

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-K

- ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended January 1, 2005
- 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: 1-6024

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

Delaware
(State or other jurisdiction of
incorporation or organization)

38-1185150
(I.R.S. Employer Identification No.)

9341 Courtland Drive, Rockford, Michigan
(Address of principal executive offices)

49351
(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
Common Stock, \$1 Par Value

Name of each exchange on which registered
New York Stock Exchange/Pacific Exchange, Inc.

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

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.

Indicate by check mark whether the registrant is an accelerated filer (as defined in Exchange Act Rule 12b-2).

Yes X No

The aggregate market value of the registrant's voting stock held by non-affiliates of the registrant based on the closing price on the New York Stock Exchange on June 19, 2004, the last business day of the registrant's most recently completed second fiscal quarter: \$939,739,102.

Number of shares outstanding of the registrant's Common Stock, \$1 par value (excluding shares of treasury stock) as of March 11, 2005: 57,903,836.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the definitive proxy statement for the registrant's annual stockholders' meeting to be held April 21, 2005, 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 2005 operating results and dividend rates; future share repurchase activity; future strength of the Company; future pension costs; future marketing investments; the introduction of new lines or categories of products; 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; cancellation of future orders, changes in planned customer demand or at-once orders; the availability and pricing of foreign footwear factory capacity; reliance on foreign sourcing and concentration of production in China; the availability and price of power, labor and resources in key foreign sourcing countries, including China; the impact of competition and pricing; changes in government and regulatory policies; foreign currency fluctuations; changes in trading policies or import and export regulations; 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 price of oil and other raw materials; 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 ability to attract and retain qualified personnel; labor strikes or disruptions; the ability to retain rights to brands licensed by the Company; loss, bankruptcy and credit limitations 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; domestic and international terrorism and war; retail buying patterns; consolidation in the retail sector; and the acceptability of U.S. brands in international markets. Additionally, concern 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 1

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, and constructed slippers and moccasins. 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.

Consumers around the world purchased more than 42.7 million pairs of Company branded footwear during fiscal 2004, 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*®, *Harley-Davidson*®, *Hush Puppies*®, *HyTest*®, *Merrell*®, *Sebago*®, *Stanley*® 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.

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 currently organized under five operating units: (i) the Wolverine Footwear Group, focusing on the *Bates*®, *HyTest*®, *Stanley*® and *Wolverine*® product lines of work, outdoor, uniform and lifestyle boots and shoes, (ii) the Outdoor Group, focusing on the *Sebago*® and *Merrell*® product lines of performance and lifestyle footwear, (iii) the Heritage Brands Group, focusing on the *CAT*® product lines of work and lifestyle footwear and the *Harley-Davidson*® lines of lifestyle and performance footwear, (iv) The Hush Puppies Company, focusing on the *Hush Puppies*® brand of comfortable casual and dress footwear and slippers, and (v) Other Branded Footwear, focusing on the design and manufacture of private label 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 70 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 whom Wolverine distributes operate multiple storefront locations. The Company's products are distributed worldwide in over 140 markets through licensees and distributors.

The Company, through its Wolverine Leathers Division, operates a tannery which is one of the premier tanners of quality pigskin leather for the shoe and leather goods industries. Pigskin leather tanned by the Company is used in a significant portion of 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, including casual shoes, slippers, moccasins, dress shoes, boots, uniform shoes, work shoes and performance outdoor footwear. 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 and Licensing.

The Company sources and markets a broad range of footwear styles including shoes, boots, slippers, moccasins and sandals under many recognizable brand names including *Bates*®, *CAT*®, *Harley-Davidson*®, *Hush Puppies*®, *HyTest*®, *Merrell*®, *Sebago*®, *Stanley*® 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 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 and plush toys, and *Wolverine*® brand apparel, gloves and eyewear.

The Company's five branded footwear and licensing operating units are described below.

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

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 122 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, in 2004, *Wolverine 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 *Wolverine MultiShox*™ Individual Comfort System. 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 walking 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*® and *Thinsulate*® brand fabrics, the Company's performance leathers

and patented *DuraShocks*® technologies. In addition, the *Wolverine*® brand is licensed for use on apparel, eyewear, watches and gloves.

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 male and female 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.

Stanley® Footgear. Pursuant to a license arrangement with The Stanley Works, the Company has exclusive rights to manufacture, market, distribute and sell footwear under the *Stanley*® brand. The *Stanley*® Footgear line is designed primarily for and marketed in the value-priced work footwear market. *Stanley*® Footgear is currently sold in Payless ShoeSource, Inc. stores throughout the United States.

2. **The Outdoor Group.** The Outdoor Group consists of *Merrell*® and *Sebago*® footwear and includes performance outdoor, hiking and nautical footwear as well as casual and after-sport footwear.

Merrell® Footwear. The *Merrell*® product line consists primarily of technical hiking, rugged outdoor and outdoor-inspired casual footwear designed for backpacking, day hiking and everyday use. The *Merrell*® product 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. In spring of 2005, the Outdoor Group launched its tightly-focused *Merrell*® *Continuum*™ product offering, featuring four product categories that are organized by end use (Hiking, Active Speed, Multi-Sport, and Aqua Sport). In addition to footwear, the Outdoor Group markets a line of *Merrell*® packs, bags and luggage. *Merrell*® products are sold primarily through outdoor specialty retailers, department stores and catalogs. *Merrell*® footwear is marketed in over 120 countries worldwide.

Sebago® Footwear. The *Sebago*® product line consists primarily of performance nautical and American-inspired casual footwear for men and women such as

handsewn loafers and boat shoes that have been manufactured and distributed since 1946. Highly recognized *Sebago*® line extensions include *Docksides*, *Drysidies* and *Campsides*. The *Sebago*® product line is distributed in over 85 countries 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.

3. **The Heritage Brands Group.** The Heritage Brands Group was formed in 2004 and consists of *Caterpillar*® Footwear and *Harley-Davidson*® Footwear. Previously *Caterpillar*® Footwear was operated as a separate operating unit and *Harley-Davidson*® Footwear was part of the Wolverine Footwear 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 *CAT*® *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 over 130 countries worldwide.

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.

4. **The Hush Puppies Company.** 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 sold in over 110 countries. 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 and plush toys.

5. **Other Branded Footwear.** The Company designs and manufactures constructed slippers, aftersport footwear, moccasins and children's footwear on a private label basis according to customer specifications. The styling of the Company's footwear reflects consumer demand for the "rugged indoor" look by using natural leathers such as moosehide, shearling and suede in constructed slipper and indoor and outdoor moccasin designs. In addition to its traditional line of private label products, the Company has developed a *College Clogs*™ program for the sale of licensed collegiate slipper products.

Other Businesses.

In addition to manufacturing, sourcing, marketing and distributing the Company's footwear 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 70 domestic retail footwear stores.

1. **The Wolverine Leathers Division.** The Wolverine Leathers Division produces pigskin leathers primarily for use in the footwear industry. *Wolverine Leathers*® brand products are primarily manufactured in the Company's pigskin tannery located in Rockford, Michigan. The Company believes these leathers offer superior performance and advantages over cowhide leathers. The Company's waterproof and stain resistant leathers are featured in many 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 70 domestic retail shoe stores as of February 2005. These stores are under the *Hush Puppies and Family*™ and *Track'n Trail*® names. The Company expects to open new stores under both formats in 2005. Both retail formats carry a large selection of Company branded footwear featuring such brands as *Wolverine*®, *Merrell*®, *Hush Puppies*®, *CAT*®, *Sebago*® and *Harley-Davidson*®. The Company also operates direct-to-customer retail websites, including www.upfootgear.com, www.trackandtrail.com, www.catfootwear.com and www.hushpuppies.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 footwear brands. Each footwear 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 footwear. 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 footwear 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 footwear 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 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 branded and private label 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.

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 2004.

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 sales of branded footwear products generated from the Company's owned operations in Canada, the United Kingdom, Austria, Finland, France, Germany, The Netherlands, Spain, Sweden and Switzerland and from royalty income through a network of independent licensees and distributors. The Company's owned operations include Hush Puppies (UK) Ltd., Merrell Europe B.V., Merrell (Europe) Limited, Wolverine Europe Limited and Wolverine World Wide Corporation, Inc. (formerly known as Hush Puppies Canada Footwear, Ltd.). In addition, in January 2005, the Company's Canadian subsidiary, Wolverine World Wide Corporation, Inc., purchased selected assets of the Canadian CAT and Wolverine footwear businesses from the Company's former independent distributor, Wolverine Canada, Inc.; and also

acquired the assets of the Company's Merrell Canada division to centralize its Canadian operations. The Company also acquired selected assets of its Merrell distributors in Sweden and Finland and began direct distribution of *Sebago*® brand products to retailers in the U.K. and Germany. 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*®, *HyTest*®, *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 manufacture of approximately 76% 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 controlled by the Company, approximately 88% 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 slippers, military footwear and work, casual and dress casual footwear in its domestic and/or Dominican Republic facilities.

The Company sources a majority of its footwear from a variety of foreign manufacturing facilities in the Asia-Pacific region, Central and South America, India and Europe. 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 domestic 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 (i) benefit from lower manufacturing costs and state-of-the-art manufacturing facilities, (ii) source the highest quality raw materials from around the world, and (iii) avoid additional capital expenditures necessary for owned factories and equipment. The Company believes that its overall global manufacturing strategy gives the Company maximum 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, which is one of the premier tanners of quality leather for the footwear industry. The Company and its licensees receive virtually all of their pigskin requirements from the tannery. The Company believes the tannery provides a strategic advantage for the Company by producing pigskin leather using proprietary technology at prices below those available from other sources.

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 and tariffs, 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 products. The owned trademarks that are most widely used by the Company include *Hush Puppies*®, *Wolverine*®, *Bates*®, *Wolverine Fusion*®, *DuraShocks*®, *Wolverine MultiShox*™, *Wolverine Compressor*™, *Hidden Tracks*®, *iTechnology*™, *Bounce*®, *Comfort Curve*®, *HyTest*®, *Merrell*®, *Continuum*™, *Sebago*®, and *Track'n Trail*®. The Company has obtained license rights to manufacture, market and distribute footwear throughout the world under the *CAT*® and *Harley-Davidson*® 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 *CAT*®, *Harley-Davidson*®, and *Stanley*® licenses are long-term and extend for five or more years with conditional renewal options and are subject to early termination for breach. Pigskin leather produced by the Company's Wolverine Leathers Division is sold under the trademarks *Wolverine Leathers*®, *Weather Tight*® and *All Season Weather Leathers*™.

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 possible and to vigorously defend its trademarks against infringement or other threats to the greatest extent practicable under the laws of the United States and other countries. The Company also holds many design and utility patents, copyrights and various other proprietary rights. The Company protects all of its proprietary rights to the greatest extent practicable under applicable laws.

Order Backlog.

At March 14, 2005, the Company had an order backlog of approximately \$326 million compared with an order backlog of approximately \$274 million at March 13, 2004. Substantially all of the backlog relates to demand for products expected to be shipped in 2005. 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 ten major competitors in connection with the sale of its work shoes and boots, at least ten major competitors in connection with the sale of its sport boots, and at least thirty major competitors in connection with the sale of its casual, work and outdoor shoes. 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 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 efficiencies, its tannery operations, 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 January 1, 2005, the Company had approximately 5,134 domestic and foreign production, office and sales employees. Approximately 640 employees were covered by three union contracts expiring at various dates through May 1, 2006. 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, Executive Committee Charter and Governance Committee Charter, is available at its website, <http://www.wolverineworldwide.com>. Printed copies of the documents listed above are available by writing to the Company at 9341 Courtland Drive, N.E., Rockford, MI 49351, Attention: Director of Investor Relations.

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 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 362,000 square feet and a leased warehouse in Howard City, Michigan, of approximately 350,000 square feet, which the Company currently expects to expand by approximately 100,000 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 as of January 1, 2005, 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.

<u>Name</u>	<u>Age</u>	<u>Positions held with the Company</u>
Steven M. Duffy	52	Executive Vice President and President, Global Operations Group
V. Dean Estes	55	Vice President and President, Wolverine Footwear Group
Stephen L. Gulis, Jr.	47	Executive Vice President, Chief Financial Officer and Treasurer
Blake W. Krueger	51	Executive Vice President, Secretary, and President, Heritage Brands Group
Timothy J. O'Donovan	59	Chief Executive Officer and President
Nicholas P. Ottenwess	42	Vice President of Finance and Corporate Controller
Robert J. Sedrowski	55	Vice President of Human Resources
James D. Zwiers	37	General Counsel and Assistant Secretary

Steven M. Duffy has served the Company as Executive Vice President since April 1996 and is President of the Company's Global Operations Group. From 1993 to 1996 he served as Vice President. From 1989 to 1993 he served in various senior manufacturing positions.

V. Dean Estes has served the Company as Vice President since 1995. Mr. Estes is also President of the Wolverine Footwear Group. Since he joined the Company in 1975, Mr. Estes has served in various positions relating to the sales, marketing and product development functions of the Company's work boot and shoe related businesses.

Stephen L. Gulis, Jr., has served the Company as Executive Vice President, Chief Financial Officer and Treasurer since April 1996. 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 Executive Vice President, Secretary and President of the Heritage Brands Group since August 2004. 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.

Timothy J. O'Donovan has served the Company as Chief Executive Officer and President since April 2000. From 1996 to April 2000 he served as Chief Operating Officer and President. From 1982 to April 1996 he served as Executive Vice President.

Nicholas P. Ottenwess has served the Company as Vice President of Finance and Corporate Controller since June 2001. 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.

Robert J. Sedrowski has served the Company as Vice President of Human Resources since October 1993. From 1990 to 1993 he served as Director of Human Resources.

James D. Zwiers has served the Company as General Counsel and Assistant Secretary since December 2003. 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 and the Pacific 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 2004 and 2003. The prices and dividends shown below have been retroactively adjusted to reflect the three-for-two stock split distributed on February 1, 2005. The number of stockholders of record on March 1, 2005 was 1,518.

Stock Price	2004		2003	
	High	Low	High	Low
First quarter	\$ 16.10	\$ 13.40	\$ 11.72	\$ 9.53
Second quarter	18.81	15.38	12.87	10.70
Third quarter	17.92	14.27	14.00	12.35
Fourth quarter	21.66	16.18	14.39	13.00

Cash Dividends Declared Per Share:	2004	2003
First quarter	\$.043	\$.037
Second quarter	.043	.037
Third quarter	.043	.037
Fourth quarter	.065	.037

A quarterly dividend of \$.065 per share was declared during the first quarter of fiscal 2005.

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

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

Issuer Purchases of Equity Securities ⁽¹⁾

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 12, 2004 to October 9, 2004)				
Common Stock Repurchase Program ⁽²⁾	—	\$ —	—	3,326,832
Employee Transactions ⁽³⁾	24,111	18.30	N/A	N/A
Period 2 (October 10, 2004 to November 6, 2004)				
Common Stock Repurchase Program ⁽²⁾	—	—	—	3,326,832
Employee Transactions ⁽³⁾	256,466	19.87	N/A	N/A
Period 3 (November 7, 2004 to December 4, 2004)				
Common Stock Repurchase Program ⁽²⁾	365,550	19.55	365,550	2,961,282
Employee Transactions ⁽³⁾	—	—	N/A	N/A
Period 4 (December 5, 2004 to January 1, 2005)				
Common Stock Repurchase Program ⁽²⁾	—	—	—	2,961,282
Employee Transactions ⁽³⁾	592,545	20.80	N/A	N/A
Total for Fourth Quarter ended January 1, 2005				
Common Stock Repurchase Program ⁽²⁾	365,550	\$ 19.55	365,550	2,961,282
Employee Transactions ⁽³⁾	873,122	20.46	N/A	N/A

1. The information in this table and in these notes has been adjusted to reflect the three-for-two stock split distributed on February 1, 2005.
2. The Company's Board of Directors approved two common stock repurchase programs, one on October 5, 2004, and one on December 9, 2003. Each program authorizes the repurchase of 3.0 million shares of common stock over a 24-month period commencing on the effective date of the program. All shares repurchased during the period covered by this report were purchased under publicly announced programs.
3. 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 provides that the value of the shares delivered or attested to, or withheld, shall be the average of the high and low 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⁾

	2004	2003	2002	2001	2000
<i>(Thousands of Dollars, Except Per Share Data)</i>					
Summary of Operations					
Revenue	\$ 991,909	\$ 888,926	\$ 827,106	\$ 720,066	\$ 701,291
Net earnings	65,938	51,716	47,912	45,240	10,690
Per share of common stock:					
Basic net earnings ⁽²⁾⁽³⁾	\$ 1.15	\$.88	\$.79	\$.74	\$.17
Diluted net earnings ⁽²⁾⁽³⁾	1.09	.85	.77	.71	.17
Cash dividends declared ⁽²⁾	.19	.15	.12	.11	.09
Financial Position at Year End					
Total assets	\$ 639,571	\$ 593,762	\$ 531,994	\$ 543,678	\$ 494,568
Long-term debt	43,904	59,923	72,915	90,848	92,194

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. In particular, see the discussions of the fiscal 2000 \$45.0 million realignment charge as discussed in the Company's 2000 Form 10-K filed with the Securities and Exchange Commission ("SEC") and Note 11 - Business Acquisitions.
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 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 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

During 2004, Wolverine World Wide, Inc. (the "Company") achieved record revenue and earnings. Revenue increased 11.6% to \$991.9 million, marking a fifth consecutive annual revenue increase. Earnings per share growth extended for a fourth consecutive year, improving 28.2% to \$1.09 per share. The Company ended 2004 with \$72.2 million in cash on hand and a debt balance at an eight-year low. For the sixth year in a row, the Company recorded positive cash generation from operating activities with 2004 cash generation reaching a record \$106.4 million. Continued focus on asset management programs contributed to significant reductions in accounts receivable days sales outstanding as well as improved inventory turnover ratios.

The Company's 2004 performance is a direct result of the execution of the Company's strategic growth plan unveiled several years ago. The key growth strategies of this plan include:

- **Expanding our global reach** - Consumers in more than 140 countries purchased over 42.7 million pairs of footwear bearing our brand names during 2004. The Company's European-based wholesale operations represented over 17% of the Company's 2004 revenue and achieved year-over-year revenue growth exceeding 20%.
- **Pursuing and delivering product excellence** - Our product development process continues to strengthen as the Company strives to deliver innovative, high quality, market-right products. This strategy has resulted in an increased global market share. A benefit of the evolving product development process is the creation of tightly-focused product collections and improved inventory turns for the Company.
- **Strengthening our brand/business portfolio** - The Company successfully integrated the Sebago® brand, acquired in November 2003, into its business portfolio. The first full year's revenue was on plan while earnings exceeded expectations. The Company continued to reach consumers directly through global concept stores and shop-in-shops for the Merrell® and Hush Puppies® brands and expanded its Track'n Trail® retail concept stores.
- **Providing service excellence to our customers** - In an effort to better serve its customers, and to deliver product to market faster, the Company added several enhancements to its strong suite of business systems. SAP® upgrades included the launch of the business warehouse and strategic enterprise management modules to more effectively meet today's rigorous financial reporting requirements. The Company's Online Account Service capabilities were made available in Canada and Europe. Customers in those markets now have the same 24/7 access to online ordering and account review capabilities that have proven beneficial to U.S. retailers.
- **Building a strong team and Company culture** - The Company continues to attract and retain excellent leadership throughout the business. We continue to improve our management strength through training and career development, and our success is a result of the dedication, skills and experience of our global team.

During 2005, the Company expects to achieve a significant milestone - crossing the \$1.0 billion revenue mark. Our strategic plan is focused on creating shareholder value through the delivery of consistent revenue and earnings growth, improved operating leverage, effective asset utilization and strong cash generation. The three-year growth goals include:

- **Producing annual revenue growth averaging mid- to upper-single digits** - The Company expects this growth to be generated through global expansion and market share gains from its operations.
- **Generating earnings growth at approximately 1.5 times the rate of revenue growth** - The Company expects its operating model to generate earnings at a rate significantly greater than revenue growth.
- **Driving the global growth of the Company's brands through investments in marketing and product development** - The Company plans to increase its investment in marketing and product development at rates faster than revenue growth by reinvesting a portion of expected margin gains into brand building activities.

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 2004 COMPARED TO FISCAL 2003

Financial Summary - 2004 versus 2003

	2004		2003		Change	
	\$	%	\$	%	\$	%
<i>(Millions of Dollars, Except Per Share Data)</i>						
Revenue						
Branded footwear and licensing	\$ 903.6	91.1%	\$ 812.6	91.4%	\$ 91.0	11.2%
Other business units	88.3	8.9%	76.3	8.6%	12.0	15.7%
Total revenue	\$ 991.9	100.0%	\$ 888.9	100.0%	\$ 103.0	11.6%
Gross margin						
Branded footwear and licensing	\$ 343.1	38.0%	\$ 300.1	36.9%	\$ 43.0	14.3%
Other business units	31.0	35.1%	26.5	34.7%	4.5	17.0%
Total gross margin	\$ 374.1	37.7%	\$ 326.6	36.7%	\$ 47.5	14.5%
Selling and administrative expenses	\$ 274.1	27.6%	\$ 246.7	27.7%	\$ 27.4	11.1%
Interest expense-net	3.2	0.3%	5.5	0.6%	(2.3)	(41.8%)
Other income-net	(0.3)	0.0%	(0.7)	(0.1%)	(0.4)	(57.1%)
Earnings before income taxes and minority interest	97.1	9.8%	75.1	8.5%	22.0	29.3%
Net earnings	65.9	6.6%	51.7	5.8%	14.2	27.5%
Diluted earnings per share	\$ 1.09	-	\$ 0.85	-	\$ 0.24	28.2%

The Company has one reportable segment that is engaged in manufacturing, sourcing, marketing and distributing branded footwear, licensed apparel and accessories. Within the Branded Footwear and Licensing segment, the Company has identified five operating units, consisting of the Wolverine Footwear Group (comprised of the Bates®, HyTest®, Stanley® and Wolverine® brands), the Outdoor Group (comprised of the Merrell® and Sebago® brands), the Heritage Group (comprised of Harley-Davidson® Footwear and CAT® Footwear), The Hush Puppies Company, and Other Branded Footwear. The Company's other business units consist of Hush Puppies® Retail and Wolverine® Leathers (comprised of the Tannery and Procurement operations). The following is supplemental information on total revenue:

Total Revenue

	2004		2003		Change	
	\$	%	\$	%	\$	%
<i>(Millions of Dollars)</i>						
Wolverine Footwear Group	\$ 269.3	27.1%	\$ 255.4	28.7%	\$ 13.9	5.4%
Outdoor Group	286.6	28.9%	223.2	25.1%	63.4	28.4%
Heritage Group	159.4	16.1%	152.2	17.1%	7.2	4.7%
The Hush Puppies Company	157.8	15.9%	151.1	17.0%	6.7	4.4%
Other Branded Footwear	30.5	3.1%	30.7	3.5%	(0.2)	(0.7%)
Total branded footwear and licensing revenue	\$ 903.6	91.1%	\$ 812.6	91.4%	\$ 91.0	11.2%
Other business units	88.3	8.9%	76.3	8.6%	12.0	15.7%

Total revenue	\$ 991.9	100.0%	\$ 888.9	100.0%	\$ 103.0	11.6%
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REVENUE

Revenue for 2004 increased \$103.0 million over 2003. A full year of revenue from Sebago® represented \$26.3 million of the increase. Increases in unit volume, changes in product mix and changes in selling price for the Branded Footwear and Licensing segment operations, as discussed below, contributed \$58.5 million of the revenue increase. The impact of translating foreign denominated revenue to U.S. dollars improved revenue by \$18.2 million. Both domestic and international revenue increased with international revenue accounting for 27.6% of total revenue in 2004 compared to 24.5% in 2003.

The Wolverine Footwear Group's revenue increase was due to the success of the Bates® division. The Bates® brand improvements were driven by increased shipments of technical boot products to the U.S. military and the civilian uniform markets. A significant portion of the sales gain resulted from accelerated demand under a combat boot contract for the Department of Defense. Wolverine® Boots and Shoes recorded a decline in revenue principally as a result of lower average selling prices as the business responded to consumer demand for more boot product in the \$80 - \$120 retail price point category.

The Outdoor Group reported its seventh year of double-digit revenue growth. The Merrell® business accounted for over half of the increase. Merrell® experienced double-digit growth in the four wholesale markets that it services - U.S., Canada, U.K. and Europe. The Merrell® brand's presence continues to grow with 134 U.S. shop-in-shops in operation at year end. The Sebago® brand, in its first full year of operations, met its planned revenue goal. Approximately 60% of the Sebago® revenue was generated outside of the United States.

The Heritage Group recorded a mid-single-digit revenue increase for 2004. The Harley-Davidson® Footwear business recorded a slight increase for the year, with growth coming from new distribution channels. The CAT® Footwear business recorded revenue growth in the U.S., U.K. and, Europe and with the brand's international distributors. New product technologies introduced during the year as well as the impact of translating foreign denominated revenue to U.S. dollars contributed to the increase.

The Hush Puppies Company's revenue increase was generated from the U.K., Canada and the international licensing businesses. Within The Hush Puppies Company's foreign wholesale operations, Hush Puppies® U.K. reported a strong increase as a result of expanded distribution with fashion accounts. The Hush Puppies® Canada business recorded an increase in a challenging retail environment. Hush Puppies® U.S. experienced a revenue decrease as the business continued its transition plan from mature, lower-priced product to a younger, more contemporary-styled footwear assortment.

Revenue for Other Branded Footwear decreased as the Company executed a strategy to revamp its private label footwear offerings.

Within the Company's other business units, Hush Puppies® Retail reported a mid-single-digit same-store sales increase. Wolverine® Leathers recorded a revenue increase driven primarily by market demand for suede leather footwear.

The Company ended 2004 with an order backlog approximately 13% above 2003 year-end levels. This backlog principally reflects demand for the first half of 2005.

GROSS MARGIN

The total gross margin level for 2004 of 37.7% was a 100 basis point improvement over the prior year. Benefits from favorable exchange rates comprise 60 basis points of the improvement. Inventory management programs as well as a higher margin product mix also contributed to the improvement.

SELLING AND ADMINISTRATIVE EXPENSES

The increase in selling and administrative expenses includes an additional \$7.0 million investment in product development and marketing for the Company's branded products. The Company also recognized increases in profit sharing expense of \$6.0 million. The impact of translating foreign denominated operating expense to U.S. dollars increased total expense by \$4.9 million in 2004. The Company recorded a \$1.2 million decrease in pension expense. The remaining increase relates primarily to selling costs that are directly variable to the increase in revenue.

INTEREST, OTHER & TAXES

The net decrease in interest expense reflects lower average outstanding amounts on senior notes and lower working capital borrowings during the year as well as interest income from invested cash.

The change in other income primarily relates to the change in realized gains or losses on foreign currency transactions.

The Company's 2004 effective income tax rate was 31.8% compared to 31.0% for 2003 and was in line with the Company's estimated annualized rate. The 2003 income tax rate included the cumulative impact of research and development tax credits, while 2004 reflected only one year of credit taken. The estimated annualized effective tax rate for fiscal 2005 is 32.0%.

NET EARNINGS

As a result of the revenue, gross margin and expense changes discussed above, the Company achieved 2004 net earnings of \$65.9 million, an increase of \$14.2 million over 2003.

RESULTS OF OPERATIONS - FISCAL 2003 COMPARED TO FISCAL 2002

Financial Summary - 2003 versus 2002

	2003		2002		Change	
	\$	%	\$	%	\$	%
<i>(Millions of Dollars, Except Per Share Data)</i>						
Revenue						
Branded footwear and licensing	\$ 812.6	91.4%	\$ 748.8	90.5%	\$ 63.8	8.5%
Other business units	76.3	8.6%	78.3	9.5%	(2.0)	(2.6%)
Total revenue	\$ 888.9	100.0%	\$ 827.1	100.0%	\$ 61.8	7.5%
Gross margin						
Branded footwear and licensing	\$ 300.1	36.9%	\$ 265.1	35.2%	\$ 35.0	13.2%
Other business units	26.5	34.7%	29.1	39.2%	(2.6)	(8.9%)
Total gross margin	\$ 326.6	36.7%	\$ 294.2	35.6%	\$ 32.4	11.0%
Selling and administrative expenses						
Selling and administrative expenses	\$ 246.7	27.7%	\$ 217.2	26.3%	\$ 29.5	13.6%
Interest expense	5.5	0.6%	6.5	0.8%	(1.0)	(15.3%)
Other income-net	(0.7)	0.1%	(1.0)	0.1%	0.3	(34.4%)
Earnings before income taxes and minority interest						
Earnings before income taxes and minority interest	75.1	8.5%	71.7	8.7%	3.4	4.9%
Net earnings	51.7	5.8%	47.9	5.8%	3.8	7.9%
Diluted earnings per share	\$ 0.85	-	\$ 0.77	-	\$ 0.08	10.4%

The following is supplemental information on total revenue:

Total Revenue

	2003		2002		Change	
	\$	%	\$	%	\$	%
<i>(Millions of Dollars)</i>						
Wolverine Footwear Group	\$ 255.4	28.7%	\$ 243.9	29.6%	\$ 11.5	4.7%
Outdoor Group	223.2	25.1%	180.0	21.7%	43.2	24.0%
Heritage Group	152.2	17.1%	149.8	18.1%	2.4	1.6%
The Hush Puppies Company	151.1	17.0%	143.9	17.4%	7.2	5.0%
Other Branded Footwear	30.7	3.5%	31.2	3.7%	(0.5)	(1.6%)
Total branded footwear and licensing revenue	\$ 812.6	91.4%	\$ 748.8	90.5%	\$ 63.8	8.5%
Other business units	76.3	8.6%	78.3	9.5%	(2.0)	(2.6%)
Total revenue	\$ 888.9	100.0%	\$ 827.1	100.0%	\$ 61.8	7.5%

REVENUE

Revenue for 2003 increased \$61.8 million over 2002. Increases in unit volume, changes in product mix and changes in selling prices for the branded footwear operations as discussed below contributed \$45.1 million of the revenue increase. The impact of translating foreign denominated revenue to U.S. dollars improved revenue by \$15.6 million. The acquisition of Sebago ® added \$3.1 million to revenue. These increases were offset by a \$2.0 million decrease in the other business units. Both domestic and international revenue increased, with international revenue accounting for 24.1% of total revenue.

The Wolverine Footwear Group's revenue increase was largely due to the success of the Bates ® division. The Bates® brand improvements were driven by increased shipments of technical boot products to the U.S. military and tactical ultra-light uniform footwear for the civilian uniform market. Wolverine® Boots and Shoes (including HyTest® and Stanley®) recognized an increase in units sold, but experienced a slight decline in revenue dollars per unit sold reflecting a continued shift in the marketplace to more moderately priced footwear.

The Outdoor Group reported its sixth consecutive year of double-digit revenue growth. The Merrell ® U.S. footwear business accounted for approximately half of the increase, with growth coming from the outdoor/sporting goods and department store distribution channels. The Merrell® European and Canadian wholesale businesses also contributed to the increase, due to the expansion of multi-sport and casual footwear product sales. Revenue from the Merrell ® international business increased with Italy, Japan, Argentina and Sweden/Finland each recognizing over a 100,000 pair increase from the prior year. Sebago®, which was purchased in November 2003, also contributed to the revenue increase for the Outdoor Group.

The Heritage Group had a slight sales increase for the year. Revenue from Harley-Davidson ® Footwear improved due to expanded product offerings in the existing Harley-Davidson® dealerships, as well as in new distribution channels. CAT® Footwear realized a revenue decrease due to lower sales in the CAT® U.S. wholesale business, primarily caused by a reduction in shipments of work and industrial product resulting from cautious inventory reorders by large national chain retailers. The CAT® international distribution business reported improved revenues, reflecting an increase in pairs sold in Canada, South Africa, Saudi Arabia, Mexico and the Pacific Rim. The CAT® European business recognized an increase in revenue reflecting the impact of translating foreign denominated revenue to U.S. dollars.

The Hush Puppies Company's increase was generated primarily from the international divisions as a result of expanded retail distribution and higher royalty income from international licensees in the Pacific Rim and Europe. Within The Hush Puppies Company's foreign wholesale operations, Hush Puppies® U.K. reported strong increases in revenue as a result of expanded distribution of its better grade products while Hush Puppies® Canada revenue was up slightly for the year. Hush Puppies® U.S. experienced a slight decrease in revenue as it continued to transition from lower-priced, more mature products in favor of higher-priced, better-grade footwear aimed at a younger, more contemporary consumer.

Revenue for Other Branded Footwear decreased slightly due to lower shipments of private label product.

Within the Company's other business units, Hush Puppies® Retail reported an increase in the low-single-digit range as a result of same-store revenue increases and new store openings. Wolverine® Leathers recorded decreases in revenue due to reduced market demand for sueded leather used for footwear.

The Company ended 2003 with an order backlog of approximately 19% above 2002 year-end levels. The purchase of Sebago® contributed 4% of the increase.

GROSS MARGIN

The gross margin dollar and percentage increases for the branded footwear segment relate to the increased sales mix of the Company's lifestyle product offerings (80 basis points), fewer required markdowns on slow moving inventories (50 basis points) and favorable foreign exchange rate changes (20 basis points). The gross margin percentage for the other business units decreased as a result of inefficiencies and overhead absorption losses experienced in the Wolverine® Leathers operation due to reduced production levels. Hush Puppies® Retail's gross margin level remained flat.

SELLING AND ADMINISTRATIVE EXPENSES

The increase in selling and administrative expenses includes planned increases of \$7.3 million in pension expense, due to reductions in the market value of assets and interest rates used in the actuarial valuation, and \$2.3 million in employee benefit costs. The impact of translating foreign denominated operating expense to U.S. dollars increased total expenses by \$6.6 million in 2003. The remaining increase relates primarily to selling and distribution costs that are directly variable to the increase in revenue.

INTEREST, OTHER & TAXES

The decrease in interest expense reflects lower average outstanding amounts on senior notes and minimal borrowing under the revolving credit facility.

The change in other income primarily relates to the change in realized gains or losses on foreign currency transactions.

The Company's 2003 effective income tax rate was 31.0% compared to 32.9% for 2002. This reduced effective tax rate reflects the overall profit mix from the Company's foreign entities and the cumulative impact of research and development tax credits recorded in 2003. The Company expects the research and development tax credit will have an ongoing positive benefit.

NET EARNINGS

As a result of the revenue, gross margin and expense changes discussed above, the Company achieved 2003 net earnings of \$51.7 million, an increase of \$3.8 million over 2002.

LIQUIDITY AND CAPITAL RESOURCES

	January 1, 2005	January 3, 2004	Change	
			\$	%
<i>(Millions of Dollars)</i>				
Cash	\$ 72.2	\$ 55.4	\$ 16.8	30.4%
Accounts receivable	151.2	146.9	4.3	2.9%
Inventories	182.9	164.9	18.0	10.9%
Accounts payable	50.5	26.3	24.2	91.9%
Accrued salaries and wages	19.4	16.7	2.7	16.4%
Other accrued liabilities	28.6	26.7	1.9	6.9%
Debt	43.9	59.9	(16.0)	(26.7%)
Cash provided by operating activities	106.4	102.2	4.2	4.1%
Additions to property, plant and equipment	18.1	16.0	2.1	12.9%
Depreciation and amortization	19.1	17.9	1.2	6.3%

The Company continued to strengthen its balance sheet in 2004. Accounts receivable increased 2.9% on an 11.6% revenue gain. Cash of \$106.4 million was generated from operating activities in 2004, with cash of \$12.2 million generated from working capital improvements. Inventory levels were up 10.9%, which was slightly less than the revenue gain. The inventory increase reflects receipt of the Merrell® Continuum™ product line for spring 2005, which was accelerated as retail demand was high. The accounts receivable days sales outstanding was reduced by 10.2% and inventory SKU (stock keeping unit) levels were reduced by 5.1%.

The increase in accounts payable was attributed to the timing of inventory purchases from contract suppliers, specifically the acceleration of the Merrell® Continuum™ product noted above. The increase in accrued salaries and wages was due to profit sharing accruals. The increase in other accrued liabilities was a result of a 50% increase in the level of cash dividends declared in the fourth quarter and distributed on February 1, 2005.

The majority of capital expenditures were for information system enhancements, distribution equipment and building improvements and consumer-direct initiatives. The Company leases machinery, equipment and certain warehouse, office and retail store space under operating lease agreements that expire at various dates through 2018.

The Company has a long-term revolving credit agreement that expires in May 2006 and allows for borrowings up to \$150.0 million, of which \$10.0 million is allocated to the Company's Canadian subsidiary. Of the remaining \$140.0 million facility, \$35.0 million can be utilized by the Company's European subsidiaries. The revolving credit facility is used to support working capital requirements. No amounts were outstanding under revolving credit facilities at January 1, 2005 or January 3, 2004. The Company was in compliance with all debt covenant requirements at January 1, 2005. Proceeds from existing credit facilities and anticipated renewals, 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 \$3.2 million and \$2.4 million at the end

of 2004 and 2003, respectively. The total debt to total capital ratio for the Company was 8.7% in 2004 and 12.2% in 2003.

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 \$1.2 million (\$0.01 per share) for 2004 when compared to 2003 as a result of market conditions that positively affected asset values of the plan investments. The Company also recorded a net change of \$1.0 million within the accumulated other comprehensive income component of stockholders' equity in 2004 which reduced a portion of the previously recorded minimum pension liability. 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 increase by an additional \$3.1 million (approximately \$0.04 per share) in 2005 as compared to 2004 as a result of the amortization of prior losses incurred as a result of market value declines and discount rate deductions.

Applying the provisions of Statement of Financial Accounting Standards (SFAS) No. 87 and SFAS No. 132, the Company's qualified pension plans (the "Plans") were overfunded by \$3.5 million in 2004 and underfunded by \$2.4 million in 2003. Under the Employee Retirement Income Security Act of 1974, the Plans had no minimum funding requirements for 2004 and a requirement of \$0.6 million for 2003. Discretionary cash contributions were made to the Plans totaling \$5.0 million in 2004 and \$8.9 million in 2003 to provide long-term stability to the Plans.

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 (\$96.1 million at January 1, 2005 and \$69.6 million at January 3, 2004) of foreign subsidiaries as the Company expects such earnings will be reinvested overseas indefinitely. However, the Company is analyzing the potential impact of the repatriation provision of the American Jobs Creation Act of 2004 (the "Act"), which would allow the Company to bring these foreign earnings back to the United States at reduced tax rates effective until December 31, 2005. If elected, the amount of repatriation is not expected to exceed \$70.0 million because a dividend of earnings from certain jurisdictions would not result in a tax benefit where foreign statutory rates exceed the U.S. rate. Technical corrections to the Act are pending issuance and therefore it is not currently practicable to estimate the potential range of impact on income taxes.

The Company's Board of Directors has approved three common stock repurchase programs each authorizing the repurchase of 3.0 million shares of common stock over a 24-month period commencing on the effective dates listed below. The primary purpose of these stock repurchase programs is to increase shareholder value. The Company intends to continue to repurchase shares of its common stock in open market or privately negotiated transactions, from time to time, depending upon market conditions and other factors.

Effective date	Shares repurchased in 2004	Market price of shares repurchased	Shares repurchased in 2003	Market price of shares repurchased	Cumulative shares repurchased	Market price of cumulative shares
October 5, 2004	38,718	\$ 773,000	-	-	38,718	\$ 773,000
December 9, 2003	3,000,000	49,020,000	-	-	3,000,000	49,020,000
August 19, 2002	211,500	3,219,000	1,933,800	\$24,296,000	3,000,000	36,529,000

The Company declared dividends of \$11.2 million in 2004, or \$0.19 per share, which was a 26.7% increase over the \$8.6 million, or \$0.15 per share, declared in 2003. On February 10, 2005, the Company declared a quarterly cash dividend of \$0.065 per share of common stock, an increase of 50.0% as compared to the same period of 2004. The quarterly dividend is payable on May 2, 2005, to shareholders of record on April 1, 2005. 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 distributed on February 1, 2005.

On January 3, 2005, the Company expanded its owned Wolverine® and CAT® operations in Canada. Based on a preliminary purchase price allocation, assets consisting primarily of inventory and fixed assets totaling approximately \$1.7 million were acquired from the Company's former Wolverine® and CAT® Footwear distributor for cash of \$2.2 million, subject to certain post-closing adjustments, and resulted in goodwill and intangible assets of approximately \$0.5 million.

On January 3, 2005, the Company expanded its owned Merrell® operations in Sweden and Finland and its Sebago® operations in the United Kingdom and Germany. Based on a preliminary purchase price allocation, assets consisting primarily of inventory totaling approximately \$0.5 million were acquired from former distributors for cash.

On November 3, 2003, the Company acquired significant operating assets of Sebago, Inc., a global distributor of performance nautical and American-inspired footwear, consisting of accounts receivable, inventory, fixed assets, trademarks and other amortizable intangible assets totaling approximately \$18.6 million and assumed liabilities of approximately \$2.0 million. Subject to certain post-closing adjustments, the total purchase price of Sebago, Inc., was \$16.9 million, which consisted of \$14.9 million paid in cash and a note payable for \$2.0 million (\$1.0 million paid in 2004 and \$1.0 million payable in 2005), resulting in goodwill of \$0.2 million.

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

NEW ACCOUNTING STANDARDS

On December 16, 2004, the Financial Accounting Standards Board (FASB) issued SFAS No. 123(R), *Share-Based Payment*, which would require all share-based payments to employees, including grants of employee stock options, to be recognized in the consolidated statements of operations based on their fair values, effective for public companies for interim periods beginning after June 15, 2005. The Company intends to adopt SFAS No. 123(R) effective June 19, 2005. SFAS No. 123(R) permits public companies to adopt its requirements using either the modified prospective or retrospective method. The Company is currently evaluating the alternative methods of adoption.

The impact of adoption of SFAS No. 123(R) cannot be predicted at this time because it will depend on levels of share-based payments granted in the future. However, had the Company adopted SFAS No. 123(R) in prior periods, the impact of that standard would have approximated the pro forma impact of

SFAS No. 123 as disclosed in Note 1 to the consolidated financial statements. SFAS No. 123(R) also requires the benefits of tax deductions in excess of recognized compensation cost to be reported as a financing cash flow, rather than as an operating cash flow as required under current literature.

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

The Company's revenue consists of sales to customers, license fees and royalties. Revenue is recognized on the sale of products manufactured or sourced by the Company when the related goods have been shipped and legal title has passed to the customer. 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 distributors and licensees.

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 January 1, 2005 and January 3, 2004, 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 most 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 goods inventories in foreign

countries where LIFO is not permitted. 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.

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 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 2004 or 2003.

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 2004 or 2003.

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 expected annual rate.

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, 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 hedges must be adjusted to fair value through earnings. If a derivative is a 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 gain (loss) 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 January 1, 2005 and January 3, 2004, the Company had outstanding forward currency exchange contracts to purchase \$47.0 million and \$37.9 million, respectively, of various currencies (principally U.S. dollars) with maturities ranging up to 280 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 could be subject to related foreign currency remeasurement gains and losses in 2005 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 years ended January 1, 2005 and January 3, 2004, the strengthening of foreign currencies increased the value of these investments in net assets by \$9.7 million and \$10.9 million, respectively. This gain resulted in cumulative foreign currency translation adjustments at January 1, 2005 and January 3, 2004 of \$23.8 million and \$14.1 million, respectively, that are deferred and recorded as a component of accumulated other comprehensive income (loss) 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 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.

							2004		2003	
	2005	2006	2007	2008	2009	There- after	Total	Fair Value	Total	Fair Value
<i>(Millions of Dollars, Except Percentages)</i>										
Denominated in U.S. Dollars:										
Fixed rate	\$11.7	\$10.8	\$10.7	\$10.7	-	-	\$43.9	\$46.0	\$59.9	\$65.5
Average interest rate	6.4%	6.5%	6.5%	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
<i>(Thousands of Dollars)</i>					
Long-term debt	\$ 43,857	\$ 11,714	\$21,429	\$10,714	\$ -
Estimated interest on long-term debt	2,834	746	1,392	696	-
Capital leases	47	20	23	4	-
Operating leases	55,517	10,736	16,901	12,503	15,377
Purchase obligations ⁽¹⁾	147,720	147,720	-	-	-
Deferred compensation	2,356	325	628	544	859
Pension ⁽²⁾	3,000	3,000	-	-	-
SERP	12,871	589	1,177	1,177	9,928
Dividends declared	7,387	7,387	-	-	-
Minimum royalties	4,620	1,118	1,788	1,714	-
Minimum advertising	7,606	1,433	2,995	3,178	-
Total	\$287,815	\$184,788	\$46,333	\$30,530	\$26,164

(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.

Should additional funds be required, the Company had \$173.5 million of additional borrowing capacity available under all of its existing credit facilities at January 1, 2005. The Company's additional borrowing capacity is summarized as follows:

	Expiration of availability		
	Total commitments available	Less than 1 year	1 year or greater
<i>(Millions of Dollars)</i>			
Revolving credit	\$150.0	\$ -	\$150.0
Commercial letters of credit	21.5	21.5	-
Standby letters of credit	2.0	2.0	-

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

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

Item 8. Financial Statements and Supplementary Data.

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

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

None.

Item 9A. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures.

An evaluation was performed under the supervision and with the participation of the Company's management, including the Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures. Based on and as of the time of such evaluation, the Company's management, including the Chief Executive Officer and Chief Financial Officer, concluded that the Company's disclosure controls and procedures were effective as of the end of the period covered by this report in timely alerting them to material information relating to the Company (including its consolidated subsidiaries) required to be included in the Company's periodic filings with the SEC.

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 January 1, 2005, 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 January 1, 2005.

Management's assessment of the effectiveness of our internal control over financial reporting as of January 1, 2005 has been audited by Ernst & Young LLP, an independent registered public accounting

firm, as stated in their attestation 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 January 1, 2005 that has materially affected, or that is reasonably likely to materially affect, the Company's internal control over financial reporting.

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 regulations of the SEC and the New York Stock Exchange (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 Phillip D. Matthews 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 dated March 14, 2005, 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. The Accounting and Finance Code of Ethics is available on the Company's website, www.wolverineworldwide.com. Any waiver from or 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 subheadings "Nominees for Terms Expiring in 2008," "Continuing Directors - Terms Expiring in 2007," and "Continuing Directors - Terms Expiring in 2006" in the definitive Proxy Statement of the Company dated March 14, 2005, is incorporated herein by reference.

In addition to the directors discussed in the definitive Proxy Statement, the Company's Board of Directors currently includes Elizabeth A. Sanders (age 59), who will retire at this year's annual meeting. Her term was scheduled to expire at the annual meeting in 2006. Ms. Sanders is retiring after 10 years of service as a director. Ms. Sanders is the principal of The Sanders Partnership, a management consulting practice. Ms. Sanders has held that position since 1990. Ms. Sanders was previously Vice President of Nordstrom, Inc., a retailer. Ms. Sanders is also a director of Washington Mutual, Inc.; Denny's Corporation; and Wellpoint Health Networks, Inc.

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 dated March 14, 2005, 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 caption "Wolverine's Board of Directors" under the subheadings "Compensation of Directors" and "Board Committees and Meetings-Compensation Committee," and under the captions "Executive Compensation," "Compensation Committee Report on Executive Compensation," "Employment Agreements and Termination of Employment and Change in Control Arrangements" and "Wolverine's Stock Price Performance" in the definitive Proxy Statement of the Company dated March 14, 2005, 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" and under the caption "Executive Compensation" under the subheading "Equity Compensation Plan Information" contained in the definitive Proxy Statement of the Company dated March 14, 2005, is incorporated herein by reference.

Item 13. Certain Relationships and Related Transactions.

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 dated March 14, 2005, are 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 dated March 14, 2005, 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 January 1, 2005 and January 3, 2004.
- Consolidated Statements of Stockholders' Equity and Comprehensive Income for the Fiscal Years Ended January 1, 2005, January 3, 2004 and December 28, 2002.
- Consolidated Statements of Operations for the Fiscal Years Ended January 1, 2005, January 3, 2004 and December 28, 2002.
- Consolidated Statements of Cash Flows for the Fiscal Years Ended January 1, 2005, January 3, 2004 and December 28, 2002.

- Notes to the Consolidated Financial Statements as of January 1, 2005.
- 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:

<u>Exhibit Number</u>	<u>Document</u>
3.1	Certificate of Incorporation, as amended. Previously filed as Exhibit 3.1 to the Company's Quarterly Report on Form 10-Q for the period ended September 7, 2002. 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 7, 2002. Here incorporated by reference.
4.1	Certificate of Incorporation, as amended. See Exhibit 3.1 above.
4.2	Amended and Restated By-laws. See Exhibit 3.2 above.
4.3	Rights Agreement dated as of April 17, 1997. Previously filed with the Company's Form 8-A filed April 12, 1997. Here incorporated by reference.
4.4	Amendment No. 1 dated as of June 30, 2000, to the Rights Agreement dated as of April 17, 1997. Previously filed as Exhibit 4.3 to the Company's Annual Report on Form 10-K for the fiscal year ended December 30, 2000. Here incorporated by reference.
4.5	Second Amendment dated as of February 11, 2002, to the Rights Agreement dated as of April 17, 1997. Previously filed as Exhibit 4.2 to the Company's Quarterly Report on Form 10-Q for the period ended March 23, 2002. Here incorporated by reference.
4.6	Third Amendment dated as of December 10, 2002, to the Rights Agreement dated as of April 17, 1997. Previously filed as Exhibit 4.6 to the Company's Annual Report on Form 10-K for the fiscal year ended December 28, 2002. Here incorporated by reference.

- 4.7 Note Purchase Agreement dated as of December 8, 1998, relating to 6.50% Senior Notes due on December 8, 2008.
- 4.8 The Registrant has several classes of long-term debt instruments outstanding in addition to those described in Exhibits 4.7 and 4.9. 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.
- 4.9 Credit Agreement dated as of May 29, 2001, with Bank One, Michigan, as agent. Previously filed as Exhibit 4.1 to the Company's Quarterly Report on Form 10-Q for the period ended June 16, 2001. Here incorporated by reference.
- 4.10 First Amendment dated as of February 8, 2002, to the Credit Agreement dated as of May 29, 2001. Previously filed as Exhibit 4.1 to the Company's Quarterly Report on Form 10-Q for the period ended March 23, 2002. Here incorporated by reference.
- 4.11 Second Amendment dated as of August 30, 2002, to the Credit Agreement dated as of May 29, 2001. Previously filed as Exhibit 4.1 to the Company's Quarterly Report on Form 10-Q for the period ended September 7, 2002. Here incorporated by reference.
- 4.12 Third Amendment dated as of December 19, 2002, to the Credit Agreement dated as of May 29, 2001. Previously filed as Exhibit 4.13 to the Company's Annual Report on Form 10-K for the fiscal year ended December 28, 2002. Here incorporated by reference.
- 4.13 Fourth Amendment dated as of April 30, 2003, to the Credit Agreement dated as of May 29, 2001.
- 4.14 Fifth Amendment dated as of August 31, 2004, to the Credit Agreement dated as of May 29, 2001.
- 10.1 1988 Stock Option Plan.* Previously filed as an exhibit to the Company's registration statement on Form S-8, filed July 21, 1988, Registration No. 33-23196. Here incorporated by reference.
- 10.2 1993 Stock Incentive Plan.* Previously filed as an exhibit to the Company's registration statement on Form S-8, filed June 22, 1993, Registration No. 33-64854. Here incorporated by reference.
- 10.3 1995 Stock Incentive Plan.* Previously filed as an exhibit to the Company's registration statement on Form S-8, filed October 26, 1995, Registration No. 33-63689. Here incorporated by reference.
- 10.4 1997 Stock Incentive Plan.* Previously filed as Exhibit 10.15 to the Company's Annual Report on Form 10-K for the fiscal year ended December 29, 2001. Here incorporated by reference.

- 10.5 Stock Incentive Plan of 1999.*
- 10.6 Stock Incentive Plan of 2001.* Previously filed as Appendix B to the Company's Definitive Proxy Statement with respect to the Company's Annual Meeting of Stockholders held on April 26, 2001. Here incorporated by reference.
- 10.7 Stock Incentive Plan of 2003.* Previously filed as Appendix B to the Company's Definitive Proxy Statement with respect to the Company's Annual Meeting of Stockholders held on April 24, 2003. Here incorporated by reference.
- 10.8 Amended and Restated Directors Stock Option Plan.* Previously filed as Exhibit 10.3 to the Company's Annual Report on Form 10-K for the fiscal year ended December 30, 2000. Here incorporated by reference.
- 10.9 Amended and Restated Directors' Stock Option Plan.* Previously filed as Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the period ended June 14, 2003. Here incorporated by reference.
- 10.10 Amended and Restated Outside Directors' Deferred Compensation Plan.* Previously filed as Appendix E to the Company's Definitive Proxy Statement with respect to the Company's Annual Meeting of Stockholders held on April 25, 2002. Here incorporated by reference.
- 10.11 Amended and Restated Executive Short-Term Incentive Plan (Annual Bonus Plan).* Previously filed as Appendix B to the Company's Definitive Proxy Statement with respect to the Company's Annual Meeting of Stockholders held on April 25, 2002. Here incorporated by reference.
- 10.12 Amended and Restated Executive Long-Term Incentive Plan (3-Year Bonus Plan).* Previously filed as Appendix C to the Company's Definitive Proxy Statement with respect to the Company's Annual Meeting of Stockholders held on April 25, 2002. Here incorporated by reference.
- 10.13 Amended and Restated Stock Option Loan Program.* Previously filed as Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the period ended September 7, 2002. Here incorporated by reference.
- 10.14 Executive Severance Agreement.* An updated participant schedule is attached as Exhibit 10.14.
- 10.15 Form of Indemnification Agreement.* The Company has entered into an Indemnification Agreement with each director and executive officer. Previously filed as Exhibit 10.11 to the Company's Annual Report on Form 10-K for the fiscal year ended December 30, 2000. Here incorporated by reference.
- 10.16 Benefit Trust Agreement dated May 19, 1987, and Amendments Number 1, 2, 3 and 4 thereto.* Previously filed as Exhibit 10.12 to the Company's Annual Report on Form 10-K for the fiscal year ended December 30, 2000. Here incorporated by reference.

- 10.17 Amended and Restated Supplemental Executive Retirement Plan.* Previously filed as Exhibit 10.9 to the Company's Annual Report on Form 10-K for the fiscal year ended December 30, 2000. An updated participant schedule is attached as Exhibit 10.17.
- 10.18 Employees' Pension Plan (Restated as amended through July 7, 2004).*
- 10.19 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.*
- 10.20 Form of Non-Qualified Stock Option Agreement for Steven M. Duffy, 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.*
- 10.21 Form of Non-Qualified Stock Option Agreement for other employees. Previously filed as Exhibit 10.3 to the Company's Current Report on Form 8-K dated February 9, 2005.*
- 10.22 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.*
- 10.23 Form of Stock Option Agreement for non-employee directors.*
- 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. Blake W. Krueger, Executive Vice President 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 March 16, 2005

By: /s/ Stephen L. Gulis, Jr.

Stephen L. Gulis, Jr.
Executive Vice President,
Chief Financial Officer and Treasurer
(Principal Financial 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.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>*/s/ Geoffrey B. Bloom</u> Geoffrey B. Bloom	Chairman of the Board of Directors	March 16, 2005
<u>/s/ Timothy J. O'Donovan</u> Timothy J. O'Donovan	Chief Executive Officer, President (Principal Executive Officer) and Director	March 16, 2005
<u>/s/ Stephen L. Gulis, Jr.</u> Stephen L. Gulis, Jr.	Executive Vice President, Chief Financial Officer and Treasurer (Principal Financial Officer)	March 16, 2005
<u>/s/ Nicholas P. Ottenwess</u> Nicholas P. Ottenwess	Vice President of Finance and Corporate Controller (Principal Accounting Officer)	March 16, 2005
<u>*/s/ Donald V. Fites</u> Donald V. Fites	Director	March 16, 2005
<u>*/s/ Alberto L. Grimoldi</u> Alberto L. Grimoldi	Director	March 16, 2005

<u>*/s/ David T. Kollat</u> David T. Kollat	Director	March 16, 2005
<u>*/s/ Brenda J. Lauderback</u> Brenda J. Lauderback	Director	March 16, 2005
<u>*/s/ Phillip D. Matthews</u> Phillip D. Matthews	Director	March 16, 2005
<u>*/s/ David P. Mehney</u> David P. Mehney	Director	March 16, 2005
<u>*/s/ Elizabeth A. Sanders</u> Elizabeth A. Sanders	Director	March 16, 2005
<u>*/s/ Paul D. Schrage</u> Paul D. Schrage	Director	March 16, 2005
<u>*by /s/ Stephen L. Gulis, Jr.</u> Stephen L. Gulis, Jr. Attorney-in-Fact	Executive Vice President, Chief Financial Officer and Treasurer (Principal Financial Officer)	March 16, 2005

APPENDIX A
Financial Statements

CONSOLIDATED BALANCE SHEETS

As of Fiscal Year End

	2004	2003
<i>(Thousands of Dollars)</i>		
Assets		
Current assets:		
Cash and cash equivalents	\$ 72,172	\$ 55,356
Accounts receivable, less allowances (2004-\$8,200; 2003-\$10,462)	151,174	146,879
Inventories:		
Finished products	161,315	143,127
Raw materials and work-in-process	21,609	21,777
	182,924	164,904
Deferred income taxes	6,113	6,528
Other current assets	18,472	12,969
Total current assets	430,855	386,636
Property, plant and equipment:		
Land	962	1,080
Buildings and improvements	65,246	64,235
Machinery and equipment	136,950	128,954
Software	49,686	44,081
	252,844	238,350
Less accumulated depreciation	157,914	142,343
	94,930	96,007
Other assets:		
Goodwill	35,552	34,391
Other non-amortizable intangibles	8,090	7,739
Cash surrender value of life insurance	26,930	24,880
Prepaid pension costs	35,289	34,332
Other	7,925	9,777
	113,786	111,119
Total assets	\$ 639,571	\$ 593,762
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$ 50,521	\$ 26,328
Salaries, wages and other compensation	19,435	16,696
Income taxes	-	1,513
Taxes, other than income taxes	4,736	3,416
Other accrued expenses	23,824	21,793
Current maturities of long-term debt	11,735	16,020
Total current liabilities	110,251	85,766
Long-term debt, less current maturities	32,169	43,903
Deferred compensation	9,024	5,736
Accrued pension liabilities	14,979	14,881
Deferred income taxes	14,291	13,068
Minority interest	566	314

Stockholders' equity:

Common stock, \$1 par value: authorized 80,000,000 shares; issued, including treasury shares: 2004-67,350,495; 2003-66,389,233	67,350	66,389
Additional paid-in capital	99,518	81,980
Retained earnings	437,406	382,603
Accumulated other comprehensive income	19,446	8,540
Unearned compensation	(4,954)	(4,138)
Cost of shares in treasury: 2004-9,452,361 shares; 2003-7,209,313 shares	(160,474)	(105,280)
<hr/>		
Total stockholders' equity	458,291	430,094
<hr/>		
Total liabilities and stockholders' equity	\$ 639,571	\$ 593,762
<hr/>		

() Denotes deduction.

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY AND COMPREHENSIVE INCOME

	Fiscal Year		
	2004	2003	2002
<i>(Thousands of Dollars, Except Per Share Data)</i>			
Common Stock			
Balance at beginning of the year	\$ 66,389	\$ 65,825	\$ 66,192
Common stock issued under stock incentive plans (2004-2,081,586 shares; 2003-1,234,893 shares; 2002-639,814 shares)	2,082	1,235	640
Impact of stock split on treasury shares	(1,121)	(671)	(1,007)
Balance at end of the year	67,350	66,389	65,825
Additional Paid-In Capital			
Balance at beginning of the year	81,980	71,009	65,993
Amounts associated with common stock issued under stock incentive plans:			
Proceeds over par value	8,878	8,281	3,333
Income tax benefits	7,782	1,710	531
Impact of stock split on treasury shares	1,121	671	1,007
Issuance of treasury shares (2004-8,924 shares; 2003-27,886 shares; 2002-142,894 shares)	87	51	409
Net change in employee notes receivable	(330)	258	(264)
Balance at end of the year	99,518	81,980	71,009
Retained Earnings			
Balance at beginning of the year	382,603	339,475	298,755
Net earnings	65,938	51,716	47,912
Cash dividends (2004-\$.19 per share; 2003-\$.15 per share; 2002-\$.12 per share)	(11,135)	(8,588)	(7,192)
Balance at end of the year	437,406	382,603	339,475
Accumulated Other Comprehensive Income (Loss)			
Balance at beginning of the year	8,540	(23,522)	(4,109)
Foreign currency translation adjustments	9,727	10,922	6,101
Change in fair value of foreign exchange contracts, net of taxes (2004-\$174; 2003-\$730; 2002- \$89)	160	(1,393)	(244)
Minimum pension liability adjustment, net of taxes (2004-\$524; 2003-\$11,608; 2002-\$13,016)	1,019	22,533	(25,270)
Balance at end of the year	19,446	8,540	(23,522)
Unearned Compensation			
Balance at beginning of the year	(4,138)	(3,833)	(4,649)
Awards under restricted stock incentive plans	(4,165)	(2,488)	(2,037)
Compensation expense	3,349	2,183	2,853
Balance at end of the year	(4,954)	(4,138)	(3,833)
Cost of Shares in Treasury			
Balance at beginning of the year	(105,280)	(79,857)	(48,030)

Common stock purchased for treasury (2004-2,251,972 shares; 2003-1,367,770 shares; 2002-2,154,335 shares)	(55,331)	(25,656)	(33,626)
Issuance of treasury shares (2004-8,924 shares; 2003-27,886 shares; 2002-142,894 shares)	137	233	1,799
Balance at end of the year	(160,474)	(105,280)	(79,857)
Total stockholders' equity at end of the year	\$ 458,291	\$ 430,094	\$ 369,097
Comprehensive Income			
Net earnings	\$ 65,938	\$ 51,716	\$ 47,912
Foreign currency translation adjustments	9,727	10,922	6,101
Change in fair value of foreign exchange contracts, net of taxes	160	(1,393)	(244)
Minimum pension liability adjustment, net of taxes	1,019	22,533	(25,270)
Total comprehensive income	\$ 76,844	\$ 83,778	\$ 28,499

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

CONSOLIDATED STATEMENTS OF OPERATIONS

	Fiscal Year		
	2004	2003	2002
<i>(Thousands of Dollars, Except Per Share Data)</i>			
Revenue	\$ 991,909	\$ 888,926	\$ 827,106
Cost and expenses:			
Cost of products sold	617,774	562,338	532,878
Selling and administrative expenses	274,125	246,652	217,154
Interest expense	4,185	5,896	6,721
Interest income	(940)	(422)	(255)
Other income - net	(305)	(686)	(1,046)
	894,839	813,778	755,452
Earnings before income taxes and minority interest	97,070	75,148	71,654
Income taxes	30,879	23,262	23,599
Earnings before minority interest	66,191	51,886	48,055
Minority interest	253	170	143
Net earnings	\$ 65,938	\$ 51,716	\$ 47,912
Net earnings per share:			
Basic	\$ 1.15	\$ 0.88	\$ 0.79
Diluted	1.09	0.85	0.77

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Fiscal Year		
	2004	2003	2002
<i>(Thousands of Dollars)</i>			
Operating Activities			
Net earnings	\$ 65,938	\$ 51,716	\$ 47,912
Adjustments necessary to reconcile net earnings to net cash provided by operating activities:			
Depreciation	18,683	17,664	16,633
Amortization	388	283	227
Deferred income taxes (credit)	1,179	(902)	216
Unearned compensation	3,349	2,183	2,853
Other	4,624	(3,721)	(185)
Changes in operating assets and liabilities:			
Accounts receivable	(2,332)	15,534	(5,879)
Inventories	(15,833)	17,069	24,884
Other operating assets	(2,776)	529	(1,076)
Accounts payable	21,229	(5,820)	(656)
Other operating liabilities	11,912	7,668	3,350
Net cash provided by operating activities	106,361	102,203	88,279
Investing Activities			
Business acquisitions, net of cash acquired	-	(14,780)	(27,366)
Additions to property, plant and equipment	(18,080)	(16,015)	(13,875)
Other	(104)	58	607
Net cash used in investing activities	(18,184)	(30,737)	(40,634)
Financing Activities			
Payments of short-term debt	-	-	(90)
Proceeds from long-term borrowings	44,385	66,194	94,215
Payments of long-term debt	(60,404)	(81,176)	(112,226)
Cash dividends	(11,135)	(8,588)	(7,192)
Purchase of common stock for treasury	(55,331)	(25,656)	(33,626)
Proceeds from shares issued under stock incentive plans	6,688	7,570	2,202
Net cash used in financing activities	(75,797)	(41,656)	(56,717)
Effect of foreign exchange rate changes	4,436	(1,532)	330
Increase (decrease) in cash and cash equivalents	16,816	28,278	(8,742)
Cash and cash equivalents at beginning of the year	55,356	27,078	35,820
Cash and cash equivalents at end of the year	\$ 72,172	\$ 55,356	\$ 27,078
Other Cash Flow Information			
Interest paid	\$ 4,056	\$ 5,461	\$ 6,633
Net income taxes paid	23,868	22,725	18,201

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

NOTES TO THE 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, work shoes and boots, uniform shoes and boots, constructed slippers and moccasins. The Company's global portfolio of owned and licensed brands includes: Bates, CAT®, Harley-Davidson®, Hush Puppies®, HyTest®, Merrell®, Sebago®, Stanley® 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 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 and majority owned subsidiaries (collectively, the "Company"). All intercompany accounts and transactions have been eliminated in consolidation.

FISCAL YEAR

The Company's fiscal year is the 52- or 53-week period that ends on the Saturday nearest to December 31. Fiscal years presented in this report include the 52-week period ended January 1, 2005, the 53-week period ended January 3, 2004 and the 52-week period ended December 28, 2002.

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 and legal title has passed to the customer. 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 distributors and licensees.

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 and receiving costs, inspection costs, and internal transfer 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 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 goods inventories in foreign countries where LIFO is not permitted. 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.

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.

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 lists. 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 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 fifteen years). Other amortizable intangible assets are included in other assets on the consolidated balance sheets and have net carrying amounts of \$1,492,000 and \$986,000 for 2004 and 2003, respectively, and accumulated amortization of \$1,159,000 and \$694,000 for 2004 and 2003, respectively. Estimated aggregate amortization expense for such intangibles for each of the five fiscal years subsequent to 2004 are as follows: 2005-\$440,000; 2006-\$407,000; 2007-\$317,000; 2008-\$181,000; 2009-\$89,000.

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 January 1, 2005 and January 3, 2004 are as follows:

	Goodwill	Trademarks	Total
<i>(Thousands of Dollars)</i>			
Balance at December 28, 2002	\$ 30,706	\$ 2,582	\$ 33,288
Intangibles acquired	820	5,157	5,977
Purchase accounting adjustments	(614)	-	(614)
Foreign currency translation effects	3,479	-	3,479
Balance at January 3, 2004	34,391	7,739	42,130
Intangibles acquired	-	351	351
Purchase accounting adjustments	(613)	-	(613)
Foreign currency translation effects	1,774	-	1,774
Balance at January 1, 2005	\$ 35,552	\$ 8,090	\$ 43,642

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 assets to the future undiscounted net cash flows expected to be generated by the assets or asset group. If such assets are considered to be impaired, the impairment amount to be recognized is the amount by which the carrying value of the assets exceeds their fair value.

STOCK-BASED COMPENSATION

The Company has elected to follow Accounting Principles Board (APB) Opinion No. 25, *Accounting for Stock Issued to Employees*, and related interpretations, in accounting for its stock incentive awards. Under APB Opinion No. 25, compensation expense is recognized when the market price of the stock underlying an award on the date of grant exceeds any related exercise price.

Where compensation expense has been determined by APB Opinion No. 25, pro forma information regarding net earnings and earnings per share is required by SFAS No. 123, and has been determined as if the Company had accounted for its stock awards using the fair value method. The fair value of these awards was estimated at the date of grant using the Black-Scholes option pricing model with the following weighted-average assumptions: risk-free interest rate of 3.4% (2.9% in 2003 and 4.2% in 2002); dividend yield of 1.0% (1.3% in 2003 and 1.1% in 2002); expected market price volatility factor of 0.317 (0.386 in 2003 and 0.420 in 2002); and an expected option life of four years.

The estimated weighted-average fair value for each option granted was \$4.68 in 2004, \$3.30 in 2003 and \$3.65 in 2002.

For purposes of pro forma disclosures, the estimated fair values of stock options are amortized to expense over the related vesting periods. The Company recognizes compensation cost for fixed awards with pro rata vesting using the straight-line attribution method. The Company's pro forma information under SFAS No. 123 is as follows:

	2004	2003	2002
<i>(Thousands of Dollars, Except Per Share Data)</i>			
Net earnings, as reported	\$ 65,938	\$ 51,716	\$ 47,912
Add: Total stock-based employee compensation expense included in reported net income, net of related tax effects	3,374	2,326	2,862
Deduct: Total stock-based employee compensation expense determined under fair value method for all awards, net of related tax effects	8,330	5,456	5,873
Pro forma net earnings	\$ 60,982	\$ 48,586	\$ 44,901
Net earnings per share:			
Basic-as reported	\$ 1.15	\$ 0.88	\$ 0.79
Basic-pro forma	1.06	0.83	0.75
Diluted-as reported	1.09	0.85	0.77
Diluted-pro forma	1.01	0.79	0.72

On December 16, 2004, the Financial Accounting Standards Board (FASB) issued SFAS No. 123(R), *Share-Based Payment*, which would require all share-based payments to employees, including grants of employee stock options, to be recognized in the consolidated statements of operations based on their fair values, effective for public companies for interim periods beginning after June 15, 2005. The Company intends to adopt SFAS No. 123(R) effective June 19, 2005. SFAS No. 123(R) permits public companies to adopt its requirements using either the modified prospective or retrospective method. The Company is currently evaluating the alternative methods of adoption.

The impact of adoption of SFAS No. 123(R) cannot be predicted at this time because it will depend on levels of share-based payments granted in the future. However, had the Company adopted SFAS No. 123(R) in prior periods, the impact of that standard would have approximated the pro forma impact of SFAS No. 123 as disclosed above. SFAS No. 123(R) also requires the benefits of tax deductions in excess of recognized compensation cost to be reported as a financing cash flow, rather than as an operating cash flow as required under current literature.

ADVERTISING COSTS

Advertising costs are expensed as incurred and customer specific advertising dollars are expensed when earned by customers. Total advertising expense was \$38,611,000 in 2004, \$35,254,000 in 2003, and \$33,584,000 in 2002 and includes customer specific advertising dollars of \$9,689,000 in 2004, \$9,652,000 in 2003, and \$8,311,000 in 2002. 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 restricted 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:

	2004	2003	2002
Weighted average shares outstanding during the year	58,498,042	59,846,151	61,524,543
Adjustment for nonvested common stock	(1,099,677)	(1,081,869)	(1,156,123)
Denominator for basic earnings per share	57,398,365	58,764,282	60,368,420
Effect of dilutive stock options	2,265,984	1,570,782	1,165,296
Adjustment for nonvested common stock - treasury method	809,708	746,343	799,695
Denominator for diluted earnings per share	60,474,057	61,081,407	62,333,411

Options to purchase 588,978 shares of common stock in 2004, 988,601 shares in 2003 and 1,194,730 shares in 2002 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 distributed to shareholders 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 excluded from the stock split.

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 (loss) 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 \$43,857,000 and a fair value of \$45,996,000 at January 1, 2005 and a carrying value of \$59,857,000 and a fair value of \$65,465,000 at January 3, 2004, 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 foreign currency inventory purchases made by non-U.S. wholesale operations in the normal course of business. At January 1, 2005 and January 3, 2004, foreign exchange contracts with a notional value of \$46,974,500 and \$37,902,000, respectively, were outstanding to purchase various currencies (principally U.S. dollars) with maturities ranging up to 280 days. These contracts have been designated as cash flow hedges. As of January 1, 2005 and January 3, 2004, a liability of \$1,821,000 and \$2,270,000, respectively, has 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 2004 or 2003. If, in the future, the foreign exchange contracts are determined to be ineffective hedges or terminated before their contractual termination dates, the Company would be required to reclassify into earnings all or a portion of the unrealized amounts related to the cash flow hedges that are currently included in accumulated other comprehensive income (loss) within stockholders' equity.

COMPREHENSIVE INCOME (LOSS)

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

Ending accumulated other comprehensive income (loss) is as follows:

	2004	2003
<i>(Thousands of Dollars)</i>		
Foreign currency translation adjustments	\$ 23,787	\$ 14,060
Foreign currency cash flow hedge adjustments, net of taxes (2004 - \$993; 2003 - \$819)	(1,477)	(1,637)
Minimum pension liability adjustments, net of taxes (2004 - \$1,476; 2003 - \$2,000)	(2,864)	(3,883)
Accumulated other comprehensive income	\$ 19,446	\$ 8,540

RECLASSIFICATIONS

Certain amounts previously reported in 2003 and 2002 have been reclassified to conform with the presentation used in 2004.

2. Inventories

Inventories of \$81,771,000 at January 1, 2005 and \$90,368,000 at January 3, 2004 have been valued using the LIFO method. If the FIFO method had been used, inventories would have been \$8,614,000 and \$9,324,000 higher than reported at January 1, 2005 and January 3, 2004, respectively.

3. Debt

Long-term debt consists of the following obligations:

	2004	2003
<i>(Thousands of Dollars)</i>		
6.5% senior notes payable	\$ 42,857	\$ 53,571
7.81% senior notes payable	-	4,286
Revolving credit obligations	-	-
Other	1,047	2,066
	43,904	59,923
Less current maturities	11,735	16,020
	\$ 32,169	\$ 43,903

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 7.81% unsecured senior notes payable was paid in full on August 13, 2004.

The Company has an unsecured revolving credit agreement that allows for borrowings up to \$150,000,000, of which \$10,000,000 pertains to the Company's Canadian subsidiary. Of the remaining \$140,000,000 facility available to the U.S. operations, \$35,000,000 may also be utilized by the European subsidiaries. This agreement, which expires May 2006, requires that interest be paid at a variable rate based on one of the following options elected by the Company: prime or LIBOR or money market rate plus applicable spread.

The Company had commercial letters of credit outstanding of \$3,175,000 and \$2,380,000 at January 1, 2005 and January 3, 2004, 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 January 1, 2005, the Company was in compliance with all restrictive covenants and retained earnings in excess of covenant requirements were \$83,968,000. The agreements also impose restrictions on securing additional debt, sale and merger transactions and the disposition of significant assets.

Principal maturities of long-term debt subsequent to 2005 are as follows: 2006-\$10,730,000; 2007-\$10,721,000; 2008-\$10,718,000.

Interest costs of \$408,000 in 2004, \$235,000 in 2003 and \$254,000 in 2002 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 2018. At January 1, 2005, minimum rental payments due under all noncancelable leases were as follows: 2005-\$10,736,000; 2006-\$9,082,000; 2007-\$7,819,000; 2008-\$6,762,000; 2009-\$5,741,000; thereafter-\$15,377,000.

Rental expense under all operating leases consisted primarily of minimum rentals and totaled \$11,542,000 in 2004, \$11,614,000 in 2003 and \$11,011,000 in 2002.

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 has a preferred stock rights plan that is designed to protect stockholder interests in the event the Company is confronted with coercive or unfair takeover tactics. Two-thirds of one right is associated with each share of common stock currently outstanding. The rights trade with the common stock and become exercisable only upon the occurrence of certain triggering events. Each right, when exercisable, will entitle the holder to purchase one one-

hundredth of a share of Series B junior participating preferred stock for \$120. The Company has designated 500,000 shares of preferred stock as Series B junior participating preferred stock for possible future issuance under the Company's preferred stock rights plan. Upon issuance for reasons other than liquidation, each share of Series B junior participating preferred stock will have 100 votes and a preferential quarterly dividend equal to the greater of \$21 per share or 100 times the dividend declared on common stock.

If, after a triggering event, the Company is a party to a merger or other business combination, regardless of whether the Company is the surviving corporation, right holders other than the party to the merger will be entitled to receive common stock of the surviving corporation worth twice the exercise price of the rights. The plan also provides for protection against self-dealing transactions by certain 15% stockholders or the activities of an adverse person (as defined in the plan). The Company may redeem the rights for \$.01 each at any time prior to a person being designated as an adverse person or fifteen days after a triggering event. Unless redeemed earlier, all rights expire on May 7, 2007. The Board of Directors can elect to exclude certain transactions from triggering the exercise of preferred stock rights and other actions under the plan.

The Company has stock incentive plans under which options to purchase shares of common stock may be granted to officers, other key employees and non-employee directors. Options granted are exercisable over no more than ten years and vest over various periods. All unexercised options are available for future grant upon their cancellation.

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

	Shares Under Option	Weighted-Average Option Price
Outstanding at December 29, 2001	5,971,896	\$ 9.65
Granted	1,196,991	10.39
Exercised	(482,803)	7.25
Cancelled	(67,787)	10.57
Outstanding at December 28, 2002	6,618,297	9.93
Granted	1,208,001	10.81
Exercised	(1,127,250)	7.96
Cancelled	(66,084)	13.45
Outstanding at January 3, 2004	6,632,964	10.41
Granted	1,938,069	17.75
Exercised	(2,880,662)	9.90
Cancelled	(108,186)	13.60
Outstanding at January 1, 2005	5,582,185	\$ 13.14

Shares available for grant under the stock option plans were 2,067,445 at January 1, 2005, 3,147,514 at January 3, 2004, and 2,416,321 at December 28, 2002.

The exercise prices of options outstanding at January 1, 2005 range from \$4.36 to \$21.13. A summary of stock options outstanding and options exercisable at January 1, 2005 is as follows:

Range of Exercise Price	Options Outstanding			Options Exercisable	
	Number	Weighted-Average Exercise Price	Average Remaining Contractual Life	Number	Weighted-Average Exercise Price
Less than \$10	903,207	\$ 7.46	3.7 years	901,933	\$ 7.46
\$10 to \$15	2,348,358	10.58	6.6 years	1,677,360	10.60
Greater than \$15	2,330,620	17.91	6.2 years	1,763,673	18.72
	5,582,185	\$ 13.14	6.0 years	4,342,966	\$ 13.25

The number of options exercisable at January 3, 2004 and December 28, 2002 totaled 5,273,376 and 5,256,171, respectively, with weighted-average exercise prices of \$10.40 and \$9.98, respectively.

The Company also has stock award plans for officers and other key employees. 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 (except for certain transfers for estate planning purposes for certain officers), a requirement to forfeit the award upon certain terminations of employment in cases other than death, disability, retirement or consensual severance and performance criteria in certain instances. These restrictions lapse over a three- to five-year period from the date of the award. Shares aggregating 294,120 in 2004, 242,850 in 2003 and 242,550 in 2002 were awarded under these plans. The weighted-average grant date fair value was \$15.37 in 2004, \$10.57 in 2003 and \$10.31 in 2002 for the shares awarded. There were 13,734 awards cancelled in 2004 and 27,336 awards cancelled in 2002. There were no awards cancelled in 2003. The market value of the shares awarded without performance criteria is recognized as unearned compensation in the consolidated statements of stockholders' equity and is amortized to operations over the vesting period. Awards based on performance criteria are amortized to operations over the combined performance and vesting period.

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 \$26,245,000 at January 1, 2005 and \$24,648,000 at January 3, 2004 that are intended to fund deferred compensation benefits under the SERP and deferred compensation agreements.

The Company has a defined contribution money accumulation plan covering substantially all domestic employees that provides for Company contributions based on earnings. This plan is combined with the principal defined benefit pension plan for funding purposes to the extent allowable under applicable regulations. The Company recognized expense for the money accumulation plan of \$1,788,000 in 2004, \$1,620,000 in 2003 and \$1,500,000 in 2002. The Company also has certain defined contribution plans at foreign subsidiaries. Contributions to these plans were \$832,000 in 2004, \$662,000 in 2003, and \$506,000 in 2002.

The Company uses a September 30 measurement date for its defined benefit plans. 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:

	September 30	
	2004	2003
<i>(Thousands of Dollars)</i>		
Change in projected benefit obligations:		
Projected benefit obligations at beginning of the year	\$ 146,486	\$ 132,544
Service cost pertaining to benefits earned during the year	3,983	3,243
Interest cost on projected benefit obligations	8,991	8,634
Effect of changes in actuarial assumptions	37	(401)
Actuarial losses	4,176	9,027
Benefits paid to plan participants	(6,805)	(6,561)
Projected benefit obligations at end of the year	\$ 156,868	\$ 146,486
Change in fair value of pension assets:		
Fair value of pension assets at beginning of the year	\$ 127,854	\$ 102,486
Actual net investment gain	17,559	22,195
Company contributions	5,664	9,734
Benefits paid to plan participants	(6,805)	(6,561)
Fair value of pension assets at end of the year	\$ 144,272	\$ 127,854
Funded status	\$ (12,596)	\$ (18,632)
Unrecognized prior service costs	3,253	3,879
Unrecognized net actuarial losses	35,118	41,465
Net amount recognized	\$ 25,775	\$ 26,712
Amounts recognized in the consolidated balance sheets:		
Prepaid benefit cost	\$ 36,416	\$ 37,578
Accrued benefit cost	(16,778)	(18,887)
Intangible assets	1,797	2,138
Accumulated other comprehensive loss	4,340	5,883
Net amount recognized	\$ 25,775	\$ 26,712
Funded status of pension plans and SERP (supplemental):		
Funded status of qualified defined benefit plans and SERP	\$ (12,596)	\$ (18,632)
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	23,631	21,708
Net funded status of pension plans and SERP (supplemental)	\$ 11,035	\$ 3,076

The Company made contributions of \$159,000 and \$194,000 subsequent to the measurement date and before the fiscal years ended 2004 and 2003, respectively.

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

September 30

	2004		2003
<hr/>			
<i>(Thousands of Dollars)</i>			
Projected benefit obligations	\$ 28,381	\$	27,805
Accumulated benefit obligations	27,295		26,502
Fair value of plan assets	10,517		7,615

The accumulated benefit obligations for all defined benefit pension plans and the SERP were \$147,933,000 and \$138,419,000 at September 30, 2004 and 2003, respectively.

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

	2004	2003	2002
<i>(Thousands of Dollars)</i>			
Service cost pertaining to benefits earned during the year	\$ (3,983)	\$ (3,243)	\$ (4,435)
Interest cost on projected benefit obligations	(8,991)	(8,634)	(8,959)
Expected return on pension assets	11,906	10,175	12,477
Net amortization loss	(5,548)	(5,491)	(1,010)
Net pension expense	\$ (6,616)	\$ (7,193)	\$ (1,927)

Expense for qualified defined benefit pension plans was \$4,825,000 in 2004 and \$6,014,000 in 2003, and pension income was \$1,314,000 in 2002

	2004	2003
Weighted average assumptions used to determine benefit obligations at September 30:		
Discount rate	6.98%	6.11%
Rate of compensation increase	3.50%	3.50%
Weighted average assumptions used to determine net periodic benefit cost for the years ended:		
Discount rate	6.11%	6.76%
Expected long-term rate of return on plan assets	8.75%	8.90%
Rate of compensation increase-qualified plans	3.50%	3.50%
Rate of compensation increase-SERP	3.50%	3.85%

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 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.

	2004	2003
Weighted average asset allocations at September 30 by asset category are as follows:		
Equity securities	72.3%	71.8%
Debt instruments	22.7%	22.9%
Cash and money market investments	5.0%	5.3%
	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.

Equity securities include shares of the Company's common stock with a fair value of \$9,477,000 at September 30, 2003. There were no holdings of Company common stock at September 30, 2004. Dividends received on Company common stock holdings were \$10,000 in 2004, \$134,000 in 2003 and \$120,000 in 2002.

The Company expects to contribute \$3,000,000 to its qualified defined benefit pension plans and \$588,000 to the SERP in 2005.

Expected benefit payments for the five years subsequent to 2004 and the sum of the five years following those are as follows: 2005 - \$7,040,000; 2006 - \$7,543,000; 2007 - \$7,805,000; 2008 - \$8,074,000; 2009 - \$8,349,000; and 2010 through 2014 - \$48,935,000.

7. Income Taxes

The provisions for income taxes consist of the following:

	2004	2003	2002
<i>(Thousands of Dollars)</i>			
Currently payable:			
Federal	\$ 23,096	\$ 19,818	\$ 20,002
State and foreign	6,604	4,346	3,381
Deferred (credit) expense	1,179	(902)	216
	\$ 30,879	\$ 23,262	\$ 23,599

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:

	2004	2003	2002
<i>(Thousands of Dollars)</i>			
Income taxes at statutory rate	\$ 33,975	\$ 26,302	\$ 25,079
State income taxes, net of federal income tax reduction	343	183	271
Nontaxable earnings of foreign affiliates	(2,186)	(1,605)	(1,674)
Research and development credits	(550)	(1,870)	-
Foreign earnings taxed at rates differing from the U.S. statutory rate	(313)	718	121
Other	(390)	(466)	(198)
	\$ 30,879	\$ 23,262	\$ 23,599

Significant components of the Company's deferred income tax assets and liabilities as of the end of 2004 and 2003 are as follows:

	2004	2003
<i>(Thousands of Dollars)</i>		
Deferred income tax assets:		
Accounts receivable and inventory valuation allowances	\$ 2,444	\$ 3,086
Deferred compensation accruals	2,163	2,187
Future benefit of foreign net operating losses	254	254
Accrued pension costs	1,476	2,000
Other amounts not deductible until paid	6,470	5,906
Total deferred income tax assets	12,807	13,433
Deferred income tax liabilities:		
Tax over book depreciation	(10,336)	(9,256)
Prepaid pension costs	(9,250)	(9,738)
Other	(1,399)	(979)
Total deferred income tax liabilities	(20,985)	(19,973)

Net deferred income tax liabilities	\$	(8,178)	\$	(6,540)
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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 (\$96,052,000 at January 1, 2005 and \$69,558,000 at January 3, 2004) of foreign subsidiaries as the Company expects such earnings will be reinvested overseas indefinitely. However, the Company is analyzing the potential impact of the repatriation provision of the American Jobs Creation Act of 2004 (the "Act"), which would allow the Company to bring these foreign earnings back to the United States at reduced tax rates effective until December 31, 2005. If elected, the amount of repatriation is not expected to exceed \$70,000,000 because a dividend of earnings from certain jurisdictions would not result in a tax benefit where foreign statutory rates exceed the U.S. rate. Technical corrections to the Act are pending issuance and therefore it is not currently practicable to estimate the potential range of impact on income taxes.

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 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 effect on the Company's consolidated financial position 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 and 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:

	2005	2006	2007	2008	2009
<i>(Thousands of Dollars)</i>					
Minimum royalties	\$1,118	\$969	\$820	\$844	\$869

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 \$3,083,000, \$3,132,000 and \$2,929,000 for 2004, 2003 and 2002, 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 \$1,982,000, \$2,915,000 and \$2,741,000 for 2004, 2003 and 2002, respectively.

9. Business Segments

The Company has one reportable segment that is engaged in manufacturing, sourcing, marketing, licensing and distributing branded footwear and licensed 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 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 and licensing segment manufacture or source, market and distribute products in a similar manner. Branded footwear 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 70 domestic retail stores and 5 consumer-direct internet sites at January 1, 2005 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 and minority interest. The accounting policies used to determine profitability and total assets of the branded footwear and other business segments are the same as disclosed in Note 1.

Business segment information is as follows:

2004				
	Branded Footwear and Licensing	Other Businesses	Corporate	Consolidated
<i>(Thousands of Dollars)</i>				
Revenue	\$ 903,611	\$ 88,298	\$ -	\$ 991,909
Intersegment sales	30,750	2,939	-	33,689
Interest (income) expense - net	9,266	968	(6,989)	3,245
Depreciation expense	6,585	3,215	8,883	18,683
Earnings (loss) before income taxes and minority interest	111,261	4,226	(18,417)	97,070
Total assets	453,522	39,260	146,789	639,571
Additions to property, plant and equipment	8,920	3,890	5,270	18,080
2003				
	Branded Footwear and Licensing	Other Businesses	Corporate	Consolidated
<i>(Thousands of Dollars)</i>				
Revenue	\$ 812,590	\$ 76,336	\$ -	\$ 888,926
Intersegment sales	27,288	2,471	-	29,759
Interest (income) expense - net	9,314	1,059	(4,899)	5,474
Depreciation expense	5,667	2,587	9,410	17,664
Earnings (loss) before income taxes and minority interest	85,294	1,357	(11,503)	75,148
Total assets	399,276	36,594	157,922	593,792
Additions to property, plant and equipment	6,229	3,355	6,431	16,015
2002				
	Branded Footwear and Licensing	Other Businesses	Corporate	Consolidated
<i>(Thousands of Dollars)</i>				
Revenue	\$ 748,807	\$ 78,299	\$ -	\$ 827,106
Intersegment sales	24,814	3,099	-	27,913
Interest (income) expense - net	10,458	1,706	(5,698)	6,466
Depreciation expense	5,340	2,406	8,887	16,633
Earnings (loss) before income taxes and minority interest	81,266	4,361	(13,973)	71,654
Total assets	384,723	40,453	106,818	531,994
Additions to property, plant and equipment	8,732	1,700	3,443	13,875

Geographic information, based on shipping destination, related to revenue from external customers included in the consolidated statements

of operations is as follows:

	2004	2003	2002
<i>(Thousands of Dollars)</i>			
United States	\$ 718,674	\$ 674,794	\$ 644,647
Foreign countries:			
Europe and Russia	193,461	150,643	127,461
Canada	49,797	45,422	39,363
Central and South America	9,084	6,639	6,417
Asia	11,990	8,132	6,780
Middle East/Africa	8,903	3,296	2,438
Total foreign countries revenue	273,235	214,132	182,459
	\$ 991,909	\$ 888,926	\$ 827,106

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

	2004	2003	2002
<i>(Thousands of Dollars)</i>			
United States	\$ 132,651	\$ 135,914	\$ 135,346
Foreign countries	40,776	36,880	32,005

The Company does not believe that it is dependent upon any single customer, since none accounts for more than 10% of consolidated revenue.

The Company sources approximately 88% (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 licensed 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.

No product groups, other than branded footwear and licensing, account for more than 10% of consolidated revenue. Revenues derived from the sale and licensing of footwear, apparel and accessories accounted for approximately 91% of revenue in 2004, 2003 and 2002.

Approximately 12% of the Company's employees are subject to bargaining unit contracts extending through various dates through 2006.

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 quarter of 2004 includes 16 weeks and the fourth quarter of 2003 includes 17 weeks.

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

	2004			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
<i>(Thousands of Dollars, Except Per Share Data)</i>				
Revenue	\$ 224,871	\$ 198,774	\$ 260,897	\$ 307,367
Gross margin	85,441	75,514	98,177	115,003
Net earnings	12,299	10,985	21,946	20,708
Net earnings per share:				

Basic	\$.21	\$.19	\$.38	\$.37
Diluted		.20		.18		.37		.34

2003

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
<i>(Thousands of Dollars, Except Per Share Data)</i>				
Revenue	\$ 191,485	\$ 184,040	\$ 230,571	\$ 282,830
Gross margin	69,196	65,724	86,714	104,954
Net earnings	7,414	9,281	16,414	18,607
Net earnings per share:				
Basic	\$.13	\$.16	\$.28	\$.31
Diluted	.12	.15	.27	.31

Adjustments in the fourth quarter were immaterial in 2004 and resulted in an increase in net earnings of \$579,000 (\$0.01 per share) in 2003. These adjustments related primarily to inventories.

11. Business Acquisitions

On January 3, 2005, the Company expanded its owned Wolverine® brand operations in Canada. Based on a preliminary purchase price allocation, assets consisting primarily of inventory and fixed assets totaling approximately \$1,700,000 were acquired from a former Wolverine® and CAT® Footwear distributor for cash of \$2,200,000, subject to certain post-closing adjustments, and resulted in goodwill and intangible assets of approximately \$500,000.

On January 3, 2005, the Company expanded its owned Merrell® operations in Sweden and Finland and its Sebago® operations in the United Kingdom and Germany. Based on a preliminary purchase price allocation, assets consisting primarily of inventory totaling approximately \$544,000 were acquired from former distributors for cash.

On November 3, 2003, the Company acquired significant operating assets of Sebago, Inc., an international distributor of performance nautical and American-inspired footwear, consisting of accounts receivable, inventory, fixed assets, trademarks and other amortizable intangible assets totaling approximately \$18,627,000 and assumed liabilities of approximately \$1,987,000. The total purchase price of Sebago, Inc., was \$16,886,000, which consisted of \$14,886,000 paid in cash and a note payable for \$2,000,000 (\$1,000,000 paid in 2004 and \$1,000,000 due in 2005), resulting in goodwill of \$246,000 after allocation of the purchase price to the assets acquired and liabilities assumed based on their estimated fair values at the date of acquisition. The acquisition has been accounted for using the purchase method of accounting and, accordingly, the results of operations since November 3, 2003 are included in the Company's consolidated statements of operations.

An independent valuation of the Sebago® trademarks was performed as of the date of the acquisition, which totaled \$4,904,000. 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 and Licensing segment. The majority of the goodwill is expected to be deductible for tax purposes. The other amortizable intangible assets have a weighted average useful life of approximately nine years.

The following table sets forth the unaudited pro forma information for the Company as if the Sebago® acquisition had occurred as of the beginning of 2002 utilizing the Company's effective tax rate. The unaudited pro forma financial information is provided for informational purposes only and does not purport to be indicative of the Company's results of operations that would actually have been achieved had the acquisition been completed at the beginning of the periods presented or that may be achieved in the future. The unaudited pro forma financial information was derived from the annual financial statements of the acquired company and does not give effect to any operational synergies or integration costs that may occur as a result of or following the acquisition.

	2003	2002
<i>(Thousands of Dollars, Except Per Share Data)</i>		
Revenue	\$ 921,944	\$ 865,469
Net earnings	53,460	49,732
Basic earnings per share	\$ 0.91	\$ 0.83
Diluted earnings per share	0.87	0.80

Immediately after the acquisition was consummated, management of the Company began to implement an integration plan for the Sebago acquisition. In conjunction with the integration plan, the Company recorded additional liabilities of approximately \$1,792,000, which were included in the acquisition cost allocation in accordance with Emerging Issues Task Force Issue No. 95-3, *Recognition of Liabilities in Connection with a Purchase Business Combination*. The additional liabilities include severance and related costs for approximately 100 manufacturing and administrative employees in Maine, and exit costs for specific product lines of Sebago, Inc.

The following table is a summary of the activity in the reserves by category:

	Employee Severance	Exit Costs	Total
<i>(Thousands of Dollars)</i>			
Amounts recognized as charges in 2003 and accrued at January 3, 2004	\$ 1,496	\$ 296	\$ 1,792
Payments	(1,187)	(282)	(1,469)
Adjustments	(309)	-	(309)
Balance at January 1, 2005	\$ -	\$ 14	\$ 14

On January 16, 2002, the Company established a new subsidiary to operate the CAT® footwear business in the European market. This new entity, Wolverine Europe Limited, purchased assets consisting of accounts receivable, inventory, limited amortizable intangible assets and fixed assets totaling approximately \$21,247,000 from Overland Group Limited of London, England and assumed liabilities of approximately \$8,514,000. Cash and other consideration of \$27,790,000 was remitted for the acquisition, resulting in goodwill of \$15,057,000 after allocation of the purchase price to the assets acquired and liabilities assumed based on their estimated fair values at the date of acquisition. The former owner of Overland Group Limited is a 5% minority stockholder in the new subsidiary. The markets served directly by Wolverine Europe Limited include Austria, France, Germany, Ireland, The Netherlands, Switzerland and the United Kingdom. Wolverine Europe Limited also coordinates and supports other European markets served by independently-owned distributors. Consolidated pro forma revenue for 2002, assuming the transaction occurred at the beginning of the year, would not have been materially different from reported amounts. Consolidated pro forma net earnings for 2002, assuming the transaction occurred at the beginning of that year, are not materially different from reported amounts.

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 January 1, 2005 and January 3, 2004, 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 January 1, 2005. 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 January 1, 2005 and January 3, 2004, and the consolidated results of their operations and their cash flows for each of the three fiscal years in the period ended January 1, 2005, in conformity with U.S. generally accepted accounting principles. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the effectiveness of Wolverine World Wide, Inc.'s internal control over financial reporting as of January 1, 2005, 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 23, 2005 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

Grand Rapids, Michigan
February 23, 2005

Report of Independent Registered Public Accounting Firm on Internal Control Over Financial Reporting

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

We have audited management's assessment, included in the accompanying management's report on internal control over financial reporting, that Wolverine World Wide, Inc. maintained effective internal control over financial reporting as of January 1, 2005, 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. Our responsibility is to express an opinion on management's assessment and an opinion on the effectiveness of 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, evaluating management's assessment, testing and evaluating the design and operating effectiveness of internal control, 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, management's assessment that Wolverine World Wide, Inc. maintained effective internal control over financial reporting as of January 1, 2005, is fairly stated, in all material respects, based on the COSO criteria. Also, in our opinion, Wolverine World Wide, Inc. maintained, in all material respects, effective internal control over financial reporting as of January 1, 2005, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the 2004 consolidated financial statements of Wolverine World Wide, Inc. and subsidiaries and our report dated February 23, 2005 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

Grand Rapids, Michigan
February 23, 2005

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	
Description	Balance at Beginning of Period	Additions		Deductions (Describe)	Balance at End of Period
		(1) Charged to Costs and Expenses	(2) Charged to Other Accounts (Describe)		
Fiscal year ended January 1, 2005					
Deducted from asset accounts:					
Allowance for doubtful accounts	\$ 7,335,000	\$ 3,638,000		\$ 6,139,000(A)	\$ 4,834,000
Allowance for sales returns	1,997,000	23,611,000		23,822,000(B)	1,786,000
Allowance for cash discounts	1,130,000	13,539,000		13,089,000(C)	1,580,000
Inventory valuation allowances	6,355,000	8,622,000		9,133,000(D)	5,844,000
	\$ 16,817,000	\$ 49,410,000		\$ 52,183,000	\$ 14,044,000
Fiscal year ended January 3, 2004					
Deducted from asset accounts:					
Allowance for doubtful accounts	\$ 7,387,000	\$ 4,962,000		\$ 5,014,000(A)	\$ 7,335,000
Allowance for sales returns	1,587,000	26,610,000		26,200,000(B)	1,997,000
Allowance for cash discounts	1,217,000	12,632,000		12,719,000(C)	1,130,000
Inventory valuation allowances	4,751,000	12,011,000		10,407,000(D)	6,355,000
	\$ 14,942,000	\$ 56,215,000		\$ 54,340,000	\$ 16,817,000
Fiscal year ended December 28, 2002					
Deducted from asset accounts:					
Allowance for doubtful accounts	\$ 5,438,000	\$ 5,717,000		\$ 3,768,000(A)	\$ 7,387,000
Allowance for sales returns	1,110,000	29,433,000		28,956,000(B)	1,587,000
Allowance for cash discounts	834,000	11,081,000		10,698,000(C)	1,217,000
Inventory valuation allowances	4,014,000	7,698,000		6,961,000(D)	4,751,000
	\$ 11,396,000	\$ 53,929,000		\$ 50,383,000	\$ 14,942,000

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



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

**EXHIBITS
TO
FORM 10-K**

**For the Fiscal Year Ended
January 1, 2005**

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

EXHIBIT INDEX

<u>Exhibit Number</u>	<u>Document</u>
3.1	Certificate of Incorporation, as amended. Previously filed as Exhibit 3.1 to the Company's Quarterly Report on Form 10-Q for the period ended September 7, 2002. 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 7, 2002. Here incorporated by reference.
4.1	Certificate of Incorporation, as amended. See Exhibit 3.1 above.
4.2	Amended and Restated By-laws. See Exhibit 3.2 above.
4.3	Rights Agreement dated as of April 17, 1997. Previously filed with the Company's Form 8-A filed April 12, 1997. Here incorporated by reference.
4.4	Amendment No. 1 dated as of June 30, 2000, to the Rights Agreement dated as of April 17, 1997. Previously filed as Exhibit 4.3 to the Company's Annual Report on Form 10-K for the fiscal year ended December 30, 2000. Here incorporated by reference.
4.5	Second Amendment dated as of February 11, 2002, to the Rights Agreement dated as of April 17, 1997. Previously filed as Exhibit 4.2 to the Company's Quarterly Report on Form 10-Q for the period ended March 23, 2002. Here incorporated by reference.
4.6	Third Amendment dated as of December 10, 2002, to the Rights Agreement dated as of April 17, 1997. Previously filed as Exhibit 4.6 to the Company's Annual Report on Form 10-K for the fiscal year ended December 28, 2002. Here incorporated by reference.
4.7	Note Purchase Agreement dated as of December 8, 1998, relating to 6.50% Senior Notes due on December 8, 2008.
4.8	The Registrant has several classes of long-term debt instruments outstanding in addition to those described in Exhibits 4.7 and 4.9. 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.
4.9	Credit Agreement dated as of May 29, 2001, with Bank One, Michigan, as agent. Previously filed as Exhibit 4.1 to the Company's Quarterly Report on Form 10-Q for the period ended June 16, 2001. Here incorporated by reference.
4.10	First Amendment dated as of February 8, 2002, to the Credit Agreement dated as of May 29, 2001. Previously filed as Exhibit 4.1 to the Company's Quarterly Report on Form 10-Q for the period ended March 23, 2002. Here incorporated by reference.
4.11	Second Amendment dated as of August 30, 2002, to the Credit Agreement dated as of May 29, 2001. Previously filed as Exhibit 4.1 to the Company's Quarterly Report on Form 10-Q for the period ended September 7, 2002. Here incorporated by reference.

- 4.12 Third Amendment dated as of December 19, 2002, to the Credit Agreement dated as of May 29, 2001. Previously filed as Exhibit 4.13 to the Company's Annual Report on Form 10-K for the fiscal year ended December 28, 2002. Here incorporated by reference.
- 4.13 Fourth Amendment dated as of April 30, 2003, to the Credit Agreement dated as of May 29, 2001.
- 4.14 Fifth Amendment dated as of August 31, 2004, to the Credit Agreement dated as of May 29, 2001.
- 10.1 1988 Stock Option Plan.* Previously filed as an exhibit to the Company's registration statement on Form S-8, filed July 21, 1988, Registration No. 33-23196. Here incorporated by reference.
- 10.2 1993 Stock Incentive Plan.* Previously filed as an exhibit to the Company's registration statement on Form S-8, filed June 22, 1993, Registration No. 33-64854. Here incorporated by reference.
- 10.3 1995 Stock Incentive Plan.* Previously filed as an exhibit to the Company's registration statement on Form S-8, filed October 26, 1995, Registration No. 33-63689. Here incorporated by reference.
- 10.4 1997 Stock Incentive Plan.* Previously filed as Exhibit 10.15 to the Company's Annual Report on Form 10-K for the fiscal year ended December 29, 2001. Here incorporated by reference.
- 10.5 Stock Incentive Plan of 1999.*
- 10.6 Stock Incentive Plan of 2001.* Previously filed as Appendix B to the Company's Definitive Proxy Statement with respect to the Company's Annual Meeting of Stockholders held on April 26, 2001. Here incorporated by reference.
- 10.7 Stock Incentive Plan of 2003.* Previously filed as Appendix B to the Company's Definitive Proxy Statement with respect to the Company's Annual Meeting of Stockholders held on April 24, 2003. Here incorporated by reference.
- 10.8 Amended and Restated Directors Stock Option Plan.* Previously filed as Exhibit 10.3 to the Company's Annual Report on Form 10-K for the fiscal year ended December 30, 2000. Here incorporated by reference.
- 10.9 Amended and Restated Directors' Stock Option Plan.* Previously filed as Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the period ended June 14, 2003. Here incorporated by reference.
- 10.10 Amended and Restated Outside Directors' Deferred Compensation Plan.* Previously filed as Appendix E to the Company's Definitive Proxy Statement with respect to the Company's Annual Meeting of Stockholders held on April 25, 2002. Here incorporated by reference.
- 10.11 Amended and Restated Executive Short-Term Incentive Plan (Annual Bonus Plan).* Previously filed as Appendix B to the Company's Definitive Proxy Statement with respect to the Company's Annual Meeting of Stockholders held on April 25, 2002. Here incorporated by reference.

- 10.12 Amended and Restated Executive Long-Term Incentive Plan (3-Year Bonus Plan).^{*} Previously filed as Appendix C to the Company's Definitive Proxy Statement with respect to the Company's Annual Meeting of Stockholders held on April 25, 2002. Here incorporated by reference.
- 10.13 Amended and Restated Stock Option Loan Program.^{*} Previously filed as Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the period ended September 7, 2002. Here incorporated by reference.
- 10.14 Executive Severance Agreement.^{*} An updated participant schedule is attached as Exhibit 10.14.
- 10.15 Form of Indemnification Agreement.^{*} The Company has entered into an Indemnification Agreement with each director and executive officer. Previously filed as Exhibit 10.11 to the Company's Annual Report on Form 10-K for the fiscal year ended December 30, 2000. Here incorporated by reference.
- 10.16 Benefit Trust Agreement dated May 19, 1987, and Amendments Number 1, 2, 3 and 4 thereto.^{*} Previously filed as Exhibit 10.12 to the Company's Annual Report on Form 10-K for the fiscal year ended December 30, 2000. Here incorporated by reference.
- 10.17 Amended and Restated Supplemental Executive Retirement Plan.^{*} Previously filed as Exhibit 10.9 to the Company's Annual Report on Form 10-K for the fiscal year ended December 30, 2000. An updated participant schedule is attached as Exhibit 10.17.
- 10.18 Employees' Pension Plan (Restated as amended through July 7, 2004).^{*}
- 10.19 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.^{*}
- 10.20 Form of Non-Qualified Stock Option Agreement for Steven M. Duffy, 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.^{*}
- 10.21 Form of Non-Qualified Stock Option Agreement for other employees. Previously filed as Exhibit 10.3 to the Company's Current Report on Form 8-K dated February 9, 2005.^{*}
- 10.22 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.^{*}
- 10.23 Form of Stock Option Agreement for non-employee directors.^{*}
- 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 4.7

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WOLVERINE WORLD WIDE, INC.

\$75,000,000 6.50% Senior Notes due December 8, 2008

NOTE PURCHASE AGREEMENT

Dated December 8, 1998

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WOLVERINE WORLD WIDE, INC.
9341 Courtland Drive, NE
Rockford, Michigan 49351

6.50% Senior Notes due December 8, 2008

December 8, 1998

TO EACH OF THE PURCHASERS
LISTED IN THE ATTACHED SCHEDULE A:

Ladies and Gentlemen:

Wolverine World Wide, Inc., a Delaware corporation (the "**Company**"), agrees with you as follows:

1. AUTHORIZATION OF NOTES.

 The Company will authorize the issue and sale of Seventy-Five Million Dollars (\$75,000,000) aggregate principal amount of its 6.50% Senior Notes due December 8, 2008 (the "**Notes**", such term to include any such notes issued in substitution therefor pursuant to Section 13 of this Agreement or the Other Agreements (as hereinafter defined)). The Notes shall be substantially in the form set out in Exhibit 1, with such changes therefrom, if any, as may be approved by you and the Company. Certain capitalized terms used in this Agreement are defined in Schedule B; references to a "Schedule" or an "Exhibit" are, unless otherwise specified, to a Schedule or an Exhibit attached to this Agreement.

2. SALE AND PURCHASE OF NOTES.

 Subject to the terms and conditions of this Agreement, the Company will issue and sell to you and you will purchase from the Company, at the Closing provided for in Section 3, Notes in the principal amounts specified opposite your name in Schedule A at the purchase price of 100% of the principal amount thereof. Contemporaneously with entering into this Agreement, the Company is entering into separate Note Purchase Agreements (the "**Other Agreements**") identical with this Agreement with each of the other purchasers named in Schedule A (the "**Other Purchasers**"), providing for the sale at such Closing to each of the Other Purchasers of Notes in the principal amount specified opposite its name in Schedule A. Your obligations hereunder and the obligations of the Other Purchasers under the Other Agreements are several and not joint obligations and

you shall have no obligation under any Other Agreement and no liability to any Person for the performance or nonperformance by any Other Purchaser thereunder.

3. CLOSING.

The sale and purchase of the Notes to be purchased by you and the Other Purchasers shall occur at the offices of Kilpatrick Stockton, LLP, at 1100 Peachtree Street, Suite 2800, Atlanta, Georgia 30309, at a closing (the "**Closing**") on December 8, 1998 or on such other Business Day thereafter as may be agreed upon by the Company and you and the Other Purchasers. At the Closing the Company will deliver to you the Notes to be purchased by you in the form of a single Note (or such greater number of Notes in denominations of at least \$100,000 as you may request) dated the date of the Closing and registered in your name (or in the name of your nominee), against delivery by you to the Company or its order of immediately available funds in the amount of the purchase price therefor by wire transfer of immediately available funds for the account of the Company to account number 04 045 53, Account Name: "Wolverine World Wide, Inc.", at NBD Bank N.A., Detroit, Michigan, ABA Routing # 072000326. If at the Closing the Company shall fail to tender such Notes to you as provided above in this Section 3, or any of the conditions specified in Section 4 shall not have been fulfilled to your satisfaction, you shall, at your election, be relieved of all further obligations under this Agreement, without thereby waiving any rights you may have by reason of such failure or such nonfulfillment.

4. CONDITIONS TO CLOSING.

Your obligation to purchase and pay for the Notes to be sold to you at the Closing is subject to the fulfillment to your satisfaction, prior to or at the Closing, of the following conditions:

4.1 Representations and Warranties.

The representations and warranties of the Company in this Agreement shall be correct when made and at the time of the Closing.

4.2 Performance; No Default.

The Company shall have performed and complied with all agreements and conditions contained in this Agreement required to be performed or complied with by it prior to or at the Closing and after giving effect to the issue and sale of the Notes (and the application of the proceeds thereof as contemplated by Schedule 5.14) no Default or Event of Default shall have occurred and be continuing. Neither the Company nor any Subsidiary shall have entered into any transaction since the date of the Memorandum that would have been prohibited by this Agreement had it applied since such date.

4.3 Compliance Certificates.

(a) Officer's Certificate. The Company shall have delivered to you an Officer's Certificate, dated the date of the Closing, certifying that the conditions specified in Sections 4.1, 4.2 and 4.9 have been fulfilled.

(b) Secretary's Certificate. The Company shall have delivered to you a certificate from a duly authorized Secretary or Assistant Secretary of the Company certifying as to the resolutions attached thereto and other corporate proceedings relating to the authorization, execution and delivery of the Notes, this Agreement and the Other Agreements.

4.4 Opinions of Counsel.

You shall have received opinions in form and substance satisfactory to you, dated the date of the Closing (a) from Warner, Norcross & Judd LLP, counsel for the Company, in the form attached hereto as Exhibit 4.4(a) and additional opinions of such counsel covering such other matters incident to the transactions contemplated hereby as you or your counsel may reasonably request (and the Company hereby instructs its counsel to deliver such opinions to you) and (b) from Kilpatrick Stockton LLP, your special counsel in connection with such transactions, covering the enforceability of this Agreement and the Notes, the absence of any requirement to register the Notes under the Securities Act or to qualify as an indenture under the Trust Indenture Act of 1939, as amended, and such other matters incident to such transactions as you may reasonably request.

4.5 Purchase Permitted by Applicable Law, etc.

On the date of the Closing your purchase of Notes shall (i) be permitted by the laws and regulations of each jurisdiction to which you are subject, without recourse to provisions (such as Section 1405(a)(8) of the New York Insurance Law) permitting limited investments by insurance companies without restriction as to the character of the particular investment, (ii) not violate any applicable Law (including, without limitation, Regulation T, U or X of the Board of Governors of the Federal Reserve System) and (iii) not subject you to any Tax, penalty or liability under or pursuant to any applicable Law, which Law was not in effect on the date hereof. If requested by you, you shall have received an Officer's Certificate certifying as to such matters of fact as you may reasonably specify to enable you to determine whether such purchase is so permitted.

4.6 Sale of Other Notes.

Contemporaneously with the Closing, the Company shall sell to the Other Purchasers and the Other Purchasers shall purchase the Notes to be purchased by them at the Closing as specified in Schedule A.

4.7 Payment of Special Counsel Fees.

Without limiting the provisions of Section 15.1, the Company shall have paid on or before the Closing the reasonable fees, charges and disbursements of your special counsel referred to in Section 4.4 to the extent reflected in a statement of such counsel rendered to the Company at least one Business Day prior to the Closing.

4.8 Private Placement Number.

A Private Placement number issued by Standard & Poor's CUSIP Service Bureau (in cooperation with the Securities Valuation Office of the National Association of Insurance Commissioners) shall have been obtained for the Notes.

4.9 Changes in Corporate Structure.

Except as specified in Schedule 4.9, the Company shall not have changed its jurisdiction of incorporation or been a party to any merger or consolidation and shall not have succeeded to all or any substantial part of the liabilities of any other entity, at any time following the date of the most recent financial statements referred to in Section 5.5.

4.10 Proceedings and Documents.

All corporate and other proceedings in connection with the transactions contemplated by this Agreement and all documents and instruments incident to such transactions shall be satisfactory to you and your special counsel, and you and your special counsel shall have received all such counterpart originals or certified or other copies of such documents as you or they may reasonably request.

4.11 Offeree Letter.

The Company shall have delivered a letter from First Chicago Capital Markets, Inc. to you and your special counsel describing in such detail as you may request the number and character of Persons to whom the Company or any Person acting on its behalf has offered any of the Notes or any similar securities of the Company and such other matters regarding the manner of such offering as you may request.

5. REPRESENTATIONS AND WARRANTIES OF THE COMPANY.

The Company represents and warrants to you that:

5.1 Organization; Power and Authority.

The Company is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware, and is duly qualified as a foreign

corporation and is in good standing in each jurisdiction in which such qualification is required by law, other than those jurisdictions as to which the failure to be so qualified or in good standing could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. The Company has the corporate power and authority to own or hold under lease the properties it purports to own or hold under lease, to transact the business it transacts and proposes to transact, to execute and deliver this Agreement and the Other Agreements and the Notes and to perform the provisions hereof and thereof.

5.2 Authorization, etc.

This Agreement and the Other Agreements and the Notes have been duly authorized by all necessary corporate action on the part of the Company, and this Agreement constitutes, and upon execution and delivery thereof each Note will constitute, a legal, valid and binding obligation of the Company enforceable against the Company in accordance with its terms, except as such enforceability may be limited by (i) applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights generally and (ii) general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

5.3 Disclosure.

The Company, through its agent, First Chicago Capital Markets, Inc., has delivered to you and each Other Purchaser a copy of a Confidential Offering Memorandum, dated October, 1998 (the "**Memorandum**"), relating to the transactions contemplated hereby. The Memorandum fairly describes, in all material respects, the general nature of the business and principal properties of the Company and its Subsidiaries. Except as disclosed in Schedule 5.3, this Agreement, the Memorandum, the documents, certificates or other writings delivered to you by or on behalf of the Company in connection with the transactions contemplated hereby and the financial statements identified in Section 5.5, taken as a whole, do not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein not misleading in light of the circumstances under which they were made. Except as disclosed in the Memorandum or as expressly described in Schedule 5.3, or in one of the documents, certificates or other writings identified therein, or in the financial statements identified in Section 5.5, since January 3, 1998, there has been no change in the financial condition, operations, business, properties or prospects of the Company or any Subsidiary except changes that individually or in the aggregate could not reasonably be expected to have a Material Adverse Effect. There is no fact known to the Company that could reasonably be expected to have a Material Adverse Effect that has not been set forth herein or in the Memorandum or in the other documents, certificates and other writings delivered to you by or on behalf of the Company specifically for use in connection with the transactions contemplated hereby.

5.4 Organization and Ownership of Shares of Subsidiaries; Affiliates.

(a) Schedule 5.4 contains (except as noted therein) complete and correct lists (i) of the Company's Subsidiaries, showing, as to each Subsidiary, the correct name thereof, the jurisdiction of its organization, and the percentage of shares of each class of its capital stock or similar equity interests outstanding owned by the Company and each other Subsidiary, and specifying those Subsidiaries that are Material Subsidiaries, (ii) of the Company's Affiliates, other than Subsidiaries, and (iii) of the Company's directors and senior officers.

(b) All of the outstanding shares of capital stock or similar equity interests of each Subsidiary shown in Schedule 5.4 as being owned by the Company and its Subsidiaries have been validly issued, are fully paid and nonassessable and are owned by the Company or another Subsidiary free and clear of any Lien (except as otherwise disclosed in Schedule 5.4).

(c) Each Subsidiary identified in Schedule 5.4 is a corporation or other legal entity duly organized, validly existing and in good standing under the laws of its jurisdiction of organization, and is duly qualified as a foreign corporation or other legal entity and is in good standing in each jurisdiction in which such qualification is required by law, other than those jurisdictions as to which the failure to be so qualified or in good standing could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. Each such Subsidiary has the corporate or other power and authority to own or hold under lease the properties it purports to own or hold under lease and to transact the business it transacts and proposes to transact.

(d) No Subsidiary is a party to, or otherwise subject to any legal restriction or any agreement (other than this Agreement, the agreements listed on Schedule 5.4, and customary limitations imposed by corporate law statutes) restricting the ability of such Subsidiary to pay dividends out of profits or make any other similar distributions of profits to the Company or any of its Subsidiaries that owns outstanding shares of capital stock or similar equity interests of such Subsidiary.

5.5 Financial Statements.

The Company has delivered to you and to each Other Purchaser the consolidated balance sheets of the Company and its Subsidiaries as of December 31, 1994, December 30, 1995, December 28, 1996, and January 3, 1998 and the statements of income and retained earnings and changes in financial position or cash flows for the fiscal years ended on said dates, each accompanied by a report thereon containing an opinion unqualified as to scope limitations imposed by the Company and otherwise without qualification except as therein noted, by Ernst & Young. All of such statements (including in each case the related schedules and notes) have been prepared in accordance with GAAP except as therein noted, are correct and complete and present fairly the financial position of the Company and its Subsidiaries as of such dates and the

consolidated results of their operations and changes in their financial position or cash flows for such periods. The Company has delivered to you and to each Other Purchaser the unaudited consolidated balance sheets of the Company and its Subsidiaries as of September 12, 1998 and September 6, 1997, and the unaudited statements of operations and cash flows for the nine-month periods ended on said dates. Such financial statements have been prepared in accordance with GAAP consistently applied, are correct and complete and present fairly the financial position of the Company and its Subsidiaries as of said dates and the consolidated results of their operations and cash flows for such periods except as therein noted (subject to normal year-end adjustments).

5.6 Compliance with Laws, Other Instruments, etc.

The execution, delivery and performance by the Company of this Agreement, the Other Agreements, and the Notes will not (i) contravene, result in any breach of, or constitute a default under, or result in the creation of any Lien in respect of any property of the Company or any Subsidiary under, any indenture, mortgage, deed of trust, loan, purchase or credit agreement, lease, corporate charter or by-laws, or any other agreement or instrument to which the Company or any Subsidiary is bound or by which the Company or any Subsidiary or any of their respective properties may be bound or affected, (ii) conflict with or result in a breach of any of the terms, conditions or provisions of any order, judgment, decree, or ruling of any court, arbitrator or Governmental Authority applicable to the Company or any Subsidiary or (iii) violate any provision of any Law of any Governmental Authority applicable to the Company or any Subsidiary.

5.7 Governmental Authorizations, etc.

No consent, approval or authorization of, or registration, filing or declaration with, any Governmental Authority is required in connection with the execution, delivery or performance by the Company of this Agreement, the Other Agreements, or the Notes.

5.8 Litigation; Observance of Agreements, Statutes and Orders.

(a) There are no actions, suits or proceedings pending or, to the knowledge of the Company, threatened against or affecting the Company or any Subsidiary or any property of the Company or any Subsidiary in any court or before any arbitrator of any kind or before or by any Governmental Authority that, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect.

(b) Neither the Company nor any Subsidiary is in default under any term of any agreement or instrument to which it is a party or by which it is bound, or any order, judgment, decree or ruling of any court, arbitrator or Governmental Authority or is in violation of any Law (including without limitation Environmental Laws) of any

Governmental Authority, which default or violation, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect.

5.9 Taxes.

The Company and its Subsidiaries have filed all tax returns that are required to have been filed in any jurisdiction, and have paid or reflected appropriate reserves or accruals on its balance sheets for all taxes (including federal, state, local, sales, use, VAT, customs, excise, franchise, assets, ad valorem and withholding taxes), duties, assessments and levies (collectively "**Taxes**"), except for any Taxes (i) the amount of which is not individually or in the aggregate Material or (ii) the amount, applicability or validity of which is currently being contested in good faith by appropriate proceedings and with respect to which the Company or a Subsidiary, as the case may be, has established adequate reserves in accordance with GAAP. The Company knows of no basis for any other tax or assessment that could reasonably be expected to have a Material Adverse Effect. The charges, accruals and reserves on the books of the Company and its Subsidiaries in respect of federal, state or other Taxes for all fiscal periods are adequate. The federal income tax returns of the Company and its Subsidiaries have been audited by the Internal Revenue Service for all fiscal years up to and including the fiscal year ended December 30, 1995 and any resulting deficiencies, additional assessments, fines, penalties, interest or other charges have either been paid or adequately reserved for in the financial statements identified in Section 5.5.

5.10 Title to Property; Leases.

The Company and its Subsidiaries have good and sufficient title to their respective properties that individually or in the aggregate are Material, including all such properties reflected as owned in the most recent audited balance sheet referred to in Section 5.5 or purported to have been acquired by the Company or any Subsidiary after said date (except as sold or otherwise disposed of in the ordinary course of business), in each case free and clear of Liens prohibited by this Agreement. All leases that individually or in the aggregate are Material are valid and subsisting and are in full force and effect in all material respects.

5.11 Licenses, Permits, etc.

Except as disclosed in Schedule 5.11,

- (a) the Company and its Subsidiaries own or possess all licenses, permits, franchises, authorizations, patents, copyrights, service marks, trademarks and trade names, or rights thereto, that individually or in the aggregate are Material;
- (b) the ownership or use of the licenses, permits, franchises, authorizations, patents, copyrights, service marks, trademarks and tradenames,

and other rights owned or used by the Company and its Subsidiaries do not conflict with the rights of others, except for such conflicts which could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect;

(c) to the best knowledge of the Company, no product of the Company or any Subsidiary infringes in any material respect any license, permit, franchise, authorization, patent, copyright, service mark, trademark, trade name or other right owned by any other Person; and

(d) to the best knowledge of the Company, there is no Material violation by any Person of any right of the Company or any of its Subsidiaries with respect to any patent, copyright, service mark, trademark, trade name or other right owned or used by the Company or any of its Subsidiaries.

5.12 Compliance with ERISA.

(a) The Company and each ERISA Affiliate have operated and administered each Plan in compliance with all applicable laws except for such instances of noncompliance as have not resulted in and could not reasonably be expected to result in a Material Adverse Effect. Neither the Company nor any ERISA Affiliate has incurred any liability pursuant to Title I or IV of ERISA or the penalty or excise tax provisions of the Code relating to employee benefit plans (as defined in Section 3 of ERISA), and no event, transaction or condition has occurred or exists that could reasonably be expected to result in the incurrence of any such liability by the Company or any ERISA Affiliate, or in the imposition of any Lien on any of the rights, properties or assets of the Company or any ERISA Affiliate, in either case pursuant to Title I or IV of ERISA or to such penalty or excise tax provisions or to Section 401(a)(29) or 412 of the Code, other than such liabilities or Liens as would not be individually or in the aggregate Material.

(b) The present value of the aggregate benefit liabilities under each of the Plans (other than Multiemployer Plans), determined as of the end of such Plan's most recently ended plan year on the basis of the actuarial assumptions specified for funding purposes in such Plan's most recent actuarial valuation report, did not exceed the aggregate current value of the assets of such Plan allocable to such benefit liabilities by more than \$50,000 in the aggregate for all Plans. The term "**benefit liabilities**" has the meaning specified in section 4001 of ERISA and the terms "**current value**" and "**present value**" have the meaning specified in section 3 of ERISA.

(c) The Company and its ERISA Affiliates have not incurred withdrawal liabilities (and are not subject to contingent withdrawal liabilities) under section 4201 or 4204 of ERISA in respect of Multiemployer Plans that individually or in the aggregate are Material.

(d) The expected post-retirement benefit obligation (determined as of the last day of the Company's most recently ended fiscal year in accordance with Financial Accounting Standards Board Statement No. 106, without regard to liabilities attributable to continuation coverage mandated by section 4980B of the Code) of the Company and its Subsidiaries is not Material.

(e) The execution and delivery of this Agreement and the issuance and sale of the Notes hereunder will not involve any transaction that is subject to the prohibitions of section 406 of ERISA or in connection with which a tax could be imposed pursuant to section 4975(c)(1)(A)-(F) of the Code. The representation by the Company in the first sentence of this Section 5.12(e) is made in reliance upon and subject to (i) the accuracy of your representation in Section 6.2 as to the sources of the funds used to pay the purchase price of the Notes to be purchased by you and (ii) the assumption, made solely for the purpose of making such representation, that Department of Labor Interpretive Bulletin 75-2 with respect to prohibited transactions remains valid in the circumstances of the transactions contemplated herein.

5.13 Private Offering by the Company.

Neither the Company nor anyone acting on its behalf has offered the Notes or any similar securities for sale to, or solicited any offer to buy any of the same from, or otherwise approached or negotiated in respect thereof with, any Person other than you, the Other Purchasers and not more than 45 other Institutional Investors, each of which has been offered the Notes at a private sale for investment. Neither the Company nor anyone acting on its behalf has taken, or will take, any action that would subject the issuance or sale of the Notes to the registration requirements of Section 5 of the Securities Act.

5.14 Use of Proceeds; Margin Regulations.

The Company will apply the proceeds of the sale of the Notes as set forth in Schedule 5.14. No part of the proceeds from the sale of the Notes hereunder will be used, directly or indirectly, for the purpose of buying or carrying any margin stock within the meaning of Regulation U of the Board of Governors of the Federal Reserve System (12 CFR 221), or for the purpose of buying or carrying or trading in any securities under such circumstances as to involve the Company in a violation of Regulation X of said Board (12 CFR 224) or to involve any broker or dealer in a violation of Regulation T of said Board (12 CFR 220). Margin stock does not constitute more than 1% of the value of the consolidated assets of the Company and its Subsidiaries and the Company does not have any present intention that margin stock will constitute more than 1% of the value of such assets. As used in this Section, the terms "**margin stock**" and "**purpose of buying or carrying**" shall have the meanings assigned to them in said Regulation U.

5.15 Existing Indebtedness; Future Liens.

(a) Except as described therein, Schedule 5.15 sets forth a complete and correct list of all outstanding Indebtedness of the Company and its Subsidiaries as of September 12, 1998 and, as to each item listed, a general description of any property securing such Indebtedness. Since the date as of which the Company has prepared Schedule 5.15, there has been no Material change in the amounts, interest rates, sinking funds, installment payments or maturities of the Indebtedness of the Company or its Subsidiaries or the security therefor. Neither the Company nor any Subsidiary is in default and no waiver of default is currently in effect, in the payment of any principal or interest on any Indebtedness of the Company or such Subsidiary and no event or condition exists with respect to any Indebtedness of the Company or any Subsidiary that would permit (or that with notice or the lapse of time, or both, would permit) one or more Persons to cause such Indebtedness to become due and payable before its stated maturity or before its regularly scheduled dates of payment.

(b) Except as disclosed in Schedule 5.15, neither the Company nor any Subsidiary has agreed or consented to cause or permit in the future (upon the happening of a contingency or otherwise) any of its property, whether now owned or hereafter acquired, to be subject to a Lien not permitted by Section 10.3.

5.16 Foreign Assets Control Regulations, etc.

Neither the sale of the Notes by the Company hereunder nor its use of the proceeds thereof will violate the Trading with the Enemy Act, as amended, or any of the foreign assets control regulations of the United States Treasury Department (31 CFR, Subtitle B, Chapter V, as amended) or any enabling legislation or executive order relating thereto.

5.17 Status under Certain Statutes.

Neither the Company nor any Subsidiary is subject to regulation under the Investment Company Act of 1940, as amended, the Public Utility Holding Company Act of 1935, as amended, the Interstate Commerce Act, as amended, or the Federal Power Act, as amended.

5.18 Environmental Matters.

Neither the Company nor any Subsidiary has knowledge of any claim or has received any notice of any claim, and no proceeding has been instituted raising any claim against the Company or any of its Subsidiaries or any of their respective real properties now or formerly owned, leased or operated by any of them or other assets, alleging any damage to the environment or violation of any Environmental Laws, except, in each case, such as could not reasonably be expected to result in a Material Adverse Effect. Except as otherwise disclosed to you in writing,

(a) neither the Company nor any Subsidiary has knowledge of any facts which would give rise to any claim, public or private, of violation of Environmental Laws or damage to the environment emanating from, occurring on or in any way related to real properties now or formerly owned, leased or operated by any of them or to other assets or their use, except, in each case, such as could not reasonably be expected to result in a Material Adverse Effect;

(b) neither the Company nor any of its Subsidiaries has stored any Hazardous Materials on real properties now or formerly owned, leased or operated by any of them and has not disposed of any Hazardous Materials in a manner contrary to any Environmental Laws in each case in any manner that could reasonably be expected to result in a Material Adverse Effect; and

(c) all buildings on all real properties now owned, leased or operated by the Company or any of its Subsidiaries are in compliance with applicable Environmental Laws, except where failure to comply could not reasonably be expected to result in a Material Adverse Effect.

5.19 Year 2000 Issues.

The Company and its Subsidiaries have made a reasonable assessment of Year 2000 Issues, have adopted a program intended to remediate all Year 2000 Issues concerning the information and other systems and computer applications operated or used by the Company and its Subsidiaries on a timely basis, and have fully complied with the requirements of the Securities and Exchange Commission regarding disclosure of Year 2000 issues. Based on such assessment and program, the Company does not reasonably anticipate that Year 2000 Issues concerning the information and other systems and computer applications operated or used by the Company and its Subsidiaries will have a Material Adverse Effect. The Company has delivered to you a copy of its Quarterly Report on Form 10-Q for the most recently ended fiscal quarter of the Company filed with the Securities and Exchange Commission. There is no fact known to the Company that is inconsistent with the continued accuracy of the information contained in such Form under the heading "Year 2000 Readiness Disclosure" and such information continues to represent

the Company's best estimate of the estimated impact of Year 2000 Issues on the Company and its Subsidiaries as provided therein.

6. REPRESENTATIONS OF THE PURCHASER.

6.1 Purchase for Investment.

You represent that (i) you are not a "creditor" as defined in Regulation T of the Board of Governors of the Federal Reserve System (12 CFR 220), (ii) you are an insurance company having its principal place of business in a state set forth on the Purchaser Schedule attached as Schedule A, (iii) you (and any separate accounts for which you are purchasing a Note or Notes) are an "accredited investor" as defined in Rule 501 of Regulation D promulgated under the Securities Act, and (iv) that you are purchasing the Notes for your own account or for one or more separate accounts maintained by you and not with a view to the distribution thereof, provided that the disposition of your or their property shall at all times be within your or their control. You understand that the Notes have not been registered under the Securities Act or any other state securities law and may be resold only if registered pursuant to the provisions of the Securities Act and applicable state securities laws or if an exemption from registration is available, except under circumstances where neither such registration nor such an exemption is required by law, and that the Company is not required to register the Notes.

6.2 Source of Funds.

You represent that at least one of the following statements is an accurate representation as to each source of funds (a **"Source"**) to be used by you to pay the purchase price of the Notes to be purchased by you hereunder:

(a) the Source is an "insurance company general account" within the meaning of Prohibited Transaction Exemption ("**PTE**") 95-60 (issued July 12, 1995) and there is no employee benefit plan (treating as a single plan all plans maintained by the same employer or employee organization) with respect to which the amount of the general account reserves and liabilities for all contracts held by or on behalf of such plan exceeds 10% of the total reserves and liabilities of such general account (exclusive of separate account liabilities) plus surplus, as set forth in your most recent annual statement in the form required by the National Association of Insurance Commissioners as filed with your state of domicile; or

(b) the Source is either (i) an insurance company pooled separate account, within the meaning of PTE 90-1 (issued January 29, 1990), or (ii) a bank collective investment fund, within the meaning of the PTE 91-38 (issued July 12, 1991) and, except as you have disclosed to the Company in writing pursuant to this paragraph (b), no employee benefit plan or group of plans maintained by the same employer or employee organization beneficially owns more than 10% of all assets allocated to such pooled separate account or collective investment fund; or

(c) the Source constitutes assets of an "investment fund" (within the meaning of Part V of the QPAM Exemption) managed by a "qualified professional asset manager" or "QPAM" (within the meaning of Part V of the QPAM Exemption), no employee benefit plan's assets that are included in such investment fund, when combined with the assets of all other employee benefit plans established or maintained by the same employer or by an affiliate (within the meaning of Section V(c)(1) of the QPAM Exemption) of such employer or by the same employee organization and managed by such QPAM, exceed 20% of the total client assets managed by such QPAM, the conditions of Part I(c) and (g) of the QPAM Exemption are satisfied, neither the QPAM nor a Person controlling or controlled by the QPAM (applying the definition of "control" in Section V(e) of the QPAM Exemption) owns a 5% or more interest in the Company, and (i) the identity of such QPAM and (ii) the names of all employee benefit plans whose assets are included in such investment fund have been disclosed to the Company in writing pursuant to this paragraph (c); or

(d) the Source is a governmental plan; or

(e) the Source is one or more employee benefit plans, or a separate account or trust fund comprised of one or more employee benefit plans, each of which has been identified to the Company in writing pursuant to this paragraph (e); or

(f) the Source does not include assets of any employee benefit plan, other than a plan exempt from the coverage of ERISA.

As used in this Section 6.2, the terms "**employee benefit plan**", "**governmental plan**", and "**separate account**" shall have the respective meanings assigned to such terms in Section 3 of ERISA.

7. INFORMATION AS TO COMPANY.

7.1 Financial and Business Information.

The Company shall deliver to each holder of Notes that is an Institutional Investor:

(a) Quarterly Statements -- within 45 days after the end of each quarterly fiscal period in each fiscal year of the Company (other than the last quarterly fiscal period of each such fiscal year), duplicate copies of,

(i) a consolidated balance sheet of the Company and its Subsidiaries as at the end of such quarter, and

(ii) consolidated statements of operations and cash flows of the Company and its Subsidiaries, for such quarter and (in the case of the second and third quarters) for the portion of the fiscal year ending with such quarter,

setting forth in each case in comparative form the figures for the corresponding periods in the previous fiscal year, all in reasonable detail, prepared in accordance with GAAP applicable to quarterly financial statements generally, and certified by a Senior Financial Officer as fairly presenting, in all material respects, the financial position of the companies being reported on and their results of operations and cash flows, subject to changes resulting from year-end adjustments;

provided that delivery within the time period specified above of copies of the Company's Quarterly Report on Form 10-Q prepared in compliance with the requirements therefor and filed with the Securities and Exchange Commission shall be deemed to satisfy the requirements of this Section 7.1(a) so long as such requirements of the Securities and Exchange Commission continue to require that Form 10-Q include the financial statements described in subparagraphs (i) and (ii) above;

(b) Annual Statements -- within 90 days after the end of each fiscal year of the Company, duplicate copies of,

(i) a consolidated balance sheet of the Company and its Subsidiaries, as at the end of such year, and

(ii) consolidated statements of operations, changes in stockholders' equity and cash flows of the Company and its Subsidiaries, for such year,

setting forth in each case in comparative form the figures for the previous fiscal year, all in reasonable detail, prepared in accordance with GAAP, and accompanied by:

(A) an opinion thereon of Ernst & Young LLP, or another firm of independent certified public accountants of comparable national standing, which opinion shall state that such financial statements present fairly, in all material respects, the financial position of the companies being reported upon and their results of operations and cash flows and have been prepared in conformity with GAAP, and that the examination of such accountants in connection with such financial statements has been made in accordance with generally accepted auditing standards, and that such audit provides a reasonable basis for such opinion in the circumstances; and

(B) a certificate of such accountants stating that they have reviewed this Agreement and stating further whether, in making their audit, they have become aware of any condition or event that then constitutes a Default or an Event of Default, and, if they are aware that any such condition or event then exists, specifying the nature and period of the existence thereof (it being understood that such accountants shall not be liable, directly or indirectly, for any failure to obtain knowledge of any Default or Event of Default unless such accountants should have obtained knowledge thereof in making an audit in accordance with generally accepted auditing standards or did not make such an audit);

provided that the delivery within the time period specified above of the Company's Annual Report on Form 10-K for such fiscal year (together with the Company's annual report to shareholders, if any, prepared pursuant to Rule 14a-3 under the Exchange Act) prepared in accordance with the requirements therefor and filed with the Securities and Exchange Commission, together with the accountant's certificate described in clause (B) above, shall be deemed to satisfy the requirements of this Section 7.1(b) so long as such requirements of the Securities and Exchange Commission continue to require that Form 10-K include the financial statements described in subparagraphs (i) and (ii) above;

(c) SEC and Other Reports -- promptly upon their becoming available, one copy of (i) each financial statement, report, notice or proxy statement sent by the Company or any Subsidiary to public securities holders generally, and (ii) each regular or periodic report, each registration statement (without exhibits except as expressly requested by such holder), and each prospectus and all amendments thereto filed by the Company or any Subsidiary with the Securities and Exchange Commission and of all press releases and other statements made available generally by the Company or any Subsidiary to the public concerning developments that are Material;

(d) Notice of Default or Event of Default -- promptly, and in any event within five days after a Responsible Officer becoming aware of the existence of any Default or Event of Default or that any Person has given any notice or taken any action with respect to a claimed default hereunder or that any Person has given any notice or taken any action with respect to a claimed default of the type referred to in Section 11(f), a written notice specifying the nature and period of existence thereof and what action the Company is taking or proposes to take with respect thereto;

(e) ERISA Matters -- promptly, and in any event within ten days after a Responsible Officer becoming aware of any of the following, a written notice setting forth the nature thereof and the action, if any, that the Company or an ERISA Affiliate proposes to take with respect thereto:

(i) with respect to any Plan, any reportable event, as defined in section 4043(b) of ERISA and the regulations thereunder, for which notice thereof has not been waived pursuant to such regulations as in effect on the date hereof; or

(ii) the taking by the PBGC of steps to institute, or the threatening by the PBGC of the institution of, proceedings under section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any Plan, or the receipt by the Company or any ERISA Affiliate of a notice from a Multiemployer Plan that such action has been taken by the PBGC with respect to such Multiemployer Plan if such termination is reasonably likely to result in liability of the Company or any Subsidiary to PBGC or any Plan in excess of \$200,000; or

(iii) any event, transaction or condition that could result in the incurrence of any liability by the Company or any ERISA Affiliate pursuant to Title I or IV of ERISA or the penalty or excise tax provisions of the Code relating to employee benefit plans, or in the imposition of any Lien on any of the rights, properties or assets of the Company or any ERISA Affiliate pursuant to Title I or IV of ERISA or such penalty or excise tax provisions, if such liability or Lien, taken together with any other such liabilities or Liens then existing, could reasonably be expected to have a Material Adverse Effect; or

(iv) if at any time the aggregate "amount of unfunded benefit liabilities" (within the meaning of section 4001(a)(18) of ERISA) under all Plans, determined in accordance with Title IV of ERISA, shall exceed \$50,000;

(f) Notices From Governmental Authority -- promptly, and in any event within 30 days of receipt thereof, copies of any notice to the Company or any Subsidiary from any Federal or state Governmental Authority relating to any Law that could reasonably be expected to have a Material Adverse Effect;

(g) Rule 144A Information -- with reasonable promptness, any information necessary to permit any such holder to comply with Rule 144A under the Securities Act, or any successor rule; and

(h) Requested Information -- with reasonable promptness, such other data and information relating to the business, operations, affairs, financial condition, assets or properties of the Company or any of its Subsidiaries or relating to the ability of the Company to perform its obligations hereunder and under the Notes as from time to time may be reasonably requested by any holder of Notes that is an Institutional Investor.

7.2 Officer's Certificate.

Each set of financial statements delivered to a holder of Notes pursuant to Section 7.1(a) or Section 7.1(b) hereof shall be accompanied by a certificate of a Senior Financial Officer setting forth:

(a) Covenant Compliance -- the information (including detailed calculations) required in order to establish whether the Company was in compliance with the requirements of Sections 10.1 through 10.7 hereof, inclusive, during the quarterly or annual period covered by the statements then being furnished (including with respect to each such Section, where applicable, the calculations of the maximum or minimum amount, ratio or percentage, as the case may be, permissible under the terms of such Sections, and the calculation of the amount, ratio or percentage then in existence); and

(b) Event of Default -- a statement that such officer has reviewed the relevant terms hereof and has made, or caused to be made, under his or her supervision, a review of the transactions and conditions of the Company and its Subsidiaries from the beginning of the quarterly or annual period covered by the statements then being furnished to the date of the certificate and that such review shall not have disclosed the existence during such period of any condition or event that constitutes a Default or an Event of Default or, if any such condition or event existed or exists (including, without limitation, any such event or condition resulting from the failure of the Company or any Subsidiary to comply with any Law), specifying the nature and period of existence thereof and what action the Company shall have taken or proposes to take with respect thereto.

7.3 Inspection.

The Company shall permit the representatives of each holder of Notes that is an Institutional Investor:

(a) No Default -- if no Default or Event of Default then exists, at the expense of such holder and upon reasonable prior notice to the Company, to visit the principal executive office of the Company, to discuss the affairs, finances and accounts of the Company and its Subsidiaries with the Company's officers, and (with the consent of the Company, which consent will not be unreasonably withheld, and after giving the Company the opportunity to accompany the holder on such visitation) its independent public accountants, and (with the consent of the Company, which consent will not be unreasonably withheld) to visit the other offices and properties of the Company and each Subsidiary, all at such reasonable times and as often as may be reasonably requested in writing; and

(b) Default -- if a Default or Event of Default then exists, at the expense of the Company to visit and inspect any of the offices or properties of the

Company or any Subsidiary, to examine all their respective books of account, records, reports and other papers, to make copies and extracts therefrom, and to discuss their respective affairs, finances and accounts with their respective officers and independent public accountants (and by this provision the Company authorizes said accountants to discuss the affairs, finances and accounts of the Company and its Subsidiaries), all at such times and as often as may be requested.

8. PREPAYMENT OF THE NOTES.

8.1 Required Prepayments; Payment at Maturity.

On December 8, 2002 and on each December thereafter to and including December, 2007, the Company will prepay \$10,714,285, and on December 8, 2008 the Company will make a final payment of \$10,714,290 of principal amount (or such amount as shall then be the remaining outstanding principal amount) of the Notes at par and without payment of the Make-Whole Amount or any premium, provided that upon any partial prepayment of the Notes pursuant to Section 8.2 or Section 8.7 the principal amount of each required prepayment and the payment at final maturity of the Notes becoming due under this Section 8.1 on and after the date of such prepayment shall be reduced in the same proportion as the aggregate unpaid principal amount of the Notes is reduced as a result of such prepayment.

8.2 Optional Prepayments with Make-Whole Amount.

The Company may, at its option, upon notice as provided below, prepay at any time all, or from time to time any part of, the Notes in an amount not less than 10% of the aggregate principal amount of the Notes then outstanding in the case of a partial prepayment, at 100% of the principal amount so prepaid, plus the Make-Whole Amount determined for the prepayment date with respect to such principal amount. Any such optional payment shall be on a Business Day. The Company will give each holder of Notes written notice of each optional prepayment under this Section 8.2 not less than 30 days and not more than 60 days prior to the date fixed for such prepayment. Each such notice shall specify such date, the aggregate principal amount of the Notes to be prepaid on such date, the principal amount of each Note held by such holder to be prepaid (determined in accordance with Section 8.3), and the interest to be paid on the prepayment date with respect to such principal amount being prepaid, and shall be accompanied by a certificate of a Senior Financial Officer as to the estimated Make-Whole Amount due in connection with such prepayment (calculated as if the date of such notice were the date of the prepayment), setting forth the details of such computation. Two Business Days prior to such prepayment, the Company shall deliver to each holder of Notes a certificate via facsimile transmission of a Senior Financial Officer specifying the calculation of such Make-Whole Amount as of the specified prepayment date. The Notes shall not be subject to prepayment at the option of the Company except pursuant to this Section 8.2.

8.3 Allocation of Partial Prepayments.

Except as otherwise provided in Section 8.7, in the case of each partial prepayment of the Notes, the principal amount of the Notes to be prepaid shall be allocated among all of the Notes at the time outstanding in proportion, as nearly as practicable, to the respective unpaid principal amounts of all such Notes not theretofore called for prepayment.

8.4 Maturity; Surrender, etc.

In the case of each prepayment of Notes pursuant to this Section 8, the principal amount of each Note to be prepaid shall mature and become due and payable on the date fixed for such prepayment, together with interest on such principal amount accrued to such date and the applicable Make-Whole Amount, if any. From and after such date, unless the Company shall fail to pay such principal amount when so due and payable, together with the interest and Make-Whole Amount, if any, as aforesaid, interest on such principal amount shall cease to accrue. Any Note paid or prepaid in full shall be surrendered to the Company and cancelled and shall not be reissued, and no Note shall be issued in lieu of any prepaid principal amount of any Note.

8.5 Purchase of Notes.

The Company will not, and will not permit any Affiliate to, purchase, redeem, prepay or otherwise acquire, directly or indirectly, any of the outstanding Notes except upon the payment or prepayment of the Notes in accordance with the terms of this Agreement and the Notes. The Company will promptly cancel all Notes acquired by it or any Affiliate pursuant to any payment, prepayment or purchase of Notes pursuant to any provision of this Agreement and no Notes may be issued in substitution or exchange for any such Notes.

8.6 Make-Whole Amount.

The term "**Make-Whole Amount**" means, with respect to any Note, an amount equal to the excess, if any, of the Discounted Value of the Remaining Scheduled Payments with respect to the Called Principal of such Note over the amount of such Called Principal, provided that the Make-Whole Amount may in no event be less than zero. For the purposes of determining the Make-Whole Amount, the following terms have the following meanings:

"Called Principal" means, with respect to any Note, the principal of such Note that is to be prepaid pursuant to Section 8.2 or has become or is declared to be immediately due and payable pursuant to Section 12.1, as the context requires.

"Discounted Value" means, with respect to the Called Principal of any Note, the amount obtained by discounting all Remaining Scheduled Payments

with respect to such Called Principal from their respective scheduled due dates to the Settlement Date with respect to such Called Principal, in accordance with accepted financial practice and at a discount factor (applied on the same periodic basis as that on which interest on the Notes is payable) equal to the Reinvestment Yield with respect to such Called Principal.

"Reinvestment Yield" means, with respect to the Called Principal of any Note, the rate per annum equal to 0.50% *plus* the yield to maturity implied by (i) the yields reported (offer side), as of 10:00 A.M. (New York City time) on the second Business Day preceding the Settlement Date with respect to such Called Principal, on the Bloomberg Financial Markets Service for actively traded U.S. Treasury securities having a maturity equal to the Remaining Average Life of such Called Principal as of such Settlement Date, or (ii) if such yields are not reported as of such time or the yields reported as of such time are not ascertainable, the Treasury Constant Maturity Series Yields reported, for the latest day for which such yields have been so reported as of the second Business Day preceding the Settlement Date with respect to such Called Principal, in Federal Reserve Statistical Release H.15 (519) (or any comparable successor publication) for actively traded U.S. Treasury securities having a constant maturity equal to the Remaining Average Life of such Called Principal as of such Settlement Date. Such implied yield in (i) and (ii) above will be determined, if necessary, by (a) converting U.S. Treasury bill quotations to bond-equivalent yields in accordance with accepted financial practice and (b) interpolating linearly between (1) the actively traded U.S. Treasury security with the maturity closest to and greater than the Remaining Average Life and (2) the actively traded U.S. Treasury security with the maturity closest to and less than the Remaining Average Life.

"Remaining Average Life" means, with respect to any Called Principal, the number of years (calculated to the nearest one-twelfth year) obtained by dividing (i) such Called Principal into (ii) the sum of the products obtained by multiplying (a) the principal component of each Remaining Scheduled Payment with respect to such Called Principal by (b) the number of years (calculated to the nearest one-twelfth year) that will elapse between the Settlement Date with respect to such Called Principal and the scheduled due date of such Remaining Scheduled Payment.

"Remaining Scheduled Payments" means, with respect to the Called Principal of any Note, all payments of such Called Principal and interest thereon that would be due after the Settlement Date with respect to such Called Principal if no payment of such Called Principal were made prior to its scheduled due date, provided that if such Settlement Date is not a date on which interest payments are due to be made under the terms of the Notes, then the amount of the next succeeding scheduled interest payment will be reduced by the amount of interest accrued to such Settlement Date and required to be paid on such Settlement Date pursuant to Section 8.2 or 12.1.

"Settlement Date" means, with respect to the Called Principal of any Note, the date on which such Called Principal is to be prepaid pursuant to Section 8.2 has become or is declared to be immediately due and payable pursuant to Section 12.1, as the context requires.

8.7 Offer to Prepay Notes in the Event of a Debt Prepayment Application.

(a) **Notice of Debt Prepayment Application.** In the event of a Debt Prepayment Application pursuant to Section 10.7, the Company shall offer to prepay, in accordance with and subject to the definition of Debt Prepayment Application, the Ratable Portion of each Note held by each holder on the Business Day specified in such offer, which date shall occur prior to the expiration of the 365 day period specified in Section 10.7 and no later than the first Debt Prepayment Application with respect to any other Senior Funded Debt of the Company or any of its Subsidiaries (the **"Proposed DPA Prepayment Date"**). The Proposed DPA Prepayment Date shall be not less than 30 days and not more than 60 days after the date of such offer (if the Proposed DPA Prepayment Date shall not be specified in such offer, the Proposed DPA Prepayment Date shall be the 60th day after the date of such offer, or if such date is not a Business Day, then on the last Business Day prior to such date). Each offer under this Section 8.7(a) shall be accompanied by the certificate described in subparagraph (d) of this Section 8.7.

(b) **Acceptance.** A holder of Notes may accept an offer to prepay made pursuant to Section 8.7(a) by causing a notice of such acceptance to be delivered to the Company at least five Business Days prior to the Proposed DPA Prepayment Date. A failure by any holder of Notes to respond to an offer to prepay made pursuant to this Section 8.7 shall be deemed to constitute a rejection of such offer by such holder.

(c) **Prepayment.** Prepayment of the Notes to be prepaid pursuant to this Section 8.7 shall be at 100% of the principal amount of such Notes, or such lesser principal amount as shall equal the Ratable Portion of the Notes being repaid, together with interest on such Notes accrued to the date of prepayment. The prepayment shall be made on the Proposed DPA Prepayment Date.

(d) **Officer's Certificate.** Each offer to prepay the Notes pursuant to Section 8.7(a) shall be accompanied by a certificate of a Senior Financial Officer of the Company, dated the date of such offer and specifying: (i) the Proposed DPA Prepayment Date; (ii) that such offer is made pursuant to Section 8.7(a); (iii) the aggregate principal amount of all Notes, and the principal amount of each Note, offered to be prepaid (determined in accordance with the definition of Ratable Portion); (iv) the interest that would be due on each Note offered to be prepaid, accrued to the Proposed DPA Prepayment Date; and (v) in reasonable

detail, the respective natures, dates and Net Proceeds Amounts of the Asset Dispositions giving rise to such offer of prepayment.

9. AFFIRMATIVE COVENANTS.

The Company covenants that so long as any of the Notes are outstanding:

9.1 Compliance with Law.

The Company will and will cause each of its Subsidiaries to comply with all Laws to which each of them is subject, including, without limitation, Environmental Laws and ERISA, and will obtain and maintain in effect all licenses, certificates, permits, franchises and other governmental authorizations necessary to the ownership of their respective properties or to the conduct of their respective businesses, in each case to the extent necessary to ensure that non-compliance with such Laws or failures to obtain or maintain in effect such licenses, certificates, permits, franchises and other governmental authorizations could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

9.2 Insurance.

The Company will and will cause each of its Subsidiaries to maintain, with financially sound and reputable insurers, insurance with respect to their respective properties and businesses against such casualties and contingencies, of such types, on such terms and in such amounts (including deductibles, co-insurance and self-insurance, if adequate reserves are maintained with respect thereto) as is customary in the case of entities of established reputations engaged in the same or a similar business and similarly situated.

9.3 Maintenance of Properties.

The Company will and will cause each of its Subsidiaries to maintain and keep, or cause to be maintained and kept, their respective properties in good repair, working order and condition (other than ordinary wear and tear), so that the business carried on in connection therewith may be properly conducted at all times, provided that this Section shall not prevent the Company or any Subsidiary from discontinuing the operation and the maintenance of any of its properties if such discontinuance is desirable in the conduct of its business and the Company has concluded that such discontinuance could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

9.4 Payment of Taxes and Claims.

The Company will and will cause each of its Subsidiaries to file all tax returns required to be filed in any jurisdiction and to pay and discharge all Taxes shown

to be due and payable on such returns and all other Taxes imposed on them or any of their properties, assets, income or franchises, to the extent such Taxes have become due and payable and before they have become delinquent and all claims for which sums have become due and payable that have or might become a Lien on properties or assets of the Company or any Subsidiary, provided that neither the Company nor any Subsidiary need pay any such Tax or claims if (i) the amount, applicability or validity thereof is contested by the Company or such Subsidiary on a timely basis in good faith and in appropriate proceedings, and the Company or a Subsidiary has established adequate reserves therefor in accordance with GAAP on the books of the Company or such Subsidiary or (ii) the nonpayment of all such taxes and assessments in the aggregate could not reasonably be expected to have a Material Adverse Effect.

9.5 Corporate Existence, etc..

The Company will at all times preserve and keep in full force and effect its corporate existence. Subject to Sections 10.6, 10.7 and 10.8, the Company will at all times preserve and keep in full force and effect the legal existence of each of its Subsidiaries (unless merged into the Company or a Wholly-Owned Subsidiary) and all rights and franchises of the Company and its Subsidiaries unless, in the good faith judgment of the Company, the termination of or failure to preserve and keep in full force and effect such legal existence, right or franchise could not, individually or in the aggregate, have a Material Adverse Effect.

10. NEGATIVE COVENANTS.

The Company covenants that so long as any of the Notes are outstanding:

10.1 Fixed Charge Coverage.

The Company will not, at any time, permit the Fixed Charges Coverage Ratio to be less than 1.5 to 1.0.

10.2 Maintenance of Consolidated Net Worth.

The Company shall not, at any time, permit Consolidated Net Worth to be less than the sum of (a) \$220,000,000, minus (b) Net Repurchase Expenditures, if any, at such time, plus (c) 40% of its aggregate Consolidated Net Earnings (but only if a positive number) for the period beginning on September 13, 1998 and ending at the end of the fiscal quarter most recently completed at such time.

10.3 Liens.

The Company will not, and will not permit any of its Subsidiaries to, directly or indirectly create, incur, assume or permit to exist (upon the happening of a contingency or otherwise) any Lien on or with respect to any property (including, without

limitation, any document or instrument in respect of goods or accounts receivable) of the Company or any Subsidiary, whether now owned or held or hereafter acquired, or any income or profits therefrom (whether or not provision is made for the equal and ratable securing of the Notes in accordance with the last paragraph of this Section 10.3), or assign or otherwise convey any right to receive income or profits, except:

(a) Liens for Taxes which are not yet due and payable or the payment of which is not at the time required by Section 9.4;

(b) any attachment or judgment Lien, unless the judgment it secures shall not, within 60 days after the entry thereof, have been discharged or execution thereof stayed pending appeal, or shall not have been discharged within 60 days after the expiration of any such stay, provided that the Company and its Subsidiaries may incur and permit to exist attachment and judgment Liens not otherwise permitted by this subparagraph (b) if the judgments secured thereby shall not at any time exceed, in the aggregate, \$5,000,000, and provided, further, that no attachment or judgment Lien permitted by this subparagraph shall secure a judgment in excess of \$10,000,000 for a period in excess of 60 days after the entry thereof;

(c) leases or subleases granted to others, easements, rights-of-way, restrictions and other similar charges or encumbrances, in each case incidental to, and not interfering with, the ordinary conduct of the business of the Company or any of its Subsidiaries, provided that such Liens do not, in the aggregate, materially detract from the value of such property;

(d) other Liens incidental to the normal conduct of the business of the Company or any Subsidiary or the ownership of their respective properties which are not incurred in connection with the incurrence or maintenance of Indebtedness and which do not in the aggregate materially impair the use of any property subject thereto in the operation of the business of the Company or any Subsidiary, or materially detract from the value of such property;

(e) Liens existing on the date of this Agreement on the property described by category in the column entitled "Collateral" on Schedule 5.15 and securing, in each case, the Debt of the Company and its Subsidiaries referred to in the corresponding item of such Schedule 5.15;

(f) any Lien renewing, extending or refunding any Lien permitted by subparagraph (e) of this Section, provided that (i) the principal amount of Debt secured by such Lien immediately prior to such extension, renewal or refunding is not increased or the maturity thereof reduced, (ii) such Lien is not extended to any other property, and (iii) immediately after such extension, removal or refunding no Default or Event of Default would exist;

(g) Liens on property of any Subsidiary of the Company securing Indebtedness owing to the Company or to any of its Wholly-Owned Subsidiaries;

(h) any Lien created to secure all or any part of the purchase price, or to secure Debt incurred or assumed to pay all or any part of the purchase price or cost of construction, of tangible property (or any improvement thereon) acquired or constructed by the Company or a Subsidiary after the date of the Closing, provided that

(i) any such Lien shall extend solely to the item or items of such property (or improvement thereon) so acquired or constructed and, if required by the terms of the instrument originally creating such Lien, other property (or improvement thereon) which is an improvement to or is acquired for specific use in connection with such acquired or constructed property (or improvement thereon) or which is real property being improved by such acquired or constructed property (or improvement thereon),

(ii) the principal amount of the Debt secured by any such Lien shall at no time exceed an amount equal to the lesser of (A) the cost to the Company or such Subsidiary of the property (or improvement thereon) so acquired or constructed or (B) the Fair Market Value (as determined in good faith by the Board of Directors of the Company) of such property (or improvement thereon) at the time of such acquisition or construction, and

(iii) any such Lien shall be created contemporaneously with, or within 180 days after, the acquisition or the completion of construction of such property;

(i) any Lien existing on property of a Person immediately prior to its being consolidated or merged with the Company or its becoming a Subsidiary, or any Lien existing on any property acquired by the Company or any Subsidiary at the time such property is so acquired (whether or not the Debt secured thereby shall have been assumed), provided that (i) no such Lien shall have been created or assumed in contemplation of such consolidation or merger or such Person's becoming a Subsidiary or such acquisition of property, (ii) each such Lien shall extend solely to the item or items of property so acquired and, if required by the terms of the instrument originally creating such Lien, other property which is an improvement to or is acquired for specific use in connection with such acquired property and (iii) the principal amount of the Debt secured by any such Lien shall at no time exceed an amount equal to the lesser of (A) the cost to the Company or such Subsidiary of such property, as reflected on the books of the Company or such Subsidiary immediately after such merger, consolidation or acquisition in accordance with GAAP, or (B) the Fair Market Value (as

determined in good faith by the Board of Directors of the Company) of such property at the time of such merger, consolidation or acquisition.; and

(j) other Liens not otherwise permitted by subparagraphs (a) through (i) of this section securing Funded Debt of the Company or any Subsidiary, provided that the aggregate amount of such Funded Debt secured by Liens permitted by this subparagraph (j) shall not at any time exceed 20% of Consolidated Net Worth as of the end of the then most recently ended fiscal quarter of the Company.

10.4 Incurrence of Funded Debt.

The Company will not, and will not permit any Subsidiary to, directly or indirectly create, incur, assume, guarantee or otherwise become directly or indirectly liable with respect to, any Funded Debt, except:

(a) the Notes;

(b) Funded Debt of a Subsidiary to the Company or to a Wholly-Owned Subsidiary; and

(c) additional Funded Debt of the Company and its Subsidiaries, provided that immediately after giving effect to the incurrence thereof and to the application of the proceeds therefrom, Consolidated Funded Debt does not exceed 55% of Consolidated Total Capitalization.

For the purposes of this Section 10.4, any Person becoming a Subsidiary after the date hereof shall be deemed, at the time it becomes a Subsidiary, to have incurred all of its then outstanding Debt, and any Person extending, renewing or refunding any Debt shall be deemed to have incurred such Debt at the time of such extension, renewal or refunding.

10.5 Priority Debt.

The Company shall not at any time permit Priority Debt to exceed the greater of (i) \$59,000,000 or (ii) 20% of Consolidated Net Worth as of the end of the then most recently ended fiscal quarter of the Company.

10.6 Merger or Consolidation.

The Company shall not, and shall not permit any Subsidiary to, merge or consolidate with any other Person, except that:

(i) any Subsidiary may merge or consolidate with and into the Company or a Wholly-Owned Subsidiary, provided that the Company or such

Wholly-Owned Subsidiary shall be the successor formed by such consolidation or the survivor of such merger; and

(ii) the Company may merge or consolidate with any other corporation so long as:

(a) the successor formed by such consolidation or the survivor of such merger, as the case may be (the "**Successor Corporation**"), shall be a solvent corporation organized and existing under the laws of the United States of America, any State thereof or the District of Columbia;

(b) if the Company is not the Successor Corporation, such corporation shall have executed and delivered to each holder of Notes its assumption of the due and punctual performance and observance of each covenant and condition of this Agreement and the Notes (pursuant to such agreements and instruments as shall be reasonably satisfactory to the Required Holders), and the Company shall have caused to be delivered to each holder of Notes an opinion of Warner, Norcross & Judd LLP, or other nationally recognized independent counsel reasonably satisfactory to the Required Holders, to the effect that all agreements or instruments effecting such assumption are enforceable in accordance with their terms and comply with the terms hereof; and

(c) immediately after giving effect to such transaction:

(1) no Default or Event of Default would exist, and

(2) the Successor Corporation would be permitted by the provisions of Section 10.4 hereof to incur at least \$1.00 of additional Funded Debt owing to a Person other than a Subsidiary of the Successor Corporation.

10.7 Sale of Assets.

The Company will not, and will not permit any Subsidiary to, make any Asset Disposition *unless*:

(a) in the good faith opinion of the Company, the Asset Disposition is in exchange for consideration having a Fair Market Value at least equal to that of the property exchanged and is in the best interest of the Company or such Subsidiary;

(b) immediately after giving effect to the Asset Disposition, no Default or Event of Default would exist, and the Company would be permitted by the provisions of Section 10.4 hereof to incur at least \$1.00 of additional Funded Debt owing to a Person other than a Subsidiary; and

(c) immediately after giving effect to the Asset Disposition, the Disposition Value of all property that was the subject of any Asset Disposition occurring in the period of four fiscal quarters of the Company then next ending would not exceed 10% of Consolidated Total Assets as of the end of the then most recently ended fiscal quarter of the Company.

 If the Net Proceeds Amount for any Transfer is applied to a Debt Prepayment Application or a Property Reinvestment Application within 365 days after such Transfer, then such Transfer, only for the purpose of determining compliance with subsection (c) of this Section 10.7 as of a date on or after the Net Proceeds Amount is so applied, shall be deemed not to be an Asset Disposition.

10.8 Transactions With Affiliates.

The Company will not and will not permit any Subsidiary to enter into directly or indirectly any transaction or Material group of related transactions (including without limitation the purchase, lease, sale or exchange of properties of any kind or the rendering of any service) with any Affiliate (other than the Company or another Subsidiary), except in the ordinary course and pursuant to the reasonable requirements of the Company's or such Subsidiary's business and upon fair and reasonable terms no less favorable to the Company or such Subsidiary than would be obtainable in a comparable arm's length transaction with a Person not an Affiliate.

10.9 Nature of Business.

The Company will not, and will not permit any of its Subsidiaries to, engage to any substantial extent in any business other than the businesses in which the Company and its Subsidiaries are engaged on the date of this Agreement as described in the Memorandum, and businesses reasonably related thereto or in furtherance thereof.

11. EVENTS OF DEFAULT.

An "**Event of Default**" shall exist if any of the following conditions or events shall occur and be continuing:

- (a) the Company defaults in the payment of any principal or Make-Whole Amount, if any, on any Note when the same becomes due and payable, whether at maturity or at a date fixed for prepayment or by declaration or otherwise; or
- (b) the Company defaults in the payment of any interest on any Note for more than five Business Days after the same becomes due and payable; or

(c) the Company defaults in the performance of or compliance with any term contained in Sections 7.1(d) or Section 10.1 through Section 10.9, inclusive; or

(d) the Company defaults in the performance of or compliance with any term contained herein (other than those referred to in paragraphs (a), (b) and (c) of this Section 11) and such default is not remedied within 30 days after the earlier of (i) a Responsible Officer obtaining actual knowledge of such default and (ii) the Company receiving written notice of such default from any holder of a Note (any such written notice to be identified as a "notice of default" and to refer specifically to this paragraph (d) of Section 11); or

(e) any representation or warranty made in writing by or on behalf of the Company or by any officer of the Company in this Agreement or in any writing furnished in connection with the transactions contemplated hereby proves to have been false or incorrect in any material respect on the date as of which made; or

(f) (i) the Company or any Subsidiary is in default (as principal or as guarantor or other surety) in the payment of any principal of or premium or make-whole amount or interest on any Indebtedness that is outstanding in an aggregate principal amount of at least \$5,000,000 beyond any period of grace provided with respect thereto, or (ii) the Company or any Subsidiary is in default in the performance of or compliance with any term of any evidence of any Indebtedness in an aggregate outstanding principal amount of at least \$5,000,000 or of any mortgage, indenture or other agreement relating thereto or any other condition exists, and as a consequence of such default or condition such Indebtedness has become, or has been declared, due and payable before the stated maturity or before the regularly scheduled dates of payment of such Indebtedness, or (iii) as a consequence of the occurrence or continuation of any event or condition (other than the passage of time or the right of the holder of any Indebtedness to convert such Indebtedness into equity interests), the Company or any Subsidiary has become obligated to purchase, redeem, collateralize or pay, or to establish a sinking fund for, any Indebtedness before the regular maturity or before the regularly scheduled dates of payment (or before any regularly scheduled date of mandatory purchase, redemption, collateralization, or sinking fund payment) of such Indebtedness in an aggregate outstanding principal amount of at least \$5,000,000.

(g) the Company or any Material Subsidiary (i) is generally not paying, or admits in writing its inability to pay, its debts as they become due, (ii) files, or consents by answer or otherwise to the filing against it of, a petition for relief or reorganization or arrangement or any other petition in bankruptcy, for liquidation or to take advantage of any bankruptcy, insolvency, reorganization, moratorium or other similar law of any jurisdiction, (iii) makes an assignment for the benefit of

its creditors, (iv) consents to the appointment of a custodian, receiver, trustee or other officer with similar powers with respect to it or with respect to any substantial part of its property, (v) is adjudicated as insolvent or to be liquidated, or (vi) takes corporate action for the purpose of any of the foregoing; or

(h) a court or Governmental Authority of competent jurisdiction enters an order appointing, without consent by the Company or any of its Material Subsidiaries, a custodian, receiver, trustee or other officer with similar powers with respect to it or with respect to any substantial part of its property, or constituting an order for relief or approving a petition for relief or reorganization or any other petition in bankruptcy or for liquidation or to take advantage of any bankruptcy or insolvency law of any jurisdiction, or ordering the dissolution, winding-up or liquidation of the Company or any of its Material Subsidiaries, or any such petition shall be filed against the Company or any of its Material Subsidiaries and such petition shall not be dismissed within 60 days; or

(i) a final judgment or judgments or one or more final orders of one or more courts or Governmental Authorities of competent jurisdiction providing for the payment of money aggregating in excess of \$5,000,000 are rendered against one or more of the Company and its Subsidiaries and such judgments or orders are not, within 60 days after entry thereof, bonded, discharged or stayed pending appeal, or are not discharged within 60 days after the expiration of such stay; or

(j) if (i) any Plan shall fail to satisfy the minimum funding standards of ERISA or the Code for any plan year or part thereof or a waiver of such standards or extension of any amortization period is sought or granted under section 412 of the Code, (ii) a notice of intent to terminate any Plan shall have been or is reasonably expected to be filed with the PBGC or the PBGC shall have instituted proceedings under ERISA section 4042 to terminate or appoint a trustee to administer any Plan or the PBGC shall have notified the Company or any ERISA Affiliate that a Plan may become a subject of any such proceedings, (iii) the aggregate "amount of unfunded benefit liabilities" (within the meaning of section 4001(a)(18) of ERISA) under all Plans, determined in accordance with Title IV of ERISA, shall exceed \$200,000, (iv) the Company or any ERISA Affiliate shall have incurred or is reasonably expected to incur any liability pursuant to Title I or IV of ERISA or the penalty or excise tax provisions of the Code relating to employee benefit plans, (v) the Company or any ERISA Affiliate withdraws from any Multiemployer Plan, or (vi) the Company or any Subsidiary establishes or amends any employee welfare benefit plan that provides post employment welfare benefits in a manner that would increase the liability of the Company or any Subsidiary thereunder; and any such event or events described in clauses (i) through (vi) above, either individually or together with any other such event or events, could reasonably be expected to have a Material Adverse Effect.

As used in Section 11(j), the terms "**employee benefit plan**" and "**employee welfare benefit plan**" shall have the respective meanings assigned to such terms in Section 3 of ERISA.

12. REMEDIES ON DEFAULT, ETC.

12.1 Acceleration.

(a) If an Event of Default with respect to the Company described in paragraph (g) or (h) of Section 11 (other than an Event of Default described in clause (i) of paragraph (g) or described in clause (vi) of paragraph (g) by virtue of the fact that such clause encompasses clause (i) of paragraph (g)) has occurred, all the Notes then outstanding shall automatically become immediately due and payable.

(b) If any other Event of Default has occurred and is continuing, any holder or holders of 35% or more in principal amount of the Notes at the time outstanding may at any time at its or their option, by notice or notices to the Company, declare all the Notes then outstanding to be immediately due and payable.

(c) If any Event of Default described in paragraph (a) or (b) of Section 11 has occurred and is continuing, any holder or holders of Notes at the time outstanding affected by such Event of Default may at any time, at its or their option, by notice or notices to the Company, declare all the Notes held by it or them to be immediately due and payable.

Upon any Notes becoming due and payable under this Section 12.1, whether automatically or by declaration, such Notes will forthwith mature and the entire unpaid principal amount of such Notes, plus (x) all accrued and unpaid interest thereon and (y) the Make-Whole Amount determined in respect of such principal amount (to the full extent permitted by applicable law), shall all be immediately due and payable, in each and every case without presentment, demand, protest or further notice, all of which are hereby waived. The Company acknowledges, and the parties hereto agree, that each holder of a Note has the right to maintain its investment in the Notes free from repayment by the Company (except as herein specifically provided for) and that the provision for payment of a Make-Whole Amount by the Company in the event that the Notes are prepaid or are accelerated as a result of an Event of Default, is intended to provide compensation for the deprivation of such right under such circumstances.

12.2 Other Remedies.

If any Default or Event of Default has occurred and is continuing, and irrespective of whether any Notes have become or have been declared immediately due and payable under Section 12.1, the holder of any Note at the time outstanding may proceed to protect and enforce the rights of such holder by an action at law, suit in equity or other appropriate proceeding, whether for the specific performance of any agreement

contained herein or in any Note, or for an injunction against a violation of any of the terms hereof or thereof, or in aid of the exercise of any power granted hereby or thereby or by law or otherwise.

12.3 Rescission.

At any time after any Notes have been declared due and payable pursuant to clause (b) or (c) of Section 12.1, the holders of not less than 66% in principal amount of the Notes then outstanding, by written notice to the Company, may rescind and annul any such declaration and its consequences if (a) the Company has paid all overdue interest on the Notes, all principal of and Make-Whole Amount, if any, on any Notes that are due and payable and are unpaid other than by reason of such declaration, and (to the extent permitted by applicable Law) all interest on such overdue principal and Make-Whole Amount, if any, and any overdue interest in respect of the Notes, at the Default Rate, (b) all Events of Default and Defaults, other than non-payment of amounts that have become due solely by reason of such declaration, have been cured or have been waived pursuant to Section 17, and (c) no judgment or decree has been entered for the payment of any monies due pursuant hereto or to the Notes. No rescission and annulment under this Section 12.3 will extend to or affect any subsequent Event of Default or Default or impair any right consequent thereon.

12.4 No Waivers or Election of Remedies, Expenses, etc.

No course of dealing and no delay on the part of any holder of any Note in exercising any right, power or remedy shall operate as a waiver thereof or otherwise prejudice such holder's rights, powers or remedies. No right, power or remedy conferred by this Agreement or by any Note upon any holder thereof shall be exclusive of any other right, power or remedy referred to herein or therein or now or hereafter available at law, in equity, by statute or otherwise. Without limiting the obligations of the Company under Section 15, the Company will pay to the holder of each Note on demand such further amount as shall be sufficient to cover all costs and expenses of such holder incurred in any enforcement or collection under this Section 12, including, without limitation, reasonable attorneys' fees, expenses and disbursements.

13. REGISTRATION; EXCHANGE; SUBSTITUTION OF NOTES.

13.1 Registration of Notes.

The Company shall keep at its principal executive office a register for the registration and registration of transfers of Notes. The name and address of each holder of one or more Notes, each transfer thereof and the name and address of each transferee of one or more Notes shall be registered in such register. Prior to due presentment for registration of transfer, the Person in whose name any Note shall be registered shall be deemed and treated as the owner and holder thereof for all purposes hereof, and the Company shall not be affected by any notice or knowledge to the contrary. The Company

shall give to any holder of a Note that is an Institutional Investor promptly upon request therefor, a complete and correct copy of the names and addresses of all registered holders of Notes.

13.2 Transfer and Exchange of Notes.

Upon surrender of any Note at the principal executive office of the Company for registration of transfer or exchange (and in the case of a surrender for registration of transfer, duly endorsed or accompanied by a written instrument of transfer duly executed by the registered holder of such Note or his attorney duly authorized in writing and accompanied by the address for notices of each transferee of such Note or part thereof), the Company shall execute and deliver, at the Company's expense (except as provided below), one or more new Notes (as requested by the holder thereof) in exchange therefor, in an aggregate principal amount equal to the unpaid principal amount of the surrendered Note. Each such new Note shall be payable to such Person as such holder may request and shall be substantially in the form of Exhibit 1. Each such new Note shall be dated and bear interest from the date to which interest shall have been paid on the surrendered Note or dated the date of the surrendered Note if no interest shall have been paid thereon. The Company may require payment of a sum sufficient to cover any stamp tax or governmental charge imposed in respect of any such transfer of Notes. Notes shall not be transferred in denominations of less than \$1,000,000 or, prior to the occurrence of any Default or Event of Default, to any person which is not (i) you or any Other Purchaser, (ii) an Affiliate of you or of any Other Purchaser, (iii) an Institutional Investor, or (iv) a nominee of a Person referred to in the foregoing clauses (i)-(iii), provided that such nominee is an Affiliate of such Person or is an entity or institution described in clause (c) of the definition of Institutional Investor, provided that if necessary to enable the registration of transfer by a holder of its entire holding of Notes, one Note may be in a denomination of less than \$1,000,000. Any transferee, by its acceptance of a Note registered in its name (or the name of its nominee), shall be deemed to have made the representation set forth in Section 6.2.

13.3 Replacement of Notes.

Upon receipt by the Company of evidence reasonably satisfactory to it of the ownership of and the loss, theft, destruction or mutilation of any Note (which evidence shall be, in the case of an Institutional Investor, notice from such Institutional Investor of such ownership and such loss, theft, destruction or mutilation), and

(a) in the case of loss, theft or destruction, upon receipt of indemnity reasonably satisfactory to it (provided that if the holder of such Note is, or is a nominee for, an original Purchaser or another holder of a Note with a minimum net worth of at least \$50,000,000, such Person's own unsecured agreement of indemnity shall be deemed to be satisfactory), or

(b) in the case of mutilation, upon surrender and cancellation thereof, the Company at its own expense shall execute and deliver, in lieu thereof, a new Note, dated and bearing interest from the date to which interest shall have been paid on such lost, stolen, destroyed or mutilated Note or dated the date of such lost, stolen, destroyed or mutilated Note if no interest shall have been paid thereon.

14. PAYMENTS ON NOTES.

14.1 Place of Payment.

Subject to Section 14.2, payments of principal, Make-Whole Amount, if any, and interest becoming due and payable on the Notes shall be made in New York, New York, at the principal office of The Bank of New York in such jurisdiction. The Company may at any time, by notice to each holder of a Note, change the place of payment of the Notes so long as such place of payment shall be either the principal office of the Company in such jurisdiction or the principal office of a bank or trust company in such jurisdiction.

14.2 Home Office Payment.

So long as you or your nominee shall be the holder of any Note, and notwithstanding anything contained in Section 14.1 or in such Note to the contrary, the Company will pay all sums becoming due on such Note for principal, Make-Whole Amount, if any, and interest by the method and at the address specified for such purpose below your name in Schedule A, or by such other method or at such other address as you shall have from time to time specified to the Company in writing for such purpose, without the presentation or surrender of such Note or the making of any notation thereon, except that upon written request of the Company made concurrently with or reasonably promptly after payment or prepayment in full of any Note, you shall surrender such Note for cancellation, reasonably promptly after any such request, to the Company at its principal executive office or at the place of payment most recently designated by the Company pursuant to Section 14.1. Prior to any sale or other disposition of any Note held by you or your nominee you will, at your election, either endorse thereon the amount of principal paid thereon and the last date to which interest has been paid thereon or surrender such Note to the Company in exchange for a new Note or Notes pursuant to Section 13.2. The Company will afford the benefits of this Section 14.2 to any Institutional Investor that is the direct or indirect transferee of any Note purchased by you under this Agreement and that has made the same agreement relating to such Note as you have made in this Section 14.2.

15. EXPENSES, ETC.

15.1 Transaction Expenses.

Whether or not the transactions contemplated hereby are consummated, the Company will pay all costs and expenses (including reasonable attorneys' fees of a special counsel and, if reasonably required, local or other counsel) incurred by you and each Other Purchaser or holder of a Note in connection with such transactions and in connection with any amendments, waivers or consents under or in respect of this Agreement or the Notes (whether or not such amendment, waiver or consent becomes effective), including, without limitation: (a) the costs and expenses incurred in enforcing or defending (or determining whether or how to enforce or defend) any rights under this Agreement or the Notes or in responding to any subpoena or other legal process or informal investigative demand issued in connection with this Agreement or the Notes, or by reason of being a holder of any Note, and (b) the costs and expenses, including financial advisors' fees, incurred in connection with the insolvency or bankruptcy of the Company or any Subsidiary or in connection with any work-out or restructuring of the transactions contemplated hereby and by the Notes. The Company will pay, and will save you and each other holder of a Note harmless from, all claims in respect of any fees, costs or expenses if any, of brokers and finders (other than those retained by you).

15.2 Survival.

The obligations of the Company under this Section 15 will survive the payment or transfer of any Note, the enforcement, amendment or waiver of any provision of this Agreement or the Notes, and the termination of this Agreement.

16. SURVIVAL OF REPRESENTATIONS AND WARRANTIES; ENTIRE AGREEMENT.

All representations and warranties contained herein shall survive the execution and delivery of this Agreement and the Notes, the purchase or transfer by you of any Note or portion thereof or interest therein and the payment of any Note, and may be relied upon by any subsequent holder of a Note, regardless of any investigation made at any time by or on behalf of you or any other holder of a Note. All statements contained in any certificate or other instrument delivered by or on behalf of the Company pursuant to this Agreement shall be deemed representations and warranties of the Company under this Agreement. Subject to the preceding sentence, this Agreement and the Notes embody the entire agreement and understanding between you and the Company and supersede all prior agreements and understandings relating to the subject matter hereof.

17. AMENDMENT AND WAIVER.

17.1 Requirements.

This Agreement and the Notes may be amended, and the observance of any term hereof or of the Notes may be waived (either retroactively or prospectively), with (and only with) the written consent of the Company and the Required Holders, except that (a) no amendment or waiver of any of the provisions of Section 1, 2, 3, 4, 5, 6 or 21 hereof, or any defined term (as it is used therein), will be effective as to you unless consented to by you in writing, and (b) no such amendment or waiver may, without the written consent of the holder of each Note at the time outstanding affected thereby, (i) subject to the provisions of Section 12 relating to acceleration or rescission, change the amount or time of any prepayment or payment of principal of, or reduce the rate or change the time of payment or method of computation of interest or of the Make-Whole Amount on, the Notes, (ii) change the percentage of the principal amount of the Notes the holders of which are required to consent to any such amendment or waiver, or (iii) amend any of Sections 8, 11(a), 11(b), 12, 17 or 20.

17.2 Solicitation of Holders of Notes.

(a) Solicitation. The Company will provide each holder of the Notes (irrespective of the amount of Notes then owned by it) with sufficient information, sufficiently far in advance of the date a decision is required, to enable such holder to make an informed and considered decision with respect to any proposed amendment, waiver or consent in respect of any of the provisions hereof or of the Notes. The Company will deliver executed or true and correct copies of each amendment, waiver or consent effected pursuant to the provisions of this Section 17 to each holder of outstanding Notes promptly following the date on which it is executed and delivered by, or receives the consent or approval of, the requisite holders of Notes.

(b) Payment. The Company will not directly or indirectly pay or cause to be paid any remuneration, whether by way of supplemental or additional interest, fee or otherwise, or grant any security, to any holder of Notes as consideration for or as an inducement to the entering into by any holder of Notes of any waiver or amendment of any of the terms and provisions hereof unless such remuneration is concurrently paid, or security is concurrently granted, on the same terms, ratably to each holder of Notes then outstanding even if such holder did not consent to such waiver or amendment.

17.3 Binding Effect, etc.

Any amendment or waiver consented to as provided in this Section 17 applies equally to all holders of Notes and is binding upon them and upon each future holder of any Note and upon the Company without regard to whether such Note has been marked to indicate such amendment or waiver. No such amendment or waiver will extend to or affect any obligation, covenant, agreement, Default or Event of Default not

expressly amended or waived or impair any right consequent thereon. No course of dealing between the Company and the holder of any Note nor any delay in exercising any rights hereunder or under any Note shall operate as a waiver of any rights of any holder of such Note. As used herein, the term **"this Agreement"** and references thereto shall mean this Agreement as it may from time to time be amended or supplemented.

17.4 Notes held by Company, etc.

Solely for the purpose of determining whether the holders of the requisite percentage of the aggregate principal amount of Notes then outstanding approved or consented to any amendment, waiver or consent to be given under this Agreement or the Notes, or have directed the taking of any action provided herein or in the Notes to be taken upon the direction of the holders of a specified percentage of the aggregate principal amount of Notes then outstanding, Notes directly or indirectly owned by the Company or any of its Affiliates (including without limitation any Subsidiaries) shall be deemed not to be outstanding.

18. NOTICES.

All notices and communications provided for hereunder shall be in writing and sent (a) by telecopy if the sender on the same day sends a confirming copy of such notice by a recognized overnight delivery service (charges prepaid), or (b) by registered or certified mail with return receipt requested (postage prepaid), or (c) by a recognized overnight delivery service (with charges prepaid). Any such notice must be sent:

(i) if to you or your nominee, to you or it at the address specified for such communications in Schedule A, or at such other address as you or it shall have specified to the Company in writing,

(ii) if to any other holder of any Note, to such holder at such address as such other holder shall have specified to the Company in writing, or

(iii) if to the Company, to the Company at its address set forth at the beginning hereof to the attention of the Chief Financial Officer (with a copy to the same address to the attention of the General Counsel), or at such other address as the Company shall have specified to the holder of each Note in writing.

Notices under this Section 18 will be deemed given only when actually received.

19. REPRODUCTION OF DOCUMENTS.

This Agreement and all documents relating thereto including, without limitation, (a) consents, waivers and modifications that may hereafter be executed, (b) documents received by you at the Closing (except the Notes themselves), and (c) financial statements, certificates and other information previously or hereafter

furnished to you, may be reproduced by you by any photographic, photostatic, microfilm, microcard, miniature photographic or other similar process and you may destroy any original document so reproduced. The Company agrees and stipulates that, to the extent permitted by applicable law, any such reproduction shall be admissible in evidence as the original itself in any judicial or administrative proceeding (whether or not the original is in existence and whether or not such reproduction was made by you in the regular course of business) and any enlargement, facsimile or further reproduction of such reproduction shall likewise be admissible in evidence. This Section 19 shall not prohibit the Company or any other holder of Notes from contesting any such reproduction to the same extent that it could contest the original, or from introducing evidence to demonstrate the inaccuracy of any such reproduction.

20. CONFIDENTIAL INFORMATION.

For the purposes of this Section 20, "**Confidential Information**" means information delivered to you by or on behalf of the Company or any Subsidiary in connection with the transactions contemplated by or otherwise pursuant to this Agreement that is proprietary in nature and that was clearly marked or labeled or otherwise adequately identified when received by you as being confidential information of the Company or such Subsidiary, provided that such term does not include information that (a) was publicly known or otherwise known to you prior to the time of such disclosure, (b) subsequently becomes publicly known through no act or omission by you or any Person acting on your behalf, (c) otherwise becomes known to you other than through disclosure by the Company or any Subsidiary or (d) constitutes financial statements delivered to you under Section 7.1 that are otherwise publicly available. You will maintain the confidentiality of such Confidential Information in accordance with procedures adopted by you in good faith to protect confidential information of third parties delivered to you, provided that you may deliver or disclose Confidential Information to (i) your directors, officers, employees, agents, attorneys and affiliates (to the extent such disclosure reasonably relates to the administration of the investment represented by your Notes), (ii) your financial advisors and other professional advisors who agree to hold confidential the Confidential Information substantially in accordance with the terms of this Section 20, (iii) any other holder of any Note, (iv) any Institutional Investor to which you sell or offer to sell such Note or any part thereof or any participation therein (if such Person has agreed in writing prior to its receipt of such Confidential Information to be bound by the provisions of this Section 20), (v) any Person from which you offer to purchase any security of the Company (if such Person has agreed in writing prior to its receipt of such Confidential Information to be bound by the provisions of this Section 20), (vi) any federal or state regulatory authority having jurisdiction over you, (vii) the National Association of Insurance Commissioners or any similar organization, or any nationally recognized rating agency that requires access to information about your investment portfolio or (viii) any other Person to which such delivery or disclosure may be necessary or appropriate (w) to effect compliance with any law, rule, regulation or order applicable to you, (x) in response to any subpoena or other legal process, (y) in connection with any litigation to which you are a party or (z) if an

Event of Default has occurred and is continuing, to the extent you may reasonably determine such delivery and disclosure to be necessary or appropriate in the enforcement or for the protection of the rights and remedies under your Notes and this Agreement. Each holder of a Note, by its acceptance of a Note, will be deemed to have agreed to be bound by and to be entitled to the benefits of this Section 20 as though it were a party to this Agreement. On reasonable request by the Company in connection with the delivery to any holder of a Note of information required to be delivered to such holder under this Agreement or requested by such holder (other than a holder that is a party to this Agreement or its nominee), such holder will enter into an agreement with the Company embodying the provisions of this Section 20.

21. SUBSTITUTION OF PURCHASER.

You shall have the right to substitute any one of your Affiliates as the purchaser of the Notes that you have agreed to purchase hereunder, by written notice to the Company, which notice shall be signed by both you and such Affiliate, shall contain such Affiliate's agreement to be bound by this Agreement and shall contain a confirmation by such Affiliate of the accuracy with respect to it of the representations set forth in Section 6. Upon receipt of such notice, wherever the word "you" is used in this Agreement (other than in this Section 21), such word shall be deemed to refer to such Affiliate in lieu of you. In the event that such Affiliate is so substituted as a purchaser hereunder and such Affiliate thereafter transfers to you all of the Notes then held by such Affiliate, upon receipt by the Company of notice of such transfer, wherever the word "you" is used in this Agreement (other than in this Section 21), such word shall no longer be deemed to refer to such Affiliate, but shall refer to you, and you shall have all the rights of an original holder of the Notes under this Agreement.

22. MISCELLANEOUS.

22.1 Successors and Assigns.

All covenants and other agreements contained in this Agreement by or on behalf of any of the parties hereto bind and inure to the benefit of their respective successors and assigns (including, without limitation, any subsequent holder of a Note) whether so expressed or not.

22.2 Payments Due on Non-Business Days.

Anything in this Agreement or the Notes to the contrary notwithstanding, any payment of principal of or Make-Whole Amount or interest on any Note that is due on a date other than a Business Day shall be made on the next succeeding Business Day without including the additional days elapsed in the computation of the interest payable on such next succeeding Business Day.

22.3 Severability.

Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall (to the full extent permitted by law) not invalidate or render unenforceable such provision in any other jurisdiction.

22.4 Construction.

Each covenant contained herein shall be construed (absent express provision to the contrary) as being independent of each other covenant contained herein, so that compliance with any one covenant shall not (absent such an express contrary provision) be deemed to excuse compliance with any other covenant. Where any provision herein refers to action to be taken by any Person, or which such Person is prohibited from taking, such provision shall be applicable whether such action is taken directly or indirectly by such Person.

22.5 Counterparts.

This Agreement may be executed in any number of identical counterparts, each of which shall be an original but all of which together shall constitute one instrument. Each counterpart may consist of a number of copies hereof, each signed by less than all, but together signed by all, of the parties hereto.

22.6 Governing Law.

THIS AGREEMENT SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH, AND THE RIGHTS OF THE PARTIES SHALL BE GOVERNED BY, THE LAWS OF THE STATE OF NEW YORK EXCLUDING CHOICE-OF-LAW PRINCIPLES OF THE LAW OF SUCH STATE THAT WOULD REQUIRE THE APPLICATION OF THE LAWS OF A JURISDICTION OTHER THAN SUCH STATE.

[Signatures on Following Pages]

If you are in agreement with the foregoing, please sign the form of agreement on the accompanying counterpart of this Agreement and return it to the Company, whereupon the foregoing shall become a binding agreement between you and the Company.

Very truly yours,

WOLVERINE WORLD WIDE, INC.

By:

Stephen L. Gulis, Jr.
Executive Vice President,
Chief Financial Officer and Treasurer

[Signatures Continued on Following Page]

The foregoing is
hereby agreed to
as of the date thereof.

[PURCHASER]

By:

Name:

Title:

SCHEDULE A TO NOTE PURCHASE AGREEMENT

Information Relating To Purchasers

<u>Purchaser</u>	<u>Aggregate Principal Amount of Notes to be Purchased</u>	<u>Note Denomination(s)</u>
EQUITABLE LIFE INSURANCE COMPANY OF IOWA	U.S.\$4,000,000	U.S.\$4,000,000

- (1) All payments on account of Notes held by such purchaser shall be made by wire transfer of immediately available funds for credit to:

The Bank of New York
ABA #021000018
BNF: IOC566
Attn: William Cashman
Re: Equitable Life Insurance Company of Iowa - Account #068071
Reference: Cusip on bond description

Each such wire transfer shall set forth the name of the Corporation, the full title (including the Coupon rate, issuance date, and final maturity date) of the Notes on account of which such payment is made, a reference to the PPN, and the due date and application (as among principal, premium and interest) of the payment being made.

- (2) Address for all notices relating to payments:

ING Investment Management LLC
5780 Powers Ferry Road, NW, Suite 300
Atlanta, Georgia 30327-4349
Attention: Securities Accounting
Fax: (770) 690-4899

- (3) Address for all other communications and notices:

ING Investment Management LLC
5780 Powers Ferry Road, NW, Suite 300
Atlanta, Georgia 30327-4349
Attention: Private Placements
Fax: (770) 690-4899

- (4) Tax Identification No: 42-0236150

<u>Purchaser</u>	<u>Aggregate Principal Amount of Notes to be Purchased</u>	<u>Note Denomination(s)</u>
USG ANNUITY & LIFE COMPANY	U.S.\$8,000,000	U.S.\$8,000,000

- (1) All payments on account of Notes held by such purchaser shall be made by wire transfer of immediately available funds for credit to:

The Bank of New York
 ABA #021000018
 BNF: IOC566
 Attn: William Cushman
 Re: USG Annuity & Life Company - Account #368520
 Reference: Cusip on bond description

Each such wire transfer shall set forth the name of the Corporation, the full title (including the Coupon rate, issuance date, and final maturity date) of the Notes on account of which such payment is made, a reference to the PPN, and the due date and application (as among principal, premium and interest) of the payment being made.

- (2) Address for all notices relating to payments:

ING Investment Management LLC
 5780 Powers Ferry Road, NW, Suite 300
 Atlanta, Georgia 30327-4349
 Attention: Securities Accounting
 Fax: (770) 690-4899

- (3) Address for all other communications and notices:

ING Investment Management LLC
 5780 Powers Ferry Road, NW, Suite 300
 Atlanta, Georgia 30327-4349
 Attention: Private Placements
 Fax: (770) 690-4899

- (4) Tax Identification No: 73-0663836

<u>Purchaser</u>	<u>Aggregate Principal Amount of Notes to be Purchased</u>	<u>Note Denomination(s)</u>
SECURITY LIFE OF DENVER INSURANCE COMPANY	U.S.\$7,000,000	U.S.\$7,000,000

- (1) All payments on account of Notes held by such purchaser shall be made by wire transfer of immediately available funds for credit to:

Boston Safe Deposit & Trust Co.
Boston, Massachusetts

MBS Income

Account DD#: 125261

ABA #: 011-001-234

CC 1253

Credit to: Security Life of Denver Insurance Company
Account #INGF1007002

Each such wire transfer shall set forth the name of the Corporation, the full title (including the Coupon rate, issuance date, and final maturity date) of the Notes on account of which such payment is made, a reference to the PPN, and the due date and application (as among principal, premium and interest) of the payment being made.

- (2) Address for all notices relating to payments:

ING Investment Management LLC
5780 Powers Ferry Road, NW, Suite 300
Atlanta, Georgia 30327-4349
Attention: Securities Accounting
Fax: (770) 690-4899

- (3) Address for all other communications and notices:

ING Investment Management LLC
5780 Powers Ferry Road, NW, Suite 300
Atlanta, Georgia 30327-4349
Attention: Private Placements
Fax: (770) 690-4899

- (4) Tax Identification No: 84-0499703

<u>Purchaser</u>	<u>Aggregate Principal Amount of Notes to be Purchased</u>	<u>Note Denomination(s)</u>
MIDWESTERN UNITED LIFE INSURANCE COMPANY	U.S.\$3,000,000	U.S.\$3,000,000

- (1) All payments on account of Notes held by such purchaser shall be made by wire transfer of immediately available funds for credit to:

Boston Safe Deposit & Trust Co.
Boston, Massachusetts

MBS Income

Account DD#: 125261

ABA #: 011-001-234

CC 1253

Credit to: Midwestern United Life Insurance Company
 Account #INGF1003002

Each such wire transfer shall set forth the name of the Corporation, the full title (including the Coupon rate, issuance date, and final maturity date) of the Notes on account of which such payment is made, a reference to the PPN, and the due date and application (as among principal, premium and interest) of the payment being made.

- (2) Address for all notices relating to payments:

ING Investment Management LLC
5780 Powers Ferry Road, NW, Suite 300
Atlanta, Georgia 30327-4349
Attention: Securities Accounting
Fax: (770) 690-4899

- (3) Address for all other communication and notices:

ING Investment Management LLC
5780 Powers Ferry Road, NW, Suite 300
Atlanta, Georgia 30327-4349
Attention: Private Placements
Fax: (770) 690-4899

- (4) Tax Identification No: 35-0838945

<u>Purchaser</u>	<u>Aggregate Principal Amount of Notes to be Purchased</u>	<u>Note Denomination(s)</u>
SOUTHLAND LIFE INSURANCE COMPANY	U.S.\$3,000,000	U.S.\$3,000,000

- (1) All payments on account of Notes held by such purchaser shall be made by wire transfer of immediately available funds for credit to:

Boston Safe Deposit & Trust Co.
 Boston, Massachusetts
 MBS Income
 Account DD#: 125261
 ABA #: 011-001-234
 CC 1253
 Credit to: Southland Life Insurance Company
 Account #INGF1013002

Each such wire transfer shall set forth the name of the Corporation, the full title (including the Coupon rate, issuance date, and final maturity date) of the Notes on account of which such payment is made, a reference to the PPN, and the due date and application (as among principal, premium and interest) of the payment being made.

- (2) Address for all notices relating to payments:

ING Investment Management LLC
 5780 Powers Ferry Road, NW, Suite 300
 Atlanta, Georgia 30327-4349
 Attention: Securities Accounting
 Fax: (770) 690-4899

- (3) Address for all other communications and notices:

ING Investment Management LLC
 5780 Powers Ferry Road, NW, Suite 300
 Atlanta, Georgia 30327-4349
 Attention: Private Placements
 Fax: (770) 690-4899

- (4) Tax Identification No: 75-0572420

<u>Purchaser</u>	<u>Aggregate Principal Amount of Notes to be Purchased</u>	<u>Note Denomination(s)</u>
THE GUARDIAN LIFE INSURANCE COMPANY OF AMERICA (in the nominee name of CUDD & CO.)	U.S.\$19,000,000	U.S.\$19,000,000

- (1) Payment by wire to:
- The Chase Manhattan Bank
ABA #021000021
CHASE/NYC/CTR/BNF
A/C 900-9-000200
Reference A/C #G05978 The Guardian
and the name and CUSIP for which
payment is being made
- (2) Address for all notices relating to payments:
- The Guardian Life Insurance Company of America
Attn: Investment Accounting M-IA
201 Park Avenue South
New York, NY 10003
Fax (212) 677-9023
- (3) Address for all other communications and notices:
- The Guardian Life Insurance Company of America
201 Park Avenue South
New York, NY 10003
Attn: Raymond Henry and
Thomas M. Donohue, Investment Dept. 7B
Fax (212) 777-6715
- (4) Tax Identification No.: 13-6022143

<u>Purchaser</u>	<u>Aggregate Principal Amount of Notes to be Purchased</u>	<u>Note Denomination(s)</u>
THE GUARDIAN INSURANCE & ANNUITY COMPANY, INC. (in the nominee name of SIGLER & COMPANY)	U.S.\$1,000,000	U.S.\$1,000,000

(1) Payment

Wire:

The Chase Manhattan Bank
ABA # 021000021
For account #544755102
Reference #MR9228419

Payment by check to:

Chase Manhattan Bank
P.O. Box 50000
Newark, NJ 07101

(2) Confirmations

Guardian Insurance & Annuity
Securities Investment Department
201 Park Avenue South - 8B
New York, NY 10003

No Duplicate Confirms

(3) Address for all notices relating to payments:

The Guardian Life Insurance Company of America
Attn: Investment Accounting MIA
201 Park Avenue South
New York, NY 10003
Fax (212) 677-9023

(4) Address for all other communications and notices:

The Guardian Life Insurance Company of America
201 Park Avenue South
New York, NY 10003
Attn: Raymond Henry and
Thomas M. Donohue, Investment Dept. 7B
(212) 598-7133
Fax: (212) 777-6715

Inquiries concerning confirmations: Dorene Smith (212) 598-8234

(5) Tax Identification No.: 13-3641527

<u>Purchaser</u>	<u>Aggregate Principal Amount of Notes to be Purchased</u>	<u>Note Denomination(s)</u>
PRINCIPAL LIFE INSURANCE COMPANY	U.S.\$6,500,000	U.S.\$6,500,000

- (1) All payments on account of the Notes to be made by 12:00 noon (New York City time) by wire transfer of immediately available funds to:

ABA #073000228
 Norwest Bank Iowa, N.A.
 7th and Walnut Streets
 Des Moines, Iowa 50309
 For credit to Principal Life Insurance Company
 Account No. 0000032395
 OBI PFGSE (S) B0061889() Wolverine World Wide, Inc.

In each case with sufficient information (including interest rate, maturity date, interest amount, principal amount and premium amount, if applicable) to identify the source and application of such funds.

- (2) All notices with respect to payments to:

Principal Life Insurance Company
 711 High Street
 Des Moines, Iowa 50392-0960
 Attn: Investment Accounting - Securities
 Fax (515) 248-2643
 Confirmation (515) 247-0689

- (3) All other communications to:

Principal Life Insurance Company
 711 High Street
 Des Moines, Iowa 50392-0800
 Attn: Investment - Securities
 Fax (515) 248-2490
 Confirmation (515) 248-3495

- (4) Tax Identification No.: 42-0127290

	Aggregate Principal Amount of Notes to be Purchased	Note Denomination(s)
COMMERCIAL UNION LIFE INSURANCE COMPANY OF AMERICA	U.S.\$1,500,000	U.S.\$1,500,000

- (1) All payments on account of the Notes to be made by 12:00 noon (New York City time) by wire transfer of immediately available funds to:

CoreStates Bank (Philadelphia)
ABA No. 031-0000-11
1500 Market Street
Philadelphia, PA 19102-2509
Attn: Joe Amen
DDA 0123-9806

For further credit to Account No. 060073-02-4 (Commercial Union Life Insurance Company of America/Principal)

OBI PFGSE (S) B0061889() Wolverine World Wide, Inc.

In each case with sufficient information (including interest rate, maturity date, interest amount, principal amount and premium amount, if applicable) to identify the source and application of such funds.

- (2) All notices with respect to payments to:

Commercial Union Life Insurance Company of America
711 High Street
Des Moines, Iowa 50392-0960
Attn: Investment Accounting - Securities
Fax (515) 248-2643
Confirmation (515) 247-0689

- (3) All other communications to:

Commercial Union Life Insurance Company of America
711 High Street
Des Moines, Iowa 50392-0800
Attn: Investment - Securities - Jon Davidson
Fax (515) 248-2490
Confirmation (515) 248-3495

- (4) Tax Identification No.: 04-2235236

- (5) The principal place of business of Commercial Union Life Insurance Company of America is located in the State of Massachusetts.

<u>Purchaser</u>	<u>Aggregate Principal Amount of Notes to be Purchased</u>	<u>Note Denomination(s)</u>
AMERICAN INVESTORS LIFE INSURANCE COMPANY (in the nominee name of SALKELD & CO.)	U.S.\$7,000,000	U.S.\$7,000,000

(1) Address for all Notices with Respect to Payments:

AmerUS Capital Management
699 Walnut Street, Suite 1700
Des Moines, Iowa 50309
Attn: Dan Owens
Tele: (515) 283-3431
Fax: (515) 283-3434

(2) Address for all Other Communications:

AmerUS Capital Management
699 Walnut Street, Suite 1700
Des Moines, Iowa 50309
Attn: Investment Department
Tele: (515) 362-3527
Fax: (515) 283-3434

(3) Wire instructions for American Investors Life Insurance Company:

Bankers Trust Company
New York, NY
ABA #021001033
Credit Account #99911145
For Further Credit Account #093398
American Investors Life Insurance Co.
Ref: Wolverine World Wide, Inc. 6.50% Senior Note issued December 8, 1998,
due December 8, 2008; PPN: 978097B*3

(4) American Investors Life Insurance Company Tax ID #48-0696320

Salkeld & Co. Tax ID #13-6065491

<u>Purchaser</u>	<u>Aggregate Principal Amount of Notes to be Purchased</u>	<u>Note Denomination(s)</u>
AMERICAN UNITED LIFE INSURANCE COMPANY	U.S.\$5,000,000	U.S.\$2,500,000 \$2,500,000

(1) Payment:

The Company shall make payment of principal and interest on the Notes in immediately available funds by wire transfer to the following bank account:

Bank of New York
Attn: P&I Department
One Wall Street, 3rd Floor
Window A
New York, NY 10286
ABA #021000018, BNF: IOC566
Acct. #186683/AUL

Payments should contain sufficient information to identify the breakdown of principal and interest and should identify the full description of the Notes and the payment date.

(2) Address for all notices:

American United Life Insurance Company
Attn: Christopher D. Pahlke
Securities Department
One American Square
Indianapolis, IN 46282

(3) Tax Identification No.: 35-0145825

<u>Purchaser</u>	<u>Aggregate Principal Amount of Notes to be Purchased</u>	<u>Note Denomination(s)</u>
MODERN WOODMEN OF AMERICA	U.S.\$5,000,000	U.S.5,000,000

- (1) All payments on account of Notes held by such purchaser shall be made by wire transfer of immediately available funds for credit to:

The Northern Trust Company
50 South LaSalle Street
Chicago, IL 60675
ABA No. 071-000-152
Account Name: Modern Woodmen of America
Account No. 84352

Each such wire transfer shall set forth the name of the Company, the full title (including the applicable coupon rate and final maturity date) of the Notes, a reference to PPN No. 978097B*3 and the due date and application (as among principal, premium and interest) of the payment being made.

- (2) Address for all notices relating to payments:

Modern Woodmen of America
Attn: Investment Accounting Department
1701 First Avenue
Rock Island, IL 61201

- (3) Address for all other communications and notices:

Modern Woodmen of America
Attn: Investment Department
1701 First Avenue
Rock Island, IL 61201

- (4) Tax Identification Number: 36-1493430

<u>Purchaser</u>	<u>Aggregate Principal Amount of Notes to be Purchased</u>	<u>Note Denomination(s)</u>
WOODMEN ACCIDENT AND LIFE COMPANY	U.S.\$3,000,000	U.S.\$3,000,000

- (1) All payments on or in respect of the Notes to be by bank wire transfer of Federal funds (identifying each payment as principal, premium or interest) to:

US Bank
13 and M Streets
Lincoln, Nebraska 68508
ABA #: 1040-000-29

Credit to: Woodmen Accident and Life Company's
General Fund
Account #1-494-0092-9092

- (2) Notices

All notices and communications, including notices with respect to payments and written confirmation of each such payment, shall be addressed as follows:

P.O. Box 82288
Lincoln, Nebraska 68501
Attention: Securities Division
Telecopy No. (402) 437-4392

provided, however, all notices and communications delivered by overnight courier shall be addressed as follows:

Woodmen Accident and Life Company
1526 K Street
Lincoln, Nebraska 68508
Attention: Securities Division

- (3) Tax Identification No: 47-0339220

<u>Purchaser</u>	<u>Aggregate Principal Amount of Notes to be Purchased</u>	<u>Note Denomination(s)</u>
THE MUTUAL GROUP (in the nominee name of TMG LIFE INSURANCE COMPANY)	U.S.\$2,000,000	U.S.\$2,000,000

- (1) All payments on account of the Notes shall be made by wire or intrabank transfer of immediately available funds to:

Norwest Bank Minnesota, N.A.
 ABA #: 091000019
 BNF A/C: 0840245
 BNF: Trust Clearing Account
 REF: ATTN: Income Collections
 TRUST ACCOUNT: 12250600
 Wolverine World Wide, Inc.
 Company PPN:

- (2) All notices in respect of payment shall be delivered to:

TMG Life Insurance Company
 c/o The Mutual Group (U.S.), Inc.
 Attn: Tamie Greenwood
 401 North Executive Drive, Suite 300
 Brookfield, WI 53008-0503
 Telephone: (414) 641-4027
 Facsimile: (414) 641-4055

- (3) All other communications shall be delivered to:

TMG Life Insurance Company
 c/o The Mutual Group (U.S.), Inc.
 Attn: Connie Keller
 401 North Executive Drive, Suite 300
 Brookfield, WI 53008-0503
 Telephone: (414) 641-4027
 Facsimile: (414) 641-4055

- (4) Tax Identification No: 45-0208990

SCHEDULE B TO NOTE PURCHASE AGREEMENT

Defined Terms

As used herein, the following terms have the respective meanings set forth below or set forth in the Section hereof following such term:

"Affiliate" means, at any time, and with respect to any Person, (a) any other Person that at such time directly or indirectly through one or more intermediaries Controls, or is Controlled by, or is under common Control with, such first Person, and (b) when used with reference to the Company or any Subsidiary, any Person beneficially owning or holding, directly or indirectly, 10% or more of any class of voting or equity interests of the Company or any Subsidiary or any Person of which the Company and its Subsidiaries beneficially own or hold, in the aggregate, directly or indirectly, 10% or more of any class of voting or equity interests. As used in this definition, "Control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise. Unless the context otherwise clearly requires, any reference to an "Affiliate" is a reference to an Affiliate of the Company, including without limitation a Subsidiary.

"Asset Disposition" means any Transfer except :

- (a) any Transfer from a Subsidiary to the Company or a Wholly-Owned Subsidiary;
- (b) any Transfer from the Company to a Wholly-Owned Subsidiary;
- (c) any Transfer made in the ordinary course of business and involving only property that is either (i) inventory held for sale or (ii) equipment, fixtures, supplies or other property no longer required in the operation of the business of the Company or any of its Subsidiaries or that is obsolete; or
- (d) any Transfer of Subsidiary Stock to the Company or to a Wholly-Owned Subsidiary.

"Business Day" means (a) for the purposes of Section 8.6 only, any day other than a Saturday, a Sunday or a day on which commercial banks in New York City are required or authorized to be closed, and (b) for the purposes of any other provision of this Agreement, any day other than a Saturday, a Sunday or a day on which commercial banks in New York City, New York, Chicago Illinois, or Grand Rapids, Michigan, are required or authorized to be closed.

"Capitalized Rentals" means, with respect to any Person, the amount at which the aggregate Rentals due and to become due under all Capitalized Leases under

which such Person is a lessee would be reflected as a liability on a consolidated balance sheet of such Person determined in accordance with GAAP.

"Closing" is defined in Section 3.

"Code" means the Internal Revenue Code of 1986, as amended from time to time, and the rules and regulations promulgated thereunder from time to time.

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

"Competitor" shall mean any Person which is substantially engaged in the business of the manufacture or marketing of footwear.

"Confidential Information" is defined in Section 20.

"Consolidated Funded Debt" means, as of any date of determination, the total of all Funded Debt of the Company and its Subsidiaries outstanding on such date, after eliminating all offsetting debits and credits between the Company and its Subsidiaries and all other items required to be eliminated in the course of the preparation of consolidated financial statements of the Company and its Subsidiaries in accordance with GAAP.

"Consolidated Net Earnings" means, with reference to any period, the net income (or loss) of the Company and its Subsidiaries for such period (taken as a cumulative whole), as determined in accordance with GAAP, after eliminating all offsetting debits and credits between the Company and its Subsidiaries, all earnings or losses attributable to minority interests in Subsidiaries, and all other items required to be eliminated in the course of the preparation of consolidated financial statements of the Company and its Subsidiaries in accordance with GAAP, provided that there shall be excluded:

(a) the income (or loss) of any Person accrued prior to the date it becomes a Subsidiary or is merged into or consolidated with the Company or a Subsidiary, and the income (or loss) of any Person, substantially all of the assets of which have been acquired in any manner, realized by such other Person prior to the date of acquisition,

(b) the income (or loss) of any Person (other than a Subsidiary) in which the Company or any Subsidiary has an ownership interest, except to the extent that any such income has been actually received by the Company or such Subsidiary in the form of cash dividends or similar cash distributions,

(c) the undistributed earnings of any Subsidiary to the extent that the declaration or payment of dividends or similar distributions by such Subsidiary is not at

the time permitted by the terms of its charter or any agreement, instrument, judgment, decree, order, or Law applicable to such Subsidiary,

(d) any restoration to income of any contingency reserve, except to the extent that provision for such reserve was made out of income accrued during such period,

(e) any aggregate net gain or net loss during such period arising from the sale, conversion, exchange or other disposition of capital assets (such term to include, without limitation, (i) all non-current assets and, without duplication, (ii) the following, whether or not current: all fixed assets, whether tangible or intangible, all inventory sold in conjunction with the disposition of fixed assets, and all Securities),

(f) any gains resulting from any write-up of any assets,

(g) any net gain from the collection of the proceeds of life insurance policies,

(h) any gain arising from the acquisition of any Security, or the extinguishment, under GAAP, of any Debt, of the Company or any Subsidiary,

(i) any net income or gain or net loss during such period from (i) any change in accounting principles in accordance with GAAP, (ii) any prior period adjustments resulting from any change in accounting principles in accordance with GAAP, (iii) any extraordinary items, or (iv) any discontinued operations or the disposition thereof,

(j) any deferred credit representing the excess of equity in any Subsidiary at the date of acquisition over the cost of the investment in such Subsidiary,

(k) in the case of a successor to the Company by consolidation or merger, any earnings of the successor corporation prior to such consolidation or merger, and

(l) any portion of such net income that cannot be freely converted into United States Dollars.

"Consolidated Net Worth" means, at any time, (a) the sum of (i) the par value (or value stated on the books of the corporation) of the capital stock (but excluding treasury stock and capital stock subscribed and unissued) of the Company and its Subsidiaries plus (ii) the amount of the paid-in capital and retained earnings of the Company and its Subsidiaries, in each case as such amounts would be shown on a consolidated balance sheet of the Company and its Subsidiaries as of such time prepared in accordance with GAAP, minus (b) to the extent included in clause (a), all amounts properly attributable to minority interests, if any, in the stock and surplus of Subsidiaries.

"Consolidated Total Assets" means as of the date of any determination thereof, total assets of the Company and its Subsidiaries determined on a consolidated basis in accordance with GAAP.

"Consolidated Total Capitalization" means, at any time, the sum of Consolidated Net Worth and Consolidated Funded Debt.

"Current Maturities of Funded Debt" means, at any time and with respect to any item of Funded Debt, the portion of such Funded Debt outstanding at such time which by the terms of such Funded Debt or the terms of any instrument or agreement relating thereto is due on demand or within one year from such time (whether by sinking fund, other required prepayment or final payment at maturity).

"Debt" means, with respect to any Person, without duplication, all obligations of such Person which would be classified as liabilities of such Person on a balance sheet of such Person prepared in accordance with GAAP, and in any case shall include:

- (a) all liabilities of such Person for borrowed money;
- (b) all liabilities of such Person incurred in connection with the acquisition of property (excluding accounts payable arising in the ordinary course of business but including, without limitation, all liabilities created or arising under any conditional sale or other title retention agreement with respect to any property, whether or not the rights and remedies of the seller, lender or lessor under agreement, in the event of default are limited to repossession or sale of property);
- (c) all liabilities of such Person for Capitalized Rentals;
- (d) all liabilities for borrowed money secured by any Lien with respect to any property owned directly or indirectly by such Person (whether or not it has assumed or otherwise become liable for such liabilities); and
- (e) any Guaranty of such Person with respect to liabilities of a type described in any of clauses (a) through (d) hereof.

Debt of any Person shall include all obligations of such Person of the character described in clauses (a) through (e) to the extent such Person remains legally liable in respect thereof notwithstanding that any such obligation is deemed to be extinguished under GAAP.

"Debt Prepayment Application" means, with respect to any Transfer of property, the application by the Company or its Subsidiaries of cash in an amount equal to

the Net Proceeds Amount with respect to such Transfer to pay Senior Funded Debt of the Company (other than Senior Funded Debt owing to the Company, any of its Subsidiaries or any other Affiliate of the Company and other than Senior Funded Debt in respect of any revolving credit or similar credit facility providing the Company or any of its Subsidiaries with the right to obtain loans or other extensions of credit from time to time, except to the extent that in connection with such payment of Senior Funded Debt the availability of credit under such credit facility is permanently reduced by an amount not less than the amount of such proceeds applied to the payment of such Senior Funded Debt), *provided that* in the course of making such application the Company shall offer to prepay each outstanding Note in accordance with Section 8.7 in a principal amount which equals the Ratable Portion for such Note. If any holder of a Note fails to accept such offer of prepayment, then, the Ratable Portion for such Note shall not be deemed to constitute a Debt Prepayment Application except to the extent the Company shall pay other Senior Funded Debt with the Net Proceeds Amount otherwise payable on such Note. **"Ratable Portion"** for any Note means an amount equal to the product of (x) the Net Proceeds Amount being so applied to the payment of Senior Funded Debt *multiplied by* (y) a fraction the numerator of which is the outstanding principal amount of such Note and the denominator of which is the aggregate principal amount of Senior Funded Debt of the Company and its Subsidiaries.

"Default" means an event or condition the occurrence or existence of which would, with the lapse of time or the giving of notice or both, become an Event of Default.

"Default Rate" means that rate of interest that is from time to time the greater of (i) 2% per annum above the rate of interest stated in clause (a) of the first paragraph of the Notes or (ii) 2% over the rate of interest publicly announced by First Chicago NBD in Chicago, Illinois as its "base" or "prime" rate, such rate to change for purposes of determining the Default Rate when and as changes therein are made by such bank; provided that in no event shall the Default Rate at any time be greater than the maximum rate permitted by applicable law.

"Disposition Value" means, at any time, with respect to any property

(a) in the case of property that does not constitute Subsidiary Stock, the book value thereof, valued at the time of such disposition in good faith by the Company, and

(b) in the case of property that constitutes Subsidiary Stock, an amount equal to that percentage of book value of the assets of the Subsidiary that issued such Subsidiary Stock as is equal to the percentage that the book value of such Subsidiary Stock represents of the book value of all of the outstanding capital stock or other equity interests of such Subsidiary (assuming, in making such calculations, that all agreements and investments convertible into such capital stock or other equity interests are so converted and giving full effect to all transactions that would occur or

be required in connection with such conversion) determined at the time of the disposition thereof, in good faith by the Company.

"Environmental Laws" means any and all Federal, state, local, and foreign statutes, laws, regulations, ordinances, rules, judgments, orders, decrees, permits, concessions, grants, franchises, licenses, agreements or governmental restrictions relating to pollution and the protection of the environment or the release of any materials into the environment, including but not limited to those related to hazardous substances or wastes, air emissions and discharges to waste or public systems.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended from time to time, and the rules and regulations promulgated thereunder from time to time in effect.

"ERISA Affiliate" means any trade or business (whether or not incorporated) that is treated as a single employer together with the Company under section 414 of the Code.

"Event of Default" is defined in Section 11.

"Exchange Act" means the Securities Exchange Act of 1934, as amended.

"Fair Market Value" means, at any time, the sale value of property that would be realized in an arm's length sale at such time between an informed and willing buyer, and an informed and willing seller, under no compulsion to buy or sell, respectively.

"Fixed Charges" for any period means on a consolidated basis the sum of (a) all Rentals (other than Rentals on Capitalized Leases) payable during such period by the Company and its Subsidiaries, and (b) all Interest Charges on all Debt (including the interest component of Rentals on Capitalized Leases) of the Company and its Subsidiaries.

"Fixed Charges Coverage Ratio" means, at any time, the ratio of (a) Net Earnings Available for Fixed Charges for the period of four consecutive fiscal quarters ending on, or most recently ended prior to, such time to (b) Fixed Charges for such period.

"Funded Debt" means, with respect to any Person, (a) all Debt of such Person which by its terms or by the terms of any instrument or agreement relating thereto matures, or which is otherwise payable or unpaid, one year or more from, or is directly or indirectly renewable or extendible at the option of the obligor in respect thereof to a date one year or more (including, without limitation, an option of such obligor under a revolving credit or similar agreement obligating the lender or lenders to extend credit over a period of one year or more) from, the date of the creation thereof, (b) all

Capitalized Rentals of such Person, and (c) all Guaranties by such Person of Funded Debt of others. **"Funded Debt"** shall not include Debt of such Person outstanding under any revolving credit or similar agreement, if such agreement has been in effect for the one year period ending on the date of determination and during such period all Debt under such agreement has been fully paid (and not refinanced or otherwise financed from any other Debt) for a period of not less than 30 consecutive days in such one year period pursuant to the terms of such agreement; provided, that at the time of or as a result of the making of any such payment of such Debt, no Default or Event of Default shall have occurred at any time during such 30 consecutive day period. **"Funded Debt"** shall include, as of any date of determination, Current Maturities of Funded Debt.

"GAAP" means generally accepted accounting principles as in effect from time to time in the United States of America, consistently applied.

"Governmental Authority" means

- (a) the government of
 - (i) the United States of America or any State or other political subdivision thereof, or
 - (ii) any jurisdiction in which the Company or any Subsidiary conducts all or any part of its business, or which asserts jurisdiction over any properties of the Company or any Subsidiary, or
- (b) any entity exercising executive, legislative, judicial, regulatory or administrative functions of, or pertaining to, any such government.

"Guaranty" means, with respect to any Person, any obligation (except the endorsement in the ordinary course of business of negotiable instruments for deposit or collection) of such Person guaranteeing or in effect guaranteeing any Indebtedness, dividend or other obligation of any other Person in any manner, whether directly or indirectly, including (without limitation) obligations incurred through an agreement, contingent or otherwise, by such Person:

- (a) to purchase such Indebtedness or obligation or any property constituting security therefor;
- (b) to advance or supply funds (i) for the purchase or payment of such Indebtedness or obligation, or (ii) to maintain any working capital or other balance sheet condition or any income statement condition of any other Person or otherwise to advance or make available funds for the purchase or payment of such Indebtedness or obligation;

(c) to lease properties or to purchase properties or services primarily for the purpose of assuring the owner of such Indebtedness or obligation of the ability of any other Person to make payment of the Indebtedness or obligation; or

(d) otherwise to assure the owner of such Indebtedness or obligation against loss in respect thereof. In any computation of the Indebtedness or other liabilities of the obligor under any Guaranty, the Indebtedness or other obligations that are the subject of such Guaranty shall be assumed to be direct obligations of such obligor.

"Hazardous Material" means any and all pollutants, toxic or hazardous wastes or any other substances that might pose a hazard to health or safety, the removal of which may be required or the generation, manufacture, refining, production, processing, treatment, storage, handling, transportation, transfer, use, disposal, release, discharge, spillage, seepage, or filtration of which is or shall be restricted, prohibited or penalized by any applicable law (including, without limitation, asbestos, urea formaldehyde foam insulation and polychlorinated biphenyls).

"holder" means, with respect to any Note, the Person in whose name such Note is registered in the register maintained by the Company pursuant to Section 13.1.

"Indebtedness" with respect to any Person means, at any time, without duplication,

(a) its liabilities for borrowed money and its redemption obligations in respect of mandatorily redeemable Preferred Stock;

(b) its liabilities for the deferred purchase price of property acquired by such Person (excluding accounts payable arising in the ordinary course of business but including all liabilities created or arising under any conditional sale or other title retention agreement with respect to any such property);

(c) all liabilities appearing on its balance sheet in accordance with GAAP in respect of Capital Leases;

(d) all liabilities for borrowed money secured by any Lien with respect to any property owned by such Person (whether or not it has assumed or otherwise become liable for such liabilities);

(e) all its liabilities in respect of letters of credit or instruments serving a similar function issued or accepted for its account by banks and other financial institutions (whether or not representing obligations for borrowed money);

(f) Swaps of such Person; and

(g) any Guaranty of such Person with respect to liabilities of a type described in any of clauses (a) through (f) hereof.

Indebtedness of any Person shall include all obligations of such Person of the character described in clauses (a) through (g) to the extent such Person remains legally liable in respect thereof notwithstanding that any such obligation is deemed to be extinguished under GAAP.

"Institutional Investor" means (a) any original purchaser of a Note, (b) any holder of a Note holding more than 5% of the aggregate principal amount of the Notes then outstanding, (c) any bank, trust company, savings and loan association or other financial institution, any pension plan, any investment company, any insurance company, any broker or dealer, or any other similar financial institution or entity, regardless of legal form and (d) any other Person (other than a natural person) that is engaged in the business of purchasing notes, securities, obligations or financial assets, is an "accredited investor" as such term is defined in Rule 501 of Regulation D promulgated under the Securities Act, and is not, insofar as known to you, a Competitor.

"Interest Charges" means, with respect to any period, the sum (without duplication) of the following (in each case, eliminating all offsetting debits and credits between the Company and its Subsidiaries and all other items required to be eliminated in the course of the preparation of consolidated financial statements of the Company and its Subsidiaries in accordance with GAAP): (a) all interest in respect of Debt of the Company and its Subsidiaries (including imputed interest on Capitalized Leases) deducted in determining Consolidated Net Earnings for such period, and (b) all debt discount and expense amortized or required to be amortized in the determination of Consolidated Net Earnings for such period.

"Law" means any constitution, statute, regulation, rule, permit, administrative order, franchise, ordinance, judicial principle, or other law.

"Lien" means, with respect to any Person, any mortgage, lien, pledge, charge, security interest or other encumbrance, or any interest or title of any vendor, lessor, lender or other secured party to or of such Person under any conditional sale or other title retention agreement or Capitalized Lease, upon or with respect to any property or asset of such Person (including in the case of stock, stockholder agreements, voting trust agreements and all similar arrangements). The term **"Lien"** does not include the interest or title of a lessor to such Person pursuant to a Capitalized Lease of such Person.

"Make-Whole Amount" is defined in Section 8.6.

"Material" means material in relation to the business, operations, affairs, financial condition, assets, properties, or prospects of the Company and its Subsidiaries taken as a whole.

"Material Adverse Effect" means a material adverse effect on (a) the business, operations, affairs, financial condition, assets, properties or prospects of the Company and its Subsidiaries taken as a whole, or (b) the ability of the Company to perform its obligations under this Agreement and the Notes, or (c) the validity or enforceability of this Agreement or the Notes.

"Material Subsidiary" means, at the date of any determination thereof, any Subsidiary that either (a) had assets that constituted 10% or more of Consolidated Total Assets as of the end of the then most recently completed fiscal quarter of the Company or (b) contributed 10% or more of Consolidated Net Earnings for the period of four fiscal quarters then most recently ended.

"Memorandum" is defined in Section 5.3.

"Multiemployer Plan" means any Plan that is a "multiemployer plan" (as such term is defined in section 4001(a)(3) of ERISA).

"Net Earnings Available for Fixed Charges" means, with respect to any period, the sum of (a) Consolidated Net Earnings for such period, plus (to the extent deducted in determining Consolidated Net Earnings) (b) all federal, state and other Taxes imposed on or measured by income or excess profits made by the Company and its Subsidiaries for such period, and plus (to the extent deducted in determining Consolidated Net Earnings) (c) Fixed Charges of the Company and its Subsidiaries for such period.

"Net Proceeds Amount" means, with respect to any Transfer of any property by any Person, an amount equal to the *difference* of

(a) the aggregate amount of the consideration (valued at the Fair Market Value of such consideration at the time of the consummation of such Transfer) received by such Person in respect of such Transfer, *minus*

(b) all ordinary and reasonable out-of-pocket costs and expenses actually incurred by such Person in connection with such Transfer.

"Net Proceeds of Capital Stock" means, with respect to any period, cash proceeds (net of all costs and out-of-pocket expenses in connection therewith, including, without limitation, placement, underwriting and brokerage fees and expenses), received by the Company and its Subsidiaries during such period, from the sale of all capital stock of the Company, including in such net proceeds:

(a) the net amount paid upon issuance and exercise during such period of any right to acquire any capital stock, or paid during such period to convert a convertible debt Security to capital stock (but excluding any amount paid to the Company upon issuance of such convertible debt Security); and

(b) any amount paid to the Company upon issuance of any convertible debt Security issued after the date of Closing and thereafter converted to capital stock during such period.

"Net Repurchase Expenditures" means, as of any date of determination, the amount, if any, by which (a) the aggregate cash expenditures by the Company during the period (the **"Relevant Period"**) beginning with the date of the Closing and ending on the earlier of (i) such date of determination and (ii) the first anniversary of the date of the Closing, for the repurchase of capital stock of the Company exceeds (b) the Net Proceeds of Capital Stock for the Relevant Period; provided, however, that for purposes of Section 10.2 Net Repurchase Expenditures shall not at any time exceed \$75,000,000.

"Notes" is defined in Section 1.

"Officer's Certificate" means a certificate of a Senior Financial Officer or of any other officer of the Company whose responsibilities extend to the subject matter of such certificate.

"Other Agreements" is defined in Section 2.

"Other Purchasers" is defined in Section 2.

"PBGC" means the Pension Benefit Guaranty Corporation referred to and defined in ERISA or any successor thereto.

"Person" means an individual, corporation, company, limited liability company, voluntary association, partnership, limited liability partnership, trust, unincorporated organization or joint venture or a government or any agency, instrumentality or political subdivision thereof, and for the purpose of the definition of "ERISA Affiliate", a trade or business.

"Plan" means an "employee benefit plan" (as defined in section 3(3) of ERISA) that is or, within the preceding five years, has been established or maintained, or to which contributions are or, within the preceding five years, have been made or required to be made, by the Company or any ERISA Affiliate or with respect to which the Company or any ERISA Affiliate may have any liability.

"Preferred Stock" means any class of capital stock of a corporation that is preferred over any other class of capital stock of such corporation as to the payment of dividends or the payment of any amount upon liquidation or dissolution of such corporation.

"Priority Debt" means as of the date of any determination, the sum of (a) all Debt of Subsidiaries (except Debt held by the Company or a Wholly-Owned

Subsidiary) *plus* (b) Debt of the Company secured by a Lien other than a Lien permitted by any of clauses (a) - (i) of Section 10.3.

"property" or "properties" means, unless otherwise specifically limited, real or personal property of any kind, tangible or intangible, choate or inchoate.

"Property Reinvestment Application" means, with respect to any Transfer of property, the satisfaction of each of the following conditions:

- a) an amount equal to the Net Proceeds Amount with respect to such Transfer shall have been applied to the acquisition by the Company, or any of its Subsidiaries making such Transfer, of property that upon such acquisition is unencumbered by any Lien (other than Liens described in subparagraphs (a) through (j), inclusive, of Section 10.3 and that
 - i) constitutes property that is (x) property classifiable under GAAP as non-current to the extent that such proceeds are derived from the transfer of property that was properly classifiable as non-current, and otherwise properly classifiable as either current or non-current, and (y) to be used in the ordinary course of business of the Company and the Subsidiaries, or
 - ii) constitutes equity interests of a Person that shall be, on or prior to the time of such acquisition, a Subsidiary of the Company, and that shall invest the proceeds of such acquisition in property of the nature described in the immediately preceding clause (i); and
- b) the Company shall have delivered a certificate of a Responsible Officer of the Company to each holder of a Note referring to Section 10.7 and identifying the property that was the subject of such Transfer, the Disposition Value of such property, and the nature, terms, amount and application of the proceeds from the Transfer.

"QPAM Exemption" means Prohibited Transaction Class Exemption 84-14 issued by the United States Department of Labor.

"Rentals" means, with respect to any period, the sum of all payments (including as such all payments which a lessee is obligated to make to the lessor on termination of the lease or surrender of the property) payable by the Company or a Subsidiary, as lessee or sublessee under a lease of real or personal property (other than Capitalized Leases), *excluding* any amounts required to be paid by the Company or a Subsidiary (whether or not designated as rents or additional rents) (a) on account of maintenance, repairs, insurance, taxes and similar charges, or (b) which are based on profits, revenues or sales realized by the lessee from the leased property or otherwise based on the performance of the lessee.

"Required Holders" means, at any time, the holders of at least 51% of the principal amount of the Notes at the time outstanding (exclusive of Notes then owned by the Company or any of its Affiliates).

"Responsible Officer" means any Senior Financial Officer and any other officer of the Company with responsibility for the administration of the relevant portion of this agreement.

"Security" has the meaning set forth in section 2(1) of the Securities Act of 1933, as amended.

"Securities Act" means the Securities Act of 1933, as amended from time to time.

"Senior Funded Debt" means (a) all Funded Debt of the Company that is not subordinated in right of payment and security to the Debt evidenced by the Notes in accordance with agreements and instruments satisfactory to the Required Holders and (b) all Funded Debt of any Subsidiary.

"Senior Financial Officer" means the Chief Executive Officer, the President, the Chief Operating Officer, the Chief Financial Officer, or the Treasurer of the Company.

"Subsidiary" means, as to any Person, any corporation, association or other business entity in which such Person, or one or more of its Subsidiaries or such Person and one or more of its Subsidiaries, owns sufficient equity or voting interests to enable it or them (as a group) ordinarily, in the absence of contingencies, to elect a majority of the directors (or Persons performing similar functions) of such entity, and any partnership or joint venture if more than a 50% interest in the profits or capital thereof is owned by such Person or one or more of its Subsidiaries, or such Person and one or more of its Subsidiaries (unless such partnership can and does ordinarily take major business actions without the prior approval of such Person or one or more of its Subsidiaries). Unless the context otherwise clearly requires, any reference to a "Subsidiary" is a reference to a Subsidiary of the Company.

"Subsidiary Stock" means, with respect to any Person, the stock or other equity interests (or any options or warrants to purchase stock or other equity interests, or other Securities exchangeable for or convertible into stock or other equity interests) of any Subsidiary of such Person.

"Successor Corporation" has the meaning set forth in Section 10.6.

"Swaps" means, with respect to any Person, payment obligations with respect to interest rate swaps, currency swaps and similar obligations obligating such Person to make payments, whether periodically or upon the happening of a contingency.

For the purposes of this Agreement, the amount of the obligation under any Swap shall be the amount determined in respect thereof as of the end of the then most recently ended fiscal quarter of such Person, based on the assumption that such Swap had terminated at the end of such fiscal quarter, and in making such determination, if any agreement relating to such Swap provides for the netting of amounts payable by and to such Person thereunder or if any such agreement provides for the simultaneous payment of amounts by and to such Person, then in each such case, the amount of such obligation shall be the net amount so determined.

"Taxes" has the meaning set forth in Section 5.9.

"Transfer" means, with respect to any Person, any transaction in which such Person sells, conveys, transfers or leases (as lessor) any of its property, including, without limitation, Subsidiary Stock, but excluding cash or marketable securities or stock of the Company. An issuance of capital stock or other equity interests of a Subsidiary shall constitute a Transfer by such Subsidiary; provided that the issuance thereof to the Company or a Wholly-Owned Subsidiary shall not constitute a Transfer and further provided that the issuance of capital stock or other equity interests in a Subsidiary shall not constitute a Transfer if, after giving effect thereto, the direct and indirect ownership interest of the Company in the issuing Subsidiary is at least equal to, or greater than, such ownership prior thereto. For purposes of determining the application of the Net Proceeds Amount in respect of any Transfer, the Company may designate any Transfer as one or more separate Transfers each yielding a separate Net Proceeds Amount. In any such case, the Disposition Value of any property subject to each such separate Transfer shall be determined by ratably allocating the aggregate Disposition Value of all property subject to all such separate Transfers to each such separate Transfer on a proportionate basis.

"Wholly-Owned Subsidiary" means, at any time, any Subsidiary one hundred percent (100%) of all of the equity interests (except directors' qualifying shares) and voting interests of which are owned by any one or more of the Company and the Company's other Wholly-Owned Subsidiaries at such time.

"Year 2000 Issues" means the anticipated costs, problems and uncertainties associated with the inability of certain computer applications to handle effectively data that includes dates before, on, and after January 1, 2000, as such inability affects the business, operations, affairs, financial condition, assets, properties or prospects of the Company and its Subsidiaries and of their respective customers, suppliers and vendors.

EXHIBIT 1 TO NOTE PURCHASE AGREEMENT

Form of Senior Note due December 8, 2008

WOLVERINE WORLD WIDE, INC.

6.50% SENIOR NOTE DUE DECEMBER 8, 2008

No. [R-_____]
 \$[_____]

[Date of Issue]
 PPN 978097B*3

FOR VALUE RECEIVED, the undersigned, Wolverine World Wide, Inc. (herein called the "Company"), a corporation organized and existing under the laws of the State of Delaware, hereby promises to pay to [_____], or registered assigns, the principal sum of [_____] **DOLLARS** on [_____], with interest (computed on the basis of a 360-day year of twelve 30-day months) (a) on the unpaid balance thereof at the rate of 6.50% per annum from the date hereof, payable semiannually, on the 8th day of December and June in each year, commencing with the December or June next succeeding the date hereof, until the principal hereof shall have become due and payable, and (b) to the extent permitted by law, on any overdue payment (including any overdue prepayment) of principal, any overdue payment of interest and any overdue payment of any Make-Whole Amount (as defined in the Note Purchase Agreements referred to below), payable semiannually as aforesaid (or, at the option of the registered holder hereof, on demand), at a rate per annum from time to time equal to the Default Rate (as defined in the Note Purchase Agreements referred to below).

Subject to Section 14.2 of each Note Purchase Agreement (as defined below), payments of principal of, interest on and any Make-Whole Amount with respect to this Note are to be made in lawful money of the United States of America at the principal office of The Bank of New York, New York City, New York, or at such other place as the Company shall have designated by written notice to the holder of this Note as provided in the Note Purchase Agreements.

This Note is one of a series of Senior Notes (herein called the "Notes") issued pursuant to separate Note Purchase Agreements, dated as of December 8, 1998 (as from time to time amended, the "Note Purchase Agreements"), between the Company and the respective Purchasers named therein and is entitled to the benefits thereof. Each holder of this Note will be deemed, by its acceptance hereof, (i) to have agreed to the confidentiality provisions set forth in Section 20 of the Note Purchase Agreements and (ii) to have made the representation set forth in Section 6.2 of the Note Purchase Agreements.

This Note is registered on the books of the Company and, as provided in the Note Purchase Agreements, upon surrender of this Note for registration, in the books of the Company, of transfer, duly endorsed, or accompanied by a written instrument of transfer duly executed, by the registered holder hereof or such holder's attorney duly authorized in writing, a new Note for a like principal amount will be issued to, and registered in the name of, the transferee. Prior to due presentment for registration of transfer, the Company may treat the person in whose name this Note is registered as the owner hereof for the purpose of receiving payment and for all other purposes, and the Company will not be affected by any notice to the contrary.

The Company will make required prepayments of principal on the dates and in the amounts specified in the Note Purchase Agreements. This Note is also subject to optional prepayment, in whole or from time to time in part, at the times and on the terms specified in the Note Purchase Agreements, but not otherwise.

If an Event of Default, as defined in the Note Purchase Agreements, occurs and is continuing, the principal of this Note may be declared or otherwise become due and payable in the manner, at the price (including any applicable Make-Whole Amount) and with the effect provided in the Note Purchase Agreements.

THIS NOTE IS GOVERNED BY AND IS TO BE CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, EXCLUDING CHOICE OF LAW PRINCIPLES OF THE LAW OF SUCH STATE THAT WOULD REQUIRE THE APPLICATION OF THE LAWS OF A JURISDICTION OTHER THAN SUCH STATE.

WOLVERINE WORLD WIDE, INC.

By: _____

Name:

Title:

EXHIBIT 4.13

FOURTH AMENDMENT TO CREDIT AGREEMENT

 THIS FOURTH AMENDMENT TO CREDIT AGREEMENT, dated as of April 30, 2003 (this "Amendment"), is among WOLVERINE WORLD WIDE, INC., a Delaware corporation (the "Company"), the Foreign Subsidiary Borrowers (collectively with the Company, the "Borrowers" and each a "Borrower"), the lenders party hereto from time to time (collectively, the "Banks" and, individually, a "Bank"), Bank One, Michigan, a Michigan banking corporation, as Agent, Harris Trust and Savings Bank, as syndication agent (in such capacity, the "Syndication Agent") and Comerica Bank, as documentation agent (in such capacity, the "Documentation Agent").

RECITAL

 The Borrowers, the Banks party thereto and the Agent are parties to a Credit Agreement dated as of May 29, 2001, as amended by a First Amendment to Credit Agreement dated as of February 8, 2002, a Second Amendment to Credit Agreement dated as of August 30, 2002 and a Third Amendment to Credit Agreement dated as of December 19, 2002 (the "Credit Agreement"). The Borrowers desire to amend the Credit Agreement and the Agent and the Banks are willing to do so in accordance with the terms hereof.

TERMS

 In consideration of the premises and of the mutual agreements herein contained, the parties agree as follows:

**ARTICLE 1.
AMENDMENTS**

 The Credit Agreement is amended as follows:

 1.1 Reference in Section 3.7(a) to "April 30, 2003" shall be deleted and "September 30, 2003" is substituted in place thereof.

**ARTICLE 2.
REPRESENTATIONS**

 Each Borrower represents and warrants to the Agent and the Banks that:

 2.1 The execution, delivery and performance by each Borrower of this Amendment are within its corporate powers, have been duly authorized by all necessary corporate action and are not in contravention of any law, rule or regulation, or any judgment, decree, writ, injunction, order or award of any arbitrator, court or governmental authority, or of the terms of such Borrower's charter or by-laws, or of any contract or undertaking to which such Borrower is a party or by which such Borrower or its property may be bound or affected.

 2.2 This Amendment is the legal, valid and binding obligations of each Borrower enforceable against such Borrower in accordance with their respective terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting enforcement of

creditors' rights generally and by general principles of equity (whether applied in a proceeding at law or in equity).

 2.3 After giving effect to the amendments herein contained, the representations and warranties contained in the Loan Documents are true in all material respects on and as of the date hereof with the same force and effect as if made on and as of the date hereof.

 2.4 After giving effect to the amendments herein contained, no Event of Default or Unmatured Default exists or has occurred and is continuing on the date hereof.

ARTICLE 3.
CONDITIONS PRECEDENT.

 This Amendment shall be effective as of the date hereof when it shall be executed by the Borrowers, the Required Banks and the Agent.

ARTICLE 4.
MISCELLANEOUS.

 4.1 References in the Credit Agreement and any other Loan Document to the Credit Agreement shall be deemed to be references to the Credit Agreement as amended hereby and as further amended from time to time.

 4.2 Except as expressly amended hereby, each Borrower agrees that the Loan Documents are ratified and confirmed and shall remain in full force and effect and that it has no set off, counterclaim, defense or other claim or dispute with respect to any of the foregoing. The terms used but not defined herein shall have the respective meanings ascribed thereto in the Credit Agreement.

 4.3 This Amendment may be signed upon any number of counterparts with the same effect as if the signatures thereto and hereto were upon the same instrument, and telecopied signatures shall be enforceable as originals.

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

WOLVERINE WORLD WIDE, INC.

By: _____

Its: _____

HUSH PUPPIES CANADA FOOTWEAR, LTD.

By: _____

Its: _____

HUSH PUPPIES (U.K.) LTD.

By: _____

Its: _____

MERRELL (EUROPE) LIMITED

By: _____

Its: _____

WOLVERINE EUROPE B.V.

By: _____

Its: _____

WOLVERINE EUROPE LIMITED

By: _____

Its: _____

WOLVERINE WORLD WIDE
EUROPE LIMITED

By: _____

Its: _____

BANK ONE, NA,
as a Bank and as Agent

By: _____

Its: _____

HARRIS TRUST AND SAVINGS BANK,
as a Bank and as Syndication Agent

By: _____

Its: _____

COMERICA BANK,
as a Bank and as Documentation Agent

By: _____

Its: _____

STANDARD FEDERAL BANK N.A.

By: _____

Its: _____

NATIONAL CITY BANK OF
MICHIGAN/ILLINOIS

By: _____

Its: _____

FIFTH THIRD BANK

By: _____

Its: _____

BANK ONE, NA, CANADA BRANCH

By: _____

Its: _____

EXHIBIT 4.14

FIFTH AMENDMENT TO CREDIT AGREEMENT

 THIS FIFTH AMENDMENT TO CREDIT AGREEMENT, dated as of August 31, 2004 (this "Amendment"), is among WOLVERINE WORLD WIDE, INC., a Delaware corporation (the "Company"), the Foreign Subsidiary Borrowers (collectively with the Company, the "Borrowers" and each a "Borrower"), the lenders party hereto from time to time (collectively, the "Banks" and, individually, a "Bank"), Bank One, Michigan, a Michigan banking corporation, as Agent, Harris Trust and Savings Bank, as syndication agent (in such capacity, the "Syndication Agent") and Comerica Bank, as documentation agent (in such capacity, the "Documentation Agent").

RECITAL

 The Borrowers, the Banks party thereto and the Agent are parties to a Credit Agreement dated as of May 29, 2001, as amended by a First Amendment to Credit Agreement dated as of February 8, 2002, a Second Amendment to Credit Agreement dated as of August 30, 2002, a Third Amendment to Credit Agreement dated as of December 19, 2002 and a Fourth Amendment to Credit Agreement dated as of April 30, 2003 (the "Credit Agreement"). The Borrowers desire to amend the Credit Agreement and the Agent and the Banks are willing to do so in accordance with the terms hereof.

TERMS

 In consideration of the premises and of the mutual agreements herein contained, the parties agree as follows:

**ARTICLE 1.
AMENDMENTS**

 The Credit Agreement is amended as follows:

 1.1 Section 3.7(a) is restated as follows:

 (a) Amount of Swing Line Loans. Any U.S./U.K. Borrower may request the Agent to make, and the Agent may, in its sole discretion from time to time prior to the Termination Date, make Swing Line Loans in any permitted Agreed Currencies requested by such U.S./U.K. Borrower from time to time prior to the Termination Date in an aggregate principal amount outstanding at any one time not to exceed the U.S. Dollar Amount of \$15,000,000. Notwithstanding the preceding sentence of this Section 3.7(a), the U.S. Dollar Amount of the Aggregate Outstanding U.S./U.K. Credit Exposure shall not at any time exceed the Aggregate U.S./U.K. Revolving Commitments. Within the limits of this Section 3.7, so long as the Agent, in its sole discretion, elects to make, or arrange for Swing Line Loans, the U.S./U.K. Borrowers may borrow and reborrow under this Section 3.7.

**ARTICLE 2.
REPRESENTATIONS**

 Each Borrower represents and warrants to the Agent and the Banks that:

 2.1 The execution, delivery and performance by each Borrower of this Amendment are within its corporate powers, have been duly authorized by all necessary corporate action and are not in contravention of any law, rule or regulation, or any judgment, decree, writ, injunction, order or award of any arbitrator, court or governmental authority, or of the terms of such Borrower's charter or by-laws, or of any contract or undertaking to which such Borrower is a party or by which such Borrower or its property may be bound or affected.

 2.2 This Amendment is the legal, valid and binding obligations of each Borrower enforceable against such Borrower in accordance with their respective terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting enforcement of creditors' rights generally and by general principles of equity (whether applied in a proceeding at law or in equity).

 2.3 After giving effect to the amendments herein contained, the representations and warranties contained in the Loan Documents are true in all material respects on and as of the date hereof with the same force and effect as if made on and as of the date hereof

 2.4 After giving effect to the amendments herein contained, no Event of Default or Unmatured Default exists or has occurred and is continuing on the date hereof.

ARTICLE 3.
CONDITIONS PRECEDENT.

 This Amendment shall be effective as of the date hereof when it shall be executed by the Borrowers, the Required Banks and the Agent.

ARTICLE 4.
MISCELLANEOUS.

 4.1 References in the Credit Agreement and any other Loan Document to the Credit Agreement shall be deemed to be references to the Credit Agreement as amended hereby and as further amended from time to time.

 4.2 Except as expressly amended hereby, each Borrower agrees that the Loan Documents are ratified and confirmed and shall remain in full force and effect and that it has no set off, counterclaim, defense or other claim or dispute with respect to any of the foregoing. The terms used but not defined herein shall have the respective meanings ascribed thereto in the Credit Agreement.

 4.3 This Amendment may be signed upon any number of counterparts with the same effect as if the signatures thereto and hereto were upon the same instrument, and telecopied signatures shall be enforceable as originals.

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

WOLVERINE WORLD WIDE, INC.

By: _____

Its: _____

HUSH PUPPIES CANADA FOOTWEAR, LTD.

By: _____

Its: _____

HUSH PUPPIES (U.K.) LTD.

By: _____

Its: _____

MERRELL (EUROPE) LIMITED

By: _____

Its: _____

MERRELL EUROPE B.V., f/k/a Wolverine
Europe B.V.

By: _____

Its: _____

WOLVERINE EUROPE LIMITED

By: _____

Its: _____

WOLVERINE WORLD WIDE
EUROPE LIMITED

By: _____

Its: _____

BANK ONE, NA,
as a Bank and as Agent

By: _____

Its: _____

HARRIS TRUST AND SAVINGS BANK,
as a Bank and as Syndication Agent

By: _____

Its: _____

COMERICA BANK,
as a Bank and as Documentation Agent

By: _____

Its: _____

STANDARD FEDERAL BANK N.A.

By: _____

Its: _____

NATIONAL CITY BANK OF THE MIDWEST
(f/k/a National City Bank of Michigan/Illinois)

By: _____

Its: _____

FIFTH THIRD BANK

By: _____

Its: _____

BANK ONE, NA, CANADA BRANCH

By: _____

Its: _____

EXHIBIT 10.5

WOLVERINE WORLD WIDE, INC. STOCK INCENTIVE PLAN OF 1999

SECTION 1

ESTABLISHMENT OF PLAN; PURPOSE OF PLAN

1.1 nbsp; Establishment of Plan. The Company hereby establishes the STOCK INCENTIVE PLAN OF 1999 (the "Plan") for its corporate, divisional and Subsidiary officers and other key employees. The Plan permits the grant and award of Stock Options, Restricted Stock, Stock Awards and Tax Benefit Rights.

1.2 nbsp; Purpose of Plan. The purpose of the Plan is to provide officers and key management employees of the Company, its divisions and its Subsidiaries with an increased incentive to contribute to the long-term performance and growth of the Company and its Subsidiaries, to join the interests of officers and key employees with the interests of the Company's stockholders through the opportunity for increased stock ownership and to attract and retain officers and key employees. The Plan is further intended to provide flexibility to the Company in structuring long-term incentive compensation to best promote the foregoing objectives. Within that context, the Plan is intended to provide performance-based compensation under Section 162(m) of the Code and shall be interpreted, administered and amended if necessary to achieve that purpose.

SECTION 2

DEFINITIONS

The following words have the following meanings unless a different meaning plainly is required by the context:

2.1 nbsp; "Act" means the Securities Exchange Act of 1934, as amended.

2.2 nbsp; "Board" means the Board of Directors of the Company.

2.3 nbsp; "Change in Control," unless otherwise defined in an Incentive Award, means (a) the failure of the Continuing Directors at any time to constitute at least a majority of the members of the Board; (b) the acquisition by any Person other than an Excluded Holder of beneficial ownership (within the meaning of Rule 13d-3 issued under the Act) of 20% or more of the outstanding Common Stock or the combined voting power of the Company's outstanding securities entitled to vote generally in the election of directors; (c) the approval by the stockholders of the Company of a reorganization, merger or consolidation, unless with or into a Permitted Successor; or (d) the approval by the stockholders of the Company of a complete

liquidation or dissolution of the Company or the sale or disposition of all or substantially all of the assets of the Company other than to a Permitted Successor.

2.4 "Code" means the Internal Revenue Code of 1986, as amended.

2.5 "Committee" means the Compensation Committee of the Board. The Committee shall consist of at least 2 members of the Board and all of its members shall be "non-employee directors" as defined in Rule 16b-3 issued under the Act and "outside directors" as defined in the regulations issued under Section 162(m) of the Code.

2.6 "Common Stock" means the Common Stock, \$1 par value, of the Company.

2.7 "Company" means Wolverine World Wide, Inc., a Delaware corporation, and its successors and assigns.

2.8 "Continuing Directors" mean the individuals constituting the Board as of the date this Plan was adopted and any subsequent directors whose election or nomination for election by the Company's stockholders was approved by a vote of three-quarters (3/4) of the individuals who are then Continuing Directors, but specifically excluding any individual whose initial assumption of office occurs as a result of either an actual or threatened election contest (as the term is used in Rule 14a-11 of Regulation 14A issued under the Act) or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board.

2.9 "Employee Benefit Plan" means any plan or program established by the Company or a Subsidiary for the compensation or benefit of employees of the Company or any of its Subsidiaries.

2.10 "Excluded Holder" means (a) any Person who at the time this Plan was adopted was the beneficial owner of 20% or more of the outstanding Common Stock; or (b) the Company, a Subsidiary or any Employee Benefit Plan of the Company or a Subsidiary or any trust holding Common Stock or other securities pursuant to the terms of an Employee Benefit Plan.

2.11 "Incentive Award" means the award or grant of a Stock Option, Restricted Stock, Stock Award or Tax Benefit Right to a Participant pursuant to the Plan.

2.12 "Market Value" shall equal the mean of the highest and lowest sale prices of shares of Common Stock reported on the New York Stock Exchange (or any successor exchange that is the primary stock exchange for trading of Common Stock) on the date of grant, exercise or vesting, as applicable, 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.

2.13 "Participant" means a corporate officer, divisional officer or any key employee of the Company, its divisions or its Subsidiaries who is granted an Incentive Award under the Plan.

2.14 "Permitted Successor" means a company that, immediately following the consummation of a transaction specified in clauses (c) and (d) of the definition of "Change in Control" above, satisfies each of the following criteria: (a) 50% or more of the outstanding common stock of the company and the combined voting power of the outstanding securities of the company entitled to vote generally in the election of directors (in each case determined immediately following the consummation of the applicable transaction) is beneficially owned, directly or indirectly, by all or substantially all of the Persons who were the beneficial owners of the Company's outstanding Common Stock and outstanding securities entitled to vote generally in the election of directors (respectively) immediately prior to the applicable transaction; (b) no Person other than an Excluded Holder beneficially owns, directly or indirectly, 20% or more of the outstanding common stock of the company or the combined voting power of the outstanding securities of the company entitled to vote generally in the election of directors (for these purposes the term Excluded Holder shall include the company, any subsidiary of the company and any employee benefit plan of the company or any such subsidiary or any trust holding common stock or other securities of the company pursuant to the terms of any such employee benefit plan); and (c) at least a majority of the board of directors of the company is comprised of Continuing Directors.

2.15 "Person" has the same meaning as set forth in Sections 13(d) and 14(d)(2) of the Act.

2.16 "Restricted Period" means the period of time during which Restricted Stock awarded under the Plan is subject to restrictions. The Restricted Period may differ among Participants and may have different expiration dates with respect to shares of Common Stock covered by the same Incentive Award.

2.17 "Restricted Stock" means Common Stock awarded to a Participant pursuant to Section 6 of the Plan.

2.18 "Retirement" means the voluntary termination of all employment by a Participant after the Participant has attained 60 years of age, or such other age as shall be determined by the Committee in its sole discretion or as otherwise may be set forth in the Incentive Award agreement or other grant document with respect to a Participant and a particular Incentive Award.

2.19 "Stock Award" means an award of Common Stock awarded to a Participant pursuant to Section 7 of the Plan.

2.20 "Stock Option" means the right to purchase Common Stock at a stated price for a specified period of time. For purposes of the Plan, a Stock Option may be either an incentive stock option within the meaning of Section 422(b) of the Code or a nonqualified stock option.

2.21 "Subsidiary" means any corporation or other entity of which 50% or more of the outstanding voting stock or voting ownership interest is directly or indirectly owned or controlled by the Company or by 1 or more Subsidiaries of the Company.

2.22 "Tax Benefit Right" means any right granted to a Participant pursuant to Section 8 of the Plan.

SECTION 3

ADMINISTRATION

3.1 Power and Authority. The Committee shall administer the Plan. The Committee may delegate record keeping, calculation, payment and other ministerial administrative functions to individuals designated by the Committee, who may be officers or employees of the Company or its Subsidiaries. Except as limited in this Plan or as may be necessary to ensure that this Plan provides performance-based compensation under Section 162(m) of the Code, the Committee shall have all of the express and implied powers and duties set forth in the Bylaws of the Company and this Plan, shall have full power and authority to interpret the provisions of the Plan and Incentive Awards granted under the Plan and shall have full power and authority to supervise the administration of the Plan and Incentive Awards granted under the Plan and to make all other determinations considered necessary or advisable for 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 considers 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 considers advisable.

3.2 Grants or Awards to Participants. In accordance with and subject to the provisions of the Plan, the Committee shall have the authority to determine all provisions of Incentive Awards as the Committee may consider necessary or desirable and as are consistent with the terms of the Plan, including, without limitation, the following: (a) the persons who shall be selected as Participants; (b) the nature and, subject to the limitation set forth in Section 4.2 of the Plan, extent of the Incentive Awards to be made to each Participant (including the number of shares of Common Stock to be subject to each Incentive Award, any exercise price, the manner in which an Incentive Award will vest or become exercisable and the form of payment for the Incentive Award); (c) the time or times when Incentive Awards will be granted; (d) the duration of each Incentive Award; and (e) the restrictions and other conditions to which payment or vesting of Incentive Awards may be subject.

3.3 Amendments or Modifications of Awards. The Committee shall have the authority to amend or modify the terms of any outstanding Incentive Award in any manner, provided that the amended or modified terms are not prohibited by the Plan as then in effect, including, without limitation, the authority to: (a) modify the number of shares or other terms and conditions of an Incentive Award; (b) extend the term of an Incentive Award; (c) accelerate the exercisability or vesting or otherwise terminate, waive or modify any restrictions relating to an Incentive Award; (d) accept the surrender of any outstanding Incentive Award; and (e) to the extent not previously exercised or vested, authorize the grant of new Incentive Awards in substitution for surrendered Incentive Awards; provided, that Incentive Awards issued under the Plan may not be reprinted, replaced, regranted through cancellation or modified without

stockholder approval if the effect of such repricing, replacement, regrant or modification would be to reduce the exercise price of then outstanding Incentive Awards to the same Participants.

3.4 nbsp; Indemnification of Committee Members. Neither any member or former member of the Committee nor any individual to whom authority is or has been delegated shall be personally responsible or liable for any act or omission in connection with the performance of powers or duties or the exercise of discretion or judgment in the administration and implementation of the Plan. Each person who is or shall have been a member of the Committee 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.

SECTION 4

SHARES SUBJECT TO THE PLAN

4.1 nbsp; Number of Shares. Subject to adjustment as provided in Section 4.3 of the Plan, the total number of shares of Common Stock available for Incentive Awards under the Plan shall be 2,000,000 shares of Common Stock; plus shares subject to Incentive Awards that are canceled, surrendered, modified, exchanged for substitute Incentive Awards or expire or terminate prior to the exercise or vesting of the Incentive Award in full and shares that are surrendered to the Company in connection with the exercise or vesting of an Incentive Award, whether previously owned or otherwise subject to such Incentive Award. Such shares shall be authorized and may be either unissued or treasury shares or shares repurchased by the Company, including shares purchased on the open market.

4.2 nbsp; Limitation Upon Incentive Awards. No Participant shall be granted, during any calendar year, Incentive Awards with respect to more than 25% of the total number of shares of Common Stock available for Incentive Awards under the Plan set forth in Section 4.1 of the Plan, subject to adjustment as provided in Section 4.3 of the Plan. The purpose of this Section 4.2 is to ensure that the Plan provides performance-based compensation under Section 162(m) of the Code and this Section 4.2 shall be interpreted, administered and amended if necessary to achieve that purpose.

4.3 nbsp; Adjustments.

(a) nbsp; Stock Dividends and Distributions. If the number of shares of Common Stock outstanding changes by reason of a stock dividend, stock split, recapitalization or other general distribution of Common Stock or other securities to holders of Common Stock, the number and kind of securities subject to Incentive Awards and reserved for issuance under the Plan, together with applicable exercise prices, as well as the number of shares available for issuance under the Plan, shall be adjusted appropriately. No fractional shares shall be issued pursuant to the Plan and any fractional shares resulting from such adjustments shall be eliminated from the respective Incentive Awards.

(b) Other Actions Affecting Common Stock. If there occurs, other than as described in the preceding subsection, any merger, business combination, recapitalization, reclassification, subdivision or combination approved by the Board that would result in the Persons who were stockholders of the Company immediately prior to the effective time of any such transaction owning or holding, in lieu of or in addition to shares of Common Stock, other securities, money and/or property (or the right to receive other securities, money and/or property) immediately after the effective time of such transaction, then the outstanding Incentive Awards and reserves for Incentive Awards under this Plan shall be adjusted in such manner and at such time as shall be equitable under the circumstances. It is intended that in the event of any such transaction, Incentive Awards under this Plan shall entitle the holder of each Incentive Award to receive (upon exercise in the case of Stock Options), in lieu of or in addition to shares of Common Stock, any other securities, money and/or property receivable upon consummation of any such transaction by holders of Common Stock with respect to each share of Common Stock outstanding immediately prior to the effective time of such transaction; upon any such adjustment, holders of Incentive Awards under this Plan shall have only the right to receive in lieu of or in addition to shares of Common Stock such other securities, money and/or other property as provided by the adjustment. If the agreement, resolution or other document approved by the Board to effect any such transaction provides for the adjustment of Incentive Awards under the Plan in connection with such transaction, then the adjustment provisions contained in such agreement, resolution or other document shall be final and conclusive.

SECTION 5

STOCK OPTIONS

5.1 Grant. A Participant may be granted one or more Stock Options under the Plan. The Committee, in its discretion, may provide in the initial grant of a Stock Option or other Incentive Award for the subsequent automatic grant of additional Stock Options for the number of shares, if any, that are subject to the initial Stock Option or other Incentive Award and surrendered to the Company in connection with the exercise or vesting of the initial or any subsequently granted Stock Option or other Incentive Award. Stock Options shall be subject to such terms and conditions, consistent with the other provisions of the Plan, as may be determined by the Committee in its sole discretion. In addition, the Committee may vary, among Participants and among Stock Options granted to the same Participant, any and all of the terms and conditions of the Stock Options granted under the Plan. Subject to the limitation imposed by Section 4.2 of the Plan, the Committee shall have complete discretion in determining the number of Stock Options granted to each Participant. The Committee may designate whether or not a Stock Option is to be considered an incentive stock option as defined in Section 422(b) of the Code; provided, that the number of shares of Common Stock that may be designated as subject to incentive stock options for any given Participant shall be limited to that number of shares that become exercisable for the first time by the Participant during any calendar year (under all plans of the Company and its Subsidiaries) and have an aggregate Market Value less than or equal to \$100,000 (or such other amount as may be set forth in the Code) and all shares subject to an

Incentive Award that have a Market Value in excess of such aggregate amount shall automatically be subject to Stock Options that are not incentive stock options.

5.2 Stock Option Agreements. Stock Options shall be evidenced by stock option agreements and/or certificates of award containing the terms and conditions applicable to such Stock Options. To the extent not covered by the stock option agreement, the terms and conditions of this Section 5 shall govern.

5.3 Stock Option Price. The per share Stock Option price shall be determined by the Committee, but shall be a price that is equal to or higher than the par value of the Company's Common Stock; provided, that the per share Stock Option price for any shares designated as incentive stock options shall be equal to or greater than 100% of the Market Value on the date of grant.

5.4 Medium and Time of Payment. The exercise price for each share purchased pursuant to a Stock Option granted under the Plan shall be payable in cash or, if the Committee consents or provides in the applicable stock option agreement or grant, in shares of Common Stock (including Common Stock to be received upon a simultaneous exercise of that or any other Incentive Award) or other consideration substantially equivalent to cash. The time and terms of payment may be amended with the consent of a Participant before or after exercise of a Stock Option. The Committee may from time to time authorize payment of all or a portion of the Stock Option price in the form of a promissory note or other deferred payment installments according to such terms as the Committee may approve. The Board may restrict or suspend the power of the Committee to permit such loans and may require that adequate security be provided.

5.5 Stock Options Granted to 10% Stockholders. No Stock Option granted to any Participant who at the time of such grant owns, together with stock attributed to such Participant under Section 424(d) of the Code, more than 10% of the total combined voting power of all classes of stock of the Company or any of its Subsidiaries may be designated as an incentive stock option, unless such Stock Option provides an exercise price equal to at least 110% of the Market Value of the Common Stock and the exercise of the Stock Option after the expiration of 5 years from the date of grant of the Stock Option is prohibited by its terms.

5.6 Limits on Exercisability. Except as set forth in Section 5.5, Stock Options shall be exercisable for such periods, not to exceed 10 years from the date of grant, as may be fixed by the Committee. At the time of the exercise of a Stock Option, the holder of the Stock Option, if requested by the Committee, must represent to the Company that the shares are being acquired for investment and not with a view to the distribution thereof. The Committee may in its discretion require a Participant to continue the Participant's service with the Company and its Subsidiaries for a certain length of time prior to a Stock Option becoming exercisable and may eliminate such delayed vesting provisions.

5.7 Restrictions on Transferability.

(a) General. Unless the Committee otherwise consents or permits (before or after the option grant) or unless the stock option agreement or grant provides otherwise, Stock Options granted under the Plan may not be sold, exchanged, transferred, pledged, assigned or otherwise alienated or hypothecated except by will or the laws of descent and distribution, and, as a condition to any transfer permitted by the Committee or the terms of the stock option agreement or grant, the transferee must execute a written agreement permitting the Company to withhold from the shares subject to the Stock Option a number of shares having a Market Value at least equal to the amount of any federal, state or local withholding or other taxes associated with or resulting from the exercise of a Stock Option. All provisions of a Stock Option that are determined with reference to the Participant, including without limitation those that refer to the Participant's employment with the Company or its Subsidiaries, shall continue to be determined with reference to the Participant after any transfer of a Stock Option.

(b) Other Restrictions. The Committee may impose other restrictions on any shares of Common Stock acquired pursuant to the exercise of a Stock Option under the Plan as the Committee deems advisable, including, without limitation, restrictions under applicable federal or state securities laws.

5.8 Termination of Employment or Officer Status. Unless the Committee otherwise consents or permits (before or after the option grant) or unless the stock option agreement or grant provides otherwise:

(a) General. If a Participant ceases to be employed by or an officer of the Company or one of its Subsidiaries for any reason other than the Participant's death, disability, Retirement or termination for cause, the Participant may exercise his or her Stock Options in accordance with their terms for a period of 3 months after such termination of employment or officer status, but only to the extent the Participant was entitled to exercise the Stock Options on the date of termination. For purposes of the Plan, the following shall not be considered a termination of employment or officer status: (i) a transfer of an employee from the Company to any Subsidiary; (ii) a leave of absence, duly authorized in writing by the Company, for military service or for any other purpose approved by the Company if the period of such leave does not exceed 90 days; (iii) a leave of absence in excess of 90 days, duly authorized in writing by the Company, provided that the employee's right to re-employment is guaranteed by statute, contract or written policy of the Company; or (iv) a termination of employment with continued service as an officer. For purposes of the Plan, termination of employment shall be considered to occur on the date on which the employee is no longer obligated to perform services for the Company or any of its Subsidiaries and the employee's right to re-employment is not guaranteed by statute, contract or written policy of the Company, regardless of whether the employee continues to receive compensation from the Company or any of its Subsidiaries after such date.

(b) Death. If a Participant dies either while an employee or officer of the Company or one of its Subsidiaries or after the termination of employment other than for cause but during the time when the Participant could have exercised a Stock Option, the Stock Options issued to such Participant shall be exercisable in accordance with their terms by the personal representative of such Participant or other successor to the interest of the Participant for 1 year after the Participant's death, but only to the extent that the Participant was entitled to exercise the Stock Options on the date of death or termination of employment, whichever first occurred, and not beyond the original terms of the Stock Options.

(c) Disability. If a Participant ceases to be an employee or officer of the Company or one of its Subsidiaries due to the Participant's disability, the Participant may exercise his or her Stock Options in accordance with their terms for 1 year following such termination of employment, but only to the extent that the Participant was entitled to exercise the Stock Options on the date of such event and not beyond the original terms of the Stock Options.

(d) Participant Retirement. If a Participant Retires as an employee or officer of the Company or one of its Subsidiaries, Stock Options granted under the Plan may be exercised in accordance with their terms during the remaining terms of the Stock Options.

(e) Termination for Cause. If a Participant is terminated for cause, the Participant shall have no further right to exercise any Stock Options previously granted. The Committee or officers designated by the Committee shall have absolute discretion to determine whether a termination is for cause.

SECTION 6

RESTRICTED STOCK

6.1 Grant. A Participant may be granted Restricted Stock under the Plan. Restricted Stock shall be subject to such terms and conditions, consistent with the other provisions of the Plan, as shall be determined by the Committee in its sole discretion. The Committee may impose such restrictions or conditions, consistent with the provisions of the Plan, to the vesting of Restricted Stock as it considers appropriate. The Committee may also require that certificates representing shares of Restricted Stock be retained and held in escrow by a designated employee or agent of the Company or any Subsidiary until any restrictions applicable to shares of Common Stock so retained have been satisfied or lapsed.

6.2 Restricted Stock Agreements. Awards of Restricted Stock shall be evidenced by restricted stock agreements or certificates of award containing such terms and conditions, consistent with the provisions of the Plan, as the Committee shall from time to time determine. Unless a restricted stock agreement or certificate provides otherwise, Restricted Stock awards shall be subject to the terms and conditions set forth in this Section 6.

6.3 Termination of Employment or Officer Status. Unless the Committee otherwise consents or permits (before or after the grant of Restricted Stock) or unless the restricted stock agreement or grant provides otherwise:

(a) General. In the event of termination of employment or officer status during the Restricted Period for any reason other than death, disability, Retirement or termination for cause, any shares of Restricted Stock still subject to restrictions at the date of such termination shall automatically be forfeited and returned to the Company. For purposes of the Plan, the following shall not be considered a termination of employment or officer status: (i) a transfer of an employee from the Company to any Subsidiary; (ii) a leave of absence, duly authorized in writing by the Company, for military service or for any other purpose approved by the Company if the period of such leave does not exceed 90 days; (iii) a leave of absence in excess of 90 days duly authorized in writing by the Company, provided that the employee's right to re-employment is guaranteed by statute, contract or written policy of the Company; and (iv) a termination of employment with continued service as an officer. For purposes of the Plan, termination of employment shall be considered to occur on the date on which the employee is no longer obligated to perform services for the Company or any of its Subsidiaries and the employee's right to re-employment is not guaranteed by statute, contract or written policy of the Company, regardless of whether the employee continues to receive compensation from the Company or any of its Subsidiaries after such date.

(b) Death, Retirement or Disability. In the event a Participant terminates his or her employment with the Company because of death, disability or Retirement during the Restricted Period, the restrictions applicable to the shares of Restricted Stock shall terminate automatically with respect to that number of shares (rounded to the nearest whole number) equal to the total number of shares of Restricted Stock granted to such Participant multiplied by the number of full months that have elapsed since the date of grant divided by the total number of full months in the Restricted Period. All remaining shares shall be forfeited and returned to the Company; provided, that the Committee may, in its sole discretion, waive the restrictions remaining on any or all such remaining shares of Restricted Stock either before or after the death, disability or Retirement of the Participant.

(c) Termination for Cause. If a Participant's employment is terminated for cause, the Participant shall have no further right to exercise or receive any Restricted Stock and all Restricted Stock still subject to restrictions at the date of such termination shall automatically be forfeited and returned to the Company. The Committee or officers designated by the Committee shall have absolute discretion to determine whether a termination is for cause.

6.4 Restrictions on Transferability.

(a) General. Unless the Committee otherwise consents or permits or unless the terms of the restricted stock agreement or grant provide otherwise: (i) shares of Restricted Stock shall not be sold, exchanged, transferred, pledged, assigned or otherwise

alienated or hypothecated during the Restricted Period except by will or the laws of descent and distribution; and (ii) all rights with respect to Restricted Stock granted to a Participant under the Plan shall be exercisable during the Participant's lifetime only by such Participant, his or her guardian or legal representative.

(b) Other Restrictions. The Committee may impose other restrictions on any shares of Common Stock acquired pursuant to an award of Restricted Stock under the Plan as the Committee considers advisable, including, without limitation, restrictions under applicable federal or state securities laws.

6.5 Legending of Restricted Stock. Any certificates evidencing shares of Restricted Stock awarded pursuant to the Plan shall bear the following legend:

The shares represented by this certificate were issued subject to certain restrictions under the Wolverine World Wide, Inc. Stock Incentive Plan of 1999 (the "Plan"). This certificate is held subject to the terms and conditions contained in a restricted stock agreement that includes a prohibition against the sale or transfer of the stock represented by this certificate except in compliance with that agreement and that provides for forfeiture upon certain events. Copies of the Plan and the restricted stock agreement are on file in the office of the Secretary of the Company.

6.6 Rights as a Stockholder. A Participant shall have all voting, dividend, liquidation and other rights with respect to Restricted Stock held of record by such Participant as if the Participant held unrestricted Common Stock; provided, that the unvested portion of any award of Restricted Stock shall be subject to any restrictions on transferability or risks of forfeiture imposed pursuant to Sections 6.1, 6.3 and 6.4 of the Plan. Unless the Committee otherwise determines or unless the terms of the restricted stock agreement or grant provide otherwise, any noncash dividends or distributions paid with respect to shares of unvested Restricted Stock shall be subject to the same restrictions as the shares to which such dividends or distributions relate.

SECTION 7

STOCK AWARDS

7.1 Grant. A Participant may be granted one or more Stock Awards under the Plan. Stock Awards shall be subject to such terms and conditions, consistent with the other provisions of the Plan, as may be determined by the Committee in its sole discretion.

7.2 Rights as a Stockholder. A Participant shall have all voting, dividend, liquidation and other rights with respect to shares of Common Stock issued to the Participant as a Stock Award under this Section 7 upon the Participant becoming the holder of record of the Common Stock granted pursuant to such Stock Award; provided, that the Committee may impose such restrictions on the assignment or transfer of Common Stock awarded pursuant to a Stock Award as it considers appropriate.

SECTION 8

TAX BENEFIT RIGHTS

8.1 Grant. A Participant may be granted Tax Benefit Rights under the Plan to encourage a Participant to exercise Stock Options and provide certain tax benefits to the Company. A Tax Benefit Right entitles a Participant to receive from the Company or a Subsidiary a cash payment not to exceed the amount calculated by multiplying the ordinary income, if any, realized by the Participant for federal tax purposes as a result of the exercise of a nonqualified stock option, or the disqualifying disposition of shares acquired under an incentive stock option, by the maximum federal income tax rate (including any surtax or similar charge or assessment) for corporations, plus the applicable state and local tax imposed on the exercise of the Stock Option or the disqualifying disposition.

8.2 Restrictions. A Tax Benefit Right may be granted only with respect to a Stock Option issued and outstanding or to be issued under the Plan or any other plan of the Company or its Subsidiaries that has been approved by the stockholders as of the date of the Plan and may be granted concurrently with or after the grant of the Stock Option. Such rights with respect to outstanding Stock Options shall be issued only with the consent of the Participant if the effect would be to disqualify an incentive stock option, change the date of grant or the exercise price or otherwise impair the Participant's existing Stock Options.

8.3 Terms and Conditions. The Committee shall determine the terms and conditions of any Tax Benefit Rights granted and the Participants to whom such rights will be granted with respect to Stock Options under the Plan or any other plan of the Company. The Committee may amend, cancel, limit the term of or limit the amount payable under a Tax Benefit Right at any time prior to the exercise of the related Stock Option, unless otherwise provided under the terms of the Tax Benefit Right. The net amount of a Tax Benefit Right, subject to withholding, may be used to pay a portion of the Stock Option price, unless otherwise provided by the Committee.

SECTION 9

CHANGE IN CONTROL

9.1 Acceleration of Vesting. If a Change in Control of the Company shall occur, then, unless the Committee or the Board otherwise determines with respect to 1 or more Incentive Awards, without action by the Committee or the Board: (a) all outstanding Stock Options shall become immediately exercisable in full and shall remain exercisable during the remaining term thereof, regardless of whether the Participants to whom such Stock Options have been granted remain in the employ or service of the Company or any Subsidiary; and (b) all other outstanding Incentive Awards shall become immediately fully vested and exercisable and nonforfeitable.

9.2 Cash Payment for Stock Options. If a Change in Control of the Company shall occur, then the Committee, in its sole discretion, and without the consent of any Participant affected thereby, may determine that some or all Participants holding outstanding Stock Options shall receive, with respect to some or all of the shares of Common Stock subject to such Stock

Options, as of the effective date of any such Change in Control of the Company, cash in an amount equal to the greater of the excess of (a) the highest sales price of the shares on the New York Stock Exchange on the date immediately prior to the effective date of such Change in Control of the Company or (b) the highest price per share actually paid in connection with any Change in Control of the Company over the exercise price per share of such Stock Options.

SECTION 10

GENERAL PROVISIONS

10.1 No Rights to Awards. No Participant or other person shall have any claim to be granted any Incentive Award under the Plan and there is no obligation of uniformity of treatment of Participants or holders or beneficiaries of Incentive Awards under the Plan. The terms and conditions of Incentive Awards of the same type and the determination of the Committee to grant a waiver or modification of any Incentive Award and the terms and conditions thereof need not be the same with respect to each Participant.

10.2 Withholding. The Company or a Subsidiary shall be entitled to: (a) withhold and deduct from future wages of a Participant (or from other amounts that may be due and owing to a Participant from the Company or a Subsidiary), or make other arrangements for the collection of, all legally required amounts necessary to satisfy any and all federal, state, local and foreign withholding and employment-related tax requirements attributable to an Incentive Award, including, without limitation, the grant, exercise or vesting of, or payment of dividends with respect to, an Incentive Award or a disqualifying disposition of Common Stock received upon exercise of an incentive stock option; or (b) require a Participant promptly to remit the amount of such withholding to the Company before taking any action with respect to an Incentive Award. Unless the Committee determines otherwise, withholding may be satisfied by withholding Common Stock to be received upon exercise or vesting of an Incentive Award or by delivery to the Company of previously owned Common Stock.

10.3 Compliance With Laws; Listing and Registration of Shares. All Incentive Awards granted under the Plan (and all issuances of Common Stock or other securities under the Plan) shall be subject to all applicable laws, rules and regulations, and to the requirement that if at any time the Committee shall determine, in its discretion, that the listing, registration or qualification of the shares covered thereby upon any securities exchange or under any state or federal law, or the consent or approval of any governmental regulatory body, is necessary or desirable as a condition of, or in connection with, the grant of such Incentive Award or the issue or purchase of shares thereunder, such Incentive Award may not be exercised in whole or in part, or the restrictions on such Incentive Award shall not lapse, unless and until such listing, registration, qualification, consent or approval shall have been effected or obtained free of any conditions not acceptable to the Committee.

10.4 No Limit on Other Compensation Arrangements. Nothing contained in the Plan shall prevent the Company or any Subsidiary from adopting or continuing in effect other or additional compensation arrangements, including the grant of stock options and other stock-based awards, and such arrangements may be either generally applicable or applicable only in specific cases.

10.5 No Right to Employment. The grant of an Incentive Award shall not be construed as giving a Participant the right to be retained in the employ of the Company or any Subsidiary. The Company or any Subsidiary may at any time dismiss a Participant from employment, free from any liability or any claim under the Plan, unless otherwise expressly provided in the Plan or in any written agreement with a Participant.

10.6 Suspension of Rights under Incentive Awards. The Company, by written notice to a Participant, may suspend a Participant's and any transferee's rights under any Incentive Award for a period not to exceed 30 days while the termination for cause of that Participant's employment with the Company and its Subsidiaries is under consideration.

10.7 Governing Law. The validity, construction and effect of the Plan and any rules and regulations relating to the Plan shall be determined in accordance with the laws of the State of Delaware and applicable federal law.

10.8 Severability. In the event any provision of the Plan shall be held illegal or invalid for any reason, the illegality or invalidity shall not affect the remaining provisions of the Plan and the Plan shall be construed and enforced as if the illegal or invalid provision had not been included.

SECTION 11

TERMINATION AND AMENDMENT

The Board may terminate the Plan at any time or may from time to time amend the Plan as it considers proper and in the best interests of the Company, provided that no such amendment may impair any outstanding Incentive Award without the consent of the Participant, except according to the terms of the Plan or the Incentive Award. No termination, amendment or modification of the Plan shall become effective with respect to any Incentive Award previously granted under the Plan without the prior written consent of the Participant holding such Incentive Award unless such amendment or modification operates solely to the benefit of the Participant.

SECTION 12

EFFECTIVE DATE AND DURATION OF THE PLAN

This Plan shall take effect April 23, 1999, subject to approval by the stockholders at the 1999 Annual Meeting of Stockholders or any adjournment thereof or at a Special Meeting of Stockholders. Unless earlier terminated by the Board of Directors, no Incentive Award shall be granted under the Plan after April 22, 2009.

EXHIBIT 10.14

 nbsp; The persons listed below 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 person's Executive Severance Agreement.

	<u>Salary Multiplier</u> <u>Rate</u> <u>(Section 4(a)(4))</u>	<u>Termination Period</u> <u>(Section 1(n))</u>	<u>Change of Control</u> <u>Continuation Period</u> <u>(Section 2)</u>
Timothy J. O'Donovan	3	3 years	36 months
Steven M. Duffy	3	3 years	36 months
Stephen L. Gulis, Jr.	3	3 years	36 months
Blake W. Krueger	3	3 years	36 months
Arthur G. Croci	2	2 years	24 months
Richard C. DeBlasio	2	2 years	24 months
V. Dean Estes	2	2 years	24 months
Jacques Lavertue	2	2 years	24 months
Thomas P. Mundt	2	2 years	24 months
Nicholas P. Ottenwess	2	2 years	24 months
Robert J. Sedrowski	2	2 years	24 months
Spencer E. Zimmerman	2	2 years	24 months
James D. Zwiers	2	2 years	24 months

WOLVERINE WORLD WIDE, INC
EXECUTIVE SEVERANCE AGREEMENT

 THIS AGREEMENT is entered into as of the ____ day of _____, 199__ (the "Effective Date"), by and between Wolverine World Wide, Inc., a Delaware corporation ("Wolverine"), and _____ ("Executive").

W I T N E S S E T H:

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

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

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

 NOW, THEREFORE, WOLVERINE AND EXECUTIVE AGREE AS FOLLOWS:

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

 (a) "Board" means the Board of Directors of the Company.

 (b) "Cause" means (1) the willful and continued failure by Executive to substantially perform his or her duties with Company (other than any such failure resulting from Executive's incapacity due to physical or mental illness, or any such actual or anticipated failure resulting from Executive's termination for Good Reason) after a demand for substantial performance is delivered to Executive by the Board and/or its Chairman (which demand shall specifically identify the manner in which the Board and/or its Chairman believes that Executive has not substantially performed his or her duties); or (2) the willful engaging by Executive in gross misconduct materially and demonstrably injurious to the Company. For purposes of this Section, no act or failure to act on the part of Executive shall be considered "willful" unless done or omitted to be done by Executive not in good faith and without reasonable belief that his or her action(s) or omission(s) was in the best interests of the Company. Notwithstanding the foregoing, Executive shall not be deemed to have been terminated for Cause unless and until the

Company provides Executive with a copy of a resolution adopted by an affirmative vote of not less than three-quarters of the entire membership of the Board at a meeting of the Board called and held for the purpose (after reasonable notice to Executive and an opportunity for Executive, with counsel, to be heard before the Board), finding that in the good faith opinion of the Board the Executive has been guilty of conduct set forth in subsections (1) or (2) above, setting forth the particulars in detail. A determination of Cause by the Board shall not be binding upon or entitled to deference by any finder of fact in the event of a dispute, it being the intent of the parties that such finder of fact shall make an independent determination of whether the termination was for "Cause" as defined in (1) and (2) above.

 (c) "Change in Control" means:

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

 (2) individuals who, as of the date hereof, constitute the Board (the "Incumbent Board") cease for any reason to constitute at least a majority of such Board; provided, however, that any individual who becomes a director of the Company subsequent to the date hereof whose election, or nomination for election by the Company's stockholders, was approved by the vote of at least three-quarters of the directors then comprising the Incumbent Board (either by a specific vote or by approval of the proxy statement of the Company in which such person is named as a nominee for director, without objection to such nomination)

shall be deemed to have been a member of the Incumbent Board; and provided further, that no individual who was initially elected as a director of the Company as a result of an actual or threatened election contest, as such terms are used in Rule 14a-11 of Regulation 14A promulgated under the Exchange Act, or any other actual or threatened solicitation of proxies or consents by or on behalf of any Person other than the Board, shall be deemed to have been a member of the Incumbent Board;

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

 (4) approval by the stockholders of the Company of (i) a plan of complete liquidation or dissolution of the Company or (ii) the sale or other disposition of all or substantially all of the assets of the Company other than to a corporation with respect to which, immediately after such sale or other disposition, (a) more than 50% of the then outstanding shares of common stock thereof and more than 50% of the combined voting power of the then outstanding securities thereof entitled to vote generally in the election of directors is then beneficially owned, directly or indirectly, by all or substantially all of the individuals and entities who were the beneficial owners, respectively, of the Outstanding Company Common Stock and the Outstanding Company Voting Securities immediately prior to such sale or other disposition and in substantially

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

 (i) "Good Reason" means, without Executive's express written consent, the occurrence of any of the following events in connection with a Change in Control:

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

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

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

 (4) the failure of the Company to continue the Company's executive incentive plans or bonus plans in which Executive is participating immediately prior to such Change in Control or a reduction of the Executive's target incentive award opportunity under the Company's Executive Long-Term Incentive Plan (three-year bonus plan), Executive Short-Term Incentive Plan and the Executive Short-Term Individual Bonus Plan (annual bonus plans) or other bonus plan adopted by the Company, unless Executive is permitted to participate in other plans providing Executive with substantially comparable benefits or receives compensation as a substitute for such plans providing Executive with a substantially equivalent economic benefit;

 (5) the failure of the Company to (i) continue in effect any employee benefit plan or compensation plan in which Executive is participating immediately prior to such Change in Control, unless Executive is permitted to participate in other plans providing Executive with substantially comparable benefits or receives compensation as a substitute for such plans providing Executive with a substantially equivalent economic benefit, or the taking of any action by the Company which would adversely affect Executive's participation in or materially reduce Executive's benefits under any such plan, (ii) provide

Executive and Executive's dependents with welfare benefits (including, without limitation, medical, prescription, dental, disability, salary continuance, employee life, group life, accidental death and travel accident insurance plans and programs) in accordance with the most favorable plans, practices, programs, and policies of the Company in effect for Executive immediately prior to such Change in Control, (iii) provide fringe benefits in accordance with the most favorable plans, practices, programs, and policies of the Company in effect for Executive immediately prior to such Change in Control, or (iv) provide Executive with paid vacation in accordance with the most favorable plans, policies, programs and practices of the Company as in effect for Executive immediately prior to such Change in Control;

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

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

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

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

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

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

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

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

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

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

 2. TERM OF AGREEMENT. This Agreement shall commence on the Effective Date and shall continue in effect through the third anniversary of the Effective Date. However, on the first anniversary of the Effective Date, and on each such anniversary thereafter, the term of this Agreement will be extended automatically for one (1) year (to a total of three (3) years) unless, not later than six (6) months prior to such anniversary date, the Company gives Executive written notice that it has elected not to extend this Agreement; provided that (a) no such action shall be taken by the Company during any period of time when the Board has knowledge that any person has taken steps reasonably calculated to effect a Change in Control until, in the opinion of the Board, such person has abandoned or terminated its efforts to effect a Change in Control, and (b) this Agreement shall continue in effect for at least _____ months following the occurrence of a Change in Control. Notwithstanding anything in this Section 2 to the contrary, this Agreement shall terminate upon termination of Executive's employment with the Company prior to a Change in Control (except as otherwise provided hereunder).

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

entitle Executive to benefits under Section 4 unless he/she is entitled to such benefits under another provision of this Agreement.

4. SEVERANCE BENEFITS. If the employment of Executive shall terminate during the Termination Period, other than by reason of a Nonqualifying Termination, then Executive shall receive the following severance benefits as compensation for services rendered:

(a) LUMP SUM CASH PAYMENT. Within five (5) days after the Date of Termination, Executive shall receive a lump sum cash payment in an amount equal to the sum of the following:

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

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

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

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

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

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

After attaining the total earnings per share for all three years of each Three Year Plan, the payment made for each Three Year Plan will equal the bonus the Executive would have received under the Three Year Plan using the earnings per share determinations above, multiplied by the number of days the Executive participated in the Three Year Plan prior to the Date of Termination, divided by the total number of days in the Three Year Plan.

(4) _____ times the sum of the following: (a) Executive's highest annual rate of base salary from the Company in effect during the 12-month period prior to the Date of Termination, plus (b) the greater of the average amount earned by Executive during the previous two (2) years or for the previous year under the Executive Short Term Incentive Plan and the Executive Short-Term Individual Bonus Plan (or other annual bonus plans), plus (c) the greater of the average amount earned by Executive during the previous two (2) years or for the previous year under each of the Executive Long-Term Incentive (Three Year) Plans(or other similar plans), in which Executive participates at the Date of Termination.

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

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

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

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

(d) RETIREMENT BENEFITS. In addition to the benefits the Executive is entitled to receive under any retirement plans in which the Executive participates on the Date of Termination, the Company shall pay the Executive a cash payment at the Executive's normal retirement age, as defined by such plan, (except to the extent benefits are payable at an earlier date under the terms of that plan) of an amount equal to the actuarial equivalent of any additional benefit the Executive would have been entitled to receive under the terms of the plan or program without regard to any vesting or minimum

service requirements under the plan had the Executive received three (3) additional years of service following the Date of Termination, subject to any maximum years of service limitations under any retirement plan. The earnings for those three (3) additional years of services shall equal the Executive's annualized earnings at the Date of Termination (with earnings calculated the same as "Earnings" are defined in the Company's Supplemental Executive Retirement Plan ("SERP")) and without taking into account any reduction of base salary constituting Good Reason. For purposes of this Subsection, retirement plans" shall be deemed to include, without limitation, the Company's Pension Plan and the Company's SERP.

(e) ADJUSTMENTS. If Executive is entitled to receive a Payment equal to or between one hundred percent (100%) and one hundred fifteen percent (115%) of the amount that would trigger application of the Excise Tax (as hereafter defined), meaning Executive will receive no Gross-Up Payment with respect to the Payment in accordance with Section 5, the Company shall determine whether the Executive would receive a greater after-tax net amount if the Payment is reduced by an amount sufficient to make the Excise Tax inapplicable to the Payment rather than paying the applicable Excise Tax. If the Company determines that the Executive will receive a greater after-tax net amount by reducing the Payment, such determination shall be final, and the Company shall reduce the Payment by an amount sufficient to make the Excise Tax inapplicable to the Payment otherwise due to Executive. The Company may retain the Accounting Firm (as hereafter defined) to assist with any calculations required under this Subsection (e) and Executive agrees to furnish such tax and financial information as may reasonably be required for calculations under this Subsection (e). In the event the Company reduces any Payment to an Executive under this Subsection (e), the Executive shall be entitled to determine which elements or benefits, or combination thereof, constituting the Payment will be reduced or deferred, subject to confirmation by the Company that the reduction or deferral elected by Executive will exempt the Payment from any Excise Tax.

(f) OUT-PLACEMENT SERVICES. The Company shall provide the Executive with executive out-placement services by entering into a contract with a company chosen by the Executive specializing in such services.

5. CERTAIN ADDITIONAL PAYMENTS BY THE COMPANY.

(a) Anything in this Agreement to the contrary notwithstanding, if any payment or distribution by the Company to or for the benefit of Executive (whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise, but determined without regard to any additional payments required under this Section 5 (a "Payment")) that exceeds one hundred fifteen percent (115%) of the amount that would trigger application of the excise tax imposed by Section 4999 of the Code, or any successor Code provision (such excise tax, together with any such interest and penalties, are hereinafter collectively referred to as the "Excise Tax"), or any interest or penalties are incurred by Executive with respect to Excise Tax on such amount, then Executive shall be entitled to receive an additional payment (a "Gross-Up Payment") in an amount such that after payment by Executive of all taxes (including any interest or penalties imposed with respect to such taxes) including, without limitation, any income and employment taxes (and any interest and penalties imposed with respect thereto) and

Excise Tax, imposed upon the Gross-Up Payment, Executive retains an amount of the Gross-Up Payment equal to the Excise Tax imposed upon the Payments. The Company shall not be obligated to make any Gross-Up Payment to Executive with respect to any Payment equal to or less than one hundred fifteen percent (115%) of the amount that would trigger application of the Excise Tax.

(b) Subject to the provisions of Section 5(c), all determinations required to be made under this Section 5, including whether and when a Gross-Up Payment is required and the amount of such Gross-Up Payment and the assumptions to be utilized in arriving at such determination, shall be made by the public accounting firm that is retained by the Company as of the date immediately prior to the Change in Control (the "Accounting Firm") which shall provide detailed supporting calculations both to the Company and Executive within fifteen (15) business days of the receipt of notice from Executive that there has been a Payment, or such earlier time as is requested by the Company or Executive (collectively, the "Determination"). In the event that the Accounting Firm is serving as accountant or auditor for the individual, entity, or group affecting the Change in Control, Executive shall appoint another nationally recognized public accounting firm to make the determinations required hereunder (which accounting firm shall then be referred to as the Accounting Firm hereunder). All fees and expenses of the Accounting Firm shall be borne solely by the Company. Any Gross-Up Payment, as determined pursuant to this Section 5, shall be paid by the Company to Executive within five (5) days of the receipt of the Determination. If the Accounting Firm determines that no Excise Taxes are payable by Executive, it shall furnish Executive with a written opinion that failure to report the Excise Tax on Executive's applicable federal income tax return would not result in the imposition of a negligence or similar penalty. If the Accounting Firm determines that Excise Taxes are payable and that the associated Payment does not exceed one hundred fifteen percent (115%) of the amount that would trigger application of the Excise Tax, the Accounting Firm shall notify Executive that Executive is responsible for payment of the Excise Tax. The Determination by the Accounting Firm shall be binding upon the Company and Executive; however, as a result of the uncertainty in the application of Section 4999 of the Code at the time of the Determination, it is possible that Gross-Up Payments which will not have been made by the Company should have been made ("Underpayment"), consistent with the calculations required to be made hereunder. In the event that the Company exhausts its remedies pursuant to Section 5(c) and Executive thereafter is required to make payment of any Excise Tax that qualifies for a Gross-Up Payment in accordance with this Section 5, the Accounting Firm shall determine the amount of the Underpayment that has occurred and any such Underpayment shall be promptly paid by the Company to or for the benefit of Executive.

(c) Executive shall notify the Company in writing of any claim by the Internal Revenue Service that, if successful, would require the payment by the Company of a Gross-Up Payment. Such notification shall be given as soon as practicable but no later than ten (10) business days after Executive is informed in writing of such claim and shall apprise the Company of the nature of such claim and the date on which such claim is requested to be paid. Executive shall not pay such claim prior to the expiration of the 30-day period following the date on which Executive gives such notice to the Company (or such shorter period ending on the date that any payment of taxes with respect to such

after the receipt by Executive of an amount advanced by the Company pursuant to Section 5, a determination is made that Executive shall not be entitled to any refund with respect to such claim and the Company does not notify Executive in writing of its intent to contest such denial of refund prior to the expiration of thirty (30) days after such determination, then such advance shall be forgiven and shall not be required to be repaid and the amount of such advance shall offset, to the extent thereof, the amount of Gross-Up Payment required to be paid.

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

 7. REIMBURSEMENT OF EXPENSES. If any contest or dispute shall arise under or related to this Agreement involving termination of Executive's employment with the Company or involving the failure or refusal of the Company to perform fully in accordance with the terms hereof, the Company shall reimburse Executive, on a current basis, for all legal fees and expenses, if any, incurred by Executive in connection with such contest or dispute regardless of the result thereof.

 8. SCOPE OF AGREEMENT. Nothing in this Agreement shall be deemed to entitle Executive to continued employment with the Company.

 9. SUCCESSORS; BINDING AGREEMENT.

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

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

 (c) This Agreement shall inure to the benefit of and be enforceable by Executive's personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees. If Executive shall die while any amounts would be

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

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

If to the Executive:

If to the Company:

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

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

11. FULL SETTLEMENT; RESOLUTION OF DISPUTES.

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

(b) If there shall be any dispute between the Company and Executive in the event of any termination of Executive's employment then, until there is a final, nonappealable, determination pursuant to arbitration declaring that such termination was for Cause, that the determination by Executive of the existence of Good Reason was not made in good faith, or that the Company is not otherwise obligated to pay any amount or provide any benefit to Executive and his/her dependents or other beneficiaries, as the case may be, under Section 4, the Company shall pay all amounts, and provide all benefits, to Executive and his/her dependents or other beneficiaries, as the case may be, that the Company would be required to pay or provide pursuant to Section 4 as though such

termination were by the Company without Cause or by Executive with Good Reason; provided, however, that the Company shall not be required to pay any disputed amounts pursuant to this Section 11 except upon receipt of an undertaking by or on behalf of Executive to repay all such amounts to which Executive is ultimately determined by the arbitrator not to be entitled.

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

13. **ARBITRATION.** Any dispute or controversy under this Agreement shall be settled exclusively by arbitration in Rockford, Michigan, in accordance with the rules of the American Arbitration Association then in effect; provided, however, that Executive shall be entitled to seek specific performance of his/her right to be paid pursuant to Section 11(b) during a dispute. Judgment may be entered on the arbitration award in any court having jurisdiction. The Company shall bear all costs and expenses arising in connection with any arbitration proceeding pursuant to this Section 13.

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

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

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

WOLVERINE WORLD WIDE, INC.

By:

Its:

"Company"

AGREED TO THIS ____ DAY OF _____, 199__.

/s/

"Executive"

The following persons 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%

Steven M. Duffy
V. Dean Estes
Stephen L. Gulis, Jr.
Blake W. Krueger
Timothy J. O'Donovan
Robert J. Sedrowski

2.0%

William J.B. Brown
Arthur G. Croci
Richard C. DeBlasio
Gary Fountain
Ted Gedra
Jacques Lavertue
Thomas P. Mundt
Nicholas P. Ottenwess
A. T. Payne
James Weston
Spencer E. Zimmerman
James D. Zwiers
Bruce Scott Sible

EXHIBIT 10.18

WOLVERINE

EMPLOYEES' PENSION PLAN

(Amended and Restated Effective January 1, 1997)

WOLVERINE

EMPLOYEES' PENSION PLAN

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WOLVERINE
EMPLOYEES' PENSION PLAN

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

ARTICLE 1
Establishment of Plan and Trust

1.1 Establishment of Plan.

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

- (a) Employer. "Employer" means Wolverine World Wide, Inc.
- (b) Plan History. A schedule of the effective dates of this plan and certain amendments 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" (as to defined benefit assets, PW Trust Company or a successor Trustee, and as to the 414(k) account, CG Trust Company or a successor Trustee) declares that plan assets delivered to it will be held in trust and administered under the terms of this plan and trust. A trust so established shall be operated for the exclusive benefit of Participants and their beneficiaries. Trust assets shall not be used for any other purpose except payment of reasonable administrative expenses.

1.3 Compliance With Law.

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

1.4 Effective Dates of Plan Provisions.

"Effective Date" of this restated plan means January 1, 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.

(d) Eligibility Period. "Eligibility Period" means each 12-month period beginning on the date the Employee first has an Hour of Service or on an anniversary of that date. For an Employee who has a Break in Service due to termination of employment before completing the eligibility service requirements, Eligibility Periods begin on the date the Employee has an Hour of Service due to reemployment and on anniversaries of that date.

(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 Seboga, 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.

4.6 414(k) Contributions.

Effective January 1, 1994, the Employer may transfer for a Plan Year an amount from the excess assets of the Plan, if any, to the 414(k) account. The Employer shall not be required to make contributions to the 414(k) account out of its general assets.

The formula contribution shall not exceed the least of:

(a) Maximum Match. 50% of the Elective Contributions up to 6% of Compensation made to the Wolverine World Wide, Inc. Money Accumulation Plan ("Money Accumulation Plan) by Participants entitled to an allocation of the 414(k) contribution.

(b) Excess Assets. The amount of Excess Assets of the Plan. "Excess Assets" means the amount by which the value of the assets held in trust under this Plan (excluding the aggregate 414(k) accounts) exceeds the lesser of 150% of the current liability of the Plan (as defined in Code Section 412(c)(7)(B) of the Code or the accrued liability (including normal cost) of the Plan excluding the aggregate 414(k) accounts.

(c) Maximum Annual Addition. The Maximum Annual Additions of Participants' accounts determined under Section 5.12.

4.7 414(k) Accounts.

The Employer shall establish a separate 414(k) Trust Account and a separate 414(k) account for each eligible Participant under that Trust to hold the excess assets transferred to the 414(k) Trust Account. The 414(k) trust assets shall be treated as a separate defined contribution plan for purposes of Code Sections 72(d), 401(m), 410, 411(a)(7)(A) and 415.

(a) Eligibility/Participation. Each Employee eligible to make Elective Contributions under the Money Accumulation Plan shall be eligible to participate in the 414(k) account.

(i) Participation. Each Employee shall become a Participant as of the first valuation date on which a Matching Contribution is allocated to the Participant's 414(k) account. Participation in the 414(k) account shall terminate upon the earliest of the date that: the Participant is not an Employee, the Participant's death, or the date that the Participant is paid the full amount due under the 414(k) account.

(ii) Resumption. A former Participant shall resume participation immediately upon completion of an Hour of Service in Covered Employment.

(b) 401(m)/ACP Compliance. For Plan Years beginning after December 31, 1996, "ACP Limit" means the maximum ACP for Highly Compensated Employees determined under the prior year testing method as follows:

(i) Amount of Limit. The ACP for Participants who are Highly Compensated Employees for each Plan Year shall not exceed the greater of:

(A) 125% Limit. 125% of the ACP for the preceding Plan Year for all Participants who were not Highly Compensated Employees in the preceding Plan Year, or

(B) 200%/2% Limit. Subject to the multiple use limitation in Subsection (c), 200% of the ACP for the preceding Plan Year for all Participants who were not Highly Compensated Employees in the preceding Plan Year or, if less, the ACP for the preceding Plan Year for all Participants who were not Highly Compensated Employees in the preceding Plan Year plus two percentage points.

(ii) ACP. "ACP" means the average of the Contribution Percentages determined by dividing the sum of all Contribution Percentages of all eligible Participants in the applicable group by the number of eligible Participants in the group. An eligible Participant is a Participant who is directly or indirectly eligible to make or receive an allocation of an ACP Contribution. Effective for Plan Years beginning after December 31, 1998, the Employer may elect to disregard eligible Participants (other than Highly Compensated Employees) who have not met the minimum age and service requirements of Code Section 410(a)(1)(a) provided the plan separately satisfies Code Section 410(b) taking into account only those Participants.

(iii) Contribution Percentage. "Contribution Percentage" means the percentage determined by dividing the Participant's ACP Contributions for the applicable Plan Year by the Participant's ADP Compensation. If ACP Contributions are not made for the Participant, the Participant's Contribution Percentage is zero.

(iv) ACP Contributions. "ACP Contributions" means Matching Contributions.

(v) Aggregation With Other Plans. This plan and any plan aggregated with this plan under the plan aggregation rules of Subsection (c) shall be treated as a single plan for testing compliance with the ACP Limit.

(vi) Additional Rules. In determining compliance with the ACP Limit, the testing coordination, plan aggregation, correction, and other rules in Subsection (c) apply.

(vii) Prevention of Excess Aggregate Contributions. If the Administrator determines that the ACP Limit may be exceeded, the Administrator may reduce or suspend the Matching Contributions for individual Highly Compensated Employees as necessary.

(viii) Correction of Excess Aggregate Contribution. An Excess Aggregate Contribution, plus any attributable income or loss, shall be deducted from the Participant's 414(k) account. "Excess Aggregate Contribution" means the ACP Contributions of Highly Compensated Employees that cause the ACP to exceed the ACP Limit. Correction of the Excess Aggregate Contribution first shall be made by reducing the Participant's Matching Contributions. The vested amount shall be distributed and the nonvested portion shall be treated as a forfeiture as of the date of deduction.

(A) Determination of Amount. The amount of Excess Aggregate Contributions shall be determined by reducing the Contribution Percentages of Highly Compensated Employees, beginning with those at the highest Contribution Percentage, to the next lower Contribution Percentage level for Highly Compensated Employees or, if greater, a percentage that results in compliance with the ACP Limit. If further reduction is required to satisfy the ACP Limit, the amount of correction shall be determined by continuing the process until the ACP Limit is not exceeded. The amount by which the Contribution Percentage is reduced for each affected Highly Compensated Employee shall be expressed as a dollar amount and combined to determine the total amount of Excess Aggregate Contributions for the Plan Year.

(B) Order of Correction. Excess Aggregate Contributions shall be corrected by allocating the excess amounts determined under (A) above to the Highly Compensated Employees on the basis of the amount of ACP Contributions taken into account in determining the Contribution Percentages of the Highly Compensated Employees for the Plan Year. The ACP Contributions of the Highly Compensated Employee with the highest dollar amount of ACP Contributions shall be reduced until the amount of the Highly Compensated Employee's ACP Contributions equals the ACP Contributions of the Highly Compensated Employee with the next highest dollar amount of ACP Contributions or, if greater, until the total amount of the excess has been allocated. The process shall be continued until the total Excess Aggregate Contributions have been allocated. The amount by which the ACP Contributions are reduced shall be deducted from each affected Highly Compensated Employee. After the deductions have been made, the ACP Limit is treated as being satisfied regardless of whether the ACP Limit is actually satisfied, if recalculated.

(C) Attributable Income or Loss. Any deduction from a Participant's account to correct or in conjunction with correction of an Excess Aggregate Contribution shall include the attributable income or loss for the Plan Year.

(D) Deadline for Correction. To correct an Excess Aggregate Contribution, a distribution or forfeiture shall be made not later than the last day of the Plan Year after the Plan Year for which the excess was contributed.

(E) Taxation of Distribution. If made within the two-and-one-half-month period after the end of the Plan Year for which the excess was contributed, an amount distributed to correct an Excess Aggregate Contribution shall be included in the Participant's income on the earliest dates any Elective Deferrals by the Participant during the Plan Year would have been received by the Participant had the Participant originally elected to receive the amounts in cash. A later distribution to correct an Excess Aggregate Contribution shall be included in the Participant's income for the calendar year in which it is distributed.

(F) Penalties. Distribution of an Excess Aggregate Contribution does not subject the Participant to the 10% penalty on an early withdrawal under Code Section 72(t). The Employer shall be liable for a 10% excise tax under Code Section 4979 on the Excess Aggregate Contributions distributed or forfeited after the two-and-one-half-month period following the end of the Plan Year for which they were contributed.

(c) Additional Rules. The following additional rules apply to the contributions subject to the ACP Limits:

(i) Multiple Use Limitation. The ACP Limits under Sections 4.2(b)(ii)(A)(2) and 4.5(a)(i)(B) may be used only to the extent permitted by Code Section 401(m) and Regulations Section 1.401(m)-2. If multiple use of the alternative limitation occurs, first the ACP excess shall be eliminated by correcting Excess Aggregate Contributions.

(ii) Deadline for Inclusion in Tests. To be included for testing compliance with the ACP Limit for a Plan Year, contributions must be allocated to the Participant's accounts as of a date during the Plan Year and must be paid to the trust by the end of the 12-month period following the end of the Plan Year to which the contribution relates. Employer Contributions must be made no later than the date specified under Regulations Section 1.415-6(b)(7)(ii) to be included as Annual Additions for a Limitation Year.

(iii) Plan Aggregation Rules.

(A) HCE Required Aggregation. Unless prohibited by the Regulations, if the same Highly Compensated Employee is eligible to participate in two or more plans of the Employer or a Related Employer, the plans shall be treated as a single plan for determining the Highly Compensated Employee's Deferral Percentage and Contribution Percentage. If the plans have different plan years, they shall be treated as a single plan with respect to the plan years ending within the same calendar year.

(B) Required Aggregation. If this plan and any other qualified retirement plan of the Employer or a Related Employer are required to be treated as a single plan for compliance with Code Section 410(b) (other than Code Section 410(b)(2)(A)(ii)), compliance with the ACP Limits shall be determined as if the plans were a single plan.

(C) Permissive Aggregation. If this plan and any other qualified retirement plan of the Employer or a Related Employer are treated as a single plan when permitted but not required by Code Section 410(b) and Regulations, the aggregated plans must comply with the ACP Limits and must also meet the requirements of Code Sections 401(a)(4) and 410(b) as if the plans were a single plan. Plans may be aggregated permissively only if they have the same plan year and use the same testing method to determine compliance with the ACP Limits.

(D) Prohibited Aggregation. Plans that may be aggregated under Code Section 410(b) but are not actually aggregated for a Plan Year for purposes of Code Section 410(b) (other than Code Section 410(b)(2)(A)(ii)) may not be aggregated for purposes of compliance with the ACP Limits.

(E) Mandatory Disaggregation. If this plan must be treated as being comprised of two or more separate plans under Regulation Section 1.410(b)-7(c), each separate plan must meet the requirements of Code Sections 410(b) and 401(a)(4).

(iv) Plan Coverage Changes. If the ACP Limit is determined under the prior year testing method and a plan coverage change occurs during a Plan Year, then the ACP for all Participants who were not Highly Compensated Employees for the preceding Plan Year is the weighted average of the ACPs for all subgroups in the preceding Plan Year.

(A) Definition. A plan coverage change means a change in the group or groups of eligible Employees under this plan on account of (A) the establishment or amendment of a plan, (B) a merger, consolidation, or spinoff under Code Section 414(l), (C) a change in the way plans, within the meaning of Code Section 414(l), are permissively aggregated or mandatorily disaggregated, or (D) a combination of any of the above.

(B) Subgroup. A subgroup means all non-Highly Compensated Employees who were Participants in the preceding Plan Year plus those Employees who would have been eligible to participate had the plan coverage change occurred in the preceding Plan Year.

(C) Weighted Average. The weighted average of the ACPs is the sum of the adjusted ACPs for all subgroups in the preceding Plan Year. The adjusted ACP for a subgroup is the non-Highly Compensated Employee's ACP for the preceding Plan Year multiplied by a fraction. The numerator of the fraction is the number of non-Highly Compensated Employees in the subgroup and the denominator is the total number of non-Highly Compensated Employees in all subgroups.

(D) Optional Rule for Minor Plan Coverage Changes. If a plan coverage change occurs, and at least 90% of the total number of non-Highly Compensated Employees in all subgroups are from a single subgroup, then the Employer may elect to use the non-Highly Compensated Employee's ACP for the preceding Plan Year instead of the weighted average.

(d) Allocation of Transfers. The 414(k) transfers shall be allocated first to restore any forfeited amount required to be restored which is not satisfied by reallocation of forfeitures and then, to the Section 414(k) accounts of Participants who were employed on the last day of the Plan Year, terminated employment at or after age 60, became disabled or died during the Plan Year as follows:

	<u>Percentage of Participants' Elective Deferrals</u>	<u>Not in Excess of Below Percentage of Participants' Compensation</u>
Step 1	20%	2%
Step 2	20%	Next 4%
Step 3	30%	6%

(e) Allocation of Forfeitures. Forfeitures shall be allocated first to restore any forfeited amount required to be restored under Article 6. Any remaining forfeitures shall reduce the 414(k) Transfer Amount and, if a transfer to the 414(k) account is not made for the Plan Year, shall be applied to reduce administrative expenses under the Plan.

(f) Allocation of Earnings. The amounts allocated to the 414(k) accounts of a Participant may be allocated under any consistent, nondiscriminatory cash basis accounting procedure or daily valuation system (with cash basis accounting) approved by the Administrator.

(g) Vesting. The Vested Percentage with respect to the 414(k) account of a Participant who is employed by an employer at age 65 or whose employment is terminated due to death or disability or the closing of the B & B Shoe Division shall be 100%. A Participant's Vested Percentage, upon any other termination of employment, shall be determined as follows:

<u>Years of Vesting Service</u>	<u>Vested Percentage</u>
Less than 1 year	0%
1 year but less than 2 years	20%
2 years but less than 3 years	40%
3 years but less than 4 years	60%
4 years but less than 5 years	80%
5 years or more	100%

(h) Forfeitures. If a Participant's employment terminates and the Participant's entire Vested Account Balance is distributed, any nonvested amount shall be forfeited as of the date of distribution.

If the Participant is reemployed by the Employer or a Related Employer before the Participant has five consecutive Breaks in Service and repays the entire amount distributed before the earlier of five years after the date the Participant is reemployed or the date the Participant has five consecutive Breaks in Service, the forfeited amount shall be restored to the Participant's account as of the date of repayment.

(i) Zero Vesting. If a Participant's employment terminates and the Participant's vested percentage under Section 6.2(b) is zero, any 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.

(ii) Five Breaks in Service. If an Employee whose vested percentage under Section 6.2(b) is zero has five consecutive Breaks in Service, the Participant's Years of Vesting Service credited before the Breaks in Service shall be permanently canceled.

(iii) Forfeiture of Nonvested Amount. Unless previously forfeited, a Participant's nonvested amount shall be permanently forfeited as of the end of the period that includes the Participant's fifth consecutive Break in Service.

(iv) 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 remaining Vested Account Balance shall be distributed pursuant to Article 7. Any nonvested amount that was not forfeited previously shall be forfeited as of the date of the Participant's death.

(v) 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.

(i) Distribution. Subject to the QPSA/QJSA provisions, a Participant's 414(k) account shall be distributed in the same manner and be subject to the provisions of Article 7 of the Money Accumulation Plan except that 414(k) accounts shall not be distributable as an in-service withdrawal, hardship withdrawal or upon additional 401(k) distributive events.

(j) Investment. The 414(k) accounts of Participants shall be invested in the manner provided under Articles 9 and 10 of the Money Accumulation Plan except that the accounts shall not be available for Participant loans.

ARTICLE 5

Amount of Benefits

5.1 Normal Retirement.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

5.2 Early Retirement.

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

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

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

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

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

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

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

	<u>Percentage education</u>
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 the lump sum would have been previously exhausted if the Participant has been receiving benefits and the payment has been charged since the earlier of the Participant's receipt of disability benefits or the date the Participant last completed an Hour of Service.

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

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

5.7 Special Benefit Schedules.

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

5.8 Benefit Rules.

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

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

(c) Transfer. A transfer between Covered Employment and 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:

<u>Years of Vesting Service</u>	<u>Vested Percentage</u>
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) Small Balance. If a Participant is not required to consent to a payment pursuant to Section 7.6(f)(i) and the Participant's employment terminates for any reason, the Administrator shall direct payment of the Actuarially Equivalent present value of the Participant's Vested Accrued Benefit in a lump sum as soon as administratively feasible following termination of employment.

(ii) Consent Required. If a Participant is required to consent to payment and the Participant's employment terminates for any reason, the Administrator shall direct payment of the Actuarially Equivalent present value of the Participant's Vested Accrued Benefit in a lump sum as soon as administratively feasible after the Participant elects a lump sum payment.

(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 value of optional forms of benefit, the interest rate shall be 8% and the mortality table shall be the 417(e) Mortality Table. The value of an optional form of benefit shall not be less than the value determined as of the effective date.

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) 80% Joint and Survivor Annuity. A 80% joint and survivor annuity is a monthly benefit equal to 80% of 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 the remainder of the Spouse's life after the Participant's death.

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

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

<u>Years of Vesting Service</u>	<u>Vested Percentage</u>
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)

<u>UNIT</u>	<u>EFFECTIVE DATE UNDER PLAN</u>
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-collective bargained employees	04-17-96

COVERED EMPLOYEE GROUPS/ADOPTING EMPLOYERS
(Section 4.6 and 4.7)

	<u>EFFECTIVE DATE</u>
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

C2.1 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
- 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

C3.4 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 as determined on the date immediately before 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

C4.1 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

<u>Health Care Plan Status</u> (as of July 12, 2000)	<u>Lump Sum Amount</u>
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;

<u>Age</u> (as of July 12, 2000)	<u>Percentage Increase in Benefit</u>
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.

<u>Retirement Date</u>	<u>Benefit Rate</u>
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:

<u>Hours of Service in Covered Employment</u>	<u>Percentage of Year of Service</u>
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

<u>Health Care Plan Status</u> (as of October 1, 2001)	<u>Lump Sum Amount</u>
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;

<u>Age</u> (as of July 12, 2000)	<u>Percentage Increase in Benefit</u>
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.

EXHIBIT 10.23

Option Number

Price Per Share
\$

Number of Shares

WOLVERINE WORLD WIDE, INC.
Stock Option Plan

STOCK OPTION AGREEMENT

 This Stock Option Agreement ("Agreement") is made on _____, between WOLVERINE WORLD WIDE, INC., a Delaware corporation ("Wolverine"), and _____ ("Grantee").

 The Wolverine World Wide, Inc. Stock Option Plan (the "Plan") is administered by the Compensation Committee (the "Committee").

 Grantee is eligible to participate in the plan because Grantee is a Director of Wolverine on the date of this Agreement but is not an employee of Wolverine or any of its subsidiaries. The Committee has decided to grant stock options to Grantee, subject to the terms and conditions contained in this Agreement and in the Plan, which is incorporated herein by reference. In the event of any conflict between the terms of this Agreement and the terms of the Plan, the provisions of the Plan shall control.

 Grantee acknowledges receipt of the Plan and accepts this option subject to all of the terms, conditions and provisions of the Plan, and subject to the following further provisions.

 1. Grant. Wolverine grants to Grantee, as of the date set forth above, an option to purchase from Wolverine's common stock, \$1 par value, at the exercise price of \$_____ per share, which is equal to 100% of the market value of a share of the common stock on the date hereof, as such term is described in Paragraph 7 of the Plan.

 2. Term. The right to exercise this option, in whole or in part, shall commence on the date of this Agreement and shall terminate ten (10) years after the date set forth above unless earlier terminated under the Plan by reason of termination of Director status. This option may be exercised at any time, in whole or in part, during its term.

 3. Registration and Listing. The stock options granted under this Agreement are conditional upon (a) the effective registration or exemption of the Plan and the options granted thereunder and the stock granted pursuant thereto under the Securities Act of 1933 and applicable state or foreign securities laws, and (b) the effective listing of the stock on the New York Stock Exchange and the Pacific Stock Exchange.

 4. Exercise. Grantee shall exercise his or her option by giving Wolverine written notice of the exercise of this option. The notice shall set forth the number of share to be purchased and shall indicate Grantee's wishes with respect to reasonable time and place of delivery of such shares. At the time and place indicated in the notice, Wolverine shall deliver to grantee a certificate or certificates for such shares out of theretofore unissued shares or reacquired share of its common stock, as it may elect; provided, however, that the time of such

delivery shall be postponed for such period as may be required for Wolverine with reasonable diligence to comply with any registration requirements under the Securities Act of 1933, the Securities Exchange Act of 1934, any requirements under any law or regulation applicable to issuance, listing, or transfer of such shares, and the listing of the shares covered by the options on the New York Stock Exchange and the Pacific Stock Exchange. If Grantee fails to accept delivery of any pay for all or any part of the number of shares specified in the notice upon tender or delivery thereof, his or her right to exercise the option with respect to such undelivered share shall thereupon terminate.

5. Payment by Grantee. In exercising this stock option, Grantee may pay Wolverine either in cash or, if the Committee consents, in shares of Wolverine common stock or on an installment basis. If payment is made in the form of shares of common stock, such shares shall be valued at their fair market (as defined in the Plan) at the time of delivery to Wolverine. If appropriate arrangements are made with a broker or other institution, payment may be made by a properly executed exercise notice directing delivery of the share to the broker, together with irrevocable instructions to the broker to promptly deliver to Wolverine the amount of sale or loan proceeds to pay the exercise price. If at the time of exercising the option Grantee is subject to the six-month insider trading restrictions of Section 16(b) of the Securities Exchange Act of 1934, Grantee may irrevocably elect to have stock withheld, or deliver stock to Wolverine, to satisfy any required tax withholding obligations if the Committee does not disapprove the election. Such election must be made before the taxable event and either six months prior to the taxable event or within a ten-day window period beginning on the third day following the release of the quarterly or annual statements of Wolverine's sales and earnings. If payment or withholding is made in the form of shares of common stock, such shares shall be valued at their fair market value (as defined in the Plan) at the time of exercise or date of taxable event if satisfying withholding obligations.

6. Transferability. This option is not transferable by Grantee except by will or according to the laws of descent and distribution. If any assignments, pledge, or transfer of this option shall be made or attempted, or if any attachment, execution, garnishment, or lien shall be issued against or placed upon the same, this option shall be void and of no further effect. Wolverine may, in the event it deems the same desirable to assure compliance with applicable federal and state securities laws, legend any certificate representing shares issued pursuant to the exercise of this option with an appropriate restrictive legend, and may also issue appropriate stop transfer instructions to its transfer agent with respect to such shares.

7. Termination of Director Status. Subject to certain exceptions as set forth in the Plan, this option shall cease and terminate three months after the Grantee ceases to be a Director of Wolverine or any of its subsidiaries, for any reason other than the Grantee's death, termination for cause, disability, or Retirement. In the event of the Grantee's death, this option may be exercised by the Grantee's legal representative for one year after the death in the manner and at the times set forth in the Plan. If the Grantee's director status is terminated due to disability or Retirement, he or she may exercise this option during the remaining term of the option but only to the extent he or she was entitled to exercise this option on the date of such event. If the Grantee's directorship is terminated for cause, none of the stock option rights set forth in this Agreement shall be exercisable.

 8. Intent to Serve. Grantee hereby states that Grantee intends to continue to serve as a director of Wolverine for the remainder of the Grantee's term during which the option evidenced by this Agreement was granted.

 9. Corporate Changes. In the event of any stock dividend, recapitalization, reorganization, merger, consolidation, split-up, combination or exchange of shares of Wolverine, the number and class of shares covered by this option and the exercise price are subject to adjustment as provided in the Plan.

 10. Stockholder Rights. Grantee shall have no rights as a stockholder with respect to any shares covered by this option until the exercise of the option and payment for such shares.

 11. Directorship. The grant of this option shall not impose upon Wolverine or any subsidiary any obligation to retain Grantee for any given period or upon any specific terms as a director.

 12. Effective Date. This option shall be effective as of the date first set forth above.

 13. Amendment. This option shall not be modified except in a writing executed by the parties hereto.

 This option has been issued by Wolverine by authority of its Compensation Committee.

WOLVERINE WORLD WIDE, INC.

By:

Stephen L. Gulis, Jr.
Exec. Vice President and Chief Financial Officer

Director

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	
The Slipper Store	
The Slipper Store.com	
UP Footgear	
Hush Puppies (U.K.) Ltd.	England & Wales
Hy-Test, Inc.	Michigan
d/b/a Hy-Test	
Merrell Europe B.V.	The Netherlands
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 de Costa Rica, S.A.	Costa Rica
Wolverine de Mjxico S.A. de C.V.	Mexico
Wolverine Design Center, Inc.	Michigan
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 World Wide Corporation, Inc.	Quebec
Wolverine World Wide Europe Limited	England & Wales

All of the subsidiaries listed above are wholly-owned subsidiaries of the Company except Wolverine Europe Limited, which is 95% owned by the Company.

Exhibit 23 - Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the Registration Statement (Form S-8 Nos. 333-67462, 333-93563, 333-49523, 33-63689, 33-55213, 33-64854, 33-23196, 333-88898, 333-97917, and 333-106973) pertaining to the various plans of Wolverine World Wide, Inc. of our reports dated February 23, 2005, with respect to the consolidated financial statements and schedule of Wolverine World Wide, Inc., Wolverine World Wide, Inc. management's assessment of the effectiveness of internal control over financial reporting, and the effectiveness of internal control over financial reporting of Wolverine World Wide, Inc., included in this Annual Report (Form 10-K) for the year ended January 1, 2005.

/s/ Ernst & Young LLP

Grand Rapids, Michigan
March 10, 2005

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 TIMOTHY J. O'DONOVAN; STEPHEN L. GULIS, JR.; BLAKE W. KRUEGER; JAMES D. ZWIERS; 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 January 1, 2005, 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

January 20, 2005

Signature

/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 TIMOTHY J. O'DONOVAN; STEPHEN L. GULIS, JR.; BLAKE W. KRUEGER; JAMES D. ZWIERS; 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 January 1, 2005, 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

January 18, 2005

Signature

/s/ Geoffrey B. Bloom

Geoffrey B. Bloom

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 TIMOTHY J. O'DONOVAN; STEPHEN L. GULIS, JR.; BLAKE W. KRUEGER; JAMES D. ZWIERS; 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 January 1, 2005, 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 22, 2005

/s/ Donald V. Fites

Donald V. Fites

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 TIMOTHY J. O'DONOVAN; STEPHEN L. GULIS, JR.; BLAKE W. KRUEGER; JAMES D. ZWIERS; 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 January 1, 2005, 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

January 24, 2005

Signature

/s/ Alberto L. Grimoldi

Alberto L. Grimoldi

POWER OF ATTORNEY

The undersigned, in his or her capacity as a director or officer, or both, as the case may be, of Wolverine World Wide, Inc., does hereby appoint TIMOTHY J. O'DONOVAN; STEPHEN L. GULIS, JR.; BLAKE W. KRUEGER; JAMES D. ZWIERS; 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 January 1, 2005, 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, 2005

/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 TIMOTHY J. O'DONOVAN; STEPHEN L. GULIS, JR.; BLAKE W. KRUEGER; JAMES D. ZWIERS; 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 January 1, 2005, 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, 2005

/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 TIMOTHY J. O'DONOVAN; STEPHEN L. GULIS, JR.; BLAKE W. KRUEGER; JAMES D. ZWIERS; 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 January 1, 2005, 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

January 14, 2005

Signature

/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 TIMOTHY J. O'DONOVAN; STEPHEN L. GULIS, JR.; BLAKE W. KRUEGER; JAMES D. ZWIERS; 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 January 1, 2005, 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 17, 2005

/s/ Elizabeth A. Sanders

Elizabeth A. Sanders

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 TIMOTHY J. O'DONOVAN; STEPHEN L. GULIS, JR.; BLAKE W. KRUEGER; JAMES D. ZWIERS; 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 January 1, 2005, 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, 2005

/s/ Paul D. Schrage

Paul D. Schrage

Exhibit 31.1

CERTIFICATIONS

I, Timothy J. O'Donovan, certify that:

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

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

- (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
- (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 16, 2005

/s/ Timothy J. O'Donovan
Timothy J. O'Donovan
President and Chief Executive Officer
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; and
-

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 16, 2005

/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 January 1, 2005 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/ Timothy J. O'Donovan

Timothy J. O'Donovan
President and Chief Executive Officer

/s/ Stephen L. Gulis, Jr.

Stephen L. Gulis, Jr.
Executive Vice President, Chief Financial
Officer and Treasurer