 125% of the Defined Benefit Dollar Limit in effect for the Limitation Year or 140% of the average of the Participant's Section 415 Compensation for the three consecutive calendar years of plan participation that produce the highest average, including any adjustments under Code Section 415(b)(5).

If the Participant was a participant as of the first day of the first Limitation Year beginning after December 31, 1986, in one or more defined benefit plans maintained by the Employer or a Related Employer that were in existence on May 6, 1986, the denominator of the fraction will not be less than 125% of the sum of the Annual Benefits under those defined benefit plans that the Participant had accrued as of the close of the last Limitation Year beginning before January 1, 1987, disregarding any change in the terms and conditions of the plan after May 5, 1986. The preceding sentence applies only if the defined benefit plans individually and in the aggregate satisfied the requirements of Code Section 415 for all Limitation Years beginning before January 1, 1987.

(ii) Projected Annual Benefit. "Projected Annual Benefit" means the Participant's annualized Accrued Benefit at Normal Retirement Date (or current date, if later) determined as if the Participant continued employment and the Participant's Compensation for the Limitation Year and all other relevant factors used to determine such benefit remained constant until Normal Retirement Date (or current date, if later).

(b) Defined Contribution Plan Fraction.

(i) Definition. "Defined Contribution Plan Fraction" means a fraction. The numerator of the fraction is the sum of the Annual Additions to the Participant's account under all defined contribution plans (whether or not terminated) maintained by the Employer or a Related Employer for the current and all prior Limitation Years. The denominator is the sum of the lesser of the following amounts determined for the Limitation Year and each prior Limitation Year of service with the Employer or a Related Employer: (A) 125% of the Defined Contribution Dollar Limit in effect for each Limitation Year, or (B) 35% of the Participant's Section 415 Compensation.

If the Participant was a participant as of the first day of the first Limitation Year beginning after December 31, 1986, in one or more defined contribution plans maintained by the Employer or a Related Employer that were in existence on May 6, 1986, the numerator of the fraction will be adjusted if the sum of the fraction and the Defined Benefit Plan Fraction would otherwise exceed 1.0 under the terms of this plan. Under the adjustment, an amount equal to the product of (A) the excess of the sum of the fractions over 1.0 times (B) the denominator of this fraction, will be permanently subtracted from the numerator of this fraction. The adjustment is calculated using the fractions as they would be computed as of the close of the last Limitation Year beginning before January 1, 1987, and disregarding any change in the terms and conditions of the plans made after May 5, 1986, but using the Code Section 415 limitations applicable to the first Limitation Year beginning on or after January 1, 1987.

(ii) Annual Additions. For Limitation Years beginning after December 31, 1986, "Annual Additions" for a Participant for a Limitation Year means the sum of:

(A) Employer Contributions and Forfeitures. The Participant's share of Employer contributions (including allocations under a simplified employee pension) and forfeitures;

(B) After-Tax Employee Contributions. The Participant's after-tax employee contributions;

(C) Post-Retirement Medical Benefits Account. For purposes of the Defined Contribution Dollar Limit and for Limitation Years beginning after December 31, 1985, amounts allocated to the separate post-retirement medical benefits account of a Key Employee, as defined in Code Section 419A(d)(3), under a welfare benefit fund, as defined in Code Section 419(e);

(D) Individual Medical Benefit Account. For purposes of the Defined Contribution Dollar Limit, contributions allocated for Limitation Years beginning after March 31, 1984, to an individual medical benefit account in a pension or annuity plan, as defined in Code Section 415(l)(2);

(E) Excess Deferrals, Excess Aggregate Contributions. For the Limitation Years during which these amounts were contributed, excess deferrals that are not distributed to the Participant by the first April 15th following the end of the Participant's taxable year, and excess aggregate contributions whether or not distributed to a Participant; and

(F) Excess Annual Addition Applied. An excess Annual Addition from the preceding Limitation Year applied to reduce the Employer contributions for the current Plan Year.

(iii) Defined Contribution Dollar Limit. For Limitation Years beginning after December 31, 1994, "Defined Contribution Dollar Limit" means $30,000 (as adjusted under Code Section 415(d)).

If a short Limitation Year is created by an amendment, the maximum Annual Addition shall not exceed the Defined Contribution Dollar Limit multiplied by a fraction. The numerator of the fraction is the number of months in the short Limitation Year and the denominator is 12.

(c) Benefit Accrual Reduction. If, in a Limitation Year, the sum of the Defined Contribution Plan Fraction and the Defined Benefit Plan Fraction will exceed 1.0, the rate of benefit accrual under this plan will be reduced so that the sum of the fractions equals 1.0.

(d) Application of Limitations. These limitations shall be determined with respect to the aggregate benefits and/or contributions under all plans to which they are applicable with respect to a Participant as provided in the Regulations under Code Section 415 as in effect at the time the limitation is applied.

(e) Maximum Limitations. These limitations are intended to be not less than the maximum limitations that apply to a Participant at the time of application under Code Section 415, ERISA Section 2004, Section 235(g) of the Tax Equity and Fiscal Responsibility Act of 1982, Section 1106 of the Tax Reform Act of 1986, any subsequent legislation, and Regulations under the acts, including all effective dates, transitional rules, and alternate limitations contained in those acts and Regulations.

ARTICLE 6

Determination of Vested Percentage

6.1 Year of Vesting Service.

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

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

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

6.2 Vested Percentage.

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

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

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

6.3 Cashout.

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

6.4 Five Breaks in Service.

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

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

6.5 Death After Termination/Lost Recipient.

(a) Death After Termination. If a Participant whose vested percentage under Section 6.2(b) is not 100% dies after termination of employment but before the Participant has five consecutive Breaks in Service, any nonvested amount shall be forfeited as of the date of the Participant's death.

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

ARTICLE 7

Payment of Benefits

7.1 Time of Payment.

Subject to the QJSA and QPSA provisions of this plan and the required distribution rules of Sections 7.4 and 7.5, benefit payments shall begin not later than 60 days after the end of the Plan Year that includes the Participant's Normal Retirement Date or, if later, the end of the Plan Year in which employment terminates.

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

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

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

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

(e) Death Benefit.

(i) Before Annuity Starting Date. The QPSA payable under subparagraphs 5.5(b)(i)(C)(1) or (2) shall begin on the first day of the month following the Participant's death. The QPSA under Subparagraph 5.5(b)(i)(C)(3) shall begin on the first day of the month following the Participant's Normal Retirement Date. The Surviving Spouse may elect earlier payment beginning on the first day of the month following the date of death, or if later, the first day a Participant would have attained age 60.

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

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

(g) Immediate Payment.

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

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

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

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

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

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

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

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

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

7.2 Determination of Benefits.

The age of the individuals to whom benefits are payable shall be determined as of the date the benefit is payable. All forms of payment shall be Actuarially Equivalent to the benefit payable as a Single Life Annuity. "Actuarially Equivalent" means equal in value based on the following actuarial assumptions:

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

(i) Interest Rate. The interest rate shall be the 30-Year Treasury Rate. "30-Year Treasury Rate" means the annual yield for 30-year Treasury constant maturities for the month that is three months preceding the first day of the Plan Year that includes the Annuity Starting Date.

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

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

7.3 Form of Payment.

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

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

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

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

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

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

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

(ii) Joint and 100% Survivor Annuity. An immediate joint and survivor annuity is a reduced monthly benefit (actuarially equivalent to the Participant's Single Life Annuity) payable to the Participant for life with a continuation of 100% of the Participant's monthly benefit to the Surviving Spouse for life after the Participant's death.

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

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

(c) Direct Transfer. A distributee may elect to have any portion of an eligible rollover distribution made on or after January 1, 1993, paid directly to an eligible retirement plan.

(i) Eligible Rollover Distribution. Effective for distributions made after June 30, 2002, an eligible rollover distribution is a distribution of any portion of the balance to the credit of a distributee, except that an eligible rollover distribution does not include: any distribution that is one of a series of substantially equal periodic payments (not less frequently than annually) made for the life (or life expectancy) of the distributee or the joint lives (or joint life expectancies) of the distributee and the distributee's designated beneficiary, or for a specified period of ten years or more; any distribution to the extent that the distribution is required under Code Section 401(a)(9); any hardship distribution; and any other distribution that is reasonably expected to total less than $200 during a year.

(ii) Eligible Retirement Plan. Effective for distributions made after June 30, 2002, an eligible retirement plan is an individual retirement account described in Code Section 408(a), an individual retirement annuity described in Code Section 408(b), an annuity plan described in Code Section 403(a), an annuity contract described in Code Section 403(b), or a qualified trust described in Code Section 401(a), that accepts the distributee's eligible rollover distribution. An eligible retirement plan also includes an eligible plan under Code Section 457(b) which is maintained by a state, political subdivision of a state, or any agency or instrumentality of a state or political subdivision of a state and which agrees to separately account for amounts transferred into such plan from this plan. For any portion of an eligible rollover distribution consisting of after-tax contributions that are not includable in gross income, an eligible retirement plan is an individual retirement account or annuity described in Code Section 408(a) or 408(b) or a qualified defined contribution plan described in Code Section 401(a) or 403(a) that agrees to separately account for such portion.

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

7.4 Required Distribution Rules - Lifetime.

Subject to the QJSA provisions, this section generally states the requirements of Code Section 401(a)(9) and the Regulations and shall take precedence over any other provision of this plan that permits payment at a later time or in a smaller amount during a Participant's lifetime.

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

(i) Definition. "Required Beginning Date" means:

(A) 5% Owner. For a Participant who is a 5% Owner, the April 1 following the calendar year in which the Participant attains age 70 1/2.

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

(C) Determination of 5% Owner. For purposes of this definition, a Participant is treated as a 5% Owner if the Participant is a 5% Owner during the Plan Year in which the Participant attains age 66 1/2 or any later Plan Year. Once distribution begins to a 5% Owner, it shall continue even if the Participant ceases to be a 5% Owner.

(ii) Deferral. An Employee (other than a 5% Owner) who attained age 70 1/2 after December 31, 1995, but before the first day of the calendar year in which this plan is adopted, may elect by April 1 following the calendar year in which the Employee attained age 70 1/2 (or by December 31, 1997, in the case of an Employee who attained age 70 1/2 during 1996) to defer payments required under the terms of this plan in effect prior to the Effective Date until the Participant's Required Beginning Date specified under (i) above. If no election is made, payments shall commence by April 1 following the calendar year in which the Employee attained age 70 1/2 (or by December 31, 1997, in the case of an Employee who attained age 70 1/2 during 1996) in accordance with the terms of this plan in effect prior to the Effective Date.

(iii) Suspension. An Employee (other than a 5% Owner) who attained age 70 1/2 before January 1, 1997, may elect in writing to stop receiving payments required under the terms of this plan in effect prior to the Effective Date. Benefits paid as a QJSA may not be suspended unless the Participant's Spouse on the original Annuity Starting Date consents to the Participant's election. If payments are suspended, payments shall recommence by the Participant's Required Beginning Date. The date payments begin after termination of employment shall be a new Annuity Starting Date for the Participant.

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

(i) Payment Intervals. Benefits must be paid at intervals not longer than one year.

(ii) Payment Period. The payment period must be the Participant's life expectancy, the joint life and last survivor expectancy of the Participant and Beneficiary, or a period certain not longer than a life expectancy or joint life and last survivor expectancy, as described in Code Sections 401(a)(9)(A)(ii) or 401(a)(9)(B)(iii), whichever is applicable.

(iii) No Recalculation. For purposes of determining a period certain, the life expectancy or joint-life and last survivor expectancy shall be determined without recalculation of life expectancy.

(iv) No Extension of Period Certain. After payments have begun over a period certain, the period certain may not be extended even if the period certain is shorter than the maximum period otherwise permitted.

(v) Nonincreasing or Permissible Increase. Payments must either be nonincreasing or may increase as follows:

(A) Cost-of-Living. With any percentage increase in a specified and generally recognized cost-of-living index;

(B) Cash Refunds. To provide cash refunds of after-tax employee contributions upon the Participant's death; or

(C) Benefit Increase. Due to an increase in benefits under this plan.

(vi) Timing of Life Annuity. If the annuity is a life annuity or a life annuity with a period certain not exceeding 20 years, the amount which must be paid on or before the Participant's Required Beginning Date (or in the case of payments after the Participant's death, the date payments are required to begin under Section 7.5) shall be the payment required for one payment interval. The second payment need not be made until the end of the next payment interval even if that payment interval ends in the next calendar year. Payment intervals are the periods for which payments are received (month, quarter, year, etc.).

(vii) Timing of Period Certain. If the annuity is a period certain annuity without a life contingency or is a life annuity with a period certain exceeding 20 years, periodic payments for each calendar year shall be combined and treated as an annual amount. The amount that must be paid by the Participant's Required Beginning Date (or in the case of payments after the Participant's death, the date payments are required to begin under Section 7.5) is the annual amount for the first calendar year for which payments are required. The annual amounts for each succeeding calendar year, including the annual amount for the calendar year which includes the Participant's Required Beginning Date or the date payments are required to begin under Section 7.5, must be paid on or before the last day of the calendar year for which the payments are required.

(viii) Annuities Purchased After December 31, 1988; Beneficiary Not Spouse. Annuities purchased after December 31, 1988, are subject to the following additional conditions if the Spouse is not the Beneficiary:

(A) Period Certain. If payments are being paid to the Participant in the form of a period certain annuity without a life contingency, the period certain for the first calendar year for which payments are required may not exceed the applicable period determined under Code Section 401(a)(9) and Regulations.

(B) Life Annuity. If benefits are being paid in the form of joint and survivor annuity for the joint-lives of the Participant and a nonspouse Beneficiary, payments to be made on or after the Participant's Required Beginning Date to the Beneficiary after the Participant's death must never exceed the applicable percentage of the annuity payment for such period that would have been payable to the Participant under Code Section 401(a)(9) and Regulations.

(ix) Transitional Rule. If payments under an annuity which complies with the other provisions of this section began before January 1, 1989, the requirements in effect under Code Section 401(a)(9), as of July 27, 1987, shall apply to the payments, even if the annuity form of payment is revocable.

(x) Additional Accruals. If payments are being made in an annuity form that complies with this section, any additional benefits accrued after the Participant's Required Beginning Date shall be paid as a separate and identifiable component of the annuity beginning with the first payment interval ending in the calendar year immediately following the calendar year in which the additional accrual occurs.

(c) Actuarial Increase. If benefit payments to a Participant who is not a 5% Owner begin on a Required Beginning Date that is later than the April 1 following the calendar year in which the Participant attains age 70 1/2, the benefit shall be actuarially increased to reflect the delay in payment to the date on which benefit payments commence.

The period for the actuarial increase shall begin on April 1 following the calendar year in which the Participant attains age 70 1/2 (or January 1, 1997, in the case of an Employee who attained age 70 1/2 prior to 1996) and shall end on the date on which benefits commence after termination of employment in an amount sufficient to satisfy Code Section 401(a)(9). The amount of the increase for the period for the actuarial increase must result in a benefit that is Actuarially Equivalent to the benefit payable on the April 1 following the calendar year in which the Participant attains age 70 1/2 plus the Actuarially Equivalent value of all additional benefits accrued after that date minus the Actuarially Equivalent value of any benefit payments made after that date. The actuarial increase is generally the same as, and not in addition to, the actuarial increase required for that same period under Code Section 411 to reflect a delay in payments after normal retirement, except that the actuarial increase required under Code Section 401(a)(9)(C) must be provided even during the period during which a Participant is in Section 203(a)(3)(B) Service.

For purposes of Code Section 411(b)(1)(H), the actuarial increase will be treated as an adjustment attributable to the delay in payment of benefits after the attainment of normal retirement age. Accordingly, to the extent permitted under Code Section 411(b)(1)(H), the actuarial increase required under Code Section 401(a)(9)(C)(iii) may reduce the benefit accrual otherwise required under Code Section 411(b)(1)(H)(i), except that the rules on suspension of benefits are not applicable.

(d) TEFRA Election. Benefit payments may begin or may be made at the time and by the method specified in a TEFRA Election even if later than the Required Beginning Date. "TEFRA Election" means a written election made before January 1, 1984, pursuant to the transitional rules of Section 242(b)(2) of the Tax Equity and Fiscal Responsibility Act of 1982. An amendment or revocation of a TEFRA Election shall void the election, and the Participant's benefits shall be paid pursuant to this article. Designation of a different or additional beneficiary shall not void a TEFRA Election if the designation does not directly or indirectly alter the time when benefits begin or the period over which benefits are to be paid.

7.5 Required Distribution Rules - Death.

Subject to the QPSA provisions, this section generally states the requirements of Code Section 401(a)(9) and the Regulations and shall take precedence over any other provision of this plan that permits payment at a later date or in a smaller amount following a Participant's death. All payments shall be determined and made in accordance with the Regulations under Code Section 401(a)(9), including the minimum incidental benefit requirement of those Regulations.

(a) Death Before Required Beginning Date. If the Participant dies before the Required Beginning Date and before payment in the form of an irrevocable annuity has begun:

(i) Spouse. If the Surviving Spouse is the Beneficiary, payments must begin on or before the last day of the calendar year in which date the Participant would have attained age 70 1/2 or, if later, the last day of the calendar year following the calendar year in which the Participant died. If the Spouse dies before payments begin, payments shall be made under (ii) or (iii) as though the Surviving Spouse were the Participant. If the Surviving Spouse dies after payments must begin, payments shall be made under (b) below as though the Surviving Spouse was the Participant.

(ii) Other Beneficiary. If payments are to be paid to a Beneficiary other than the Surviving Spouse and payments are elected and begin before the end of the calendar year following the year in which the Participant died, the Beneficiary may elect an optional form of benefit payment under which payments are to be made over a period not exceeding the Beneficiary's life expectancy. If a death benefit remains to be paid after the death of the Beneficiary, the remaining death benefit shall be paid to the successor Beneficiary at least as rapidly as under the form of benefit payment in effect at the Beneficiary's death.

(iii) Five Year Rule. Unless paid under (i) or (ii) above, payment of the death benefit will be completed by the last day of the calendar year that includes the fifth anniversary of the Participant's death. If the Beneficiary dies before complete payment of the death benefit, the remainder shall be paid to the successor Beneficiary no later than the last day of the calendar year that includes the fifth anniversary of the Participant's death.

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

(c) Beneficiary is Minor Child. Any amount paid to the Participant's minor child will be treated as paid to the Surviving Spouse if the remainder becomes payable to the Surviving Spouse after the child reaches the age of majority.

(d) TEFRA Election. Benefit payments may begin or may be made at the time and by the method specified in a TEFRA election even if later than the dates specified in this section.

7.6 Waiver of QJSA or QPSA; Election of Method and Time of Benefit Payments.

(a) Waiver of QJSA.

(i) Notice. At least 30 days, but not more than 90 days, before the Annuity Starting Date, the Administrator shall provide each Participant, in writing, a reasonable explanation of (A) the terms and conditions of the QJSA; (B) the Participant's right to waive, and the effect of the waiver of, the QJSA; (C) the rights of the Spouse; and (D) the right to revoke, and the effect of a revocation of, a previous waiver of the QJSA.

(ii) Waiver. During the 90-day period before the Annuity Starting Date, a Participant may waive the QJSA, or the Single Life Annuity if the Participant is not married, and may revoke a prior waiver. A waiver of a QJSA shall not be effective unless the Spouse consents to the waiver. The Participant may revoke the waiver without the Spouse's consent. The waiver may be in the form of a written election under (g) below containing the Spouse's consent.

(b) Waiver of QPSA.

(i) Notice. The Administrator shall provide each Participant with a written notice containing an explanation of the QPSA and other benefits available upon the death of the Participant. The explanation shall be comparable to the explanation described above with respect to the QJSA. The notice shall be provided to each Participant within the period described below that ends last:

(A) Age Related. The period beginning with the first day of the Plan Year that includes the date the Participant attains age 32 and ending with the last day of the Plan Year preceding the Plan Year in which the Participant attains age 35; or

(B) Participation. A reasonable period that includes the date the Employee becomes a Participant. A reasonable period is the two-year period beginning one year before, and ending one year after, the occurrence of the described event.

If a Participant's employment terminates before the Plan Year that includes the date the Participant attains age 35, notice shall be provided within the two-year period beginning one year before termination of employment and ending one year after termination of employment. If the Participant later returns to employment with the Employer, the applicable period for the Participant shall be redetermined.

(ii) Waiver. At any time during the period beginning on the first day of the Plan Year that includes the date a Participant attains age 35 (or the date the Participant's employment terminates, if earlier) and ending on the earlier of the date the first payment is made to the Participant or the Participant's death, the Participant may waive the QPSA with the written consent of the Spouse and elect an optional form of benefit payment. The waiver shall be in the form of a written election by the Participant and consent by the Spouse. The Participant may not designate a different Beneficiary without a new consent by the Spouse. If the Participant does not waive the QPSA during the Participant's lifetime, the Spouse may waive the QPSA and elect an optional form of benefit payment at any time after the Participant's death and before payment begins. A Participant or Spouse may waive the QPSA as to the entire benefit or any portion of the otherwise payable benefit.

(iii) Pre-Age 35 Waiver. A Participant who has not attained age 35 as of the last day of any current Plan Year may make a special waiver of the QPSA for the period beginning on the date of the waiver and ending on the first day of the Plan Year in which the Participant attains age 35. The waiver is subject to (i) and (ii) above except that the notice under (i) above must be provided to the Participant before the date of the waiver. The waiver shall not be valid unless the Participant receives the notice before the date of the waiver.

The QPSA shall be automatically reinstated as of the first day of the Plan Year in which the Participant attains age 35. Any new waiver on or after that date is subject to (i) and (ii) above.

(c) Spousal Consent. A consent by a Spouse shall not be effective unless the consent is in writing, signed by the Spouse and witnessed by an individual designated for this purpose by the Administrator or by a notary public. The consent must acknowledge the effect of the waiver of the QJSA or the QPSA. If it is established to the satisfaction of the Administrator that the Spouse cannot be located or if other circumstances set forth in Regulations issued under Code Section 417 exist, the Spouse's consent is not required. The consent is effective only with respect to the consenting Spouse and not with respect to a subsequent Spouse. Consent by the Spouse will be irrevocable with respect to the Participant's election, waiver, or designation of a Beneficiary to which the consent relates.

(i) Specific Beneficiary or Form of Payment. The consent may be limited to payment to a specific alternate Beneficiary, including any class of Beneficiaries or any contingent Beneficiaries, and a specified form of payment. Any waiver after the revocation of a prior waiver or change of Beneficiary will require a new spousal consent.

(ii) General Consent. The consent may permit the Participant to designate a Beneficiary, or elect an optional form of benefit payment, or to change either or both without a further consent by the Spouse. This form of consent is not valid unless the Spouse expressly and voluntarily permits such designations and elections without any further spousal consent. The consent may be limited to certain Beneficiaries or to certain forms of payment.

(iii) Consent Not Required. This subsection (c) shall apply only to a Participant whose payments had not actually begun on or before August 23, 1984, who was alive on August 23, 1984, and who had at least one Hour of Service on or after September 2, 1974.

(d) Permitted Elections. To the extent permitted under this article and subject to waiver of the QJSA or QPSA, the Participant or other recipient may elect the method and time of payment. To the extent satisfied under subsections (a), (b), or (c), the requirements under (e) and (g) need not be met again.

(e) Participant Consent. If payment is due to termination of employment prior to the Participant's Normal Retirement Date for any reason other than death, payment of benefits shall not begin without the Participant's consent. The consent shall be given by an election of benefit payments. An election of payment shall be made within the 90-day period ending on the Annuity Starting Date.

(i) Notice. When consent is required, the Participant shall be notified of the right to elect benefit payments. The written notice shall provide an explanation of the material features and relative values of the available forms of payment. The notice shall be provided at least 30 days and not more than 90 days before the Annuity Starting Date.

(ii) Annuity Starting Date. "Annuity Starting Date" means the first day of the first period for which an amount is payable in any form. Generally, the Annuity Starting Date is the date on which benefit payments may begin after all conditions and requirements for payment have been met.

(A) Disability. The Annuity Starting Date for Disability Benefits shall be the date they begin if the Disability Benefit is not an auxiliary benefit. An auxiliary benefit is a Disability Benefit that does not reduce the benefit payable at Normal Retirement Date. Payment of a Disability Benefit that is an auxiliary benefit is disregarded in determining the Annuity Starting Date.

(B) Suspension of Benefits. If benefit payments are suspended pursuant to Section 7.10 for an Employee who continues to be employed without terminating employment and without receiving benefit payments under this plan, the date benefit payments start shall be the Annuity Starting Date for the Participant.

(f) Exceptions.

(i) Small Balance Exception. The waiver of the QJSA or QPSA and the Participant's consent are not required with respect to the following payments.

(A) On or After August 6, 1997. For Plan Years beginning on or after August 6, 1997:

(1) On or After October 17, 2000. A payment made on or after October 17, 2000, when the Actuarially Equivalent present value of the Participant's Vested Accrued Benefit is $5,000 (or such larger amount as may be specified in Code Section 411(a)(11)(A)) or less unless the payment is one of a series of scheduled periodic payments and the Participant's consent was required at the time the initial payment was made.

(2) Before October 17, 2000. A payment made before October 17, 2000, when the Actuarially Equivalent present value of the Participant's Vested Accrued Benefit, including any earlier payments, is $5,000 or less.

(B) Before August 6, 1997. For Plan Years beginning before August 6, 1997, a payment when the Actuarially Equivalent present value of the Participant's Vested Accrued Benefit, including any earlier payments, is $3,500 or less.

(ii) Waiver of Notice Period. Payments may commence less than 30 days after the notices required under (a)(i) and (e)(i) above are given, provided:

(A) Right to 30-day Period. The Administrator clearly informs the Participant that the Participant has a right to a period of at least 30 days after receiving the notices to consider the decision of whether or not to elect payment or to waive the QJSA and consent to a form of payment other than the QJSA;

(B) Election. The Participant, after receiving the notices, affirmatively elects an optional form of payment;

(C) Right to Revoke. The Participant is permitted to revoke the affirmative election until the Annuity Starting Date or, if later, at any time prior to the end of the 7-day period that begins the day after the notices are given to the Participant; and

(D) Benefit Payments. Benefit payments in accordance with the affirmative election do not commence before the end of the 7-day period described in (C) above.

(g) Election Requirements.

(i) Time. The election shall be made not later than the date benefit payments begin or, if earlier, the date when benefit payments must begin. An election may be revoked or changed before benefit payments begin.

(ii) Form. An election shall be made in a form acceptable to the Administrator.

(iii) Other Conditions. An election shall become void upon the death of the Participant prior to the date the first monthly payment is required to be paid to the Participant. If a benefit is payable to a Surviving Spouse and conditioned upon the survival of and measured by the life of the Surviving Spouse, death of the Surviving Spouse prior to the date the first monthly benefit is required to be paid to the Participant shall void the election.

(h) Failure to Elect. If a Person fails to elect (or multiple recipients cannot agree):

(i) Method. The form of benefit payment shall be a QJSA or QPSA if the Participant is married or a Single Life Annuity if the Participant is not married.

(ii) Time. Benefit payments shall begin at the time specified in this article.

(i) Additional Information. The Administrator may require additional forms or information when required by law or deemed necessary or appropriate in connection with any benefit payment.

(j) No Reduction or Delay of Payments. An election or failure to elect shall not cause noncompliance with the QJSA or QPSA provisions, the requirements of Section 7.4 or 7.5, the requirements of Code Section 415, or the terms of a QDRO.

7.7 Designation of Beneficiary.

A Participant may designate or change a Beneficiary by filing a signed designation with the Administrator in the form approved by the Administrator. The Participant's will is not effective for this purpose.

(a) Beneficiary. "Beneficiary" means the Person designated by the Participant to receive the Participant's benefits, if any, that are provided by this plan or by the form of payment in effect under this plan after the Participant's death.

(b) Spousal Consent. If a married Participant designates or changes a Beneficiary other than the Spouse without complying with all of the spousal consent requirements of Section 7.6 the designation shall be void unless the consent was a general consent.

(i) Successor Beneficiaries. A Participant may designate one or more successor Beneficiaries to the Spouse without the Spouse's consent.

(ii) Change of Marital Status. A Beneficiary designation by a Participant will not be effective upon the Participant's subsequent marriage unless the Spouse consents to and acknowledges the effect of the designation.

(c) Failure to Designate. If a Participant fails to designate a Beneficiary, the Beneficiary shall be the Surviving Spouse. If a benefit is provided following the death of the Participant and the Participant does not have a Surviving Spouse and has not designated another Beneficiary, the Beneficiary shall be the first of the following classes with a living member on the date a benefit payment is due:

(i) Children. The Participant's children, including those by adoption, dividing the payment equally among the Participant's children with the living issue of any deceased child taking their parent's share by right of representation;

(ii) Parents. The Participant's parents, dividing the payment equally if both parents are living; or

(iii) Brothers and Sisters. The Participant's brothers and sisters, dividing the payment equally among the Participant's living brothers and sisters.

(d) Death of Beneficiary. If the plan or form of payment in effect under the plan provides for additional payments following the death of the Surviving Spouse, remaining amounts shall be paid to the estate of the Surviving Spouse. Such payments remaining at the death of a Beneficiary other than a Surviving Spouse shall be paid to the successor Beneficiary designated by the Participant or determined under (c) above. If payments are being made to more than one Beneficiary, payments shall continue to the survivor or survivors of them, and any amount remaining to be paid upon the death of the last survivor shall be paid to the successor Beneficiary. Survivors shall include the issue of any deceased child who shall take the deceased child's share by right of representation.

(e) No Beneficiary. If a deceased Participant has no Beneficiary on the date a payment is due, all remaining payments shall be paid to the Participant's estate, if then under the active administration of a probate or similar court, or if not, to those Persons who would then take the Participant's personal property under the Michigan intestate laws then in force and in the proportions provided therein, as though the Participant had died at such time.

(f) Determination. The Administrator shall apply the rules of this section to determine the proper Persons to whom payment should be made. The decision of the Administrator shall be final and binding on all Persons.

7.8 Facility of Payment.

A payment under this section shall fully discharge the Employer and Trustee from all future liability with respect to that payment.

(a) Minimum Payments. When the amount of a benefit payment is less than $25 per month, the Administrator may direct payment of accumulated amounts at less frequent intervals, but at least annually, in order to minimize the administrative expense of the payment.

(b) Incapacity. If a recipient entitled to a payment is legally, physically, or mentally incapable of receiving or acknowledging payment, the Administrator may direct the payment to the recipient; to the recipient's legal representative or any other Person who is legally entitled to receive payments on behalf of the recipient under the laws of the state in which the recipient resides; or by expending the payment directly for the benefit of the recipient. A payment made to any Person other than the recipient shall be used for the recipient's exclusive benefit.

(c) Legal Representative. The Employer shall not be required to commence probate proceedings or to secure the appointment of a legal representative.

(d) Determination. The Employer may act upon affidavits in making any determinations. In relying upon the affidavits or having made a reasonable effort to locate any Person entitled to payment, the Employer shall be authorized to direct payment to a successor Beneficiary or another Person. A Person omitted from payment shall have no rights on account of payments so made.

(e) Annuity Contract Purchase. An annuity contract purchased and distributed by the plan shall comply with the requirements of this plan and shall be nontransferable.

7.9 Penalties.

The following penalties apply to payment of, or failure to make payment of, certain amounts under this plan.

(a) Payment Before Age 59 1/2. A Participant who receives a payment of benefits before attaining age 59 1/2 may be liable for an additional 10% federal income tax on any portion of the benefit payments included in gross income.

(b) Failure to Receive Minimum Payments. For a calendar year in which a Participant or Beneficiary fails to receive the minimum payments required under Code Section 401(a)(9), the recipient shall be subject to an additional tax equal to 50% of the difference between the minimum payments and the amount the recipient actually received.

7.10 Suspension of Benefit Payments.

(a) Normal/Early Retirement Benefits. Normal or Early or Deferred Vested Retirement Benefits in pay status will be suspended at the first day of the first Plan Year following a Plan Year in which the Participant is credited with at least 500 Hours of Service.

(i) Resumption of Payment. If benefit payments have been suspended, payments shall resume at the earlier of the first day of the Plan Year following a Plan Year in which the Participant incurs a Break in Service or the month after the calendar month in which the Participant ceases to be employed. The initial payment upon resumption shall occur in the calendar month when payments resume and any amounts withheld during the period between the cessation of employment and the resumption of payments.

(ii) Amount of Benefit Payment at Resumption of Payments. When a Participant whose retirement benefit payments have been in pay status and were then suspended ceases to be employed with the Employer and resumes receipt of benefit payments, the benefits shall be increased to the Actuarially Equivalent value of the benefits at the date payments were suspended (but not in excess of the maximum Annual Benefit).

(iii) Death During Suspension of Benefits. If a Participant dies while benefit payments are suspended, benefit payments to the Surviving Spouse or other Beneficiary shall be determined as if the Participant had ceased employment the day before death. If the Participant had begun receiving benefit payments before the suspension of benefit payments, payment to the Surviving Spouse or other Beneficiary shall be made in the manner required under the form of benefit payment the Participant elected before the suspension. If the benefit payments had been paid as a Single Life Annuity, the Surviving Spouse or other Beneficiary shall receive a lump-sum payment in the amount of the sum of the benefit payments suspended before the Participant died. If benefit payments had not begun before the suspension of benefits, the Surviving Spouse shall receive benefit payments under the death benefit or the QPSA.

(b) Disability. Disability Benefits shall be suspended:

(i) Employment. If the Employee engages in a regular occupation or employment (except for rehabilitation as determined by the Administrator) for remuneration or profit;

(ii) Recovery. If the Administrator determines on the basis of a medical examination that the Employee has sufficiently recovered to return to regular work; or

(iii) Refuse Examination. If the Employee refuses to undergo a medical examination ordered by the Administrator. The Employee shall not be required to undergo medical examinations more frequently than once during each six-month period or after attaining age 65.

ARTICLE 8

Administration of the Plan

8.1 Duties, Powers, and Responsibilities of the Employer.

(a) Required. The Employer shall be responsible for:

(i) Employer Contributions.

(A) Amount. Determining the amount of Employer Contributions,

(B) Payment. Paying Employer Contributions (including additional contributions if necessary to correct an error); and

(C) Compliance. Determining that the amount and time of Employer Contributions comply with this plan;

(ii) Agent for Service of Process. Serving as the agent for service of process;

(iii) Trustee. Appointing the Trustee;

(iv) Amendment. Amending this plan and trust;

(v) Plan Termination. Revoking this instrument and terminating this plan and trust; and

(vi) Mergers; Spin-Offs. Merging this plan with another qualified retirement plan maintained by the Employer or dividing this plan into multiple plans.

(b) Discretionary. The Employer may exercise the following responsibilities:

(i) Investment Manager. Appointing one or more Investment Managers who shall have the power to acquire, manage, or dispose of any or all trust assets subject to:

(A) Functions. The functions of the Investment Manager shall be limited to those specified services and duties for which the Investment Manager is engaged, and the Investment Manager shall have no other duties, obligations, or responsibilities under this plan or trust;

(B) Qualification. "Investment Manager" means a Person that is a registered investment adviser under the Investment Advisors Act of 1940, a bank (as defined in the Investment Advisors Act of 1940), or an insurance company licensed to manage, acquire, and dispose of assets of qualified retirement plans under the laws of more than one state; and

(C) Acknowledgment. A prospective Investment Manager must acknowledge in writing that it is a fiduciary with respect to this plan and trust;

(ii) Custodian. Appointing one or more agents to act as custodians of trust assets transferred to the custodian;

(iii) Alternate Administrator. Designating a Person other than the Employer as the Administrator; and

(iv) Payment of Administrative Expenses. Paying administrative expenses incurred in the operation, administration, management, and control of this plan or the trust. These expenses shall be the obligation of the trust unless paid by the Employer.

8.2 Employer Action.

An action required to be taken by the Employer shall be taken by its Board of Directors, by resolution of an authorized committee of the Board of Directors, or by a person authorized to act on behalf of the Employer.

8.3 Plan Administrator.

"Administrator" means the Employer or a Person designated by the Employer. The Administrator is a named fiduciary for operation and management of this plan and shall have the responsibilities conferred by ERISA upon the "Administrator" as defined in ERISA Section 3(16).

8.4 Administrative Committee.

(a) Appointment. The Employer may, but shall not be required to, appoint an administrative committee to perform the duties involved in the daily operation of this plan.

(b) Agent; Powers and Duties. The administrative committee is an agent of the Employer. The administrative committee shall have the powers and duties delegated to it by the Administrator.

(c) Not Fiduciary. Except to the extent the administrative committee is expressly delegated a fiduciary responsibility with respect to this plan, the administrative committee will be responsible to the Employer for its actions and will not be a named fiduciary for operation and management of this plan.

(d) Membership. The number of members of the administrative committee shall be determined by the Employer and shall be not less than three nor more than seven. The Employer shall appoint the members of the administrative committee and may remove or replace them at any time.

(e) Records. The administrative committee shall keep records of its proceedings.

(f) Actions. The administrative committee shall act by a majority of its members then in office. Action may be taken either by a vote at a meeting or in writing without a meeting. A tie may be broken by selection by the Committee of a disinterested party whose vote shall resolve the matter. Actions of the administrative committee may be evidenced by written instrument executed by the chairman or the secretary of the administrative committee.

(g) Report to Administrator. The administrative committee shall report to the Administrator when requested with respect to the administration, operation, and management of this plan.

(h) Compensation. Any member of the administrative committee who is an Employee shall serve without compensation.

(i) Conflict of Interest. Any member of the administrative committee who is a Participant shall not vote or act on a matter that relates solely to that Participant. If that Participant is the only member of the administrative committee, the necessary action shall be exercised by the Administrator.

8.5 Duties, Powers, and Responsibilities of the Administrator.

Except to the extent properly delegated, the Administrator shall have the following duties, powers, and responsibilities and shall:

(a) Plan Interpretation. Interpret all provisions of this instrument (including resolving an inconsistency or ambiguity or correcting an error or an omission);

(b) Participant Rights. Subject to Section 8.10, determine the rights of Participants and Beneficiaries under the terms of this plan and communicate that information to the Trustee;

(c) Limits; Tests. Be responsible for determining that this plan complies with all limitations and tests (including, without limitation, nondiscrimination tests, coverage tests, and top-heavy tests) under the Code and Regulations and maintain records necessary to demonstrate compliance with such limits and tests;

(d) Benefits and Vesting. Determine which Participants are entitled to additional benefit accruals for a Plan Year, the amount of each eligible Participant's Compensation for the Plan Year, and a Participant's vested percentage;

(e) Errors. Correct an error, including (but not limited to) errors in the calculation of benefits, allocation of investment experience, or in determination of vesting or payment of a Participant's benefits;

(f) Claims and Elections. Establish or approve the manner of making an election, designation, application, claim for benefits, and review of claims;

(g) Benefit Payments. Direct the Trustee as to the recipient, time payments are to be made or to begin, and the elected form of payment;

(h) QDRO Determination. Establish procedures to determine whether or not a domestic relations order is a QDRO, to notify the Participant and any alternate payee of this determination, and to administer benefit payments pursuant to a QDRO;

(i) Administration Information. Obtain to the extent reasonably possible all information necessary for the proper administration of this plan;

(j) Recordkeeping. Establish procedures for and supervise the establishment and maintenance of all records necessary and appropriate for the proper administration of this plan;

(k) Reporting and Disclosure. Prepare and (i) file annual and periodic reports required under ERISA and Regulations; and (ii) distribute disclosure documents including (but not limited to) the summary plan description, an explanation to recipients of payments eligible for rollover treatment, the summary annual report, Form 5500 series, requested and required benefit statements, and notices to Employees of applications for determination;

(l) Penalties; Excise Taxes. Report and pay any penalty tax or excise taxes incurred by this plan or the Employer in connection with this plan on the proper tax form designated by the Internal Revenue Service and within the time limits specified for the tax form;

(m) Advisers. Employ attorneys, "Actuaries" (an individual or firm employed to provide actuarial services for this plan), accountants, clerical employees, agents, or other Persons who are necessary for operation, administration, and management of this plan;

(n) Expenses, Fees, and Charges. Present to the Trustee for payment (if not paid by the Employer) or reimbursement (if advanced by the Employer) all reasonable and necessary expenses, fees and charges, including fees for attorneys, Actuaries, accountants, clerical employees, agents, or other Persons, incurred in connection with the administration, management, or operation of this plan;

(o) Nondiscrimination. Apply all rules, policies, procedures, and other acts without discrimination among Participants;

(p) Bonding. Review compliance with the bonding requirements of ERISA; and

(q) Other Powers and Duties. Exercise all other powers and duties necessary or appropriate under this plan, except those powers and duties allocated to another named fiduciary.

8.6 Delegation of Administrative Duties.

The powers and duties of the Employer and the Administrator set forth in Sections 8.1 and 8.5 may be delegated to another fiduciary.

(a) In Writing. The written delegation shall specify (i) the date of the action and the effective date of the delegation; (ii) the responsibility delegated; (iii) the name, office, or other reference of each fiduciary to whom the responsibility is delegated; and (iv) if a responsibility is delegated to more than one fiduciary, the allocation of the responsibility among the fiduciaries.

(b) Acceptance of Responsibility. The delegation shall be communicated to the fiduciary to whom the responsibility is assigned, and written acceptance of the responsibility shall be made by the fiduciary. A fiduciary shall retain the responsibility until the fiduciary resigns or rejects the responsibility in writing, or the Administrator takes a superseding action.

(c) Conflict. If a fiduciary's powers or actions conflict with those of the Administrator, the powers of and actions of the Administrator will control.

8.7 Interrelationship of Fiduciaries; Discretionary Authority.

A Person may serve in more than one fiduciary capacity with respect to this plan and trust.

(a) Performance of Duties. Each fiduciary shall act in accordance with this plan and trust. Each fiduciary shall be responsible for the proper exercise of its responsibilities.

(b) Reliance on Others. Except as required by ERISA Section 405(b), each fiduciary may rely upon the action of another fiduciary and is not required to inquire into the propriety of any action.

(c) Discretionary Authority of Fiduciaries. Each fiduciary shall have full discretionary authority in the exercise of the powers, duties, and responsibilities allocated or delegated to that fiduciary under this instrument.

8.8 Compensation; Indemnification.

An Employee fiduciary who is compensated on a full-time basis by the Employer shall not receive compensation from this plan, except for reimbursement of expenses, unless permitted under a prohibited transaction exemption issued by the Department of Labor. The Employer shall indemnify and hold harmless each member of the Board of Directors and each Employee to whom fiduciary duties or other responsibilities for the operation and administration of this plan and trust have been assigned or delegated, from any and all claims, losses, damages, expenses, and liabilities arising from any action or failure to act with respect to any matter related to this plan and trust. Indemnification shall not apply if the action or inaction is due to gross negligence or willful misconduct. The Employer may purchase and maintain liability insurance covering itself, any Related Employer, and any other Person against claims, losses, damages, expenses, and liabilities arising from the performance or failure to perform any power, duty, or responsibility with respect to this plan and trust.

8.9 Fiduciary Standards.

Each fiduciary shall act solely in the interest of Participants and Beneficiaries:

(a) Prudence. With the care, skill, and diligence of a prudent Person;

(b) Exclusive Purpose. For the exclusive purpose of providing benefits and paying expenses of administration; and

(c) Prohibited Transaction. To avoid engaging in a prohibited transaction under the Code or ERISA unless an exemption for the transaction is available or obtained.

8.10 Benefit Applications; Appeal Procedures.

(a) Application for Benefits. The Administrator will process an application for benefits by a Participant or Beneficiary and provide written notification of the determination to the Participant or Beneficiary not later than 90 days after receipt of the application unless the Administrator determines that special circumstances require an extension of time for processing the application.

(b) Notification of Adverse Determination for Application. Notification of an adverse determination shall be written in a manner that can be understood by the Participant or Beneficiary and shall include: (i) the specific reasons for the denial; (ii) specific reference to pertinent plan provisions on which the denial is based; (iii) a statement outlining additional material or information necessary to enable approval of the claim and the reasons why such material is necessary; and (iv) an explanation of the appeal procedures, including a statement of the Participant's or Beneficiary's right to initiate a lawsuit under ERISA Section 502(a) in the event of a denial on appeal.

(c) Appeal. Any Participant or Beneficiary asserting entitlement to a benefit different from the benefit approved by the Administrator in response to the application for payment, or who has received an adverse determination from the Administrator, whether relating to the amount, form of payment or time of payment, may, within 60 days after notice of the determination, file a written appeal for a full and fair review by the Administrator.

(d) Final Decision. The Administrator shall render a final determination and provide written notification to the Participant or Beneficiary within 60 days after receipt of the appeal, unless the Administrator determines that circumstances require an extension of time for processing the appeal.

(e) Notification of Adverse Determination on Appeal. Notification of an adverse determination on appeal shall be written in a manner that can be understood by the Participant or Beneficiary and shall include: (i) the specific reasons for the denial; (ii) specific reference to pertinent plan provisions on which the denial is based; (iii) a statement of the Participant's or Beneficiary's right to reasonable access to, and copies of, all documents, records and information relevant to the claim at no cost; and (iv) an explanation of the additional appeal procedures, if any are available, including a statement of the Participant's or Beneficiary's right to initiate a lawsuit under ERISA Section 502(a).

(f) Disability Claims. For the application and any appeal involving a claim for benefit payments due to Total Disability, the alternative and additional requirements and the shorter response times specified in Regulations Section 2560.503-1 shall apply.

(g) Extensions. If the response time in (a) or (d) is extended, written notice of the extension must be provided within the original response period and the extension cannot be longer than the original response period - i.e., 90 or 60 days. Notice of the extension must specify the circumstances requiring the extension and the date by which the Administrator expects to complete the determination.

Except as provided in (f), the initial and extended response times in (d) are automatically extended, to the extent permitted under Regulations Section 2560.503-1(i), if appeals are processed by a committee or board that holds regular meetings at least quarterly.

(h) Full and Fair Review. A full and fair review provides the Participant or Beneficiary with (i) reasonable access to, and copies of, all documents, records, and information relevant to the claim at no cost, (ii) the opportunity to submit written comments, documents or information relating to the claim, and (iii) the right to have such comments, documents or information taken into account, even if not submitted or considered in the preceding determination.

(i) Authorized Representative; Hearings. A Participant or Beneficiary may designate an authorized representative to act on behalf of, or with, the Participant or Beneficiary at all stages of an appeal. There shall be no right to a hearing or other presentation before the Administrator or its committee. The Administrator or its committee may, in its sole discretion, require a hearing or other presentation if deemed necessary for full and fair review and adjudication of the claim.

8.11 Participant's Responsibilities.

All requests for action of any kind by a Participant or Beneficiary under this plan shall be in writing, executed by the Participant or Beneficiary sent to the Plan Administrator by registered mail, and shall be subject to any other plan rules applicable to any specific type of request.

8.12 Electronic Administration.

Notwithstanding the requirement set forth in this plan that certain transactions, notices, elections, consents and disclosures be evidenced in the form of written documentation, documentation for such transactions, notices, elections, consents or disclosures may be provided or obtained through electronic media to the extent consistent with Regulations and other guidance.

ARTICLE 9

Investment of Funds

9.1 Investment Responsibility.

Except to the extent investment responsibility is granted to an Investment Manager, the Trustee shall have sole and complete authority and responsibility for the investment, management, and control of trust assets.

9.2 Authorized Investments.

The trust may be invested and reinvested in common or preferred stocks, bonds, mortgages, leases, notes, debentures, mutual funds, guaranteed investment contracts and other contracts and funds of insurance companies, other securities, and other real or personal property including, without limitation, the investments described in (a) below.

(a) Specific Investments.

(i) Interest-Bearing Deposits. The trust may be invested in deposits, certificates, or share accounts of a bank, savings and loan association, credit union, or similar financial institution, including a fiduciary, if the deposits bear a reasonable rate of interest, whether or not the deposits or certificates are insured or guaranteed by an agency of the United States Government.

(ii) Pooled Investment Funds. The trust may be invested through ownership of assets or shares in a common trust fund, pooled investment fund, mutual fund, or other commingled investment, including any pooled or common fund or mutual fund maintained, sponsored, or provided investment management services by, or otherwise associated with, the Trustee, custodian, or other fiduciary, or affiliate of the Trustee or custodian, that allows participation or investment by a trust fund established under a qualified retirement plan. For this purpose, the terms and provisions of the declaration of trust or other governing documents through which the common trust fund, pooled investment fund or mutual fund is maintained are incorporated in, and made applicable to, this plan.

(iii) Qualifying Employer Securities. The trust may be invested in Qualifying Employer Securities in an amount which, together with all other qualifying employer securities held by the trust on the date of the investment, does not exceed 10% of the fair market value of the trust. Fair market value shall be determined as of the most recent Valuation Date coinciding with or preceding the date of investment. "Qualifying Employer Security" means stock of the Employer or a marketable obligation of the Employer, as defined in ERISA Section 407.

(b) Right of Trustee To Hold Cash. The Trustee may hold a reasonable portion of the trust in cash pending investment or payment of expenses and benefits.

9.3 Commingled Investment.

The trust and separate accounts may be commingled for investment without distinction between principal and income.

ARTICLE 10

Administration of the Trust

10.1 Duties and Powers of the Trustee.

(a) Duties of the Trustee. The Trustee shall be a named fiduciary having the following duties:

(i) Control, Manage, and Invest Assets. To control, manage, and invest trust assets;

(ii) Administrator's Instructions. To carry out the instructions of the Administrator; and

(iii) Records; Reports. To maintain records and to prepare and file reports required by law or Regulations, other than those for which the Administrator is responsible under the terms of this plan.

(b) Powers of the Trustee. The Trustee shall have the following powers:

(i) Control Property. To hold, manage, improve, repair, and control all property, real or personal, forming part of the trust;

(ii) Asset Investment. To invest trust assets subject to the limitations in this plan;

(iii) Disposition of Asset. To sell, convey, transfer, exchange, partition, lease for any term (even extending beyond the duration of the trust), or otherwise dispose of a trust asset from time to time, in the manner, for the consideration, and upon the terms and conditions that the Trustee, in its discretion, determines;

(iv) Agents, Advisers, and Counsel. To employ and to compensate from the trust agents, advisers, and legal counsel reasonably necessary in managing the trust and advising the Trustee as to its powers, duties, and liabilities;

(v) Claims. To prosecute, defend, settle, arbitrate, compromise, or abandon all claims and demands in favor of or against the trust, with or without the assistance of legal counsel;

(vi) Vote Securities. To vote a corporation's stock or other securities, either in person or by proxy, for any purpose;

(vii) Exercise Trust Rights. To exercise, refrain from the exercise of, or convey a conversion privilege or subscription right applicable to a trust asset;

(viii) Collection. To demand, collect, and receive the principal, dividends, interest, income, and all other moneys or other property due upon trust assets;

(ix) Change of Structure. To consent to, oppose, or take another action in connection with a bankruptcy, composition, arrangement, reorganization, consolidation, merger, liquidation, readjustment of the financial structure, or sale of assets of a corporation or other organization, the securities of which may constitute a portion of the trust;

(x) Issue, Hold, or Register Securities. To cause securities or other property forming part of the trust to be issued, held, or registered in the individual name of the Trustee, in the name of its nominee or in such form that title will pass by delivery, provided that the records of the Trustee shall indicate the ownership of the property or security;

(xi) Borrowing. To borrow money for the benefit of the trust without binding itself individually, and to secure the loan by pledge, mortgage, or creation of another security interest in the property;

(xii) Benefit Payments. To make benefit payments from the trust as directed by the Administrator;

(xiii) Expenses. Unless paid by the Employer, to pay from the trust all reasonable fees, taxes, commissions, charges, premiums and other expenses, including expenses described in Section 8.5(n) and reasonable fees of the Trustee and any other custodian or Investment Manager, incurred in connection with the administration of this plan or trust;

(xiv) Insure Assets. To insure trust assets through a policy or contract of insurance;

(xv) Incorporate. To incorporate (or participate in an incorporation) under the laws of any state for the purpose of acquiring and holding title to any property that is part of the trust;

(xvi) Depository. To keep any part of the trust on deposit with a custodian in the United States; and

(xvii) Other Acts. To perform all other acts the Trustee deems necessary, suitable, or desirable for the control and management of the trust and discharge of its duties.

(c) Limitation on Duties and Powers of the Trustee. Unless properly delegated and assumed by agreement of the Trustee, the Trustee shall not be required to exercise a duty or power of the Employer, Administrator, or any other fiduciary under this instrument.

If an Investment Manager is appointed to manage and invest some or all of the trust assets, the Investment Manager shall have, and the Trustee shall not have, the specified duties and powers with respect to investment of trust assets subject to the Investment Manager's control. The Trustee shall have no obligation or power to exercise discretionary authority or control with respect to investment of the assets subject to management by the Investment Manager or to render advice regarding the investment of such assets, unless required by ERISA Section 405. The Trustee shall not be liable for the investment performance of the assets subject to management by the Investment Manager. The powers and duties of the Trustee with respect to such assets shall be limited to the following:

(i) Custody and Protection. To act as custodian of the trust assets not transferred to the custody of the Investment Manager or another custodian, and to protect the assets in its custody from loss by theft, fire, or other cause;

(ii) Acquisitions. To acquire additional assets for the trust in accordance with the direction of the Investment Manager;

(iii) Dispositions. To sell or otherwise dispose of trust assets in accordance with the direction of the Investment Manager;

(iv) Accountings. To account for and render accountings with respect to the trust (except for assets held by another custodian);

(v) Authorized Actions. To take authorized actions for and on behalf of the trust in accordance with the direction of the Investment Manager; and

(vi) Ministerial and Custodial Tasks. To perform other ministerial and custodial tasks in accordance with the direction of the Investment Manager.

If trust assets are transferred to another custodian, that custodian shall have, and the Trustee shall not have, the foregoing duties and powers with respect to those assets.

10.2 Accounting.

The Trustee shall maintain accurate and detailed records of all investments, receipts, disbursements, and other transactions for the trust. The records shall be available for inspection at all reasonable times by Persons designated by the Administrator.

(a) Report. As soon as administratively feasible after each Valuation Date and each other date agreed to by the Administrator and the Trustee, the Trustee shall prepare and furnish to the Administrator a statement of account containing the information required by ERISA Section 103(b)(3).

(b) Judicial Settlement. A dispute concerning the Trustee's records or statement of account may be settled by a suit for an accounting brought by a Person having an interest in the trust.

The accounting and reporting responsibilities shall not apply with respect to assets held by another custodian except to the extent assumed by the Trustee at the direction of the Administrator.

10.3 Appointment, Resignation, and Removal of Trustee.

The Trustee shall be at least one individual or eligible corporation with trust powers appointed in writing by the Employer and authorized to act as Trustee by ERISA and the Code.

(a) Resignation. The Trustee may resign with at least 60 days' written notice to the Employer, effective as of the date specified in the notice.

(b) Removal. The Employer may remove the Trustee with at least 60 days' written notice to the Trustee, effective as of the date specified in the notice.

(c) Successor Trustee. At least 10 days before the effective date of the resignation or removal, the Employer shall appoint a successor Trustee by written instrument delivered to the Trustee with the acceptance of the successor Trustee endorsed on the instrument.

(d) Effective Date of Resignation or Removal. The resignation or removal of the Trustee shall not be effective before the appointment is made and accepted by the successor Trustee. The parties, by agreement, may waive the time requirements.

(e) Procedure Upon Transfer. Upon the resignation or removal of the Trustee, the Trustee shall pay from the trust all accrued fees and expenses of the trust, including its own fees, and, as of the effective date of its resignation or removal, shall deliver a statement of account to the Administrator and the successor Trustee.

(f) Earlier Transfer. In order to facilitate the prompt transfer of fiduciary responsibility and trust assets to the successor Trustee, the Administrator and the Trustee may agree upon a procedure by which the Trustee shall deliver all trust assets (less a reasonable reserve for fees and expenses) to the successor Trustee as soon as administratively feasible after receipt of notice of appointment of the successor Trustee and acceptance of trust by the successor Trustee. The Administrator and the Trustee may agree to the transfer of trust assets to the successor Trustee pending preparation and approval of the final trust accountings.

(g) Final Transfer. As soon as administratively feasible, the Trustee shall deliver the remaining trust assets to the successor Trustee, together with records maintained by the Trustee.

(h) In Kind Transfer. The Trustee shall consult with the Administrator concerning the liquidation of trust assets to be transferred for the purpose of determining the feasibility of the transfer of certain trust assets in kind before implementing the liquidation.

(i) Limitation on Liability of Successor. The successor Trustee shall not be liable for the acts or omissions of any prior Trustee.

10.4 Trustee Action.

Actions by a corporate Trustee shall be either by a resolution of its board of directors or by a written instrument executed by one of its authorized officers. Actions taken by any other Trustee shall be by a written instrument executed by the Trustee.

10.5 Exculpation of Nonfiduciary.

A transfer agent, brokerage, clearing house, insurance company, or any other Person that is not a fiduciary with respect to this plan and who has paid money or delivered property to the Trustee shall not be responsible for its application or for determining the propriety of the actions of the Trustee concerning the money or other property.

ARTICLE 11

Amendment, Mergers, Successor Employer

11.1 Amendment.

The Employer may amend this plan and trust. An amendment may be retroactive or prospective, in the sole discretion of the Employer, except where prohibited by ERISA or the Code.

(a) Prohibitions. An amendment may be made without the consent of any other Person, except that an amendment shall not:

(i) Exclude Participant. Exclude an Employee who previously became a Participant;

(ii) Decrease Benefit. Decrease a Participant's Vested Accrued Benefit, determined as of the later of the date the amendment is adopted or becomes effective, except as permitted by ERISA Section 302(c)(8) and Code Section 412(c)(8);

(iii) Reduce Vested Percentage. Reduce a Participant's vested percentage as of the later of the adoption of the amendment or the effective date of the amendment;

(iv) Vesting Schedule. Modify the vesting schedule for a Participant who was a Participant on the later of the effective date or the date of adoption of the amendment, except to increase the Participant's vested percentage (for each Year of Vesting Service);

(v) Elimination of Protected Benefits. Eliminate any early retirement benefits and retirement-type subsidy under Code Section 411(d)(6)(B)(i) or any optional forms of distribution with respect to benefits attributable to service earned before the amendment, except as may be permitted under Code Sections 401(a)(4) and 411;

(vi) Alter Duties. Alter the duties, responsibilities, or liabilities of the Trustee or the Committee without the consent of the affected party; and

(vii) Special Restrictions. Violate the special restrictions of Section 12.7.

(b) Notice. An amendment which provides for a significant reduction in future benefit accruals shall require at least 15 days prior notice to affected Participants and alternate payees under a QDRO before becoming effective.

11.2 Merger of Plans.

This plan may be merged or consolidated, or its assets and liabilities may be transferred, in whole or in part, to another qualified retirement plan if:

(a) Preservation of Accrued Benefits. Each Participant's Accrued Benefit would be equal to or greater than the Participant's Accrued Benefit as of the date immediately before the merger, consolidation, or transfer, assuming that this plan had terminated at that time.

(b) Actuarial Statement. If required, at least 30 days before the merger, consolidation, or transfer, the Administrator shall file an actuarial statement of valuation, in accordance with Code Section 6058, that the requirements of (a) will be met upon consummation of the merger, consolidation, or transfer.

(c) Authorization. The Employer and any new or successor employer shall authorize the merger, consolidation, or transfer.

(d) Special Restriction. The merger complies with the special restrictions of Section 12.7, if applicable.

11.3 Successor Employer.

If an Employer is dissolved, merged, consolidated, restructured, or reorganized, or if the assets of the Employer are transferred, this plan and trust may be continued by the successor, and in that event, the successor will be substituted for the Employer.

ARTICLE 12

Termination

12.1 Right to Terminate.

The Employer reserves the right to revoke this instrument and terminate this plan and trust. The right to terminate is subject to, and conditioned upon, proper and timely notice to the Participants and to the Pension Benefit Guaranty Corporation ("PBGC") before the effective date of plan termination. These requirements include:

(a) Cessation of Benefit Accrual. If applicable, advance notice of the effective date of an amendment within the time periods required under ERISA Section 204(h) which ceases the accrual of benefits under this plan;

(b) Intent to Terminate. A notice of the intention to terminate this plan to the affected parties at least 60 days and not more than 90 days before the proposed termination date;

(c) PBGC Certification. An actuarial certification to the PBGC stating the projected amount of plan assets, the Actuarially Equivalent present value of Benefit Commitments, and either that this plan is projected to be sufficient for all Benefit Commitments or that this plan meets the criteria for a distress termination together with a certification by the Administrator of the accuracy of the information underlying the actuarial certification; and

(d) Benefit Commitments. As soon as possible after issuance of the notice of intent to terminate, a notice to each Participant and Beneficiary of the amount of Benefit Commitments or benefits payable, the amount and availability of alternative benefits or forms of payment, and the specific personal data (retirement age, spouse's age, and service) used to calculate the benefit. "Benefit Commitments" consist of all amounts set forth in subparagraphs (i)-(v) of Section 12.3(c).

12.2 Automatic Termination.

This plan shall automatically terminate, or partially terminate when applicable, and contributions to the trust shall cease upon the Employer's legal dissolution, or upon its adjudication as bankrupt or insolvent, or upon a general assignment by the Employer for the benefit of creditors, or upon the appointment of a receiver for its assets, or when required by ERISA or the Code.

12.3 Termination or Partial Termination of Plan.

(a) Termination. Upon plan termination, the trust assets shall be liquidated over a reasonable period determined by the Trustee after consultation with the Administrator. Upon expiration of the statutory 60-day period after filing of the PBGC certification or extension of that period (for a standard termination), or upon the consent and approval of the PBGC (for a distress termination), the net assets (after provision is made for administrative expenses and expenses of liquidation) shall be applied and paid as provided in this section.

(b) Partial Termination. If there is a partial termination of this plan, trust assets representing the interests of affected Participants shall be segregated by the Trustee. The proportionate interest of the affected Participants shall be determined by the Actuary on the basis of the funding method used by this plan, the assumptions used by the Actuary in making actuarial valuations of this plan, and other factors as the Actuary deems appropriate and equitable.

(c) Priorities. Assets remaining after reserving sufficient assets to pay the expenses of administration and termination shall be applied as required under ERISA Section 4044 in the following order of priority:

(i) After-Tax Employee Contribution Benefits. First, to the portion of Participant's Accrued Benefits derived from the Participant's after-tax employee contributions.

(ii) Mandatory Contribution Benefits. Second, to the portion of Participant's Accrued Benefits derived from Participants' mandatory contributions. The amount of mandatory contributions shall be reduced by amounts paid to the Participant before the termination of this plan.

(iii) Benefits Payable. Third, to benefits payable to a Participant or Beneficiary who at the date which is three years before termination either had begun to receive benefit payments or would have begun receiving benefit payments had the Participant elected to retire and begin receiving benefits as of that date.

(A) Benefit. For this purpose, the benefit shall be the smaller of the benefit that was being received or the benefit that would have been received had the Participant retired based on the least benefit in effect during the five-year period ending at termination.

(B) Benefit Decrease. If benefits under this plan had been reduced during the three-year period ending at termination by amendment or due to the form of payment, the lowest payment received during that period shall be considered as the benefit that was being received three years before termination.

(iv) Benefits Guaranteed. Fourth, to benefits to a Participant (or Beneficiary) if, on the effective date of plan termination, the Participant's employment had terminated with a pension payable or the Participant would have had a pension payable had the Participant's employment terminated other than by death on that date.

(A) Benefit. The benefit shall be the benefit not covered in the previous priority category which was provided by this plan at the date five years prior to the effective date of plan termination and a prorated portion of any benefit increase from that period to the effective date of termination. The prorated portion of a benefit increase shall be determined by multiplying the amount of the increase by 20% for each Plan Year that the increase was in effect.

(B) Limitation. A benefit payable under this subsection shall not be greater than the actuarial value of a monthly single life annuity benefit of $750 beginning at age 65. The amount shall be increased by cost of living and other adjustments after 1974.

(v) Other Vested Benefits. Fifth, to benefits to a Participant (or Beneficiary) if, on the effective date of plan termination, the Participant's employment had terminated with a benefit payable or the Participant would have had a benefit payable had such Participant's employment terminated other than by death on that date. The benefit shall be the benefit provided by this plan as in effect on the date of termination.

(vi) Other Nonvested Benefits. Sixth, to benefits to a nonvested Participant whose employment had not terminated as of the effective date of plan termination. The benefit shall be the Actuarially Equivalent present value of the Participant's Accrued Benefit determined without regard to the vesting schedule under this plan.

(d) Rules For Application. The liability established by each priority shall be fully satisfied before provision for payment may be made under the next priority.

(i) Distress Termination. If the assets of the trust fund are insufficient to satisfy the benefits payable under priorities (c)(i) through (v), this plan shall be subject to the distress termination provisions of ERISA.

(ii) Insufficiency Within Priority. If the assets of the trust are insufficient within a priority to provide full benefits for all persons included within priorities (c)(i), (ii), (iii), (iv), and (vi), the benefits shall be proportionately reduced based upon the present value of the full benefit payable. If the insufficiency occurs in priority (c)(v), benefits in effect for the entire five-year period shall first be satisfied. Then benefit increases shall be satisfied in the chronological order of their effective dates.

12.4 Effect of Termination or Partial Termination.

(a) Nonforfeitability. Upon termination or partial termination of this plan, the rights of all affected Participants to Accrued Benefits as of the date of termination shall be nonforfeitable, except to the extent that they are subject to limitations with respect to maximum benefits.

(b) Distribution. Upon satisfaction of the procedural termination (or partial termination) requirements, the Administrator shall direct payment of benefits under the payment provisions of this plan, providing the benefits, where appropriate or required, through the purchase of annuity contracts.

(c) Recourse Only Against Trust Assets. Except as required under ERISA, Participants shall not have recourse for the payment of Accrued Benefits as of the date of plan termination other than against the trust assets and the Employer shall have no further liability for contributions to this plan or for payment of benefits for affected Participants upon plan termination.

12.5 Reversion of Assets.

The Employer shall not receive an amount from the trust due to plan termination, except that, the Employer shall receive all amounts, if any, remaining after payment of the present value of (or application to purchase annuities to pay) the Benefit Commitments under this plan to Participants and Beneficiaries. Any excess remaining after payment or application of these amounts shall be considered to result from a variation between actual experience and expected actuarial experience.

12.6 Highest Paid Restriction.

(a) Restrictions on Termination. If this plan terminates, the benefit of any present or former Highly Compensated Employee shall be limited to a benefit that is nondiscriminatory under Code Section 401(a)(4).

(b) Restrictions on Distributions. The benefits payable to any of the 25 present and former Highly Compensated Employees paid the most compensation in the current or any prior Plan Year shall be restricted to annual payments no greater than (1) the annual payment that would be made to or with respect to the Participant under a life annuity that is Actuarially Equivalent to the sum of the Participant's Vested Accrued Benefit and the Participant's other benefits under this plan (other than a social security supplement) plus (2) the amount the Participant is entitled to receive under a social security supplement.

(i) Exceptions. The restriction shall not apply if: after payment of the benefit the value of the plan assets equals or exceeds 110% of the value of current liabilities as defined in Code Section 412(l)(7); the value of the benefits for the Participant is less than 1% of the value of current liabilities before distribution; the value of the benefit payable does not exceed the amount described in Code Section 411(a)(11)(A); or the plan terminates and the benefit is nondiscriminatory under Code Section 401(a)(4).

(ii) Benefit. For purposes of the restriction, the Participant's benefit includes loans in excess of the amount set forth in Code Section 72(p)(2)(A), any periodic income, any withdrawal values paid to a Participant, and any death benefits not provided for by insurance on the Participant's life.

(c) Payment of Restricted Benefit in Full. A Participant's otherwise restricted benefit may be paid in full if the Participant enters into a written agreement with the Administrator to secure repayment of the restricted amount. The restricted amount is the excess of the amount paid to the Participant (accumulated with reasonable interest) over the amount that could have been paid under the restriction (accumulated with reasonable interest). The Participant may secure repayment of the restricted amount by one of the following methods.

(i) Deposit in Escrow. The Participant may deposit in escrow, with an acceptable depository, property having a fair market value equal to at least 125% of the restricted amount. The escrow arrangement may permit the Participant to withdraw amounts in excess of 125% of the restricted amount. If the market value of the property falls below 110% of the remaining restricted amount, the Participant must deposit additional property to bring the value of the property held by the depository up to 125% of the restricted amount. The escrow arrangement may provide that the Participant may have the right to receive any income from the property placed in escrow, subject to the Participant's obligation to deposit additional property.

(ii) Letter of Credit. The Participant may provide a bank letter of credit in an amount equal to at least 100% of the restricted amount.

(iii) Bond. The Participant may post a bond equal to at least 100% of the restricted amount. If a bond is posted, the bond must be furnished by an insurance company, bonding company or other surety for federal bonds.

A surety or bank may release any liability on a bond or letter of credit in excess of 100% of the restricted amount. If the Administrator certifies to the depository, surety, or bank that the Participant (or the Participant's estate) is no longer obligated to repay any restricted amount, a depository may redeliver any property held under the escrow arrangement, and a surety or bank may release any liability on the Participant's bond or letter of credit. The Administrator shall make such a certification only upon an occurrence described in (b)(i) above.

(d) Payments Prior to January 1, 1994. Payments that were made or began before January 1, 1994, and that were restricted under Regulations Section 1.401-4(c) will not continue to be restricted unless the payments also would be subject to restriction under the rules of this section. Any payment that remains restricted will be restricted in accordance with Regulations Section 1.401-4(c), but the Participant may receive payment of an amount in escrow or release of any bond or letter of credit if the amount could be released under either Regulations Section 1.401-4(c) or 1.401(a)(4)-5(b).

12.7 Special Restriction.

If the Plan is terminated or merged during the period from a Restricted Date to the following Unrestricted Date ("a Restricted Period"), the provisions of this section shall govern any termination, partial termination or merger or consolidation of the Plan.

(a) Restricted Date. "Restricted Date" means the first date on which the Employer enters into an agreement which could constitute a Change in Control; a person (including the Employer) publicly announces an intention to take or consider taking actions which would, if consummated, constitute a Change in Control; a Person (other than the Trustee or a fiduciary holding Employer securities under an employee benefit plan or any entity owned directly or indirectly by shareholders of the Employer in substantially the same proportions as their ownership of the Employer) increases beneficial ownership of the combined voting power of the Employer's then outstanding securities by 5% or more over the percentage owned on May 19, 1987, and after the increase the Person holds as beneficial owner, directly or indirectly, 9.5% or more of securities of the Employer; or the Board of Directors of the Employer adopts a resolution to the effect that a Potential Change in Control has occurred for purposes of this Agreement.

(b) Change in Control. "Change in Control" means:

(i) the acquisition of 20% or more of either (1) the then outstanding shares of common stock of the employer or (2) the combined voting power entitled to vote for the Board of Directors of the Employer, excluding: (A) an acquisition by the Employer, (B) an acquisition by an employee benefit plan (or related trust) of the Employer, (C) an acquisition where, afterwards the ownership is substantially the same (in accordance with (1), (2), and (3) of subsection (iii) of this Section), or (D) an acquisition by an executive or group of executives of the Employer;

(ii) a change in majority of the incumbent Board of Directors of the Employer as of May 9, 1987, except that a board member approved by a three-quarters vote of the directors shall be defined as an incumbent and a board member elected out of a proxy contest is deemed not to be an incumbent;

(iii) approval by the stockholders of the Employer of a reorganization, merger, consolidation plan of complete liquidation or distribution or sale of substantially all of the Employer's assets unless the ownership afterwards is substantially the same including, (1) more than 50% of common stock and voting power is the same and in roughly the same proportion, (2) no Person except the Employer, an Employer employee benefit plan (or related trust) or stockholder who held 20% before such transaction, owns 20% of the common stock or voting power of the new company, and (3) at least a majority of the new board members were members of the incumbent board.

(c) Unrestricted Date. "Unrestricted Date" means the last day of the two-year period following the Restricted Date.

(d) Termination/Partial Termination. Upon termination (or partial termination) during a Restricted Period, if assets remain in the Trust which could otherwise be reverted to the Employer, the assets shall instead be applied:

(i) Retiree Benefits. First, to the purchase of retiree medical and life insurance to Participants and their beneficiaries in full (or partial prorata) satisfaction of the Employers' obligation then existing obligation; and

(ii) Benefit Increase. To increase benefits on a prorata basis to Participants and beneficiaries to the maximum extent permissible under the Plan.

(e) Merger Consolidation. If the Plan is merged or consolidated with another plan or a transfer of plan assets and liabilities is effected during a Restricted Period:

(i) Full Vesting. The Accrued Benefit of each Participant whose benefit may be affected and is in Covered Employment on the proposed effective date of the merger, consolidation or transfer shall be fully vested.

(ii) Benefit Increase. The vested accrued benefit of each Participant or beneficiary shall be increased under subsection (d) above (including retiree benefits) as though the Plan had terminated immediately prior to the effective date of the merger, consolidation or transfer shall be fully vested.

(iii) Payment/Purchase. The increased fully-vested benefit provided by this Section shall be satisfied before the consummation of the merger, consolidation or transfer by, at the Participant or beneficiary's election: a lump sum payment of the present value of the benefits calculated on a termination basis or by the purchase of an annuity contract which represents an irrevocable commitment to satisfy the increased, fully-vested benefit and satisfies applicable provisions of law regarding selection of an annuity provider.

(f) Amendment. During a Restricted Period, the Plan my not be amended to:

(i) Adversely Impact. Adversely affect the computation or amount of or entitlement to benefits under this Section including any adverse change in or to: the rate at which benefit accrue or vest; the determination of compensation; optimal forms of payment; the time of commencement of benefits; or actuarial factors utilized to compute benefits.

(ii) Modify Section 12.7. Modify this Section 12.7 without the consent of a majority of the Participants in Covered Employment immediately prior to the Restricted Date in both number and interest (calculated based upon the present value of the benefits provided by this Section).

ARTICLE 13

General Provisions

13.1 Spendthrift Provision.

An interest in the trust shall not be subject to assignment, conveyance, transfer, anticipation, pledge, alienation, sale, encumbrance, or charge, whether voluntary or involuntary, by a Participant or Beneficiary except under a QDRO or as permitted in subsection (a) or (b).

(a) Not Security. An interest shall not provide collateral or security for a debt of a Participant or Beneficiary or be subject to garnishment, execution, assignment, levy, or to another form of judicial or administrative process or to the claim of a creditor of a Participant or Beneficiary, through legal process or otherwise, except for a claim under a voluntary revocable assignment permitted by Regulation 1.401(a)-13.

(b) Crimes and ERISA Violations. Effective with respect to judgments issued, and settlements entered into, on or after August 5, 1997, a Participant's interest in the trust may be offset to pay an amount that the Participant is required to pay to the plan for certain crimes and ERISA violations in accordance with the following rules:

(i) Express Provision. An offset may be made if it is expressly provided for by:

(A) Judgment of Conviction. A judgment of conviction for a crime involving this plan;

(B) Civil Judgment. A civil judgment (including a consent order or decree) entered by a court in an action brought in connection with a violation (or alleged violation) of the fiduciary responsibility provisions under ERISA; or

(C) IRS/PBGC Settlement. A settlement agreement between the Participant and the Internal Revenue Service or Pension Benefit Guaranty Corporation in connection with a violation (or alleged violation) of the fiduciary responsibility provisions under ERISA by a fiduciary or any other person.

(ii) Spousal Consent. A Participant's interest in the trust shall not be offset if the Participant has a Spouse on the date of the offset unless the QJSA and QPSA have been waived or the Spouse consents in writing to the offset. The consent must be witnessed by an individual named by the Administrator or by a notary public. If the Spouse cannot be located or if other circumstances set forth in Regulations issued under Code Section 417 exist, the consent is not required.

(iii) Waiver of Consent Requirement. The consent of the Spouse is not required if the judgment or settlement agreement in (i) above:

(A) Payment Ordered. Orders or requires the Spouse to pay an amount to this plan in connection with a violation of the fiduciary responsibility provisions under ERISA; or

(B) Rights Retained. Retains the Spouse's right to the QJSA or QPSA determined in accordance with Code Section 401(a)(13)(D).

(c) Attempts Void. Any other attempt to anticipate, alienate, sell, transfer, assign, pledge, encumber, charge, or otherwise dispose of benefits payable, before actual receipt of the benefits, or a right to receive benefits, shall be void. The trust shall not be liable for, or subject to, the debts, contracts, liabilities, engagements, or torts of a Person entitled to benefits. The benefits and trust assets under this plan shall not be considered an asset of a Participant or Beneficiary in the event of insolvency or bankruptcy.

13.2 Effect Upon Employment Relationship.

The adoption of this plan shall not create a contract of employment between the Employer and an Employee, confer upon an Employee a legal right to continuation of employment, limit or qualify the right of the Employer to discharge or retire an Employee, or affect the right of an Employee to remain in service after the Normal Retirement Date.

13.3 No Interest in Employer Assets.

Nothing in this plan and trust shall be construed to give an Employee, Participant, or Beneficiary an interest in the assets or the business affairs of the Employer or the right to examine the books and records of the Employer. A Participant's rights are solely those granted by this instrument.

13.4 Construction.

The singular includes the plural, and the plural includes the singular, unless the context clearly indicates the contrary. Capitalized terms have the meaning specified in this plan. If a term is not defined, the term shall have the general, accepted meaning of the term.

Any period of time described in this plan shall consist of consecutive days, months, or years, as appropriate.

13.5 Severability.

If any provision of this plan is invalid, unenforceable, or disqualified under the Code, ERISA, or Regulations, for any period of time, the affected provision shall be ineffective, but the remaining provisions shall be unaffected.

13.6 Governing Law.

This plan and trust shall be interpreted, administered, and managed in compliance with the Code, ERISA, and Regulations. To the extent not preempted by federal law, this plan and trust shall be interpreted, administered, and managed in compliance with the laws of the State of Michigan.

13.7 Nondiversion.

Except for reversion of assets permitted upon plan termination, all of the trust assets shall be retained for the exclusive benefit of Participants and their Beneficiaries, shall be used to pay benefits to such Persons and to pay administrative expenses to the extent not paid by the Employer and shall not revert to or inure to the benefit of the Employer.

ARTICLE 14

Top-Heavy Plan Provisions

14.1 Top-Heavy Determination.

If this plan is or becomes a Top-Heavy Plan in a Plan Year, the provisions of this article shall supersede all conflicting plan provisions.

(a) Top-Heavy Plan. "Top-Heavy Plan" means this plan for a Plan Year if:

(i) Not Required or Permissive Aggregation Group. This plan is not part of a Required Aggregation Group or a Permissive Aggregation Group, and the Top-Heavy Ratio exceeds 60%;

(ii) Required Aggregation Group. This plan is part of a Required Aggregation Group (but not part of a Permissive Aggregation Group), and the Top-Heavy Ratio for the Required Aggregation Group exceeds 60%; or

(iii) Permissive Aggregation Group. This plan is part of a Permissive Aggregation Group, and the Top-Heavy Ratio for the Permissive Aggregation Group exceeds 60%.

(b) Calculation. The calculation of the Top-Heavy Ratio and the extent to which benefit payments, rollovers, and transfers are taken into account will be made in accordance with Code Section 416 and Regulations.

(i) Disregard Certain Employees. In calculating the Top-Heavy Ratio, the account balance or Accrued Benefit of a Participant who was a Key Employee in a prior year but is no longer a Key Employee or has not performed services for an Employer maintaining this plan at any time during the one-year period ending on the Determination Date(s) will be disregarded.

(ii) Ownership. Ownership shall be determined under Code Section 318 as modified by Code Section 416(i)(1)(B)(iii) without regard to the aggregation rules under Code Section 414.

(iii) Rollovers and Transfers. A lump-sum payment rolled over or an amount transferred from this plan to another qualified retirement plan of the Employer or a Related Employer shall not be included in the Present Value of Accrued Benefits under this plan. A payment of benefits rolled over or an amount transferred from another qualified retirement plan of the Employer or a Related Employer to this plan shall be included in the Present Value of Accrued Benefits under this plan. If a rollover or transfer to a qualified retirement plan of an unrelated employer was initiated by the former Participant, it shall be deemed a lump-sum payment from this plan. If a rollover or transfer from a qualified retirement plan of an unrelated employer to this plan for a Participant was initiated by the Participant, it shall not be included in the Present Value of Accrued Benefits under this plan unless the rollover or transfer to this plan was accepted on or before December 31, 1983.

14.2 Top-Heavy Definitions.

For purposes of this article, the following terms have the stated meanings:

(a) Top-Heavy Ratio. "Top-Heavy Ratio" means the ratio, as of this plan's Determination Date, calculated by dividing the aggregate Present Value of Accrued Benefits of all Key Employees of each plan in the Required Aggregation Group (and each other plan in the Permissive Aggregation Group, if necessary or desirable) by the aggregate Present Value of Accrued Benefits of all Participants under all plans in the Required (or Permissive) Aggregation Group.

(b) Present Value of Accrued Benefits.

(i) This Plan. "Present Value of Accrued Benefits" under this plan means the Actuarially Equivalent present value of the Accrued Benefits of all Participants and Beneficiaries determined as of the Determination Date. The Present Value of Accrued Benefits includes:

(A) One-Year Period. The amount of benefit payments made from this plan due to termination of employment, death or disability during the one-year period ending on the Determination Date; and

(B) Five-Year Period. The amount of benefit payments made from this plan for any other reason during the five-year period ending on the Determination Date.

(ii) Accrual Method. The Accrued Benefit of any Participant who is not a Key Employee shall be determined (i) under the method, if any, that applies uniformly with respect to all defined benefit plans maintained by the Employer, or (ii) if there is no uniform method, as if the benefit accrued not more rapidly than the slowest accrual rate permitted under the fractional rule of Code Section 411(b)(1)(C).

(iii) Other Plans. The Present Value of Accrued Benefits shall be determined with respect to, and pursuant to the provisions of, all qualified retirement plans (including a simplified employee pension plan) in the aggregation group.

(iv) Unpaid Contribution. A contribution not paid as of a Determination Date for any plan in the aggregation group shall be included in the determination of the Present Value of Accrued Benefits as required under Code Section 416 and Regulations.

(v) Actuarial Assumptions. If this plan is part of a Permissive Aggregation Group or a Required Aggregation Group and at least one of the qualified retirement plans aggregated with this plan is a defined benefit plan, the Present Value of Accrued Benefits under any such defined benefit plan shall be determined based on the interest rate and mortality table set forth in Section 7.2.

(c) Required Aggregation Group. "Required Aggregation Group" means all qualified retirement plans, including terminated plans, of the Employer and each Related Employer in which at least one Key Employee is a participant, plus all other qualified retirement plans of the Employer and each Related Employer, that enable one or more of the plans covering at least one Key Employee to meet the requirements of Code Sections 401(a)(4) or 410.

(d) Permissive Aggregation Group. "Permissive Aggregation Group" means all qualified retirement plans, including terminated plans, if any, of the Employer and each Related Employer that are part of a Required Aggregation Group that includes this plan, plus any other qualified retirement plan (designated by the Employer) of the Employer and each Related Employer that is not part of the Required Aggregation Group but that, when considered part of the Permissive Aggregation Group, does not prevent the group from meeting the requirements of Code Sections 401(a)(4) and 410.

(e) Determination Date. For any Plan Year after the initial Plan Year, "Determination Date" means the last day of the preceding Plan Year. For the initial Plan Year, "Determination Date" means the last day of the initial Plan Year.

(i) Present Value of Accrued Benefits. The Present Value of Accrued Benefits are determined as of the most recent Top-Heavy Valuation Date within the 12-month period ending on the Determination Date.

(ii) Multiple Plans. When aggregating plans, the Present Value of Accrued Benefits will be calculated with reference to the Determination Dates that fall within the same calendar year.

(f) Key Employee. "Key Employee" means an Employee or former Employee (including any deceased Employee or the Beneficiary of any deceased Employee) who, under Code Section 416(i), is or was, during the Plan Year that includes the Determination Date, one of the following:

(i) Officer. An officer of an Employer or Related Employer if the officer's Section 415 Compensation exceeds $130,000 (as adjusted under Code Section 416(i)(1) for Plan Years beginning after December 31, 2002);

(ii) 5% Owner. A 5% Owner; or

(iii) 1% Owner; $150,000 Compensation. A 1% owner, determined under the definition of 5% Owner but replacing "5%" with "1%," whose Section 415 Compensation exceeds $150,000.

Ownership under (ii) and (iii) shall be determined separately for each Employer and Related Employer. Compensation for (i) and (iii) above for a Plan Year is determined without regard to the Annual Compensation Limit. For Plan Years beginning before January 1, 1998, for purposes of determining compensation under (i) and (iii) above, compensation means Section 415 Compensation plus elective contributions that are excluded from gross income by Code Sections 125, 402(e)(3), 402(h)(1)(B), or 403(b).

(g) Top-Heavy Valuation Date. "Top-Heavy Valuation Date" means, for a defined contribution plan (including a simplified employee pension plan), the date for revaluation of the assets to market value coinciding with, or occurring most recently within the 12-month period ending on, the Determination Date. For a defined benefit plan, the term means the most recent date used for computing the plan costs for minimum funding purposes (whether or not an actuarial valuation is performed during that Plan Year) occurring within the 12-month period ending on the Determination Date.

14.3 Minimum Benefits.

For each Plan Year in which this plan is or becomes a Top-Heavy Plan, each Participant who is not a Key Employee and who completes at least 1,000 Hours of Service shall accrue a Minimum Accrued Benefit.

(a) Minimum Accrued Benefit. The "Minimum Accrued Benefit" for a Participant who is not a Key Employee means the monthly amount of a pension benefit payable as a Single Life Annuity beginning on the first day of the first month following the Participant's Normal Retirement Date. The monthly amount shall be 2% of Minimum Average Monthly Compensation multiplied by Years of Vesting Service (maximum of 10 years) earned for Plan Years beginning on or after January 1, 1984, during which this plan is a Top-Heavy Plan.

(b) Minimum Average Monthly Compensation. "Minimum Average Monthly Compensation" means the Participant's Average Monthly Compensation, provided that Minimum Average Monthly Compensation shall not be less than the average of the Participant's HCE Compensation for the five consecutive Plan Years during the Participant's period of employment that yield the highest amount. The five consecutive Plan Years shall not include Plan Years beginning before January 1, 1984, and any Plan Year after the last Plan Year in which this plan is a Top-Heavy Plan, and shall not include or be deemed interrupted by, Plan Years during which the Participant Employee does not earn a Year of Vesting Service.

14.4 Vesting Schedule.

The vesting schedule for each Participant who has an Hour of Service during a Plan Year in which this plan is or becomes a Top-Heavy Plan shall be replaced with the following schedule:

Years of Vesting Service	Vested Percentage
Less than 2 years	-0-
2 years	20%
3 years	40%
4 years	60%
5 years or more	100%

(a) Cessation. If this plan ceases to be a Top-Heavy Plan, vested percentages shall continue to be determined under this schedule.

(b) Vesting Schedule Change. Any change in the vesting schedule due to this plan becoming, or ceasing to be, a Top-Heavy Plan shall be treated as an amendment to this plan, and all rules applying to the amendment of a vesting schedule shall apply.

The Employer has executed this instrument this _______ day of ____________, ____.

WOLVERINE WORLD WIDE, INC.

By ______________________________

Its ______________________________

Employer

PW Trust Company ("Trustee") accepts the duties, powers and responsibilities of the Trustee as described in Articles 9 and 10 of the Wolverine Employees' Pension Plan, effective as of _______________, ____.

Dated: _______________, ____.

PW TRUST COMPANY

By ______________________________

Its ______________________________

Trustee

GC Trust Company ("Trustee") accepts the duties, powers and responsibilities of the Trustee as described in Articles 9 and 10 of the Wolverine Employees' Pension Plan, effective as of _______________, ____.

Dated: _______________, ____.

CG TRUST COMPANY

By ______________________________

Its ______________________________

Trustee

SCHEDULE A
COVERED EMPLOYEE GROUPS/ADOPTING EMPLOYERS
(Except Sections 4.6 and 4.7)

UNIT	EFFECTIVE DATE UNDER PLAN
Frolic Footwear Division - Salaried	02-01-70
Hush Puppies Retail, Inc. - Division 5	01-01-77
Tru-Stitch Footwear Division - Salaried D	01-01-70
Tru-Stitch Footwear Division - Hourly - Non Union	01-01-85
Wolverine Employees	01-01-69
Brooks Shoe Company, Inc.	01-01-82
Viner Bros., Inc.	04-01-84
Town & Country Shoes, Inc.	06-01-81
Wolverine Hy-Test, Inc. non-collectively bargained employees	04-17-96

COVERED EMPLOYEE GROUPS/ADOPTING EMPLOYERS
(Section 4.6 and 4.7)

	EFFECTIVE DATE
Wolverine World Wide, Inc.	01-01-94
Town & Country Shoes, Inc.	01-01-94
Brooks Shoe Company, Inc.	01-01-94
Viner Bros, Inc.	01-01-94
Little Falls Footwear Division	01-01-94
Hush Puppies Retail, Inc. - Division 05	01-01-94
Wolverine World Wide, Inc. Salaried at Puerto Rico	01-01-94
Wolverine Procurement, Inc.	01-01-94
B&B Shoe Division.	01-01-94
Wolverine Hy-Test, Inc. non-collectively bargained employees	04-17-96

SCHEDULE B

Retirement Date (Normal/Deferred Benefit), Date of Disability (Disability Retirement Benefit) or Termination of Employment Date (Early Retirement/Monthly Deferred	Dollar Benefit Multiplier
January 1, 1976 - December 31, 1978	$4 (pre-1/1/76 Service)/ $6 (post-12/31/75 Service)
January 1, 1979 - December 31, 1983	$6.00
January 1, 1984 - December 31, 1975	$7.00
January 1, 1986 - December 31, 1988	$8.00
January 1, 1989 - December 31, 1989	$8.50
January 1, 1990 - December 31, 1991	$9.00
January 1, 1992 - December 31, 1992	$11.00
January 1, 1993 - December 31, 1993	$12.00
January 1, 1994 - December 31, 1994	$14.00
January 1, 1995 - December 31, 1995	$15.00
January 1, 1996 - December 31, 1997	$16.00
January 1, 1998 - December 31, 1998	$18.00
January 1, 1999 - December 31, 1999	$20.00
January 1, 2000 - December 31, 2000	$21.00
January 1, 2001 - December 31, 2001	$23.00
January 1, 2002 or after	$24.00

SCHEDULE C-1
FORMER PARTICIPANTS UNDER
WEBSTER MANUFACTURING UNIT
HOURLY RATED EMPLOYEES PENSION PLAN

C1.1 Purpose. This Schedule recognizes and preserves certain benefits resulting from the merger of the above Plan ("Webster Plan") with this Plan effective May 31, 1988.

C1.2 Participant. Each Participant in the Webster Plan on May 31, 1988, shall be a C-1 Participant.

C1.3 Benefit. Each C-1 Participant's Accrued Benefit shall be equal to the sum of:

(a) Post-May 31, 1998. $3 multiplied by Years of Benefit Service after May 31, 1988 (utilizing a full year of Benefit Service for 1998).

(b) 1970 - June 1, 1988. $3 multiplied by Years of Benefit Service between January 1, 1970, and June 1, 1988, under the Webster Plan, and

(c) Pre-1970. $1.20 multiplied by the Participant's Years of Benefit Service under the Webster Plan before January 1, 1970.

C1.4 Supplemental Benefit. Each C-1 Participant who terminates employment after May 31, 1988, shall be entitled to a monthly accrued benefit in addition to the benefit set forth above equal to the actuarially equivalent of the following applicable single sum amount.

(a) 1-10 Years of Service. If the C1 Participant had completed 1 but less than 10 Years of Service, $111 multiplied by the by the Participant's Years of Service.

(b) 10-20 Years of Service. If the C1 Participant had completed 10 but less than 20 Years of Service, $166.50 multiplied by the by the Participant's Years of Service.

(c) At Least 20 Years of Service. If the C1 Participant had completed at least 20 Years of Service, $222 multiplied by the by the Participant's Years of Service.

SCHEDULE C-2
BENEFITS FOR CERTAIN FORMER EMPLOYEES
1994 SPECIAL SEVERANCE PROGRAM

C2.l Purpose. The purpose of this Schedule is to provide benefits for certain Participants of the Plan who retire under the 1994 Wolverine Special Severance Program (the "1994 Program").

C2.2 C-2 Participant. A Participant shall be a "C-2 Participant" if the Participant is eligible for and elects between November 3, 1994 and December 18, 1994 to retire under the 1994 Program.

C2.3 Highly Compensated Exclusion. The benefits under this Schedule shall not be available to a Participant who is a "Highly Compensated Employee."

C2.4 Amount of Pension. Each C-2 Participant shall be entitled to a monthly pension computed under Section 5.1 of the Plan, based on final average earnings and years of credited service at the date that employment with the Employers terminates. If the pension of a C-2 Participant is determined under subsection 4.2(a) of the Plan, then the amount payable to the C-2 Participant as of the first day of any month coincident with or preceding the date the C-2 Participant attains age 62 shall be calculated without reduction of the monthly Social Security Allowance.

C2.5 Full Vesting. Each C-2 Participant shall be fully vested in the Participant's benefits under the Plan.

C2.6 Commencement of Pension. Payment of the monthly pension to a C-2 Participant shall begin as of the first day of the month coincident with or next following the date that employment terminates. The pension of a C-2 Participant shall not be reduced for commencement prior to normal retirement date.

SCHEDULE C-3
NONDISCRIMINATORY EXECUTIVE BENEFITS

C3.1 Purpose. The purpose of this Supplement is to define and designate certain executives of the Company to receive benefits under a nondiscriminatory enhancement of the Plans' benefit formula.

C3.2 A Executive. An "A Executive" is a Participant whose name is listed below in this section:

- G. Bloom (Normal Retirement 5/1/2000)
- W. Brown (Through 12/31/2003)
- J. Deem (Deferred vested as of 10/30/2001)
- L. Dubrow (Deferred vested as of 10/30/2001)
- S. Duffy
- D. Estes
- S. Gulis
- B. Krueger
- T. O'Donovan
- R. Sedrowski

C3.3 B Executive. A "B Executive" is a Participant whose name is listed below in this Section:

- O. Baxter (for benefits accrued through 12/31/2003)
- A. Croci
- R. DeBlasio
- T. Gedra
- B. Jungers
- J. Lovejoy (Normal retirement / /2000)
- T. Mundt
- N. Ottenwess
- D. West
- G. Fountain
- J. Lavertue
- A.T. Payne, III
- S. Zimmerman
- J. Weston
- W. Brown (Beginning 1/1/2004)
- S. Sible
- J. Zwiers

C3.4 Benefit. The Accrued Benefit for:

(a) A Executive. A Supplement A Executive shall be the greatest of the Accrued Benefit at Section 5.1(c) or 2.4 percent of Final Average Compensation multiplied by the A Executive's Years of Benefit Service (not in excess of 25 years).

(b) B Executive. A Supplement B Executive shall be the greatest of the Accrued Benefit at Section 5.1(c) or 2.0 percent of Final Average Compensation multiplied by the B Executive's Years of Benefit Service (not in excess of 25 years).

C3.5 Modifications. The Company may add, remove, or reclassify a Participant under this Schedule. The modification of a Participant's status may not reduce a Participant's benefit or become effective until the date which is 45 days after the Participant receives notice of the modification.

SCHEDULE C-4
BENEFITS FOR CERTAIN FORMER EMPLOYEES
OF FROLIC FOOTWEAR DIVISION
OR THE WOLVERINE SLIPPER GROUP

C4.l Purpose. The purposes of this Schedule C-4 is to provide benefits for certain Participants of Wolverine Employees' Pension Plan (the "Plan") who terminate employment under The Frolic Footwear Special Severance Program dated August 4, 1997, (the "Frolic Program") and the Wolverine Slipper Group Special Severance Program (the "Slipper Program") dated December 1997.

C4.2 C-4 Participant. A Participant will be a "C-4 Participant" if the Participant is eligible for and elects to terminate employment under the "Frolic Program" no later than September 15, 1997, or under the "Slipper Program" no later than January 30, 1998.

C4.3 Highly Compensated Employees Excluded. A Participant who is a "Highly Compensated Employee" shall not be entitled to any benefits under this Schedule.

C4.4 Amount of Pension. Each C-4 Participant shall be entitled to a monthly pension computed under subsection 4.1 of the Plan based on final average earnings and years of credited service at the date that employment terminates. If the pension of a C-4 Participant is determined under subparagraph 5.1(c)(i)(A) of the Plan, then the amount payable as of the first day of any month on or before the date the Participant attains age 62 shall be calculated without reduction for the Social Security Allowance.

C4.5 Full Vesting. Each C-4 Participant shall be fully vested in his benefits under the Plan.

C4.6 Commencement of Pension. Payment of the monthly pension to a C-4 Participant shall begin as of the first day of the month coincident with or next following the date that his employment with the employers terminates, in the full amount determined under paragraph G-4 above. The pension of a Supplement G Participant shall not be reduced for commencement prior to normal retirement date.

SCHEDULE C-5
2000 EARLY RETIREMENT WINDOW

C5.1 Purpose. The purpose of this Schedule C-5 is to provide benefits for TruStitch employee Participants of the Wolverine Employees' Pension Plan who were eligible to terminate employment under the Wolverine Early Retirement Window-2000, dated July 12, 2000. (2000 Window) but remained employed as of June 1, 2001, Participants who terminated employment under the 2000 Window, or members who terminated under the reduction in force dated July 12, 2000, and were listed as severance only in the listing maintained by the Employer (the RIF).

C5.2 C-5 Participant. A Participant will be a C-5 Participant if the Participant is eligible and retired under the 2000 Window or was terminated under the RIF.

C5.3 Calculation of Pension. For purposes of calculating the Normal, Late, Early, or Deferred Vested Benefit and for purposes of commencing benefits under those sections, a C-5 Participant shall be deemed to be 5 years older or age 65 whichever is less. However, this increase in age shall not change a Participant's normal retirement date.

C5.4 Amount of Pension. In addition to the increased age: a C-5 Participant shall be entitled to;

(a) Lump Sum. The following Lump Sum payment

Health Care Plan Status (as of July 12, 2000)	Lump Sum Amount
Employee Only	$ 1576.08
Employee & Child	$ 3050.22
Employee & Spouse	$ 3874.92
Employee & Family	$ 4932.42

This benefit shall not apply to C-5 Participants who remained employed on June 1, 2001.

(b) Age 60-65. If the Participant is at least age 60, an additional percentage increase in the benefit calculated under C5.3 above, as follows;

Age (as of July 12, 2000)	Percentage Increase in Benefit
60 but less than 61	2%
61 but less than 62	4%
62 but less than 63	6%
63 but less than 64	8%
64 or more	10%

C5.5 414(k) Transfer. For purposes of Section 4.7:

(a) Allocation of Transfer. A C-5 Participant shall be treated as having retired during the year of termination of employment.

(b) Vesting. A C-5 Participant shall be fully, 100% vested in the Participant's Section 414(k) account.

C5.6 Full Vesting. A Participant who is terminated under the RIF and listed in the "Severance Only" classification shall be fully vested in the accrued benefits under the Plan (including the benefits provided by this Schedule).

C5.7 Commencement of Pension. Benefits shall be paid as follows:

(a) Lump Sum The lump sum benefit, as soon as administratively feasible after the expiration of the revocation period following written acceptance of the 2000 Window.

(b) Monthly Pension The monthly pension at the first day of any month following the latest of: expiration of the revocation period following written acceptance of the 2000 Window; the attainment of the deemed age of 60 by a C-5 Participant; or a C-5 Participant's termination of employment on or after June 1, 2001.

SCHEDULE C-6
HY-TEST MERGER

C6.1 Purpose. The purpose of this Schedule is to reflect the merger of the Wolverine Hy-Test, Inc. Collectively Bargained Pension Plan (Hy-Test Plan) with this Plan and to provide enhanced pension benefits for members formerly included within the drivers unit represented by Teamsters Local 406 (Teamsters Unit).

C6.2 Participants Included. This Schedule shall apply to Participants formerly included within the Hy-Test Plan and formerly covered by a collective bargaining agreement between the Employer and Local 160A, UNITE!, AFL/CIO/CLC and, only where specifically designated, to Participants within the Teamsters Unit.

C6.3 Teamsters Unit Members. Each Participant included within the Teamsters Unit shall be fully vested in the Participants accrued benefit as of the member's termination of employment. Each Participant between ages 55 and 60 as of September 30, 2000, shall receive an additional seven Years of Vesting Service for purposes of determining the Participant's eligibility for monthly pension benefits.

C6.4 Hy-Test Members. The following provisions apply to former Participants of the Hy-Test Plan.

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

(i) Normal Retirement Date. "Normal Retirement Date" means the date the Participant attains age 62.

(ii) Normal Retirement Benefit. "Normal Retirement Benefit" means the Participant's Accrued Benefit. The monthly Normal Retirement Benefit shall be not less than the amount of any Early Retirement Benefit to which the Participant was entitled if the Participant had retired at any time under the provisions of C6.4(b).

(iii) Accrued Benefit. "Accrued Benefit" means a monthly pension benefit, payable as a Single Life Annuity, beginning on the first day of the month following the Participant's Normal Retirement Date. The monthly amount shall be equal to the Participant's Years of Benefit Service multiplied by the applicable Benefit Rate set forth in this subsection.

Retirement Date	Benefit Rate
On or after January 1, 1996	$10.25
On or after January 1, 1997	$10.75
On or after January 1, 1998	$11.00
On or after March 1, 1999	$12.00
On or after January 1, 2000	$13.00

(iv) Benefit Service. A Participant earns a "Year of Benefit Service" for each Plan Year under the following schedule:

Hours of Service in Covered Employment	Percentage of Year of Service
0 - 199	0
200 - 499	25%
500 - 799	50%
800 - 999	75%
1,000 or more	100%

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

(i) Early Retirement Date. "Early Retirement Date" means the date the Participant attains age 55, or if later, the date the Participant completes 25 Years of Vesting Service.

(ii) Early Retirement Benefit. "Early Retirement Benefit" means the Participant's Accrued Benefit determined as of the date that the Participant's employment terminated.

(iii) Early Payment. A Participant who is eligible for Early Retirement may elect to begin payment on the first day of any month following the termination of employment after the Participant's Early Retirement Date. If the Participant elects and payment begins before the first day of the month after the Participant's Normal Retirement Date, the monthly amount of the benefit shall be reduced and shall be the actuarial equivalent of the Accrued Benefit payable at the Participant's Normal Retirement Age.

(c) Late Retirement. A Participant whose employment terminates after the Participant's Normal Retirement Date is eligible for a Late Retirement Benefit.

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

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

(A) Pre-Age 70 1/2. If the Participant's employment terminated on or before the Required Beginning Date, the Normal Retirement Benefit determined as of the Late Retirement Date, including any additional benefits accrued for the period of the Participant's employment after the Normal Retirement Date.

(B) Post-Age 70 1/2. If the Participant's employment terminated after the Required Beginning Date, the amount determined in (A) above reduced by the actuarial equivalent of the total plan distributions made to the Participant up to the Participant's Late Retirement Date. The benefit shall not be reduced to an amount less than the Participant's Accrued Benefit determined as of the Participant's Normal Retirement Date.

(d) Deferred Vested Retirement. A Participant who has an Accrued Benefit and whose employment terminated before the Participant's Normal or Early Retirement Date, other than by death or Disability, is eligible for a Deferred Vested Benefit.

(i) Deferred Vested Benefit. "Deferred Vested Benefit" means the Participant's Accrued Benefit determined as of the date that the Participant's employment terminated.

(ii) Early Payment. If the Participant is eligible and elects payment of the Deferred Vested Benefit before the first day of the month following the Participant's Normal Retirement Date, the monthly amount of the benefit shall be reduced and shall be determined in the same manner as provided for early payment of the Early Retirement Benefit.

(e) Death Benefits. A death benefit shall be paid only as provided in this section.

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

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

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

(2) Surviving Spouse Defined. "Surviving Spouse" means the Spouse to whom the Participant was married at the time of death and who survives the Participant. If the Participant dies before benefit payments begin, "Surviving Spouse" means the Spouse to whom the Participant was married for at least 12 consecutive months at the Participant's death and who survives the Participant.

(3) QPSA Defined. "QPSA" means a qualified pre-retirement survivor annuity that is a monthly Single Life Annuity payable to the Surviving Spouse of a Participant. The monthly amount of the QPSA is 50% of the benefit that would have been payable to the Participant if the Participant had retired on the day before the Participant died and had elected to have benefit payments begin on the earliest permitted payment date in the form of an immediate QJSA.

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

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

(f) Benefit Rules.

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

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

(iii) Transfer. A transfer between Covered Employment and employment with the Employer other than Covered Employment, or a transfer between the Employer and a Related Employer, is not termination of employment.

(iv) Pay Status. Benefits in pay status on or after the merger shall continue to be paid in the form provided by the Plan.

(g) Vested Percentage. A Participant's Accrued Benefit shall be 100% vested. A Participant shall be credited with Vesting Service for full years of benefit service under the Florsheim Shoe Company Retirement Plan as of April 17, 1996.

(h) Time of Payment. Subject to the QJSA and QPSA provisions of this plan and the required distribution, benefit payments shall begin not later than 60 days after the end of the Plan Year that includes the Participant's Normal Retirement Date or, if later, the end of the Plan Year in which employment terminates.

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

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

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

(iv) Deferred Vested Benefit. The Deferred Vested Benefit shall begin on the first day of the month following the Participant's Normal Retirement Date. If the Participant is credited with at least 25 (or 10 if the Participant's termination is due to permanent closing of the facility in which the Participant was employed) Years of Vesting Service at termination of employment, the Participant may elect earlier payment beginning on the first day of any month following the date the Participant attains age 55.

(v) Death Benefit.

(A) Before Annuity Starting Date. The QPSA shall begin on the first day of the month following the date of death, or if later, the first day a Participant could have elected early payment of an Early Retirement Benefit or a Deferred Vested Benefit, if applicable. The Surviving Spouse may elect to delay commencement of the benefit to the first day of any later month but not later than the first day of the month following the Participant's Normal Retirement Date.

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

(vi) Immediate Payment. If the Participant's employment terminates for any reason before the Participant's Normal Retirement Date and the Actuarially Equivalent present value of the Participant's Vested Accrued Benefit, including any earlier payments, is $5,000 or less, the Administrator shall direct payment of the present value as soon as administratively feasible following termination of employment.

(i) Determination of Benefits. The age of the individuals to whom benefits are payable shall be determined as of the date the benefit is payable. All forms of payment under this Schedule shall be Actuarially Equivalent to the benefit payable as a Single Life Annuity. "Actuarially Equivalent" means equal in value based on the following actuarial assumptions:

(i) Interest Rate. 6 1/2% per annum, compounded annually.

(ii) Mortality Table. 1971 Group Annuity Mortality Table assuming three males for every seven females

(iii) Lump Sum Determination. Actuarial Equivalence of a lump-sum payment shall be determined based on.

(A) Mortality. The 1983 Group Annuity Mortality Table weighted 50% male and 50% female.

(B) Interest Rate. An interest rate for the Plan Year consisting of the annual rate of interest on 30-year Treasury securities for the month of December preceding the Plan Year in which the lump sum is calculated.

(j) Form of Payment.

(i) Standard Form. Benefits under this Schedule shall be paid as follows:

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

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

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

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

(ii) Optional Forms of Payment. Upon waiver of the QJSA, Participant may elect a Single Life Annuity. A "Single Life Annuity" is a monthly benefit payable in equal installments for the life of the Participant or other individual with no payments to be made for any periods after the recipient's death.

(k) Merger Schedule. The Company shall, as required by Code Section 414(l), maintain a special schedule of benefits payable on a termination basis for Hy-Test Participants as required under Regulation 1.414(l)-1(h). The special benefits shall be payable in the priority required by Regulation 1.414(l)-1(h) if the Plan terminates on or before December 31, 2005. If the liabilities attributable to benefits payable under this Schedule are spun off or transferred to another plan on or before December 31, 2005, the Plan shall transfer assets to the spun off or transferee plan sufficient to satisfy the liabilities in full.

SCHEDULE C-7
2001 EARLY RETIREMENT WINDOW/
SPECIAL SEVERANCE PROGRAM

C7.1 Purpose The purpose of this Schedule is to provide benefits for Wolverine Footwear employee Participants of the Wolverine Employees' Pension Plan who were eligible to terminate employment under the Wolverine Special Severance Program Early Retirement Window-2001 (current Footwear employee, age 60 before January 31, 2002, 15 years of continuous service by August 31, 2001 and not within an excluded job classification).

C7.2 C-7 Participant A Participant will be a C-7 Participant if the Participant is eligible under the 2001 Window.

C7.3 Calculation of Pension For purposes of calculating the Normal or Deferred Commencement Retirement, Early Retirement, or Monthly Deferred Benefit and for purposes of commencing benefits under those sections, a C-7 Participant shall be deemed to be 5 years older or age 65 whichever is less. However, this increase in age shall not change a Participant's normal retirement date.

C7.4 Amount of Pension In addition to the increased age: a C-7 Participant shall be entitled to;

(a) Lump Sum the following Lump Sum payment

Health Care Plan Status (as of October 1, 2001)	Lump Sum Amount
Employee Only	$ 1758.63
Employee & Child	$ 3404.83
Employee & Spouse	$ 4329.55
Employee & Family	$ 5506.84

(b) Age 60-65 If the Participant is at least age 60, an additional percentage increase in the benefit calculated under C7.3 above, as follows;

Age (as of July 12, 2000)	Percentage Increase in Benefit
60 but less than 61	2%
61 but less than 62	4%
62 but less than 63	6%
63 but less than 64	8%
64 or more	10%

C7.5 414(k) Transfer Allocation. For purposes of Section 4.7(c) (allocation of 414(k) transfer amounts), a C-7 Participant shall be treated as having retired during the year of termination of employment.

C7.6 Commencement of Pension. Benefits shall be paid as follows:

(a) Lump Sum The lump sum benefit, as soon as administratively feasible after the expiration of the revocation period following written acceptance of the 2001 Window.

(b) Monthly Pension The monthly pension at the first day of any month following the latest of: expiration of the revocation period following written acceptance of the 2001 Window; the attainment of the deemed age of 60 by a C-7 Participant; or a C-7 Participant's termination of employment on or before December 31, 2001.

SCHEDULE C-8
SPECIAL SERVICE CREDIT
TRU STITCH DIVISION/WOLVERINE PROCUREMENT INC.

C8.1 Purpose. The purpose of this Schedule is to recognize certain service before extension of the Plan to TruStitch Division and Wolverine Procurement, Inc. Employees for purposes of determining Years of Benefit and Vesting Service.

C8.2 TruStitch Division. An hourly nonunion employee of the TruStitch Division who became a Participant in the Plan on January 1, 1985, shall be credited with Years of Benefit Service and Vesting Service for the period of service (including union service) beginning on or after January 1, 1970, under the rules of the Plan in effect during those periods.

C8.3 Wolverine Procurement, Inc. An Employee of Wolverine Procurement, Inc. shall be credited with Years of Benefit Service and Vesting Service for service on or after July 1, 1989, under the rules of the Plan in effect during those periods.

SCHEDULE C-9
SERVICE CREDIT AND INCLUSION OF
CERTAIN FORMER SEBAGO, INC. EMPLOYEES

C9.1 Purpose. The purpose of this Schedule is to recognize eligibility and vesting service of certain former employees of Sebago, Inc. who have become permanent, regular employees of the Employer.

C9.2 Designated Employees. The following individuals shall be covered by this Schedule (Schedule C-9 individuals).

Name

Belsak, Harald
Charron, Elayne
Cremer, Vivian
Delaware, Marie
Dufault, Victor
Josselyn, Marvin
Kriner, Debora
Mowatt, Timothy
Walls, Michael
Warren, Joseph

C9.3 Eligibility/Participation. A Schedule C-9 individual shall become eligible and a Participant in the Plan under Section 3.1 as of July 1, 2004.

C9.4 Covered Employment. A Schedule C-9 individual shall not be excluded from Covered Employment under Section 3.2 as a former employee of Sebago, Inc.

C9.5 Vesting Service. A Schedule C-9 individual shall be credited with Years of Vesting Service under Section 6.1 for all periods of service beginning with their most recent date of hire with Sebago, Inc.

SCHEDULE D

PLAN HISTORY

		Adopted	Effective
D.1	Gust Restatement.	September 25, 2003	January 1, 1997
(a)	First Amendment.	September 25, 2003	January 1, 2002
(b)	Second Amendment.	December 19, 2003	July 1, 2004
(c)	Third Amendment.	July 7, 2004	July 1, 2004
(d)	Fourth Amendment.	________ __, 2004	January 1, 1997
(e)	Fifth Amendment.	September 26, 2005	March 28, 2005
(f)	Sixth Amendment.	________ __, 2007	January 1, 2003
(g)	Seventh Amendment.	________ __, 2007	_______ _, 200__/ January 1, 2008

EXHIBIT 10.27

WOLVERINE WORLD WIDE INC.
SEPARATION AND RELEASE AGREEMENT

This Separation and Release Agreement (the "Agreement") is entered into by and between Wolverine World Wide, Inc. ("Company") and the Employee identified on the Agreement signature page (the "Employee"). The Company and the Employee agree as follows regarding the conclusion of Employee's employment with the Company.

1. Conclusion of Employment. Effective as August 24, 2007, (the "Separation Date"), the Employee hereby voluntarily resigns her position as Vice President, Human Resources, and from all other offices which she holds at the Company or any of its affiliates or subsidiaries. All benefits not expressly addressed in this Agreement or which the Company is not obligated by applicable law to continue beyond the Separation Date, shall cease as of the Separation Date.

2. Employee's Separation Payment. Subject to the Employee fulfilling all of her obligations under this Agreement, the Company will pay the Employee severance compensation in the amount of $170,000.00 less all applicable deductions for federal, state, and local taxes, social security, medical coverage premiums, wage withholding and other taxes (the "Separation Payment"), subject to the qualifications in this Section. The Separation Payment shall be paid in twenty-one (21) installments. The first installment of the Separation Payment shall be Eight Thousand Three Hundred Thirty-Three and 33/100 Dollars ($8,333.33) and shall be paid on the first bi-weekly payroll payment date for executives subsequent to the expiration of the revocation period referred to in Paragraph 16 below. The next nineteen (19) installments each in the amount of Eight Thousand Three Hundred Thirty-Three and 33/100 Dollars ($8,333.33) shall be paid on successive payroll payment dates in accordance with the Company's current bi-weekly payroll practices for corporate executives. The last installment shall be in the amount of Three Thousand Three Hundred Thirty-Three and 40/100 Dollars ($3,333.40) which shall be paid on the first payroll payment date for executives following the 20th installment payment. The "Separation Payment Period" shall begin on the Effective Date and shall end on the date the last installment payment of the Separation Payment is paid in accordance with the terms of this Section. The Company agrees to pay the Employee for all accrued, unused vacation, less applicable deductions for federal, state, and local taxes, social security, wage withholding, and other taxes.

3. Outplacement Assistance. The Company shall provide the Employee outplacement assistance through Right Management, described as the Executive Program, for a period not to exceed nine (9) months.

4. Outstanding Balances. Prior to the Effective Date, the Employee shall reimburse the Company for any outstanding personal expenses paid by the Company on her behalf. 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 in full on or before to her Effective Date, the Employee hereby consents to the Company deducting such amounts from her last paycheck or Separation Payments, if necessary.

5. Stock Awards. The Employee will not be eligible for any stock awards or any other awards or grants of stock incentives after the Separation Date. Any restricted stock for which the restrictions have not lapsed by the Separation Date will have the restrictions lapse

according to the terms of the applicable restricted stock agreements and plans. Any options the Employee has as of the Separation Date will vest or expire according to the terms of the applicable option agreements and plans.

6. Other Benefits; Health Insurance Coverage.

(a) The Company and the Employee agree that all 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 2007 under any of the Company's bonus plans, including the Short-Term Incentive Plan (Annual Bonus Plan) and Long-Term Incentive Plan (3-Year Plan).

(c) For nine (9) months following the Separation Date, Employee will be eligible to continue her use of AYCO Financial, provided Employee pays her required portion of this benefit.

(d) 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 agrees to pay for the Employee's COBRA coverage as of the Separation Date through the end of the month in which the last installment of the Separation Payment is paid. 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 coverage premiums as of the Separation Date. Employee will be required to pay her COBRA contributions directly to the Company's COBRA administrator each month. At the end of the month in which the last installment of the Separation Payment is paid, 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 conclusion of the Separation Payment Period, the Employee shall immediately notify the Company of such employment. In the event Employee becomes eligible for coverage through a new employer, Employee shall elect such coverage. Upon Employee electing such coverage, the Company's obligation to pay for COBRA coverage shall immediately cease. If the Employee timely elects COBRA coverage, the Employee may use any unused balance in her Medical Flexible Spending Account.

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

7. 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 her employment and the positions held, except to the extent it is otherwise required by law to release information regarding her employment.

8. Non-Disparagement. The Employee shall not voice criticisms of the Company, its management or its operation in any conversation, correspondence or other communications with any employees of the Company, its customers, vendors, suppliers or with the general public. The Employee understands and agrees that the commitment in this Section is a significant and material provision of this Agreement, and that the Company shall be entitled to immediately stop making any payments set forth in this Agreement should the Employee fail to comply with this provision or any other provision of this Agreement.

9. Confidential Information. The Employee shall not use for personal benefit or another's benefit, or disclose to anyone, any Confidential Information obtained during her employment by the Company. "Confidential Information" includes technical data, methods, processes, software, compositions, equipment, research data, marketing and sales information, personnel data, customer lists, books, records, reports, statements, financial and other data, plans and all the other know-how and trade secrets pertaining in any respect to the Company or the Company's business or customers.

The Employee acknowledges that the confidentiality covenants set forth in this Section are a significant and material provision of this Agreement. The Employee recognizes and agrees that, in the event of any breach by her of the confidentiality covenants, the Company shall be entitled to (1) reimbursement from her of any Separation Payments made to or on behalf of the Employee in accordance with this Agreement; (2) 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; (3) State or federal court injunctive relief restraining the Employee from further violation of this Agreement; (4) money damages suffered by the Company as a result of the Employee's breach; and (5) reimbursement of court costs and attorney fees and costs reasonably incurred by the Company in securing the Employee's compliance with this Agreement.

10. 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 her 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 agrees not to keep photocopies, facsimiles or electronically stored forms of any Company materials.

11. Non-Solicitation. The Employee agrees that for the period beginning on her Separation Date through August 31, 2009, she will not directly or indirectly solicit or otherwise attempt to induce any Company employee to terminate employment with the Company.

12. 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.

13. Waiver and Release. In consideration of the payments and benefits set forth herein, Employee hereby releases, waives, and forever discharges the Company and each of its affiliates, operating divisions, officers, directors, shareholders, employees, agents, professionals, and other representatives from all claims, demands, obligations, damages, and liabilities of every kind and nature and form all actions and causes of action which Employee may now have or may have or maintain hereafter against any of them whether in law, or in equity, known or unknown, arising in any way out of Employee's employment with the Company.

(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, the Older Workers Benefit Protection Act, Michigan's Elliot-Larsen Civil Rights Act, the Michigan Persons With Disabilities Civil Rights Act, and all other relevant local, state and federal statutes.

(b) Included Claims. This Agreement also includes, but is not limited to, all claims for past due or future wages, severance pay, 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.

(c) Excluded Claims. Employee does not waive rights or claims that may arise after the "Effective Date" of this Agreement. This waiver and release shall not constitute a waiver or release by the Employee of any of her rights to file a discrimination complaint/charge with any local, state, or federal agency.

(d) This release shall not constitute a release by the Employee of her entitlement to any payments or benefits described in this Agreement or 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 her employment to the same extent she 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.

14. 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 made contributions on her behalf. The waiver and release of claims set forth in Section 13 does not apply to the Employee's vested interests in such plans.

15. 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 she 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 Employee to consult with an attorney regarding this Agreement. The Employee acknowledges that she has either consulted with an attorney regarding this Agreement or has intentionally chosen not to exercise the right to do so.

16. Revocation Period. 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 ("Effective Date.") Notice of revocation shall be in a signed document delivered to Kenneth A. Grady before the expiration of the revocation period.

17. Disclosures and Subpoena. 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. 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. 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, she incurs in connection with such cooperation provided that the Company has agreed in advance to such expenses.

18. Future Cooperation. The Employee agrees that, in the future, she will cooperate with the Company and will execute such documents that the Company requests in order to fulfill her obligations hereunder.

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

20. Amendment. This Agreement may be amended or modified only by a writing signed by the Company and Employee.

21. 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. This Agreement 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.

22. Entire Agreement. This Agreement 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/ Cheryl L. Johnson

Cheryl L. Johnson
Employee

September 17, 2007

Date

AGREED:

/s/ Kenneth A. Grady

Wolverine World Wide, Inc.
By: Kenneth A. Grady
General Counsel and Secretary

September 21, 2007

Date

EXHIBIT 21
SUBSIDIARIES OF THE REGISTRANT

Name	State or Country of Incorporation or Organization
Brooks France, S.A.	France
BSI Shoes, Inc.	Michigan
Dominican Wolverine Shoe Company Limited	Cayman Islands
Hush Puppies Retail, Inc.	Michigan
d/b/a Hush Puppies & Family	
Hush Puppies Factory Direct	
Little Red Shoe House	
Rockford Footwear Depot	
The Slipper Store	
The Slipper Store.com	
Track 'N Trail	
UP Footgear	
Hush Puppies (U.K.) Ltd.	England & Wales
Hy-Test, Inc.	Michigan
d/b/a Hy-Test	
Merrell (Europe) Limited	England & Wales
Sebago Dominican Limited	Cayman Islands
Sebago International Limited	Cayman Islands
Sebago Realty, LLC	Delaware
Sebago USA, LLC	Delaware
Spartan Shoe Company Limited	Cayman Islands
Wolverine Consulting Services (Zhuhai) CompanyLimited	People's Republic of China
Wolverine de Costa Rica, S.A.	Costa Rica
Wolverine de MȷIxico S.A. de C.V.	Mexico
Wolverine Design Center, Inc.	Michigan
Wolverine Europe B.V.	The Netherlands
Wolverine Europe Limited	England & Wales
Wolverine International GP, LLC	Michigan
Wolverine International, L.P.	Cayman Islands
Wolverine International S.à.r.l.	Luxembourg
Wolverine International, S.L.	Spain
Wolverine Outdoors, Inc.	Michigan
Wolverine Procurement, Inc.	Michigan
Wolverine Slipper Group, Inc.	Michigan
d/b/a Wolverine Slipper Group	
Slipper Gift Store	
Wolverine Sourcing, Inc.	Michigan
Wolverine Sourcing, Ltd.	Cayman Islands
Wolverine World Wide Corporation, Inc.	Quebec
Wolverine World Wide Europe Limited	England & Wales
Wolverine World Wide HK Limited	Hong Kong

Exhibit 23 - Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the Registration Statements (Form S-8 Nos. 333-67462, 333-93563, 333-49523, 33-63689, 33-55213, 33-64854, 33-23196, 333-88898, 333-97917, 333-106973, and 333-129202) pertaining to the various stock option, incentive and deferred compensation plans of Wolverine World Wide, Inc. of our reports dated February 8, 2008, with respect to the consolidated financial statements and schedule of Wolverine World Wide, Inc., and the effectiveness of internal control over financial reporting of Wolverine World Wide, Inc., included in this Annual Report on Form 10-K for the year ended December 29, 2007.

/s/ Ernst & Young LLP

Grand Rapids, Michigan
February 25, 2008

EXHIBIT 24

POWER OF ATTORNEY

The undersigned, in his or her capacity as a director or officer, or both, as the case may be, of Wolverine World Wide, Inc., does hereby appoint BLAKE W. KRUEGER; KENNETH A. GRADY; TIMOTHY E. FOLEY; and JEFFREY A. OTT, or any of them, his or her attorneys or attorney, with full power of substitution, to execute in his or her name an Annual Report of Wolverine World Wide, Inc. on Form 10-K for its fiscal year ended December 29, 2007, and any amendments to that report, and to file it or them with the Securities and Exchange Commission. Each attorney shall have power and authority to do and perform in the name and on behalf of the undersigned, in any and all capacities, every act to be done in the premises as fully and to all intents and purposes as the undersigned could do in person, and the undersigned hereby ratifies and approves the acts of such attorneys.

Date	Signature
January 18, 2008	/s/ Timothy J. O'Donovan
	Timothy J. O'Donovan

POWER OF ATTORNEY

The undersigned, in his or her capacity as a director or officer, or both, as the case may be, of Wolverine World Wide, Inc., does hereby appoint BLAKE W. KRUEGER; KENNETH A. GRADY; TIMOTHY E. FOLEY; and JEFFREY A. OTT, or any of them, his or her attorneys or attorney, with full power of substitution, to execute in his or her name an Annual Report of Wolverine World Wide, Inc. on Form 10-K for its fiscal year ended December 29, 2007, and any amendments to that report, and to file it or them with the Securities and Exchange Commission. Each attorney shall have power and authority to do and perform in the name and on behalf of the undersigned, in any and all capacities, every act to be done in the premises as fully and to all intents and purposes as the undersigned could do in person, and the undersigned hereby ratifies and approves the acts of such attorneys.

Date	Signature
January 8, 2008	/s/ Jeffrey M. Boromisa
	Jeffrey M. Boromisa

POWER OF ATTORNEY

The undersigned, in his or her capacity as a director or officer, or both, as the case may be, of Wolverine World Wide, Inc., does hereby appoint BLAKE W. KRUEGER; KENNETH A. GRADY; TIMOTHY E. FOLEY; and JEFFREY A. OTT, or any of them, his or her attorneys or attorney, with full power of substitution, to execute in his or her name an Annual Report of Wolverine World Wide, Inc. on Form 10-K for its fiscal year ended December 29, 2007, and any amendments to that report, and to file it or them with the Securities and Exchange Commission. Each attorney shall have power and authority to do and perform in the name and on behalf of the undersigned, in any and all capacities, every act to be done in the premises as fully and to all intents and purposes as the undersigned could do in person, and the undersigned hereby ratifies and approves the acts of such attorneys.

Date	Signature
February 9, 2008	/s/ William K. Gerber
	William K. Gerber

POWER OF ATTORNEY

The undersigned, in his or her capacity as a director or officer, or both, as the case may be, of Wolverine World Wide, Inc., does hereby appoint BLAKE W. KRUEGER; KENNETH A. GRADY; TIMOTHY E. FOLEY; and JEFFREY A. OTT, or any of them, his or her attorneys or attorney, with full power of substitution, to execute in his or her name an Annual Report of Wolverine World Wide, Inc. on Form 10-K for its fiscal year ended December 29, 2007, and any amendments to that report, and to file it or them with the Securities and Exchange Commission. Each attorney shall have power and authority to do and perform in the name and on behalf of the undersigned, in any and all capacities, every act to be done in the premises as fully and to all intents and purposes as the undersigned could do in person, and the undersigned hereby ratifies and approves the acts of such attorneys.

Date	Signature
January 21, 2008	/s/ Alberto L. Grimoldi
	Alberto L. Grimoldi

<u>POWER</u> <u>OF</u> <u>ATTORNEY</u>

The undersigned, in his or her capacity as a director or officer, or both, as the case may be, of Wolverine World Wide, Inc., does hereby appoint BLAKE W. KRUEGER; KENNETH A. GRADY; TIMOTHY E. FOLEY; and JEFFREY A. OTT, or any of them, his or her attorneys or attorney, with full power of substitution, to execute in his or her name an Annual Report of Wolverine World Wide, Inc. on Form 10-K for its fiscal year ended December 29, 2007, and any amendments to that report, and to file it or them with the Securities and Exchange Commission. Each attorney shall have power and authority to do and perform in the name and on behalf of the undersigned, in any and all capacities, every act to be done in the premises as fully and to all intents and purposes as the undersigned could do in person, and the undersigned hereby ratifies and approves the acts of such attorneys.

<u>Date</u>	<u>Signature</u>
January 4, 2008	/s/ David T. Kollat
	David T. Kollat

POWER OF ATTORNEY

The undersigned, in his or her capacity as a director or officer, or both, as the case may be, of Wolverine World Wide, Inc., does hereby appoint BLAKE W. KRUEGER; KENNETH A. GRADY; TIMOTHY E. FOLEY; and JEFFREY A. OTT, or any of them, his or her attorneys or attorney, with full power of substitution, to execute in his or her name an Annual Report of Wolverine World Wide, Inc. on Form 10-K for its fiscal year ended December 29, 2007, and any amendments to that report, and to file it or them with the Securities and Exchange Commission. Each attorney shall have power and authority to do and perform in the name and on behalf of the undersigned, in any and all capacities, every act to be done in the premises as fully and to all intents and purposes as the undersigned could do in person, and the undersigned hereby ratifies and approves the acts of such attorneys.

Date	Signature
January 24, 2008	/s/ Brenda J. Lauderback
	Brenda J. Lauderback

POWER OF ATTORNEY

The undersigned, in his or her capacity as a director or officer, or both, as the case may be, of Wolverine World Wide, Inc., does hereby appoint BLAKE W. KRUEGER; KENNETH A. GRADY; TIMOTHY E. FOLEY; and JEFFREY A. OTT, or any of them, his or her attorneys or attorney, with full power of substitution, to execute in his or her name an Annual Report of Wolverine World Wide, Inc. on Form 10-K for its fiscal year ended December 29, 2007, and any amendments to that report, and to file it or them with the Securities and Exchange Commission. Each attorney shall have power and authority to do and perform in the name and on behalf of the undersigned, in any and all capacities, every act to be done in the premises as fully and to all intents and purposes as the undersigned could do in person, and the undersigned hereby ratifies and approves the acts of such attorneys.

Date	Signature
January 7, 2008	/s/ Phillip D. Matthews
	Phillip D. Matthews

POWER OF ATTORNEY

The undersigned, in his or her capacity as a director or officer, or both, as the case may be, of Wolverine World Wide, Inc., does hereby appoint BLAKE W. KRUEGER; KENNETH A. GRADY; TIMOTHY E. FOLEY; and JEFFREY A. OTT, or any of them, his or her attorneys or attorney, with full power of substitution, to execute in his or her name an Annual Report of Wolverine World Wide, Inc. on Form 10-K for its fiscal year ended December 29, 2007, and any amendments to that report, and to file it or them with the Securities and Exchange Commission. Each attorney shall have power and authority to do and perform in the name and on behalf of the undersigned, in any and all capacities, every act to be done in the premises as fully and to all intents and purposes as the undersigned could do in person, and the undersigned hereby ratifies and approves the acts of such attorneys.

Date	Signature
January 15, 2008	/s/ David P. Mehney
	David P. Mehney

POWER OF ATTORNEY

The undersigned, in his or her capacity as a director or officer, or both, as the case may be, of Wolverine World Wide, Inc., does hereby appoint BLAKE W. KRUEGER; KENNETH A. GRADY; TIMOTHY E. FOLEY; and JEFFREY A. OTT, or any of them, his or her attorneys or attorney, with full power of substitution, to execute in his or her name an Annual Report of Wolverine World Wide, Inc. on Form 10-K for its fiscal year ended December 29, 2007, and any amendments to that report, and to file it or them with the Securities and Exchange Commission. Each attorney shall have power and authority to do and perform in the name and on behalf of the undersigned, in any and all capacities, every act to be done in the premises as fully and to all intents and purposes as the undersigned could do in person, and the undersigned hereby ratifies and approves the acts of such attorneys.

Date	Signature
January 4, 2008	/s/ Shirley D. Peterson
	Shirley D. Peterson

POWER OF ATTORNEY

The undersigned, in his or her capacity as a director or officer, or both, as the case may be, of Wolverine World Wide, Inc., does hereby appoint BLAKE W. KRUEGER; KENNETH A. GRADY; TIMOTHY E. FOLEY; and JEFFREY A. OTT, or any of them, his or her attorneys or attorney, with full power of substitution, to execute in his or her name an Annual Report of Wolverine World Wide, Inc. on Form 10-K for its fiscal year ended December 29, 2007, and any amendments to that report, and to file it or them with the Securities and Exchange Commission. Each attorney shall have power and authority to do and perform in the name and on behalf of the undersigned, in any and all capacities, every act to be done in the premises as fully and to all intents and purposes as the undersigned could do in person, and the undersigned hereby ratifies and approves the acts of such attorneys.

Date	Signature
January 9, 2008	/s/ Michael A. Volkema
	Michael A. Volkema

Exhibit 31.1

CERTIFICATIONS

I, Blake W. Krueger, certify that:

1. I have reviewed this annual report on Form 10-K of Wolverine World Wide, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 26, 2008

/s/ Blake W. Krueger

Blake W. Krueger
Chief Executive Officer and President
Wolverine World Wide, Inc.

Exhibit 31.2

CERTIFICATIONS

I, Stephen L. Gulis, Jr., certify that:

1. I have reviewed this annual report on Form 10-K of Wolverine World Wide, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 26, 2008

/s/ Stephen L. Gulis, Jr.

Stephen L. Gulis, Jr.
Executive Vice President, Chief Financial
Officer and Treasurer
Wolverine World Wide, Inc.

Exhibit 32

CERTIFICATION

Solely for the purpose of complying with 18 U.S.C. § 1350, each of the undersigned hereby certifies in his capacity as an officer of Wolverine World Wide, Inc. (the "Company") that the Annual Report of the Company on Form 10-K for the accounting period ended December 29, 2007 fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934 and that information contained in such report fairly presents, in all material respects, the financial condition of the Company at the end of such period and the results of operations of the Company for such period.

/s/ Blake W. Krueger

Blake W. Krueger
Chief Executive Officer and President

/s/ Stephen L. Gulis, Jr.

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