

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934
For the third twelve week accounting period ended September 7, 2002

OR

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

38-1185150

(State or Other Jurisdiction of Incorporation or Organization)

(IRS Employer Identification No.)

9341 Courtland Drive, Rockford, Michigan

49351

(Address of Principal Executive Offices)

(Zip Code)

(616) 866-5500

(Registrant's Telephone Number, Including Area Code)

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 No

Indicate the number of shares outstanding of each of the issuer's classes of common stock as of the latest practicable date.

There were 45,797,911 shares of Common Stock, \$1 par value, outstanding as of October 10, 2002, of which 5,295,292 shares are held as Treasury Stock.

FORWARD-LOOKING STATEMENTS

This report 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 including, without limitation, statements in Part 1, Item 2 regarding the Company's financial condition, liquidity and capital resources and statements in Part 1, Item 3 regarding market risk. 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 such 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 including the severity of the continued weakness in the U.S. economy; the size and growth of footwear markets; service interruptions at shipping and receiving ports including the current interruptions at West Coast Ports in the

U.S.; 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; the ability to retain rights to brands licensed by the Company; loss of significant customers; dependence on international distributors and licensees; the Company's ability to meet at-once orders; the risk of doing business in developing countries and economically volatile areas; and domestic and international terrorism and war. Additionally, the terrorist attacks on September 11, 2001, the continuing war on terrorism 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 Risk Factors could have a material adverse impact on the Company's financial condition and results of operations as well as the footwear and retail industries generally. These matters are representative of the Risk Factors that could cause a difference between an ultimate actual outcome and a forward-looking statement. Historical operating results are not necessarily indicative of the results that may be expected in the future. The Risk Factors included here are not exhaustive. Other Risk Factors exist, and new Risk Factors emerge from time-to-time, that may cause actual results to differ materially from those contained in any forward-looking statements. Given these risks and uncertainties, investors should not place undue reliance on forward-looking statements as a prediction of actual results. Furthermore, the Company undertakes no obligation to update, amend or clarify forward-looking statements, whether as a result of new information, future events or otherwise.

PART I. FINANCIAL INFORMATION

ITEM 1. Financial Statements

**WOLVERINE WORLD WIDE, INC. AND SUBSIDIARIES
CONSOLIDATED CONDENSED BALANCE SHEETS**

(Thousands of dollars)

	September 7, 2002 (Unaudited)	December 29, 2001 (Audited)	September 8, 2001 (Unaudited)
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	\$ 10,634	\$ 35,820	\$ 2,934
Accounts receivable, less allowances			
September 7, 2002 - \$10,607			
December 29, 2001 - \$7,382			
September 8, 2001 - \$6,739	190,962	152,330	184,640
Inventories:			
Finished products	169,237	151,612	155,262
Raw materials and work in process	19,600	25,429	30,203
	<u>188,837</u>	<u>177,041</u>	<u>185,465</u>
Other current assets	9,506	9,611	10,574
TOTAL CURRENT ASSETS	399,939	374,802	383,613
PROPERTY, PLANT & EQUIPMENT			
Gross cost	222,720	213,549	211,457
Less accumulated depreciation	125,828	114,555	113,137

	96,892	98,994	98,320
OTHER ASSETS			
Goodwill	28,737	12,685	12,358
Other	57,713	56,960	56,659
	<u>86,450</u>	<u>69,645</u>	<u>69,017</u>
TOTAL ASSETS	<u>\$ 583,281</u>	<u>\$ 543,441</u>	<u>\$ 550,950</u>

See notes to consolidated condensed financial statements

WOLVERINE WORLD WIDE, INC. AND SUBSIDIARIES
CONSOLIDATED CONDENSED BALANCE SHEETS - Continued

(Thousands of dollars, except share data)

	September 7, 2002 (Unaudited)	December 29, 2001 (Audited)	September 8, 2001 (Unaudited)
LIABILITIES AND STOCKHOLDERS' EQUITY			
CURRENT LIABILITIES			
Notes payable	\$ -	\$ 90	\$ 2,340
Accounts payable and other accrued liabilities	79,523	59,401	54,037
Current maturities of long-term debt	15,030	15,030	4,316
TOTAL CURRENT LIABILITIES	<u>94,553</u>	<u>74,521</u>	<u>60,693</u>
LONG-TERM DEBT (less current maturities)	87,537	75,818	115,574
OTHER NONCURRENT LIABILITIES	16,796	19,187	15,753
MINORITY INTEREST	60		
STOCKHOLDERS' EQUITY			
Common Stock - par value \$1, authorized 80,000,000 shares; shares issued (including shares in treasury):			
September 7, 2002 - 45,788,370 shares			
December 29, 2001 - 45,413,788 shares			
September 8, 2001 - 45,397,804 shares	45,788	45,414	45,398
Additional paid-in capital	90,492	86,534	84,761
Retained earnings	324,165	298,755	284,376
Accumulated other comprehensive loss	(951)	(4,109)	(3,253)
Unearned compensation	(4,379)	(4,649)	(5,716)
Cost of shares in treasury:			
September 7, 2002 - 5,299,598 shares			
December 29, 2001 - 3,857,988 shares			

September 8, 2001 - 3,757,003 shares	(70,780)	(48,030)	(46,636)
TOTAL STOCKHOLDERS' EQUITY	384,335	373,915	358,930
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 583,281	\$ 543,441	\$ 550,950

() - Denotes deduction.
See notes to consolidated condensed financial statements

WOLVERINE WORLD WIDE, INC. AND SUBSIDIARIES
CONSOLIDATED CONDENSED STATEMENTS
OF OPERATIONS

(Thousands of dollars, except shares and per share data)
(Unaudited)

	12 Weeks Ended		36 Weeks Ended	
	September 7, 2002	September 8, 2001	September 7, 2002	September 8, 2001
NET SALES AND OTHER OPERATING INCOME	\$ 219,197	\$ 186,175	\$ 565,750	\$ 496,097
Cost of products sold	141,179	118,377	364,009	319,704
GROSS MARGIN	78,018	67,798	201,741	176,393
Selling and administrative expenses	53,428	44,129	150,816	127,091
OPERATING INCOME	24,590	23,669	50,925	49,302
OTHER EXPENSES (INCOME):				
Interest expense	1,641	1,831	4,820	5,121
Interest income	(89)	(34)	(154)	(207)
Other - net	75	106	163	140
	1,627	1,903	4,829	5,054
EARNINGS BEFORE INCOME TAXES AND MINORITY INTEREST	22,963	21,766	46,096	44,248
Income taxes	7,561	7,402	15,192	15,046

EARNINGS BEFORE MINORITY INTEREST		15,402		14,364		30,904		29,202
Minority interest		(60)		-		(60)		-
NET EARNINGS	\$	15,342	\$	14,364	\$	30,844	\$	29,202
NET EARNINGS PER SHARE:								
Basic	\$	.38	\$	.35	\$	.76	\$	.72
Diluted	\$	.37	\$	.34	\$	.73	\$	.69
CASH DIVIDENDS PER SHARE	\$	.045	\$	.040	\$	.135	\$	.120
SHARES USED FOR NET EARNINGS PER SHARE COMPUTATION:								
Basic		40,084,219		40,750,889		40,575,077		40,734,582
Diluted		41,454,530		42,657,456		42,157,450		42,561,694

See notes to consolidated condensed financial statements

WOLVERINE WORLD WIDE, INC. AND SUBSIDIARIES

CONSOLIDATED CONDENSED STATEMENTS OF STOCKHOLDERS' EQUITY

(Thousands of dollars, except share data)
(Unaudited)

	Common Stock	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Gain (Loss)	Unearned Compensation	Cost of Shares in Treasury	Total
Balances at December 29, 2001	\$ 45,414	\$ 86,534	\$ 298,755	\$ (4,109)	\$ (4,649)	\$ (48,030)	\$ 373,915
Net earnings			30,844				30,844
Dividends			(5,434)				(5,434)
Purchase of 1,575,670 shares of common stock for treasury						(24,442)	(24,442)
Issuance of 134,060 shares of treasury stock held in trust		384				1,692	2,076
Issuance of common stock under stock incentive plans	374	3,721			(1,987)		2,108
Net change in notes							

receivable			(147)						(147)		
Amortization of unearned compensation								2,257	2,257		
Foreign currency translation adjustments							3,158		3,158		
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Balances at September 7, 2002	\$	45,788	\$	90,492	\$	324,165	\$	(951)	\$ (4,379)	\$ (70,780)	\$ 384,335
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See notes to consolidated condensed financial statements

WOLVERINE WORLD WIDE, INC. AND SUBSIDIARIES
CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS
(Thousands of dollars)
(Unaudited)

	36 Weeks Ended	
	September 7, 2002	September 8, 2001
OPERATING ACTIVITIES		
Net earnings	\$ 30,844	\$ 29,202
Adjustments necessary to reconcile net earnings to net cash provided by operating activities:		
Depreciation	11,956	11,780
Amortization	443	1,100
Other	2,454	(3,404)
Changes in operating assets and liabilities:		
Accounts receivable	(40,498)	(22,683)
Inventories	3,160	(41,273)
Other assets	470	1,846
Accounts payable and other accrued liabilities	15,765	5,245
	<hr/>	<hr/>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	25,984	(18,187)
INVESTING ACTIVITIES		
Business acquisitions, net of cash acquired	(26,626)	-
Additions to property, plant and equipment	(8,476)	(7,665)

Other	218	230
NET CASH USED IN INVESTING ACTIVITIES	(34,884)	(7,435)
FINANCING ACTIVITIES		
Proceeds from long-term debt	73,550	105,000
Payments of long-term debt	(61,831)	(77,304)
Net change in short-term debt	(90)	1,444
Cash dividends	(5,434)	(4,984)
Purchase of common stock for treasury	(24,442)	(7,751)
Proceeds from shares issued under stock incentive plans	1,961	3,717
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	(16,286)	20,122
DECREASE IN CASH AND CASH EQUIVALENTS	(25,186)	(5,500)
Cash and cash equivalents at beginning of the period	35,820	8,434
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	\$ 10,634	\$ 2,934

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

WOLVERINE WORLD WIDE, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS
September 7, 2002 and September 8, 2001

1. Basis of Presentation

The accompanying unaudited consolidated condensed financial statements have been prepared in accordance with accounting principles generally accepted in the United States for interim financial information and with the instructions to Form 10-Q and Rule 10-01 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by accounting principles generally accepted in the United States for complete financial statements. In the opinion of management, all adjustments (consisting solely of normal recurring accruals) considered necessary for fair presentation have been included in the accompanying financial statements. For further information, refer to the consolidated financial statements and footnotes included in the Company's Annual Report on Form 10-K for the fiscal year ended December 29, 2001. Certain amounts previously reported in 2001 have been reclassified to conform with the presentation used in 2002.

2. Fluctuations

The Company's sales are seasonal. Seasonal sales patterns and the fact that the fourth quarter has sixteen or seventeen weeks as compared to twelve weeks in each of the first three quarters can cause significant differences in sales and earnings from quarter to quarter. These differences, however, have followed a consistent pattern each year.

3. Net Earnings Per Share

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

	12 Weeks Ended		36 Weeks Ended	
	September 7, 2002	September 8, 2001	September 7, 2002	September 8, 2001
Weighted average shares outstanding	40,841,681	41,577,056	41,353,709	41,575,668

Adjustment for nonvested common stock	(757,462)	(826,167)	(778,632)	(814,086)
Denominator for basic earnings per share	40,084,219	40,750,889	40,575,077	40,734,582
Effect of dilutive stock options	612,848	1,080,400	803,741	986,026
Adjustment for nonvested common stock	757,462	826,167	778,632	841,086
Denominator for diluted earnings per share	41,454,530	42,657,456	42,157,450	42,561,694

4. Comprehensive Income (Loss)

Total comprehensive income was \$17,375,000 and \$34,002,000 for the 12-week and 36-week periods ended September 7, 2002, respectively and \$14,785,000 and \$28,481,000, for the 12-week and 36-week periods ended September 8, 2001, respectively. In addition to net earnings, comprehensive income included foreign currency translation gains of \$2,033,000 and \$3,158,000 for the 12-week and 36-week periods ended September 7, 2002, respectively, and foreign currency translation gains of \$421,000 and losses of \$721,000 for the 12-week and 36-week periods ended September 8, 2001, respectively.

WOLVERINE WORLD WIDE, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS September 7, 2002 and September 8, 2001

5. Business Segments

The Company has one reportable segment that is engaged in the manufacture and marketing of branded footwear to the retail sector, including casual shoes, slippers, moccasins, dress shoes, boots, uniform shoes, work shoes and performance outdoor footwear. Revenues of this segment are derived from the sale of branded footwear products to external customers and the Company's retail division 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 table consist of the Company's retail, apparel and accessory licensing, tannery and pigskin procurement operations. The Company operated 65 domestic retail stores at September 7, 2002 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 and license the Company's brands.

There have been no changes in the way the Company measures segment profits or in its basis of determining business segments.

Business segment information is as follows (thousands of dollars):

	Branded Footwear	Other Businesses	Corporate	Consolidated
12 weeks ended September 7, 2002				
Net sales and other operating income				
from external customers	\$ 200,272	\$ 18,925		\$ 219,197
Intersegment sales	5,983	940		6,923
Earnings (loss) before income taxes and minority interest	25,528	1,459	\$ (4,024)	22,963
36 weeks ended September 7, 2002				
Net sales and other operating income				

from external customers	\$ 509,153	\$ 56,597		\$ 565,750
Intersegment sales	16,428	2,529		18,957
Earnings (loss) before income taxes and minority interest	51,340	3,575	\$ (8,819)	46,096

12 weeks ended September 8, 2001

Net sales and other operating income				
from external customers	\$ 169,773	\$ 16,402		\$ 186,175
Intersegment sales	4,883	1,077		5,960
Earnings (loss) before income taxes and minority interest	23,191	832	\$ (2,257)	21,766

36 weeks ended September 8, 2001

Net sales and other operating income				
from external customers	\$ 444,265	\$ 51,832		\$ 496,097
Intersegment sales	12,675	3,773		16,448
Earnings (loss) before income taxes and minority interest	47,288	3,532	\$ (6,572)	44,248

WOLVERINE WORLD WIDE, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS
September 7, 2002 and September 8, 2001

6. 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. The Company's estimate of the fair values of these financial instruments approximates their carrying amounts at September 7, 2002 and September 8, 2001. 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.

In fiscal 2001, the Company adopted Statement of Financial Accounting Standards (SFAS) No. 133, *Accounting for Derivative Instruments and Hedging Activities* as amended by SFAS Nos. 137 and 138. These statements require that all derivative instruments be recorded on the balance sheet at fair value and establish criteria for designation and effectiveness of hedging relationships. The Company utilizes limited foreign currency forward exchange contracts to manage the volatility associated with foreign currency purchases in the normal course of business. At September 7, 2002, foreign exchange contracts with a notional value of \$10,381,000 were outstanding to purchase various currencies (principally U.S. dollars) with maturities ranging up to 10 months. These contracts were not designated as accounting hedges. The adoption of SFAS No. 133 did not have a material effect on the Company's 2001 net earnings or financial position.

The Company does not require collateral or other security on trade accounts receivable.

The earnings associated with the Company's investment in certain foreign subsidiaries are considered to be permanently invested. Accordingly, no provision for income taxes has been provided.

7. Goodwill and Other Intangible Assets

In June 2001, the Financial Accounting Standards Board issued SFAS No. 142, *Goodwill and Other Intangible Assets*, effective for the Company in fiscal 2002. Under the new rules, goodwill and intangible assets deemed to have indefinite lives are no longer amortized but will be subject to impairment tests at least annually in accordance with SFAS No. 142. Other intangible assets will continue to be amortized over their contractual lives. Estimated aggregate amortization expense for such intangibles for each of the five succeeding fiscal years is expected to approximate \$160,000 annually.

The Company applied the new rules on accounting for goodwill and other intangible assets beginning in the first quarter of 2002. Application of the nonamortization provisions of SFAS No. 142 in the 2001 third quarter and 2001 year-to-date would have resulted in an increase in net earnings of \$168,000 (\$0.004 per share) and \$505,000 (\$0.012 per share), respectively. The Company has performed the first of the required impairment tests of goodwill as of the first day of fiscal 2002 and has determined that there was no initial effect of these tests on the earnings and financial position of the Company. Such impairment tests are expected to be completed again in the 2002 fourth quarter and annually thereafter, or more frequently

if impairment indicators arise.

WOLVERINE WORLD WIDE, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS
September 7, 2002 and September 8, 2001

8. Business Acquisitions

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 and fixed assets totaling approximately \$22,298,000 from Overland Group Limited of London, England and assumed liabilities of approximately \$10,876,000. Cash and other consideration of \$27,068,000 was remitted for the acquisition, resulting in goodwill of \$15,646,000 after preliminary allocation of the purchase price to the assets acquired and liabilities assumed based on their estimated fair values at the date of acquisition. Any adjustments to this preliminary allocation will result in a corresponding increase or decrease in goodwill. 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 the Overland Group, the Company's consolidated pro forma net sales and other operating income for the third quarter and year-to-date of 2001 assuming the acquisition occurred at the beginning of 2001, would have included approximately \$20.4 million and \$48.5 million, respectively, from the acquired business for a total of \$206.6 million and \$544.6 million, respectively. Consolidated pro forma net sales and other operating income for the 2002 year-to-date period 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 the 2002 and 2001 third quarter and year-to-date periods assuming the transaction occurred at the beginning of these periods 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 \$1,342,000 were acquired from certain former Merrell® distributors for cash and the assumption of liabilities totaling \$2,219,000. Goodwill of \$877,000 was recognized as of the purchase date. Consolidated pro forma net sales and other operating income and net earnings in 2001 assuming the transaction occurred at the beginning of the year are not materially different from reported amounts.

ITEM 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Results of Operations - Comparisons of the 12 Weeks and 36 Weeks Ended September 7, 2002 (2002 third quarter and 2002 year-to-date, respectively) to the 12 Weeks and 36 Weeks Ended September 8, 2001 (2001 third quarter and 2001 year-to-date, respectively)

Net sales and other operating income of \$219.2 million for the 2002 third quarter exceeded the 2001 third quarter level of \$186.2 million by \$33.0 million (17.7%) and 2002 year-to-date net sales and other operating income of \$565.8 million exceeded the 2001 year-to-date level of \$496.1 million by \$69.7 million (14.0%), of which approximately 12.4% was related to the European acquisitions discussed in Note 8 to the financial statements. On a combined basis, net sales and other operating income for the Company's branded footwear businesses, consisting of The Hush Puppies Company, the Wolverine Slipper Group, the Wolverine Footwear Group (comprised of the Wolverine®, HYTEST®, Stanley®, Bates® and Harley-Davidson® brands), the Merrell® Performance Footwear Group and the CAT® Footwear Group, increased \$30.5 million (18.0%) for the 2002 third quarter and \$64.9 million (14.6%) for 2002 year-to-date as compared to the respective periods of 2001. The Company's other business units, consisting of Hush Puppies Retail, Apparel and Accessory Licensing, Wolverine Leathers and Wolverine Procurement, reported an increase in net sales and other operating income of \$2.5 million (15.4%) for the 2002 third quarter and \$4.8 million (9.2%) for 2002 year-to-date as compared to the respective periods of 2001.

The Hush Puppies Company reported an increase in net sales and other operating income of \$5.9 million in the 2002 third quarter and a \$2.2 million increase for 2002 year-to-date when compared to 2001. Hush Puppies U.S. improved net sales for the first time in several quarters due to increased retail distribution and strong retail reorders. Both Hush Puppies U. K. and Hush Puppies Canada 2002 third quarter and year-to-date net sales and other operating income increased as compared to the same periods in 2001 due to improved product offerings and heightened consumer demand.

The Wolverine Slipper Group's 2002 third quarter net sales and other operating income increased \$0.6 million over the third quarter of 2001. However, 2002 year-to-date net sales and other operating income is lower by \$3.2 million compared to the same period in 2001 as a result of a decrease in non-seasonal shipments and increased returns related to inventory adjustments made by wholesale customers in the beginning of 2002.

The Wolverine Footwear Group's net sales and other operating income decreased \$6.0 million and \$7.4 million for the 2002 third quarter and year-to-date, respectively, as compared to the same periods in 2001. The decline in net sales and other operating income was primarily a result of the discontinuance of the U.S. Coleman footwear business and a general softness in the industrial work boot market as a result of layoffs and plant closings in the United States. The Wolverine® and HYTEST® brands experienced reductions in both 2002 third quarter and year-to-date net sales and other operating income as compared to the respective periods in 2001. Offsetting these decreases were strong single digit and double digit increases in net sales and other operating income for the 2002 third quarter and year-to-date compared to the same periods in 2001 by Harley-Davidson® footwear and the Bates® brand, respectively, due to product demand and increased shipments.

Merrell Performance Footwear continued its strong growth, reporting an increase in net sales and other operating income of \$9.6 million and \$32.1 million for the 2002 third quarter and year-to-date, respectively, as compared to the same periods of 2001. The Merrell® U.S. footwear business accounted for approximately half of the increase in net sales and other operating income as a result of strong retail and consumer response to an expanded product offering.

The CAT® Footwear Group recorded a \$22.9 million and \$42.7 million increase in net sales and other operating income for the 2002 third quarter and year-to-date, respectively, as compared to the respective periods of 2001. The European CAT® footwear business, which was acquired in January 2002, accounted for the majority of the increases. The CAT® footwear wholesale business in the U.S. reported an increase for the 2002 third quarter in net sales and other operating income as a result of expanded retail distribution and increased demand for its younger lifestyle product. The remainder of the CAT® international business reported decreases for the 2002 third quarter and 2002 year-to-date in net sales and other operating income as

compared to the same periods of 2001, primarily as a result of adverse economic conditions in South America and Asia.

Within the Company's other business units, Hush Puppies Retail's net sales and other operating income remained flat for both the 2002 third quarter and 2002 year-to-date as compared to the same periods of 2001. The Wolverine Leathers and Wolverine Procurement divisions recorded an increase in 2002 third quarter and 2002 year-to-date net sales and other operating income of \$2.6 million and \$4.7 million, respectively, as compared to the same periods of 2001. The increases relate to both improved demand for Wolverine Performance Leathers™ from external branded footwear companies and third party contract manufacturers that produce footwear under the Company's branded labels.

Gross margin as a percentage of net sales and other operating income for the 2002 third quarter and 2002 year-to-date was 35.6% and 35.7%, respectively, compared to 36.4% and 35.6% for the same periods of 2001. The margin decline in the third quarter was primarily due to refocusing the product line of the Company's newly acquired European entities and the execution of inventory reduction programs designed to reduce investment in working capital. Excluding the European acquisitions, 2002 year-to-date gross margins were 36.2% compared to 35.6% for the 2001 year-to-date, a 60 basis point improvement, reflecting an improved business mix of higher margin lifestyle sales and better pricing on clearance goods. Gross margin dollars increased \$10.2 million or 15.1% for the 2002 third quarter as compared to the same period of 2001 and increased \$25.3 million or 14.4% for the 2002 year-to-date as compared to the same period of 2001. The gross margin percentages for the branded footwear businesses were 35.3% for the 2002 third quarter and 35.5% for 2002 year-to-date as compared to 36.3% and 35.4% for the same periods of 2001, respectively. The gross margin percentage for the other business units increased to 39.2% for the 2002 third quarter from 38.1% for the same period of 2001 due to increased margins from the Wolverine Leather operations. Year-to-date margins for the other business units were 36.8% for 2002 compared to 36.9% for the same period of 2001.

Selling and administrative expenses of \$53.4 million for the 2002 third quarter increased \$9.3 million from the 2001 third quarter level of \$44.1 million and, as a percentage of net sales and other operating income, increased to 24.4% in 2002 compared to 23.7% in the 2001 third quarter. Selling and administrative expenses for 2002 year-to-date of \$150.8 million increased \$23.7 million from \$127.1 million for the same period of 2001 and, as a percentage of net sales and other operating income, increased to 26.7% in 2002 compared to 25.6% for the 2001 year-to-date. The change in the third quarter selling and administrative expenses includes increases of \$5.3 million related to the acquired European entities, \$1.8 million in selling and administration costs primarily to support the growth of the Merrell® and Harley-Davidson® brands and \$0.9 million in additional pension expense. The change in the year-to-date selling and administrative expenses includes increases of \$14.7 million related to the acquired European entities, \$5.9 million in selling and administration costs primarily to support the growth of the Merrell® and Harley-Davidson® brands and \$2.8 million in additional pension expense.

Interest expense for the 2002 third quarter was \$1.6 million, compared to \$1.8 million for the same period of 2001. Interest expense for 2002 and 2001 year-to-date was \$4.8 million and \$5.1 million, respectively. The decreases in interest expense for 2002 third quarter and year-to-date reflect lower average borrowings and lower interest rates on the Company's borrowings under its revolving credit facility as compared to the 2001 respective periods.

The 2002 third quarter and year-to-date effective tax rate of 33.0% compares to 34.0% for the respective periods in the prior year. The decrease in the 2002 effective tax rate from 2001 relates to a higher percentage of income being generated in jurisdictions with lower tax rates.

Net earnings of \$15.3 million for the 2002 third quarter compares to net earnings of \$14.4 million for the same period in 2001. Year-to-date net earnings in 2002 increased to \$30.8 million from \$29.2 million in 2001. Diluted earnings per share were \$0.37 and \$0.73 for the 2002 third quarter and year-to-date, respectively, compared to \$0.34 and \$0.69 for the same periods of 2001, respectively. The nonamortization provisions of SFAS

No. 142 apply to all 2002 results and application of those provisions to results for the 2001 third quarter and year-to-date would have resulted in an increase in net earnings of \$168,000 (\$0.004 per share) and \$505,000 (\$0.012 per share), respectively.

The West Coast ports of the United States have experienced work slowdowns, lock outs and other service interruptions since the expiration of the contract between the Pacific Maritime Association and the International

Longshore and Warehouse Union on July 1, 2002. In anticipation of possible interruptions, the Company took actions in July to reroute product through Vancouver, British Columbia and to date the Company has experienced only minor interruptions. However, even with the invocation of the Taft-Hartley Act on October 8, 2002 requiring the ports to open and members of the union to return to work, continued service interruption at West Coast Ports may result in increased costs or delays of products imported by the Company.

Financial Condition, Liquidity and Capital Resources

Net cash provided by operating activities was \$26.0 million for 2002 year-to-date compared to a use of \$18.2 million for 2001 year-to-date. Cash of \$21.1 million was used in 2002 to fund working capital requirements compared to \$56.9 million used in the same period in 2001, a \$35.8 million improvement.

Accounts receivable of \$191.0 million at September 7, 2002 reflects an increase of \$6.3 million (3.4%) from the balance at September 8, 2001 and an increase of \$38.6 million (25.4%) from the December 29, 2001 balance. The accounts receivable balance at September 7, 2002 was increased by \$18.8 million from the European CAT® footwear business acquisition. Excluding the acquisition, accounts receivable decreased by \$12.5 million (6.8%) from the balance at September 8, 2001 as a result of a focused asset reduction program and increased \$19.8 million (13.0%) from the balance at December 29, 2001 due to seasonal sales trends. No single customer accounts for more than 5% of the outstanding accounts receivable balance at September 7, 2002. Corporate management evaluates the allowance for uncollectible accounts receivable, discounts and stock returns based on a review of current customer status and historical collection experience. At September 7, 2002 and September 8, 2001, management believes that it had provided sufficient reserves to address future collection uncertainties.

Inventories of \$188.8 million at September 7, 2002 reflect an increase of \$3.4 million (1.8%) compared to the balance at September 8, 2001 and an increase of \$11.8 million (6.7%) over the balance at December 29, 2001. The increase in inventories relates primarily to the European CAT® footwear business acquisition, which added \$15.1 million of inventory as of September 7, 2002. Excluding the European acquisitions, inventories decreased 6.4% and 0.9% compared to the balances at September 8, 2001 and December 29, 2001, respectively. As of September 7, 2002, the Company's backlog was 23.5% higher than the prior year's level including adjustments related to the Company's European acquisitions to enhance comparability. The Company values its inventory using actual costs on a last-in, first-out (LIFO) basis for the majority of its inventory and on 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 unsaleable or obsolete inventories based upon assumptions about future demand and market conditions. Inventory quantities are verified at various times throughout the year by performing physical and perpetual inventory cycle count procedures.

Accounts payable and other accrued liabilities of \$79.5 million at September 7, 2002 reflect a \$25.5 million (47.2%) increase over the \$54.0 million balance at September 8, 2001 and a \$20.1 million (33.9%) increase from the \$59.4 million balance at December 29, 2001. The increases in accounts payable and other accrued liabilities compared to both the 2001 third quarter and year-to-date levels were primarily attributable to the European CAT® footwear business acquisition and an increase in reported in-transit inventory.

Additions to property, plant and equipment of \$8.5 million for 2002 year-to-date compare to \$7.7 million reported for the same period of 2001. Depreciation and amortization expense was \$12.4 million for 2002 year-to-date compared to \$12.9 million for the same period of 2001.

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 pertains to the Company's Canadian subsidiary. Of the remaining \$140.0 million facility available to the U.S. operations, \$35.0 million may be utilized by the United Kingdom subsidiaries. The revolving credit facility is used to support working capital requirements. Proceeds from existing credit facilities and cash flows from operations are expected to be sufficient to meet capital needs in the foreseeable future. Any excess cash flows from operations are expected to be used to pay down existing debt, fund growth initiatives and/or repurchase shares of the Company's common stock.

Long-term debt, including current maturities, of \$102.6 million at September 7, 2002 compares to \$119.9 million and \$90.8 million at September 8, 2001 and December 29, 2001, respectively. The decrease in debt at September 7, 2002 as compared to September 8, 2001 was the result of improved operating cash flows that

provided funds to pay down amounts borrowed. The increase as compared to December 29, 2001 was the result of a normal increase in operating cash requirements. The Company had commercial letter-of-credit facilities outstanding and other related commitments of \$37.4 million and \$35.0 million at September 7, 2002 and September 8, 2001, respectively.

Included in other assets are assets held for exchange in the amount of \$5.0 million which represent barter credits that were acquired in exchange for inventories in December of 1997. Such credits are redeemable through 2005 for a percentage of supplies purchased from certain vendors. 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 \$2.9 million have been utilized through September 7, 2002.

In June 2001, the Financial Accounting Standards Board issued SFAS No. 142, *Goodwill and Other Intangible Assets*, effective for the Company in fiscal 2002. The Company applied the new rules on accounting for goodwill and other intangible assets beginning in the first quarter of 2002. The

Company has performed the first of the required impairment tests of goodwill as of the first day of fiscal 2002 and has determined that there was no initial effect of these tests on the earnings and financial position of the Company. Such impairment tests are expected to be completed again in the 2002 fourth quarter and annually thereafter, or more frequently if impairment indicators arise.

The Company has significant pension benefit costs and credits that are developed from actuarial valuations. Inherent in these valuations are key assumptions, including discount rates and expected return 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 defined benefit pension plans, excluding the effect of special termination gains and expenses, increased \$2.8 million for the 2002 year-to-date when compared to the respective period of 2001 due to market conditions and declining interest rates that adversely affected asset values and the Company's discount rate. As a result of these factors, the Company anticipates that pre-tax charges relating to defined benefit pension plans will increase by approximately \$3.8 million (approximately \$0.06 per share) in fiscal 2002 as compared to fiscal 2001 and is estimated to increase by an additional \$7.1 million (approximately \$0.11 per share) in fiscal 2003 as compared to fiscal 2002. Also, based on the market valuation of the pension assets, the Company anticipates that it will be required to record an additional minimum pension liability in the 2002 fourth quarter that will result in approximately a \$27.0 million reduction to the other comprehensive income component of shareholders' equity. This adjustment will have no impact on the net earnings or cash flow of the Company.

Effective October 3, 2000, the Company's Board of Directors approved a common stock repurchase program authorizing the repurchase of up to 2.0 million shares of common stock over 24 months. There were 783,800 shares repurchased during the 2002 third quarter, 1,476,300 shares repurchased year-to-date and 1,971,800 total cumulative shares repurchased under the program through September 7, 2002. Effective August 19, 2002, the Company's Board of Directors approved a new common stock repurchase program authorizing the repurchase of an additional 2.0 million shares of common stock over a 24 month period. 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 transactions, from time to time, depending upon market conditions and other factors.

The 2002 third quarter dividend declared of \$.045 per share of common stock represents a 12.5% increase over the \$.04 per share declared in the 2001 third quarter. The dividend is payable November 1, 2002 to stockholders of record on October 1, 2002.

On January 16, 2002, the Company acquired, through a newly formed subsidiary, Wolverine Europe Limited, certain assets totaling \$22.3 million and assumed certain liabilities of \$10.9 million of the European CAT® footwear business from Overland Group Limited of London, England, for cash and other consideration of \$27.1 million, resulting in preliminary goodwill of \$15.6 million after preliminary allocation of the purchase price to the assets acquired and liabilities assumed based on their estimated fair values at the date of acquisition. On October 17, 2001, the Company acquired, through a newly formed subsidiary, Merrell Europe BV, assets from certain European distributors for cash and other consideration of \$2.2 million. While subject to external factors, management believes that future net sales and other operating income could be positively impacted as a result of this acquisition activity. These acquisitions are discussed further in Note 8 to the financial statements in Item 1 above.

The current ratio was 4.2 to 1.0 for the 2002 third quarter compared with 6.3 to 1.0 for the same period of 2001. The Company's total debt to total capital ratio decreased to 0.21 to 1.0 for the 2002 third quarter from 0.25 to 1.0 for the same period of 2001.

ITEM 3. Quantitative and Qualitative Disclosures about Market Risk

The information concerning quantitative and qualitative disclosures about market risk contained in the Company's Form 10-K Annual Report for its fiscal year ended December 29, 2001, is incorporated herein by reference.

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 Form 10-Q Quarterly 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.

The methods used by the Company to manage its primary market risk exposures, as described in the sections of its annual report incorporated herein by reference in response to this item, have not changed materially during the current year. As of the date of this Form 10-Q Quarterly Report, the Company does not expect to change its methods used to manage its market risk exposures in the near term. However, the Company may change those methods in the future to adapt to changes in circumstances or to implement new techniques.

The Company's market risk exposure is mainly comprised of its vulnerability to changes in foreign currency exchange rates and interest rates. Prevailing rates and rate relationships in the future will be primarily determined by market factors that are outside of the Company's control. All information provided in response to this item consists of forward-looking statements. Reference is made to the section captioned "Forward-Looking Statements" at the beginning of this document for a discussion of the limitations on the Company's responsibility for such statements.

ITEM 4. Controls and Procedures

Within 90 days prior to the date of filing this report, 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 in timely alerting them to material information relating to the Company (including its consolidated subsidiaries) required to be included in the Company's periodic filing with the Securities and Exchange Commission. There have been no significant changes in the Company's internal controls or in other factors that could significantly affect internal controls subsequent to the time of such evaluation.

PART II. OTHER INFORMATION

ITEM 6. Exhibits and Reports on Form 8-K

(a) Exhibits. The following documents are filed as exhibits to this report on Form 10-Q:

<u>Exhibit Number</u>	<u>Document</u>
3.1	Certificate of Incorporation, as amended (re-filed without change).
3.2	Amended and Restated By-laws.
4.1	Second Amendment dated as of August 30, 2002 to the Credit Agreement dated as of May 29, 2001.
4.2	Amended and Restated By-laws. See Exhibit 3.2 above.
10.1	Amended and Restated Stock Option Loan Program.

(b) Reports on Form 8-K. The following report on Form 8-K was filed during the period covered by this report:

<u>Date</u>	<u>Items Reported</u>	<u>Financial Statements</u>
August 19, 2002	Items 7, 9	None

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

WOLVERINE WORLD WIDE, INC.
AND SUBSIDIARIES

October 22, 2002

/s/ Timothy J. O'Donovan

Date

Timothy J. O'Donovan
President and Chief Executive Officer
(Duly Authorized Signatory for Registrant)

October 22, 2002

/s/ Stephen L. Gulis, Jr.

Date

Stephen L. Gulis, Jr.
Executive Vice President, Chief Financial Officer and
Treasurer
(Principal Financial Officer and Duly Authorized
Signatory for Registrant)

CERTIFICATIONS

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

1. I have reviewed this quarterly report on Form 10-Q of Wolverine World Wide, Inc.;
2. Based on my knowledge, this quarterly 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 quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly 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 quarterly report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:
 - a) designed such disclosure controls and procedures 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 quarterly report is being prepared;
 - b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and
 - c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

- a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and
6. The registrant's other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: October 22, 2002

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

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

1. I have reviewed this quarterly report on Form 10-Q of Wolverine World Wide, Inc.;
2. Based on my knowledge, this quarterly 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 quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly 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 quarterly report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:
 - a) designed such disclosure controls and procedures 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 quarterly report is being prepared;
 - b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and
 - c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

- a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

20

- b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: October 22, 2002

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

21

EXHIBIT INDEX

<u>Exhibit Number</u>	<u>Document</u>
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4.2	Amended and Restated By-laws. See Exhibit 3.2 above.
10.1	Amended and Restated Stock Option Loan Program.

EXHIBIT 3.1

CERTIFICATE OF INCORPORATION
OF
WOLVERINE WORLD WIDE, INC.

 FIRST. The name of the corporation is

WOLVERINE WORLD WIDE, INC.

 SECOND. The address of its registered office in the State of Delaware is No. 100 West Tenth Street, in the City of Wilmington, County of New Castle. The name of its registered agent at such address is The Corporation Trust Company.

 THIRD. The nature of the business or purposes to be conducted or promoted by the corporation is to engage in any lawful act or activity for which the corporations may be organized under the General Corporation Law of the State of Delaware, as amended from time to time.

 FOURTH. The total number of shares which the corporation shall have Authority to issue and have outstanding is Eighty-Two Million (82,000,000) shares, of which Two Million (2,000,000) shares shall be Preferred Stock, par value One Dollar (\$1) per share, and Eighty Million (80,000,000) shares shall be Common Stock, par value One Dollar (\$1) per share.

The Board of Directors is authorized to cause Preferred Stock, \$1 par value, to be issued from time to time in one or more series, with such voting powers, full or limited, or no voting powers, and such designations, provisions, and relative, participating, preferential or other special rights and qualifications, limitations or restrictions thereof, as shall be stated and expressed in the resolution or resolutions providing for the issue of such stock adopted by the Board of Directors. The Board of Directors is expressly authorized to adopt such resolution or resolutions and issue such stock from time to time as may seem desirable.

The authorized shares of Common Stock of the par value of \$1 per share are all of one class with equal voting powers, and each such share shall be equal to every other such share.

 FIFTH. The name and mailing address of the Incorporator are as follows:

Name	Mailing Address
B. J. Consono	100 West Tenth Street Wilmington, Delaware

 SIXTH. The name and mailing address of each person who is to serve as a director until the first annual meeting of the stockholders or until a successor is elected and qualified, are as follows:

Name	Mailing Address
Ray R. Eppert	9341 Courtland Drive, N.E. Rockford, Michigan 49341
E. Vincent Erickson	9341 Courtland Drive, N.E. Rockford, Michigan 49341
C. Robert Evenson	9341 Courtland Drive, N.E. Rockford, Michigan 49341
Gordon C. Krause	9341 Courtland Drive, N.E. Rockford, Michigan 49341

Jack A. Krause	9341 Courtland Drive, N.E. Rockford, Michigan 49341
Richard H. Krause	9341 Courtland Drive, N.E. Rockford, Michigan 49341
Louis J. Schaefer	9341 Courtland Drive, N.E. Rockford, Michigan 49341
Dr. Alfred L. Seelye	9341 Courtland Drive, N.E. Rockford, Michigan 49341
J. Austen Wood	9341 Courtland Drive, N.E. Rockford, Michigan 49341

Subsequent elections of directors need not be by ballot unless the By-Laws of the corporation shall so provide.

 SEVENTH. The corporation is to have perpetual existence.

-2-

 EIGHTH. The Board of Directors shall have the power, at any regular or special meeting at which a quorum is present, by the affirmative vote of a majority of the whole Board:

 To make, alter or repeal the By-Laws of the corporation.

 To authorize and cause to be executed mortgages and liens upon the real and personal property of the corporation.

 To set apart out of any of the funds of the corporation available for dividends a reserve or reserves for any proper purpose and to abolish any such reserve in the manner in which it was created.

 To designate one or more committees, each committee to consist of two or more of the directors of the corporation, which, to the extent provided in the resolution or in the By-Laws of the corporation, shall have and may exercise the powers of the Board of Directors in the management of the business and affairs of the corporation, and may authorize the seal of the corporation to be affixed to all papers which may require it. Such committee or committees shall have such name or names as may be stated in the By-Laws of the corporation or as may be determined from time to time by resolution adopted by the Board of Directors.

 NINTH. (a) Any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the corporation) by reason of the fact that he is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, may be indemnified by the corporation against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful.

-3-

(b) Any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the corporation to procure a judgment in its favor by reason of the fact that he is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise may be indemnified by the corporation against expenses (including attorneys' fees) actually and reasonably incurred by him in connection with the defense or settlement of such action or suit if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the corporation and except that no indemnification shall be made in respect of any claim, issue or

matter as to which such person shall have been adjudged to be liable for negligence or misconduct in the performance of his duty to the corporation unless and only to the extent that the Court of Chancery of the State of Delaware or the court in which such action or suit was brought shall determine upon application, that despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which the Court of Chancery of the State of Delaware or such other court shall deem proper.

(c) Any indemnification under subsections (a) and (b) of this section (unless ordered by a court) shall be made by the corporation only as authorized in the specific case upon a determination that indemnification of the director, officer, employee or agent is proper in the circumstances because he has met the applicable standard of conduct set forth in subsections (a) and (b) of this section. Such determination shall be made (1) by the Board of Directors by a majority of a quorum consisting of directors who were not parties to such action, suit or proceeding, or (2) if such a quorum is not obtainable, or, even if obtainable a quorum of disinterested directors so directs, by independent legal counsel (who may be the regular counsel of the corporation) in a written opinion, or (3) by the stockholders.

(d) To the extent that a director, officer, employee or agent of the corporation has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in subsections (a) and (b) of this section, or in defense of any claim, issue or matter therein, he shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him in connection therewith.

(e) Expenses incurred in defending a civil or criminal action, suit or proceeding may be paid by the corporation in advance of the final disposition of such action, suit or proceeding as authorized by the Board of Directors in the manner provided in subsection (c) upon receipt of an undertaking by or on behalf of the director, officer, employee or agent to repay such amount unless it shall ultimately be determined that he is entitled to be indemnified by the corporation as authorized in this section.

-4-

(f) The indemnification provided by this section shall not be deemed exclusive of any other rights to which those indemnified may be entitled under any By-Law, agreement, vote of stockholders or disinterested director or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office, and shall continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such a person.

(g) The corporation may purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him and incurred by him in any such capacity, or arising out of his status as such, whether or not the corporation would have the power to indemnify him against such liability under the provisions of this section.

 TENTH. No director of the corporation shall be personally liable to the corporation or its stockholders for monetary damages for breach of fiduciary duty by such director as a director; provided however, that this Article TENTH shall not eliminate or limit the liability of a director to the extent provided by applicable law (i) for any breach of the director's duty of loyalty to the corporation or its stockholder, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) under section 174 of the General Corporation Law of the State of Delaware, or (iv) for any transaction from which the director derived an improper personal benefit. No amendment to or repeal of this Article TENTH shall apply to or have any effect on the liability or alleged liability of any director of the corporation for or with respect to any acts or omissions of such director occurring prior to such amendment or repeal.

-5-

EXHIBIT 3.2

AMENDED AND RESTATED

BY-LAWS

OF

WOLVERINE WORLD WIDE, INC.

Adopted and effective as of October 3, 2002

ARTICLE I

OFFICES

Section 1. The corporation's principal office shall be in the City of Rockford, County of Kent, State of Michigan.

Section 2. The corporation's principal office and place of business in Delaware shall be its registered office in Delaware as set forth in the Certificate of Incorporation.

Section 3. The corporation may also have offices at such other places, both within and without the States of Michigan and Delaware as the Board of Directors may from time to time determine or the business of the corporation may require.

ARTICLE II

MEETINGS OF STOCKHOLDERS

Section 1. All meetings of the stockholders shall be held, except as otherwise provided by statute or these By-Laws, at such time and place as may be fixed from time to time by the Board of Directors. Meetings of stockholders may be held within or without the State of Delaware as shall be stated in the notice of the meeting or in a duly executed waiver of notice thereof.

Section 2. Annual meetings of the stockholders shall be held each year at such time and on such business day in the month of April as may be designated by the Board of Directors, or if no such designation is made, at 10:00 a.m. local time on the last Thursday in April, or if that day is a legal holiday, then on the next succeeding business day at such time as shall be stated in the notice of the meeting. Annual meetings shall be held to elect by a plurality vote successors to those members of the Board of Directors whose terms expire at the meeting and to transact only such other business as may be properly brought before the meeting in accordance with these By-Laws.

Notwithstanding anything in the By-Laws to the contrary, no business shall be conducted at the annual meeting except in accordance with the procedures set forth in Section 4 of Article II, provided, that nothing in Section 4 of Article II shall be considered to preclude discussion by any stockholder of any business properly brought before the annual meeting.

The Chairman of an annual meeting shall, if the facts warrant, determine and declare to the meeting that business was not properly brought before the meeting in accordance with the provisions of Section 4 of Article II, and if he should so determine, he shall so declare to the meeting and any such business not properly brought before the meeting shall not be transacted.

Section 3. Special meetings of the stockholders may be called by the Board of Directors, or by the Chief Executive Officer, or upon the written request of stockholders holding in the aggregate at least forty (40) percentum of the issued and outstanding capital stock of the corporation entitled to vote on the business to be transacted at such meeting, delivered to such officer. Such stockholder request shall state the purpose or purposes of the proposed meeting. The meetings shall be held on a date fixed by the Board of Directors or the Chief Executive Officer, or in the case of a stockholder request, on a date determined by the Secretary. In the event the Secretary questions the propriety of any meeting requested by stockholders, such request shall be submitted to the Board of Directors at its next meeting, and the determination of the Board as to such propriety shall be final. No special meeting of stockholders shall be called for the purpose of removing a director or directors, for electing directors, or for amending the By-Laws of the corporation, such matters to be considered only at the annual meeting of stockholder, PROVIDED, HOWEVER, that a special meeting of stockholders may be called for the purpose of removing a director for cause, such term to be as defined under Delaware law, provided further that such cause is set forth in the request for meeting.

Section 4. Except as otherwise provided by statute, the corporation's Certificate of Incorporation or these By-Laws:

(a) No matter may be presented for stockholder action at an annual or special meeting of stockholders unless such matter is: (i) specified in the notice of the meeting (or any supplement to the notice) given by or at the direction of the Board of Directors; (ii) otherwise presented at the meeting by or at the direction of the Board of Directors; (iii) properly presented for action at the meeting by a stockholder in accordance with the notice provisions set forth in this Section and any other applicable requirements; or (iv) a procedural matter presented, or accepted for presentation, by the Chairman in his sole discretion.

(b) For a matter to be properly presented by a stockholder, the stockholder must have given timely notice of the matter in writing to the Secretary of the Corporation. To be timely, the notice must be delivered to or mailed to and received at the principal executive offices of the Corporation not less than 120 calendar days prior to the date

corresponding to the date of the Corporation's proxy statement or notice of meeting released to stockholders in connection with the last preceding annual meeting of stockholders in the case of an annual meeting (unless the Corporation did not hold an annual meeting within the last year, or if the date of the upcoming annual meeting changed by more than 30 days from the date of the last preceding meeting, then the notice must be delivered or mailed and received not more than ten days after the earlier of the date of the notice of the meeting or public disclosure of the date of the meeting), and not more than ten days after the earlier of the date of the notice of the meeting or public disclosure of the date of the meeting in the case of a special meeting. The notice by the stockholder must set forth: (i) a brief description of the matter the stockholder desires to present for stockholder action; (ii) the name and record address of the stockholder proposing the matter for stockholder action; (iii) the class and number of shares of capital stock of the Corporation that are beneficially owned by the stockholder; and (iv) any material interest of the stockholder in the matter proposed for stockholder action. For purposes of this Section, "public disclosure" means disclosure in a press release reported by the Dow Jones News Service, Associated Press or other comparable national financial news service or in a document publicly filed by the Corporation with the Securities and Exchange Commission pursuant to Section 13, 14 or 15 of the Securities Exchange Act of 1934, as amended.

(c) Except to the extent that a stockholder proposal submitted pursuant to this Section is not made available at the time of mailing, the notice of the purposes of the meeting shall include the name and address of and the number of shares of the voting security held by the proponent of each stockholder proposal.

(d) Notwithstanding the above, if the stockholder desires to require the Corporation to include the stockholder's proposal in the Corporation's proxy materials, matters and proposals submitted for inclusion in the Corporation's proxy materials shall be governed by the solicitation rules and regulations of the Securities Exchange Act of 1934, as amended, including without limitation Rule 14a-8.

Section 5. Written notice of all meetings of stockholders, stating the time, place and in the case of special meetings, the purpose or purposes thereof, shall be given to each stockholder entitled to vote thereat, at least ten (10) days before the date fixed for the meeting.

Section 6. The officer who has charge of the stock ledger of the corporation shall prepare and make, at least ten (10) days before every meeting of stockholders, a complete list of the stockholders entitled to vote at the meeting, arranged in alphabetical order, showing the address of and the number of shares registered in the name of each stockholder. Such list shall be open

to the examination of any stockholder, for any purpose germane to the meeting, during ordinary business hours, for a period of at least ten (10) days prior to the meeting, either at a place within the city where the meeting is to be held and which place shall be specified in the notice of the meeting, or, if not so specified, at the place where said meeting is to be held, and the list shall be produced and kept at the time and place of the meeting during the whole time thereof, and may be inspected by any stockholder who is present.

Section 7. The holders of a majority of the stock issued and outstanding and entitled to vote thereat, present in person or represented by proxy, shall constitute a quorum at all meetings of the stockholders for the transaction of business, except as otherwise provided by statute or by the Certificate of Incorporation. If, however, such quorum shall not be present or represented at any meeting of the stockholders, the presiding chairman of the meeting shall have the power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present or represented. At such adjourned meetings at which a quorum shall be present or represented, any business may be transacted which might have been transacted at the meeting as originally notified.

Section 8. Except as otherwise set forth in Section 1(f) of Article III hereunder, when a quorum is present at any meeting, the vote of the holders of a majority of the stock having voting power present in person or represented by proxy shall decide any question brought before such meeting, unless the question is one upon which by express provision of the statutes or of the Certificate of Incorporation, a different vote is required, in which case such express provision shall govern and control the decision of such question.

Section 9. Except as otherwise provided by the Certificate of Incorporation or the resolution or resolutions of the Board of Directors creating any class of stock, each stockholder shall at every meeting of the stockholders be entitled to one vote in person or by proxy for each share of the capital stock having voting power held by such stockholder.

Section 10. Meetings of stockholders generally shall follow accepted rules of parliamentary procedure, subject to the following:

(a) The chairman of the meeting shall have absolute authority over matters of procedure, and there shall be no appeal from the ruling of the chairman. If, in his absolute discretion, the chairman deems it advisable to dispense with the rules of parliamentary procedure as to any one meeting of stockholders or part thereof, he shall so state and shall clearly state the rules under which the meeting or appropriate part thereof shall be conducted.

(b) If disorder should arise which prevents the continuation of the legitimate business of the meeting, the chairman may quit the chair and announce the adjournment of the meeting; and upon his so doing, the meeting is immediately adjourned.

(c) The chairman may ask or require that anyone not a bona fide stockholder or proxy leave the meeting.

(d) A resolution or motion shall be considered for vote only if proposed by a stockholder or a duly authorized proxy and seconded by a stockholder or a duly authorized proxy other than the individual who proposed the resolution or motion.

Section 11. At or prior to any meeting of stockholders, the Board of Directors, or, if the Board of Directors shall have taken no action with respect thereto, the chairman of the meeting, may appoint one or more inspectors to act at the meeting or any adjournment thereof. In case any person appointed as inspector fails to appear or act, the vacancy may be filled by appointment made by the person presiding at the meeting or entitled to preside at the adjourned meeting. Each inspector, before entering upon the discharge of his duties, shall take and sign an oath faithfully to execute the duties of inspector at such meeting with strict impartiality and according to the best of his ability.

Section 12. The Secretary of the corporation shall furnish the inspectors with a certificate setting forth the number of shares outstanding and entitled to vote, the voting power of each, the number of shares required to make a quorum and the number of shares required to be voted on any issue presented to the meeting if more than a simple majority of the quorum present. The inspectors shall determine the shares represented at the meeting, the existence of a quorum, the validity and effect of proxies, and shall receive votes, ballots or consents, hear and determine all challenges and questions arising in connection with the right to vote, count and tabulate all votes, ballots or consents, determine the results and do such acts as are proper to conduct the election or vote with fairness to all shareholders. On request of the person presiding at the meeting or any shareholder entitled to vote thereat, the inspectors shall make a report in writing of any challenge, question or matter determined by them. The inspectors shall execute a certificate of the results of the election or vote found by them. Any report or certificate made by them shall be prima facie evidence of the facts stated and of the vote as certified by them. In their determination of the validity and effect of proxies, the inspectors shall make such determination, to the extent possible, so as not to disenfranchise any stockholder.

Section 13. The inspectors may employ agents or other persons to assist in their duties. The meetings of the inspectors shall be closed to all persons except as may be requested by the inspectors, provided that the inspectors shall permit a reasonable time after their initial tabulations for the presentation and determination of challenges to the validity and effect of proxies and ballots. In the case of an election contest, whenever the representative of one or more sides is present during the course of the inspectors' duties, a representative of all other sides shall be afforded the opportunity to attend.

Section 14. In the tabulation of votes cast by proxies, it shall not be necessary for proxies to execute a ballot on matters, voting instructions (including no vote) for which are contained on the form of proxy itself, and in the absence of a ballot executed on such proxies, the proxy itself

5

will be deemed a written ballot and tabulated in accordance with the directions contained thereon.

Section 15. The person presiding at a meeting of the stockholders may close the polls after the request for submission of proxies and ballots, upon the temporary adjournment of the meeting called to tabulate the proxies and ballots, or within a reasonable time thereafter. After the polls are closed, no proxy, revocation of proxy or ballot shall be accepted by or considered in the tabulation of proxies and ballots.

Section 16. In the event it becomes necessary to adjourn a meeting of stockholders beyond the day of the scheduled meeting in order to determine the results of any election or vote, said meeting may be adjourned from time to time by the person presiding or entitled to preside, with such meeting to be reconvened at the principal offices of the corporation in Rockford, Michigan. The only matter to be acted upon at such reconvened meeting shall be the acceptance and filing of the report from the inspectors of election.

ARTICLE III

DIRECTORS

Section 1. Directors of the corporation shall be elected, replaced and removed as follows:

(a) Number and Qualification of Directors. The number of directors which shall constitute the whole Board of Directors shall be not less than five (5) persons. Subject to the limit above specified, the number of directors shall be determined from time to time by resolution of the Board of Directors, provided that a vacancy in the Board of Directors need not be filled immediately, and until filled, such lesser number shall constitute the entire Board of Directors. Except as otherwise provided in this Section, directors shall be elected at the annual meeting of the stockholders, and each such director elected shall hold office until the annual meeting for the year in which his or her term expires and until his or her successor is elected. A director need not be a stockholder, a citizen of the United States or a resident of the State of Delaware.

(b) Classification. The Board of Directors shall be divided into three classes, Class I, Class II and Class III. Each class shall consist, as nearly as may be possible, of one-third of the total number of directors constituting the entire Board of Directors. At the 1990 annual meeting of stockholders, Class I directors shall be elected for a one-year term, Class II directors for a two-year term and Class III directors for a three-year term. At each succeeding annual meeting of stockholders, the successors of the class of directors whose term expires at that meeting shall be elected to hold office for a term expiring at the annual meeting of stockholders held in the third year following the year of their election.

6

Notwithstanding the foregoing, whenever the holders of any one or more classes or series of preferred stock shall have the right, voting separately as a class, to elect directors at an annual or special meeting of stockholders, the election, term of

office, filling of vacancies and other features of such directorships shall be governed by the terms of the Certificate of Incorporation applicable thereto, and such directors shall not be divided into classes pursuant to this Section 1(b) of ARTICLE III, and the number of such directors shall not be counted in determining the maximum number of directors permitted under Section 1(a) of ARTICLE III hereof, in each case unless expressly provided by the Certificate of Incorporation.

(c) Vacancies and Newly Created Directorships. Subject to the right of the holders of any series of preferred stock then outstanding, any vacancy occurring in the Board of Directors caused by resignation, removal, death, disqualification or other incapacity, and any newly created directorships resulting from an increase in the number of directors, shall be filled exclusively by a majority vote of the directors then in office, whether or not a quorum and shall not be filled by the stockholders. When the number of directors is changed, any newly created or eliminated directorship shall be so apportioned among the classes of directors as to make all classes as nearly equal in number as possible. Each director chosen to fill a vacancy or a newly created directorship shall hold office for the term coinciding with the class of his or her directorship and until his successor shall be elected and qualify. No decrease in the number of directors constituting the Board of Directors shall shorten the term of any incumbent director.

(d) Removal. Subject to the rights of the holders of any series of preferred stock then outstanding, any or all of the directors may be removed from office at any time, but only for cause.

(e) Resignation. Any director may resign at any time and such resignation shall take effect upon receipt thereof by the Chief Executive Officer or the Secretary unless otherwise specified in the resignation.

(f) Amendment or Repeal. Notwithstanding any other provision of these By-Laws to the contrary, the provisions contained in this Section 1 shall not be amended, altered, modified or repealed, and no provision inconsistent with this Section 1 may be adopted, except upon either (i) the affirmative vote of the holders of not less than two-thirds of the outstanding stock of the corporation entitled to vote in elections of directors or (ii) the affirmative vote of a majority of the whole Board of Directors and the affirmative vote of the holders of a majority of such outstanding stock present in person or represented by proxy at any meeting of stockholders.

7

(g) Nomination of Directors. Subject to the rights of holders of any classes or series of preferred stock then outstanding, only persons who are nominated in accordance with the following procedures shall be eligible for election as Directors. Nomination of persons for election to the Board of the corporation at an annual meeting may be made at the annual meeting of stockholders by or at the direction of the Board of Directors by any nominating committee or person appointed by the Board or by any stockholder of the corporation entitled to vote for the election of Directors at the annual meeting who complies with the notice procedures set forth in this Section 1(g) of Article III. Such nominations, other than those made by or at the direction of the Board, shall be made pursuant to timely notice in writing to the Secretary of the corporation. To be timely, a stockholder's notice shall be delivered to or mailed and received at the principal executive offices of the corporation not less than 50 days nor more than 75 days before the annual meeting; provided, however, that in the event that less than 65 days' notice or prior public disclosure of the date of an annual meeting is given or made to stockholders, notice by the stockholder to be timely must be so received not later than the close of business on the 15th day following the day on which such notice of the date of the meeting was mailed or such public disclosure was made, whichever first occurs. Such stockholder's notice to the Secretary shall set forth (a) as to each person whom the stockholder proposes to nominate for election or re-election as a Director, (i) the name, age, business address and residence address of the person, (ii) the principal occupation or employment of the person, (iii) the class and number of shares of capital stock of the corporation which are beneficially owned by the person and (iv) any other information relating to the person that is required to be disclosed in solicitations for proxies for election of Directors pursuant to Rule 14a under the Securities Exchange Act of 1934, as amended; and (b) as to the stockholder giving the notice (i) the name and record address of stockholder and (ii) the class and number of shares of capital stock of the corporation which are beneficially owned by the stockholder. The corporation may require any proposed nominee to furnish such other information as may reasonably be required by the corporation to determine the eligibility of such proposed nominee to serve as Director of the corporation. No person shall be eligible for election as a Director of the corporation unless nominated in accordance with the procedures set forth herein.

The Chairman of the meeting shall, if the facts warrant, determine and declare to the meeting that a nomination was not made in accordance with the foregoing procedure, and if he should so determine, he shall so declare to the meeting and the defective nomination shall be disregarded.

Section 2. The business of the corporation shall be managed by its Board of Directors, which may exercise all such powers of the corporation and do all such lawful acts and things as are not by statute or by the Certificate of Incorporation or by these By-Laws directed or required to be exercised or done by the stockholders.

8

Meetings of the Board of Directors

Section 3. The Board of Directors of the corporation may hold meetings, both regular and special, either within or without the State of Delaware.

Section 4. The first meeting of each newly elected Board of Directors shall be held following the annual meeting of stockholders, and no notice of such meeting shall be necessary to the newly elected directors in order legally to constitute the meeting, provided a quorum shall be present. In the event such meeting is not held immediately following the annual meeting of stockholders, the meeting may be held at such time

and place as shall be specified in a notice given as hereinafter provided for special meetings of the Board of Directors, or as shall be specified in a written waiver signed by all of the directors.

Section 5. Regular meetings of the Board of Directors may be held without notice at such time and at such place as shall from time to time be determined by the Board.

Section 6. Special meetings of the Board may be called by the Chief Executive Officer or Secretary or by any two (2) directors on two (2) days' notice to each director. Neither the business to be transacted at nor the purpose of any regular or special meeting of the Board of Directors need be specified in the notice of such meeting.

Section 7. At all meetings of the Board a majority of the directors (other than directors elected at that meeting) shall constitute a quorum for the transaction of business, and the act of a majority of the directors present at any meeting at which there is a quorum shall be the act of the Board of Directors, except as may be otherwise specifically provided by statute, the Certificate of Incorporation or these By-Laws. If a quorum shall not be present at any meeting of the Board of Directors, the directors present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present.

Section 8. Unless otherwise restricted by the Certificate of Incorporation or these By-Laws, any action required or permitted to be taken at any meeting of the Board of Directors or of any committee thereof may be taken without a meeting, if a written consent thereto is signed by all members of the Board or of such committee as the case may be, and such written consent is filed with the minutes of proceedings of the Board or committee.

Section 9. The Board of Directors or any committee designated by the Board of Directors may participate in a meeting of such Board, or committee, by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and participation in a meeting pursuant to this section shall constitute presence in person at such meeting.

Committees of Directors

Section 10. The Board of Directors may appoint an Executive Committee whose membership shall consist of such members of the Board of Directors as it may deem advisable from time to time to serve during the pleasure of the Board. The Board of Directors may also appoint directors to serve as alternates for members of the committee in the absence or disability of regular members. The Board of Directors may fill any vacancies as they occur. The Executive Committee shall have and may exercise the powers of the Board of Directors in the management of the business affairs and property of the corporation during the intervals between meetings of the Board of Directors, subject to law and to such limitations and control as the Board of Directors may impose from time to time, except that the Executive Committee shall not, without the express authorization of the Board of Directors:

- (a) Alter or amend the Certificate of Incorporation or the By-Laws;
- (b) Fill vacancies in the membership of the Board of Directors or the Executive Committee;
- (c) Declare dividends;
- (d) Authorize the issuance of stock.

Section 11. The Board of Directors may designate such other committees as it may deem appropriate, and such committees shall exercise the authority delegated to them.

Section 12. Each committee provided for above shall meet as often as its business may require and may fix a day and time each week or at other intervals for regular meetings, notice of which shall not be required. Whenever the day fixed for a meeting shall fall on a holiday, the meeting shall be held on the business day following or on such other day as the committee may determine. Special meetings of the committees may be called by the chairman, and notice thereof may be given to the members by telephone, telegram or letter. A majority of its members shall constitute a quorum for the transaction of the business of any of the committees. A record of the proceedings of each committee shall be kept and presented to the Board of Directors. The chairperson of any of the standing or special committees of the Board of Directors may appoint one or more independent directors to serve as alternates for members of the committee in the absence or disability of regular members.

Compensation of Directors

Section 13. The directors may be paid their expenses, if any, of attendance at each meeting of the Board of Directors and may be paid a fixed sum for attendance at each meeting of the Board of Directors and a stated salary as director. No such payment shall preclude any director from serving the corporation in any other capacity and receiving compensation therefor.

Members of special or standing committees may be allowed like compensation for attending committee meetings.

Consent of Stockholders in Lieu of Meeting

Section 14. In order that the corporation may determine the stockholders entitled to consent to corporate action in writing without a meeting, the Board of Directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is

adopted by the Board of Directors, and which date shall not be more than ten (10) days after the date upon which the resolution fixing the record date is adopted by the Board of Directors. Any stockholders of record seeking to have the stockholders authorize or take corporate action by written consent shall, by written notice to the Secretary, request the Board of Directors to fix a record date. The Board of Directors shall promptly, but in all events within ten (10) days after the date on which such a request is received, adopt a resolution fixing the record date. If no record date has been fixed by the Board of Directors within ten (10) days following the receipt of such a request, the record date for determining stockholders entitled to consent to corporate action in writing without a meeting, when no prior action by the Board of Directors is required by applicable law, shall be the first date on which a signed written consent setting forth the action taken or proposed to be taken is delivered to the corporation by delivery to its registered office in the State of Delaware, its principal place of business, or an officer or agent of the corporation having custody of the book in which proceedings of stockholders meetings are recorded, to the attention of the Secretary of the corporation. Delivery shall be by hand or by certified or registered mail, return receipt requested. If no record date has been fixed by the Board of Directors and prior action by the Board of Directors is required by applicable law, the record date for determining stockholders entitled to consent to corporate action in writing without a meeting shall be at the close of business on the date on which the Board of Directors adopts the resolution taking such prior action.

ARTICLE IV

NOTICES

Section 1. Notices to directors and stockholders shall be in writing and delivered personally or mailed to the directors or stockholders at their addresses appearing on the books of the corporation. Notice by mail shall be deemed to be given at the time when the same shall be mailed. Notice to directors may also be given by telegram, which shall be deemed given at the time when the same shall be sent.

Section 2. Whenever any notice is required to be given under the provisions of the statutes or of the Certificate of Incorporation or by these By-Laws, a waiver thereof in writing, signed by the person or persons entitled to said notice, whether before or after the time stated therein, shall be deemed equivalent thereto. The attendance of a director at a meeting shall constitute a waiver of notice of such meeting, except where a director attends a meeting for the

11

express purpose of objecting to the transaction of any business because the meeting has not been lawfully called or convened.

ARTICLE V

OFFICERS AND CHAIRMAN OF THE BOARD

 nbsp; Section 1. The officers of the corporation and the Chairman of the Board of Directors shall be chosen by the Board of Directors at its first meeting after the annual meeting of stockholders, or as soon as practicable after the annual election of directors in each year. The officers of the corporation to be selected by the Board of Directors shall include a Chief Executive Officer, a President, a Secretary and a Treasurer. The Board of Directors may also choose one or more Vice Presidents, one or more Assistant Secretaries and Assistant Treasurers, and such other officers as the Board of Directors may from time to time determine. Any two or more offices, except those of Chief Executive Officer and Vice President, or Chief Executive Officer and Secretary, may be held by the same person.

Section 2. The Chairman of the Board of Directors, the Chief Executive Officer and the President shall be selected from among the members of the Board of Directors. No other officer need be a member of the Board of Directors.

Term of Office

Section 3. Each officer and the Chairman of the Board shall hold office at the pleasure of the Board. The Board of Directors may remove any officer or the Chairman of the Board for cause or without cause. Any officer or the Chairman of the Board may resign his or her office at any time, such resignation to take effect upon receipt of written notice thereof by the corporation unless otherwise specified in the resignation. If the office of any officer or the office of Chairman of the Board becomes vacant for any reason, the vacancy may be filled by the Board.

The Chairman of the Board

Section 4. The Chairman of the Board shall, when present, preside at all meetings of the directors and stockholders. He or she shall have such other duties and powers as may be imposed or given by the Board but shall not be an officer or executive officer of the corporation.

The Chief Executive Officer

Section 5. The Chief Executive Officer of the corporation shall have general and active management of the business of the corporation, and shall see that all orders and resolutions of the Board of Directors are carried into effect.

12

Section 6. In the event of the absence of the Chairman of the Board, the Chief Executive Officer shall preside at all meetings of the stockholders and of the directors. Except as otherwise herein provided, the Chief Executive Officer shall have the power, subject to the control of the Board of Directors, to appoint or discharge and to prescribe the duties and to fix the compensation of such agents and employees of the corporation as he may deem necessary, including the power to make temporary suspensions or appointments as officers of the corporation, such suspensions or appointments to be made effective only until the next meeting of the Board of Directors or the Executive Committee thereof. The Chief Executive Officer shall be the medium of communication to the Board of all matters presented for their consideration by persons other than

the directors themselves. He or she shall be the direct representative of the Board of Directors and, subject to the Board of Directors, shall have the final control of the affairs and policy of the corporation. He or she shall be the arbiter of all differences between officers of the corporation, and his decision shall be final and binding, subject only to review by the Board of Directors of the corporation. He or she shall do and perform such other duties as may be assigned to him by the Board of Directors.

Vice Presidents

Section 7. Each Vice President shall have such title and powers and perform such duties as may be assigned to him from time to time by the Chief Executive Officer or the Board of Directors.

The Secretary

Section 8. The Secretary shall attend all meetings of the Board and of the stockholders and record all votes and the minutes of all proceedings in a book to be kept for that purpose, and shall perform like duties for committees when required. He or she shall give, or cause to be given, notice of all meetings of the stockholders and meetings of the Board of Directors, and shall perform such other duties as may be prescribed by the Board of Directors or the Chief Executive Officer. He or she shall keep in safe custody the seal of the corporation and shall have authority to affix the same to all instruments where its use is required or appropriate.

The Treasurer

Section 9. The Treasurer shall have the custody of the corporate funds and securities, except as otherwise provided by the Board, and shall cause to be kept full and accurate accounts of receipts and disbursements in books belonging to the corporation and shall deposit all moneys and other valuable effects in the name and to the credit of the corporation in such depositories as may be designated by the Board of Directors. He or she shall disburse the funds of the corporation as may be ordered by the Board, taking proper vouchers for such disbursements, and shall render to the Chief Executive Officer and the directors, at the regular meetings of the Board, or whenever they may require it, an account of all his transactions as Treasurer and of the financial condition of the corporation.

13

Other Officers

Section 10. There may be elected one or more Assistant Secretaries and Assistant Treasurers who may, in the absence, disability or nonfeasance of the Secretary or Treasurer, perform the duties and exercise the powers of such persons respectively.

Section 11. All other officers, as may from time to time be appointed by the Board of Directors pursuant to this Article shall perform such duties and exercise such authority as the Board of Directors shall prescribe.

Section 12. In the case of the absence of any officer, or for any other reason that the Board may deem sufficient, the Chief Executive Officer or the Board may delegate for the time being the powers or duties of such officer to any other person.

Executive Officers

Section 13. The Chief Executive Officer, President, Secretary and Treasurer, together with such other officers specifically designated by the Board, shall be known as executive officers and shall have all the usual powers and shall perform all the usual duties incident to their respective offices, and shall in addition perform such other duties as shall be assigned to them from time to time by the Board of Directors.

Officer Salaries

Section 14. The salaries of all corporate officers appointed by the Board of Directors shall be fixed by the Compensation Committee of the Board of Directors.

ARTICLE VI

SUBSIDIARIES AND DIVISIONS

Section 1. The Board of Directors or the Chief Executive Officer may, as they shall deem necessary, designate certain individuals as divisional officers. Any titles given to divisional officers may be withdrawn at any time, with or without cause, by the Board of Directors or the Chief Executive Officer. A divisional officer may, but need not be, a director or an executive officer of the corporation. All divisional officers shall perform such duties and exercise such authority as the Board of Directors or the Chief Executive Officer shall prescribe.

Section 2. The Board of Directors or the Chief Executive Officer may vote the shares of stock owned by the corporation in any subsidiary, whether wholly or partly owned by the corporation, in such manner as they may deem in the best interests of the corporation, including, without limitation, for the election of directors of any such subsidiary corporation, or for any amendments to the charter or by-laws of any such subsidiary corporation, or for the liquidation,

14

merger, or sale of assets of any such subsidiary corporation. The Board of Directors or the Chief Executive Officer may cause to be elected to the board of directors of any such subsidiary corporation such persons as they shall designate, any of whom may, but need not be, directors, executive officers, or other employees or agents of the corporation. The Board of Directors or the Chief Executive Officer may instruct the directors of any such subsidiary corporation as to the manner in which they are to vote upon any issue properly coming before them as the

directors of such subsidiary corporation, and such directors shall have no liability to the corporation as the result of any action taken in accordance with such instructions.

Section 3. Divisional officers, and the officers of any subsidiary corporation, shall not, by virtue of holding such title and position, be deemed to be officers of the corporation, nor shall any such divisional officer or officer of a subsidiary corporation, unless he shall also be a director or officer of the corporation, be entitled to have access to any files, records or other information relating or pertaining to the corporation, its business and finances, or to attend or receive the minutes of any meetings of the Board of Directors or any committee of the corporation, except as and to the extent authorized and permitted by the Board of Directors or the Chief Executive Officer.

ARTICLE VII

CERTIFICATES OF STOCK

Section 1. Every holder of stock in the corporation shall be entitled to have a certificate, signed by, or in the name of the corporation by, the Chief Executive Officer, President or a Vice President and the Treasurer or an Assistant Treasurer, or the Secretary or an Assistant Secretary of the corporation, certifying the number of shares owned by such stockholder in the corporation.

Section 2. Where a certificate is signed (1) by a transfer agent or an assistant transfer agent, or (2) by a transfer clerk acting on behalf of the corporation and a registrar, the signature of any such Chief Executive Officer, President, Vice President, Treasurer, Assistant Treasurer, Secretary or Assistant Secretary may be facsimile. In case any officer, transfer agent or registrar who has signed, or whose facsimile signature has been placed upon a certificate, shall have ceased to be such officer, transfer agent or registrar before such certificate is issued, it may be issued by the corporation with the same effect as if he were such officer, transfer agent or registrar at the date of issue.

Lost Certificates

Section 3. The Board of Directors may direct a new certificate or certificates to be issued in place of any certificate or certificates theretofore issued by the corporation alleged to have been lost or destroyed, upon the making of an affidavit of that fact by the person claiming the certificate of stock to be lost or destroyed. When authorizing such issue of a new certificate or certificates, the Board of Directors may, in its discretion and as a condition precedent to the

15

issuance thereof, require the owner of such lost or destroyed certificate or certificates, or his legal representative, to give the corporation a bond in such sum as it may direct as indemnity against any claim that may be made against the corporation with respect to the certificate alleged to have been lost or destroyed.

Transfers of Stock

Section 4. Upon surrender to the corporation or the transfer agent of the corporation of a certificate for shares duly endorsed or accompanied by proper evidence of succession, assignment or authority to transfer, it shall be the duty of the corporation to issue a new certificate to the person entitled thereto, cancel the old certificate and record the transaction upon its books.

Record Dates

Section 5. The Board of Directors may fix in advance a date, not exceeding sixty (60) days, but not less than ten (10) days preceding the date of any meeting of stockholders, or the date for the payment of any dividend, or the date for the allotment of rights, or the date when any change or conversion or exchange of capital stock shall go into effect, or a date in connection with obtaining such consent, as a record date for the determination of the stockholders entitled to notice of, and to vote at, any such meeting, and any adjournment thereof, or entitled to receive payment of any such dividend, or to any such allotment of rights, or to exercise the rights in respect of any such change, conversion or exchange of capital stock, or to give such consent, and in such case such stockholders and only such stockholders as shall be stockholders of record on the date so fixed shall be entitled to such notice of, and to vote at, such meeting, and any adjournment thereof, or to receive payment of such dividend, or to receive such allotment of rights, or to exercise such rights, or to give such consent, as the case may be, notwithstanding any transfer of any stock on the books of the corporation after any such record date fixed as aforesaid.

Registered Stockholders

Section 6. The corporation shall be entitled to recognize the exclusive rights of a person registered on its books as the owner of shares to receive dividends, and to vote as such owner, and shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of the State of Delaware.

16

ARTICLE VIII

GENERAL PROVISIONS

Dividends

Section 1. Dividends upon the capital stock of the corporation, subject to the provisions of the Certificate of Incorporation, if any, may be declared by the Board of Directors at any regular or special meeting, pursuant to law. Dividends may be paid in cash, in property, or in shares of the capital stock, subject to the provisions of the Certificate of Incorporation.

Section 2. Before payment of any dividend, there may be set aside out of any funds in the corporation, available for dividends such sum or sums as the directors from time to time, in their absolute discretion, think proper as a reserve or reserves to meet contingencies, or for equalizing dividends, or for repairing or maintaining any property of the corporation, or for such other purpose as the directors shall think conducive to the interest of the corporation, and the directors may modify or abolish any such reserve in the manner in which it was created.

Checks

Section 3. All checks or demands for money and notes of the corporation shall be signed by such officer or officers or such other person or persons as the Board of Directors may from time to time designate.

Fiscal Year

Section 4. The fiscal year of the corporation shall be fixed by resolution of the Board of Directors.

Seal

Section 5. The corporate seal shall have inscribed thereon the name of the corporation, and the words "Corporate Seal, Delaware." The seal may be used by causing it or a facsimile thereof to be impressed or affixed or reproduced or otherwise.

Voting Securities

Section 6. Unless otherwise directed by the Board, the Chief Executive Officer shall have full power and authority on behalf of the corporation to attend and to act and to vote, or to execute in the name or on behalf of the corporation a proxy authorizing an agent or attorney-in-fact for the corporation to attend and vote at any meetings of security holders of corporations in which the corporation may hold securities, and at such meetings the Chief Executive Officer or his or her duly authorized agent or attorney-in-fact shall possess and may exercise any and all rights and powers incident to the ownership of such securities and which, as

17

the owner thereof, the corporation might have possessed and exercised if present. The Board by resolution from time to time may confer like power upon any other person or persons.

ARTICLE IX

AMENDMENTS

Section 1. These By-Laws may be amended, altered, changed, added to or repealed at any regular meeting of the stockholders or of the Board of Directors or at any special meeting of the Board of Directors.

ARTICLE X

INDEMNIFICATION

The Corporation shall, to the fullest extent permitted by Section 145 of the General Corporation Law of Delaware, as the same may be amended and supplemented, indemnify any and all persons whom it shall have power to indemnify under said section from and against any and all of the expenses, liabilities or other matters referred to in or covered by said section, and the indemnification provided for herein shall not be deemed exclusive of any other rights to which those indemnified may be entitled under any By-Law, agreement, vote of stockholders or disinterested directors or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office, and shall continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such a person.

18



EXHIBIT 4.1

SECOND AMENDMENT TO CREDIT AGREEMENT

THIS SECOND AMENDMENT TO CREDIT AGREEMENT, dated as of August 30, 2002 (this "Amendment"), is among WOLVERINE WORLD WIDE, INC., a Delaware corporation (the "Company"), the Foreign Subsidiary Borrowers (collectively with the Company, the "Borrowers" and each a "Borrower"), the lenders party hereto from time to time (collectively, the "Banks" and, individually, a "Bank"), Bank One, Michigan, a Michigan banking corporation, as Agent, Harris Trust and Savings Bank, as syndication agent (in such capacity, the "Syndication Agent") and Comerica Bank, as documentation agent (in such capacity, the "Documentation Agent").

RECITAL

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

TERMS

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

**ARTICLE 1.
AMENDMENTS**

The Credit Agreement is amended as follows:

1.1 Section 3.7(a) is restated as follows:

(a) Amount of Swing Line Loans. On any Business Day during the period from the Effective Date until the earlier of December 31, 2002 or the date all U.S./U.K. Banks are able to lend to the U.K. Borrowers without being subject to any withholding taxes in the U.K. (the "Full Participation Date"), any U.S./U.K. Borrower may request the Agent to make, and the Agent may, in its sole discretion, make, Swing Line Loans in any permitted Agreed Currencies requested by such U.S./U.K. Borrower from time to time in an aggregate principal amount outstanding at any one time not to exceed the U.S. Dollar Amount of \$20,000,000. Beginning on the Full Participation Date and continuing until the Termination Date, any U.S./U.K. Borrower may request the Agent to make, and the Agent may, in its sole discretion, make, Swing Line Loans in any permitted Agreed Currencies requested by such U.S./U.K. Borrower from time to time in an aggregate principal amount outstanding at any one time not to exceed the U.S. Dollar Amount of \$10,000,000. Notwithstanding the preceding two sentences of this Section 3.7(a), the U.S. Dollar Amount of the Aggregate Outstanding U.S./U.K. Credit Exposure shall not at any time exceed the Aggregate U.S./U.K. Revolving Commitments. Within the limits of this Section 3.7, so long as the Agent, in its sole discretion, elects to make, or arrange for Swing Line Loans, the U.S./U.K. Borrowers may borrow and reborrow under this Section 3.7.

**ARTICLE 2.
REPRESENTATIONS**

Each Borrower, including without limitation the New Foreign Subsidiary Borrowers, represents and warrants to the Agent and the Banks that:

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

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

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

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

**ARTICLE 3.
CONDITIONS PRECEDENT.**

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

**ARTICLE 4.
MISCELLANEOUS.**

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

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

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

2

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

WOLVERINE WORLD WIDE, INC.

By: /s/ S. Gulis Jr.

Its: EVP - CFO

HUSH PUPPIES CANADA FOOTWEAR, LTD.

By: /s/ S. Gulis Jr.

Its: Director and Authorized Officer

HUSH PUPPIES (U.K.) LTD.

By: /s/ S. Gulis Jr.

Its: Director and Authorized Officer

MERRELL (EUROPE) LIMITED

By: /s/ S. Gulis Jr.

Its: Authorized Officer

WOLVERINE EUROPE B.V.

By: /s/ S. Gulis Jr.

Its: Director

WOLVERINE EUROPE LIMITED

By: /s/ NP Ottenwess

Its: Director

WOLVERINE WORLD WIDE
EUROPE LIMITED

By: /s/ NP Ottenwess

3

Its: Director

4

BANK ONE, NA, as successor by merger to Bank
One, Michigan, as a Bank and as Agent

By: /s/ Glenn A. Currin

Glenn A. Currin
Its: Managing Director

5

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

By: /s/ Kirby M. Law

Kirby M. Law
Its: Vice President

COMERICA BANK,
as a Bank and as Documentation Agent

By: /s/ Dan M. Roman

Dan M. Roman

Its: First Vice President

STANDARD FEDERAL BANK N.A., formerly
known as Michigan National Bank

By:

Its:

NATIONAL CITY BANK OF
MICHIGAN/ILLINOIS

By: /s/ William C. Goodhue

William C. Goodhue
Its: Senior Vice President

FIFTH THIRD BANK, formerly known as Old
Kent Bank

By: /s/ David A. Foote

David A. Foote
Its: Vice President

BANK ONE, NA, CANADA BRANCH

By: /s/ Glenn A. Currin

Glenn A. Currin
Its: Managing Director

EXHIBIT 10.1

WOLVERINE WORLD WIDE, INC.

STOCK OPTION LOAN PROGRAM

(Revisions Effective July 30, 2002)

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

1. Only those Participants whose cumulative options are 500 shares or more are eligible. Also, you will become eligible under the loan program if you receive a later option grant which, when added to any prior options received, puts you up to the 500 share minimum. Executive officers of the Company are not eligible to receive stock option loans, except as permitted by applicable laws or regulations.
 2. "Executive Officers" are those employees of the Company falling within the definition of executive officers as set forth in Section 402(a) of the Sarbanes-Oxley Act of 2002 and related sections of the Securities Exchange Act of 1934 and rulings by the SEC as determined by the Board of Directors from time to time.
 3. Interest Rate - The interest rate, fixed at the commencement of the loan, will be the greater of 6 1/2% per annum or the prime rate offered by Bank One of Chicago, Illinois on the business day prior to the date of commencement. Interest will be billed and payable quarterly (March, June, September and December).
 4. Each loan is repayable over a twelve (12) year period (or until termination of employment, if earlier). During the first five (5) years, payments of interest only are required. After five (5) years, quarterly principal payments of 3 3/4% (15% per year) are required, plus accrued interest, until the loan is repaid. In the event of termination of employment (excluding retirement, death or permanent disability), the unpaid principal and interest is due, in full, within thirty (30) days. Loans may be prepaid without penalty. In the event of retirement, death, or permanent disability, the full-unpaid principal and interest is due within twenty-four (24) months of the date of termination of employment.
 5. The principal of any loan and/or accrued interest may be paid at anytime by surrendering shares of Company stock to the Company. Subject to the requirements in Paragraph 6(c), the surrendered shares may be shares held as collateral for the loan being repaid or other shares held by the Participant; however, all shares surrendered must be fully vested and must have been held by the Participant for six months or more. The surrendered shares will be applied to principal and/or interest at the market value of the shares on the day of such surrender (calculated as the average of the highest and lowest sale prices on the date of surrender or the last preceding trading day if the date of surrender is not a trading day).
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6. Subject to the requirements of Paragraph 6(c), the proceeds of any sale of stock acquired pursuant to a loan must be applied first to the payment of the loan and accrued interest. If any part of the stock is to be sold, a pro-rata portion (shares sold to total pledged) of the loan must be repaid first from the proceeds of the sale.
 7.
 - (a) Collateral of 100% of the stock exercised is required to be pledged for each loan. The original stock pledged may relate only to the loan made against that stock purchase and cannot be used as further security for future loans until the original loan is paid off.
 - (b) If the collateral value of the stock pledged falls below the loan balances for more than three (3) consecutive months, the Participant must either: (i) repay the loan at a rate equal to 2 1/2% of the difference per quarter until no shortfall exists, or (ii) pledge other unencumbered stock to secure the loan shortfall. This is in addition to other required payments.
 - (c) The Participant is not permitted to sell, withdraw, pledge or otherwise dispose of all or any part of the collateral for a loan until deficiency payments in (b) above have been repaid or until, as a result of the repayments and/or an increase in the market value of the underlying stock, the current loan is equal to or less than the current market value of the stock.
 - (d) All loans are full recourse loans and, as permitted by law, the Company may pursue all assets of the Participant, including without limitation wages, bonuses and personal assets, in satisfaction of the loan.

8. Existing stock option loans will, as necessary, convert to the new loan program under the following guidelines.
 - (a) If required principal payments have not yet commenced under the original loan, repayment (principal and interest) will be governed by the new loan program.
 - (b) A new note, if such is deemed necessary by the Company, must be executed.
9. Participants will have the right to receive dividends on the stock and to vote the stock.
10. A promissory note, stock pledge agreement, and assignment of stock certificate to sell stock, in the form supplied by the Company, must be executed at the time of the loan.
11. Loans to Executive Officers and directors outstanding as of July 30, 2002, remain in effect in accordance with their existing terms which may not be amended, renewed or modified in any way unless later permitted by applicable laws and regulations.
12. Executive Officers and directors of the Company are excluded from participating in and receiving new loans under the Stock Option Loan Program only to the extent required to comply with applicable laws or regulations. In the event that such loans are or become permitted to be made to Executive Officers and/or directors of the Company, this plan will be deemed to allow such loans with any limits or restrictions as may be necessary to comply with such laws or regulations as determined by the Board of Directors from time to time.