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

FORM 10-K

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 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: 001-6024

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	Name of each exchange on which registered
Common Stock, $1 Par Value	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 is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes __X__ No _____

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

Yes _____ No __X__

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes __X__ No _____

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

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

Large accelerated filer __X__ Accelerated filer _____ Non-accelerated filer _____

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

Yes _____ No __X__

The aggregate market value of the registrant's voting stock held by non-affiliates of the registrant based on the closing price on the New York

Stock Exchange on June 17, 2005, the last business day of the registrant's most recently completed second fiscal quarter: $1,384,458,962.

Number of shares outstanding of the registrant's Common Stock, $1 par value (excluding shares of treasury stock) as of March 10, 2006: 54,557,595.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the definitive proxy statement for the registrant's annual stockholders' meeting to be held April 20, 2006, 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 2006 operating results and dividend rates; future share repurchase activity; future strength of the Company; future brand positioning; achievement of the Company vision; future pension costs; future marketing investments; the introduction of new lines or categories of products, including Merrell® Apparel and Patagonia® Footwear; future growth or success in specific countries, categories or market sectors; liquidity; capital resources and market risk are forward-looking statements. In addition, words such as "anticipates," "believes," "estimates," "expects," "forecasts," "intends," "is likely," "plans," "predicts," "projects," "should," "will," variations of such words and similar expressions are intended to identify forward-looking statements. These statements are not guarantees of future performance and involve certain risks, uncertainties and assumptions ("Risk Factors") that are difficult to predict with regard to timing, extent, likelihood and degree of occurrence. Therefore, actual results and outcomes may materially differ from what may be expressed or forecasted in such forward-looking statements.

Risk Factors include, but are not limited to, the following risk factors, as well as the risk factors more fully described in Item 1A "Risk Factors": uncertainties relating to changes in demand for the Company's products; changes in consumer preferences or spending patterns; the cost and availability of inventories, services, labor and equipment furnished to the Company; the cost and availability of contract manufacturers; the cost and availability of raw materials, including leather and petroleum based materials; changes in planned consumer demand or at-once orders; customer order cancellations; the impact of competition and pricing by the Company's competitors; changes in government and regulatory policies; foreign currency fluctuation in valuations compared to the U.S. dollar; changes in monetary controls and valuations of the Chinese yuan renminbi and the relative value to the U.S. dollar; changes in duty structures in countries of import and export; anti-dumping measures in Europe that are currently being recommended by the European Commission with respect to leather footwear imported into the European Union from China and Vietnam at additional duty rates progressing to 19.4% and 16.8% respectively by September of 2006 for certain leather footwear; anti-dumping measures being considered with respect to safety footwear imported from China and India; changes in interest rates, tax laws, duties, tariffs, quotas or applicable assessments; technological developments; changes in local, domestic or international economic and market conditions; the size and growth of footwear markets; service interruptions at shipping and receiving ports; changes in the amount or severity of inclement weather; changes due to the growth of Internet commerce; popularity of particular designs and categories of footwear; the ability of the Company to manage and forecast its growth and inventories; the ability to secure and protect trademarks, patents and other intellectual property; integration of operations of newly acquired businesses; changes in business strategy or development plans; the Company's ability to adapt and compete in global apparel and accessory markets; customer acceptance of the Patagonia® Footwear products to be introduced in 2006; the ability to attract and retain qualified personnel; the ability to retain rights to brands licensed by the Company; loss of significant customers; relationships with international distributors and licensees; the Company's ability to meet at-once orders; the exercise of future purchase options by the U.S. Department of Defense on previously awarded contracts; the risk of doing business in developing countries and economically volatile areas; retail buying patterns; consolidation in the retail sector; and the acceptability of U.S. brands in international markets. Additionally, concerns regarding acts of terrorism, the war in Iraq and subsequent events have created significant global economic and political uncertainties that may have material and adverse effects on consumer demand, foreign sourcing of footwear, shipping and transportation, product imports and exports and the sale of products in foreign markets. These matters are representative of the Risk Factors that could cause a difference between an ultimate actual outcome and a forward-looking statement. Historical operating results are not necessarily indicative of the results that may be expected in the future. The Risk Factors included here are not exhaustive. Other Risk Factors exist, and new Risk Factors emerge from time-to-time, that may cause actual results to differ materially from those contained in any forward-looking statements. Given these risks and uncertainties, investors should not place undue reliance on forward-looking statements as a prediction of actual results. Furthermore, the Company undertakes no obligation to update, amend or clarify forward-looking statements, whether as a result of new information, future events or otherwise.

PART I

Item 1. Business.

General.

Wolverine World Wide, Inc. (the "Company") is a leading designer, manufacturer and marketer of a broad line of quality casual shoes, rugged outdoor and work footwear, 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.

The Company sold approximately 44 million pairs of Company branded footwear during fiscal 2005, 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*® and, beginning with the expected product launch in Spring 2007, *Patagonia*® footwear. 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. For 2005, the Company's footwear products were 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, currently focusing on the *Sebago*® and *Merrell*® product lines of performance and lifestyle footwear, and, beginning with anticipated product launches in fiscal 2007, *Merrell*® brand apparel and *Patagonia*® brand 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 76 Company-owned retail stores and to numerous accounts including department stores, footwear chains, catalogs, specialty retailers, mass merchants and Internet retailers. Many of the retailers to which Wolverine distributes operate multiple storefront locations. The Company's products are marketed worldwide in over 170 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*® and, with the expected product launch in Spring 2007, *Patagonia*® footwear. 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. **The Outdoor Group.** The Outdoor Group consists of *Merrell*®, *Sebago*®, and, with its expected launch in Spring 2007, *Patagonia*® 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. The Outdoor Group also intends to launch a line of *Merrell*® brand apparel in fiscal 2007. *Merrell*® products are sold primarily through outdoor specialty retailers, department stores and catalogs. *Merrell*® footwear is marketed in over 125 countries worldwide.

Sebago® Footwear. The *Sebago*® product line consists primarily of performance nautical and American-inspired casual footwear for men and women such as boat shoes and handsewn loafers that have been manufactured and distributed since 1946. Highly recognized *Sebago*® line extensions include *Sebago Docksides*®, *Drysides*™, *Campsides*™ and *Athletic Marine.* The *Sebago*® product line is distributed in over 80 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.

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

2. **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 123 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 trail shoes, rugged casuals and outdoor sandals. The outdoor sport line is designed to meet the demands of hunters, fishermen and other active outdoor sportsmen and women. Warmth, waterproofing and comfort are achieved through the use of *Gore-Tex*® 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.

3. **The Heritage Brands Group**. The Heritage Brands Group consists of *Caterpillar® Footwear* and *Harley-Davidson® Footwear*.

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 150 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 120 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 76 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 76 domestic retail shoe stores as of February 2006. These stores are under the *Hush Puppies*®, *Hush Puppies and Family*℠, *Track'N Trail*® and *Rockford Footwear Depot*℠ names. The Company expects to open new stores under both the *Hush Puppies*® and *Track'N Trail*® formats in 2006. 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*, *www.hushpuppies.com* and *www.sebago.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. Such contracts typically contain future purchase options that are not required to be exercised.

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

A broad distribution base insulates the Company from dependence on any one customer. No customer of the Company accounted for more than 10% of the Company's revenue in fiscal 2005.

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 77% 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 90% 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 owned 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 the flexibility to properly balance the need for timely shipments, high quality products and competitive pricing.

The Company owns and operates a pigskin tannery through its Wolverine Leathers Division, 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 leather 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, tariffs and duties, loss of most favored nation trading status and currency and exchange rate fluctuations. With respect to international sourcing activities, management believes that over a period of time, it could arrange adequate alternative sources of supply for the products currently obtained from its foreign suppliers. A sustained disruption of such sources of supply could have an adverse impact on the Company's operations and financial condition.

Trademarks, Licenses and Patents.

The Company holds a significant portfolio of registered and common law trademarks that identify its branded footwear 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*®, *Harley-Davidson*® and *Patagonia*® trademarks, and the right to manufacture, market and distribute footwear in the United States and other countries under the *Stanley*® trademark, all pursuant to license arrangements with the respective trademark owners. The *CAT*®, *Harley-Davidson*®, *Patagonia*® 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*®, *Wolverine Warrior Leather*®, *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 11, 2006, the Company had an order backlog of approximately $357 million compared with an order backlog of approximately $318 million at March 12, 2005, determined on a basis consistent with the current year. Substantially all of the backlog relates to demand for products expected to be shipped in 2006. 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 ability to control costs, and the ability to adapt to style changes are all important elements of competition in the footwear markets served by the Company. The footwear industry in general is subject to changes in consumer preferences. The Company strives to maintain its competitive position through promotion of brand awareness, manufacturing and sourcing efficiencies, 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 December 31, 2005, the Company had approximately 4,502 domestic and foreign production, office and sales employees. Approximately 614 employees were covered by three union contracts expiring at various dates through March 31, 2007. 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: General Counsel.

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

Item 1A. Risk Factors.

Impact of consumer spending patterns.

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

Competition and Changes in Consumer Preferences.

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

Inventory Management.

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

Dependence on Foreign Manufacturers.

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

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

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

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

The European Union has initiated anti-dumping investigations regarding the importation into the European Union of leather footwear from China and Vietnam and safety footwear from China and India. The European Commission has recommended provisional measures which, if implemented, would result in additional duties of 19.4% on certain leather footwear imported into the European Union from China and 16.8% on certain leather footwear imported into the European Union from Vietnam. Analysis and discussion between the European Commission, Member States and interested parties regarding these anti-dumping investigations is continuing and the final outcome of these investigations is uncertain. The imposition of preliminary or final dumping measures could have a material impact on the Company's business, results of operations and financial condition. The Company and a number of other companies in the footwear industry are advocating against the imposition of dumping measures by the European Union. The Company is also exploring alternative sourcing options for importation in the European Union if dumping measures are imposed.

Suppliers and Service Providers.

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

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

Customers.

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

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

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

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

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

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

Implementation of Growth Strategy.

As part of its growth strategy, the Company seeks to enhance the positioning of its brands and to extend its brands into complementary product categories and consumer groups, to expand geographically, and to improve operational performance. There can be no assurance that we will be able to successfully implement any or all of these growth strategies, which could have an adverse effect on the Company's business, results of operations and financial condition. There is no assurance that the Company will be able to successfully launch the Patagonia® footwear line in Spring 2007 and there are no assurances that the Company's expected Merrell® brand expansion into apparel in Fall 2007 will be successful. The Company is investing substantial resources into these two product launches in 2007 and the failure of either or both could have an adverse effect on the Company's business, results of operations and financial condition.

Reputational Risks.

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

Government/Regulation.

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

Global Political and Economic Uncertainty.

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

Currency.

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

Protection of Intellectual Property; Continuation of Licensing Agreements.

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

Integration of Newly Acquired Businesses.

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

Litigation and Regulatory Proceedings.

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

Anti-Takeover Provisions.

Provisions of the Company's certificate of incorporation, bylaws, and the Company's Rights Plan, as well as provisions of Delaware law, could discourage, delay or prevent a merger, acquisition or other change in control of the Company. These provisions are intended to protect stockholders' interests by providing the Board of Directors a means to attempt to deny coercive takeover attempts or to negotiate with a potential acquirer in order to obtain more favorable terms. Such provisions include a board of directors that is classified so that only one-third of directors stand for election each year, the authorization of "blank check" preferred stock, which the Company's Board of Directors could issue with provisions designed to prevent or delay a takeover attempt, and provisions of the Company's Rights Plan that make it more difficult to acquire the Company without negotiating with the Board of Directors. These provisions could also discourage proxy contests and make it more difficult for stockholders to elect directors and take other corporate actions.

Attraction and Retention of Qualified Personnel.

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

Item 1B. Unresolved Staff Comments.

None.

Item 2. Properties.

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

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

Item 3. Legal Proceedings.

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

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

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

Supplemental Item. Executive Officers of the Registrant.

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

Name	Age	Positions held with the Company
Steven M. Duffy	53	Retired Executive Vice President and President, Global Operations Group
V. Dean Estes	56	Retired Vice President and President, Wolverine Footwear Group
Stephen L. Gulis, Jr.	48	Executive Vice President, Chief Financial Officer and Treasurer
Cheryl L. Johnson	44	Vice President, Human Resources
Blake W. Krueger	52	Chief Operating Officer and President
Timothy J. O'Donovan	60	Chief Executive Officer and Chairman
Nicholas P. Ottenwess	43	Vice President of Finance and Corporate Controller
James D. Zwiers	38	General Counsel and Secretary

Steven M. Duffy served the Company as Executive Vice President from April 1996 until his retirement in January 2006, and was also 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 served the Company as Vice President from 1995 until his retirement in January 2006. Mr. Estes was 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.

Cheryl L. Johnson has served the Company as Vice President of Human Resources since January 2006. From 2004 to 2006 she served as Human Resources Director for Whirlpool Corporation, a manufacturer and marketer of major home appliances. From 2002 to 2004 she served as Vice President of Global Human Resources, Fluid Handling Products Division for Textron, Inc., a manufacturer of centrifugal, axial flow, power, direct acting and gear pumps. During 2002 she served as Global Human Resources Director, Flooring Division, for E.I. du Pont de Nemours and Company, a chemical company, and from 1991-2002, she served as Global Human Resources Manager for that company.

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

Timothy J. O'Donovan has served the Company as Chief Executive Officer and Chairman of the Board since April 2005. From April 2000 to April 2005 he served as Chief Executive Officer and President. 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.

James D. Zwiers has served the Company as General Counsel and Secretary since October 2005. From December 2003 to October 2005 he served as General Counsel and Assistant Secretary. From January 1998 to December 2003 he served the Company as Associate General Counsel and Assistant Secretary. From 1995 to 1998 he was an attorney with the law firm of Warner Norcross & Judd LLP.

PART II

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

The Company's common stock is traded on the New York Stock Exchange 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 2005 and 2004. The prices and dividends shown below are adjusted to reflect the three-for-two stock split distributed on February 1, 2005. The number of stockholders of record on March 1, 2006, was 1,450.

	2005		2004	
Stock Price	High	Low	High	Low
First quarter	**$ 23.65**	**$ 20.04**	$ 16.10	$ 13.40
Second quarter	**25.70**	**18.90**	18.81	15.38
Third quarter	**25.02**	**20.48**	17.92	14.27
Fourth quarter	**22.95**	**19.35**	21.66	16.18

Cash Dividends Declared Per Share	**2005**	2004
First quarter	**$ .065**	$ .043
Second quarter	**.065**	.043
Third quarter	**.065**	.043
Fourth quarter	**.065**	.065

A quarterly dividend of $.075 per share was declared during the first quarter of fiscal 2006.

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

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 11, 2005 to October 8, 2005)				
Common Stock Repurchase Program (1)	-	$ -	-	980,582
Employee Transactions(2)	2,474	22.73	N/A	N/A
Period 2 (October 9, 2005 to November 5, 2005)				
Common Stock Repurchase Program (1)	961,700	$ 21.16	961,700	18,882
Employee Transactions(2)	4,502	21.43	N/A	N/A
Period 3 (November 6, 2005 to December 3, 2005)				
Common Stock Repurchase Program (1)	-	$ -	-	18,882
Employee Transactions(2)	850	22.52	N/A	N/A
Period 4 (December 4, 2005 to December 31, 2005)				
Common Stock Repurchase Program (1)	-	-	-	18,882
Employee Transactions(2)	18,755	$ 22.33	N/A	N/A
Total for Fourth Quarter ended December 31, 2005				
Common Stock Repurchase Program (1)	961,700	$ 21.16	961,700	3,018,882
Employee Transactions(2)	26,581	22.22	N/A	N/A

1. The Company's Board of Directors approved common stock repurchase programs on December 13, 2005, and on October 5, 2004. 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.
2. Employee transactions include: (1) shares delivered or attested in satisfaction of the exercise price and/or tax withholding obligations by holders of employee stock options who exercised options and (2) restricted shares withheld to offset tax withholding that occurs upon vesting of

restricted shares. The Company's employee stock compensation plans 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]

		2005		2004		2003		2002		2001
(Thousands of Dollars, Except Per Share Data)										
Summary of Operations										
Revenue	**$**	**1,060,999**	$	991,909	$	888,926	$	827,106	$	720,066
Net earnings		**74,467**		65,938		51,716		47,912		45,240
Per share of common stock:										
Basic net earnings [2][3]	**$**	**1.33**	$	1.15	$	.88	$	.79	$	.74
Diluted net earnings [2][3]		**1.27**		1.09		.85		.77		.71
Cash dividends declared [2]		**.26**		.19		.15		.12		.11
Financial Position at Year End										
Total assets	**$**	**626,580**	$	639,571	$	593,762	$	531,994	$	543,678
Long-term debt		**32,411**		43,904		59,923		72,915		90,848

Notes to Five-Year Operating and Financial Summary

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

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

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

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

OVERVIEW

Wolverine World Wide, Inc. (the "Company") achieved record revenue and earnings during 2005. Revenue increased 7.0% to $1.061 billion. Earnings per share grew to a record $1.27 which reflected a 16.5% increase over the $1.09 reported in the prior year. The Company ended 2005 with $85.3 million in cash on hand and reduced debt to $32.4 million. For the seventh year in a row, the Company recorded positive cash generation from operating activities with 2005 cash generation reaching a record $119.7 million. Continued focus on asset management programs resulted in an 11.8% decrease in inventory levels at year end. Accounts receivable increased 3.9% on a revenue increase of 7.0%.

The Company's 2005 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:

- **Global Expansion** Revenue from international operations represented over 30% of the Company's 2005 revenue. During 2005, the CAT® and Wolverine® businesses in Canada were acquired and converted from a non-affiliated distributor-based operation to a Company-owned wholesale operation. Additionally, non-affiliated Merrell® distributors in Sweden and Finland, as well as Sebago® businesses in the U.K. and Germany, were converted to Company-owned wholesale operations. Including the new business units, the Company experienced 15.8% growth in its European operations and 34.5% growth in its Canadian operations. The Company now does business in over 170 countries around the world, either through direct operations or in conjunction with distributors or licensees.
- **Pursuing and Delivering Product Excellence** The Company introduced several innovative new products during the year. The Merrell Continuum®, Wolverine MultiShox™ and CAT® brand's iTechnology™ products drove revenue growth. Consumer acceptance of the Company's products has resulted in increased global market share. The Company plans to extend the Merrell® brand into apparel in 2007 by capitalizing on the lifestyle potential of the brand and the anticipated demand for Merrell® Apparel.
- **Strengthening Our Brand and Business Portfolio** The Company's brands target different segments of the market. A broad consumer base and a strong portfolio of multi-gender brands contributed to the global success of the Company. The Company continued to diversify its product distribution and further strengthened its portfolio by recently entering into a long-term exclusive global licensing agreement for Patagonia® Footwear. A Spring 2007 product launch for Patagonia® Footwear is anticipated. The Company continued to reach consumers in 2005 through strong advertising programs, point-of-sale and shop-in-shop presentations, participation/sponsorship of grass roots consumer events and consumer-direct retail strategies.
- **Providing Service Excellence to Our Customers** The Company enhanced its operating systems during 2005, achieving its goal of operating on one common global platform. Additional enhancements to the Company's core SAP® operating system were implemented to more effectively meet today's rigorous financial reporting requirements. The Company continues to upgrade and expand its operating systems' capabilities in order to meet the needs of retailers around the world.
- **Building a Strong Team and Company Culture** The Company strengthened its management team to prepare for future growth. Key positions were filled with internal candidates, which is a testament to the bench strength of the management team. During the fourth quarter, Blake Krueger was promoted from Executive Vice President and President of the Heritage Brands Group to President and Chief Operating Officer of Wolverine World Wide, Inc. In addition, a seasoned Human Resources executive was recruited to strengthen the Company's global employment processes.

During the fourth quarter of 2005, the Company unveiled its new Corporate Vision -"To Excite Consumers Around the World with Innovative Footwear and Apparel that Bring Style to Purpose." The Company believes the new vision sets it apart from the competition and provides an achievable road map toward future growth and success.

The Company plans to achieve this vision and enhance shareholder value by:

- **Creating a Community of Great Global Brands** The Company intends to drive its brands to worldwide leadership positions while pursuing initiatives to extend its owned brands into categories beyond footwear.

- **Designing Products to Enhance the Consumer's Experience** The Company will strive to design products that consumers desire and that provide exceptional performance, surpass consumers' expectations and reflect each brand's unique point-of-view.
- **Achieving Operational Excellence** The Company's strong suite of business systems and processes, sourcing expertise and supply chain management should continue to offer a competitive advantage to retail customers.
- **Generating Consistent and Growing Value for Our Shareholders** The Company intends to drive its future financial success with a business model based on revenue growth, expanded operating margin, improved asset turnover and cash generation.
- **Acting with a Commitment to Social Responsibility** The Company intends to continue its commitment to the human needs of the communities in which it operates.

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 2005 COMPARED TO FISCAL 2004

FINANCIAL SUMMARY - 2005 VERSUS 2004

	2005		2004		Change	
	$	**%**	$	%	$	%
(Millions of Dollars, Except Per Share Data)						
Revenue						
Branded footwear and licensing	**$ 964.5**	**90.9%**	$ 903.6	91.1%	$ 60.9	6.7%
Other business units	**96.5**	**9.1%**	88.3	8.9%	8.2	9.2%
Total revenue	**$ 1,061.0**	**100.0%**	$ 991.9	100.0%	$ 69.1	7.0%
Gross margin						
Branded footwear and licensing	**$ 369.6**	**38.3%**	$ 343.1	38.0%	$ 26.5	7.7%
Other business units	**35.6**	**36.9%**	31.0	35.2%	4.6	14.7%
Total gross margin	**$ 405.2**	**38.2%**	$ 374.1	37.7%	$ 31.1	8.3%
Selling and administrative expenses	**$ 291.9**	**27.5%**	$ 274.1	27.6%	$ 17.8	6.5%
Interest expense-net	**1.9**	**0.2%**	3.2	0.3%	(1.3)	(41.1%)
Other (income) expense-net	**0.2**	**0.0%**	(.3)	0.0%	.5	(149.2%)
Earnings before income taxes and minority interest	**111.2**	**10.5%**	97.1	9.8%	14.1	14.6%
Net earnings	**74.5**	**7.0%**	65.9	6.6%	8.6	12.9%
Diluted earnings per share	**$ 1.27**	**-**	$ 1.09	-	$ .18	16.5%

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 Outdoor Group (comprised of the Merrell®, Sebago® and Patagonia® Footwear brands), the Wolverine Footwear Group (comprised of the Wolverine®, HYTEST®, Bates® and Stanley® Footgear brands), the Heritage Brands Group (comprised of CAT® Footwear and Harley-Davidson® Footwear), The Hush Puppies Company,

and Other Branded Footwear. The Company's other business units consist of Wolverine Retail and Wolverine® Leathers (comprised of the Tannery and Procurement operations). The following is supplemental information on total revenue:

Total Revenue

	2005		2004		Change	
	$	%	$	%	$	%
(Millions of Dollars)						
Outdoor Group	**$ 337.8**	**31.8%**	$ 286.6	28.9%	$ 51.2	17.8%
Wolverine Footwear Group	**262.8**	**24.8%**	269.3	27.1%	(6.5)	(2.4%)
Heritage Brands Group	**174.2**	**16.4%**	164.4	16.6%	9.8	5.9%
The Hush Puppies Company	**163.4**	**15.4%**	152.8	15.4%	10.6	7.0%
Other Branded Footwear	**26.3**	**2.5%**	30.5	3.1%	(4.2)	(13.8%)
Total branded footwear and licensing revenue	**$ 964.5**	**90.9%**	$ 903.6	91.1%	$ 60.9	6.7%
Other business units	**96.5**	**9.1%**	88.3	8.9%	8.2	9.2%
Total revenue	**$ 1,061.0**	**100.0%**	$ 991.9	100.0%	$ 69.1	7.0%

REVENUE

Revenue for 2005 increased $69.1 million over 2004. The addition of the CAT® and Wolverine® wholesale operations in Canada, as well as the transition of the Merrell® businesses in Sweden and Finland and the Sebago® operations in the U.K. and Germany from distributor-based businesses to Company-owned wholesale businesses represented $20.6 million of the revenue 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 $45.0 million of the revenue increase. The impact of translating foreign denominated revenue to U.S. dollars improved revenue by $3.5 million. Both domestic and international revenue increased with international revenue accounting for 30.2% of total revenue in 2005 compared to 27.5% in 2004.

The Outdoor Group reported a 17.8% increase in revenue over 2004, its eighth year of double-digit growth. The Merrell® business achieved double-digit growth in the U.S., Canada and Europe. The brand also experienced growth with its network of international distributors. Strong sales in the multi-sport, after-sport and sports fashion categories drove the increase. The Merrell® brand presence continues to expand globally with 870 shop-in-shops and 31 Merrell® exclusive stores operated by independent retailers. The Sebago® brand experienced a 17.6% increase in revenue over the prior year. The increase was driven by sales in the international markets where distribution arrangements have been converted to Company-owned wholesale operations.

The Wolverine Footwear Group experienced a 2.4% decline in revenue for 2005. The Wolverine® and Stanley® Footgear boot businesses experienced an increase of $5.7 million during 2005 as new product and marketing initiatives drove strong retail performance. The conversion of a Canadian distributorship to a Company-owned wholesale operation accounted for approximately half of the increase. The decrease of $12.2 million in the Bates® division was primarily the result of a planned reduction in combat boot shipments.

The Heritage Brands Group experienced a 5.9% revenue increase in 2005. The CAT® Footwear increase was driven by revenue growth in Europe and with the Company's global trading partners. Positive consumer response to new product initiatives such as iTechnology™ and expanded retail distribution helped to drive the increase. The conversion of the business in Canada from a distributorship to a

Company-owned wholesale operation also contributed to the increase. Revenue for the Harley-Davidson® Footwear brand remained even with the prior year.

The Hush Puppies Company's revenue increased 7.0% in 2005. The revenue growth was broad-based as increases were achieved in the U.S., Canada and Europe. Strong response to the new contemporary-styled Hush Puppies® product fueled growth both in the Company-owned wholesale operations and with the Company's global licensing partners.

Revenue for Other Branded Footwear decreased 13.8% in 2005 due to a reduction in demand from key customers for private label product.

Within the Company's other business units, Wolverine Retail reported an upper-single-digit same-store sales increase as consumers responded favorably to the Company's products. Wolverine® Leathers recorded a revenue increase driven by greater demand for sueded leather footwear.

The Company ended 2005 with an order backlog approximately 11% above 2004 year-end levels. This backlog principally reflects demand for the first half of 2006.

GROSS MARGIN

The gross margin level for 2005 of 38.2% was a 50 basis point improvement over the prior year. Benefits from favorable foreign exchange contract rates associated with the Company's foreign entity inventory purchases resulted in lower product costs which added 60 basis points to the margin. An increase in shipments of higher margin products improved margin by 40 basis points. Unfavorable manufacturing variances and increased product costs totaling 50 basis points partially offset the gross margin improvement.

SELLING AND ADMINISTRATIVE EXPENSES

Selling and administrative expenses increased $17.8 million during 2005 to $291.9 million. The addition of the CAT® and Wolverine® operations in Canada, as well as the transition of the Merrell® businesses in Sweden and Finland and the Sebago® operations in the U.K. and Germany from distributor-based businesses to Company-owned wholesale businesses, accounted for $7.3 million of the increase. The Company continues to invest in marketing and new business development which accounted for $2.7 million of the increase. The remaining increases related primarily to selling and distribution costs which vary with the increase in revenue.

INTEREST, OTHER & TAXES

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

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

The Company's effective income tax rate for 2005 was 33.1% compared to 31.8% in 2004. During the fourth quarter of 2005, the Company elected to repatriate earnings of foreign subsidiaries as provided under the American Jobs Creation Act of 2004. The Company repatriated $41.5 million of eligible earnings and, as a result, recorded tax expense of $1.4 million. The annualized effective tax rate for fiscal 2006 is estimated to range from 33.0% to 33.5%.

NET EARNINGS
As a result of the revenue, gross margin and expense changes discussed above, the Company achieved net earnings of $74.5 million compared to $65.9 million in 2004, an increase of $8.6 million.

RESULTS OF OPERATIONS - FISCAL 2004 COMPARED TO FISCAL 2003

FINANCIAL SUMMARY - 2004 VERSUS 2003

	2004		2003		Change	
	$	%	$	%	$	%
(Millions of Dollars, Except Per Share Data)						
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	35.2%	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	(.3)	0.0%	(.7)	(0.1%)	(.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	-	$ .85	-	$ .24	28.2%

The following is supplemental information on total revenue:

Total Revenue

	2004		2003		Change	
	$	%	$	%	$	%
(Millions of Dollars)						
Outdoor Group	$ 286.6	28.9%	$ 223.2	25.1%	$ 63.4	28.4%
Wolverine Footwear Group	269.3	27.1%	255.4	28.7%	13.9	5.4%
Heritage Brands Group	164.4	16.6%	156.1	17.5%	8.3	5.3%
The Hush Puppies Company	152.8	15.4%	147.2	16.6%	5.6	3.8%
Other Branded Footwear	30.5	3.1%	30.7	3.5%	(.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%

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 27.5% of total revenue in 2004 compared to 24.5% in 2003.

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 continued 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 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® brand 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 Heritage Brands 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., 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. business 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, Wolverine Retail reported a mid-single-digit same-store sales increase. Wolverine® Leathers recorded a revenue increase driven primarily by market demand for sueded leather footwear.

The Company ended 2004 with an order backlog approximately 13% above 2003 year-end levels. This backlog principally reflected 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 comprised 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 included 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 related primarily to selling costs that are directly variable to the increase in revenue.

INTEREST, OTHER & TAXES
The net decrease in interest expense reflected 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 related 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.

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.

LIQUIDITY AND CAPITAL RESOURCES

	December 31, 2005	January 1, 2005	Change $	Change %
(Millions of Dollars)				
Cash	**$ 85.3**	$ 72.2	$ 13.1	18.1%
Accounts receivable	**157.1**	151.2	5.9	3.9%
Inventories	**161.3**	182.9	(21.6)	(11.8%)
Accounts payable	**41.1**	50.5	(9.4)	(18.6%)
Accrued salaries and wages	**17.5**	19.4	(1.9)	(9.9%)
Other accrued liabilities	**34.4**	28.6	5.8	20.6%
Debt	**32.4**	43.9	(11.5)	(26.2%)
Cash provided by operating activities	**119.7**	106.4	13.3	12.5%
Additions to property, plant and equipment	**19.2**	18.1	1.1	6.0%
Depreciation and amortization	**20.0**	19.1	.9	5.1%

The Company continued to strengthen its balance sheet in 2005. Accounts receivable increased 3.9% on a 7.0% revenue gain, while reducing the accounts receivable days' sales outstanding slightly from prior year. Cash of $119.7 million was generated from operating activities in 2005, of which $15.8 million was generated from working capital improvements. Inventory levels were down 11.8% at year end as a result of focused inventory management initiatives.

The decrease in accounts payable was attributed to the timing of inventory purchases from contract suppliers. The increase in other accrued liabilities was primarily a result of a $4.2 million income tax payable recorded for year-end 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 2023.

The Company has a long-term revolving credit agreement that expires in July 2010 and allows for borrowings up to $150.0 million. The revolving credit facility is used to support working capital requirements. No amounts were outstanding under revolving credit facilities at December 31, 2005 or January 1, 2005. The Company was in compliance with all debt covenant requirements at December 31, 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 $2.9 million and $3.2 million at the end of 2005 and 2004, respectively. The total debt to total capital ratio for the Company was 6.6% in 2005 and 8.7% in 2004.

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 increased $3.1 million ($.04 per share) for 2005 when compared to 2004 as a result of the amortization of prior losses incurred due to market value declines and discount rate reductions. The Company also recorded a net change of $.6 million within the accumulated other comprehensive income component of stockholders' equity in 2005 to increase the 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 remain flat in 2006 as compared to 2005.

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 $11.1 million in 2005 and $3.5 million in 2004. Under the Employee Retirement Income Security Act of 1974, the Plans had no minimum funding requirements for 2005 and 2004. Discretionary cash contributions were made to the Plans totaling $3.1 million in 2005 and $5.0 million in 2004 to provide long-term stability to the Plans. The Company expects to contribute $3.0 million to its qualified defined benefit pension plans and $.8 million to the SERP in 2006.

In 2005, the Company elected to repatriate earnings of foreign subsidiaries as provided under the American Jobs Creation Act of 2004 (the "Act"), which provides for a tax deduction of 85% of certain foreign earnings that were repatriated in 2005. During the fourth quarter of fiscal 2005, the Company repatriated foreign earnings of $41.5 million and, as a result, recorded tax expense of $1.4 million. The amount repatriated will be used primarily for capital expenditures and research and development activities in the U.S. No provision has been made for U.S. federal and state income taxes or foreign taxes that may result from future remittances of the remaining undistributed earnings of foreign subsidiaries of $89.2 million at December 31, 2005 ($96.1 million at January 1, 2005) as the Company expects such earnings will be invested overseas indefinitely.

Since August 2002, the Company's Board of Directors has approved four 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.

	2005		2004		Cumulative	
Authorization effective date	Shares repurchased	Market price of shares repurchased	Shares repurchased	Market price of shares repurchased	Shares repurchased	Market price of shares repurchased
December 13, 2005	**-**	**$ -**	-	$ -	-	$ -
October 5, 2004	**2,942,400**	**63,682,000**	38,718	773,000	2,981,118	64,455,000
December 9, 2003	**-**	**-**	3,000,000	49,020,000	3,000,000	49,020,000
August 19, 2002	**-**	**-**	211,500	3,219,000	3,000,000	36,529,000

The Company declared dividends of $14.5 million in 2005, or $.26 per share, which was a 34.0% increase on a per share basis over the $11.1 million, or $.194 per share, declared in 2004. On February 15, 2006, the Company declared a quarterly cash dividend of $.075 per share of common stock, an increase of 15.4% as compared to the same period of 2005. The quarterly dividend is payable on May 1, 2006, to shareholders of record on April 3, 2006.

On June 6, 2005, the Company announced an exclusive footwear licensing agreement for Patagonia® Footwear with product introduction expected for Spring 2007.

During the second quarter of 2005, the Company purchased the remaining 5% ownership from the minority stockholder of Wolverine Europe Limited, making it a wholly-owned subsidiary. The purchase price was $2.3 million, of which $.4 million was deferred until July 1, 2006. The transaction eliminated the minority interest of $.6 million resulting in goodwill of $1.8 million.

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

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

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 certain amortizable intangible assets totaling $18.6 million and assumed liabilities of $2.0 million. 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 paid in 2005), resulting in goodwill of $.2 million.

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

The European Union has initiated anti-dumping investigations regarding the importation into the European Union of leather footwear from China and Vietnam and safety footwear from China and India. The European Commission has recommended provisional measures which, if implemented, would result in additional duties of 19.4% on certain leather footwear imported into the European Union from China and 16.8% on certain leather footwear imported into the European Union from Vietnam. Analysis and discussion between the European Commission, Member States and interested parties regarding these anti-dumping investigations is continuing and the final outcome of these investigations is uncertain. The imposition of preliminary or final dumping measures could have a material impact on the Company. The Company and a number of other companies in the footwear industry are advocating against the imposition of dumping measures by the European Union. The Company is also exploring alternative sourcing options for importation into the European Union if dumping measures are imposed.

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 fiscal years beginning after June 15, 2005. 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. The Company will adopt SFAS No. 123(R) effective with its fiscal year beginning January 1, 2006 using the modified prospective method.

While the Company continues to evaluate its share-based payment strategies, it estimates the incremental pre-tax impact of SFAS No. 123(R) to approximate $3.9 million for 2006.

Further discussion on stock-based compensation can be found in Note 1 to the consolidated financial statements.

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 December 31, 2005 and January 1, 2005, management believes that it has provided sufficient reserves to address future collection uncertainties.

INVENTORY

The Company values its inventory at the lower of cost or market. Cost is determined by the last-in, first-out (LIFO) method for all domestic raw materials and work-in-process inventories, and certain domestic finished goods inventories. Cost is determined using methods approximating cost under the first-in, first-out (FIFO) method for all raw materials, work-in-process and finished good inventories in foreign countries 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 expected future cash flows of the reporting unit. The Company uses assumptions about expected future operating performance in determining estimates of those cash flows, which may differ from actual cash flows. If the recorded values of these assets are not recoverable, based on this discounted cash flow analysis, management performs the next step which compares the fair value of the reporting unit calculated in step one to the fair value of the tangible and intangible assets of the reporting unit, which results in an implied fair value of goodwill. Goodwill is reduced by any shortfall of implied goodwill to its carrying value. Impairment tests for other non-amortizable intangibles require the determination of the fair value of the intangible asset. The carrying value is reduced by any excess over fair value. The Company reviewed the carrying amounts of goodwill and other non-amortizable intangible assets and there was no impairment indicated for 2005 or 2004.

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 2005 or 2004.

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 income until the hedged item is recognized in earnings.

The Company conducts wholesale operations outside of the United States in Europe and Canada where the functional currencies are primarily the British pound, euro, and Canadian dollar. The Company utilizes foreign currency forward exchange contracts to manage the volatility associated with inventory purchases made by non-U.S. wholesale operations in foreign currencies in the normal course of business. At December 31, 2005 and January 1, 2005, the Company had outstanding forward currency exchange contracts to purchase $61.4 million and $47.0 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 2006 and beyond.

Assets and liabilities outside the United States are primarily located in the United Kingdom, Canada and The Netherlands. The Company's investments in foreign subsidiaries with a functional currency other than the U.S. dollar are generally considered long-term. Accordingly, the Company does not hedge these net investments. For the year ended December 31, 2005, the strengthening of the U.S. dollar decreased the value of these investments in net assets by $11.5 million. For the year ended January 1, 2005, the strengthening of foreign currencies increased the value of these investments in net assets by $9.7 million. These changes resulted in cumulative foreign currency translation adjustments at December 31, 2005 and January 1, 2005 of $12.2 million and $23.8 million, respectively, that are deferred and recorded as a component of accumulated other comprehensive income in stockholders' equity.

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

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

							2005		2004	
	2006	2007	2008	2009	2010	There-after	**Total**	**Fair Value**	Total	Fair Value
(Millions of Dollars, Except Percentages)										
Denominated in U.S. Dollars:										
Fixed rate	$11.0	$10.7	$10.7	-	-	-	**$32.4**	**$33.0**	$43.9	$46.0
Average interest rate	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
(Thousands of Dollars)					
Long-term debt	$ 32,384	$ 10,956	$ 21,428	$ -	$ -
Estimated interest on long-term debt	2,104	712	1,392	-	-
Capital leases	26	16	10	-	-
Operating leases	75,530	11,246	19,301	13,858	31,125
Purchase obligations (1)	190,824	190,824	-	-	-
Deferred compensation	2,053	314	609	440	690
Pension (2)	3,000	3,000	-	-	-
SERP	13,849	846	1,728	1,728	9,547
Dividends declared	7,731	7,731	-	-	-
Minimum royalties	7,082	1,176	2,202	2,874	830
Minimum advertising	8,037	1,514	3,165	3,358	-
Total	$ 342,620	$ 228,335	$ 49,835	$ 22,258	$ 42,192

(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.

The Company had $172.3 million of additional borrowing capacity available under all of its existing credit facilities at December 31, 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
(Millions of Dollars)			
Revolving credit	$150.0	$ -	$150.0
Commercial letters of credit	20.3	20.3	-

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 December 31, 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 December 31, 2005.

Management's assessment of the effectiveness of our internal control over financial reporting as of December 31, 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 December 31, 2005 that has materially affected, or that is reasonably likely to materially affect, the Company's internal control over financial reporting.

Item 9B. Other Information.

None.

PART III

Item 10. Directors and Executive Officers of the Registrant.

The Company's Audit Committee is comprised of four Board members, all of whom are independent under independence standards adopted by the Board and applicable 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 with respect to the Annual Meeting of Stockholders to be held on April 20, 2006, 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 2009," "Continuing Directors - Terms Expiring in 2008," and "Continuing Directors - Terms Expiring in 2007" in the definitive Proxy Statement of the Company with respect to the Annual Meeting of Stockholders to be held on April 20, 2006, is incorporated herein by reference.

In addition to the directors discussed in the definitive Proxy Statement, the Company's Board of Directors currently includes Donald V. Fites (age 72), who will retire at this year's annual meeting. His term was scheduled to expire at the annual meeting in 2008. Mr. Fites is retiring after seven years of service as a director. Mr. Fites has been a director since 1999. From 1990 until his retirement in 1999, Mr. Fites was Chairman and Chief Executive Officer of Caterpillar, Inc., a manufacturer of construction, mining and agricultural machinery and engines. Mr. Fites also is a director of AK Steel Holding Corporation; Oshkosh Truck Corporation; and Unitrin, 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 with respect to the Annual Meeting of Stockholders to be held on April 20, 2006, 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 with respect to the Annual Meeting of Stockholders to be held on April 20, 2006, is incorporated herein by reference.

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

The information contained under the caption "Ownership of Wolverine Stock" contained in the definitive Proxy Statement of the Company with respect to the Annual Meeting of Stockholders to be held on April 20, 2006, is incorporated herein by reference.

The following table provides information about Wolverine's equity compensation plans as of December 31, 2005:

Equity Compensation Plan Information

Plan Category (1)	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights (a)	Weighted Average Exercise Price of Outstanding Options, Warrants and Rights (b)	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a)) (c)
Equity compensation plans approved by security holders	5,040,712(2)(3)	$ 14.72	5,674,194(4)
Equity compensation plans not approved by security holders	---	n/a	---
Total	5,040,712	$ 14.72	5,674,194

Notes to Equity Compensation Plan Information

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

2. Includes 4,499,984 stock options awarded to employees under the 1988 Stock Option Plan, the 1993 Stock Incentive Plan, the 1995 Stock Incentive Plan, the 1997 Stock Incentive Plan, the Stock Incentive Plan of 1999, the Stock Incentive Plan of 2001, the Stock Incentive Plan of 2003 and the Stock Incentive Plan of 2005 and 540,728 stock options awarded to non-employee

directors under the Stock Incentive Plan of 2005 and the Amended and Restated Directors' Stock Option Plan approved by stockholders in 2002 and the previous Amended and Restated Directors' Stock Option Plan initially adopted in 1988. Column (a) does not include stock units credited to outside directors' fee accounts or retirement accounts under the Outside Directors' Deferred Compensation Plan. Stock units do not have an exercise price. Each stock unit credited to a director's fee account and retirement account under the Outside Directors' Deferred Compensation Plan will be converted into one share of common stock upon distribution. Column (a) also does not include shares of restricted or unrestricted common stock previously issued under the Company's equity compensation plans.

3. All options were exercisable as of December 31, 2005.

4. Comprised of: (i) 554,306 shares available for issuance under the Outside Directors' Deferred Compensation Plan upon the retirement of the current directors or upon a change in control; and (ii) 5,119,888 shares issuable under the various employee stock incentive plans. Of these total amounts available, the number of shares with respect to the following plans may be issued other than upon the exercise of an option, warrant or right as of December 31, 2005:

- Outside Directors' Deferred Compensation Plan: 554,306
- 1997 Stock Incentive Plan: 6,779
- Stock Incentive Plan of 1999: 73,047
- Stock Incentive Plan of 2001: 456,526
- Stock Incentive Plan of 2003: 11,692
- Stock Incentive Plan of 2005: 2,125,000

The Outside Directors' Deferred Compensation Plan is a supplemental, unfunded, nonqualified deferred compensation plan for non-employee directors. Beginning in 2006, the Company will pay an annual equity retainer to non-management directors in the form of a contribution under the Outside Directors' Deferred Compensation Plan. Participation in the plan beyond the annual equity retainer is voluntary. The plan allows participating directors to receive, in lieu of some or all directors' fees, a number of stock units equal to the amount of the deferred directors' fees divided by the fair market value of the Company's common stock on the date of payment of the next cash dividend on the Company's common stock. These stock units are increased by a dividend equivalent based on dividends paid by the Company and the amount of stock units credited to the participating director's fee account and retirement account. Upon distribution, the participating directors receive a number of shares of the Company's common stock equal to the number of stock units to be distributed at that time. Distribution is triggered by termination of service as a director or by a change in control of the Company and can occur in a lump sum, in installments or on another deferred basis. Of the 554,306 shares issuable under the Outside Directors' Deferred Compensation Plan, 212,743 shares have been issued to a trust to satisfy the Company's obligations and are included in shares reported as issued and outstanding as of the record date.

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

Item 13. Certain Relationships and Related Transactions.

The information contained under the caption "Related Matters" under the subheading "Certain Relationships and Related Transactions" contained in the definitive Proxy Statement of the Company with respect to the Annual Meeting of Stockholders to be held on April 20, 2006, is incorporated herein by reference.

Item 14. Principal Accountant Fees and Services.

The information contained under the caption "Selection of Auditors" in the definitive Proxy Statement of the Company with respect to the Annual Meeting of Stockholders to be held on April 20, 2006, is incorporated herein by reference.

PART IV

Item 15. Exhibits and Financial Statement Schedules.

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

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

- Consolidated Balance Sheets as of December 31, 2005 and January 1, 2005.
- Consolidated Statements of Stockholders' Equity and Comprehensive Income for the Fiscal Years Ended December 31, 2005, January 1, 2005 and January 3, 2004.
- Consolidated Statements of Operations for the Fiscal Years Ended December 31, 2005, January 1, 2005 and January 3, 2004.
- Consolidated Statements of Cash Flows for the Fiscal Years Ended December 31, 2005, January 1, 2005 and January 3, 2004.
- Notes to the Consolidated Financial Statements as of December 31, 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:

Exhibit Number	Document
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 March 26, 2005. 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. Previously filed as Exhibit 4.7 to the Company's Annual Report on Form 10-K for the fiscal year ended January 1, 2005. Here incorporated by reference.

4.8	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 July 22, 2005, among Wolverine World Wide, Inc. and certain of its subsidiaries, JPMorgan Chase Bank, N.A., as Administrative Agent, Harris, N.A., as Syndication Agent, Comerica Bank, Standard Federal Bank N.A. and National City Bank of the Midwest, as Documentation Agents, and certain other Banks that are parties to the Credit Agreement. Previously filed as Exhibit 10.1 to the Company's Current Report on Form 8-K dated July 28, 2005. Here incorporated by reference.
10.1	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.* Previously filed as Exhibit 10.5 to the Company's Annual Report on Form 10-K for the fiscal year ended January 1, 2005. Here incorporated by reference.
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	Stock Incentive Plan of 2005.* Previously filed as Exhibit 10.1 to the Company's Current Report on Form 8-K dated April 25, 2005. 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 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.

10.11	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.
10.12	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.
10.13	Amended and Restated Executive Long-Term Incentive Plan (3-Year Bonus Plan) (Restated as amended through February 10, 2005).*
10.14	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.
10.15	Executive Severance Agreement.* Previously filed as Exhibit 10.14 to the Company's Annual Report on Form 10-K for the fiscal year ended January 1, 2005. An updated participant schedule of current executive officers who are parties to the agreement is attached as Exhibit 10.15.
10.16	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.
10.17	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.
10.18	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 of current executive officers participating in the plan is attached as Exhibit 10.18.
10.19	Employees' Pension Plan (Restated as amended through March 28, 2005).*
10.20	Form of Incentive Stock Option Agreement.* Previously filed as Exhibit 10.1 to the Company's Current Report on Form 8-K dated February 9, 2005. Here incorporated by reference.
10.21	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. Here incorporated by reference.
10.22	Form of Non-Qualified Stock Option Agreement for employees other than those to whom Exhibit 10.21 applies.* Previously filed as Exhibit 10.3 to the Company's Current Report on Form 8-K dated February 9, 2005. Here incorporated by reference.

10.23	Form of Restricted Stock Agreement.* Previously filed as Exhibit 10.4 to the Company's Current Report on Form 8-K dated February 9, 2005. Here incorporated by reference.
10.24	Form of Incentive Stock Option Agreement.* Previously filed as Exhibit 10.1 to the Company's Current Report on Form 8-K dated February 15, 2006. Here incorporated by reference.
10.25	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 of Form 8-K dated February 15, 2006. Here incorporated by reference.
10.26	Form of Non-Qualified Stock Option Agreement for employees other than those to whom Exhibit 10.25 applies.* Previously filed as Exhibit 10.3 to the Company's Current Report on Form 8-K dated February 15, 2006. Here incorporated by reference.
10.27	Form of Restricted Stock Agreement.* Previously filed as Exhibit 10.4 to the Company's Current Report on Form 8-K dated February 15, 2006. Here incorporated by reference.
10.28	Form of Stock Option Agreement for non-employee directors.* Previously filed as Exhibit 10.23 to the Company's Annual Report on Form 10-K for the fiscal year ended January 1, 2005. Here incorporated by reference.
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. James D. Zwiers, General Counsel and Secretary, 9341 Courtland Drive, Rockford, Michigan 49351.

SIGNATURES

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

WOLVERINE WORLD WIDE, INC.

Dated: March 15, 2006

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.

Signature	Title	Date
/s/ Timothy J. O'Donovan Timothy J. O'Donovan	Chief Executive Officer and Chairman of the Board of Directors (Principal Executive Officer)	March 15, 2006
/s/ Stephen L. Gulis, Jr. Stephen L. Gulis, Jr.	Executive Vice President, Chief Financial Officer and Treasurer (Principal Financial Officer)	March 15, 2006
/s/ Nicholas P. Ottenwess Nicholas P. Ottenwess	Vice President of Finance and Corporate Controller (Principal Accounting Officer)	March 15, 2006
*/s/ Donald V. Fites Donald V. Fites	Director	March 15, 2006
*/s/ Alberto L. Grimoldi Alberto L. Grimoldi	Director	March 15, 2006
*/s/ David T. Kollat David T. Kollat	Director	March 15, 2006

*/s/ Brenda J. Lauderback Brenda J. Lauderback	Director	March 15, 2006
*/s/ Phillip D. Matthews Phillip D. Matthews	Director	March 15, 2006
*/s/ David P. Mehney David P. Mehney	Director	March 15, 2006
*/s/ Shirley D. Peterson Shirley D. Peterson	Director	March 15, 2006
*/s/ Paul D. Schrage Paul D. Schrage	Director	March 15, 2006
*/s/ Michael A. Volkema Michael A. Volkema	Director	March 15, 2006
*By /s/ Stephen L. Gulis, Jr. Stephen L. Gulis, Jr. Attorney-in-Fact	Executive Vice President, Chief Financial Officer and Treasurer (Principal Financial Officer)	March 15, 2006

APPENDIX A

Financial Statements

CONSOLIDATED BALANCE SHEETS

	As of Fiscal Year End	
	2005	2004
(Thousands of Dollars)		
Assets		
Current assets:		
Cash and cash equivalents	**$ 85,258**	$ 72,172
Accounts receivable, less allowances (2005-$8,729; 2004-$8,200)	**157,119**	151,174
Inventories:		
Finished products	**140,729**	161,315
Raw materials and work-in-process	**20,618**	21,609
	161,347	182,924
Deferred income taxes	**5,411**	6,113
Prepaid expenses and other current assets	**11,613**	18,472
Total current assets	**420,748**	430,855
Property, plant and equipment:		
Land	**882**	962
Buildings and improvements	**68,235**	65,246
Machinery and equipment	**140,909**	136,950
Software	**54,605**	49,686
	264,631	252,844
Less accumulated depreciation	**171,429**	157,914
	93,202	94,930
Other assets:		
Goodwill	**35,624**	35,552
Other non-amortizable intangibles	**8,347**	8,090
Cash surrender value of life insurance	**29,257**	26,930
Prepaid pension costs	**33,735**	35,289
Other	**5,667**	7,925
	112,630	113,786
Total assets	**$ 626,580**	$ 639,571
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	**$ 41,107**	$ 50,521
Salaries, wages and other compensation	**17,510**	19,435
Income taxes	**4,231**	-
Taxes, other than income taxes	**3,560**	4,736
Other accrued expenses	**26,657**	23,824
Current maturities of long-term debt	**10,972**	11,735
Total current liabilities	**104,037**	110,251
Long-term debt, less current maturities	**21,439**	32,169

Deferred compensation		**9,227**		8,560
Accrued pension liabilities		**19,367**		15,443
Deferred income taxes		**9,658**		14,291
Other liabilities		**531**		-
Minority interest		**-**		566
Stockholders' equity:				
Common stock, $1 par value: authorized 160,000,000 shares; issued, including treasury shares: 2005-59,211,814; 2004-67,350,495		**59,212**		67,350
Additional paid-in capital		**13,203**		99,518
Retained earnings		**452,672**		437,406
Accumulated other comprehensive income		**9,398**		19,446
Unearned compensation		**(5,873)**		(4,955)
Cost of shares in treasury: 2005-3,082,548 shares; 2004-9,452,361 shares		**(66,291)**		(160,474)
Total stockholders' equity		**462,321**		458,291
Total liabilities and stockholders' equity	**$**	**626,580**	$	639,571

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

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY AND COMPREHENSIVE INCOME

	Fiscal Year		
	2005	2004	2003
(Thousands of Dollars, Except Per Share Data)			
Common Stock			
Balance at beginning of the year	**$ 67,350**	$ 66,389	$ 65,825
Common stock issued under stock incentive plans (2005-1,214,857 shares; 2004-2,081,586 shares; 2003-1,234,893 shares)	**1,214**	2,082	1,235
Impact of stock split on treasury shares	**(9,352)**	(1,121)	(671)
Balance at end of the year	**59,212**	67,350	66,389
Additional Paid-In Capital			
Balance at beginning of the year	**99,518**	81,980	71,009
Amounts associated with common stock issued under stock incentive plans:			
Proceeds over par value	**14,609**	8,878	8,281
Income tax benefits	**3,720**	7,782	1,710
Impact of stock split on treasury shares	**(104,726)**	1,121	671
Issuance of treasury shares (2005-11,662 shares; 2004-8,924 shares; 2003-27,886 shares)	**12**	87	51
Net change in employee notes receivable	**70**	(330)	258
Balance at end of the year	**13,203**	99,518	81,980
Retained Earnings			
Balance at beginning of the year	**437,406**	382,603	339,475
Impact of stock split on treasury shares	**(44,725)**	-	-
Net earnings	**74,467**	65,938	51,716
Cash dividends (2005-$.26 per share; 2004-$.19 per share; 2003-$.15 per share)	**(14,476)**	(11,135)	(8,588)
Balance at end of the year	**452,672**	437,406	382,603
Accumulated Other Comprehensive Income			
Balance at beginning of the year	**19,446**	8,540	(23,522)
Foreign currency translation adjustments	**(11,544)**	9,727	10,922
Change in fair value of foreign exchange contracts, net of taxes (2005-$1,280; 2004-$174; 2003-$730)	**2,085**	160	(1,393)
Minimum pension liability adjustment, net of taxes (2005-$303; 2004-$524; 2003- $11,608)	**(589)**	1,019	22,533
Balance at end of the year	**9,398**	19,446	8,540
Unearned Compensation			
Balance at beginning of the year	**(4,955)**	(4,138)	(3,833)
Awards under restricted stock incentive plans	**(4,190)**	(4,165)	(2,488)
Compensation expense	**3,272**	3,348	2,183
Balance at end of the year	**(5,873)**	(4,955)	(4,138)
Cost of Shares in Treasury			

Balance at beginning of the year	**(160,474)**	(105,280)	(79,857)
Common stock purchased for treasury (2005-2,994,210 shares; 2004-2,251,972 shares; 2003-1,367,770 shares)	**(64,856)**	(55,331)	(25,656)
Issuance of treasury shares (2005-11,662 shares; 2004-8,924 shares; 2003-27,886 shares)	**236**	137	233
Impact of stock split on treasury shares	**158,803**	-	-
Balance at end of the year	**(66,291)**	(160,474)	(105,280)
Total stockholders' equity at end of the year	**$ 462,321**	$ 458,291	$ 430,094
Comprehensive Income			
Net earnings	**$ 74,467**	$ 65,938	$ 51,716
Foreign currency translation adjustments	**(11,544)**	9,727	10,922
Change in fair value of foreign exchange contracts, net of taxes	**2,085**	160	(1,393)
Minimum pension liability adjustment, net of taxes	**(589)**	1,019	22,533
Total comprehensive income	**$ 64,419**	$ 76,844	$ 83,778

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

CONSOLIDATED STATEMENTS OF OPERATIONS

	Fiscal Year		
	2005	2004	2003
(Thousands of Dollars, Except Per Share Data)			
Revenue	**$ 1,060,999**	$ 991,909	$ 888,926
Cost and expenses:			
Cost of products sold	**655,800**	617,774	562,338
Selling and administrative expenses	**291,891**	274,125	246,652
Interest expense	**3,647**	4,185	5,896
Interest income	**(1,736)**	(940)	(422)
Other (income) expense	**150**	(305)	(686)
	949,752	894,839	813,778
Earnings before income taxes and minority interest	**111,247**	97,070	75,148
Income taxes	**36,780**	30,879	23,262
Earnings before minority interest	**74,467**	66,191	51,886
Minority interest	**-**	253	170
Net earnings	**$ 74,467**	$ 65,938	$ 51,716
Net earnings per share:			
Basic	**$ 1.33**	$ 1.15	$ .88
Diluted	**1.27**	1.09	.85

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Fiscal Year		
	2005	2004	2003
(Thousands of Dollars)			
Operating Activities			
Net earnings	**$ 74,467**	$ 65,938	$ 51,716
Adjustments necessary to reconcile net earnings to net cash provided by operating activities:			
Depreciation	**19,470**	18,683	17,664
Amortization	**570**	388	283
Deferred income taxes (credit)	**(4,908)**	1,179	(902)
Unearned compensation	**3,272**	3,348	2,183
Pension	**5,927**	1,249	(2,456)
Other	**5,011**	3,376	(1,265)
Changes in operating assets and liabilities:			
Accounts receivable	**(7,739)**	(2,332)	15,534
Inventories	**19,375**	(15,833)	17,069
Other operating assets	**11,221**	(2,776)	529
Accounts payable	**(4,862)**	21,229	(5,820)
Other operating liabilities	**(2,153)**	11,912	7,668
Net cash provided by operating activities	**119,651**	106,361	102,203
Investing Activities			
Business acquisitions, net of cash acquired	**(4,602)**	-	(14,780)
Additions to property, plant and equipment	**(19,160)**	(18,080)	(16,015)
Other	**513**	(104)	58
Net cash used in investing activities	**(23,249)**	(18,184)	(30,737)
Financing Activities			
Proceeds from long-term borrowings	**69,972**	44,385	66,194
Payments of long-term debt	**(81,465)**	(60,404)	(81,176)
Cash dividends paid	**(14,814)**	(11,135)	(8,588)
Purchase of common stock for treasury	**(64,856)**	(55,331)	(25,656)
Proceeds from shares issued under stock incentive plans	**11,951**	6,688	7,570
Net cash used in financing activities	**(79,212)**	(75,797)	(41,656)
Effect of foreign exchange rate changes	**(4,104)**	4,436	(1,532)
Increase in cash and cash equivalents	**13,086**	16,816	28,278
Cash and cash equivalents at beginning of the year	**72,172**	55,356	27,078
Cash and cash equivalents at end of the year	**$ 85,258**	$ 72,172	$ 55,356
Other Cash Flow Information			
Interest paid	**$ 3,171**	$ 4,056	$ 5,461
Net income taxes paid	**27,207**	23,868	22,725

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

NATURE OF OPERATIONS

Wolverine World Wide, Inc. (NYSE: WWW) is a leading designer, manufacturer and marketer of a broad line of quality casual shoes, performance outdoor footwear, 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® Footwear, Harley-Davidson® Footwear, Hush Puppies®, HYTEST®, Merrell®, Patagonia® Footwear, Sebago®, Stanley® Footgear and Wolverine®. Apparel and licensing programs are utilized to extend the Company's owned brands into product categories beyond footwear. The Company also operates a retail division to showcase its brands and branded footwear 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 periods ended December 31, 2005 and January 1, 2005 and the 53-week period ended January 3, 2004.

USE OF ESTIMATES

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

REVENUE RECOGNITION

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

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

COST OF PRODUCTS SOLD

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

SHIPPING AND HANDLING COSTS

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

CASH EQUIVALENTS

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

ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS

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

INVENTORIES

Inventories are valued at the lower of cost or market. Cost is determined by the last-in, first-out (LIFO) method for all domestic raw materials and work-in-process inventories, and certain 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. Leasehold improvements are depreciated at the lesser of the estimated useful life or lease term, including reasonably assured lease renewals as determined at lease inception.

GOODWILL AND OTHER INTANGIBLES

Goodwill represents the excess of the purchase price over the fair value of net tangible and identifiable intangible assets of acquired businesses. Other intangibles consist primarily of trademarks, brand names, patents and customer relationships. Goodwill and intangible assets deemed to have indefinite lives are not amortized, but are subject to impairment tests at least annually in accordance with Statement of Financial Accounting Standards (SFAS) No. 142, *Goodwill and Other Intangible Assets*. The Company reviews the carrying amounts of goodwill and other non-amortizable intangible assets annually by reporting unit to determine if such assets may be impaired. If the carrying amounts of these assets are not recoverable based upon a discounted cash flow analysis, such assets are reduced by the estimated shortfall of fair value to recorded value. Other amortizable intangible assets (principally patents) are amortized using the straight-line method over their estimated useful lives (periods ranging from two to fifteen years). Other amortizable intangible assets are included in other assets on the consolidated balance sheets and have net carrying amounts of $2,318,000 and $1,492,000 for 2005 and 2004, respectively, and accumulated amortization of $1,610,000 and $1,159,000 for 2005 and 2004, respectively. Estimated aggregate amortization expense for such intangibles for each of the five fiscal years subsequent to 2005 is as follows: 2006-$673,000; 2007-$583,000; 2008-$447,000; 2009-$244,000; 2010-$101,000.

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

The changes in the carrying amount of goodwill and other non-amortizable intangibles for the years ended December 31, 2005 and January 1, 2005 are as follows:

	Goodwill	Trademarks	Total
(Thousands of Dollars)			
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
Intangibles acquired	**2,489**	**257**	**2,746**
Purchase accounting adjustments	**313**	**-**	**313**
Foreign currency translation effects	**(2,730)**	**-**	**(2,730)**
Balance at December 31, 2005	**$ 35,624**	**$ 8,347**	**$ 43,971**

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

STOCK-BASED COMPENSATION
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 3.7% (3.4% in 2004 and 2.9% in 2003); dividend yield of 1.1% (1.0% in 2004 and 1.3% in 2003); expected market price volatility factor of.239 (.317 in 2004 and.386 in 2003); and an expected option life of four years.

The estimated weighted-average fair value for each option granted was $5.10 in 2005, $4.68 in 2004 and $3.30 in 2003.

For purposes of pro forma disclosures, the estimated fair values of stock options are amortized to expense over the related vesting periods and awards subject to acceleration of vesting upon retirement are currently recognized over the explicit service period up to the date of actual retirement. Upon adoption of SFAS No. 123(R), service beyond the eligible retirement date will be considered non-substantive. 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:

		2005		2004		2003
(Thousands of Dollars, Except Per Share Data)						
Net earnings, as reported	**$**	**74,467**	$	65,938	$	51,716
Add: Total stock-based employee compensation expense included in reported net income, net of related tax effects		**3,272**		3,374		2,326
Deduct: Total stock-based employee compensation expense determined under fair value method for all awards, net of related tax effects		**7,266**		8,330		5,456
Pro forma net earnings	**$**	**70,473**	$	60,982	$	48,586

Net earnings per share:

Basic-as reported	**$**	**1.33**	$	1.15	$	.88
Basic-pro forma		**1.26**		1.06		.83
Diluted-as reported		**1.27**		1.09		.85
Diluted-pro forma		**1.20**		1.01		.79

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 fiscal years beginning after June 15, 2005. 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. The Company intends to adopt SFAS No. 123(R) effective with its fiscal year beginning January 1, 2006 using the modified prospective method.

Effective December 13, 2005, the Board of Directors accelerated the vesting of unvested stock options previously granted to employees and officers of the Company under various stock option plans. As a result of this action, options to purchase approximately 1,003,000 shares of common stock that otherwise would have vested in 2006, 2007 and 2008 became fully vested and an additional $4,407,000 of pro forma stock-based employee compensation expense was recognized in the quarter ended December 31, 2005. Accordingly, compensation costs of $2,185,000, $1,495,000 and $727,000 in 2006, 2007 and 2008, respectively, that would have been recognized in each year after the adoption of SFAS No. 123(R) will not be recognized due to the modification. The decision to accelerate the vesting of these options, which the Company believes to be in the best interest of its stockholders, was made primarily to reduce non-cash compensation expense that would have been recorded in future periods following the Company's adoption of SFAS No. 123(R). While the Company continues to evaluate its share based payment strategies, it estimates the incremental pre-tax impact of SFAS No. 123 (R), after the impact of the acceleration of vesting discussed above, to approximate $3.9 million for 2006.

ADVERTISING COSTS

Advertising costs are expensed as incurred and customer specific advertising dollars are expensed when earned by customers. Total advertising expense was $40,059,000 in 2005, $38,611,000 in 2004 and $35,254,000 in 2003, and includes customer specific advertising dollars of $6,445,000 in 2005, $9,689,000 in 2004 and $9,652,000 in 2003. The Company provides sales incentives to certain retail customers in the form of a cooperative advertising program and accounts for this in accordance with EITF 01-9, *Accounting for Consideration Given by a Vendor to a Customer (Including a Reseller of the*

Vendor's Products). Under this program, customers are reimbursed for Company-approved advertising expenditures where the value to the Company is objectively verifiable.

INCOME TAXES

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

EARNINGS PER SHARE

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

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

	2005	2004	2003
Weighted average shares outstanding during the year	**57,241,893**	58,498,042	59,846,151
Adjustment for nonvested common stock	**(1,098,177)**	(1,099,677)	(1,081,869)
Denominator for basic earnings per share	**56,143,716**	57,398,365	58,764,282
Effect of dilutive stock options	**1,742,344**	2,265,984	1,570,782
Adjustment for nonvested common stock - treasury method	**789,065**	809,708	746,343
Denominator for diluted earnings per share	**58,675,125**	60,474,057	61,081,407

Options to purchase 516,335 shares of common stock in 2005, 588,978 shares in 2004 and 988,601 shares in 2003 have not been included in the denominator for the computation of diluted earnings per share because the related exercise prices were greater than the average market price for the period and, therefore, they were antidilutive.

STOCK SPLIT

On December 15, 2004, the Company announced a three-for-two stock split in the form of a stock dividend on shares of common stock outstanding at January 3, 2005 that was distributed to stockholders on February 1, 2005. All share and per share amounts in the consolidated financial statements and related notes have been adjusted for all periods to reflect the stock split. Treasury shares were 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 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 $32,385,000 and a fair value of $32,975,000 at December 31, 2005 and a carrying value of $43,857,000 and a fair value of $45,996,000 at January 1, 2005, 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 December 31, 2005 and January 1, 2005, foreign exchange contracts with a notional value of $61,404,000 and $46,974,500, 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 December 31, 2005 and January 1, 2005, an asset of $715,000 and a liability of $1,821,000, respectively, have been recognized for the fair value of the foreign currency forward exchange contracts.

The fair value of the foreign currency forward exchange contracts represents the estimated receipts or payments necessary to terminate the contracts. Hedge effectiveness is evaluated by the hypothetical derivative method. Any hedge ineffectiveness is reported within the cost of products sold caption of the consolidated statements of operations. Hedge ineffectiveness was not material in 2005 or 2004. If, in the future, the foreign exchange contracts are determined to be ineffective hedges or terminated before their contractual termination dates, the Company would be required to reclassify into earnings all or a portion of the unrealized amounts related to the cash flow hedges that are currently included in accumulated other comprehensive income within stockholders' equity.

COMPREHENSIVE INCOME

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

Ending accumulated other comprehensive income is as follows:

	2005	2004
(Thousands of Dollars)		
Foreign currency translation adjustments	**$ 12,243**	$ 23,787
Foreign currency cash flow hedge adjustments, net of taxes (2005 - $287; 2004 - $993)	**608**	(1,477)
Minimum pension liability adjustments, net of taxes (2005 - $1,779; 2004 - $1,476)	**(3,453)**	(2,864)
Accumulated other comprehensive income	**$ 9,398**	$ 19,446

RECLASSIFICATIONS

Certain amounts previously reported in 2004 and 2003 have been reclassified to conform with the presentation used in 2005.

2. Inventories

Inventories of $72,546,000 at December 31, 2005 and $81,771,000 at January 1, 2005 have been valued using the LIFO method. If the FIFO method had been used, inventories would have been $8,858,000 and $8,053,000 higher than reported at December 31, 2005 and January 1, 2005, respectively.

3. Debt
Long-term debt consists of the following obligations:

	2005	2004
(Thousands of Dollars)		
6.5% senior notes payable	**$ 32,385**	$ 42,857
Other	**26**	1,047
	32,411	43,904
Less current maturities	**10,972**	11,735
	$ 21,439	$ 32,169

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 Company has an unsecured revolving credit agreement that allows for borrowings up to $150,000,000, subject to increase or decrease as specified in the credit agreement. This agreement, which expires July 2010, requires that interest be paid at a variable rate based on one of the following options elected by the Company: prime, LIBOR or money market rate plus applicable spread. No amounts were outstanding under revolving credit facilities at December 31, 2005 or January 1, 2005.

The Company had commercial letters of credit outstanding of $2,936,000 and $3,175,000 at December 31, 2005 and January 1, 2005, respectively.

The long-term loan agreements contain restrictive covenants that, among other things, require the Company to maintain certain financial ratios and minimum levels of consolidated net worth. At December 31, 2005, the Company was in compliance with all restrictive covenants. The agreements also impose restrictions on securing additional debt, sale and merger transactions and the disposition of significant assets.

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

Interest costs of $208,000 in 2005, $408,000 in 2004 and $235,000 in 2003 were capitalized in connection with various capital improvement and computer hardware and software installation projects.

4. Leases
The Company leases machinery, equipment and certain warehouse, office and retail store space under operating lease agreements that expire at various dates through 2023. Certain leases contain renewal provisions and generally require the Company to pay utilities, insurance, taxes and other operating expenses. At December 31, 2005, minimum rental payments due under all noncancelable leases were as follows: 2006-$11,246,000; 2007-$10,092,000; 2008-$9,209,000; 2009-$7,883,000; 2010-$5,975,000; thereafter-$31,125,000.

Rental expense under all operating leases consisted primarily of minimum rentals and totaled $12,403,000 in 2005, $11,542,000 in 2004 and $11,614,000 in 2003.

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 generally vest over three years. 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 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	(2,880,498)	9.90
Cancelled	(108,186)	13.60
Outstanding at January 1, 2005	5,582,349	13.14
Granted	**643,695**	**22.89**
Exercised	**(1,166,838)**	**11.62**
Cancelled	**(18,494)**	**16.30**
Outstanding at December 31, 2005	**5,040,712**	**$ 14.72**

Shares available for grant under the stock option plans were 5,119,888 at December 31, 2005, 2,067,445 at January 1, 2005 and 3,147,514 at January 3, 2004.

The exercise prices of options outstanding at December 31, 2005 range from $6.46 to $24.57. A summary of stock options outstanding and options exercisable at December 31, 2005 is as follows:

	Options Outstanding			Options Exercisable	
Range of Exercise Price	Number	Weighted-Average Exercise Price	Average Remaining Contractual Life	Number	Weighted-Average Exercise Price
Less than $10	**662,089**	**$ 7.38**	**3.3 years**	**662,089**	**$ 7.38**
$10 to $15	**1,696,300**	**10.56**	**5.8 years**	**1,696,300**	**10.56**
Greater than $15	**2,682,323**	**19.16**	**6.1 years**	**2,682,323**	**19.16**
	5,040,712	**$ 14.72**	**5.6 years**	**5,040,712**	**$ 14.72**

The number of options exercisable at January 1, 2005 and January 3, 2004 totaled 4,342,966 and 5,273,376, respectively, with weighted-average exercise prices of $13.25 and $10.40, 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 all or a certain portion of the award upon certain terminations of employment or upon failure to achieve performance criteria in certain instances. These restrictions lapse over a three- to five-year period from the date of the award. Shares aggregating 188,150 in 2005, 294,120 in 2004 and 242,850 in 2003 were awarded under these plans. The weighted-average grant date fair value was $23.03 in 2005, $15.37 in 2004 and $10.57 in 2003 for the shares awarded. There were no awards cancelled in 2005 and 2003. There were 13,734 awards cancelled in 2004. 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 $28,557,000 at December 31, 2005 and $26,245,000 at January 1, 2005 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 $2,031,000 in 2005, $1,788,000 in 2004 and $1,620,000 in 2003. The Company also has certain defined contribution plans at foreign subsidiaries. Contributions to these plans were $962,000 in 2005, $832,000 in 2004 and $662,000 in 2003.

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	
	2005	2004
(Thousands of Dollars)		
Change in projected benefit obligations:		
Projected benefit obligations at beginning of the year	**$ 156,868**	$ 146,486
Service cost pertaining to benefits earned during the year	**4,272**	3,983
Interest cost on projected benefit obligations	**9,444**	8,991
Effect of changes in actuarial assumptions	**-**	37
Actuarial losses	**4,108**	4,176
Benefits paid to plan participants	**(7,061)**	(6,805)
Projected benefit obligations at end of the year	**$ 167,631**	$ 156,868
Change in fair value of pension assets:		
Fair value of pension assets at beginning of the year	**$ 144,272**	$ 127,854
Actual return on plan assets	**17,442**	17,559
Company contributions	**3,754**	5,664
Benefits paid to plan participants	**(7,061)**	(6,805)
Fair value of pension assets at end of the year	**$ 158,407**	$ 144,272
Funded status	**$ (9,224)**	$ (12,596)
Unrecognized prior service costs	**2,600**	3,253
Unrecognized net actuarial losses	**26,649**	35,118
Net amount recognized	**$ 20,025**	$ 25,775
Amounts recognized in the consolidated balance sheets:		
Prepaid benefit cost	**$ 34,183**	$ 36,416
Accrued benefit cost	**(20,016)**	(16,778)
Intangible assets	**626**	1,797
Accumulated other comprehensive loss	**5,232**	4,340
Net amount recognized	**$ 20,025**	$ 25,775
Funded status of pension plans and SERP (supplemental):		
Funded status of qualified defined benefit plans and SERP	**$ (9,224)**	$ (12,596)
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	**26,212**	23,631
Net funded status of pension plans and SERP (supplemental)	**$ 16,988**	$ 11,035

The Company made contributions of $178,000 and $159,000 subsequent to the measurement date and before the fiscal years ended 2005 and 2004, respectively.

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

	September 30	
	2005	2004
(Thousands of Dollars)		
Projected benefit obligations	**$ 24,216**	$ 28,381
Accumulated benefit obligations	**22,815**	27,295
Fair value of plan assets	**2,799**	10,517

The accumulated benefit obligations for all defined benefit pension plans and the SERP were $157,931,000 and $147,933,000 at September 30, 2005 and 2004, respectively.

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

	2005	2004	2003
(Thousands of Dollars)			
Service cost pertaining to benefits earned during the year	**$ (4,272)**	$ (3,983)	$ (3,243)
Interest cost on projected benefit obligations	**(9,444)**	(8,991)	(8,634)
Expected return on pension assets	**12,013**	11,906	10,175
Net amortization loss	**(7,800)**	(5,548)	(5,491)
Net pension cost	**$ (9,503)**	$ (6,616)	$ (7,193)

Expense for qualified defined benefit pension plans was $7,916,000 in 2005, $4,825,000 in 2004 and $6,014,000 in 2003.

	2005	2004
Weighted average assumptions used to determine benefit obligations at September 30:		
Discount rate	**6.00%**	5.98%
Rate of compensation increase	**3.50%**	3.50%
Weighted average assumptions used to determine net periodic benefit cost for the years ended:		
Discount rate	**5.98%**	6.11%
Expected long-term rate of return on plan assets	**8.75%**	8.75%
Rate of compensation increase	**3.50%**	3.50%

Unrecognized net experience losses exceeding certain corridors are amortized over a five-year period, unless the minimum amortization method based on average remaining service periods produces a higher amortization.

The 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.

	2005	2004
Weighted average asset allocations at September 30 by asset category are as follows:		

Equity securities	**74.4%**	72.3%
Fixed income investments	**19.7%**	22.7%
Cash and money market investments	**5.9%**	5.0%
	100.0%	100.0%

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

The Company expects to contribute $3,000,000 to its qualified defined benefit pension plans and $846,000 to the SERP in 2006.

Expected benefit payments for the five years subsequent to 2005 and the sum of the five years following those are as follows: 2006 - $7,717,000; 2007 - $8,002,000; 2008 - $8,207,000; 2009 - $8,448,000; 2010 - $9,010,000; and 2011 through 2015 - $52,118,000.

7. Income Taxes
The provisions for income taxes consist of the following:

	2005	2004	2003
(Thousands of Dollars)			
Currently payable:			
Federal	**$ 30,458**	$ 23,096	$ 19,818
State and foreign	**11,230**	6,604	4,346
Deferred (credit) expense	**(4,908)**	1,179	(902)
	$ 36,780	$ 30,879	$ 23,262

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:

	2005	2004	2003
(Thousands of Dollars)			
Income taxes at statutory rate	**$ 38,937**	$ 33,975	$ 26,302
State income taxes, net of federal income tax reduction	**314**	343	183
Nontaxable earnings of foreign affiliates	**(1,625)**	(2,186)	(1,605)
Research and development credits	**(740)**	(550)	(1,870)
Repatriation of earnings of foreign subsidiaries	**1,400**	-	-
Foreign earnings taxed at rates differing from the U.S. statutory rate	**(853)**	(313)	718
Other	**(653)**	(390)	(466)
	$ 36,780	$ 30,879	$ 23,262

Significant components of the Company's deferred income tax assets and liabilities as of the end of 2005 and 2004 are as follows:

	2005	2004
(Thousands of Dollars)		
Deferred income tax assets:		
Accounts receivable and inventory valuation allowances	**$ 2,541**	$ 2,444
Deferred compensation accruals	**2,019**	2,163
Future benefit of foreign net operating losses	**254**	254
Accrued pension costs	**1,779**	1,476
Other amounts not deductible until paid	**5,623**	6,470
Total deferred income tax assets	**12,216**	12,807
Deferred income tax liabilities:		
Tax over book depreciation	**(8,131)**	(10,336)
Prepaid pension costs	**(6,821)**	(9,250)
Other	**(1,511)**	(1,399)
Total deferred income tax liabilities	**(16,463)**	(20,985)
Net deferred income tax liabilities	**$ (4,247)**	$ (8,178)

In 2005, the Company elected to repatriate earnings of foreign subsidiaries as provided under the American Jobs Creation Act of 2004 (the "Act"), which was enacted on October 22, 2004. The Act provides for a tax deduction of 85% of certain foreign earnings that are repatriated in 2005. During the fourth quarter of fiscal 2005, the Company repatriated $41,547,000 of eligible foreign earnings for this deduction and as a result recorded tax expense of $1,400,000.

No provision has been made for U.S. federal and state income taxes or foreign taxes that may result from future remittances of the remaining undistributed earnings of foreign subsidiaries of $89,239,000 at December 31, 2005 as the Company expects such earnings will be reinvested overseas indefinitely. (At January 1, 2005, undistributed foreign earnings were $96,052,000.)

8. Litigation and Contingencies

The Company is involved in various environmental claims and other legal actions arising in the normal course of business. The environmental claims include sites where the 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, 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:

	2006	2007	2008	2009	2010
(Thousands of Dollars)					
Minimum royalties	$1,176	$1,139	$1,063	$1,329	$1,545

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 $3,145,000, $3,083,000 and $3,132,000 for 2005, 2004 and 2003, 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 $1,906,000, $1,982,000 and $2,915,000 for 2005, 2004 and 2003, 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 76 domestic retail stores and 5 consumer-direct internet sites at December 31, 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 products and other business segments are the same as disclosed in Note 1.

Business segment information is as follows:

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

	2004			
	Branded Footwear and Licensing	Other Businesses	Corporate	Consolidated
(Thousands of Dollars)				
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
(Thousands of Dollars)				
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

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

	2005	2004	2003
(Thousands of Dollars)			
United States	**$ 740,442**	$ 718,674	$ 674,794
Foreign countries:			
Europe and Russia	**219,085**	193,461	150,643
Canada	**66,955**	49,797	45,422
Central and South America	**12,131**	9,084	6,639
Asia	**13,960**	11,990	8,132
Middle East/Africa	**8,426**	8,903	3,296
Total foreign countries revenue	**320,557**	273,235	214,132
	$ 1,060,999	$ 991,909	$ 888,926

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

	2005	2004	2003
(Thousands of Dollars)			
United States	**$ 131,820**	$ 132,651	$ 135,914
Foreign countries	**40,277**	40,776	36,880

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 90% (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.

Revenue derived from the branded footwear and licensing segment accounted for approximately 91% of revenue in 2005, 2004 and 2003. No other product groups account for more than 10% of consolidated revenue.

Approximately 14% of the Company's employees are subject to bargaining unit contracts extending through various dates ranging from 2006 through 2009.

10. Quarterly Results of Operations (unaudited)
The Company reports its quarterly results of operations on the basis of 12-week periods for each of the first three quarters and a 16- or 17-week period for the fourth quarter. The fourth quarters of 2005 and 2004 include 16 weeks.

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

	2005			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
(Thousands of Dollars, Except Per Share Data)				
Revenue	**$ 245,175**	**$ 215,706**	**$ 279,116**	**$ 321,002**
Gross margin	**96,406**	**84,454**	**108,661**	**115,678**
Net earnings	**16,133**	**13,257**	**24,634**	**20,443**
Net earnings per share:				
Basic	**$ .28**	**$ .23**	**$ .44**	**$ .37**
Diluted	**.27**	**.22**	**.42**	**.36**

	2004			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
(Thousands of Dollars, Except Per Share Data)				
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

Adjustments in the fourth quarter resulted in a decrease in net earnings of $890,000 ($.02 per share) in 2005 and were immaterial in 2004. These adjustments related primarily to inventories.

11. Business Acquisitions

During the second quarter of 2005, the Company purchased the remaining 5% ownership from the minority stockholder of Wolverine Europe Limited, making it a wholly-owned subsidiary. The purchase price was $2,322,000 of which $407,000 was deferred until July 1, 2006. The transaction eliminated the minority interest of $566,000 and resulted in goodwill of $1,756,000.

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

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

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 certain amortizable intangible assets totaling $18,627,000 and assumed liabilities of $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 paid 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 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 2003 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
(Thousands of Dollars, Except Per Share Data)		
Revenue	$	921,944
Net earnings		53,460
Basic earnings per share	$	.91
Diluted earnings per share		.87

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 $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
(Thousands of Dollars)						
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
Payments		**-**		**(14)**		**(14)**
Balance at December 31, 2005	**$**	**-**	**$**	**-**	**$**	**-**

Report of Independent Registered Public Accounting Firm

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

We have audited the accompanying consolidated balance sheets of Wolverine World Wide, Inc. and subsidiaries as of December 31, 2005 and January 1, 2005, and the related consolidated statements of stockholders' equity and comprehensive income, operations, and cash flows for each of the three fiscal years in the period ended December 31, 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 based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Wolverine World Wide, Inc. and subsidiaries at December 31, 2005 and January 1, 2005, and the consolidated results of their operations and their cash flows for each of the three fiscal years in the period ended December 31, 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 December 31, 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 16, 2006 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

Grand Rapids, Michigan
February 16, 2006

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

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 December 31, 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 December 31, 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 December 31, 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 2005 consolidated financial statements of Wolverine World Wide, Inc. and our report dated February 16, 2006 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

Grand Rapids, Michigan
February 16, 2006

APPENDIX B

Schedule II - Valuation and Qualifying Accounts of Continuing Operations

Wolverine World Wide, Inc. and Subsidiaries

Column A	Column B	Column C		Column D		Column E
		Additions				
		(1)	(2)			
Description	Balance at Beginning of Period	Charged to Costs and Expenses	Charged to Other Accounts (Describe)	Deductions (Describe)		Balance at End of Period
Fiscal year ended December 31, 2005						
Deducted from asset accounts:						
Allowance for doubtful accounts	$ 4,834,000	$ 1,706,000		$ 1,884,000	(A)	$ 4,656,000
Allowance for sales returns	1,786,000	28,405,000		27,651,000	(B)	2,540,000
Allowance for cash discounts	1,580,000	13,023,000		13,070,000	(C)	1,533,000
Inventory valuation allowances	5,844,000	10,941,000		10,329,000	(D)	6,456,000
	$ 14,044,000	$ 54,075,000		$ 52,934,000		$ 15,185,000
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	8,385,000		8,896,000	(D)	5,844,000
	$ 16,817,000	$ 49,173,000		$ 51,946,000		$ 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

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

Commission File No. 001-6024

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

EXHIBITS
TO
FORM 10-K

For the Fiscal Year Ended
December 31, 2005

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

EXHIBIT INDEX

Exhibit Number	Document
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 March 26, 2005. 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. Previously filed as Exhibit 4.7 to the Company's Annual Report on Form 10-K for the fiscal year ended January 1, 2005. Here incorporated by reference.
4.8	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 July 22, 2005, among Wolverine World Wide, Inc. and certain of its subsidiaries, JPMorgan Chase Bank, N.A., as Administrative Agent, Harris, N.A., as Syndication Agent, Comerica Bank, Standard Federal Bank N.A. and National City Bank of the Midwest, as Documentation Agents, and certain other Banks that are parties to the Credit Agreement. Previously filed as Exhibit 10.1 to the Company's Current Report on Form 8-K dated July 28, 2005. Here incorporated by reference.
10.1	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.* Previously filed as Exhibit 10.5 to the Company's Annual Report on Form 10-K for the fiscal year ended January 1, 2005. Here incorporated by reference.
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	Stock Incentive Plan of 2005.* Previously filed as Exhibit 10.1 to the Company's Current Report on Form 8-K dated April 25, 2005. 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 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.
10.11	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.
10.12	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.
10.13	Amended and Restated Executive Long-Term Incentive Plan (3-Year Bonus Plan) (Restated as amended through February 10, 2005).*
10.14	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. Here incorporated by reference.

10.15 Executive Severance Agreement.* Previously filed as Exhibit 10.14 to the Company's Annual Report on Form 10-K for the fiscal year ended January 1, 2005. An updated participant schedule of current executive officers who are parties to the agreement is attached as Exhibit 10.15. Here incorporated by reference.

10.16 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. Here incorporated by reference.

10.17 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.

10.18 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 of current executive officers participating in the plan is attached as Exhibit 10.18. Here incorporated by reference.

10.19 Employees' Pension Plan (Restated as amended through March 28, 2005).*

10.20 Form of Incentive Stock Option Agreement.* Previously filed as Exhibit 10.1 to the Company's Current Report on Form 8-K dated February 9, 2005. Here incorporated by reference.

10.21 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. Here incorporated by reference.

10.22 Form of Non-Qualified Stock Option Agreement for employees other than those to whom Exhibit 10.21 applies.* Previously filed as Exhibit 10.3 to the Company's Current Report on Form 8-K dated February 9, 2005. Here incorporated by reference.

10.23 Form of Restricted Stock Agreement.* Previously filed as Exhibit 10.4 to the Company's Current Report on Form 8-K dated February 9, 2005. Here incorporated by reference.

10.24 Form of Incentive Stock Option Agreement.* Previously filed as Exhibit 10.1 to the Company's Current Report on Form 8-K dated February 15, 2006. Here incorporated by reference.

10.25 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 of Form 8-K dated February 15, 2006. Here incorporated by reference.

10.26 Form of Non-Qualified Stock Option Agreement for employees other than those to whom Exhibit 10.25 applies.* Previously filed as Exhibit 10.3 to the Company's Current Report on Form 8-K dated February 15, 2006. Here incorporated by reference.

10.27 Form of Restricted Stock Agreement.* Previously filed as Exhibit 10.4 to the Company's Current Report on Form 8-K dated February 15, 2006. Here incorporated by reference.

10.28 Form of Stock Option Agreement for non-employee directors.* Previously filed as Exhibit 10.23 to the Company's Annual Report on Form 10-K for the fiscal year ended January 1, 2005. Here incorporated by reference.

21	Subsidiaries of Registrant.
23	Consent of Ernst & Young LLP.
24	Powers of Attorney.
31.1	Certification of President and Chief Executive Officer under Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Executive Vice President, Chief Financial Officer and Treasurer under Section 302 of the Sarbanes-Oxley Act of 2002.
32	Certification pursuant to 18 U.S.C. § 1350.

*Management contract or compensatory plan or arrangement.

EXHIBIT 10.13

WOLVERINE WORLD WIDE, INC.

AMENDED AND RESTATED
EXECUTIVE LONG-TERM INCENTIVE PLAN
(3-YEAR BONUS PLAN)

SECTION 1

Establishment of Plan; Purpose of Plan

1.1 *Establishment of Plan*. The Company hereby establishes the RESTATED AND AMENDED WOLVERINE WORLD WIDE, INC. EXECUTIVE LONG-TERM INCENTIVE PLAN (3-YEAR BONUS PLAN) (the "Plan") for its executive officers and key management employees. The Plan amends and restates the Wolverine World Wide, Inc. Executive Long-Term Incentive Plan (3-Year Bonus Plan) previously approved by the stockholders at the 1997 Annual Meeting of Stockholders. The Plan provides for the payment of bonuses to participants based upon the financial performance of the Company, or a Subsidiary, operating division or profit center, over a 3-year period.

1.2 *Purpose of Plan*. The purpose of the Plan is to encourage longer range strategic planning and not stress over-dependence on short-term performance which could hinder long-term increases in stockholder value and/or achievement of a strategic position and/or advantage in the marketplace, to encourage cooperation among all the units of the Company to foster a closer and more cooperative association and sense of teamwork and to encourage executive officers and key management individuals to enter and continue in the employ of the Company. Within that context, the Plan is intended to provide performance-based compensation under Section 162(m) of the Code and shall be interpreted and administered to achieve that purpose.

1.3 *Effective Date*. The Plan is initially effective as of February 15, 2002. Adoption of the Plan by the Board and payment of Incentive Bonuses pursuant to this Plan shall be contingent upon approval of the Plan by the stockholders of the Company at the 2002 Annual Meeting of Stockholders or any adjournment thereof or at a Special Meeting of the Stockholders. In the absence of such approval, this Plan shall be void.

SECTION 2

Definitions

The following terms have the stated definitions unless a different meaning is plainly required by the context:

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

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

2.3 "Board" means the Board of Directors of the Company.

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

2.5 "Committee" means the Compensation Committee of the Board or such other committee as the Board shall designate to administer the Plan. The Committee shall consist of at least 2 members 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 "Company" means Wolverine World Wide, Inc., a Delaware corporation, and its successors and assigns.

2.7 "Fiscal Year" means the fiscal year of the Company for financial reporting purposes as the Company may adopt from time to time.

2.8 "Incentive Bonus" means a bonus awarded and paid to a Participant for services to the Company during a 3-year period that is based upon achievement of pre-established financial objectives by the Company, or a Subsidiary, operating division or profit center.

2.9 "Market Value" shall equal the mean of the highest and lowest sales prices of shares of common stock of the Company on the New York Stock Exchange (or any successor exchange that is the primary stock exchange for trading of common stock of the Company) on the date of grant or reference, 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 of the Company were traded.

2.10 "Participant" means an executive officer or key management employee of the Company or its Subsidiaries who is designated as a Participant for a 3-year period.

2.11 "Performance" means the level of achievement by the Company or its Subsidiaries, operating divisions or profit centers of the financial performance criteria established by the Committee pursuant to Section 5.3.

2.12 "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 one or more Subsidiaries of the Company.

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

2.14 "Target Bonus" means the bonus goal established by the Committee for each Participant under Section 5.2(a).

SECTION 3

Administration

3.1 *Power and Authority*. The Plan shall be administered by the Committee. The Committee may delegate recordkeeping, calculation, payment and other ministerial or administrative functions to individuals designated by the Committee, who may be employees of the Company or its Subsidiaries. Except as limited in this Plan, the Committee shall have all of the express and implied powers and duties set forth in the Plan and shall have full authority and discretion to interpret the Plan and to make all other determinations deemed necessary or advisable for the administration of the Plan. 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 as effective as if it had been taken at a meeting. The Committee may make such other rules for the conduct of its business and may adopt such other rules, policies and forms for the administration, interpretation and implementation of the Plan as it deems advisable. All determinations, interpretations and selections made by the Committee regarding the Plan shall be final and conclusive.

3.2 *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 individual who is or has been a member of the Committee, or delegated authority by 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 any act or failure to act under the Plan. Each such individual shall be justified in relying on information furnished in connection with the Plan's administration by any appropriate person or persons.

SECTION 4

Participation

4.1 *Participation*. For each 3-year period, the Committee shall select the executive officers and key management employees who shall be the Participants for the 3-year period. The Committee may limit the number of executive officers and key management employees who will be Participants for a 3-year period. Executive officers and key management employees designated as Participants after the first 90 days of any 3-year period shall not be eligible for any Incentive Bonus paid with respect to such 3-year period.

4.2 *Continuing Participation*. Selection as a Participant for a 3-year period by the Committee is limited to that 3-year period. An eligible executive officer or key management employee will be a Participant for a 3-year period only if designated as a Participant by the Committee for such 3-year period.

SECTION 5

Performance Goals and Criteria

5.1 *Concept*. The primary concept of the Plan is to establish financial performance goals for each 3-year time period for the Company. The performance periods are overlapping, beginning every Fiscal Year and ending 3 full Fiscal Years later. The Plan provides for the payment of bonuses to participants based upon the financial performance of the Company over the 3-year period.

5.2 *Selection of Criteria*. The Committee shall preestablish performance goals for each Participant in the manner and within the time limits specified in this Section 5. For each Participant for each 3-year period, the Committee shall specify:

(a) *Target Bonus*. A Target Bonus, expressed as a specified dollar amount or as a percentage of the Participant's average annual earned salary;

(b) *Incentive Bonus*. The Incentive Bonus levels, expressed as a percentage of the Target Bonus, that shall be paid to the Participant at specified levels of Performance by the Company based on the criteria established by the Committee pursuant to Section 5.3;

(c) *Performance Measurement*. The applicable measurement of Performance under Section 5.3; and

(d) *Conditions on Incentive Bonus*. Any specific conditions under which an Incentive Bonus specified under (b) above may be reduced or forfeited (but not increased).

The Incentive Bonus levels specified under (b) above may be expressed either as (i) a matrix of percentages of the Target Bonus that will be paid at specified levels of Performance or (ii) a mathematical formula that determines the percentage of the Target Bonus that will be paid at varying levels of Performance.

5.3 *Measurement of Performance*. Performance of the Company and/or its Subsidiaries, operating divisions or profit centers shall be determined by reference to one or more of the following: net earnings, net earnings before taxes, operating income, revenues, net sales, net sales and other operating income, return on sales, return on equity, earnings per share, total stockholder return, economic value added measurements, return on assets, return on invested capital or any of the foregoing before or after the effect of acquisitions, divestitures, accounting changes, restructuring, or other special charges or extraordinary items. These factors could be measured against pre-determined levels or the Company's relative performance when compared to a pre-established peer group.

5.4 *Incentive Bonus Conditioned on Performance*. Payment of an Incentive Bonus to a Participant for a 3-year period under this Plan shall be entirely contingent upon the Performance criteria established by the Committee pursuant to this Section 5, the satisfaction of which is substantially uncertain when established by the Committee for the 3-year period.

5.5 *Time of Determination by Committee*. All determinations to be made by the Committee for a 3-year period pursuant to this Section 5 shall be made by the Committee during the first 90 days of such 3-year period.

5.6 *Objective Standards*. An Incentive Bonus shall be based solely upon objective criteria, consistent with this Section 5, from which an independent third party with knowledge of the facts could determine whether the performance goal or range of goals is met and from that determination could calculate the Incentive Bonus to be paid. Although the Committee has authority to exercise reasonable discretion to interpret this Plan and the criteria it shall specify pursuant to this Section 5 of the Plan, it may not amend or waive such criteria after the 90th day of a 3-year period. The Committee shall have no authority or discretion to increase any Incentive Bonus or to construct, modify or apply the measurement of Performance in a manner that will directly or indirectly increase the Incentive Bonus for any Participant for any 3-year period above the amount determined by the applicable objective standards established within the first 90 days of the 3-year period.

SECTION 6

Determination and Payment of Incentive Bonuses

6.1 *Committee Certification*. The Incentive Bonus for each eligible Participant for a 3-year period shall be determined on the basis of the Target Bonus and Performance criteria established by the Committee pursuant to Section 5 for the 3-year period. The Committee shall determine, and shall certify in writing prior to payment of any Incentive Bonus, that the Company Performance for the 3-year period satisfied the Performance criteria established by the Committee for the 3-year period. Approved minutes of the Committee shall constitute sufficient written certification for this purpose.

6.2 *Partial Period Performance Adjustments*. The Incentive Bonus otherwise payable to a Participant for a 3-year period shall be adjusted as follows:

(a) *Retirement, Death or Total Disability*. If a Participant ceases to be a Participant before the end of any 3-year period and more than 12 months after the beginning of such 3-year period because of death, normal or early retirement under the Company's retirement plan, as then in effect, or total disability under the Company's long-term disability plan, an award shall be paid to the Participant or the Participant's Beneficiary after the end of such 3-year period prorated as follows: the award, if any, for such 3-year period shall be equal to 100% of the Incentive Bonus that the Participant would have received if the Participant had been a Participant during the entire performance period, multiplied by the ratio of the Participant's full months as a Participant during that performance period to the total number of months in that performance period. The award, if any, shall only be made in the form of a cash payout and no shares of restricted stock shall be awarded. Notwithstanding the foregoing, the Committee shall have discretion to reduce or eliminate any Incentive Bonus otherwise payable pursuant to this Section.

(b) *Other Termination*. If an employee ceases to be a Participant during any 3-year period(s), or prior to actual receipt of the award for a previous period because of the Participant's termination of employment for any reason other than described in Section 6.2(a), the Participant will not be entitled to any award for such 3-year period. If a Participant continues in Wolverine's employment but no longer is approved by the Committee to participate in future 3-year periods, the Participant shall be eligible for a prorated award determined in the same manner set forth in Section 6.2(a). Notwithstanding the foregoing, the Committee shall have discretion to reduce or eliminate any Incentive Bonus otherwise payable pursuant to this Section.

6.3 *Maximum Incentive Bonus*. The Incentive Bonus for any Participant for a 3-year period shall not, in any event, exceed $1,500,000, exclusive of the 20% increase in the amount of the Incentive Bonus payable in restricted stock which reflects what the Company believes to be the diminution of value of the award created by the restrictions.

6.4 *Payment to Participant or Beneficiary*. The Incentive Bonus of each Participant shall be paid to the Participant, or the Beneficiary of any deceased Participant, by the Company as soon as feasible following final determination and certification by the Committee of the amount payable.

SECTION 7

Manner of Payment

7.1 *General*. Unless the Committee determines otherwise, each Participant will receive part of his or her Incentive Bonus in cash and part in restricted stock according to the terms below. The Committee may, in its discretion, determine to pay 100% of a Participant's Incentive Bonus in a cash payment that will be made as soon as feasible following final determination and certification by the Committee of the amount payable.

7.2 *Cash Payout*. Unless the Committee determines otherwise, each Participant will receive a cash payment equal to 50% of his or her Incentive Bonus. The Company will make the cash payment as soon as feasible following final determination and certification by the Committee of the amount payable.

7.3 *Restricted Stock*. Unless the Committee determines otherwise, each Participant will also receive a grant of restricted stock under the Company's existing stockholder-approved plans on the same date the cash payment is made pursuant to Section 7.2. The number of shares of restricted stock a Participant shall receive will equal 70% of the Incentive Bonus divided by the Market Value of the Company's common stock on the date of grant, rounded to the nearest whole share. The restrictions imposed on the restricted stock shall lapse in three equal annual installments commencing one year following the grant date. Each award of restricted stock shall be evidenced by a restricted stock agreement containing such terms and conditions, including vesting schedules, consistent with the provisions of this Plan and the plan under which the restricted stock is so awarded.

SECTION 8

General Provisions

8.1 *Benefits Not Guaranteed*. Neither the establishment and maintenance of the Plan nor participation in the Plan shall provide any guarantee or other assurance that an Incentive Bonus will be payable under the Plan.

8.2 *No Right to Participate*. Nothing in this Plan shall be deemed or interpreted to provide a Participant or any non-participating employee any contractual right to participate in or receive benefits under the Plan. No designation of an employee as a Participant for any 3-year period shall create a right to an Incentive Bonus under the Plan for any other 3-year period. There is no obligation of uniformity of treatment of employees, eligible officers or Participants under the Plan.

8.3 *No Employment Right*. Participation in this Plan shall not be construed as constituting a commitment, guarantee, agreement or understanding of any kind that the Company or any Subsidiary will continue to employ any individual and this Plan shall not be construed or applied as an employment contract or obligation. Nothing in this Plan shall abridge or diminish the rights of the Company or any Subsidiary to determine the terms and conditions of employment of any Participant, officer or other employee or to terminate the employment of any Participant, officer or other employee with or without reason at any time.

8.4 *No Assignment or Transfer.* Neither a Participant nor any Beneficiary or other representative of a Participant shall have any right to assign, transfer, attach or hypothecate any amount or credit, potential payment or right to future payments of any amount or credit or any other benefit provided under this Plan. Payment of any amount due or to become due under this Plan shall not be subject to the claims of creditors of the Participant or to execution by attachment or garnishment or any other legal or equitable proceeding or process.

8.5 *No Limit on Other Compensation Arrangements*. Nothing contained in this Plan shall prevent the Company or any Subsidiary from adopting or continuing in effect other or additional compensation arrangements. A Participant may have other targets under other plans of the Company. However, no payment under any other plan or arrangement shall be contingent upon failure to attain the criteria for payment of an Incentive Bonus under this Plan.

8.6 *Withholding and Payroll Taxes.* The Company shall deduct from any payment made under this Plan all amounts required by federal, state, local and foreign tax laws to be withheld and shall subject any payments made under the Plan to all applicable payroll taxes and assessments.

8.7 *Incompetent Payee*. If the Committee determines that an individual entitled to a payment under this Plan is incompetent, it may cause benefits to be paid to another individual for the use or benefit of the Participant or Beneficiary at the time or times otherwise payable under this Plan in total discharge of the Plan's obligations to the Participant or Beneficiary.

8.8 *Governing Law*. The validity, construction and effect of the Plan shall be determined in accordance with the laws of the State of Michigan and applicable federal law.

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

SECTION 9

Termination and Amendment

The Board may terminate the Plan at any time or may from time to time amend the Plan as it deems proper and in the best interests of the Company. No termination or amendment may impair the validity of, or the obligation of the Company to pay, any Incentive Bonus awarded for any 3-year period ending prior to the year in which the termination or amendment is adopted or, if later, is effective. No amendment adopted after the first 90 days of a 3-year period may directly or indirectly increase the amount of any Incentive Bonus, or alter the objective criteria in a manner which will increase any Incentive Bonus, for that 3-year period. Except as otherwise provided in this Plan and the applicable objective criteria established pursuant to this Plan for determining the amount of any Incentive

Bonus for a 3-year period, no Incentive Bonuses shall be payable for the 3-year period in which the Plan is terminated, or, if later, in which the termination is effective.

SECTION 10

Duration of the Plan

Subject to earlier termination by the Board, this Plan shall terminate without action by the Board as of the date of the first meeting of the stockholders in 2007 unless reapproved by the stockholders at that meeting or any earlier meeting. If reapproval occurs, the Plan will terminate as of the date of the first meeting of the stockholders in the fifth year following reapproval and each subsequent reapproval unless reapproved on or before the termination date. If the Plan terminates under this provision due to lack of reapproval by the stockholders, Incentive Bonuses shall be paid for the 3-year periods already commenced before the date of termination of the Plan, except for the 3-year period that initially began in the year the Plan terminates.

As amended February 10, 2005.

EXHIBIT 10.15

The executive officers 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 executive officer's Executive Severance Agreement.

	Salary Multiplier Rate (Section 4(a)(4))	Termination Period (Section 1(n))	Change of Control Continuation Period (Section 2)
Timothy J. O'Donovan	3	3 years	36 months
Stephen L. Gulis, Jr.	3	3 years	36 months
Blake W. Krueger	3	3 years	36 months
Nicholas P. Ottenwess	2	2 years	24 months
James D. Zwiers	2	2 years	24 months

EXHIBIT 10.18

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

2.4%	2.0%
Stephen L. Gulis, Jr.	Nicholas P. Ottenwess
Blake W. Krueger	James D. Zwiers
Timothy J. O'Donovan	

EXHIBIT 10.19

WOLVERINE

EMPLOYEES' PENSION PLAN

(Amended and Restated Effective January 1, 1997)

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

WOLVERINE

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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 Sebago, Inc. on the date of the asset acquisition by the Employer (except as provided under Schedule C-9 or unless the Employee is subsequently hired independently of the acquisition by the Employer), or employment as a nonresident alien receiving no earned income from sources within the United States. "Covered Employment" also excludes any person who is classified by the Employer as other than an Employee even if it is later determined that the classification is not correct.

3.3 Participation Rules.

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

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

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

3.4 Leased Employee.

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

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

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

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

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

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

ARTICLE 4

Contributions

4.1 Contributions/Amount.

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

4.2 Limits on Employer Contributions.

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

4.3 Return of Employer Contributions.

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

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

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

4.4 Reduction of Contribution for Leased Employees.

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

4.5 Timing of Contributions.

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

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

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:

	Percentage of Participants' Elective Deferrals	Not in Excess of Below Percentage of Participants' Compensation
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:

Years of Vesting Service	Vested Percentage
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% ($1/180^{th}$) 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\ way. Benefit determined under 5.1(c)(i)(A) above shall be the greater of the actual benefit amount or the sum of the Adjusted Accrued Benefit and Future Service Benefit.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

5.2 Early Retirement.

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

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

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

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

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

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

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

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

5.3 Late Retirement.

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

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

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

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

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

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

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

5.4 Deferred Vested Retirement.

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

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

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

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

5.5 Death Benefits.

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

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

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

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

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

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

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

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

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

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

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

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

5.6 Pension Offsets.

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

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

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

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

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

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

5.7 Special Benefit Schedules.

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

5.8 Benefit Rules.

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

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

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

5.9 Maximum Annual Benefits.

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

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

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

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

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

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

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

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

(i) Exclusions. Section 415 Compensation excludes:

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

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

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

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

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

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

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

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

5.10 Adjustments to Maximum Annual Benefits.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

5.11 Maximum Combined Limitation.

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

(a) Defined Benefit Plan Fraction.

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

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

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

(b) Defined Contribution Plan Fraction.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE 6

Determination of Vested Percentage

6.1 Year of Vesting Service.

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

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

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

6.2 Vested Percentage.

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

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

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

6.3 Cashout.

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

6.4 Five Breaks in Service.

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

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

6.5 Death After Termination/Lost Recipient.

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

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

ARTICLE 7

Payment of Benefits

7.1 Time of Payment.

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

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

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

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

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

(e) Death Benefit.

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

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

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

(g) Immediate Payment.

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

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

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

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

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

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

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

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

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

7.2 Determination of Benefits.

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

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

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

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

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

7.3 Form of Payment.

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

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

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

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

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

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

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

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

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

(iv) Lump Sum. A lump sum is an Actuarially Equivalent benefit payable in a single payment, or if necessary, in one or more payments, within one taxable year of the recipient. The Actuarially Equivalent present value of a Participant's Vested Accrued Benefit paid as a lump sum before a Participant's Normal Retirement Date shall be Actuarially Equivalent to the Vested Accrued Benefit payable at Normal Retirement Date (without regard to any early retirement subsidies). The lump sum shall be available only if the Participant's consent is not required pursuant to Section 7.6(f)(i) or for a QDRO 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) Nonforfeitability. Upon termination or partial termination of this plan, the rights of all affected Participants to Accrued Benefits as of the date of termination shall be nonforfeitable, except to the extent that they are subject to limitations with respect to maximum benefits.

(b) Distribution. Upon satisfaction of the procedural termination (or partial termination) requirements, the Administrator shall direct payment of benefits under the payment provisions of this plan, providing the benefits, where appropriate or required, through the purchase of annuity contracts.

(c) Recourse Only Against Trust Assets. Except as required under ERISA, Participants shall not have recourse for the payment of Accrued Benefits as of the date of plan termination other than against the trust assets and the Employer shall have no further liability for contributions to this plan or for payment of benefits for affected Participants upon plan termination.

12.5 Reversion of Assets.

The Employer shall not receive an amount from the trust due to plan termination, except that, the Employer shall receive all amounts, if any, remaining after payment of the present value of (or application to purchase annuities to pay) the Benefit Commitments under this plan to Participants and Beneficiaries. Any excess remaining after payment or application of these amounts shall be considered to result from a variation between actual experience and expected actuarial experience.

12.6 Highest Paid Restriction.

(a) Restrictions on Termination. If this plan terminates, the benefit of any present or former Highly Compensated Employee shall be limited to a benefit that is nondiscriminatory under Code Section 401(a)(4).

(b) Restrictions on Distributions. The benefits payable to any of the 25 present and former Highly Compensated Employees paid the most compensation in the current or any prior Plan Year shall be restricted to annual payments no greater than (1) the annual payment that would be made to or with respect to the Participant under a life annuity that is Actuarially Equivalent to the sum of the Participant's Vested Accrued Benefit and the Participant's other benefits under this plan (other than a social security supplement) plus (2) the amount the Participant is entitled to receive under a social security supplement.

(i) Exceptions. The restriction shall not apply if: after payment of the benefit the value of the plan assets equals or exceeds 110% of the value of current liabilities as defined in Code Section 412(l)(7); the value of the benefits for the Participant is less than 1% of the value of current liabilities before distribution; the value of the benefit payable does not exceed the amount described in Code Section 411(a)(11)(A); or the plan terminates and the benefit is nondiscriminatory under Code Section 401(a)(4).

(ii) Benefit. For purposes of the restriction, the Participant's benefit includes loans in excess of the amount set forth in Code Section 72(p)(2)(A), any periodic income, any withdrawal values paid to a Participant, and any death benefits not provided for by insurance on the Participant's life.

(c) Payment of Restricted Benefit in Full. A Participant's otherwise restricted benefit may be paid in full if the Participant enters into a written agreement with the Administrator to secure repayment of the restricted amount. The restricted amount is the excess of the amount paid to the Participant (accumulated with reasonable interest) over the amount that could have been paid under the restriction (accumulated with reasonable interest). The Participant may secure repayment of the restricted amount by one of the following methods.

(i) Deposit in Escrow. The Participant may deposit in escrow, with an acceptable depository, property having a fair market value equal to at least 125% of the restricted amount. The escrow arrangement may permit the Participant to withdraw amounts in excess of 125% of the restricted amount. If the market value of the property falls below 110% of the remaining restricted amount, the Participant must deposit additional property to bring the value of the property held by the depository up to 125% of the restricted amount. The escrow arrangement may provide that the Participant may have the right to receive any income from the property placed in escrow, subject to the Participant's obligation to deposit additional property.

(ii) Letter of Credit. The Participant may provide a bank letter of credit in an amount equal to at least 100% of the restricted amount.

(iii) Bond. The Participant may post a bond equal to at least 100% of the restricted amount. If a bond is posted, the bond must be furnished by an insurance company, bonding company or other surety for federal bonds.

A surety or bank may release any liability on a bond or letter of credit in excess of 100% of the restricted amount. If the Administrator certifies to the depository, surety, or bank that the Participant (or the Participant's estate) is no longer obligated to repay any restricted amount, a depository may redeliver any property held under the escrow arrangement, and a surety or bank may release any liability on the Participant's bond or letter of credit. The Administrator shall make such a certification only upon an occurrence described in (b)(i) above.

(d) Payments Prior to January 1, 1994. Payments that were made or began before January 1, 1994, and that were restricted under Regulations Section 1.401-4(c) will not continue to be restricted unless the payments also would be subject to restriction under the rules of this section. Any payment that remains restricted will be restricted in accordance with Regulations Section 1.401-4(c), but the Participant may receive payment of an amount in escrow or release of any bond or letter of credit if the amount could be released under either Regulations Section 1.401-4(c) or 1.401(a)(4)-5(b).

12.7 Special Restriction.

If the Plan is terminated or merged during the period from a Restricted Date to the following Unrestricted Date ("a Restricted Period"), the provisions of this section shall govern any termination, partial termination or merger or consolidation of the Plan.

(a) Restricted Date. "Restricted Date" means the first date on which the Employer enters into an agreement which could constitute a Change in Control; a person (including the Employer) publicly announces an intention to take or consider taking actions which would, if consummated, constitute a Change in Control; a Person (other than the Trustee or a fiduciary holding Employer securities under an employee benefit plan or any entity owned directly or indirectly by shareholders of the Employer in substantially the same proportions as their ownership of the Employer) increases beneficial ownership of the combined voting power of the Employer's then outstanding securities by 5% or more over the percentage owned on May 19, 1987, and after the increase the Person holds as beneficial owner, directly or indirectly, 9.5% or more of securities of the Employer; or the Board of Directors of the Employer adopts a resolution to the effect that a Potential Change in Control has occurred for purposes of this Agreement.

(b) Change in Control. "Change in Control" means:

(i) the acquisition of 20% or more of either (1) the then outstanding shares of common stock of the employer or (2) the combined voting power entitled to vote for the Board of Directors of the Employer, excluding: (A) an acquisition by the Employer, (B) an acquisition by an employee benefit plan (or related trust) of the Employer, (C) an acquisition where, afterwards the ownership is substantially the same (in accordance with (1), (2), and (3) of subsection (iii) of this Section), or (D) an acquisition by an executive or group of executives of the Employer;

(ii) a change in majority of the incumbent Board of Directors of the Employer as of May 9, 1987, except that a board member approved by a three-quarters vote of the directors shall be defined as an incumbent and a board member elected out of a proxy contest is deemed not to be an incumbent;

(iii) approval by the stockholders of the Employer of a reorganization, merger, consolidation plan of complete liquidation or distribution or sale of substantially all of the Employer's assets unless the ownership afterwards is substantially the same including, (1) more than 50% of common stock and voting power is the same and in roughly the same proportion, (2) no Person except the Employer, an Employer employee benefit plan (or related trust) or stockholder who held 20% before such transaction, owns 20% of the common stock or voting power of the new company, and (3) at least a majority of the new board members were members of the incumbent board.

(c) Unrestricted Date. "Unrestricted Date" means the last day of the two-year period following the Restricted Date.

(d) Termination/Partial Termination. Upon termination (or partial termination) during a Restricted Period, if assets remain in the Trust which could otherwise be reverted to the Employer, the assets shall instead be applied:

(i) Retiree Benefits. First, to the purchase of retiree medical and life insurance to Participants and their beneficiaries in full (or partial prorata) satisfaction of the Employers' obligation then existing obligation; and

(ii) Benefit Increase. To increase benefits on a prorata basis to Participants and beneficiaries to the maximum extent permissible under the Plan.

(e) Merger Consolidation. If the Plan is merged or consolidated with another plan or a transfer of plan assets and liabilities is effected during a Restricted Period:

(i) Full Vesting. The Accrued Benefit of each Participant whose benefit may be affected and is in Covered Employment on the proposed effective date of the merger, consolidation or transfer shall be fully vested.

(ii) Benefit Increase. The vested accrued benefit of each Participant or beneficiary shall be increased under subsection (d) above (including retiree benefits) as though the Plan had terminated immediately prior to the effective date of the merger, consolidation or transfer shall be fully vested.

(iii) Payment/Purchase. The increased fully-vested benefit provided by this Section shall be satisfied before the consummation of the merger, consolidation or transfer by, at the Participant or beneficiary's election: a lump sum payment of the present value of the benefits calculated on a termination basis or by the purchase of an annuity contract which represents an irrevocable commitment to satisfy the increased, fully-vested benefit and satisfies applicable provisions of law regarding selection of an annuity provider.

(f) Amendment. During a Restricted Period, the Plan my not be amended to:

(i) Adversely Impact. Adversely affect the computation or amount of or entitlement to benefits under this Section including any adverse change in or to: the rate at which benefit accrue or vest; the determination of compensation; optimal forms of payment; the time of commencement of benefits; or actuarial factors utilized to compute benefits.

(ii) Modify Section 12.7. Modify this Section 12.7 without the consent of a majority of the Participants in Covered Employment immediately prior to the Restricted Date in both number and interest (calculated based upon the present value of the benefits provided by this Section).

ARTICLE 13

General Provisions

13.1 Spendthrift Provision.

An interest in the trust shall not be subject to assignment, conveyance, transfer, anticipation, pledge, alienation, sale, encumbrance, or charge, whether voluntary or involuntary, by a Participant or Beneficiary except under a QDRO or as permitted in subsection (a) or (b).

(a) Not Security. An interest shall not provide collateral or security for a debt of a Participant or Beneficiary or be subject to garnishment, execution, assignment, levy, or to another form of judicial or administrative process or to the claim of a creditor of a Participant or Beneficiary, through legal process or otherwise, except for a claim under a voluntary revocable assignment permitted by Regulation 1.401(a)-13.

(b) Crimes and ERISA Violations. Effective with respect to judgments issued, and settlements entered into, on or after August 5, 1997, a Participant's interest in the trust may be offset to pay an amount that the Participant is required to pay to the plan for certain crimes and ERISA violations in accordance with the following rules:

(i) Express Provision. An offset may be made if it is expressly provided for by:

(A) Judgment of Conviction. A judgment of conviction for a crime involving this plan;

(B) Civil Judgment. A civil judgment (including a consent order or decree) entered by a court in an action brought in connection with a violation (or alleged violation) of the fiduciary responsibility provisions under ERISA; or

(C) IRS/PBGC Settlement. A settlement agreement between the Participant and the Internal Revenue Service or Pension Benefit Guaranty Corporation in connection with a violation (or alleged violation) of the fiduciary responsibility provisions under ERISA by a fiduciary or any other person.

(ii) Spousal Consent. A Participant's interest in the trust shall not be offset if the Participant has a Spouse on the date of the offset unless the QJSA and QPSA have been waived or the Spouse consents in writing to the offset. The consent must be witnessed by an individual named by the Administrator or by a notary public. If the Spouse cannot be located or if other circumstances set forth in Regulations issued under Code Section 417 exist, the consent is not required.

(iii) Waiver of Consent Requirement. The consent of the Spouse is not required if the judgment or settlement agreement in (i) above:

(A) Payment Ordered. Orders or requires the Spouse to pay an amount to this plan in connection with a violation of the fiduciary responsibility provisions under ERISA; or

(B) Rights Retained. Retains the Spouse's right to the QJSA or QPSA determined in accordance with Code Section 401(a)(13)(D).

(c) Attempts Void. Any other attempt to anticipate, alienate, sell, transfer, assign, pledge, encumber, charge, or otherwise dispose of benefits payable, before actual receipt of the benefits, or a right to receive benefits, shall be void. The trust shall not be liable for, or subject to, the debts, contracts, liabilities, engagements, or torts of a Person entitled to benefits. The benefits and trust assets under this plan shall not be considered an asset of a Participant or Beneficiary in the event of insolvency or bankruptcy.

13.2 Effect Upon Employment Relationship.

The adoption of this plan shall not create a contract of employment between the Employer and an Employee, confer upon an Employee a legal right to continuation of employment, limit or qualify the right of the Employer to discharge or retire an Employee, or affect the right of an Employee to remain in service after the Normal Retirement Date.

13.3 No Interest in Employer Assets.

Nothing in this plan and trust shall be construed to give an Employee, Participant, or Beneficiary an interest in the assets or the business affairs of the Employer or the right to examine the books and records of the Employer. A Participant's rights are solely those granted by this instrument.

13.4 Construction.

The singular includes the plural, and the plural includes the singular, unless the context clearly indicates the contrary. Capitalized terms have the meaning specified in this plan. If a term is not defined, the term shall have the general, accepted meaning of the term.

Any period of time described in this plan shall consist of consecutive days, months, or years, as appropriate.

13.5 Severability.

If any provision of this plan is invalid, unenforceable, or disqualified under the Code, ERISA, or Regulations, for any period of time, the affected provision shall be ineffective, but the remaining provisions shall be unaffected.

13.6 Governing Law.

This plan and trust shall be interpreted, administered, and managed in compliance with the Code, ERISA, and Regulations. To the extent not preempted by federal law, this plan and trust shall be interpreted, administered, and managed in compliance with the laws of the State of Michigan.

13.7 Nondiversion.

Except for reversion of assets permitted upon plan termination, all of the trust assets shall be retained for the exclusive benefit of Participants and their Beneficiaries, shall be used to pay benefits to such Persons and to pay administrative expenses to the extent not paid by the Employer and shall not revert to or inure to the benefit of the Employer.

ARTICLE 14

Top-Heavy Plan Provisions

14.1 Top-Heavy Determination.

If this plan is or becomes a Top-Heavy Plan in a Plan Year, the provisions of this article shall supersede all conflicting plan provisions.

(a) Top-Heavy Plan. "Top-Heavy Plan" means this plan for a Plan Year if:

(i) Not Required or Permissive Aggregation Group. This plan is not part of a Required Aggregation Group or a Permissive Aggregation Group, and the Top-Heavy Ratio exceeds 60%;

(ii) Required Aggregation Group. This plan is part of a Required Aggregation Group (but not part of a Permissive Aggregation Group), and the Top-Heavy Ratio for the Required Aggregation Group exceeds 60%; or

(iii) Permissive Aggregation Group. This plan is part of a Permissive Aggregation Group, and the Top-Heavy Ratio for the Permissive Aggregation Group exceeds 60%.

(b) Calculation. The calculation of the Top-Heavy Ratio and the extent to which benefit payments, rollovers, and transfers are taken into account will be made in accordance with Code Section 416 and Regulations.

(i) Disregard Certain Employees. In calculating the Top-Heavy Ratio, the account balance or Accrued Benefit of a Participant who was a Key Employee in a prior year but is no longer a Key Employee or has not performed services for an Employer maintaining this plan at any time during the one-year period ending on the Determination Date(s) will be disregarded.

(ii) Ownership. Ownership shall be determined under Code Section 318 as modified by Code Section 416(i)(1)(B)(iii) without regard to the aggregation rules under Code Section 414.

(iii) Rollovers and Transfers. A lump-sum payment rolled over or an amount transferred from this plan to another qualified retirement plan of the Employer or a Related Employer shall not be included in the Present Value of Accrued Benefits under this plan. A payment of benefits rolled over or an amount transferred from another qualified retirement plan of the Employer or a Related Employer to this plan shall be included in the Present Value of Accrued Benefits under this plan. If a rollover or transfer to a qualified retirement plan of an unrelated employer was initiated by the former Participant, it shall be deemed a lump-sum payment from this plan. If a rollover or transfer from a qualified retirement plan of an unrelated employer to this plan for a Participant was initiated by the Participant, it shall not be included in the Present Value of Accrued Benefits under this plan unless the rollover or transfer to this plan was accepted on or before December 31, 1983.

14.2 Top-Heavy Definitions.

For purposes of this article, the following terms have the stated meanings:

(a) Top-Heavy Ratio. "Top-Heavy Ratio" means the ratio, as of this plan's Determination Date, calculated by dividing the aggregate Present Value of Accrued Benefits of all Key Employees of each plan in the Required Aggregation Group (and each other plan in the Permissive Aggregation Group, if necessary or desirable) by the aggregate Present Value of Accrued Benefits of all Participants under all plans in the Required (or Permissive) Aggregation Group.

(b) Present Value of Accrued Benefits.

(i) This Plan. "Present Value of Accrued Benefits" under this plan means the Actuarially Equivalent present value of the Accrued Benefits of all Participants and Beneficiaries determined as of the Determination Date. The Present Value of Accrued Benefits includes:

(A) One-Year Period. The amount of benefit payments made from this plan due to termination of employment, death or disability during the one-year period ending on the Determination Date; and

(B) Five-Year Period. The amount of benefit payments made from this plan for any other reason during the five-year period ending on the Determination Date.

(ii) Accrual Method. The Accrued Benefit of any Participant who is not a Key Employee shall be determined (i) under the method, if any, that applies uniformly with respect to all defined benefit plans maintained by the Employer, or (ii) if there is no uniform method, as if the benefit accrued not more rapidly than the slowest accrual rate permitted under the fractional rule of Code Section 411(b)(1)(C).

(iii) Other Plans. The Present Value of Accrued Benefits shall be determined with respect to, and pursuant to the provisions of, all qualified retirement plans (including a simplified employee pension plan) in the aggregation group.

(iv) Unpaid Contribution. A contribution not paid as of a Determination Date for any plan in the aggregation group shall be included in the determination of the Present Value of Accrued Benefits as required under Code Section 416 and Regulations.

(v) Actuarial Assumptions. If this plan is part of a Permissive Aggregation Group or a Required Aggregation Group and at least one of the qualified retirement plans aggregated with this plan is a defined benefit plan, the Present Value of Accrued Benefits under any such defined benefit plan shall be determined based on the interest rate and mortality table set forth in Section 7.2.

(c) Required Aggregation Group. "Required Aggregation Group" means all qualified retirement plans, including terminated plans, of the Employer and each Related Employer in which at least one Key Employee is a participant, plus all other qualified retirement plans of the Employer and each Related Employer, that enable one or more of the plans covering at least one Key Employee to meet the requirements of Code Sections 401(a)(4) or 410.

(d) Permissive Aggregation Group. "Permissive Aggregation Group" means all qualified retirement plans, including terminated plans, if any, of the Employer and each Related Employer that are part of a Required Aggregation Group that includes this plan, plus any other qualified retirement plan (designated by the Employer) of the Employer and each Related Employer that is not part of the Required Aggregation Group but that, when considered part of the Permissive Aggregation Group, does not prevent the group from meeting the requirements of Code Sections 401(a)(4) and 410.

(e) Determination Date. For any Plan Year after the initial Plan Year, "Determination Date" means the last day of the preceding Plan Year. For the initial Plan Year, "Determination Date" means the last day of the initial Plan Year.

(i) Present Value of Accrued Benefits. The Present Value of Accrued Benefits are determined as of the most recent Top-Heavy Valuation Date within the 12-month period ending on the Determination Date.

(ii) Multiple Plans. When aggregating plans, the Present Value of Accrued Benefits will be calculated with reference to the Determination Dates that fall within the same calendar year.

(f) Key Employee. "Key Employee" means an Employee or former Employee (including any deceased Employee or the Beneficiary of any deceased Employee) who, under Code Section 416(i), is or was, during the Plan Year that includes the Determination Date, one of the following:

(i) Officer. An officer of an Employer or Related Employer if the officer's Section 415 Compensation exceeds $130,000 (as adjusted under Code Section 416(i)(1) for Plan Years beginning after December 31, 2002);

(ii) 5% Owner. A 5% Owner; or

(iii) 1% Owner; $150,000 Compensation. A 1% owner, determined under the definition of 5% Owner but replacing "5%" with "1%," whose Section 415 Compensation exceeds $150,000.

Ownership under (ii) and (iii) shall be determined separately for each Employer and Related Employer. Compensation for (i) and (iii) above for a Plan Year is determined without regard to the Annual Compensation Limit. For Plan Years beginning before January 1, 1998, for purposes of determining compensation under (i) and (iii) above, compensation means Section 415 Compensation plus elective contributions that are excluded from gross income by Code Sections 125, 402(e)(3), 402(h)(1)(B), or 403(b).

(g) Top-Heavy Valuation Date. "Top-Heavy Valuation Date" means, for a defined contribution plan (including a simplified employee pension plan), the date for revaluation of the assets to market value coinciding with, or occurring most recently within the 12-month period ending on, the Determination Date. For a defined benefit plan, the term means the most recent date used for computing the plan costs for minimum funding purposes (whether or not an actuarial valuation is performed during that Plan Year) occurring within the 12-month period ending on the Determination Date.

14.3 Minimum Benefits.

For each Plan Year in which this plan is or becomes a Top-Heavy Plan, each Participant who is not a Key Employee and who completes at least 1,000 Hours of Service shall accrue a Minimum Accrued Benefit.

(a) Minimum Accrued Benefit. The "Minimum Accrued Benefit" for a Participant who is not a Key Employee means the monthly amount of a pension benefit payable as a Single Life Annuity beginning on the first day of the first month following the Participant's Normal Retirement Date. The monthly amount shall be 2% of Minimum Average Monthly Compensation multiplied by Years of Vesting Service (maximum of 10 years) earned for Plan Years beginning on or after January 1, 1984, during which this plan is a Top-Heavy Plan.

(b) Minimum Average Monthly Compensation. "Minimum Average Monthly Compensation" means the Participant's Average Monthly Compensation, provided that Minimum Average Monthly Compensation shall not be less than the average of the Participant's HCE Compensation for the five consecutive Plan Years during the Participant's period of employment that yield the highest amount. The five consecutive Plan Years shall not include Plan Years beginning before January 1, 1984, and any Plan Year after the last Plan Year in which this plan is a Top-Heavy Plan, and shall not include or be deemed interrupted by, Plan Years during which the Participant Employee does not earn a Year of Vesting Service.

14.4 Vesting Schedule.

The vesting schedule for each Participant who has an Hour of Service during a Plan Year in which this plan is or becomes a Top-Heavy Plan shall be replaced with the following schedule:

Years of Vesting Service	Vested Percentage
Less than 2 years	-0-
2 years	20%
3 years	40%
4 years	60%
5 years or more	100%

(a) Cessation. If this plan ceases to be a Top-Heavy Plan, vested percentages shall continue to be determined under this schedule.

(b) Vesting Schedule Change. Any change in the vesting schedule due to this plan becoming, or ceasing to be, a Top-Heavy Plan shall be treated as an amendment to this plan, and all rules applying to the amendment of a vesting schedule shall apply.

The Employer has executed this instrument this _______ day of ____________, ____.

WOLVERINE WORLD WIDE, INC.

By ______________________________

Its ______________________________

Employer

PW Trust Company ("Trustee") accepts the duties, powers and responsibilities of the Trustee as described in Articles 9 and 10 of the Wolverine Employees' Pension Plan, effective as of _______________, ____.

Dated: _______________, ____.

PW TRUST COMPANY

By ______________________________

Its ______________________________

Trustee

GC Trust Company ("Trustee") accepts the duties, powers and responsibilities of the Trustee as described in Articles 9 and 10 of the Wolverine Employees' Pension Plan, effective as of _______________, ____.

Dated: _______________, ____.

CG TRUST COMPANY

By ______________________________

Its ______________________________

Trustee

SCHEDULE A
COVERED EMPLOYEE GROUPS/ADOPTING EMPLOYERS
(Except Sections 4.6 and 4.7)

UNIT	EFFECTIVE DATE UNDER PLAN
Frolic Footwear Division - Salaried	02-01-70
Hush Puppies Retail, Inc. - Division 5	01-01-77
Tru-Stitch Footwear Division - Salaried D	01-01-70
Tru-Stitch Footwear Division - Hourly - Non Union	01-01-85
Wolverine Employees	01-01-69
Brooks Shoe Company, Inc.	01-01-82
Viner Bros., Inc.	04-01-84
Town & Country Shoes, Inc.	06-01-81
Wolverine Hy-Test, Inc. non-collectively bargained employees	04-17-96

COVERED EMPLOYEE GROUPS/ADOPTING EMPLOYERS
(Section 4.6 and 4.7)

	EFFECTIVE DATE
Wolverine World Wide, Inc.	01-01-94
Town & Country Shoes, Inc.	01-01-94
Brooks Shoe Company, Inc.	01-01-94
Viner Bros, Inc.	01-01-94
Little Falls Footwear Division	01-01-94
Hush Puppies Retail, Inc. - Division 05	01-01-94
Wolverine World Wide, Inc. Salaried at Puerto Rico	01-01-94
Wolverine Procurement, Inc.	01-01-94
B&B Shoe Division.	01-01-94
Wolverine Hy-Test, Inc. non-collectively bargained employees	04-17-96

SCHEDULE B

Retirement Date (Normal/Deferred Benefit), Date of Disability (Disability Retirement Benefit) or Termination of Employment Date (Early Retirement/Monthly Deferred	Dollar Benefit Multiplier
January 1, 1976 - December 31, 1978	$4 (pre-1/1/76 Service)/ $6 (post-12/31/75 Service)
January 1, 1979 - December 31, 1983	$6.00
January 1, 1984 - December 31, 1975	$7.00
January 1, 1986 - December 31, 1988	$8.00
January 1, 1989 - December 31, 1989	$8.50
January 1, 1990 - December 31, 1991	$9.00
January 1, 1992 - December 31, 1992	$11.00
January 1, 1993 - December 31, 1993	$12.00
January 1, 1994 - December 31, 1994	$14.00
January 1, 1995 - December 31, 1995	$15.00
January 1, 1996 - December 31, 1997	$16.00
January 1, 1998 - December 31, 1998	$18.00
January 1, 1999 - December 31, 1999	$20.00
January 1, 2000 - December 31, 2000	$21.00
January 1, 2001 - December 31, 2001	$23.00
January 1, 2002 or after	$24.00

SCHEDULE C-1
FORMER PARTICIPANTS UNDER
WEBSTER MANUFACTURING UNIT
HOURLY RATED EMPLOYEES PENSION PLAN

C1.1 Purpose. This Schedule recognizes and preserves certain benefits resulting from the merger of the above Plan ("Webster Plan") with this Plan effective May 31, 1988.

C1.2 Participant. Each Participant in the Webster Plan on May 31, 1988, shall be a C-1 Participant.

C1.3 Benefit. Each C-1 Participant's Accrued Benefit shall be equal to the sum of:

(a) Post-May 31, 1998. $3 multiplied by Years of Benefit Service after May 31, 1988 (utilizing a full year of Benefit Service for 1998).

(b) 1970 - June 1, 1988. $3 multiplied by Years of Benefit Service between January 1, 1970, and June 1, 1988, under the Webster Plan, and

(c) Pre-1970. $1.20 multiplied by the Participant's Years of Benefit Service under the Webster Plan before January 1, 1970.

C1.4 Supplemental Benefit. Each C-1 Participant who terminates employment after May 31, 1988, shall be entitled to a monthly accrued benefit in addition to the benefit set forth above equal to the actuarially equivalent of the following applicable single sum amount.

(a) 1-10 Years of Service. If the C1 Participant had completed 1 but less than 10 Years of Service, $111 multiplied by the by the Participant's Years of Service.

(b) 10-20 Years of Service. If the C1 Participant had completed 10 but less than 20 Years of Service, $166.50 multiplied by the by the Participant's Years of Service.

(c) At Least 20 Years of Service. If the C1 Participant had completed at least 20 Years of Service, $222 multiplied by the by the Participant's Years of Service.

SCHEDULE C-2
BENEFITS FOR CERTAIN FORMER EMPLOYEES
1994 SPECIAL SEVERANCE PROGRAM

C2.l Purpose. The purpose of this Schedule is to provide benefits for certain Participants of the Plan who retire under the 1994 Wolverine Special Severance Program (the "1994 Program").

C2.2 C-2 Participant. A Participant shall be a "C-2 Participant" if the Participant is eligible for and elects between November 3, 1994 and December 18, 1994 to retire under the 1994 Program.

C2.3 Highly Compensated Exclusion. The benefits under this Schedule shall not be available to a Participant who is a "Highly Compensated Employee."

C2.4 Amount of Pension. Each C-2 Participant shall be entitled to a monthly pension computed under Section 5.1 of the Plan, based on final average earnings and years of credited service at the date that employment with the Employers terminates. If the pension of a C-2 Participant is determined under subsection 4.2(a) of the Plan, then the amount payable to the C-2 Participant as of the first day of any month coincident with or preceding the date the C-2 Participant attains age 62 shall be calculated without reduction of the monthly Social Security Allowance.

C2.5 Full Vesting. Each C-2 Participant shall be fully vested in the Participant's benefits under the Plan.

C2.6 Commencement of Pension. Payment of the monthly pension to a C-2 Participant shall begin as of the first day of the month coincident with or next following the date that employment terminates. The pension of a C-2 Participant shall not be reduced for commencement prior to normal retirement date.

SCHEDULE C-3
NONDISCRIMINATORY EXECUTIVE BENEFITS

C3.1 Purpose. The purpose of this Supplement is to define and designate certain executives of the Company to receive benefits under a nondiscriminatory enhancement of the Plans' benefit formula.

C3.2 A Executive. An "A Executive" is a Participant whose name is listed below in this section:

- G. Bloom (Normal Retirement 5/1/2000)
- W. Brown (Through 12/31/2003)
- J. Deem (Deferred vested as of 10/30/2001)
- L. Dubrow (Deferred vested as of 10/30/2001)
- S. Duffy
- D. Estes
- S. Gulis
- B. Krueger
- T. O'Donovan
- R. Sedrowski

C3.3 B Executive. A "B Executive" is a Participant whose name is listed below in this Section:

- O. Baxter (for benefits accrued through 12/31/2003)
- A. Croci
- R. DeBlasio
- T. Gedra
- B. Jungers
- J. Lovejoy (Normal retirement / /2000)
- T. Mundt
- N. Ottenwess
- D. West
- G. Fountain
- J. Lavertue
- A.T. Payne, III
- S. Zimmerman
- J. Weston
- W. Brown (Beginning 1/1/2004)
- S. Sible
- J. Zwiers

C3.4 Benefit. The Accrued Benefit for:

(a) A Executive. A Supplement A Executive shall be the greatest of the Accrued Benefit at Section 5.1(c) or 2.4 percent of Final Average Compensation multiplied by the A Executive's Years of Benefit Service (not in excess of 25 years).

(b) B Executive. A Supplement B Executive shall be the greatest of the Accrued Benefit at Section 5.1(c) or 2.0 percent of Final Average Compensation multiplied by the B Executive's Years of Benefit Service (not in excess of 25 years).

C3.5 Modifications. The Company may add, remove, or reclassify a Participant under this Schedule. The modification of a Participant's status may not reduce a Participant's benefit or become effective until the date which is 45 days after the Participant receives notice of the modification.

SCHEDULE C-4
BENEFITS FOR CERTAIN FORMER EMPLOYEES
OF FROLIC FOOTWEAR DIVISION
OR THE WOLVERINE SLIPPER GROUP

C4.l Purpose. The purposes of this Schedule C-4 is to provide benefits for certain Participants of Wolverine Employees' Pension Plan (the "Plan") who terminate employment under The Frolic Footwear Special Severance Program dated August 4, 1997, (the "Frolic Program") and the Wolverine Slipper Group Special Severance Program (the "Slipper Program") dated December 1997.

C4.2 C-4 Participant. A Participant will be a "C-4 Participant" if the Participant is eligible for and elects to terminate employment under the "Frolic Program" no later than September 15, 1997, or under the "Slipper Program" no later than January 30, 1998.

C4.3 Highly Compensated Employees Excluded. A Participant who is a "Highly Compensated Employee" shall not be entitled to any benefits under this Schedule.

C4.4 Amount of Pension. Each C-4 Participant shall be entitled to a monthly pension computed under subsection 4.1 of the Plan based on final average earnings and years of credited service at the date that employment terminates. If the pension of a C-4 Participant is determined under subparagraph 5.1(c)(i)(A) of the Plan, then the amount payable as of the first day of any month on or before the date the Participant attains age 62 shall be calculated without reduction for the Social Security Allowance.

C4.5 Full Vesting. Each C-4 Participant shall be fully vested in his benefits under the Plan.

C4.6 Commencement of Pension. Payment of the monthly pension to a C-4 Participant shall begin as of the first day of the month coincident with or next following the date that his employment with the employers terminates, in the full amount determined under paragraph G-4 above. The pension of a Supplement G Participant shall not be reduced for commencement prior to normal retirement date.

SCHEDULE C-5
2000 EARLY RETIREMENT WINDOW

C5.1 Purpose. The purpose of this Schedule C-5 is to provide benefits for TruStitch employee Participants of the Wolverine Employees' Pension Plan who were eligible to terminate employment under the Wolverine Early Retirement Window-2000, dated July 12, 2000. (2000 Window) but remained employed as of June 1, 2001, Participants who terminated employment under the 2000 Window, or members who terminated under the reduction in force dated July 12, 2000, and were listed as severance only in the listing maintained by the Employer (the RIF).

C5.2 C-5 Participant. A Participant will be a C-5 Participant if the Participant is eligible and retired under the 2000 Window or was terminated under the RIF.

C5.3 Calculation of Pension. For purposes of calculating the Normal, Late, Early, or Deferred Vested Benefit and for purposes of commencing benefits under those sections, a C-5 Participant shall be deemed to be 5 years older or age 65 whichever is less. However, this increase in age shall not change a Participant's normal retirement date.

C5.4 Amount of Pension. In addition to the increased age: a C-5 Participant shall be entitled to;

(a) Lump Sum. The following Lump Sum payment

Health Care Plan Status (as of July 12, 2000)	Lump Sum Amount
Employee Only	$ 1576.08
Employee & Child	$ 3050.22
Employee & Spouse	$ 3874.92
Employee & Family	$ 4932.42

This benefit shall not apply to C-5 Participants who remained employed on June 1, 2001.

(b) Age 60-65. If the Participant is at least age 60, an additional percentage increase in the benefit calculated under C5.3 above, as follows;

Age (as of July 12, 2000)	Percentage Increase in Benefit
60 but less than 61	2%
61 but less than 62	4%
62 but less than 63	6%
63 but less than 64	8%
64 or more	10%

C5.5 414(k) Transfer. For purposes of Section 4.7:

(a) Allocation of Transfer. A C-5 Participant shall be treated as having retired during the year of termination of employment.

(b) Vesting. A C-5 Participant shall be fully, 100% vested in the Participant's Section 414(k) account.

C5.6 Full Vesting. A Participant who is terminated under the RIF and listed in the "Severance Only" classification shall be fully vested in the accrued benefits under the Plan (including the benefits provided by this Schedule).

C5.7 Commencement of Pension. Benefits shall be paid as follows:

(a) Lump Sum The lump sum benefit, as soon as administratively feasible after the expiration of the revocation period following written acceptance of the 2000 Window.

(b) Monthly Pension The monthly pension at the first day of any month following the latest of: expiration of the revocation period following written acceptance of the 2000 Window; the attainment of the deemed age of 60 by a C-5 Participant; or a C-5 Participant's termination of employment on or after June 1, 2001.

SCHEDULE C-6
HY-TEST MERGER

C6.1 Purpose. The purpose of this Schedule is to reflect the merger of the Wolverine Hy-Test, Inc. Collectively Bargained Pension Plan (Hy-Test Plan) with this Plan and to provide enhanced pension benefits for members formerly included within the drivers unit represented by Teamsters Local 406 (Teamsters Unit).

C6.2 Participants Included. This Schedule shall apply to Participants formerly included within the Hy-Test Plan and formerly covered by a collective bargaining agreement between the Employer and Local 160A, UNITE!, AFL/CIO/CLC and, only where specifically designated, to Participants within the Teamsters Unit.

C6.3 Teamsters Unit Members. Each Participant included within the Teamsters Unit shall be fully vested in the Participants accrued benefit as of the member's termination of employment. Each Participant between ages 55 and 60 as of September 30, 2000, shall receive an additional seven Years of Vesting Service for purposes of determining the Participant's eligibility for monthly pension benefits.

C6.4 Hy-Test Members. The following provisions apply to former Participants of the Hy-Test Plan.

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

(i) Normal Retirement Date. "Normal Retirement Date" means the date the Participant attains age 62.

(ii) Normal Retirement Benefit. "Normal Retirement Benefit" means the Participant's Accrued Benefit. The monthly Normal Retirement Benefit shall be not less than the amount of any Early Retirement Benefit to which the Participant was entitled if the Participant had retired at any time under the provisions of C6.4(b).

(iii) Accrued Benefit. "Accrued Benefit" means a monthly pension benefit, payable as a Single Life Annuity, beginning on the first day of the month following the Participant's Normal Retirement Date. The monthly amount shall be equal to the Participant's Years of Benefit Service multiplied by the applicable Benefit Rate set forth in this subsection.

Retirement Date	Benefit Rate
On or after January 1, 1996	$10.25
On or after January 1, 1997	$10.75
On or after January 1, 1998	$11.00
On or after March 1, 1999	$12.00
On or after January 1, 2000	$13.00

(iv) Benefit Service. A Participant earns a "Year of Benefit Service" for each Plan Year under the following schedule:

Hours of Service in Covered Employment	Percentage of Year of Service
0 - 199	0
200 - 499	25%
500 - 799	50%
800 - 999	75%
1,000 or more	100%

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

(i) Early Retirement Date. "Early Retirement Date" means the date the Participant attains age 55, or if later, the date the Participant completes 25 Years of Vesting Service.

(ii) Early Retirement Benefit. "Early Retirement Benefit" means the Participant's Accrued Benefit determined as of the date that the Participant's employment terminated.

(iii) Early Payment. A Participant who is eligible for Early Retirement may elect to begin payment on the first day of any month following the termination of employment after the Participant's Early Retirement Date. If the Participant elects and payment begins before the first day of the month after the Participant's Normal Retirement Date, the monthly amount of the benefit shall be reduced and shall be the actuarial equivalent of the Accrued Benefit payable at the Participant's Normal Retirement Age.

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

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

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

(A) Pre-Age 70 1/2. If the Participant's employment terminated on or before the Required Beginning Date, the Normal Retirement Benefit determined as of the Late Retirement Date, including any additional benefits accrued for the period of the Participant's employment after the Normal Retirement Date.

(B) Post-Age 70 1/2. If the Participant's employment terminated after the Required Beginning Date, the amount determined in (A) above reduced by the actuarial equivalent of the total plan distributions made to the Participant up to the Participant's Late Retirement Date. The benefit shall not be reduced to an amount less than the Participant's Accrued Benefit determined as of the Participant's Normal Retirement Date.

(d) Deferred Vested Retirement. A Participant who has an Accrued Benefit and whose employment terminated before the Participant's Normal or Early Retirement Date, other than by death or Disability, is eligible for a Deferred Vested Benefit.

(i) Deferred Vested Benefit. "Deferred Vested Benefit" means the Participant's Accrued Benefit determined as of the date that the Participant's employment terminated.

(ii) Early Payment. If the Participant is eligible and elects payment of the Deferred Vested Benefit before the first day of the month following the Participant's Normal Retirement Date, the monthly amount of the benefit shall be reduced and shall be determined in the same manner as provided for early payment of the Early Retirement Benefit.

(e) Death Benefits. A death benefit shall be paid only as provided in this section.

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

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

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

(2) Surviving Spouse Defined. "Surviving Spouse" means the Spouse to whom the Participant was married at the time of death and who survives the Participant. If the Participant dies before benefit payments begin, "Surviving Spouse" means the Spouse to whom the Participant was married for at least 12 consecutive months at the Participant's death and who survives the Participant.

(3) QPSA Defined. "QPSA" means a qualified pre-retirement survivor annuity that is a monthly Single Life Annuity payable to the Surviving Spouse of a Participant. The monthly amount of the QPSA is 50% of the benefit that would have been payable to the Participant if the Participant had retired on the day before the Participant died and had elected to have benefit payments begin on the earliest permitted payment date in the form of an immediate QJSA.

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

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

(f) Benefit Rules.

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

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

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

(iv) Pay Status. Benefits in pay status on or after the merger shall continue to be paid in the form provided by the Plan.

(g) Vested Percentage. A Participant's Accrued Benefit shall be 100% vested. A Participant shall be credited with Vesting Service for full years of benefit service under the Florsheim Shoe Company Retirement Plan as of April 17, 1996.

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

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

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

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

(iv) Deferred Vested Benefit. The Deferred Vested Benefit shall begin on the first day of the month following the Participant's Normal Retirement Date. If the Participant is credited with at least 25 (or 10 if the Participant's termination is due to permanent closing of the facility in which the Participant was employed) Years of Vesting Service at termination of employment, the Participant may elect earlier payment beginning on the first day of any month following the date the Participant attains age 55.

(v) Death Benefit.

(A) Before Annuity Starting Date. The QPSA shall begin on the first day of the month following the date of death, or if later, the first day a Participant could have elected early payment of an Early Retirement Benefit or a Deferred Vested Benefit, if applicable. The Surviving Spouse may elect to delay commencement of the benefit to the first day of any later month but not later than the first day of the month following the Participant's Normal Retirement Date.

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

(vi) Immediate Payment. If the Participant's employment terminates for any reason before the Participant's Normal Retirement Date and the Actuarially Equivalent present value of the Participant's Vested Accrued Benefit, including any earlier payments, is $5,000 or less, the Administrator shall direct payment of the present value as soon as administratively feasible following termination of employment.

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

(i) Interest Rate. 6 1/2% per annum, compounded annually.

(ii) Mortality Table. 1971 Group Annuity Mortality Table assuming three males for every seven females

(iii) Lump Sum Determination. Actuarial Equivalence of a lump-sum payment shall be determined based on.

(A) Mortality. The 1983 Group Annuity Mortality Table weighted 50% male and 50% female.

(B) Interest Rate. An interest rate for the Plan Year consisting of the annual rate of interest on 30-year Treasury securities for the month of December preceding the Plan Year in which the lump sum is calculated.

(j) Form of Payment.

(i) Standard Form. Benefits under this Schedule shall be paid as follows:

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

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

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

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

(ii) Optional Forms of Payment. Upon waiver of the QJSA, Participant may elect a Single Life Annuity. A "Single Life Annuity" is a monthly benefit payable in equal installments for the life of the Participant or other individual with no payments to be made for any periods after the recipient's death.

(k) Merger Schedule. The Company shall, as required by Code Section 414(l), maintain a special schedule of benefits payable on a termination basis for Hy-Test Participants as required under Regulation 1.414(l)-1(h). The special benefits shall be payable in the priority required by Regulation 1.414(l)-1(h) if the Plan terminates on or before December 31, 2005. If the liabilities attributable to benefits payable under this Schedule are spun off or transferred to another plan on or before December 31, 2005, the Plan shall transfer assets to the spun off or transferee plan sufficient to satisfy the liabilities in full.

SCHEDULE C-7
2001 EARLY RETIREMENT WINDOW/
SPECIAL SEVERANCE PROGRAM

C7.1 Purpose The purpose of this Schedule is to provide benefits for Wolverine Footwear employee Participants of the Wolverine Employees' Pension Plan who were eligible to terminate employment under the Wolverine Special Severance Program Early Retirement Window-2001 (current Footwear employee, age 60 before January 31, 2002, 15 years of continuous service by August 31, 2001 and not within an excluded job classification).

C7.2 C-7 Participant A Participant will be a C-7 Participant if the Participant is eligible under the 2001 Window.

C7.3 Calculation of Pension For purposes of calculating the Normal or Deferred Commencement Retirement, Early Retirement, or Monthly Deferred Benefit and for purposes of commencing benefits under those sections, a C-7 Participant shall be deemed to be 5 years older or age 65 whichever is less. However, this increase in age shall not change a Participant's normal retirement date.

C7.4 Amount of Pension In addition to the increased age: a C-7 Participant shall be entitled to;

(a) Lump Sum the following Lump Sum payment

Health Care Plan Status (as of October 1, 2001)	Lump Sum Amount
Employee Only	$ 1758.63
Employee & Child	$ 3404.83
Employee & Spouse	$ 4329.55
Employee & Family	$ 5506.84

(b) Age 60-65 If the Participant is at least age 60, an additional percentage increase in the benefit calculated under C7.3 above, as follows;

Age (as of July 12, 2000)	Percentage Increase in Benefit
60 but less than 61	2%
61 but less than 62	4%
62 but less than 63	6%
63 but less than 64	8%
64 or more	10%

C7.5 414(k) Transfer Allocation. For purposes of Section 4.7(c) (allocation of 414(k) transfer amounts), a C-7 Participant shall be treated as having retired during the year of termination of employment.

C7.6 Commencement of Pension. Benefits shall be paid as follows:

(a) Lump Sum The lump sum benefit, as soon as administratively feasible after the expiration of the revocation period following written acceptance of the 2001 Window.

(b) Monthly Pension The monthly pension at the first day of any month following the latest of: expiration of the revocation period following written acceptance of the 2001 Window; the attainment of the deemed age of 60 by a C-7 Participant; or a C-7 Participant's termination of employment on or before December 31, 2001.

SCHEDULE C-8
SPECIAL SERVICE CREDIT
TRU STITCH DIVISION/WOLVERINE PROCUREMENT INC.

C8.1 Purpose. The purpose of this Schedule is to recognize certain service before extension of the Plan to TruStitch Division and Wolverine Procurement, Inc. Employees for purposes of determining Years of Benefit and Vesting Service.

C8.2 TruStitch Division. An hourly nonunion employee of the TruStitch Division who became a Participant in the Plan on January 1, 1985, shall be credited with Years of Benefit Service and Vesting Service for the period of service (including union service) beginning on or after January 1, 1970, under the rules of the Plan in effect during those periods.

C8.3 Wolverine Procurement, Inc. An Employee of Wolverine Procurement, Inc. shall be credited with Years of Benefit Service and Vesting Service for service on or after July 1, 1989, under the rules of the Plan in effect during those periods.

SCHEDULE C-9
SERVICE CREDIT AND INCLUSION OF
CERTAIN FORMER SEBAGO, INC. EMPLOYEES

C9.1 Purpose. The purpose of this Schedule is to recognize eligibility and vesting service of certain former employees of Sebago, Inc. who have become permanent, regular employees of the Employer.

C9.2 Designated Employees. The following individuals shall be covered by this Schedule (Schedule C-9 individuals).

Name

Belsak, Harald
Charron, Elayne
Cremer, Vivian
Delaware, Marie
Dufault, Victor
Josselyn, Marvin
Kriner, Debora
Mowatt, Timothy
Walls, Michael
Warren, Joseph

C9.3 Eligibility/Participation. A Schedule C-9 individual shall become eligible and a Participant in the Plan under Section 3.1 as of July 1, 2004.

C9.4 Covered Employment. A Schedule C-9 individual shall not be excluded from Covered Employment under Section 3.2 as a former employee of Sebago, Inc.

C9.5 Vesting Service. A Schedule C-9 individual shall be credited with Years of Vesting Service under Section 6.1 for all periods of service beginning with their most recent date of hire with Sebago, Inc.

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 Mȷ xico 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
Wolverine World Wide HK Limited	Hong Kong

Exhibit 23 - Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the Registration Statement (Form S-8 Nos. 333-67462, 333-93563, 333-49523, 33-63689, 33-55213, 33-64854, 33-23196, 333-88898, 333-97917, 333-106973, and 333-129202) pertaining to the various plans of Wolverine World Wide, Inc. of our reports dated February 16, 2006, 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 December 31, 2005.

/s/ Ernst & Young LLP

Grand Rapids, Michigan
March 10, 2006

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 December 31, 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, 2006	/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 December 31, 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, 2006	/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 December 31, 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 16, 2006	/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 December 31, 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, 2006	/s/ Phillip D. Matthews
	Phillip D. Matthews

<u>POWER OF ATTORNEY</u>

The undersigned, in his or her capacity as a director or officer, or both, as the case may be, of Wolverine World Wide, Inc., does hereby appoint 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 December 31, 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.

<u>Date</u>	<u>Signature</u>
January 20, 2006	/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 December 31, 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 19, 2006	/s/ Brenda J. Lauderback
	Brenda J. Lauderback

<u>POWER OF ATTORNEY</u>

The undersigned, in his or her capacity as a director or officer, or both, as the case may be, of Wolverine World Wide, Inc., does hereby appoint 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 December 31, 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 20, 2006	/s/ Paul D. Schrage
	Paul D. Schrage

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 December 31, 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 16, 2006	/s/ Shirley D. Peterson
	Shirley D. Peterson

POWER OF ATTORNEY

The undersigned, in his or her capacity as a director or officer, or both, as the case may be, of Wolverine World Wide, Inc., does hereby appoint 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 December 31, 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, 2006	/s/ Michael A. Volkema
	Michael A. Volkema

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 15, 2006

/s/ Timothy J. O'Donovan
Timothy J. O'Donovan
Chief Executive Officer and Chairman
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 15, 2006

/s/ Stephen L. Gulis, Jr.
Stephen L. Gulis, Jr.
Executive Vice President, Chief Financial
Officer and Treasurer
Wolverine World Wide, Inc.

Exhibit 32

CERTIFICATION

Solely for the purpose of complying with 18 U.S.C. § 1350, each of the undersigned hereby certifies in his capacity as an officer of Wolverine World Wide, Inc. (the "Company") that the Annual Report of the Company on Form 10-K for the accounting period ended December 31, 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
Chief Executive Officer and Chairman

/s/ Stephen L. Gulis, Jr.

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