
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-K

- ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended January 3, 2004
- TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from _____ to _____

Commission File Number: 1-6024

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

Delaware
(State or other jurisdiction of
incorporation or organization)

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

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

49351
(Zip Code)

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

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

Title of each class
Common Stock, \$1 Par Value

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

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

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

Yes X No
_____ _____

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

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

Yes X No
_____ _____

The aggregate market value of the registrant's voting stock held by non-affiliates of the registrant based on the closing price on the New York Stock Exchange on June 13, 2003, the last business day of the registrant's most recently completed second fiscal quarter: \$742,712,681.

Number of shares outstanding of the registrant's Common Stock, \$1 par value (excluding shares of treasury stock) as of March 12, 2004: 39,423,011.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the definitive proxy statement for the registrant's annual stockholders' meeting to be held April 22, 2004, 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 and cash flows; expected timing of shipment of products; expected economic returns; projected 2004 operating results and dividend rates; future strength of the Company; expansion of Merrell® shop-in-shops and Track 'N Trail stores; future marketing investments; the introduction of new lines or categories of products; future growth or success in specific countries, categories or market sectors; continued or expected distribution at specific retailers; liquidity; capital resources and market risk are forward-looking statements. In addition, words such as "anticipates," "believes," "estimates," "expects," "forecasts," "intends," "is likely," "plans," "predicts," "projects," "should," "will," variations of such words and similar expressions are intended to identify forward-looking statements. These statements are not guarantees of future performance and involve certain risks, uncertainties and assumptions ("Risk Factors") that are difficult to predict with regard to timing, extent, likelihood and degree of occurrence. Therefore, actual results and outcomes may materially differ from what may be expressed or forecasted in such forward-looking statements.

Risk Factors include, but are not limited to, uncertainties relating to changes in demand for the Company's products; changes in consumer preferences or spending patterns; the cost and availability of inventories, services, labor and equipment furnished to the Company; the cost and availability of contract manufacturers; the cost and availability of raw materials, including leather; the impact of competition and pricing by the Company's competitors; changes in government and regulatory policies; foreign currency fluctuations; changes in trading policies or import and export regulations; changes in interest rates, tax laws, duties, tariffs, quotas or applicable assessments; technological developments; changes in local, domestic or international economic and market conditions; the size and growth of footwear markets; service interruptions at shipping and receiving ports; changes in the amount or severity of inclement weather; changes due to the growth of Internet commerce; popularity of particular designs and categories of footwear; the ability of the Company to manage and forecast its growth and inventories; the ability to secure and protect trademarks, patents and other intellectual property; integration of operations of newly acquired businesses; changes in business strategy or development plans; the ability to attract and retain qualified personnel; labor strikes or disruptions; the ability to retain rights to brands licensed by the Company; loss, bankruptcy and credit limitations of significant customers; relationships with international distributors and licensees; the Company's ability to meet at-once orders; the exercise of future purchase options by the U.S. Department of Defense on previously awarded contracts; the risk of doing business in developing countries and economically volatile areas; domestic and international terrorism and war; retail buying patterns; consolidation in the retail sector; and the acceptability of U.S. brands in international markets. Additionally, concern regarding acts of terrorism, the war in Iraq and subsequent events have created significant global economic and political uncertainties that may have material and adverse effects on consumer demand, foreign sourcing of footwear, shipping and transportation, product imports and exports and the sale of products in foreign markets. These matters are representative of the Risk Factors that could cause a difference between an ultimate actual outcome and a forward-looking statement. Historical operating results are not necessarily indicative of the results that may be expected in the future. The Risk Factors included here are not exhaustive. Other Risk Factors exist, and new Risk Factors emerge from time-to-time, that may cause actual results to differ materially from those contained in any forward-looking statements. Given these risks and uncertainties, investors should not place undue reliance on forward-looking statements as a prediction of actual results. Furthermore, the Company undertakes no obligation to update, amend or clarify forward-looking statements, whether as a result of new information, future events or otherwise.

PART 1

Item 1. Business.

General.

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

Consumers around the world purchased more than 41 million pairs of Company branded footwear during fiscal 2003, making the Company a global leader among footwear companies in the marketing of branded casual, work and outdoor footwear. The Company's products generally feature contemporary styling with proprietary technologies designed to provide maximum comfort and performance. The products are marketed throughout the world under widely recognized brand names, including *Bates®*, *CAT®*, *Harley-Davidson®*, *Hush Puppies®*, *HyTest®*, *Merrell®*, *Sebago®*, *Stanley®* and *Wolverine®*. The Company believes that its primary competitive strengths are its well-recognized brand names, broad range of comfortable footwear, patented and proprietary designs and comfort technologies, numerous distribution channels and diversified manufacturing and sourcing base.

The Company's footwear is sold under a variety of brand names designed to appeal to most consumers of casual, work and outdoor footwear at numerous price points. The Company's footwear products are organized under five operating units: (i) the Wolverine Footwear Group, focusing on the *Bates®*, *Harley-Davidson®*, *HyTest®*, *Stanley®* and *Wolverine®* product lines of work, outdoor and lifestyle boots and shoes, (ii) the Outdoor Group, focusing on the *Sebago®* and *Merrell®* product lines of performance and lifestyle footwear, (iii) Caterpillar Footwear, focusing on the *CAT®* product lines of work and lifestyle 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 64 Company-owned retail stores and to numerous accounts including department stores, footwear chains, catalogs, specialty retailers, mass merchants and Internet retailers. Many of the retailers to whom Wolverine distributes operate multiple storefront locations. The Company's products are distributed worldwide in over 140 markets through licensees and distributors.

The Company, through its Wolverine Leathers Division, operates a tannery which is one of the premier tanners of quality pigskin leather for the shoe and leather goods industries. Pigskin leather tanned by the Company is used in a significant portion of the footwear marketed by the Company, and is also sold to Company licensees and other domestic and foreign manufacturers of shoes. 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 that are attached as Appendix A to this Form 10-K. The Company has one reportable segment,

3

Branded Footwear. The Branded Footwear segment is engaged in manufacturing, sourcing, 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, apparel and accessory licensing, 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.

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

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

1. **Wolverine Footwear Group.** The Wolverine Footwear Group encompasses footwear primarily under the *Wolverine®*, *Bates®*, *HyTest®*, *Harley-Davidson®*, 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 120 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 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 continue the Company's tradition of comfortable work and industrial footwear. 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 also incorporate *DuraShocks®* technology and other comfort features into products designed for casual and outdoor sport use. The rugged casual line targets active lifestyles and includes walking shoes, rugged casuals and outdoor sandals. The outdoor sport line is designed to meet the demands of hunters, fishermen and other active outdoor sportsmen and women. Warmth, waterproofing and comfort are achieved through the use of *Gore-Tex®* and *Thinsulate®* brand fabrics, the Company's performance leathers and patented *DuraShocks®* technologies. In addition, the *Wolverine®* brand is licensed for use on apparel, eyewear, watches and gloves.

Bates® Uniform Footwear. The Bates Uniform Footwear Division is an industry leader in supplying footwear to military and civilian uniform users. The Bates Uniform Footwear Division utilizes *DuraShocks®*, *DuraShocks SR™*, *CoolTech®* and other proprietary comfort technologies in the design of its military-style boots and

4

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®. 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, 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.

***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, military 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.

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

2. ***The Outdoor Group.*** The Outdoor Group, which includes *Merrell*® and *Sebago*® footwear, was established as a separate operating unit of the Company in November 2003, following the Company's acquisition of Sebago, Inc. 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. *Merrell*® products are sold primarily through outdoor specialty retailers, department stores and catalogs. *Merrell*® footwear is marketed in over 120 countries worldwide.

The *Sebago*® product line consists primarily of performance nautical and American-inspired casual footwear. *Sebago*® brand classic American footwear for men and women such as handsewn loafers and boat shoes have been manufactured and distributed since 1946. Highly recognized *Sebago*® line extensions include *Docksides*, *Drysides* and *Campsides*. The *Sebago*® product line is distributed in over 85 countries worldwide. The *Sebago*® manufacturing and design tradition of quality componentry, durability, comfort and "Americana" heritage is further supported by targeted distribution to better-grade independent, marine and department store retailers throughout the world.

3. ***Caterpillar Footwear.*** Caterpillar Footwear was established as a separate operating unit of the Company in October 2002. 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 boots for quality, ruggedness and durability. *CAT*® brand footwear products include work boots and shoes, sport boots, rugged casuals and lifestyle footwear. In addition, the Company also manufactures and markets *CAT*® and *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 120 countries worldwide.

4. ***The Hush Puppies Company.*** Over its 46-year heritage, the *Hush Puppies*® brand has been a pioneer of comfortable casual footwear. The diverse product line includes numerous styles for both dress and casual wear and utilizes comfort features, such as the *Comfort Curve*® sole, *Float Fx*®, patented *Bounce*® technology and lightweight *Zero-g*™ constructions. *Hush Puppies*® shoes and slippers are marketed to men, women and children in over 100 countries through department stores, catalogs, and independent retailers. In addition, the *Hush Puppies*® brand is licensed for use on apparel, eyewear, watches 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 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 64 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.

6

3. **Wolverine Retail.** The Company operates 64 domestic retail shoe stores as of February 2004, consisting of 60 factory outlet stores under the *Hush Puppies and Family*™ name, and four specialty stores under the *Track 'N Trail*® name. The Company expects to open at least six new *Track 'N Trail*® stores in 2004. With the exception of the possible expansion of the *Track 'N Trail*® concept, the Company expects the scope of its retail operations to remain relatively consistent in the foreseeable future. Most of the Company's 60 factory outlet stores carry a large selection of first quality Company branded footwear at discounted retail prices. The *Track 'N Trail*® stores feature Company brands such as *Wolverine*®, *Merrell*®, *Hush Puppies*®, *CAT*®, *Sebago*® and *Harley-Davidson*®. These stores also carry a selection of branded footwear from other manufacturers. The Company also operates the direct-to-customer retail websites described below.

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, 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.

7

- A network of independent *Shoemobile*® distribution outlets is used to distribute the Company's work and occupational footwear at industrial facilities.
- The Company solicits all branches of the United States military and enters bids for contracts to supply specific footwear products.

In addition to its wholesale activities, the Company also operates domestic retail shoe stores as described above. The Company is developing various programs, both independently and with its retail customers, for the distribution of its products over the Internet and

operates direct-to-customer sites at www.upfootgear.com, www.hytest.com, www.wolverinebootsandshoes.com, www.wolverine.com, www.trackandtrail.com, www.hushpuppies.com and www.catfootwear.com.

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 2003.

Footwear sales are seasonal with significant increases in sales experienced during the U.S. fall and spring seasons. Due to this seasonal nature of footwear sales, the Company experiences some fluctuation in its levels of working capital. 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 the seasonal sales pattern 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, France, Germany, the Netherlands, Belgium, Luxemburg, Spain 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, Hush Puppies Canada Footwear, Ltd., and the Merrell Canada division. In addition, in January 2002, the Company established a new subsidiary to manage the CAT® footwear brand in the European market. This new subsidiary, Wolverine Europe Limited, purchased ongoing operations and assets of the European CAT® footwear business from Overland Group Limited of London, England. Wolverine Europe Limited will continue to coordinate and oversee support for other European markets served by independently-owned distributors. 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 Company footwear bearing the *Hush Puppies®*, *Wolverine®*, *Bates®*, *HyTest®*, *Merrell®* 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. In fiscal 2003, the Company's wholly-owned foreign operations, together with the Company's foreign licensees and distributors, sold an estimated 19.6 million pairs of footwear.

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 73% of the pairs of footwear marketed under the Company's brand names globally. The balance is controlled directly by the Company's licensees. Of the pairs controlled by the Company, approximately 88% are purchased or sourced from third parties, with the remainder produced at Company-owned facilities. Footwear produced by the Company is manufactured at Company-owned 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 at the Company's Michigan facilities.

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

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

The Company's domestic manufacturing operations allow the Company to (i) reduce its production lead time, enabling it to quickly respond to market demand and reduce inventory risk, (ii) lower freight and shipping costs, and (iii) closely monitor product quality. The Company's foreign manufacturing strategy allows the Company to (i) benefit from lower manufacturing costs and state-of-the-art

manufacturing facilities, (ii) source the highest quality raw materials from around the world, and (iii) avoid additional capital expenditures necessary for owned factories and equipment. The Company believes that its overall global manufacturing strategy gives the Company maximum flexibility to properly balance the need for timely shipments, high quality products and competitive pricing.

The Company owns and operates a pigskin tannery through its Wolverine Leathers Division, which is one of the premier tanners of quality leather for the footwear industry. The Company and its licensees receive virtually all of their pigskin requirements from the tannery. The Company believes the tannery provides a strategic advantage for the Company by producing pigskin leather using proprietary technology at prices below those available from other sources.

The Company's principal required raw material is quality leather, which it purchases from a select group of domestic and offshore suppliers, including the Company's tannery. The global availability of common upper materials and specialty leathers eliminates any reliance by the Company

upon a sole supplier. The Company currently purchases the vast majority of the raw pigskins used in a significant portion of its tannery operations from one domestic source. This source has been a reliable and consistent supplier for over 30 years. Alternative sources of pigskin are available; however the price, processing and/or product characteristics are less advantageous to the Company. The Company purchases all of its other raw materials and component parts from a variety of sources, none of which is believed by the Company to be a dominant supplier.

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

Trademarks, Licenses and Patents.

The Company holds a significant portfolio of registered and common law trademarks that identify its branded footwear products. The owned trademarks that are most widely used by the Company include *Hush Puppies*®, *Wolverine*®, *Bates*®, *Wolverine Fusion*®, *DuraShocks*®, *Wolverine Compressor*™, *Hidden Tracks*®, *Bounce*®, *Comfort Curve*®, *HyTest*®, *Merrell*®, *Sebago*®, and *Track 'N Trail*®. The Company has obtained license rights to manufacture, market and distribute footwear throughout the world under the *CAT*® and *Harley-Davidson*® trademarks, and the right to manufacture, market and distribute footwear in the United States and other countries under the *Stanley*® trademark, all pursuant to license arrangements with the respective trademark owners. The *CAT*®, *Harley-Davidson*®, and *Stanley*® licenses are long-term and extend for five or more years with conditional renewal options and are subject to early termination for breach. Pigskin leather produced by the Company's Wolverine Leathers Division is sold under the trademarks *Wolverine Leathers*®, *Weather Tight*® and *All Season Weather Leathers*™.

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

Order Backlog.

At March 13, 2004, the Company had a backlog of footwear orders of approximately \$274 million compared with a backlog of approximately \$233 million at March 8, 2003. Substantially all of the backlog relates to orders for products expected to be shipped in 2004. While orders in backlog are subject to cancellation by customers, the Company has not experienced significant cancellation of orders in the past. The backlog at a particular time is affected by a number of factors, including seasonality, retail conditions, product availability and the schedule for the manufacture and shipment of products. Accordingly, a comparison of backlog from period to period is not necessarily meaningful and may not be indicative of eventual actual shipments.

Competition.

The Company's footwear lines are manufactured and marketed in a highly competitive environment. The Company competes with numerous domestic and foreign marketers, manufacturers and importers of footwear, some of which are larger and have greater resources

than the Company. The Company's major competitors for its brands of footwear are located in the United States and Europe. The Company has at least ten major competitors in connection with the sale of its work shoes and boots, at least ten major competitors in connection with the sale of its sport boots, and at least thirty major competitors in connection with the sale of its casual, work and outdoor shoes. Product performance and quality, including technological improvements, product identity, competitive pricing, and the ability to adapt to style changes are all important elements of competition in the footwear markets served by the Company. The footwear industry in general is subject to changes in consumer preferences. The Company strives to maintain its competitive position through promotion of brand awareness, manufacturing efficiencies, its tannery operations, and the style, comfort and value of its products. Future sales by the Company will be affected by its continued ability to sell its products at competitive prices and to meet shifts in consumer preferences.

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

Research and Development.

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

Environmental Matters.

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

Employees.

As of January 3, 2004, the Company had approximately 4,784 domestic and foreign production, office and sales employees. Approximately 634 employees were covered by four union contracts expiring at various dates through May 1, 2006. The Company presently considers its employee relations to be good.

Available Information.

Information about the Company, including the Company's Code of Conduct & Compliance, Corporate Governance Guidelines, Accounting and Finance Code of Ethics, Audit Committee Charter, Compensation Committee Charter, Executive Committee Charter and Governance Committee Charter, is available at its website, <http://www.wolverineworldwide.com>. Printed copies of the documents listed above are available by writing to the Company at 9341 Courtland Drive, N.E., Rockford, MI 49351, Attention: Director of Investor Relations.

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

Item 2. Properties.

The Company operates its domestic administration, sales and marketing operations primarily from an owned facility of approximately 225,000 square feet in Rockford, Michigan. The Company's manufacturing operations are primarily conducted at its owned pigskin tannery in Rockford, Michigan, and a combination of leased and owned footwear manufacturing facilities in Arkansas, Michigan and the Dominican Republic. The Company operates its warehousing operations primarily through owned warehouses in Rockford, Michigan, totaling approximately 475,000 square feet, a leased warehouse in Cedar Springs, Michigan, of approximately 362,000 square feet and a leased warehouse in Howard City, Michigan, of approximately 350,000 square feet.

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

Item 3. Legal Proceedings.

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

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

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

Supplemental Item. Executive Officers of the Registrant.

The following table lists the names and ages of the Executive Officers of the Company as of January 3, 2004, and the positions presently held with the Company. The information provided below the

table lists the business experience of each such Executive Officer during the past five years. All Executive Officers serve at the pleasure of the Board of Directors of the Company, or if not appointed by the Board of Directors, they serve at the pleasure of management.

<u>Name</u>	<u>Age</u>	<u>Positions held with the Company</u>
Steven M. Duffy	51	Executive Vice President and President, Global Operations Group
V. Dean Estes	54	Vice President and President, Wolverine Footwear Group
Stephen L. Gulis, Jr.	46	Executive Vice President, Chief Financial Officer and Treasurer
Blake W. Krueger	50	Executive Vice President, Secretary, and President, Caterpillar Footwear
Timothy J. O'Donovan	58	Chief Executive Officer and President
Nicholas P. Ottenwess	41	Vice President of Finance and Corporate Controller
Robert J. Sedrowski	54	Vice President of Human Resources
James D. Zwiers	36	General Counsel and Assistant Secretary

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

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

Stephen L. Gulis, Jr., has served the Company as Executive Vice President, Chief Financial Officer and Treasurer since April 1996. From 1994 to April 1996 he served as Vice President and Chief Financial Officer. From 1993 to 1994 he served as Vice President of Finance and Corporate Controller and from 1986 to 1993 he was the Vice President of Administration and Controller for The Hush Puppies Company.

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

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

Nicholas P. Ottenwess has served the Company as Vice President of Finance and Corporate Controller since June 2001. From September 1997 to June 2001 he served as Corporate Controller. From 1993 to September 1997 he served as Vice President of Finance and Administration for The Hush Puppies Company.

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

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

PART II

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

The Company's common stock is traded on the New York Stock Exchange and the Pacific Exchange under the symbol "WWW." The following table shows the high and low sales prices on the New York Stock Exchange and dividends declared by calendar quarter for 2003 and 2002. The number of stockholders of record on March 1, 2004, was 1,597.

Stock price	2003		2002	
	High	Low	High	Low
First quarter	\$ 17.58	\$ 14.29	\$ 18.23	\$ 14.00
Second quarter	19.30	16.05	19.25	15.80
Third quarter	21.00	18.52	17.72	12.55
Fourth quarter	21.59	19.50	17.24	13.42

Cash Dividends Declared Per Share:	2003	2002
First quarter	\$.055	\$.045
Second quarter	.055	.045
Third quarter	.055	.045
Fourth quarter	.055	.045

A quarterly dividend of \$.065 per share was declared during the first quarter of fiscal 2004.

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

Item 6. Selected Financial Data.

Five-Year Operating and Financial Summary ⁽¹⁾

	2003	2002	2001	2000	1999
<i>(Thousands of Dollars, Except Per Share Data)</i>					
Summary of Operations					
Revenue	\$ 888,926	\$ 827,106	\$ 720,066	\$ 701,291	\$ 665,576

Net earnings	51,716	47,912	45,240	10,690	32,380
Per share of common stock:					
Basic net earnings ⁽²⁾	\$ 1.32	\$ 1.19	\$ 1.11	\$.26	\$.80
Diluted net earnings ⁽²⁾	1.27	1.15	1.07	.26	.78
Cash dividends declared	.22	.18	.16	.14	.12
Financial Position at Year End					
Total assets	\$ 578,881	\$ 531,994	\$ 543,678	\$ 494,568	\$ 534,395
Long-term debt	59,923	72,915	90,848	92,194	139,201

Notes to Five-Year Operating and Financial Summary

1. This summary should be read in conjunction with the consolidated financial statements and the notes thereto, which are attached as Appendix A to this Form 10-K. In particular, see the discussions of the fiscal 2000 \$45.0 million realignment charge as discussed in the Company's 2000 Form 10-K filed with the Securities and Exchange Commission ("SEC"), the \$14.0 million realignment charge to exit the Company's Russian wholesale footwear operation as discussed in the Company's 1999 Form 10-K filed with the SEC and Note 11 - Business Acquisitions.
2. Basic earnings per share are based on the weighted average number of shares of common stock outstanding during the year after adjustment for nonvested common stock. Diluted earnings per share assume the exercise of dilutive stock options and the vesting of all outstanding common stock.

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

OVERVIEW

During 2003, Wolverine World Wide, Inc. (the "Company") achieved record revenue and earnings. Revenue grew 7.5% to \$888.9 million, marking a fourth consecutive year of record performance. Earnings per share growth extended for a third consecutive year, improving 10.4% to \$1.27 per share. The Company ended 2003 with \$55.4 million in cash on hand and a debt balance at a seven-year low. It was also the fifth consecutive year of positive cash generation with cash from operations exceeding \$102 million for 2003. Asset management programs contributed to reductions in year-end accounts receivable and inventory balances of 6.0% and 2.4%, respectively.

These results are being driven by the Company's strategic growth plan unveiled several years ago. This plan is focused on transforming Wolverine World Wide into the premier company in the non-athletic segment of the global footwear market. The key growth strategies of this plan include:

- **Establishing a stronger presence in Europe** - European-based wholesale operations represented over 16% of the Company's 2003 revenue and accounted for nearly one-third of the year-over-year revenue increase.
- **Achieving product excellence from design through execution** - The Company's product development process allows for more frequent introductions of tightly focused product collections to attract new customers by maintaining a fresh appearance at retail. This strategy also contributed to lower inventory levels and fewer overall style and size requirements. Improvements in the global supply chain have shortened lead times and improved product quality.
- **Securing new sources of growth** - In November 2003, the Company strengthened its brand portfolio with the acquisition of Sebago[®], which together with its Dockside[®] line, is recognized globally as a leader in performance marine and American-inspired handcrafted footwear. A stronger consumer-direct business is being built to showcase the Company's brands, including the rollout of 60 Merrell shop-in-shops in select, upper-tier retailers in the U.S. The Company is also testing a new retail concept for the outdoor enthusiast, Track 'N Trail[®], in several Midwest locations.
- **Providing "Best in Class" service to our customers** - Investments in business systems are helping to leverage customer service into a competitive advantage.
- **Building a strong team and company culture** - The Company strengthened its global branded sales and

marketing teams through the recruitment of several highly-skilled top managers and executives with solid industry track records.

Looking ahead, the Company is pursuing this strategic growth plan built on a foundation of the rigorous pursuit of product, marketing and service excellence with the goal of fueling the growth of the Company's portfolio of global brands. This plan is focused on creating stockholder value through the delivery of consistent revenue and earnings growth, improved operating leverage, effective asset utilization and strong cash generation. The three-year growth goals include:

- **Producing revenue growth averaging mid- to upper-single digits annually** - The Company expects this growth to be generated through global expansion and market share gains from branded operations.
- **Generating earnings growth at approximately 1.5 times the rate of revenue growth** - The Company expects to achieve this through gross margin expansion while controlling selling, general and administrative costs.
- **Driving the global growth of the Company's brands through investments in marketing and product development** - Over the next three years, the Company plans to increase its investment in marketing at a rate faster than revenue growth by reinvesting a portion of margin gains into brand building activities.

16

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.

RESULTS OF OPERATIONS - FISCAL 2003 COMPARED TO FISCAL 2002

Financial Summary - 2003 versus 2002

	2003		2002		Change	
	\$	%	\$	%	\$	%
<i>(Millions of Dollars, Except Per Share Data)</i>						
Revenue						
Branded Footwear	\$ 809.7	91.1%	\$ 746.2	90.2%	\$ 63.5	8.5%
Other business units	79.2	8.9%	80.9	9.8%	(1.7)	(2.1%)
Total revenue	\$ 888.9	100.0%	\$ 827.1	100.0%	\$ 61.8	7.5%
Gross margin						
Branded Footwear	\$ 297.2	36.7%	\$ 262.5	35.2%	\$ 34.7	13.2%
Other business units	29.4	37.1%	31.7	39.2%	2.3	(7.3%)
Total gross margin	\$ 326.6	36.7%	\$ 294.2	35.6%	\$ 32.4	11.0%
Selling and administrative expenses	\$ 246.7	27.7%	\$ 217.2	26.3%	\$ 29.5	13.6%
Interest expense	5.5	0.6%	6.5	0.8%	(1.0)	(15.3%)
Other income-net	0.7	0.1%	1.0	0.1%	(0.3)	(34.4%)
Earnings before income taxes and minority interest	75.1	8.5%	71.7	8.7%	3.4	4.9%
Net earnings	51.7	5.8%	47.9	5.8%	3.8	7.9%
Diluted earnings per share	\$ 1.27		\$ 1.15		\$ 0.12	10.4%

The Company has one reportable segment that is engaged in manufacturing, sourcing, marketing and distributing branded footwear. Within the Branded Footwear segment, the Company has identified five branded footwear operating units, consisting of the Wolverine Footwear Group (comprised of the Bates®, Hystest®, Harley-Davidson®, Stanley® and Wolverine® brands), the Outdoor Group (comprised of the

Merrell® and Sebago® brands), CAT Footwear, The Hush Puppies Company, and Other Branded Footwear. The Company's other business units consist of Hush Puppies Retail, Apparel and Accessory Licensing, Wolverine Leathers and Wolverine Procurement. The following is supplemental information on revenue by the Branded Footwear operating units:

Revenue - Branded Footwear Operating Units

	2003		2002		Change	
	\$	%	\$	%	\$	%
<i>(Millions of Dollars)</i>						
Wolverine Footwear Group	\$ 299.6	33.7%	\$ 283.5	34.3%	\$ 16.1	5.7%
Outdoor Group	223.2	25.1%	180.0	21.8%	43.2	24.0%
CAT Footwear	106.9	12.0%	109.2	13.2%	(2.3)	(2.1%)
The Hush Puppies Company	137.9	15.5%	131.9	15.9%	6.0	4.6%
Other Branded Footwear	42.1	4.8%	41.6	5.0%	0.5	1.2%
Total Branded Footwear revenue	\$ 809.7	91.1%	\$ 746.2	90.2%	\$ 63.5	8.5%

REVENUE

Revenue for 2003 increased \$61.8 million over 2002. Increases in unit volume, changes in product mix and changes in selling price for the Branded Footwear operations as discussed below, contributed \$44.8 million of the revenue increase. The impact of translating foreign denominated revenue to U.S. dollars improved revenue by \$15.6 million. The acquisition of Sebago added \$3.1 million to revenue. These increases were offset by a \$1.7 million decrease in other business units. Both domestic and international revenue increased, with international revenue accounting for 24.1% of total revenue.

The Wolverine Footwear Group's revenue increase was largely due to the success of the Bates and Harley-Davidson divisions. The Bates® brand improvements were driven by increased shipments of technical boot products to the U.S. Military and tactical ultra-light uniform footwear for the civilian uniform market. Revenue from Harley-Davidson® footwear improved due to expanded product offerings in the existing Harley-Davidson® dealerships, as well as new distribution channels. Wolverine® Boots and Shoes (including Hystest® and Stanley®) recognized an increase in units sold, but experienced a slight decline in revenue dollars per unit sold reflecting a continued shift in the marketplace to more moderately priced footwear.

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

CAT Footwear's revenue decrease was due to lower sales in the CAT U.S. wholesale business primarily caused by a reduction in shipments of work and industrial product resulting from cautious inventory reorders by large national chain retailers. The CAT® international distributor business reported improved revenues, reflecting an increase in pairs sold in Canada, South Africa, Saudi Arabia, Mexico and the Pacific Rim. The CAT European business recognized an increase in revenue reflecting the impact of translating foreign denominated revenue to U.S. dollars.

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

Revenue for other branded footwear increased slightly due to higher shipments of slippers and other footwear to a key U.S. catalog retailer.

Within the Company's other business units, Hush Puppies Retail reported an increase in revenue as a result of same store revenue increases of 2.3% and new store openings. Wolverine Leathers and Wolverine Procurement recorded decreases in revenue due to reduced market demand for suede leather used for footwear. Revenue for Apparel and Accessory Licensing increased due primarily to the expansion of Wolverine® branded rugged apparel.

As a result of increases in customer orders for future delivery, the Company ended 2003 with unshipped orders 19% above 2002 year-end levels. The purchase of Sebago® contributed 4% of the increase in unshipped orders.

GROSS MARGIN

The gross margin dollar and percentage increases for the Branded Footwear segment relate to the increased sales mix of the Company's lifestyle product offerings, fewer required markdowns on slow moving inventories and favorable foreign exchange rate changes. The gross margin percentage for the other business units decreased as a result of inefficiencies and overhead absorption losses experienced in the Wolverine Leathers operation due to reduced production levels. Hush Puppies Retail, Wolverine Procurement and Apparel and Accessory Licensing gross margin levels remained flat.

SELLING AND ADMINISTRATIVE EXPENSES

The increase in selling and administrative expenses includes planned increases of \$7.3 million in pension expense, due to reductions in the market value of assets and interest rates used in the actuarial valuation, and \$2.3 million in employee benefit costs. The impact of translating foreign denominated operating expense to U.S. dollars increased total expenses by \$6.6 million (0.2%) in 2003. The remaining increase relates primarily to selling and distribution costs which are directly variable to the increase in revenue.

INTEREST, OTHER & TAXES

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

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

The Company's 2003 effective income tax rate was 31.0% compared to 32.9% for 2002. This reduced effective tax rate reflects the overall profit mix from the Company's foreign entities and the impact of research and development tax credits recorded in 2003. The Company expects the research and development tax credit will have an ongoing positive benefit. The estimated annualized effective tax rate for fiscal 2004 is 32.0%.

Net earnings improved as a result of the changes discussed above. All of the Company's major Branded Footwear operations contributed to record results for the year and the Company's strategy of building a strong portfolio of global footwear brands continues to gain momentum.

RESULTS OF OPERATIONS - FISCAL 2002 COMPARED TO FISCAL 2001

Financial Summary - 2002 versus 2001

	2002		2001		Change	
	\$	%	\$	%	\$	%
<i>(Millions of Dollars, Except Per Share Data)</i>						
Revenue						
Branded Footwear	\$ 746.2	90.2%	\$ 644.8	89.5%	\$ 101.4	15.7%
Other business units	80.9	9.8%	75.3	10.5%	5.6	7.5%
Total revenue	\$ 827.1	100.0%	\$ 720.1	100.0%	\$ 107.0	14.9%

Gross margin						
Branded Footwear	\$ 262.5	35.2%	\$ 229.5	35.6%	\$ 33.0	14.4%
Other business units	31.7	39.2%	27.5	36.6%	4.2	15.1%
<hr/>						
Total gross margin	\$ 294.2	35.6%	\$ 257.0	35.7%	\$ 37.2	14.5%
<hr/>						
Selling and administrative expenses	\$ 217.2	26.3%	\$ 182.2	25.3%	\$ 35.0	19.2%
Interest expense	6.5	0.8%	6.7	0.9%	(0.2)	(4.1%)
Other income-net	1.0	0.1%	0.4	0.1%	(0.6)	142.7%
Earnings before income taxes and minority interest	71.7	8.7%	68.5	9.5%	3.2	4.5%
Net earnings	47.9	5.8%	45.2	6.3%	2.7	5.9%
<hr/>						
Diluted earnings per share	\$ 1.15		\$ 1.07		\$ 0.08	7.5%

The European acquisitions discussed in Note 11 to the consolidated financial statements increased 2002 revenue by 10%. Revenue for the Company's Branded Footwear businesses increased in 2002, of which 11.2% related to the European acquisitions. The Company's other business units also reported an increase in revenue in 2002. The following is supplemental information on revenue by the Branded Footwear operating units:

Revenue - Branded Footwear Operating Units

	2002		2001		Change	
	\$	%	\$	%	\$	%
<i>(Millions of Dollars)</i>						
Wolverine Footwear Group	\$ 283.5	34.3%	\$ 286.0	39.7%	\$ (2.5)	(0.9%)
Outdoor Group	180.0	21.8%	135.0	18.7%	45.0	33.3%
CAT Footwear	109.2	13.2%	47.3	6.6%	61.9	130.8%
The Hush Puppies Company	131.9	15.9%	129.7	18.0%	2.2	1.7%
Other Branded Footwear	41.6	5.0%	46.8	6.5%	(5.2)	(11.1%)
<hr/>						
Total Branded Footwear revenue	\$ 746.2	90.2%	\$ 644.8	89.5%	\$ 101.4	15.7%

REVENUE

Within the Wolverine Footwear Group, Harley-Davidson Footwear reported double-digit revenue gains due to increased product demand from the Harley-Davidson® specialty retailer network and expanded distribution in the department store channel. Bates® also generated a double-digit increase in revenue as a result of fulfilling contractual orders from the Department of Defense and increased demand in the civilian sector. Wolverine® Boots and Shoes (including Hytest®) experienced a decline in revenue resulting from a planned exit and refocusing of underperforming product lines, a general softness in the

industrial work boot market and a shift in product mix toward lower price point products. Stanley® Footgear reported a small reduction in revenue reflecting cautious inventory purchases made by its primary retail customer during the first three quarters of 2002.

In the Outdoor Group, Merrell Performance Footwear reported the fifth consecutive year of double-digit revenue growth. The Merrell U.S. footwear business accounted for approximately 70% of the increase as a result of strong consumer demand and the expansion of product offerings with existing footwear retailers. The Merrell international businesses accounted for the remaining increase, benefiting from the full year results of the 2001 Merrell Europe acquisition.

The CAT European business, which was acquired in January 2002, accounted for the increase in CAT Footwear. The CAT® Footwear wholesale business in the U.S. reported a decrease in revenue for the full year 2002. However, the CAT® U.S. business experienced a double-digit revenue increase in the second half of 2002 resulting from a new strategic brand plan focused on a younger lifestyle consumer.

The CAT international distribution business reported decreased revenue, reflecting a reduction of pairs sold in Mexico, South America and the Pacific Rim.

The Hush Puppies Company reported an increase in revenue generated primarily from the Hush Puppies U.K. and Hush Puppies Canada wholesale operations as a result of expanded product distribution and heightened consumer demand. Hush Puppies International recorded an increase in revenue reflecting strong licensing results in Germany, Mexico and Australia. Hush Puppies U.S. reported a decline in revenue, as management continued to execute the repositioning of the brand's product line, distribution channels and identity. Management believes these initiatives are taking hold as Hush Puppies U.S. reported an increase in revenue for the second half of 2002 as compared to 2001.

Within other branded footwear, Wolverine Slippers' 2002 revenue decreased as a result of reduced retailer demand.

Within the Company's other business units, Hush Puppies Retail reported a slight increase in revenue. Wolverine Leathers recorded an increase in revenue related to improved demand for Wolverine Performance Leathers™ from both external branded footwear companies and third party contract manufacturers that produce footwear under the Company's branded labels. Wolverine Procurement reported a reduction in revenue. Revenue for Apparel and Accessory Licensing also increased slightly.

GROSS MARGIN

The overall margin decline in 2002 was primarily due to liquidating excess inventories as the Company refocused the product lines of its newly acquired European businesses. Excluding the European acquisitions, 2002 gross margins were 36.2% compared to 35.7% for 2001, a 50 basis point improvement, reflecting an improved mix of higher margin lifestyle products and improved margins from the Company's other business units. The gross margin percentage for the Branded Footwear businesses decreased primarily from the actions taken to liquidate excess inventory in the Company's newly acquired European businesses, as noted above. Excluding the European acquisitions, 2002 gross margins for the Branded Footwear businesses were 35.9% compared to 35.6% for 2001, a 30 basis point improvement, reflecting increased shipments of higher margin lifestyle products under the Merrell® and Harley-Davidson® brands. The gross margin percentage for the other business units improved primarily from increased volume and improved efficiencies from the Wolverine Leathers operations and improvements reported by the Apparel and Accessory Licensing division.

SELLING AND ADMINISTRATIVE EXPENSES

The dollar change in selling and administrative expenses includes increases of \$19.8 million related to the acquired European entities, \$2.8 million related to increased employee benefit costs and \$4.0 million in additional pension expense. The remaining \$8.4 million relates to variable costs associated with the revenue increase.

INTEREST, OTHER & TAXES

The decrease in interest expense reflects a reduction in senior notes outstanding due to principal payments made during the year and lower average borrowings and interest rates under the Company's revolving credit facility.

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

The Company's 2002 effective income tax rate of 32.9% compared to 34.0% for 2001. The decrease in the 2002 effective tax rate from 2001 relates to a higher percentage of income being generated in foreign jurisdictions with lower tax rates.

Net earnings of \$47.9 million for 2002 compares to \$45.2 million for 2001. Diluted earnings per share of \$1.15 for 2002 compares to \$1.07 for 2001. The non-amortization provisions of Statement of Financial Accounting Standard (SFAS) No. 142 apply to 2002 results and application of the non-amortization provisions to results for 2001 would have resulted in an increase in 2001 net earnings of \$731,000 (\$0.02 per share).

LIQUIDITY AND CAPITAL RESOURCES

	January 3, 2004	December 28, 2002	Change	
			\$	%
<i>(Millions of Dollars)</i>				
Cash	\$ 55.4	\$ 27.1	\$ 28.3	104.4%
Accounts receivable	146.9	156.3	(9.4)	(6.0%)
Inventories	164.9	169.0	(4.1)	(2.4%)
Accounts payable	26.3	29.5	(3.2)	(10.9%)
Other accrued liabilities	43.4	35.6	7.8	21.9%

Debt	59.9	72.9	(13.0)	(17.8%)
Cash provided by operating activities	102.2	88.3	13.9	15.3%
Additions to property, plant and equipment	16.0	13.9	2.1	15.4%
Depreciation and amortization	17.9	16.9	1.0	6.4%

The Company generated a record \$102.2 million of cash from operating activities for the year. The number of days' sales outstanding was reduced by 7.6% and SKU (stock keeping unit) levels were reduced by 13.0%. These actions contributed to a \$25.0 million reduction in accounts receivable and inventory excluding the \$11.5 million of accounts receivable and inventory acquired with the Sebago business. Cash of \$35.0 million was generated from working capital improvements in 2003.

The decrease in accounts payable was a result of reduced liabilities for sourced inventories due to inventory management programs. The increase in other accrued liabilities was primarily attributable to liabilities assumed in the Sebago® footwear acquisition in 2003, adjustments made for foreign currency forward exchange contracts, timing of various tax payments and increases in employee benefit accruals.

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

The Company has a long-term revolving credit agreement that expires in May 2006 and allows for borrowings up to \$150.0 million, of which \$10.0 million is allocated to the Company's Canadian subsidiary. Of the remaining \$140.0 million facility, \$35.0 million can be utilized by the Company's European subsidiaries. The revolving credit facility is used to support working capital requirements. No amounts were outstanding under revolving credit facilities at January 3, 2004 or December 28, 2002. 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 and lower borrowings made on the revolving credit facility to fund working capital investments. The Company had commercial letter-of-credit facilities outstanding of \$2.4 million and \$8.4 million at the end of 2003 and 2002, respectively. The decrease in letters of credit is due to the elimination of letter-of-credit requirements in favor of open account terms for a majority of the Company's footwear suppliers. The total debt to total capital ratio for the Company was 12.2% in 2003 and 16.5% in 2002.

Assets held for exchange in the amount of \$3.5 million represent barter credits that were acquired in exchange for inventories in December 1997. Such credits are redeemable for a percentage of supplies purchased from certain vendors through 2005 with an option for a two-year extension. The Company evaluates the recoverability of such assets on a quarterly basis and expects to utilize all available credits prior to their expiration. Barter credits of \$4.4 million have been utilized through January 3, 2004.

The Company's pension benefit costs and credits 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 charges resulting from the Company's qualified defined benefit pension plans increased \$7.3 million (\$0.12 per share) for 2003 when compared to 2002 due to market conditions and declining interest rates that adversely affected asset values of plan investments and the Company's estimated projected benefit obligation. The Company also recorded a net change of \$22.5 million within the accumulated component of other comprehensive income in stockholders' equity in 2003 which reduced a portion of the previously recorded minimum pension liability. This adjustment had no impact on the net earnings or cash flows of the Company.

Applying the provisions of SFAS No. 87 and SFAS No. 132, the Company's qualified pension plans were underfunded by \$2.4 million in 2003 and underfunded by \$17.6 million in 2002. Under the Employee Retirement Income Security Act of 1974 (ERISA), the Wolverine Employees' Pension Plan (representing 91% of the Company's pension benefit obligation) had no minimum funding requirements. Discretionary cash contributions were made to the Wolverine Employees' Pension Plan totaling \$8.9 million in 2003 and \$2.1 million in 2002 to provide long-term stability to the plan. The Company also maintains three separate defined benefit pension plans for certain bargaining units and hourly employees (representing 9% of the Company's projected benefit obligation) which required funding of \$0.6 million in 2003 and \$0.1 million in 2002 under ERISA.

The Company's Board of Directors has approved three common stock repurchase programs each authorizing the repurchase of 2.0 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 stockholder value. The Company intends to continue to repurchase shares of its common stock in open market or privately negotiated transactions, from time to time, depending upon market conditions and other factors.

Effective date	Shares repurchased in 2003	Market price of shares repurchased	Shares repurchased in 2002	Market price of shares repurchased	Cumulative shares repurchased	Market price of cumulative shares
December 9, 2003	-	\$ -	-	\$ -	-	\$ -
August 19, 2002	1,289,200	24,296,000	569,800	9,014,000	1,859,000	33,310,000
October 3, 2000	-	-	1,476,300	22,790,000	1,971,800	29,613,000

The Company declared dividends of \$8.6 million in 2003, or \$0.22 per share, which was a 22.2% increase over the \$7.2 million, or \$0.18 per share, declared in 2002. On February 19, 2004, the Company declared a quarterly cash dividend of \$0.065 per share of common stock, an increase of 18.2% as compared to the same period of 2003. The quarterly dividend is payable on May 3, 2004, to stockholders of record on April 1, 2004.

On November 3, 2003, the Company acquired significant operating assets of Sebago, Inc., an international distributor of performance nautical and American-inspired footwear, consisting of accounts receivable, inventory, fixed assets, trademarks and other amortizable intangible assets totaling approximately \$18.1 million and assumed liabilities of approximately \$2.0 million. Subject to certain post-closing adjustments, the total purchase price of Sebago, Inc., was \$16.8 million, which consisted of \$14.8 million paid in cash and a note payable for \$2.0 million (\$1.0 million due in both 2004 and 2005), resulting in goodwill of \$0.7 million.

On January 16, 2002, the Company acquired, through a newly formed subsidiary, Wolverine Europe Limited, certain assets totaling \$21.2 million and assumed certain liabilities of \$8.5 million of the CAT European business from Overland Group Limited of London, England. Cash and other consideration paid totaled \$27.8 million, resulting in goodwill of \$15.1 million. On October 17, 2001, the Company acquired, through a newly formed subsidiary, Merrell Europe B.V., assets from certain European distributors for cash and other consideration of \$2.2 million.

These acquisitions are discussed further in Note 11 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 on-going 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 utilizing the Company's trademarks and brand names is recognized as earned based on the completion of stated contractual terms.

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

ACCOUNTS RECEIVABLE

The Company maintains an allowance for uncollectible accounts receivable for estimated losses resulting from its customers' inability to make required payments. Company management evaluates the allowance for uncollectible accounts receivable based on a review of current

customer status and historical collection experience. Historically, losses have been within the Company's expectations. Adjustments to these estimates may be required if the financial condition of the Company's customers were to change. If the Company were to determine that increases or decreases to the allowance for uncollectible accounts were appropriate, the Company would record either an increase or decrease to general and administrative expenses in the period the Company made such a determination. At January 3, 2004 and December 28, 2002, management believes that it has provided sufficient reserves to address future collection uncertainties.

INVENTORY

The Company values its inventory using actual costs on a last-in, first-out (LIFO) basis for the majority of its inventory and a first-in, first-out (FIFO) basis for foreign, retail and certain other domestic inventories, less allowances to reflect the lower of cost or market. 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 physical and perpetual inventory cycle count procedures. If the Company determines that adjustments to the inventory quantities are appropriate, an increase or decrease to the Company's cost of sales and inventory would be recorded in the period in which such determination was made.

GOODWILL AND OTHER NON-AMORTIZABLE INTANGIBLES

Goodwill and intangible assets deemed to have indefinite lives are not amortized, but are subject to impairment tests at least annually. The first step of the goodwill impairment test requires that the fair value of the applicable reporting unit be compared with its recorded value. The Company establishes fair value by calculating the present value of the future cash flows of the reporting unit. The Company uses assumptions about expected future operating performance in determining estimates of those cash flows, which may differ from actual cash flows. If the recorded values of these assets are not recoverable, based on this discounted cash flow analysis, management performs the next step which compares the fair value of the reporting unit calculated in step one to the fair value of the tangible and intangible assets of the

reporting unit, which results in an implied fair value of goodwill. Goodwill is reduced by any shortfall of implied goodwill to its carrying value. Impairment tests for other non-amortizable intangibles require the determination of the fair value of the intangible asset. The carrying value is reduced by any excess over fair value. The Company reviewed the carrying amounts of goodwill and other non-amortizable intangible assets and there was no impairment indicated for 2003 or 2002.

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 2003 or 2002.

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 of 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 fixed-rate debt. The Company does not believe that there has been a material change in the nature of the Company's primary market risk exposures, including the categories of market risk to which the Company is exposed and the particular markets that present the primary risk of loss to the Company. As of the date of this Annual Report, the Company does not know of or expect there to be any material change in the general nature of its primary market risk exposure in the near term.

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

The Company conducts wholesale operations outside of the United States in Europe and Canada where the functional currencies are primarily the British pound, Canadian dollar and euro. The Company utilizes foreign currency forward exchange contracts to manage the

volatility associated with foreign currency inventory purchases made by non-U.S. wholesale operations in the normal course of business. At January 3, 2004 and December 28, 2002, the Company had outstanding forward currency exchange

contracts to purchase \$37.9 million and \$24.0 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 are prepared in U.S. dollars as the functional currency; however, operating costs are paid in the local currencies. 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 2004 and beyond.

Assets and liabilities outside the United States are primarily located in the United Kingdom, Canada and the Netherlands. The Company's investments in foreign subsidiaries with a functional currency other than the U.S. dollar are generally considered long-term. Accordingly, the Company does not hedge these net investments. For the years ended January 3, 2004 and December 28, 2002, the strengthening of foreign currencies increased the value of these investments in net assets by \$10.9 million and \$6.1 million, respectively. This gain resulted in cumulative foreign currency translation adjustments at January 3, 2004 and December 28, 2002 of \$14.1 million and \$3.1 million, respectively, that are deferred and recorded as a component of accumulated other comprehensive income (loss) in stockholders' equity.

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

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

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

The following table lists required principal payments and related interest rates for the Company's short- and long-term debt by fiscal year of maturity. For foreign currency-denominated debt, the information is presented in U.S. dollar equivalents. Variable interest rates are based on the weighted average rates of the portfolio at the respective consolidated balance sheet dates.

							2003			2002
	2004	2005	2006	2007	2008	There- after	Total	Fair Value	Total	Fair Value
<i>(Millions of Dollars, Except Percentages)</i>										
Denominated in U.S. Dollars:										
Fixed rate	\$16.0	\$11.8	\$10.7	\$10.7	\$10.7	-	\$59.9	\$65.5	\$72.9	\$77.5
Average interest rate	6.8%	6.4%	6.5%	6.5%	6.5%	-	6.5%	-	6.7%	-

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

	Total	Less than 1 year	1-3 years	4-5 years	More than 5 years
<i>(Thousands of Dollars)</i>					
Long-term debt	\$ 59,857	\$ 16,000	\$ 22,429	\$ 21,428	\$ -
Capital leases	66	20	36	10	-

Operating leases	48,651	9,007	14,642	9,458	15,544
Purchase obligations ⁽¹⁾	85,100	85,100	-	-	-
Deferred compensation	2,693	329	639	610	1,115
Pension ⁽²⁾	1,009	1,009	-	-	-
SERP	11,665	579	1,158	1,158	8,770
Dividends declared	4,727	4,727	-	-	-
Minimum royalties	4,455	1,012	1,722	1,721	-
Minimum advertising	8,981	1,388	2,903	3,080	1,610
Total	\$ 227,204	\$ 119,171	\$ 43,529	\$ 37,465	\$ 27,039

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

⁽²⁾Pension obligations represent required funding obligations under government regulations.

Should additional funds be required, the Company had \$174.4 million of additional borrowing capacity available under all of its existing credit facilities at January 3, 2004. The Company's additional borrowing capacity is summarized as follows:

	Total Commitments Available	Expiration of Availability	
		Less than 1 Year	1 Year or Greater
<i>(Millions of Dollars)</i>			
Revolving credit	\$ 150.0	\$ -	\$ 150.0
Commercial letters of credit	20.8	20.8	-
Standby letters of credit	3.6	3.6	-

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.

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. There was no change in the Company's internal control over financial reporting that occurred during the seventeen-week period ended January 3, 2004 that has materially affected, or that is reasonably likely to materially affect, the Company's internal control over financial reporting.

PART III

Item 10. Directors and Executive Officers of the Registrant.

The Company's Audit Committee is comprised of four Board members who are independent under applicable regulations of the SEC

and the New York Stock Exchange. 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 Mr. Kollat, Mr. Matthews and Mr. Parini are audit committee financial experts as defined by the SEC.

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 2007," "Continuing Directors - Terms Expiring in 2006," "Continuing Directors - Terms Expiring in 2005," and "Board Committees and Meetings-Audit Committee" in the definitive Proxy Statement of the Company dated March 12, 2004, is incorporated herein by reference.

In addition to the directors discussed in the definitive Proxy Statement, the Company's Board of Directors currently includes Joseph Parini (age 72), who will retire at this year's annual meeting. His term was scheduled to expire at the annual meeting in 2006. Mr. Parini is retiring after 17 years of service as a director. Mr. Parini is Chairman of the Board and an officer of EFW, Inc., a designer and manufacturer of avionics systems for global markets, and has held that position since January 1997. He is also President and Chief Executive Officer of Internet Systems, Inc., a manufacturer of weather instrumentation systems, and has held that position since January 1997. Mr. Parini was previously President and Chief Executive Officer of Elbit Systems, Inc., a designer, manufacturer and marketer of infrared, telecommunications and medical instrumentation, as well as defense products, from 1990 until 1996.

The information regarding directors and executive officers of the Company under the caption "Related Matters" under the subheading "Section 16(a) Beneficial Ownership Reporting Compliance" in the definitive Proxy Statement of the Company dated March 12, 2004, 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," under the caption "Related Matters" under the subheading "Compensation Committee Interlocks and Insider Participation," and under the captions "Executive Compensation" and "Employment Agreements and Termination of Employment and Change in Control Arrangements" in the definitive Proxy Statement of the Company dated March 12, 2004, 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 dated March 12, 2004, is incorporated herein by reference.

The following table provides information about the Company's equity compensation plans as of January 3, 2004:

Equity Compensation Plan Information

Plan Category ⁽¹⁾	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights (a)	Weighted Average Exercise Price of Outstanding Options, Warrants and Rights (b)	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a)) (c)
Equity compensation plans approved by security holders	4,421,976 ⁽²⁾⁽³⁾	\$ 15.61	2,489,481 ⁽⁴⁾
Equity compensation plans not approved by			

security holders	---	n/a	---
	-----	-----	-----
Total	4,421,976	\$ 15.61	2,489,481
	-----	-----	-----

Notes to Equity Compensation Plan Information

- 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.
- Includes 3,150,130 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 and the Stock Incentive Plan of 2001, and 1,271,846 stock options awarded to non-employee directors under the currently effective Amended and Restated Directors' Stock Option Plan 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.

- Of this amount, 906,392 options were not exercisable as of January 3, 2004, due to vesting restrictions.
- Comprised of: (i) 390,099 shares available for issuance to non-employee directors under the Amended and Restated Directors' Stock Option Plan, which only authorizes the award of stock option grants at pre-established limited levels as described in the plan (this number of shares is expected to be sufficient to make awards to directors for approximately six years); (ii) 391,138 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 (iii) 1,708,244 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 January 3, 2004:
 - Outside Directors' Deferred Compensation Plan: 391,138
 - 1995 Stock Incentive Plan: 4,999
 - 1997 Stock Incentive Plan: 2,583
 - Stock Incentive Plan of 1999: 39,934
 - Stock Incentive Plan of 2001: 360,728
 - Stock Incentive Plan of 2003: 195,000

The Outside Directors' Deferred Compensation Plan is a supplemental, unfunded, nonqualified deferred compensation plan for non-employee directors. Participation in the plan 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 391,138 shares issuable under the Outside Directors' Deferred Compensation Plan, 146,731 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 and key employees. Those plans authorize awards of stock options, restricted common stock, common stock and, under certain plans, tax benefit 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 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 outstanding shares of restricted or unrestricted stock previously issued under a plan are canceled, surrendered, modified, exchanged for

substitutes or expire or terminate prior to exercise or vesting because any such number of shares will again become available for issuance under the plan under which the option or stock was granted.

Item 13. Certain Relationships and Related Transactions.

The information regarding certain loans under the caption "Executive Compensation," under the subheading "Stock Options," and the information contained under the caption "Related Matters" under the subheading "Certain Relationships and Related Transactions" contained in the definitive Proxy Statement of the Company dated March 12, 2004, are incorporated herein by reference.

Item 14. Principal Accountant Fees and Services.

The information contained under the caption "Selection of Auditors" in the definitive Proxy Statement of the Company dated March 12, 2004, is incorporated herein by reference.

PART IV

Item 15. Exhibits, Financial Statement Schedules, and Reports on Form 8-K.

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

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

- Consolidated Balance Sheets as of January 3, 2004 and December 28, 2002.
- Consolidated Statements of Stockholders' Equity and Comprehensive Income for the Fiscal Years Ended January 3, 2004, December 28, 2002, and December 29, 2001.
- Consolidated Statements of Operations for the Fiscal Years Ended January 3, 2004, December 28, 2002, and December 29, 2001.
- Consolidated Statements of Cash Flows for the Fiscal Years Ended January 3, 2004, December 28, 2002, and December 29, 2001.
- Notes to Consolidated Financial Statements as of January 3, 2004.
- Report of Independent Auditors.

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

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

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

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

Item 15(a)(3). Exhibits.

The following exhibits are filed as part of this report:

<u>Exhibit Number</u>	<u>Document</u>
3.1	Certificate of Incorporation, as amended. Previously filed as Exhibit 3.1 to the Company's Quarterly Report on Form 10-Q for the period ended September 7, 2002. Here incorporated by reference.
3.2	Amended and Restated By-laws. Previously filed as Exhibit 3.2 to the Company's Quarterly Report on Form 10-Q for the period ended September 7, 2002. Here incorporated by reference.
4.1	Certificate of Incorporation, as amended. See Exhibit 3.1 above.
4.2	Amended and Restated By-laws. See Exhibit 3.2 above.
4.3	Rights Agreement dated as of April 17, 1997. Previously filed with the Company's Form 8-A filed April 12, 1997. Here incorporated by reference.
4.4	Amendment No. 1 dated as of June 30, 2000, to the Rights Agreement dated as of April 17, 1997. Previously filed as Exhibit 4.3 to the Company's Annual Report on Form 10-K for the fiscal year ended December 30, 2000. Here incorporated by reference.
4.5	Second Amendment dated as of February 11, 2002, to the Rights Agreement dated as of April 17, 1997. Previously filed as Exhibit 4.2 to the Company's Quarterly Report on Form 10-Q for the period ended March 23, 2002. Here incorporated by reference.
4.6	Third Amendment dated as of December 10, 2002, to the Rights Agreement dated as of April 17, 1997. Previously filed as Exhibit 4.6 to the Company's Annual Report on Form 10-K for the fiscal year ended December 28, 2002. Here incorporated by reference.
4.7	Note Purchase Agreement dated as of August 1, 1994, relating to 7.81% Senior Notes. Previously filed as Exhibit 4.5 to the Company's Annual Report on Form 10-K for the fiscal year ended December 30, 2000. Here incorporated by reference.
4.8	Note Purchase Agreement dated as of December 8, 1998, relating to 6.50% Senior Notes due on December 8, 2008. Previously filed as Exhibit 4.5 to the Company's Annual Report on Form 10-K for the fiscal year ended January 2, 1999. Here incorporated by reference.
4.9	The Registrant has several classes of long-term debt instruments outstanding in addition to those described in Exhibits 4.7, 4.8 and 4.10. 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.
4.10	Credit Agreement dated as of May 29, 2001, with Bank One, Michigan, as agent. Previously filed as Exhibit 4.1 to the Company's Quarterly Report on Form 10-Q for the period ended June 16, 2001. Here incorporated by reference.
4.11	First Amendment dated as of February 8, 2002, to the Credit Agreement dated as of May 29, 2001. Previously filed as Exhibit 4.1 to the Company's Quarterly Report on Form 10-Q for the period ended March 23, 2002. Here incorporated by reference.
4.12	Second Amendment dated as of August 30, 2002, to the Credit Agreement dated as of May 29, 2001. Previously filed as Exhibit 4.1 to the Company's Quarterly Report on Form 10-Q for the period ended September 7, 2002. Here incorporated by reference.

- 4.13 Third Amendment dated as of December 19, 2002, to the Credit Agreement dated as of May 29, 2001. Previously filed as Exhibit 4.13 to the Company's Annual Report on Form 10-K for the fiscal year ended December 28, 2002. Here incorporated by reference.
- 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 Appendix A to the Company's Definitive Proxy Statement with respect to the Company's Annual Meeting of Stockholders held on April 23, 1999. 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 Amended and Restated Directors Stock Option Plan.* Previously filed as Exhibit 10.3 to the Company's Annual Report on Form 10-K for the fiscal year ended December 30, 2000. Here incorporated by reference.

- 10.9 Amended and Restated Directors' Stock Option Plan.* Previously filed as Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the period ended June 14, 2003. Here incorporated by reference.
- 10.10 Amended and Restated Outside Directors' Deferred Compensation Plan.* Previously filed as Appendix E to the Company's Definitive Proxy Statement with respect to the Company's Annual Meeting of Stockholders held on April 25, 2002. Here incorporated by reference.
- 10.11 Amended and Restated Executive Short-Term Incentive Plan (Annual Bonus Plan).* Previously filed as Appendix B to the Company's Definitive Proxy Statement with respect to the Company's Annual Meeting of Stockholders held on April 25, 2002. Here incorporated by reference.
- 10.12 Amended and Restated Executive Long-Term Incentive Plan (3-Year Bonus Plan).* Previously filed as Appendix C to the Company's Definitive Proxy Statement with respect to the Company's Annual Meeting of Stockholders held on April 25, 2002. Here incorporated by reference.
- 10.13 Amended and Restated Stock Option Loan Program.* Previously filed as Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the period ended September 7, 2002. Here incorporated by reference.
- 10.14 Executive Severance Agreement.* Previously filed as Exhibit 10.10 to the Company's Annual Report on Form 10-K for the fiscal year ended January 3, 1998. Here incorporated by reference. An updated participant schedule is attached as Exhibit 10.14.

- 10.15 Form of Indemnification Agreement.* The Company has entered into an Indemnification Agreement with each director and executive officer. Previously filed as Exhibit 10.11 to the Company's Annual Report on Form 10-K for the fiscal year ended December 30, 2000. Here incorporated by reference.
- 10.16 Benefit Trust Agreement dated May 19, 1987, and Amendments Number 1, 2, 3 and 4 thereto.* Previously filed as Exhibit 10.12 to the Company's Annual Report on Form 10-K for the fiscal year ended December 30, 2000. Here incorporated by reference.
- 10.17 Amended and Restated Supplemental Executive Retirement Plan.* Previously filed as Exhibit 10.9 to the Company's Annual Report on Form 10-K for the fiscal year ended December 30, 2000. An updated participant schedule is attached as Exhibit 10.17.
- 10.18 Employees' Pension Plan (Restated as amended through December 19, 2003).*
- 21 Subsidiaries of Registrant.
- 23 Consent of Ernst & Young LLP.
- 24 Powers of Attorney.

35

-
- 31.1 Certification of President and Chief Executive Officer under Section 302 of the Sarbanes-Oxley Act of 2002.
- 31.2 Certification of Executive Vice President, Chief Financial Officer and Treasurer under Section 302 of the Sarbanes-Oxley Act of 2002.
- 32 Certification pursuant to 18 U.S.C. § 1350.

*Management contract or compensatory plan or arrangement.

The Company will furnish a copy of any exhibit listed above to any stockholder without charge upon written request to Mr. Blake W. Krueger, Executive Vice President and Secretary, 9341 Courtland Drive, Rockford, Michigan 49351.

Item 15(b). Reports on Form 8-K.

The following reports on Form 8-K were filed during the period covered by this report:

<u>Date</u>	<u>Items Reported</u>	<u>Financial Statements</u>
October 1, 2003	Items 7, 12	None
November 4, 2003	Items 7, 9	None
December 12, 2003	Items 7, 9	None

36

SIGNATURES

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

WOLVERINE WORLD WIDE, INC.

Dated March 16, 2004

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

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

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

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>*/s/ Geoffrey B. Bloom</u> Geoffrey B. Bloom	Chairman of the Board of Directors	March 16, 2004
<u>/s/ Timothy J. O'Donovan</u> Timothy J. O'Donovan	Chief Executive Officer, President (Principal Executive Officer) and Director	March 16, 2004
<u>/s/ Stephen L. Gulis, Jr.</u> Stephen L. Gulis, Jr.	Executive Vice President, Chief Financial Officer and Treasurer (Principal Financial Officer)	March 16, 2004
<u>/s/ Nicholas P. Ottenwess</u> Nicholas P. Ottenwess	Vice President of Finance and Corporate Controller (Principal Accounting Officer)	March 16, 2004
<u>*/s/ Donald V. Fites</u> Donald V. Fites	Director	March 16, 2004
<u>*/s/ Alberto L. Grimoldi</u> Alberto L. Grimoldi	Director	March 16, 2004

*s/ David T. Kollat	Director	March 16, 2004
<hr/>		
David T. Kollat		
*s/ Brenda J. Lauderback	Director	March 16, 2004
<hr/>		
Brenda J. Lauderback		
*s/ Phillip D. Matthews	Director	March 16, 2004
<hr/>		
Phillip D. Matthews		
*s/ David P. Mehney	Director	March 16, 2004
<hr/>		
David P. Mehney		
*s/ Joseph A. Parini	Director	March 16, 2004
<hr/>		
Joseph A. Parini		
*s/ Elizabeth A. Sanders	Director	March 16, 2004
<hr/>		
Elizabeth A. Sanders		
*s/ Paul D. Schrage	Director	March 16, 2004
<hr/>		
Paul D. Schrage		
*by /s/ Stephen L. Gulis, Jr.	Executive Vice President, Chief Financial Officer and Treasurer (Principal Financial Officer)	March 16, 2004
<hr/>		
Stephen L. Gulis, Jr. Attorney-in-Fact		

Consolidated Balance Sheets

	As of Fiscal Year End	
	2003	2002
<i>(Thousands of Dollars)</i>		
Assets		
Current assets:		
Cash and cash equivalents	\$ 55,356	\$ 27,078
Accounts receivable, less allowances (2003-\$10,462; 2002-\$10,191)	146,879	156,285
Inventories:		
Finished products	143,127	146,229
Raw materials and work-in-process	21,777	22,769
	164,904	168,998
Deferred income taxes	6,528	2,992
Other current assets	12,969	9,290
Total current assets	386,636	364,643
Property, plant and equipment:		
Land	1,080	1,104
Buildings and improvements	64,235	62,982
Machinery and equipment	128,954	123,499
Software	44,081	38,389
	238,350	225,974
Less accumulated depreciation	142,343	128,700

	96,007	97,274
Other assets:		
Goodwill and other non-amortizable intangibles	42,130	33,288
Cash surrender value of life insurance	24,880	22,628
Prepaid pension costs	19,451	-
Assets held for exchange	3,539	4,719
Other	6,238	9,442
	96,238	70,077
Total assets	\$ 578,881	\$ 531,994

Liabilities and Stockholders' Equity

Current liabilities		
Accounts payable	\$ 26,328	\$ 29,542
Salaries, wages and other compensation	16,696	12,296
Income taxes	1,513	3,575
Taxes, other than income taxes	3,416	4,322
Other accrued expenses	21,793	15,412
Current maturities of long-term debt	16,020	15,030
Total current liabilities	85,766	80,177
Long-term debt, less current maturities	43,903	57,885
Deferred compensation	5,736	4,742
Accrued pension liability	-	19,870
Deferred income taxes	13,068	80
Minority interest	314	143
Stockholders' equity:		
Common stock, \$1 par value: authorized 80,000,000 shares; issued, including treasury shares: 2003-46,662,593; 2002-45,839,831	46,663	45,840
Additional paid-in capital	101,706	90,994
Retained earnings	382,603	339,475
Accumulated other comprehensive income (loss)	8,540	(23,522)
Unearned compensation	(4,138)	(3,833)
Cost of shares in treasury: 2003-7,209,313 shares; 2002-5,869,429 shares	(105,280)	(79,857)
Total stockholders' equity	430,094	369,097
Total liabilities and stockholders' equity	\$ 578,881	\$ 531,994

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

Consolidated Statements of Stockholders' Equity and Comprehensive Income

Fiscal Year

2003	2002	2001
-------------	------	------

(Thousands of Dollars, Except Per Share Data)

Common Stock

Balance at beginning of the year	\$ 45,840	\$ 45,414	\$ 44,785
Common stock issued under stock incentive plans (2003-823,262 shares; 2002-426,543 shares; 2001-628,779 shares)	823	426	629

Balance at end of the year	46,663	45,840	45,414
----------------------------	--------	--------	--------

Additional Paid-In Capital

Balance at beginning of the year	90,994	86,771	79,633
Amounts associated with common stock issued under stock incentive plans:			
Proceeds over par value	8,693	3,547	5,617
Income tax benefits	1,710	531	1,521

Issuance of treasury shares (2003-27,886 shares; 2002-142,894 shares)	51	409	-
--------------------------------------------------------------------------	----	-----	---

Net change in employee notes receivable	258	(264)	-
-----------------------------------------	-----	-------	---

Balance at end of the year	101,706	90,994	86,771
----------------------------	---------	--------	--------

Retained Earnings

Balance at beginning of the year	339,475	298,755	260,158
Net earnings	51,716	47,912	45,240
Cash dividends (2003-\$.22 per share; 2002-\$.18 per share; 2001-\$.16 per share)	(8,588)	(7,192)	(6,643)
Balance at end of the year	382,603	339,475	298,755

Accumulated Other Comprehensive Income (Loss)

Balance at beginning of the year	(23,522)	(4,109)	(2,532)
Foreign currency translation adjustments	10,922	6,101	(431)
Change in fair value of foreign exchange contracts, net of taxes (2003-\$730; 2002- \$89)	(1,393)	(244)	-
Minimum pension liability adjustment, net of taxes (2003- \$11,608; 2002-\$13,016; 2001-\$592)	22,533	(25,270)	(1,146)

Balance at end of the year	8,540	(23,522)	(4,109)
----------------------------	-------	----------	---------

Unearned Compensation

Balance at beginning of the year	(3,833)	(4,649)	(5,921)
Awards under restricted stock incentive plans	(2,488)	(2,037)	(2,107)
Compensation expense	2,183	2,853	3,379

Balance at end of the year	(4,138)	(3,833)	(4,649)
----------------------------	---------	---------	---------

Cost of Shares in Treasury

Balance at beginning of the year	(79,857)	(48,030)	(38,885)
Common stock purchased for treasury (2003-1,367,770 shares; 2002-2,154,335 shares; 2001-625,816 shares)	(25,656)	(33,626)	(9,145)
Issuance of treasury shares (2003-27,886; 2002-142,894 shares)	233	1,799	-

Balance at end of the year	(105,280)	(79,857)	(48,030)
----------------------------	-----------	----------	----------

Total stockholders' equity at end of the year	\$ 430,094	\$ 369,097	\$ 374,152
-----------------------------------------------	------------	------------	------------

Comprehensive Income

Net earnings	\$ 51,716	\$ 47,912	\$ 45,240
Foreign currency translation adjustments	10,922	6,101	(431)
Change in fair value of foreign exchange contracts, net of taxes	(1,393)	(244)	-
Minimum pension liability adjustment, net of taxes	22,533	(25,270)	(1,146)
Total comprehensive income	\$ 83,778	\$ 28,499	\$ 43,663

() Denotes deduction.

See accompanying notes to consolidated financial statements.

Consolidated Statements of Operations

	Fiscal Year		
	2003	2002	2001
<i>(Thousands of Dollars, Except Per Share Data)</i>			
Revenue	\$ 888,926	\$ 827,106	\$ 720,066
Cost and expenses:			
Cost of products sold	562,338	532,878	463,030
Selling and administrative expenses	246,652	217,154	182,178
Interest expense	5,896	6,721	7,239
Interest income	(422)	(255)	(497)
Other income - net	(686)	(1,046)	(431)
	813,778	755,452	651,519
Earnings before income taxes and minority interest	75,148	71,654	68,547
Income taxes	23,262	23,599	23,307
Earnings before minority interest	51,886	48,055	45,240
Minority interest	170	143	-
Net earnings	\$ 51,716	\$ 47,912	\$ 45,240
Net earnings per share:			
Basic	\$ 1.32	\$ 1.19	\$ 1.11
Diluted	1.27	1.15	1.07

See accompanying notes to consolidated financial statements.

Consolidated Statements of Cash Flows

	Fiscal Year		
	2003	2002	2001
<i>(Thousands of Dollars, Except Per Share Data)</i>			
Operating Activities			
Net earnings	\$ 51,716	\$ 47,912	\$ 45,240
Adjustments necessary to reconcile net earnings to net cash provided by operating activities:			
Depreciation	17,664	16,633	15,991
Amortization	283	227	1,630
Deferred income taxes (credit)	(902)	216	5,169
Other	(1,538)	2,668	(2,539)
Changes in operating assets and liabilities:			
Accounts receivable	15,534	(5,879)	9,178
Inventories	17,069	24,884	(31,655)
Other operating assets	529	(1,076)	2,425
Accounts payable	(5,820)	(656)	7,450
Other operating liabilities	7,668	3,350	1,046
Net cash provided by operating activities	102,203	88,279	53,935
Investing Activities			
Business acquisitions, net of cash acquired	(14,780)	(27,366)	(1,410)
Additions to property, plant and equipment	(16,015)	(13,875)	(11,298)
Other	58	607	235
Net cash used in investing activities	(30,737)	(40,634)	(12,473)
Financing Activities			
Proceeds from short-term borrowings	-	-	6,706
Payments of short-term debt	-	(90)	(7,512)
Proceeds from long-term borrowings	66,194	94,215	113,972
Payments of long-term debt	(81,176)	(112,226)	(115,318)
Cash dividends	(8,588)	(7,192)	(6,643)
Purchase of common stock for treasury	(25,656)	(33,626)	(9,145)
Proceeds from shares issued under stock incentive plans	7,570	2,202	3,864
Net cash used in financing activities	(41,656)	(56,717)	(14,076)
Effect of foreign exchange rate changes	(1,532)	330	-
Increase (decrease) in cash and cash equivalents	28,278	(8,742)	27,386

Cash and cash equivalents at beginning of the year	27,078	35,820	8,434
Cash and cash equivalents at end of the year	\$ 55,356	\$ 27,078	\$ 35,820

Other Cash Flow Information

Interest paid	\$ 5,461	\$ 6,633	\$ 7,656
Net income taxes paid	22,725	18,201	7,854

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

Notes to the Consolidated Financial Statements

1. Summary of Significant Accounting Policies

NATURE OF OPERATIONS

Wolverine World Wide, Inc. (NYSE: WWW) is a leading designer, manufacturer and marketer of a broad line of quality casual shoes, rugged outdoor and work footwear, and constructed slippers and moccasins. The Company's global portfolio of owned and licensed brands includes: Bates®, CAT®, Harley-Davidson®, Hush Puppies®, HyTest®, Merrell®, Sebago®, Stanley® and Wolverine®. 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 an apparel and accessory licensing division to extend its owned brands into product categories beyond footwear.

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 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 53-week period ended January 3, 2004 and the 52-week periods ended December 28, 2002 and December 29, 2001.

USE OF ESTIMATES

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

REVENUE RECOGNITION

Revenue is recognized on the sale of products manufactured or sourced by the Company when the related goods have been shipped and legal title has passed to the customer. Revenue generated through programs with licensees and distributors involving products utilizing the Company's trademarks and brand names is recognized as earned based on the completion of stated contractual terms.

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.

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

Notes to the Consolidated Financial Statements

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 certain domestic inventories. Foreign, retail and other domestic inventories are valued using methods approximating cost under the first-in, first-out (FIFO) method.

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 plant, equipment and software 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 and equipment and software.

GOODWILL AND OTHER INTANGIBLES

Goodwill represents the excess of the purchase price over the fair value of net tangible and identifiable intangible assets of acquired businesses. Other intangibles consist primarily of trademarks, brand names, patents and customer lists. Goodwill and intangible assets deemed to have indefinite lives are not amortized, but are subject to impairment tests at least annually in accordance with Statement of Financial Accounting Standards (SFAS) No. 142, *Goodwill and Other Intangible Assets*. The Company reviews the carrying amounts of goodwill and other non-amortizable intangible assets annually to determine if such assets may be impaired. If the carrying amounts of these assets are not recoverable based upon a discounted cash flow analysis, such assets are reduced by the estimated shortfall of fair value to recorded value. Other amortizable intangible assets (principally patents) are amortized using the straight-line method over their estimated useful life (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 \$986,000 and \$681,000 for 2003 and 2002, respectively and accumulated amortization of \$694,000 and \$417,000 for 2003 and 2002, respectively. Estimated aggregate amortization expense for such intangibles for each of the five fiscal years succeeding 2003 is expected to approximate \$200,000 annually.

The Company applied the rules on accounting for goodwill and other intangible assets beginning in the first quarter of 2002. Application of the non-amortization provisions of SFAS No. 142 in 2001 would have resulted in an increase in net earnings of approximately \$731,000 (\$0.02 per share). The Company has performed the required impairment tests of goodwill during fiscal 2003 and 2002 and has determined that there was no impairment indicated for recorded goodwill and other non-amortizable intangibles.

The changes in the net carrying amount of goodwill and other non-amortizable intangibles for the years ended January 3, 2004 and December 28, 2002 are as follows:

	2003	2002
<i>(Thousands of Dollars)</i>		
Balance at beginning of year	\$ 33,288	\$ 15,267
Goodwill acquired	720	15,057
Other non-amortizable intangibles acquired	5,257	640
Purchase accounting adjustments	(614)	-
Foreign currency translation effects	3,479	2,324
Balance at end of the year	\$ 42,130	\$ 33,288

Notes to the Consolidated Financial Statements
ASSETS HELD FOR EXCHANGE

Assets held for exchange represent barter credits that were acquired in exchange for inventories in December 1997. Such credits are

redeemable for a percentage of supplies purchased from certain vendors through December 31, 2005 (with an option for a two year extension). The Company evaluates the recoverability of such assets on a quarterly basis and expects to utilize all available credits prior to their expiration.

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 may not be recoverable. Each impairment test is based on a comparison of the carrying amount of the assets to the future undiscounted net cash flows expected to be generated by the assets. 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 the fair value of the assets.

CONSOLIDATION OF VARIABLE INTEREST ENTITIES

In January 2003, the Financial Accounting Standards Board (FASB) issued Interpretation No. 46, *Consolidation of Variable Interest Entities* (FIN 46). This standard clarifies the application of Accounting Research Bulletin No. 51, *Consolidated Financial Statements*, and addresses consolidation by business enterprises of variable interest entities. FIN 46 requires existing unconsolidated variable interest entities to be consolidated by their primary beneficiaries if the entities do not effectively disperse risk among the parties involved. FIN 46 also enhances the disclosure requirements related to variable interest entities. This statement is effective for any variable interest entities entered into by the Company as of the end of the first quarter of fiscal 2004. The adoption of FIN 46 is not expected to have a material impact on the Company's financial position or results of operations.

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 plans because the alternative fair value accounting provided under SFAS No. 123, *Accounting for Stock-Based Compensation*, requires the use of option valuation models that were not specifically developed for valuing the types of stock incentive plans maintained by the Company. 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.

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 2.9% (4.2% in 2002 and 4.6% in 2001); dividend yield of 1.3% (1.1% in 2002 and 1.0% in 2001); expected market price volatility factor of 0.386 (0.420 in 2002 and 0.515 in 2001); and an expected option life of four years.

The estimated weighted-average fair value for each option granted was \$4.95 in 2003, \$5.48 in 2002 and \$6.57 in 2001.

Notes to the Consolidated Financial Statements

For purposes of pro forma disclosures, the estimated fair values of stock options are amortized to expense over the related vesting periods. The Company's pro forma information under SFAS No. 123 is as follows:

	2003	2002	2001
<i>(Thousands of Dollars, Except Per Share Data)</i>			
Net earnings, as reported	\$ 51,716	\$ 47,912	\$ 45,240
Add: Total stock-based compensation expense included in reported net income, net of related tax effects	143	9	166
Deduct: Total stock-based employee compensation expense determined under fair value based method for all awards, net of related tax effects	3,273	3,020	5,092
Pro forma net earnings	\$ 48,586	\$ 44,901	\$ 40,314

Net earnings per share:

Basic-as reported	\$	1.32	\$	1.19	\$	1.11
Basic-pro forma		1.24		1.12		.99
Diluted-as reported		1.27		1.15		1.07
Diluted-pro forma		1.19		1.08		.96

ADVERTISING COSTS

Advertising costs are expensed as incurred and totaled \$35,254,000 in 2003, \$33,584,000 in 2002 and \$29,757,000 in 2001.

The Company provides sales incentives to retail customers in the form of a cooperative advertising program. Under this program, customers are reimbursed for Company approved advertising-related expenditures where the value to the Company is objectively verifiable. Cooperative advertising dollars are expensed by the Company as earned by customers. These expenses are recorded within selling and administrative expenses.

INCOME TAXES

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

EARNINGS PER SHARE

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

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

	2003	2002	2001
Weighted average shares outstanding during the year	39,897,434	41,016,362	41,571,272
Adjustment for nonvested restricted common stock	(721,246)	(770,749)	(832,991)
Denominator for basic earnings per share	39,176,188	40,245,613	40,738,281
Effect of dilutive stock options	1,047,188	776,864	877,608
Adjustment for nonvested restricted common stock	497,562	533,130	543,117
Denominator for diluted earnings per share	40,720,938	41,555,607	42,159,006

Options to purchase 659,067 shares of common stock in 2003, 796,487 shares in 2002 and 712,187 shares in 2001 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.

Notes to the Consolidated Financial Statements

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 sheet as a component of accumulated other comprehensive income (loss) in stockholders' equity. Transaction gains and losses are included in the consolidated statements of operations and were not material.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company's financial instruments consist of cash and cash equivalents, accounts and notes receivable, accounts and notes payable and long-term debt. Except for fixed rate long-term debt with a carrying value of \$59,857,000 and a fair value of \$65,465,000 at January 3, 2004 and a carrying value of \$72,857,000 and a fair value of \$77,479,000 at December 28, 2002, 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 balance sheet at fair value and establishes criteria for designation and effectiveness of hedging relationships. The Company utilizes foreign currency forward exchange contracts to manage the volatility associated with foreign currency inventory purchases made by non-U.S. wholesale operations in the normal course of business. At January 3, 2004 and December 28, 2002, foreign exchange contracts with a notional value of \$37,902,000 and \$24,000,000, respectively, were outstanding to purchase various currencies (principally U.S. dollars) with maturities ranging up to 280 days. These contracts have been designated as cash flow hedges. As of January 3, 2004 and December 28, 2002, a liability of \$2,270,000 and \$333,000, respectively, has been recognized for the fair value of the foreign currency forward exchange contracts.

The fair value of the foreign currency forward exchange contracts represents the estimated receipts or payments necessary to terminate the contracts. Hedge effectiveness is evaluated by the hypothetical derivative method. Any hedge ineffectiveness is reported within the cost of products sold caption of the consolidated statements of operations. Hedge ineffectiveness was not material in 2003 or 2002. If, in the future, the foreign exchange contracts are determined to be ineffective hedges or terminated before their contractual termination dates, the Company would be required to reclassify into earnings all or a portion of the unrealized amounts related to the cash flow hedges that are currently included in accumulated other comprehensive income (loss) within stockholders' equity.

COMPREHENSIVE INCOME (LOSS)

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

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

	2003	2002
<i>(Thousands of Dollars)</i>		
Foreign currency translation adjustments	\$ 14,060	\$ 3,138
Foreign currency cash flow hedge adjustments, net of taxes (2003 - \$819; 2002 - \$89)	(1,637)	(244)
Minimum pension liability adjustments, net of taxes (2003 - \$2,000; 2002 - \$13,016)	(3,883)	(26,416)
Accumulated other comprehensive income (loss)	\$ 8,540	\$ (23,522)

Notes to the Consolidated Financial Statements

RECLASSIFICATIONS

Certain amounts previously reported in 2002 and 2001 have been reclassified to conform with the presentation used in 2003.

2. Inventories

Inventories of \$90,368,000 at January 3, 2004 and \$85,509,000 at December 28, 2002 have been valued using the LIFO method. If the FIFO method had been used, inventories would have been \$8,817,000 and \$8,893,000 higher than reported at January 3, 2004 and December 28, 2002, respectively.

3. Debt

Long-term debt consists of the following obligations:

	2003	2002
<i>(Thousands of Dollars)</i>		
6.5% senior notes payable	\$ 53,571	\$ 64,286
7.81% senior notes payable	4,286	8,571
Revolving credit obligations	-	-
Other	2,066	58

	59,923	72,915
Less current maturities	16,020	15,030
	\$ 43,903	\$ 57,885

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

The 7.81% unsecured senior notes payable balance is due on August 15, 2004.

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

The Company had commercial letters of credit outstanding of \$2,380,000 and \$8,383,000 at January 3, 2004 and December 28, 2002, 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 tangible net worth. At January 3, 2004, unrestricted retained earnings were \$82,147,000. The agreements also impose restrictions on securing additional debt, sale and merger transactions and the disposition of significant assets.

Principal maturities of long-term debt during the four years subsequent to 2004 are as follows: 2005-\$11,734,000; 2006-\$10,730,000; 2007-\$10,721,000; 2008-\$10,718,000.

Interest costs of \$235,000 in 2003, \$254,000 in 2002 and \$427,000 in 2001 were capitalized in connection with various capital improvement and computer hardware and software installation projects.

4. Leases

The Company leases machinery, equipment and certain warehouse, office and retail store space under operating lease agreements that expire at various dates through 2018. At January 3, 2004, minimum rental payments due under all noncancelable leases are as follows: 2004-\$9,007,000; 2005-\$8,088,000; 2006-\$6,554,000; 2007-\$5,436,000; 2008-\$4,022,000; thereafter-\$15,544,000.

Notes to the Consolidated Financial Statements

Rental expense under all operating leases consisted primarily of minimum rentals and totaled \$11,614,000 in 2003, \$11,011,000 in 2002 and \$10,105,000 in 2001.

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. 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.

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

The Company has stock incentive plans under which options to purchase shares of common stock may be granted to officers, other key

employees and non-employee directors. Options granted are exercisable over no more than ten years and vest over various periods. All unexercised options are available for future grant upon their cancellation.

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

	Shares Under Option	Weighted-Average Option Price
Outstanding at December 30, 2000	3,750,665	\$ 13.49
Granted	900,229	15.47
Exercised	(643,035)	10.26
Cancelled	(26,595)	16.68
Outstanding at December 29, 2001	3,981,264	14.48
Granted	797,994	15.59
Exercised	(321,869)	10.87
Cancelled	(45,191)	15.85
Outstanding at December 28, 2002	4,412,198	14.89
Granted	805,334	16.21
Exercised	(751,500)	11.94
Cancelled	(44,056)	20.18
Outstanding at January 3, 2004	4,421,976	\$ 15.61

Shares available for grant under the stock option plans were 2,098,343 at January 3, 2004, 1,610,881 at December 28, 2002 and 2,036,327 at December 29, 2001.

Notes to the Consolidated Financial Statements

The exercise prices of options outstanding at January 3, 2004 range from \$1.73 to \$30.56. A summary of stock options outstanding at January 3, 2004 by range of option price is as follows:

	Number of Options		Weighted-Average		Remaining Contractual Life
			Option Price		
	Outstanding	Exercisable	Outstanding	Exercisable	
Less than \$10	481,091	481,091	\$ 9.03	\$ 9.03	3.7 years
\$10 to \$20	3,324,121	2,428,904	14.73	14.42	6.6 years
Greater than \$20	616,764	605,589	25.46	25.58	3.3 years
	4,421,976	3,515,584	\$ 15.61	\$ 15.60	5.9 years

The number of options exercisable at December 28, 2002 and December 29, 2001 totaled 3,504,114 and 3,075,846, 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), and a requirement to forfeit the award upon certain terminations of employment in cases other than death, disability, retirement or consensual severance. These restrictions lapse over a three- to five-year period from the date of the award. Shares aggregating 162,400 in 2003, 161,700 in 2002 and 156,250 in 2001 were awarded under these plans. The weighted-average grant date fair value was \$15.85 in 2003, \$15.47 in 2002 and \$15.11 in 2001 for the shares awarded. There were no awards cancelled in 2003, 18,224 awards cancelled in 2002 and 10,288 awards cancelled in 2001. The market value of the shares awarded is recognized as unearned compensation in the consolidated statements of stockholders' equity and is amortized to operations over the 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 plans provide 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 \$24,648,000 at January 3, 2004 and \$22,428,000 at December 28, 2002 that are intended to fund deferred compensation benefits under the SERP and deferred compensation agreements.

The Company has a defined contribution money accumulation plan covering substantially all domestic employees that provides for Company contributions based on earnings. This plan is combined with the principal defined benefit pension plan for funding purposes to the extent allowable under applicable regulations. The Company recognized expense for the money accumulation plan of \$1,620,000 in 2003, \$1,500,000 in 2002 and \$1,400,000 in 2001. The Company also has certain defined contribution plans at foreign subsidiaries. Contributions to these plans were \$662,000 in 2003, \$506,000 in 2002 and \$278,000 in 2001.

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

Notes to the Consolidated Financial Statements

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	
	2003	2002
<i>(Thousands of Dollars)</i>		
Change in projected benefit obligations:		
Projected benefit obligations at beginning of the year	\$ 132,544	\$ 119,337
Service cost pertaining to benefits earned during the year	3,243	4,435
Interest cost on projected benefit obligations	8,634	8,959
Effect of changes in actuarial assumptions	(401)	516
Actuarial losses	9,027	6,162
Benefits paid to plan participants	(6,561)	(6,865)
Projected benefit obligations at end of the year	\$ 146,486	\$ 132,544
Change in fair value of pension assets:		
Fair value of pension assets at beginning of the year	\$ 102,486	\$ 114,392
Actual net investment gain (loss)	22,195	(8,140)
Company contributions	9,734	3,099
Benefits paid to plan participants	(6,561)	(6,865)

Fair value of pension assets at end of the year	\$ 127,854	\$ 102,486
-------------------------------------------------	-------------------	------------

Funded status	\$ (18,632)	\$ (30,058)
Unrecognized prior service costs	3,879	5,229
Unrecognized net actuarial losses	41,465	48,952

Net amount recognized	\$ 26,712	\$ 24,123
-----------------------	------------------	-----------

Amounts recognized in the consolidated balance sheets:

Prepaid benefit cost	\$ 37,578	\$ -
Accrued benefit cost	(18,887)	(20,762)
Intangible assets	2,138	4,862
Accumulated other comprehensive loss	5,883	40,023

Net amount recognized	\$ 26,712	\$ 24,123
-----------------------	------------------	-----------

Funded status of pension plans and SERP (supplemental):

Funded status of qualified defined benefit plans and SERP	\$ (18,632)	\$ (30,058)
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	19,140	17,153

Net funded status of pension plans and SERP (supplemental)	\$ 508	\$ (12,905)
------------------------------------------------------------	---------------	-------------

The Company made contributions of \$194,000 and \$271,000 subsequent to the measurement date and before the fiscal year ended 2003 and 2002, respectively.

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

September 30

2003	2002
-------------	------

(Thousands of Dollars)

Projected benefit obligations	\$ 27,805	\$ 132,544
Accumulated benefit obligations	26,502	123,248
Fair value of plan assets	7,615	102,486

The accumulated benefit obligations for all defined benefit pension plans and the SERP were \$138,419,000 and \$123,248,000 at September 30, 2003, and 2002, respectively.

Notes to the Consolidated Financial Statements

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

2003	2002	2001
-------------	------	------

(Thousands of Dollars)

Service cost pertaining to benefits earned during the year	\$ (3,243)	\$ (4,435)	\$ (3,753)
Interest cost on projected benefit obligations	(8,634)	(8,959)	(8,457)
Expected return on pension assets	10,175	12,477	13,310
Net amortization gain (loss)	(5,491)	(1,010)	1,427
Special termination benefits	-	-	(174)
Net pension income (expense)	\$ (7,193)	\$ (1,927)	\$ 2,353

Expense for qualified defined benefit pension plans was \$6,014,000 in 2003, and pension income was \$1,314,000 in 2002 and \$5,440,000 in 2001.

	2003	2002
Weighted average assumptions used to determine benefit obligations at September 30:		
Discount rate	6.11%	6.76%
Rate of compensation increase	3.50%	4.50%
Weighted average assumptions used to determine net periodic benefit cost for the years ended:		
Discount rate	6.76%	7.55%
Expected long-term rate of return on plan assets	8.90%	10.00%
Rate of compensation increase-qualified plans	3.50%	4.50%
Rate of compensation increase-SERP	3.85%	4.50%

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.

	2003	2002
Weighted average asset allocations at September 30 by asset category are as follows:		
Equity securities	72.0%	65.0%
Debt instruments	23.0%	24.0%
Cash and money market investments	5.0%	11.0%
	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.

Equity securities include shares of the Company's common stock in the amounts of \$9,477,000 and \$10,328,000 at September 30, 2003 and 2002, respectively. Dividends received on Company stock holdings were \$134,000 in 2003, \$120,000 in 2002 and \$114,000 in 2001.

The Company expects to contribute \$5,000,000 to its qualified defined benefit pension plans and \$626,000 to the SERP in 2004.

7. Income Taxes

The provisions for income taxes consist of the following:

	2003	2002	2001
<i>(Thousands of Dollars)</i>			
Currently payable:			
Federal	\$ 19,818	\$ 20,002	\$ 17,147
State and foreign	4,346	3,381	991
Deferred (credit) expense	(902)	216	5,169
	\$ 23,262	\$ 23,599	\$ 23,307

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:

	2003	2002	2001
<i>(Thousands of Dollars)</i>			
Income taxes at statutory rate	\$ 26,302	\$ 25,079	\$ 23,991
State income taxes, net of federal income tax reduction	183	271	460
Nontaxable earnings of foreign affiliates	(1,605)	(1,674)	(1,518)
Research and development credits	(1,870)	-	-
Foreign earnings (losses) taxed at rates differing from the U.S. statutory rate	718	121	(84)
Other	(466)	(198)	458
	\$ 23,262	\$ 23,599	\$ 23,307

Significant components of the Company's deferred income tax assets and liabilities as of the end of 2003 and 2002 are as follows:

	2003	2002
<i>(Thousands of Dollars)</i>		
Deferred income tax assets:		
Accounts receivable and inventory valuation allowances	\$ 3,086	\$ 1,611
Deferred compensation accruals	2,187	1,475
Future benefit of foreign net operating losses	254	650
Accrued pension costs	2,000	13,608
Other amounts not deductible until paid	5,906	5,110
Total deferred income tax assets	13,433	22,454
Deferred income tax liabilities:		
Tax over book depreciation	(9,256)	(9,372)
Prepaid pension costs	(9,738)	(8,833)
Other	(979)	(1,337)
Total deferred income tax liabilities	(19,973)	(19,542)
Net deferred income tax assets (liabilities)	\$ (6,540)	\$ 2,912

No provision has been made for U.S. federal and state income taxes or foreign taxes that may result from future remittances of the undistributed earnings (\$69,558,000 at January 3, 2004 and \$59,374,000 at December 28, 2002) of foreign subsidiaries because it is expected that such earnings will be reinvested overseas indefinitely. Determination of the amount of any unrecognized deferred income tax liability on these unremitted earnings is not practicable.

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

Notes to the Consolidated Financial Statements

remediation. These remediation claims are subject to ongoing environmental impact studies, assessment of remediation alternatives, allocation of costs between responsible parties and concurrence by regulatory authorities and have not yet advanced to a stage where the Company's liability is fixed. However, after taking into consideration legal counsel's evaluation of all actions and claims against the Company, management is currently of the opinion that their outcome will not have a material effect on the Company's consolidated financial position or future results of operations.

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

On July 17, 2003, the Company's 153 union tannery employees voted to strike as their existing contract expired. The strike ended on September 10, 2003, and on January 23, 2004, all complaints and suits related to the strike were settled by mutual agreement.

9. Business Segments

The Company has one reportable segment that is engaged in manufacturing, sourcing, marketing and distribution of branded footwear, including casual shoes, slippers, moccasins, dress shoes, boots, uniform shoes, work shoes and performance outdoor footwear, to the retail sector. Revenues of this segment are derived from the sale of branded footwear products 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 segment manufacture or source, market and distribute products in a similar manner. Branded footwear is distributed through wholesale channels and under licensing and distributor arrangements.

The other business units in the following tables consist of the Company's retail, apparel and accessory licensing, tannery and pigskin procurement operations. The Company operated 64 domestic retail stores at January 3, 2004 that sell Company-manufactured and sourced products, as well as footwear manufactured by unaffiliated companies. The other business units distribute products through retail and wholesale channels.

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

Business segment information is as follows:

	2003			
	Branded Footwear	Other Businesses	Corporate	Consolidated
<i>(Thousands of Dollars)</i>				
Revenue	\$ 809,690	\$ 79,236	\$ -	\$ 888,926
Intersegment sales	27,288	2,471	-	29,759
Interest (income) expense - net	9,285	1,088	(4,899)	5,474
Depreciation expense	5,665	2,589	9,410	17,664
Earnings (loss) before income taxes and minority interest	83,089	3,562	(11,503)	75,148
Assets	399,276	36,594	143,011	578,881

Additions to property, plant and equipment	6,225	3,359	6,431	16,015
--------------------------------------------	--------------	--------------	--------------	---------------

17

Notes to the Consolidated Financial Statements

	2002			
	Branded Footwear	Other Businesses	Corporate	Consolidated
<i>(Thousands of Dollars)</i>				
Revenue	\$ 746,202	\$ 80,904	\$ -	\$ 827,106
Intersegment sales	24,814	3,099	-	27,913
Interest (income) expense - net	10,841	1,323	(5,698)	6,466
Depreciation expense	5,339	2,407	8,887	16,633
Earnings (loss) before income taxes and minority interest	78,847	6,780	(13,973)	71,654
Assets	384,723	40,453	106,818	531,994
Additions to property, plant and equipment	8,732	1,700	3,443	13,875

	2001			
	Branded Footwear	Other Businesses	Corporate	Consolidated
<i>(Thousands of Dollars)</i>				
Revenue	\$ 644,793	\$ 75,273	\$ -	\$ 720,066
Intersegment sales	19,599	4,632	-	24,231
Interest (income) expense - net	11,939	1,273	(6,470)	6,742
Depreciation expense	5,455	2,295	8,251	15,991
Earnings (loss) before income taxes	68,086	5,887	(5,426)	68,547
Assets	355,045	45,165	143,468	543,678
Additions to property, plant and equipment	2,001	3,553	5,744	11,298

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

	2003	2002	2001
<i>(Thousands of Dollars)</i>			
United States	\$ 674,794	\$ 644,647	\$ 617,711
Foreign countries:			
Europe	150,643	127,461	50,115
Canada	45,422	39,363	34,221
Central and South America	6,639	6,417	7,764
Asia	8,132	6,780	6,356
Middle East and Russia	3,296	2,438	3,899
	214,132	182,459	102,355
	\$ 888,926	\$ 827,106	\$ 720,066

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

	2003	2002	2001
<i>(Thousands of Dollars)</i>			
United States	\$ 155,365	\$ 136,644	\$ 155,731
Foreign countries:	36,880	32,005	13,144

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

No product groups, other than footwear, account for more than 10% of consolidated revenue. Revenues derived from the sale and licensing of footwear accounted for 96% of revenue in 2003, 2002 and 2001.

Notes to the Consolidated Financial Statements

Approximately 13% of the Company's employees are subject to bargaining unit contracts extending through various dates to 2006.

10. Quarterly Results of Operations (unaudited)

The Company reports its quarterly results of operations on the basis of 12-week periods for each of the first three quarters and a 16- or 17-week period for the fourth quarter. The fourth quarter of 2003 includes 17 weeks and the fourth quarter of 2002 includes 16 weeks.

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

	2003			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
<i>(Thousands of Dollars, Except Per Share Data)</i>				
Revenue	\$ 191,485	\$ 184,040	\$ 230,571	\$ 282,830
Gross margin	69,196	65,724	86,714	104,954
Net earnings	7,414	9,281	16,414	18,607
Net earnings per share:				
Basic	\$.19	\$.24	\$.42	\$.47
Diluted	.18	.23	.40	.46
2002				
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
<i>(Thousands of Dollars, Except Per Share Data)</i>				
Revenue	\$ 177,277	\$ 169,276	\$ 219,197	\$ 261,356
Gross margin	62,102	61,621	78,018	92,487
Net earnings	6,403	9,099	15,342	17,068
Net earnings per share:				
Basic	\$.16	\$.22	\$.38	\$.43
Diluted	.15	.21	.37	.42

Adjustments in the fourth quarter resulted in an increase in net earnings of \$579,000 (\$0.01 per share) in 2003 and were immaterial in 2002. These adjustments related primarily to inventories.

11. Business Acquisitions

On November 3, 2003, the Company acquired significant operating assets of Sebago, Inc., an international distributor of performance nautical and American-inspired footwear, consisting of accounts receivable, inventory, fixed assets, trademarks and other amortizable intangible assets totaling approximately \$18,046,000 and assumed liabilities of approximately \$1,986,000. Subject to certain post-closing adjustments, the total purchase price of Sebago, Inc., was \$16,780,000, which consisted of \$14,780,000 paid in cash and a note payable for \$2,000,000 (\$1,000,000 due in both 2004 and 2005), resulting in goodwill of \$720,000 after allocation of the preliminary purchase price to the assets acquired and liabilities assumed based on their estimated fair values at the date of acquisition. Future adjustments to the preliminary purchase price allocation will result in a corresponding adjustment to goodwill. 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

Notes to the Consolidated Financial Statements

Branded Footwear segment. The majority of the goodwill is expected to be deductible for tax purposes. The other 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 each year utilizing the Company's effective tax rate. The unaudited pro forma financial information is provided for informational purposes only and does not purport to be indicative of the Company's results of operations that would actually have been achieved had the acquisition been completed at the beginning of the periods presented or that may be achieved in the future. The unaudited pro forma financial information was derived from the annual financial statements of the acquired company and does not give effect to any operational synergies or integration costs that may occur as a result of or following the acquisition.

	2003	2002
<i>(Thousands of Dollars, Except Per Share Data)</i>		
Revenue	\$ 921,944	\$ 865,469
Net earnings	53,460	49,732
Basic earnings per share	\$ 1.36	\$ 1.24
Diluted earnings per share	1.31	1.20

Immediately after the acquisition was consummated, management of the Company began to implement an integration plan for the Sebago acquisition. In conjunction with the integration plan, the Company recorded additional liabilities of approximately \$1,792,000, which were included in the acquisition cost allocation in accordance with Emerging Issues Task Force Issue No. 95-3, *Recognition of Liabilities in Connection with a Purchase Business Combination*. The additional liabilities include approximately \$1,496,000 for severance and related costs for approximately 100 manufacturing and administrative employees in Maine, and \$296,000 related to exit costs for specific product lines of Sebago, Inc. At January 3, 2004, substantially all of the liabilities remained on the consolidated balance sheets.

On January 16, 2002, the Company established a new subsidiary to operate the CAT® footwear business in the European market. This new entity, Wolverine Europe Limited, purchased assets consisting of accounts receivable, inventory, limited amortizable intangible assets and fixed assets totaling approximately \$21,247,000 from Overland Group Limited of London, England and assumed liabilities of approximately \$8,514,000. Cash and other consideration of \$27,790,000 was remitted for the acquisition, resulting in goodwill of \$15,057,000 after allocation of the purchase price to the assets acquired and liabilities assumed based on their estimated fair values at the date of acquisition. The former owner of Overland Group Limited is a 5% minority stockholder in the new subsidiary. The markets served directly by Wolverine Europe Limited include Austria, France, Germany, Ireland, the Netherlands, Switzerland and the United Kingdom. Wolverine Europe Limited also coordinates and supports other European markets served by independently-owned distributors. Based on the information provided by Overland Group Limited, the Company's consolidated pro forma revenue for 2001, assuming the acquisition occurred at the beginning of 2001, would have included approximately \$69.9 million from the acquired business for a total of \$784.5 million. Consolidated pro forma revenue for 2002, assuming the transaction occurred at the beginning of the year, would not have been materially different from reported amounts. Consolidated pro forma net earnings for 2002 and 2001, assuming the transaction occurred at the beginning of these years, are not materially different from reported amounts.

In October 2001, the Company expanded its owned Merrell® operations in the United Kingdom to cover the additional countries of Austria, Belgium, France, Germany, Luxembourg, the Netherlands and Spain. A new subsidiary, Merrell® Europe BV, was formed to direct the

operations in these additional countries. Assets consisting primarily of inventory and fixed assets totaling \$1,272,000 were acquired from certain former Merrell® distributors for cash and the assumption of liabilities totaling \$2,552,000. Goodwill of \$1,280,000 was recognized as of the purchase date. Consolidated pro forma revenue and net earnings in 2001, assuming the transaction occurred at the beginning of that year, are not materially different from reported amounts.

Report of Independent Auditors

Board of Directors and Stockholders
Wolverine World Wide, Inc.

We have audited the accompanying consolidated balance sheets of Wolverine World Wide, Inc. and subsidiaries as of January 3, 2004 and December 28, 2002, and the related consolidated statements of stockholders' equity and comprehensive income, operations and cash flows for each of the three fiscal years in the period ended January 3, 2004. Our audits also included the financial statement schedule listed in the Index at Item 15(a). These financial statements and schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and schedule based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Wolverine World Wide, Inc. and subsidiaries at January 3, 2004 and December 28, 2002, and the consolidated results of their operations and their cash flows for each of the three fiscal years in the period ended January 3, 2004, in conformity with accounting principles generally accepted in the United States. 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.

/s/ Ernst & Young LLP

Grand Rapids, Michigan
February 4, 2004

Valuation and Qualifying Accounts of Continuing Operations

Wolverine World Wide, Inc. and Subsidiaries

Column A	Column B	Column C	Column D	Column E	
Description	Balance at Beginning of Period	Additions		Deductions (Describe)	Balance at End of Period
		(1) Charged to Costs and Expenses	(2) Charged to Other Accounts (Describe)		
Fiscal year ended January 3, 2004					
Deducted from asset accounts:					
Allowance for doubtful accounts	\$ 8,974,000	\$ 4,962,000		\$ 4,604,000(A)	\$ 9,332,000
Allowance for cash discounts	1,217,000	12,632,000		12,719,000(B)	1,130,000
Inventory valuation allowances	4,751,000	12,011,000		10,407,000(C)	6,355,000
	\$ 14,942,000	\$ 29,605,000		\$ 27,730,000	\$ 16,817,000
Fiscal year ended December 28, 2002					
Deducted from asset accounts:					
Allowance for doubtful accounts	\$ 6,548,000	\$ 5,717,000		\$ 3,291,000(A)	\$ 8,974,000
Allowance for cash discounts	834,000	11,081,000		10,698,000(B)	1,217,000
Inventory valuation allowances	4,014,000	7,698,000		6,961,000(C)	4,751,000
	\$ 11,396,000	\$ 24,496,000		\$ 20,950,000	\$ 14,942,000
Fiscal year ended December 29, 2001					
Deducted from asset accounts:					
Allowance for doubtful accounts	\$ 5,036,000	\$ 6,819,000		\$ 5,307,000(A)	\$ 6,548,000
Allowance for cash discounts	1,111,000	8,028,000		8,305,000(B)	834,000
Inventory valuation allowances	4,385,000	9,409,000		9,780,000(C)	4,014,000
	\$ 10,532,000	\$ 24,256,000		\$ 23,392,000	\$ 11,396,000

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

Commission File No. 1-6024

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

**EXHIBITS
TO
FORM 10-K**

**For the Fiscal Year Ended
January 3, 2004**

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

EXHIBIT INDEX

<u>Exhibit Number</u>	<u>Document</u>
3.1	Certificate of Incorporation, as amended. Previously filed as Exhibit 3.1 to the Company's Quarterly Report on Form 10-Q for the period ended September 7, 2002. Here incorporated by reference.
3.2	Amended and Restated By-laws. Previously filed as Exhibit 3.2 to the Company's Quarterly Report on Form 10-Q for the period ended September 7, 2002. Here incorporated by reference.
4.1	Certificate of Incorporation, as amended. See Exhibit 3.1 above.
4.2	Amended and Restated By-laws. See Exhibit 3.2 above.
4.3	Rights Agreement dated as of April 17, 1997. Previously filed with the Company's Form 8-A filed April 12, 1997. Here incorporated by reference.
4.4	Amendment No. 1 dated as of June 30, 2000, to the Rights Agreement dated as of April 17, 1997. Previously filed as Exhibit 4.3 to the Company's Annual Report on Form 10-K for the fiscal year ended December 30, 2000. Here incorporated by reference.
4.5	Second Amendment dated as of February 11, 2002, to the Rights Agreement dated as of April 17, 1997. Previously filed as Exhibit 4.2 to the Company's Quarterly Report on Form 10-Q for the period ended March 23, 2002. Here incorporated by reference.
4.6	Third Amendment dated as of December 10, 2002, to the Rights Agreement dated as of April 17, 1997. Previously filed as Exhibit 4.6 to the Company's Annual Report on Form 10-K for the fiscal year ended December 28, 2002. Here incorporated by reference.
4.7	Note Purchase Agreement dated as of August 1, 1994, relating to 7.81% Senior Notes. Previously filed as Exhibit 4.5 to the Company's Annual Report on Form 10-K for the fiscal year ended December 30, 2000. Here incorporated by reference.
4.8	Note Purchase Agreement dated as of December 8, 1998, relating to 6.50% Senior Notes due on December 8, 2008. Previously filed as Exhibit 4.5 to the Company's Annual Report on Form 10-K for the fiscal year ended January 2, 1999. Here incorporated by reference.
4.9	The Registrant has several classes of long-term debt instruments outstanding in addition to those described in Exhibits 4.7, 4.8 and 4.10. 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.
4.10	Credit Agreement dated as of May 29, 2001, with Bank One, Michigan, as agent. Previously filed as Exhibit 4.1 to the Company's Quarterly Report on Form 10-Q for the period ended June 16, 2001. Here incorporated by reference.
4.11	First Amendment dated as of February 8, 2002, to the Credit Agreement dated as of May 29, 2001. Previously filed as Exhibit 4.1 to the Company's Quarterly Report on Form 10-Q for the period ended March 23, 2002. Here incorporated by reference.

-
- 4.12 Second Amendment dated as of August 30, 2002, to the Credit Agreement dated as of May 29, 2001. Previously filed as Exhibit 4.1 to the Company's Quarterly Report on Form 10-Q for the period ended September 7, 2002. Here incorporated by reference.
- 4.13 Third Amendment dated as of December 19, 2002, to the Credit Agreement dated as of May 29, 2001. Previously filed as Exhibit 4.13 to the Company's Annual Report on Form 10-K for the fiscal year ended December 28, 2002. Here incorporated by reference.
- 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 Appendix A to the Company's Definitive Proxy Statement with respect to the Company's Annual Meeting of Stockholders held on April 23, 1999. 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 Amended and Restated Directors Stock Option Plan.* Previously filed as Exhibit 10.3 to the Company's Annual Report on Form 10-K for the fiscal year ended December 30, 2000. Here incorporated by reference.
- 10.9 Amended and Restated Directors' Stock Option Plan.* Previously filed as Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the period ended June 14, 2003. Here incorporated by reference.
- 10.10 Amended and Restated Outside Directors' Deferred Compensation Plan.* Previously filed as Appendix E to the Company's Definitive Proxy Statement with respect to the Company's Annual Meeting of Stockholders held on April 25, 2002. Here incorporated by reference.
- 10.11 Amended and Restated Executive Short-Term Incentive Plan (Annual Bonus Plan).* Previously filed as Appendix B to the Company's Definitive Proxy Statement with respect to the Company's Annual Meeting of Stockholders held on April 25, 2002. Here incorporated by reference.
-
- 10.12 Amended and Restated Executive Long-Term Incentive Plan (3-Year Bonus Plan).* Previously filed as Appendix C to the Company's Definitive Proxy Statement with respect to the Company's Annual Meeting of Stockholders held on April 25, 2002. Here incorporated by reference.
- 10.13 Amended and Restated Stock Option Loan Program.* Previously filed as Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the period ended September 7, 2002. Here incorporated by

reference.

- 10.14 Executive Severance Agreement.* Previously filed as Exhibit 10.10 to the Company's Annual Report on Form 10-K for the fiscal year ended January 3, 1998. Here incorporated by reference. An updated participant schedule is attached as Exhibit 10.14.
- 10.15 Form of Indemnification Agreement.* The Company has entered into an Indemnification Agreement with each director and executive officer. Previously filed as Exhibit 10.11 to the Company's Annual Report on Form 10-K for the fiscal year ended December 30, 2000. Here incorporated by reference.
- 10.16 Benefit Trust Agreement dated May 19, 1987, and Amendments Number 1, 2, 3 and 4 thereto.* Previously filed as Exhibit 10.12 to the Company's Annual Report on Form 10-K for the fiscal year ended December 30, 2000. Here incorporated by reference.
- 10.17 Amended and Restated Supplemental Executive Retirement Plan.* Previously filed as Exhibit 10.9 to the Company's Annual Report on Form 10-K for the fiscal year ended December 30, 2000. An updated participant schedule is attached as Exhibit 10.17.
- 10.18 Employees' Pension Plan (Restated as amended through December 19, 2003).*
- 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 persons listed below have entered into Executive Severance Agreements with the Company. The form Executive Severance Agreement previously filed contains certain blanks to be completed for each person. The information listed below is inserted into the blanks for the respective person's Executive Severance Agreement.

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

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

2.4%

Steven M. Duffy
 V. Dean Estes
 Stephen L. Gulis, Jr.
 Blake W. Krueger
 Timothy J. O'Donovan
 Robert J. Sedrowski

2.0%

Owen S. Baxter
 William J.B. Brown
 Arthur G. Croci
 Richard C. DeBlasio
 Gary Fountain
 Ted Gedra
 Blaine C. Jungers
 Jacques Lavertue
 Thomas P. Mundt
 Nicholas P. Ottenwess
 A. T. Payne
 James Weston
 Spencer E. Zimmerman
 James D. Zwiers
 Bruce Scott Sible

EXHIBIT 10.18

WOLVERINE

EMPLOYEES' PENSION PLAN

(Amended and Restated Effective January 1, 1997)

WOLVERINE

EMPLOYEES' PENSION PLAN

TABLE OF CONTENTS

	<u>Page</u>
ARTICLE 1 - Establishment of Plan and Trust	1
1.1 Establishment of Plan	1
(a) Employer	1
(b) Plan History	1
(c) Adoption by Affiliated Employer	1
(d) Administration	1
1.2 Declaration of Trust	2
1.3 Compliance With Law	2
1.4 Effective Dates of Plan Provisions	2
1.5 Application to Inactive and Former Participants	2
ARTICLE 2 - Definitions	1
2.1 Break in Service	1

2.2	Employer Contributions	1
2.3	5% Owner	1
	(a) Corporation	1
	(b) Partnership	1
	(c) Proprietorship	1
2.4	Highly Compensated Employee	2
	(a) Definition	2
	(b) Determination Rules	2
2.5	Hour of Service	3
	(a) Definition	3
	(b) Back Pay	3
	(c) No Duties Performed	3
	(d) Qualified Maternity or Paternity Absence	3
	(e) Qualified Military Service	4
	(f) No Duplication	4
	(g) Non-Covered Employment	4
	(h) Periods Credited	5
	(i) Additional Hours	5
	(j) Predecessor Plan	5
	(k) Leased Employee	5
	(l) Equivalency	5
2.6	Person	5
2.7	Plan Year	5
2.8	Related Employer	6
2.9	Valuation Date	6

	<u>Page</u>
ARTICLE 3 - Eligibility to Participate	1
3.1 Eligibility Requirements	1
(a) Employee Definitions	1
(b) Entry Date	
(c) Year of Eligibility Service	
(d) Eligibility Period	1
(e) Breaks in Service	1
3.2 Requirement of Covered Employment	1
3.3 Participation Rules	2
(a) Termination of Participation	2
(b) Cancellation of Years of Eligibility Service	2
(c) Resumption of Participation	2
3.4 Leased Employee	2
(a) Definition	2
(b) Exceptions	3
ARTICLE 4 - Contributions	1
4.1 Contributions/Amount	1
4.2 Limits on Employer Contributions	1
4.3 Return of Employer Contributions	1
(a) Mistake of Fact	1
(b) Nondeductible	1
(c) Amount	1
4.4 Reduction of Contribution for Leased Employees	2
4.5 Timing of Contributions	2

	(a) Quarterly Payments	2
	(b) Final Payment	2
4.6	414(k) Contributions	2
	(a) Maximum Match	3
	(b) Excess Assets	3
	(c) Maximum Annual Addition	3
4.7	414(k) Accounts	3
	(a) Eligibility/Participation	3
	(b) 401(m)/ACP Compliance	4
	(c) Additional Rules	6
	(d) Allocation of Transfers	8
	(e) Allocation of Forfeitures	8
	(f) Allocation of Earnings	8
	(g) Vesting	8
	(h) Forfeitures	8
	(i) Distribution	9
	(j) Investment	9

		<u>Page</u>
ARTICLE 5 - Amount of Benefits		1
5.1	Normal Retirement	1
	(a) Normal Retirement Date	1
	(b) Normal Retirement Benefit	1
	(c) Accrued Benefit	1
	(d) Average Monthly Compensation.	3
	(e) Compensation	3
	(f) Benefit Service	4
5.2	Early Retirement	5
	(a) Early Retirement Date	5
	(b) Early Retirement Benefit	5
	(c) Early Payment	5
5.3	Late Retirement	6
	(a) Late Retirement Date	6
	(b) Late Retirement Benefit	6
5.4	Deferred Vested Retirement	7
	(a) Deferred Vested Benefit	7
	(b) Vested Accrued Benefit	7
	(c) Early Payment	7
5.5	Death Benefits	7
	(a) Death Before Vesting	7
	(b) Death Before Annuity Starting Date	7
	(c) Death After Annuity Starting Date	8
5.6	Pension Offsets	8
	(a) Workers Compensation	8
	(b) Disability Pension	9
5.7	Special Benefit Schedules	9
5.8	Benefit Rules	9
	(a) Single Benefit	9
	(b) Previously Paid Benefits	9
	(c) Transfer	9
5.9	Maximum Annual Benefits	9
	(a) Annual Benefit	10
	(b) Defined Benefit Dollar Limit	10

(c) Compensation Limit	10
(d) Section 415 Compensation	11
(e) Limitation Year	11
(f) Related Employer Aggregation	12

-iii-

	<u>Page</u>
5.10 Adjustments to Maximum Annual Benefits	12
(a) Accrued Benefit	12
(b) Adjustments to Defined Benefit Dollar Limit and Compensation Limit	14
(c) Age	15
(d) \$10,000 Limitation	16
(e) Grandfathered Annual Benefit	16
(f) Late Retirement	16
5.11 Maximum Combined Limitation	16
(a) Defined Benefit Plan Fraction	16
(b) Defined Contribution Plan Fraction	17
(c) Benefit Accrual Reduction	18
(d) Application of Limitations	18
(e) Maximum Limitations	18
 ARTICLE 6 - Determination of Vested Percentage	 `
6.1 Year of Vesting Service	1
(a) Credit	1
(b) No Credit	1
6.2 Vested Percentage	1
(a) Vesting Schedule	1
(b) Normal Retirement Date	1
6.3 Cashout	2
6.4 Five Breaks in Service	2
(a) Cancellation of Vesting Service	2
(b) Forfeiture of Nonvested Accrued Benefit	2
6.5 Death After Termination/Lost Recipient	2
(a) Death After Termination	2
(b) Lost Recipient	2
 ARTICLE 7 - Payment of Benefits	 1
7.1 Time of Payment	1
(a) Normal Retirement Benefit	1
(b) Early Retirement Benefit	1
(c) Late Retirement Benefit	1
(d) Deferred Vested Benefit	1
(e) Death Benefit	1
(f) Disability Benefit	1
(g) Immediate Payment	2
(h) QDRO	2
(i) Plan Termination; Partial Termination	2
7.2 Determination of Benefits	3
(a) Interest Rate	3
(b) Mortality Table	3
7.3 Form of Payment	3
(a) Standard Form	3
(b) Optional Forms of Payment	4

	<u>Page</u>	
7.4	Required Distribution Rules - Lifetime	5
	(a) Required Beginning Date	5
	(b) Annuity Payments	6
	(c) Actuarial Increase	8
	(d) TEFRA Election	8
7.5	Required Distribution Rules - Death	9
	(a) Death Before Required Beginning Date	9
	(b) Death After Required Beginning Date	9
	(c) Beneficiary is Minor Child	9
	(d) TEFRA Election	10
7.6	Waiver of QJSA or QPSA; Election of Method and Time of Benefit Payments	10
	(a) Waiver of QJSA	10
	(b) Waiver of QPSA	10
	(c) Spousal Consent	11
	(d) Permitted Elections	12
	(e) Participant Consent	12
	(f) Exceptions	12
	(g) Election Requirements	13
	(h) Failure to Elect	14
	(i) Additional Information	14
	(j) No Reduction or Delay of Payments	14
7.7	Designation of Beneficiary	14
	(a) Beneficiary	14
	(b) Spousal Consent	14
	(c) Failure to Designate	15
	(d) Death of Beneficiary	15
	(e) No Beneficiary	15
	(f) Determination	15
7.8	Facility of Payment	15
	(a) Minimum Payments	15
	(b) Incapacity	16
	(c) Legal Representative	16
	(d) Determination	16
	(e) Annuity Contract Purchase	16
7.9	Penalties	16
	(a) Payment Before Age 59 1/2	16
	(b) Failure to Receive Minimum Payments	16
7.10	Suspension of Benefit Payments	16
	(a) Normal/Early Retirement Benefits	16
	(b) Disability	17

	<u>Page</u>	
ARTICLE 8 - Administration of the Plan	1	
8.1	Duties, Powers, and Responsibilities of the Employer	1
	(a) Required	1
	(b) Discretionary	1

8.2	Employer Action	2
8.3	Plan Administrator	2
8.4	Administrative Committee	2
	(a) Appointment	2
	(b) Agent; Powers and Duties	2
	(c) Not Fiduciary	3
	(d) Membership	3
	(e) Records	3
	(f) Actions	3
	(g) Report to Administrator	3
	(h) Compensation	3
	(i) Conflict of Interest	3
8.5	Duties, Powers, and Responsibilities of the Administrator	3
	(a) Plan Interpretation	3
	(b) Participant Rights	3
	(c) Limits; Tests	4
	(d) Benefits and Vesting	4
	(e) Errors	4
	(f) Claims and Elections	4
	(g) Benefit Payments	4
	(h) QDRO Determination	4
	(i) Administration Information	4
	(j) Recordkeeping	4
	(k) Reporting and Disclosure	4
	(l) Penalties; Excise Taxes	4
	(m) Advisers	4
	(n) Expenses, Fees, and Charges	5
	(o) Nondiscrimination	5
	(p) Bonding	5
	(q) Other Powers and Duties	5
8.6	Delegation of Administrative Duties	5
	(a) In Writing	5
	(b) Acceptance of Responsibility	5
	(c) Conflict	5
8.7	Interrelationship of Fiduciaries; Discretionary Authority	5
	(a) Performance of Duties	5
	(b) Reliance on Others	6
	(c) Discretionary Authority of Fiduciaries	6
8.8	Compensation; Indemnification	6

		<u>Page</u>
8.9	Fiduciary Standards	6
	(a) Prudence	6
	(b) Exclusive Purpose	6
	(c) Prohibited Transaction	6
8.10	Benefit Applications; Appeal Procedures	7
	(a) Application for Benefits	7
	(b) Notification of Adverse Determination for Application	7
	(c) Appeal	7
	(d) Final Decision	7
	(e) Notification of Adverse Determination on Appeal	7
	(f) Disability Claims	7
	(g) Extensions	8
	(h) Full and Fair Review	8
	(i) Authorized Representative; Hearings	8

8.11	Participant's Responsibilities	8
8.12	Electronic Administration	8
ARTICLE 9 - Investment of Funds		1
9.1	Investment Responsibility	1
9.2	Authorized Investments	1
	(a) Specific Investments	1
	(b) Right of Trustee To Hold Cash	2
9.3	Commingled Investment	2
ARTICLE 10 - Administration of the Trust		1
10.1	Duties and Powers of the Trustee	1
	(a) Duties of the Trustee	1
	(b) Powers of the Trustee	1
	(c) Limitation on Duties and Powers of the Trustee	3
10.2	Accounting	4
	(a) Report	4
	(b) Judicial Settlement	4
10.3	Appointment, Resignation, and Removal of Trustee	4
	(a) Resignation	4
	(b) Removal	4
	(c) Successor Trustee	4
	(d) Effective Date of Resignation or Removal	4
	(e) Procedure Upon Transfer	4
	(f) Earlier Transfer	5
	(g) Final Transfer	5
	(h) In Kind Transfer	5
	(i) Limitation on Liability of Successor	5
10.4	Trustee Action	5
10.5	Exculpation of Nonfiduciary	5

	<u>Page</u>	
ARTICLE 11 - Amendment, Mergers, Successor Employer		
11.1	Amendment	1
	(a) Prohibitions	1
	(b) Notice	1
11.2	Merger of Plans	2
	(a) Preservation of Accrued Benefits	2
	(b) Actuarial Statement	2
	(c) Authorization	2
	(d) Special Restriction	2
11.3	Successor Employer	2
ARTICLE 12 - Termination		1
12.1	Right to Terminate	1
	(a) Cessation of Benefit Accrual	1
	(b) Intent to Terminate	1
	(c) PBGC Certification	1
	(d) Benefit Commitments	1
12.2	Automatic Termination	1

12.3	Termination or Partial Termination of Plan	2
	(a) Termination	2
	(b) Partial Termination	2
	(c) Priorities	2
	(d) Rules For Application	3
12.4	Effect of Termination or Partial Termination	4
	(a) Nonforfeitability	4
	(b) Distribution	4
	(c) Recourse Only Against Trust Assets	4
12.5	Reversion of Assets	4
12.6	Highest Paid Restriction	4
	(a) Restrictions on Termination	4
	(b) Restrictions on Distributions	4
	(c) Payment of Restricted Benefit in Full	5
	(d) Payments Prior to January 1, 1994	6
12.7	Special Restriction	6
	(a) Restricted Date	6
	(b) Change in Control	6
	(c) Unrestricted Date	7
	(d) Termination/Partial Termination	7
	(e) Merger Consolidation	7
	(f) Amendment	8

-viii-

	<u>Page</u>
ARTICLE 13 - General Provisions	1
13.1 Spendthrift Provision	1
	1
	1
	2
13.2 Effect Upon Employment Relationship	2
13.3 No Interest in Employer Assets	2
13.4 Construction	2
13.5 Severability	3
13.6 Governing Law	3
13.7 Nondiversion	3
ARTICLE 14 - Top-Heavy Plan Provisions	1
14.1 Top-Heavy Determination	1
	1
	1
14.2 Top-Heavy Definitions	2
	2
	2
	3
	3
	3
	4
	4
14.3 Minimum Benefits	4
	5
	5
14.4 Vesting Schedule	5

- (a) Cessation
- (b) Vesting Schedule Change

5
5

SCHEDULE A

SCHEDULE B

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

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

SCHEDULE C-3 - NONDISCRIMINATORY EXECUTIVE BENEFITS

-ix-

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

SCHEDULE C-5 - 2000 EARLY RETIREMENT WINDOW

SCHEDULE C-6 - HY-TEST MERGER

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

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

-x-

TABLE OF DEFINITIONS

Term

Location

Accrued Benefit

5.1(c)

ACP	4.7(b)(ii)
ACP Contributions	4.7(b)(iv)
ACP Limit	4.7(b)
Actuarially Equivalent	7.2
Actuaries	8.5(m)
Adjusted Accrued Benefit	5.1(c)(iv)(B)
Adjusted Net Income	4.6(a)(iii)
Administrator	8.3
Affiliated Employer	1.1(c)(ii)
Annual Additions	5.12(b)(ii)
Annual Benefit	5.10(a)
Annual Compensation Limit	5.1(e)(ii)
Annuity Starting Date	7.6(e)(ii)
Average Assets	4.6(b)(ii)
Average Monthly Compensation	5.1(d)
Beneficiary	7.7(a)
Benefit Commitments	12.1(d)
Break in Service	2.1
Change in Control	12.79b)
Code	1.3
Compensation	5.1(e)
Compensation Limit	5.10(c)
Contribution Percentage	4.7(b)(iii)
Covered Compensation	5.1(c)(iii)
Covered Employment	3.2
Deferred Vested Benefit	5.4(a)
Defined Benefit Dollar Limit	5.10(b)
Defined Benefit Plan Fraction	5.12(a)(i)
Defined Contribution Dollar Limit	5.12(b)(iii)
Defined Contribution Plan Fraction	5.12(b)(i)
Determination Date	14.2(e)
Disability	5.6(b)
Disability Benefit	5.6(a)
Early Retirement Benefit	5.2(b)

<u>Term</u>	<u>Location</u>
Early Retirement Date	5.2(a)
Effective Date	1.4
Elective Deferrals	5.1(e)(i)
Eligible Compensation	4.6(a)(ii)
Eligibility Period	3.1(d)
Employee	3.1(a)
Employer	1.1(a)
Employer Contributions	2.2
Entry Date	3.1(b)
ERISA	1.3

Excess Aggregate Contribution	4.7(b)(viii)
Final Average Compensation	5.1(c)(iv)
Final Implementation Date	5.11(a)(i)(D)
Future Service Benefit	5.1(c)(vi)(C)
5% Owner	2.3
417(e) Mortality Table	7.2(b)
Highly Compensated Employee	2.4(a)
Hour of Service	2.5(a)
Investment Manager	8.1(b)(i)(B)
Key Employee	14.2(f)
Late Retirement Benefit	5.3(b)
Late Retirement Date	5.3(a)
Leased Employee	3.4(a)
Limitation Year	5.10(e)
Look-Back Year	2.4(b)(i)
Minimum Accrued Benefit	14.3(a)
Minimum Average Monthly Compensation	14.3(b)
Normal Retirement Benefit	5.1(b)
Normal Retirement Date	5.1(a)
Participant	3.1
Participating Compensation	4.6(a)(i)
PBGC	12.1
Permissive Aggregation Group	14.2(d)
Person	2.6
Plan Year	2.7

<u>Term</u>	<u>Location</u>
Present Value of Accrued Benefits	14.2(b)(i)
Projected Annual Benefit	5.12(a)(ii)
QDRO	7.1(h)
QJSA	7.3(a)(i)(A)
QPSA	5.5(b)(i)(C)
Qualified Maternity or Paternity Absence	2.5(d)(i)
Qualified Military Service	2.5(e)(i)
Regular Employee	3.1(a)
Regulations	1.3
Related Employer	2.8
Required Aggregation Group	14.2(c)
Required Beginning Date	7.4(a)(i)
Restricted Date	12.7(a)
Restricted Period	12.7
RPA'94 Freeze Date	5.11(a)(i)(A)
RPA'94 Old Law Benefit	5.11(a)(i)(A)
Section 203(a)(3)(B) Service	7.10(a)
Section 415 Compensation	5.10(d)
Single Life Annuity	7.3(b)(i)

Social Security Retirement Age	5.11(c)(iii)
Spouse	5.5(b)(i)(A)
Surviving Spouse	5.5(b)(i)(B)
TEFRA Election	7.4(d)
30-Year Treasury Rate	7.2(a)
Top-Heavy Plan	14.1(a)
Top-Heavy Ratio	14.2(a)
Top-Heavy Valuation Date	14.2(g)
TRA'86 Accrued Benefit	5.11(a)(ii)
Trustee	1.2
Unrestricted Date	12.7(c)
USERRA	2.5(e)(ii)
Valuation Date	2.9
Vested Accrued Benefit	5.4(b)
Vesting Period	6.1
Year of Benefit Service	5.1(f)
Year of Eligibility Service	3.1(c)
Year of Vesting Service	6.1

-xiii-

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.

2-1

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).

2-2

(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.

2-3

(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, 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.

4-2

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.

4-5

(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.

4-6

(C) Permissive Aggregation. If this plan and any other qualified retirement plan of the Employer or a Related Employer are treated as a single plan when permitted but not required by Code Section 410(b) and Regulations, the aggregated plans must comply with the ACP Limits and must also meet the requirements of Code Sections 401(a)(4) and 410(b) as if the plans were a single plan. Plans may be aggregated permissively only if they have the same plan year and use the same testing method to determine compliance with the ACP Limits.

(D) Prohibited Aggregation. Plans that may be aggregated under Code Section 410(b) but are not actually aggregated for a Plan Year for purposes of Code Section 410(b) (other than Code Section 410(b)(2)(A)(ii)) may not be aggregated for purposes of compliance with the ACP Limits.

(E) Mandatory Disaggregation. If this plan must be treated as being comprised of two or more separate plans under Regulation Section 1.410(b)-7(c), each separate plan must meet the requirements of Code Sections 410(b) and 401(a)(4).

(iv) Plan Coverage Changes. If the ACP Limit is determined under the prior year testing method and a plan coverage

change occurs during a Plan Year, then the ACP for all Participants who were not Highly Compensated Employees for the preceding Plan Year is the weighted average of the ACPs for all subgroups in the preceding Plan Year.

(A) Definition. A plan coverage change means a change in the group or groups of eligible Employees under this plan on account of (A) the establishment or amendment of a plan, (B) a merger, consolidation, or spinoff under Code Section 414(l), (C) a change in the way plans, within the meaning of Code Section 414(l), are permissively aggregated or mandatorily disaggregated, or (D) a combination of any of the above.

(B) Subgroup. A subgroup means all non-Highly Compensated Employees who were Participants in the preceding Plan Year plus those Employees who would have been eligible to participate had the plan coverage change occurred in the preceding Plan Year.

(C) Weighted Average. The weighted average of the ACPs is the sum of the adjusted ACPs for all subgroups in the preceding Plan Year. The adjusted ACP for a subgroup is the non-Highly Compensated Employee's ACP for the preceding Plan Year multiplied by a fraction. The numerator of the fraction is the number of non-Highly Compensated Employees in the subgroup and the denominator is the total number of non-Highly Compensated Employees in all subgroups.

(D) Optional Rule for Minor Plan Coverage Changes. If a plan coverage change occurs, and at least 90% of the total number of non-Highly Compensated Employees in all subgroups are from a single subgroup, then the Employer may elect to use the non-Highly Compensated Employee's ACP for the preceding Plan Year instead of the weighted average.

(d) Allocation of Transfers. The 414(k) transfers shall be allocated first to restore any forfeited amount required to be restored which is not satisfied by reallocation of forfeitures and then, to the Section 414(k) accounts of Participants who were employed on the last day of the Plan Year, terminated employment at or after age 60, became disabled or died during the Plan Year as follows:

	<u>Percentage of Participants' Elective Deferrals</u>	<u>Not in Excess of Below Percentage of Participants' Compensation</u>
Step 1	20%	2%
Step 2	20%	Next 4%
Step 3	30%	6%

(e) Allocation of Forfeitures. Forfeitures shall be allocated first to restore any forfeited amount required to be restored under Article 6. Any remaining forfeitures shall reduce the 414(k) Transfer Amount and, if a transfer to the 414(k) account is not made for the Plan Year, shall be applied to reduce Employer Contributions.

(f) Allocation of Earnings. The amounts allocated to the 414(k) accounts of a Participant may be allocated under any consistent, nondiscriminatory cash basis accounting procedure or daily valuation system (with cash basis accounting) approved by the Administrator.

(g) Vesting. The Vested Percentage with respect to the 414(k) account of a Participant who is employed by an employer at age 65 or whose employment is terminated due to death or disability or the closing of the B & B Shoe Division shall be 100%. A Participant's Vested Percentage, upon any other termination of employment, shall be determined as follows:

<u>Years of Vesting Service</u>	<u>Vested Percentage</u>
Less than 1 year	0%
1 year but less than 2 years	20%
2 years but less than 3 years	40%
3 years but less than 4 years	60%
4 years but less than 5 years	80%
5 years or more	100%

(h) Forfeitures. If a Participant's employment terminates and the Participant's entire Vested Account Balance is distributed, any nonvested amount shall be forfeited as of the date of distribution.

If the Participant is reemployed by the Employer or a Related Employer before the Participant has five consecutive Breaks in Service and repays the entire amount distributed before the earlier of five years after the date the Participant is reemployed or the date the Participant has five consecutive Breaks in Service, the forfeited amount shall be restored to the Participant's account as of the date of repayment.

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

(ii) Five Breaks in Service. If an Employee whose vested percentage under Section 6.2(b) is zero has five consecutive Breaks in Service, the Participant's Years of Vesting Service credited before the Breaks in Service shall be permanently canceled.

(iii) Forfeiture of Nonvested Amount. Unless previously forfeited, a Participant's nonvested amount shall be permanently forfeited as of the end of the period that includes the Participant's fifth consecutive Break in Service.

(iv) Death After Termination. If a Participant whose vested percentage under Section 6.2(b) is not 100% dies after termination of employment but before the Participant has five consecutive Breaks in Service, any remaining Vested Account Balance shall be distributed pursuant to Article 7. Any nonvested amount that was not forfeited previously shall be forfeited as of the date of the Participant's death.

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

(i) Distribution. Subject to the QPSA/QJSA provisions, a Participant's 414(k) account shall be distributed in the same manner and be subject to the provisions of Article 7 of the Money Accumulation Plan except that 414(k) accounts shall not be distributable as an in-service withdrawal, hardship withdrawal or upon additional 401(k) distributive events.

(j) Investment. The 414(k) accounts of Participants shall be invested in the manner provided under Articles 9 and 10 of the Money Accumulation Plan except that the accounts shall not be available for Participant loans.

ARTICLE 5

Amount of Benefits

5.1 Normal Retirement.

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

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

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

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

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

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

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

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

(A) 3/4 Unit. 3/4 of 1% of the lesser of the Participant's 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.

5-1

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

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

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

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

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

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

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

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

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

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

5-2

(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.

5-3

(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.

5-4

(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:

5-5

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

5.3 Late Retirement.

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

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

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

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

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

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

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

5.4 Deferred Vested Retirement.

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

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

(b) Vested Accrued Benefit. "Vested Accrued Benefit" means the Participant's Accrued 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.

5-8

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

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

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

5.7 Special Benefit Schedules.

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

5.8 Benefit Rules.

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

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

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

5.9 Maximum Annual Benefits.

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

5-9

(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.

5-10

(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.

5-13

(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.

5-14

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.

5-15

(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).

5-16

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;

5-17

(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

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 Year of Service, including periods before the Employee became a Participant and before the original effective date of this plan.

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

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

6.2 Vested Percentage.

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

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

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

6.3 Cashout.

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

6.4 Five Breaks in Service.

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

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

6.5 Death After Termination/Lost Recipient.

(a) Death After Termination. If a Participant whose vested percentage under Section 6.2(b) is not 100% dies after termination of

employment but before the Participant has five consecutive Breaks in Service, any nonvested amount shall be forfeited as of the date of the Participant's death.

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

6-2

ARTICLE 7

Payment of Benefits

7.1 Time of Payment.

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

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

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

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

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

(e) Death Benefit.

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

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

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

(g) Immediate Payment.

(i) Small Balance. If a Participant is not required to consent to a payment pursuant to Section 7.6(f)(i) and the Participant's employment terminates for any reason, the Administrator shall direct payment of the Actuarially Equivalent present value of the Participant's Vested Accrued Benefit in a lump sum as soon as administratively feasible following termination of employment.

(ii) Consent Required. If a Participant is required to consent to payment and the Participant's employment terminates for any reason, the Administrator shall direct payment of the Actuarially Equivalent present value of the Participant's Vested Accrued Benefit in a lump sum as soon as administratively feasible after the Participant elects a lump sum payment.

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

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

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

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

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

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

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

7.2 Determination of Benefits.

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

(a) 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.

(b) 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).

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 90% of 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.

7-3

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

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

(ii) 80% Joint and Survivor Annuity. A 80% joint and survivor annuity is a monthly benefit equal to 80% of the Participant's Single Life Annuity payable to the Participant for life with a continuation of 100% of the Participant's monthly benefit to the Surviving Spouse for the remainder of the Spouse's life after the Participant's death.

(iii) 60 or 120 Months Certain and Life Annuity. A 60 or 120 months certain and life annuity is a monthly benefit equal to 97% (if 60 months) and 91% (if 120 months) of the Participant's Single Life Annuity payable to the Participant 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.

7-4

(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.

7-6

(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.

7-6

(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.

7-7

(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.

7-8

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.

7-9

(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.

7-10

(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.

7-11

(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:

7-12

(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.

7-13

(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.

7-14

(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.

7-15

(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.

7-16

(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.

7-17

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;

8-1

(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.

8-2

(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;

8-3

(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;

8-4

(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.

8-5

(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.

8-6

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.

8-7

(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.

10-2

(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.

10-3

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.

10-4

(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.

11-2

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.

12-3

12.4 Effect of Termination or Partial Termination.

- (a) Nonforfeatability. 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.

12-4

(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.

12-5

(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;

12-6

(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.

12-7

- (f) Amendment. During a Restricted Period, the Plan may not be amended to:
- (i) Adversely Impact. Adversely affect the computation or amount of or entitlement to benefits under this Section including any adverse change in or to: the rate at which benefit accrue or vest; the determination of compensation; optimal forms of payment; the time of commencement of benefits; or actuarial factors utilized to compute benefits.
 - (ii) Modify Section 12.7. Modify this Section 12.7 without the consent of a majority of the Participants in Covered Employment immediately prior to the Restricted Date in both number and interest (calculated based upon the present value of the benefits provided by this Section).

12-8

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.

13-1

(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.

13-2

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.

13-3

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.

14-1

(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).

14-2

(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.

14-3

(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.

14-4

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

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

14.4 Vesting Schedule.

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

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

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

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

14-5

The Employer has executed this instrument this _____ day of _____, ____.

WOLVERINE WORLD WIDE, INC.

By _____

Its

Employer

-1-

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

Dated: _____, ____

PW TRUST COMPANY

By

Its

Trustee

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

Dated: _____, ____

CG TRUST COMPANY

By

Its

Trustee

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

<u>UNIT</u>	<u>EFFECTIVE DATE UNDER PLAN</u>
Frolic Footwear Division - Salaried	02-01-70
Hush Puppies Retail, Inc. - Division 5	01-01-77
Tru-Stitch Footwear Division - Salaried D	01-01-70
Tru-Stitch Footwear Division - Hourly - Non Union	01-01-85
Wolverine Employees	01-01-69

Brooks Shoe Company, Inc.	01-01-82
Viner Bros., Inc.	04-01-84
Town & Country Shoes, Inc.	06-01-81
Wolverine Hy-Test, Inc.	
non-collective bargained employees	04-17-96

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

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

SCHEDULE B

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

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

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

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

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

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

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

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

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

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

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

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

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

C2.1 Purpose. The purpose of this Schedule is to provide benefits for certain Participants of the Plan who retire under the 1994 Wolverine Special Severance Program (the "1994 Program").

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

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

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

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

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

SCHEDULE C-3
NONDISCRIMINATORY EXECUTIVE BENEFITS

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

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

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

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

- O. Baxter (for benefits accrued through 12/31/2003)
- A. Croci
- R. DeBlasio

- T. Gedra
- B. Jungers
- J. Lovejoy (Normal retirement / /2000)
- T. Mundt
- N. Ottenwess
- D. West
- G. Fountain
- J. Lavertue
- A.T. Payne, III
- S. Zimmerman
- J. Weston

C3.4 Modifications. The Company may add, remove, or reclassify a Participant under this Schedule. The modification of a Participant's status may not reduce a Participant's benefit or become effective as determined on the date immediately before 45 days after the Participant receives notice of the modification.

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

C4.1 Purpose. The purposes of this Schedule C-4 is to provide benefits for certain Participants of Wolverine Employees' Pension Plan (the "Plan") who terminate employment under The Frolic Footwear Special Severance Program dated August 4, 1997, (the "Frolic Program") and the Wolverine Slipper Group Special Severance Program (the "Slipper Program") dated December 1997.

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

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

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

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

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

SCHEDULE C-5
2000 EARLY RETIREMENT WINDOW

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

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

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

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

(a) Lump Sum. The following Lump Sum payment

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

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

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

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

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

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

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

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

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

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

SCHEDULE C-6
HY-TEST MERGER

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

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

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

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

- (a) Normal Retirement. A Participant whose employment terminates, other than by death or Disability, on the Participant's Normal Retirement Date is eligible for a Normal Retirement Benefit.
 - (i) Normal Retirement Date. "Normal Retirement Date" means the date the Participant attains age 62.
 - (ii) Normal Retirement Benefit. "Normal Retirement Benefit" means the Participant's Accrued Benefit. The monthly Normal Retirement Benefit shall be not less than the amount of any Early Retirement Benefit to which the Participant was entitled if the Participant had retired at any time under the provisions of C6.4(b).
 - (iii) Accrued Benefit. "Accrued Benefit" means a monthly pension benefit, payable as a Single Life Annuity, beginning on the first day of the month following the Participant's Normal Retirement Date. The monthly amount shall be equal to the Participant's Years of Benefit Service multiplied by the applicable Benefit Rate set forth in this subsection.

<u>Retirement Date</u>	<u>Benefit Rate</u>
On or after January 1, 1996	\$10.25
On or after January 1, 1997	\$10.75
On or after January 1, 1998	\$11.00

On or after March 1, 1999	\$12.00
On or after January 1, 2000	\$13.00

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

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

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

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

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

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

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

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

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

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

-2-

(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-

(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.

-4-

(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.

-5-

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

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

(j) Form of Payment.

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

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

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

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

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

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

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

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

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

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

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

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

(a) Lump Sum the following Lump Sum payment

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

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

Age	Percentage Increase in Benefit
(as of July 12, 2000)	
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.

-2-

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.

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 Canada Footwear Ltd.	Canada
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 Mexico 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 Europe Limited	England & Wales

All of the subsidiaries listed above are wholly-owned subsidiaries of the Company except Wolverine Europe Limited, which is 95% owned by the Company.

Exhibit 23 -- Consent of Independent Auditors

We consent to the incorporation by reference in the Registration Statements (Form S-8 Nos. 333-106973, 333-67462, 333-93563, 333-49523, 33-63689, 33-55213, 33-64854, 33-23195, 33-23196, 333-88898 and 333-97917) pertaining to various plans of Wolverine World Wide, Inc. of our report dated February 4, 2004, with respect to the consolidated financial statements and schedule of Wolverine World Wide, Inc. and subsidiaries included in the Annual Report (Form 10-K) for the year ended January 3, 2004.

/s/ Ernst & Young LLP

Grand Rapids, Michigan
March 12, 2004

EXHIBIT 24

POWER OF ATTORNEY

The undersigned, in his or her capacity as a director or officer, or both, as the case may be, of Wolverine World Wide, Inc., does hereby appoint TIMOTHY J. O'DONOVAN; STEPHEN L. GULIS, JR.; BLAKE W. KRUEGER; JAMES D. ZWIERS; and JEFFREY A. OTT, or any of them, his or her attorneys or attorney, with full power of substitution, to execute in his or her name an Annual Report of Wolverine World Wide, Inc. on Form 10-K for its fiscal year ended January 3, 2004, and any amendments to that report, and to file it or them with the Securities and Exchange Commission. Each attorney shall have power and authority to do and perform in the name and on behalf of the undersigned, in any and all capacities, every act to be done in the premises as fully and to all intents and purposes as the undersigned could do in person, and the undersigned hereby ratifies and approves the acts of such attorneys.

Date

January 17, 2004

Signature

/s/ Phillip D. Matthews

Phillip D. Matthews

POWER OF ATTORNEY

The undersigned, in his or her capacity as a director or officer, or both, as the case may be, of Wolverine World Wide, Inc., does hereby appoint TIMOTHY J. O'DONOVAN; STEPHEN L. GULIS, JR.; BLAKE W. KRUEGER; JAMES D. ZWIERS; and JEFFREY A. OTT, or any of them, his or her attorneys or attorney, with full power of substitution, to execute in his or her name an Annual Report of Wolverine World Wide, Inc. on Form 10-K for its fiscal year ended January 3, 2004, and any amendments to that report, and to file it or them with the Securities and Exchange Commission. Each attorney shall have power and authority to do and perform in the name and on behalf of the undersigned, in any and all capacities, every act to be done in the premises as fully and to all intents and purposes as the undersigned could do in person, and the undersigned hereby ratifies and approves the acts of such attorneys.

Date

January 17, 2004

Signature

/s/ Geoffrey B. Bloom

Geoffrey B. Bloom

POWER OF ATTORNEY

The undersigned, in his or her capacity as a director or officer, or both, as the case may be, of Wolverine World Wide, Inc., does hereby appoint TIMOTHY J. O'DONOVAN; STEPHEN L. GULIS, JR.; BLAKE W. KRUEGER; JAMES D. ZWIERS; and JEFFREY A. OTT, or any of them, his or her attorneys or attorney, with full power of substitution, to execute in his or her name an Annual Report of Wolverine World Wide, Inc. on Form 10-K for its fiscal year ended January 3, 2004, 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, 2004	/s/ Donald V. Fites
	_____ Donald V. Fites

POWER OF ATTORNEY

The undersigned, in his or her capacity as a director or officer, or both, as the case may be, of Wolverine World Wide, Inc., does hereby appoint TIMOTHY J. O'DONOVAN; STEPHEN L. GULIS, JR.; BLAKE W. KRUEGER; JAMES D. ZWIERS; and JEFFREY A. OTT, or any of them, his or her attorneys or attorney, with full power of substitution, to execute in his or her name an Annual Report of Wolverine World Wide, Inc. on Form 10-K for its fiscal year ended January 3, 2004, 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, 2004	/s/ Alberto L. Grimoldi
	_____ Alberto L. Grimoldi

POWER OF ATTORNEY

The undersigned, in his or her capacity as a director or officer, or both, as the case may be, of Wolverine World Wide, Inc., does hereby appoint TIMOTHY J. O'DONOVAN; STEPHEN L. GULIS, JR.; BLAKE W. KRUEGER; JAMES D. ZWIERS; and JEFFREY A. OTT, or any of them, his or her attorneys or attorney, with full power of substitution, to execute in his or her name an Annual Report of Wolverine World Wide, Inc. on Form 10-K for its fiscal year ended January 3, 2004, 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 17, 2004	/s/ David T. Kollat

David T. Kollat

POWER OF ATTORNEY

The undersigned, in his or her capacity as a director or officer, or both, as the case may be, of Wolverine World Wide, Inc., does hereby appoint TIMOTHY J. O'DONOVAN; STEPHEN L. GULIS, JR.; BLAKE W. KRUEGER; JAMES D. ZWIERS; and JEFFREY A. OTT, or any of them, his or her attorneys or attorney, with full power of substitution, to execute in his or her name an Annual Report of Wolverine World Wide, Inc. on Form 10-K for its fiscal year ended January 3, 2004, 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 18, 2004	/s/ David P. Mehney

David P. Mehney

POWER OF ATTORNEY

The undersigned, in his or her capacity as a director or officer, or both, as the case may be, of Wolverine World Wide, Inc., does hereby appoint TIMOTHY J. O'DONOVAN; STEPHEN L. GULIS, JR.; BLAKE W. KRUEGER; JAMES D. ZWIERS; and JEFFREY A. OTT, or any of them, his or her attorneys or attorney, with full power of substitution, to execute in his or her name an Annual Report of Wolverine World Wide, Inc. on Form 10-K for its fiscal year ended January 3, 2004, 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
February 19, 2004

Signature
/s/ Joseph A. Parini

Joseph A. Parini

POWER OF ATTORNEY

The undersigned, in his or her capacity as a director or officer, or both, as the case may be, of Wolverine World Wide, Inc., does hereby appoint TIMOTHY J. O'DONOVAN; STEPHEN L. GULIS, JR.; BLAKE W. KRUEGER; JAMES D. ZWIERS; and JEFFREY A. OTT, or any of them, his or her attorneys or attorney, with full power of substitution, to execute in his or her name an Annual Report of Wolverine World Wide, Inc. on Form 10-K for its fiscal year ended January 3, 2004, and any amendments to that report, and to file it or them with the Securities and Exchange Commission. Each attorney shall have power and authority to do and perform in the name and on behalf of the undersigned, in any and all capacities, every act to be done in the premises as fully and to all intents and purposes as the undersigned could do in person, and the undersigned hereby ratifies and approves the acts of such attorneys.

Date
January 20, 2004

Signature
/s/ Brenda J. Lauderback

Brenda J. Lauderback

POWER OF ATTORNEY

The undersigned, in his or her capacity as a director or officer, or both, as the case may be, of Wolverine World Wide, Inc., does hereby appoint TIMOTHY J. O'DONOVAN; STEPHEN L. GULIS, JR.; BLAKE W. KRUEGER; JAMES D. ZWIERS; and JEFFREY A. OTT, or any of them, his or her attorneys or attorney, with full power of substitution, to execute in his or her name an Annual Report of

Wolverine World Wide, Inc. on Form 10-K for its fiscal year ended January 3, 2004, and any amendments to that report, and to file it or them with the Securities and Exchange Commission. Each attorney shall have power and authority to do and perform in the name and on behalf of the undersigned, in any and all capacities, every act to be done in the premises as fully and to all intents and purposes as the undersigned could do in person, and the undersigned hereby ratifies and approves the acts of such attorneys.

Date

January 22, 2004

Signature

/s/ Elizabeth A. Sanders

Elizabeth A. Sanders

POWER OF ATTORNEY

The undersigned, in his or her capacity as a director or officer, or both, as the case may be, of Wolverine World Wide, Inc., does hereby appoint TIMOTHY J. O'DONOVAN; STEPHEN L. GULIS, JR.; BLAKE W. KRUEGER; JAMES D. ZWIERS; and JEFFREY A. OTT, or any of them, his or her attorneys or attorney, with full power of substitution, to execute in his or her name an Annual Report of Wolverine World Wide, Inc. on Form 10-K for its fiscal year ended January 3, 2004, and any amendments to that report, and to file it or them with the Securities and Exchange Commission. Each attorney shall have power and authority to do and perform in the name and on behalf of the undersigned, in any and all capacities, every act to be done in the premises as fully and to all intents and purposes as the undersigned could do in person, and the undersigned hereby ratifies and approves the acts of such attorneys.

Date

January 17, 2004

Signature

/s/ Paul D. Schrage

Paul D. Schrage

Exhibit 31.1

CERTIFICATIONS

I, Timothy J. O'Donovan, certify that:

1. I have reviewed this annual report on Form 10-K of Wolverine World Wide, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) 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) 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
 - (c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 16, 2004

/s/ Timothy J. O'Donovan
Timothy J. O'Donovan
President and Chief Executive Officer
Wolverine World Wide, Inc.

Exhibit 31.2

CERTIFICATIONS

I, Stephen L. Gulis, Jr., certify that:

1. I have reviewed this annual report on Form 10-K of Wolverine World Wide, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) 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) 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
 - (c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 16, 2004

/s/ Stephen L. Gulis, Jr.

Stephen L. Gulis, Jr.

Executive Vice President, Chief Financial

Officer and Treasurer

Wolverine World Wide, Inc.

Exhibit 32

CERTIFICATION

Solely for the purpose of complying with 18 U.S.C. § 1350, each of the undersigned hereby certifies in his capacity as an officer of Wolverine World Wide, Inc. (the "Company") that the Annual Report of the Company on Form 10-K for the accounting period ended January 3, 2004 fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934 and that information contained in such report fairly presents, in all material respects, the financial condition of the Company at the end of such period and the results of operations of the Company for such period.

/s/ Timothy J. O'Donovan

Timothy J. O'Donovan
President and Chief Executive Officer

/s/ Stephen L. Gulis, Jr.

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