

WOLVERINE WORLD WIDE INC /DE/

Form 10-Q

July 27, 2016

UNITED STATES
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 second twelve week accounting period ended June 18, 2016

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: 001-06024

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 N.E., 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 by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company) Smaller reporting company

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

Yes No

There were 99,444,918 shares of common stock, \$1 par value, outstanding as of July 15, 2016.

Table of Contents

Table of Contents	
PART I <u>Financial Information</u>	<u>4</u>
Item 1. <u>Financial Statements</u>	<u>4</u>
Item 2. <u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	<u>33</u>
Item 3. <u>Quantitative and Qualitative Disclosures About Market Risk</u>	<u>39</u>
Item 4. <u>Controls and Procedures</u>	<u>39</u>
PART II <u>Other Information</u>	<u>40</u>
Item 1A. <u>Risk Factors</u>	<u>40</u>
Item 2. <u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	<u>40</u>
Item 6. <u>Exhibits</u>	<u>40</u>
<u>Signatures</u>	<u>41</u>

Table of Contents

FORWARD-LOOKING STATEMENTS

This document contains “forward-looking statements,” which are statements relating to future, not past, events. In this context, forward-looking statements often address management’s current beliefs, assumptions, expectations, estimates and projections about future business and financial performance, national, regional or global political, economic and market conditions, and the Company itself. Such statements often contain words such as “anticipates,” “believes,” “estimates,” “expects,” “forecasts,” “intends,” “is likely,” “plans,” “predicts,” “projects,” “should,” “will,” variations of such words and similar expressions. Forward-looking statements, by their nature, address matters that are, to varying degrees, uncertain. Uncertainties that could cause the Company’s performance to differ materially from what is expressed in forward-looking statements include, but are not limited to, the following:

- changes in general economic conditions, employment rates, business conditions, interest rates, tax policies and other factors affecting consumer spending in the markets and regions in which the Company’s products are sold;
- the inability for any reason to effectively compete in global footwear, apparel and consumer-direct markets;
- the inability to maintain positive brand images and anticipate, understand and respond to changing footwear and apparel trends and consumer preferences;
- the inability to effectively manage inventory levels;
- increases or changes in duties, tariffs, quotas or applicable assessments in countries of import and export;
- currency fluctuations and restrictions;
- capacity constraints, production disruptions, quality issues, price increases or other risks associated with foreign sourcing;
- the cost and availability of raw materials, inventories, services and labor for owned and contract manufacturers;
- labor disruptions;
- changes in relationships with, including the loss of, significant wholesale customers;
- the failure of the U.S. Department of Defense to exercise future purchase options or award new contracts, or the cancellation or modification of existing contracts by the Department of Defense or other military purchasers;
- risks related to the significant investment in, and performance of, the Company’s consumer-direct operations;
- risks related to the expanding into new markets and complementary product categories as well as consumer-direct operations;
- the impact of seasonality and unpredictable weather conditions;
- changes in general economic conditions and/or the credit markets on the Company’s distributors, suppliers and customers;
- increase in the Company’s effective tax rates;
- failure of licensees or distributors to meet planned annual sales goals or to make timely payments to the Company;
- the risks of doing business in developing countries, and politically or economically volatile areas;
- the ability to secure and protect owned intellectual property or use licensed intellectual property;
- the impact of regulation, regulatory and legal proceedings and legal compliance risks;
- the inability to attract and retain executive managers and other key employees;
- the potential breach of the Company’s databases, or those of its vendors, which contain certain personal information or payment card data;
- problems affecting the Company’s distribution system, including service interruptions at shipping and receiving ports;
- strategic actions, including new initiatives and ventures, acquisitions and dispositions, and the Company’s success in integrating acquired businesses, and implementing new initiatives and ventures;
- the risk of impairment to goodwill and other acquired intangibles;
- the success of the Company’s consumer-direct realignment initiatives; and
- changes in future pension funding requirements and pension expenses.

These uncertainties could cause a material difference between an actual outcome and a forward-looking statement. The uncertainties included here are not exhaustive and are described in more detail in Part I, Item 1A: “Risk Factors” of the Company’s Annual Report on Form 10-K for the fiscal year ended January 2, 2016 (the “2015 Form 10-K”). Given these risks and uncertainties, investors should not place undue reliance on forward-looking statements as a prediction of actual results. The Company does not undertake an obligation to update, amend or clarify forward-looking

statements, whether as a result of new information, future events or otherwise.

3

Table of Contents

PART I. FINANCIAL INFORMATION

ITEM 1. Financial Statements

WOLVERINE WORLD WIDE, INC. AND SUBSIDIARIES

Consolidated Condensed Statements of Operations and Comprehensive Income

(Unaudited)

	12 Weeks Ended		24 Weeks Ended	
	June 18, 2016	June 20, 2015	June 18, 2016	June 20, 2015
(In millions, except per share data)				
Revenue	\$583.7	\$630.1	\$1,161.3	\$1,261.5
Cost of goods sold	357.1	383.7	702.0	753.7
Restructuring costs	—	—	3.9	—
Gross profit	226.6	246.4	455.4	507.8
Selling, general and administrative expenses	183.0	195.1	367.1	393.9
Restructuring and impairment costs	1.8	3.7	12.5	2.7
Operating profit	41.8	47.6	75.8	111.2
Other expenses:				
Interest expense, net	7.8	9.0	16.3	18.5
Other expense, net	1.1	1.8	1.0	0.8
Total other expenses	8.9	10.8	17.3	19.3
Earnings before income taxes	32.9	36.8	58.5	91.9
Income tax expense	8.8	11.6	16.8	26.6
Net earnings	24.1	25.2	41.7	65.3
Less: net earnings (loss) attributable to noncontrolling interest	0.1	(0.1)	0.3	(0.1)
Net earnings attributable to Wolverine World Wide, Inc.	\$24.0	\$25.3	\$41.4	\$65.4
Net earnings per share (see Note 3):				
Basic	\$0.25	\$0.25	\$0.42	\$0.65
Diluted	\$0.24	\$0.24	\$0.42	\$0.63
Comprehensive income	\$24.2	\$28.4	\$40.1	\$58.6
Less: comprehensive loss attributable to noncontrolling interest	—	(0.2)	(0.1)	(0.4)
Comprehensive income attributable to Wolverine World Wide, Inc.	\$24.2	\$28.6	\$40.2	\$59.0
Cash dividends declared per share	\$0.06	\$0.06	\$0.12	\$0.12

See accompanying notes to consolidated condensed financial statements.

Table of Contents

WOLVERINE WORLD WIDE, INC. AND SUBSIDIARIES

Consolidated Condensed Balance Sheets

(Unaudited)

(In millions, except share data)	June 18, 2016	January 2, 2016	June 20, 2015
ASSETS			
Current assets:			
Cash and cash equivalents	\$221.7	\$194.1	\$220.7
Accounts receivable, less allowances:			
June 18, 2016 – \$43.9			
January 2, 2016 – \$44.4			
June 20, 2015 – \$41.3	312.6	298.9	355.3
Inventories:			
Finished products, net	421.8	448.0	439.2
Raw materials and work-in-process, net	17.5	18.6	13.0
Total inventories	439.3	466.6	452.2
Deferred income taxes	—	—	28.2
Prepaid expenses and other current assets	46.9	54.2	51.6
Total current assets	1,020.5	1,013.8	1,108.0
Property, plant and equipment:			
Gross cost	454.6	431.5	429.3
Accumulated depreciation	(305.3)	(299.9)	(292.0)
Property, plant and equipment, net	149.3	131.6	137.3
Other assets:			
Goodwill	431.9	429.1	436.5
Indefinite-lived intangibles	685.4	685.4	687.9
Amortizable intangibles, net	90.5	97.3	105.3
Deferred income taxes	4.1	3.7	2.9
Other	71.8	73.5	65.1
Total other assets	1,283.7	1,289.0	1,297.7
Total assets	\$2,453.5	\$2,434.4	\$2,543.0

See accompanying notes to consolidated condensed financial statements.

Table of Contents

WOLVERINE WORLD WIDE, INC. AND SUBSIDIARIES

Consolidated Condensed Balance Sheets – continued

(Unaudited)

(In millions, except share data)	June 18, 2016	January 2, 2016	June 20, 2015
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current liabilities:			
Accounts payable	\$172.9	\$199.7	\$202.1
Accrued salaries and wages	26.5	28.5	26.8
Other accrued liabilities	111.9	108.2	116.9
Current maturities of long-term debt	19.7	16.9	45.2
Total current liabilities	331.0	353.3	391.0
Long-term debt, less current maturities	788.3	792.9	776.3
Accrued pension liabilities	110.9	109.6	130.3
Deferred income taxes	175.0	178.6	219.3
Other liabilities	46.3	30.3	27.3
Stockholders' equity:			
Wolverine World Wide, Inc. stockholders' equity:			
Common stock – par value \$1, authorized 320,000,000 shares; shares issued (including shares in treasury):			
June 18, 2016 – 105,468,293 shares			
January 2, 2016 – 103,915,928 shares			
June 20, 2015 – 103,987,155 shares	105.5	103.9	104.0
Additional paid-in capital	86.5	75.9	65.6
Retained earnings	980.5	950.8	905.5
Accumulated other comprehensive loss	(57.3) (56.1) (55.9
Cost of shares in treasury:			
June 18, 2016 – 6,016,471 shares			
January 2, 2016 – 5,457,726 shares			
June 20, 2015 – 861,374 shares	(120.4) (110.8) (24.5
Total Wolverine World Wide, Inc. stockholders' equity	994.8	963.7	994.7
Noncontrolling interest	7.2	6.0	4.1
Total stockholders' equity	1,002.0	969.7	998.8
Total liabilities and stockholders' equity	\$2,453.5	\$2,434.4	\$2,543.0
See accompanying notes to consolidated condensed financial statements.			

Table of Contents

WOLVERINE WORLD WIDE, INC. AND SUBSIDIARIES

Consolidated Condensed Statements of Cash Flow

(Unaudited)

	24 Weeks Ended	
	June 18, 2016	June 20, 2015
(In millions)		
OPERATING ACTIVITIES		
Net earnings	\$41.7	\$65.3
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization	20.3	21.7
Deferred income taxes	(1.6)	(0.1)
Stock-based compensation expense	11.5	14.1
Excess tax benefits from stock-based compensation	(0.1)	(3.8)
Pension contribution	(0.2)	—
Pension and SERP expense	4.8	12.9
Restructuring and impairment costs	16.4	2.7
Cash payments related to restructuring costs	(9.3)	(4.6)
Other	(6.8)	(2.3)
Changes in operating assets and liabilities:		
Accounts receivable	(12.9)	(44.4)
Inventories	27.2	(42.2)
Other operating assets	5.8	16.7
Accounts payable	(30.0)	53.3
Other operating liabilities	6.0	5.6
Net cash provided by operating activities	72.8	94.9
INVESTING ACTIVITIES		
Additions to property, plant and equipment	(28.2)	(15.8)
Investment in joint venture	(0.5)	—
Other	2.7	3.2
Net cash used in investing activities	(26.0)	(12.6)
FINANCING ACTIVITIES		
Payments on long-term debt	(2.8)	(67.7)
Cash dividends paid	(11.8)	(12.3)
Purchase of common stock for treasury	(6.0)	(5.9)
Purchases of shares under employee stock plans	(4.3)	(7.5)
Proceeds from the exercise of stock options	2.2	8.5
Excess tax benefits from stock-based compensation	0.1	3.8
Contributions from noncontrolling interests	1.3	—
Net cash used in financing activities	(21.3)	(81.1)
Effect of foreign exchange rate changes	2.1	(4.3)
Increase (decrease) in cash and cash equivalents	27.6	(3.1)
Cash and cash equivalents at beginning of the year	194.1	223.8
Cash and cash equivalents at end of the period	\$221.7	\$220.7

See accompanying notes to consolidated condensed financial statements.

Table of Contents

WOLVERINE WORLD WIDE, INC. AND SUBSIDIARIES

Notes to Consolidated Condensed Financial Statements

June 18, 2016 and June 20, 2015

(Unaudited)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Wolverine World Wide, Inc. (the “Company”) is a leading global designer, manufacturer and marketer of footwear, apparel and accessories. The Company’s portfolio of owned and licensed brands includes: Bates®, Cat®, Chaco®, Harley-Davidson®, Hush Puppies®, HyTest®, Keds®, Merrell®, Saucony®, Sebago®, Sperry®, Stride Rite® and Wolverine®. Third-party distributors, licensees and joint ventures extend the global reach of the Company’s brand portfolio. The Company also operates a consumer-direct division that markets both its own brands and branded footwear and apparel from other manufacturers, as well as a leathers division that markets Wolverine Performance Leathers™.

Basis of Presentation

The accompanying unaudited consolidated condensed financial statements have been prepared in accordance with accounting principles generally accepted in the United States (“U.S. GAAP”) for interim financial information and with the instructions to the Quarterly Report on Form 10-Q and Rule 10-01 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by U.S. GAAP for a complete presentation of the financial statements. In the opinion of management, all adjustments (consisting 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 2015 Form 10-K.

Revenue Recognition

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

The Company records provisions for estimated sales returns and allowances at the time of sale based on historical rates of returns and allowances and specific identification of outstanding returns not yet received from customers. However, estimates of actual returns and allowances in any future period are inherently uncertain and actual returns and allowances may differ from these estimates. If actual or expected future returns and allowances were significantly greater or less than established reserves, a reduction or increase to net revenues would be recorded in the period this determination was made.

Cost of Goods Sold

Cost of goods sold includes the actual product costs, including inbound freight charges and certain outbound freight charges, purchasing, sourcing, inspection and receiving costs. Warehousing costs are included in selling, general and administrative expenses.

Seasonality

The Company’s business is subject to seasonal influences and the Company’s fiscal year has 12 weeks in each of the first three fiscal quarters and, depending on the fiscal calendar, 16 or 17 weeks in the fourth fiscal quarter. Both of these factors can cause significant differences in revenue, earnings and cash flows from quarter to quarter; however, the differences have followed a consistent pattern in recent years.

Table of Contents

2. NEW ACCOUNTING STANDARDS

The Financial Accounting Standards Board (“FASB”) issued the following Accounting Standards Updates (“ASU”) that have been adopted by the Company during fiscal 2016. The following is a summary of the effect of adoption of these new standards.

Standard	Description	Effect on the Financial Statements or Other Significant Matters
ASU 2014-12, Accounting for Share-Based Payments When the Terms of an Award Provide That a Performance Target Could Be Achieved after the Requisite Service Period	Requires that a performance target that affects vesting and that could be achieved after the requisite service period be treated as a performance condition. As such, the performance target should not be reflected in estimating the grant-date fair value of the award.	Did not have, nor does the Company believe it will have, a material impact on its existing stock-based compensation plans.
ASU 2014-15, Disclosure of Uncertainties about an Entity’s Ability to Continue as a Going Concern	Requires that an entity’s management evaluate whether there are conditions or events that raise substantial doubt about the entity’s ability to continue as a going concern within one year after the date that the financial statements are issued.	Did not have a significant impact on its quarterly reporting process.
ASU 2015-03, Simplifying the Presentation of Debt Issuance Costs and ASU 2015-15, Presentation and Subsequent Measurement of Debt Issuance Costs Associated with Line-of-Credit Arrangements	Requires that debt issuance costs be presented in the balance sheet as a deduction from the carrying amount of the debt. Allows an entity to present debt issuance costs associated with a revolving line of credit arrangement as an asset, regardless of whether a balance is outstanding. Does not affect the recognition and measurement guidance for debt issuance costs.	Resulted in the reclassification of \$10.2 million and \$11.6 million of deferred financing costs associated with the Company’s long-term debt from deferred financing costs to long-term debt as of January 2, 2016 and June 20, 2015, respectively. In accordance with ASU 2015-15, the Company elected to continue to present its debt issuance costs related to its revolving line of credit as an asset. Due to the adoption of this standard, these deferred financing costs are included in other noncurrent assets. The prior period disclosures have been restated to conform to the current year presentation. The new standards did not affect the Company’s results of operations or cash flows.

The FASB has issued the following ASUs that have not yet been adopted by the Company. The following is a summary of the planned adoption period and anticipated impact of adopting these new standards.

Standard	Description	Planned Period of Adoption	Effect on the Financial Statements or Other Significant Matters
ASU 2014-09, Revenue from Contracts with Customers (as amended by ASUs 2015-04, 2016-08, 2016-10 and 2016-12)	The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The guidance also amends the required disclosures of the nature, amount, timing and	Q1 2018	The Company is evaluating the impacts of the new standards on its existing revenue recognition policies and procedures.

uncertainty of revenue and cash flows arising from contracts with customers.

ASU 2015-11,
Simplifying the
Measurement of
Inventory

Requires that an entity measure inventory at the lower of cost and net realizable value. This ASU does not apply to inventory measured using last-in, first-out.

Q1 2017

The Company does not expect the new standard to have a significant impact on its consolidated financial position, results of operations or cash flows.

ASU 2016-01,
Recognition and
Measurement of
Financial Assets and
Financial Liabilities

Enhances the reporting model for financial instruments to provide users of financial statements with more decision-useful information. This ASU addresses certain aspects of recognition, measurement, presentation and disclosure of financial statements.

Q1 2018

The Company is evaluating the impacts of the new standard on its consolidated financial statements.

Table of Contents

Standard	Description	Planned Period of Adoption	Effect on the Financial Statements or Other Significant Matters
ASU 2016-02, Leases	The core principle is that a lessee shall recognize a lease asset and lease liability in its statement of financial position. A lessee should recognize a liability to make lease payments and a right-of-use asset representing its right to use the underlying asset for the lease term.	Q1 2019	The Company is evaluating the impacts of the new standard on its existing leases.
ASU 2016-05, Effect of Derivative Contract Novations on Existing Hedge Accounting Relationships	Clarifies that the novation of a derivative contract (i.e., a change in the counterparty) in a hedge accounting relationship does not, in and of itself, require dedesignation of that hedge accounting relationship, provided that all other hedge accounting criteria continue to be met.	Q1 2017	The Company is evaluating the impacts of the new standard on its accounting for derivatives.
ASU 2016-09, Improvements to Employee Share-Based Payment Accounting	Seeks to provide simplification to issues of share-based payment awards in relation to income tax consequences, forfeitures, classification of awards as either equity or liabilities and classification on the statement of cash flows.	Q1 2017	The Company is evaluating the impacts of the new standard on its share-based payment accounting.
ASU 2016-13, Measurement of Credit Losses on Financial Instruments	Seeks to provide financial statement users with more decision-useful information about the expected credit losses on financial instruments and other commitments to extend credit held by a reporting entity at each reporting date by replacing the incurred loss impairment methodology in current U.S. GAAP with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates.	Q1 2020	The Company is evaluating the impacts of the new standard on its existing financial instruments, including trade receivables.

3. EARNINGS PER SHARE

The Company calculates earnings per share in accordance with FASB Accounting Standards Codification (“ASC”) Topic 260, Earnings Per Share (“ASC 260”). ASC 260 addresses whether instruments granted in share-based payment transactions are participating securities prior to vesting and, therefore, need to be included in the earnings allocation in computing earnings per share under the two-class method. Under the guidance in ASC 260, the Company’s unvested share-based payment awards that contain non-forfeitable rights to dividends or dividend equivalents, whether paid or unpaid, are participating securities and must be included in the computation of earnings per share pursuant to the two-class method.

Table of Contents

The following table sets forth the computation of basic and diluted earnings per share.

(In millions, except per share data)	12 Weeks		24 Weeks	
	Ended June 18, 2016	June 20, 2015	Ended June 18, 2016	June 20, 2015
Numerator:				
Net earnings attributable to Wolverine World Wide, Inc.	\$24.0	\$ 25.3	\$41.4	\$ 65.4
Adjustment for earnings allocated to non-vested restricted common stock	(0.5)	(0.4)	(0.9)	(1.2)
Net earnings used in calculating basic earnings per share	23.5	24.9	40.5	64.2
Adjustment for earnings reallocated from non-vested restricted common stock	—	—	—	0.1
Net earnings used in calculating diluted earnings per share	\$23.5	\$ 24.9	\$40.5	\$ 64.3
Denominator:				
Weighted average shares outstanding	99.5	103.2	99.4	102.8
Adjustment for non-vested restricted common stock	(4.0)	(3.4)	(3.8)	(3.4)
Shares used in calculating basic earnings per share	95.5	99.8	95.6	99.4
Effect of dilutive stock options	0.6	1.8	0.5	1.9
Shares used in calculating diluted earnings per share	96.1	101.6	96.1	101.3
Net earnings per share:				
Basic	\$0.25	\$ 0.25	\$ 0.42	\$ 0.65
Diluted	\$0.24	\$ 0.24	\$ 0.42	\$ 0.63

For the 12 and 24 weeks ended June 18, 2016, options relating to 5,587,283 and 5,717,179 shares of common stock outstanding, respectively, have not been included in the denominator for the computation of diluted earnings per share because they were anti-dilutive.

For the 12 and 24 weeks ended June 20, 2015, options relating to 1,637,793 and 1,382,502 shares of common stock outstanding, respectively, have not been included in the denominator for the computation of diluted earnings per share because they were anti-dilutive.

4. GOODWILL AND INDEFINITE-LIVED INTANGIBLES

The changes in the carrying amount of goodwill and indefinite-lived intangibles are as follows:

(In millions)	Goodwill	Indefinite-lived intangibles	Total
Balance at January 3, 2015	\$ 438.8	\$ 690.5	\$ 1,129.3
Impairment	—	(2.6)	(2.6)
Foreign currency translation effects	(2.3)	—	(2.3)
Balance at June 20, 2015	\$ 436.5	\$ 687.9	\$ 1,124.4
Balance at January 2, 2016	\$ 429.1	\$ 685.4	\$ 1,114.5
Foreign currency translation effects	2.8	—	2.8
Balance at June 18, 2016	\$ 431.9	\$ 685.4	\$ 1,117.3

During the fourth quarter of 2015, the results of our indefinite-lived intangible impairment test based on the Company's outlook for future operating results gave rise to a reduction in the excess of fair value over the carrying value for the Stride Rite® and Sperry® trade name indefinite-lived intangible assets. The operating results for the first half of fiscal 2016 met the Company's financial plan; however, if future operating results were to not meet its revenue and profitability projections, the Company may record a non-cash indefinite-lived intangible asset impairment charge in future periods. The carrying value of the Company's Stride Rite® and Sperry® trade name indefinite-lived intangible assets was \$15.0 million and \$586.8 million, respectively, as of June 18, 2016.

Table of Contents

5. ACCOUNTS RECEIVABLE

The Company has an agreement with a financial institution to sell selected trade accounts receivable on a recurring, nonrecourse basis that expires in the fourth quarter of fiscal 2017. Under the agreement, up to \$200.0 million of accounts receivable may be sold to the financial institution and remain outstanding at any point in time. After the sale, the Company does not retain any interests in the accounts receivable and removes them from its consolidated balance sheet, but continues to service and collect the outstanding accounts receivable on behalf of the financial institution. The Company recognizes a servicing asset or servicing liability, initially measured at fair value, each time it undertakes an obligation to service the accounts receivable under the agreement. The fair value of this obligation resulted in a nominal servicing liability for all periods presented. For receivables sold under the agreement, 90% of the stated amount is paid for in cash to the Company at the time of sale, with the remainder paid to the Company at the completion of the collection process. The following is a summary of the stated amount of accounts receivable that was sold as well as fees charged by the financial institution.

(In millions)	12 Weeks		24 Weeks	
	Ended		Ended	
	June 18, 2016	June 20, 2015	June 18, 2016	June 20, 2015
Accounts receivable sold	\$140.2	\$156.8	\$298.9	\$314.1
Fees charged	0.4	0.4	0.8	0.7

The fees are recorded in other expense. Net proceeds of this program are classified in operating activities in the consolidated condensed statements of cash flows. This program reduced the Company's accounts receivable by \$76.5 million, \$77.6 million and \$82.6 million as of June 18, 2016, January 2, 2016 and June 20, 2015, respectively.

6. DEBT

Total debt consists of the following obligations:

(In millions)	June 18, 2016	January 2, 2016	June 20, 2015
Term Loan A Facility, due July 13, 2020	\$441.5	\$444.4	\$457.5
Public Bonds, 6.125% interest, due October 15, 2020	375.0	375.0	375.0
Capital lease obligation	0.6	0.6	0.6
Unamortized debt issuance costs	(9.1)	(10.2)	(11.6)
Total debt	\$808.0	\$809.8	\$821.5

On July 13, 2015, the Company amended its credit agreement (as amended, the "Credit Agreement"). The amendment replaced the previous term loan facility and revolving credit facility with a new \$450.0 million Term Loan A Facility and a new \$500.0 million Revolving Credit Facility, and extended the maturity date of these facilities to July 13, 2020. The Credit Agreement's debt capacity is limited to an aggregate debt amount (including outstanding term loan principal and revolver commitment amounts in addition to permitted incremental debt) not to exceed \$1,425.0 million, unless certain specified conditions set forth in the Credit Agreement are met.

The Revolving Credit Facility allows the Company to borrow up to an aggregate amount of \$500.0 million, which includes a \$200.0 million foreign currency subfacility under which borrowings may be made, subject to certain conditions, in Canadian dollars, British pounds, euros, Hong Kong dollars, Swedish kronor, Swiss francs and such additional currencies as are determined in accordance with the Credit Agreement. The Revolving Credit Facility also includes a \$50.0 million swingline subfacility and a \$50.0 million letter of credit subfacility. The Company had outstanding letters of credit under the Revolving Credit Facility of \$2.6 million, \$3.8 million and \$3.6 million as of June 18, 2016, January 2, 2016 and June 20, 2015, respectively. These outstanding letters of credit reduce the borrowing capacity under the Revolving Credit Facility.

The interest rates applicable to amounts outstanding under the Term Loan A Facility and to U.S. dollar denominated amounts outstanding under the Revolving Credit Facility will be, at the Company's option, either (1) the Alternate Base Rate plus an Applicable Margin as determined by the Company's Consolidated Leverage Ratio, within a range of 0.25% to 1.00%, or (2) the Eurocurrency Rate plus an Applicable Margin as determined by the Company's Consolidated Leverage Ratio, within a range of 1.25% to 2.00% (all capitalized terms used in this sentence are as

defined in the Credit Agreement). The Company has two interest rate swap arrangements that reduce the Company's exposure to fluctuations in interest rates on its variable rate debt. At June 18, 2016, Term Loan A Facility had a weighted-average interest rate of 2.27%.

Table of Contents

The obligations of the Company pursuant to the Credit Agreement are guaranteed by substantially all of the Company's material domestic subsidiaries and secured by substantially all of the personal and real property of the Company and its material domestic subsidiaries, subject to certain exceptions.

The Credit Agreement also contains certain affirmative and negative covenants, including covenants that limit the ability of the Company and its Restricted Subsidiaries to, among other things: incur or guarantee indebtedness; incur liens; pay dividends or repurchase stock; enter into transactions with affiliates; consummate asset sales, acquisitions or mergers; prepay certain other indebtedness; or make investments, as well as covenants restricting the activities of certain foreign subsidiaries of the Company that hold intellectual property related assets. Further, the Credit Agreement requires compliance with the following financial covenants: a maximum Consolidated Leverage Ratio; a maximum Consolidated Secured Leverage Ratio; and a minimum Consolidated Interest Coverage Ratio (all capitalized terms used in this paragraph are as defined in the Credit Agreement). As of June 18, 2016, the Company was in compliance with all covenants and performance ratios under the Credit Agreement.

The Company has \$375.0 million of senior notes outstanding that may be traded in the public market (the "Public Bonds") that are due on October 15, 2020. The Public Bonds bear interest at 6.125% with the related interest payments due semi-annually. The Public Bonds are guaranteed by substantially all of the Company's domestic subsidiaries. The Company has various foreign revolving line of credit facilities with aggregate available borrowings of \$7.0 million that are uncommitted and, therefore, each borrowing against the applicable facility is subject to approval by the lender. There were no borrowings against these facilities for all periods presented.

The Company has a capital lease obligation with payments scheduled to continue through February 2022.

The Company included in interest expense the amortization of deferred financing costs of \$0.7 million and \$1.4 million for the 12 and 24 weeks ended June 18, 2016, respectively. The Company included in interest expense the amortization of deferred financing costs of \$1.0 million and \$2.0 million for the 12 and 24 weeks ended June 20, 2015, respectively.

7. ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

Accumulated other comprehensive income (loss) ("AOCI") represents net earnings and any revenue, expenses, gains and losses that, under U.S. GAAP, are excluded from net earnings and recognized directly as a component of stockholders' equity.

The change in AOCI during the 12 weeks ended June 18, 2016 and June 20, 2015 is as follows:

(In millions)	Foreign currency translation adjustments	Foreign exchange contracts	Interest rate swaps	Pension adjustments	Total
Balance of AOCI as of March 28, 2015	\$ (34.3)	\$ 13.9	\$ (0.3)	\$ (38.5)	\$(59.2)
Other comprehensive income (loss) before reclassifications ⁽¹⁾	8.2	(4.6)	—	—	3.6
Amounts reclassified from AOCI	—	(4.9) ⁽²⁾	—	4.9	⁽⁴⁾ —
Income tax expense (benefit)	—	1.5	—	(1.8)	(0.3)
Net reclassifications	—	(3.4)	—	3.1	(0.3)
Net current-period other comprehensive income (loss) ⁽¹⁾	8.2	(8.0)	—	3.1	3.3
Balance of AOCI as of June 20, 2015	\$ (26.1)	\$ 5.9	\$ (0.3)	\$ (35.4)	\$(55.9)
Balance of AOCI as of March 26, 2016	\$ (42.3)	\$ 3.2	\$ (6.4)	\$ (12.0)	\$(57.5)
Other comprehensive income (loss) before reclassifications ⁽¹⁾	5.3	(1.4)	(2.5)	—	1.4
Amounts reclassified from AOCI	—	(2.9) ⁽²⁾	0.2 ⁽³⁾	1.2	⁽⁴⁾ (1.5)
Income tax expense (benefit)	—	0.9	(0.1)	(0.5)	0.3
Net reclassifications	—	(2.0)	0.1	0.7	(1.2)
Net current-period other comprehensive income (loss) ⁽¹⁾	5.3	(3.4)	(2.4)	0.7	0.2
Balance of AOCI as of June 18, 2016	\$ (37.0)	\$ (0.2)	\$ (8.8)	\$ (11.3)	\$(57.3)

Table of Contents

(1) Other comprehensive income (loss) is reported net of taxes and noncontrolling interest.

(2) Amounts reclassified are included in cost of goods sold.

(3) Amounts reclassified are included in interest expense.

(4) Amounts reclassified are included in the computation of net pension expense.

The change in AOCI during the 24 weeks ended June 18, 2016 and June 20, 2015 is as follows:

(In millions)	Foreign currency translation adjustments	Foreign exchange contracts	Interest rate swap	Pension adjustments	Total	
Balance of AOCI as of January 3, 2015	\$ (16.9)	\$ 8.6	\$ 0.4	\$ (41.6)	\$(49.5)	
Other comprehensive income (loss) before reclassifications (1)	(9.2)	2.5	(0.7)	—	(7.4)	
Amounts reclassified from AOCI	—	(7.4)	(2)	9.7	(3) 2.3	
Income tax expense (benefit)	—	2.2	—	(3.5)	(1.3)	
Net reclassifications	—	(5.2)	—	6.2	1.0	
Net current-period other comprehensive income (loss) (1)	(9.2)	(2.7)	(0.7)	6.2	(6.4)	
Balance of AOCI as of June 20, 2015	\$ (26.1)	\$ 5.9	\$ (0.3)	\$ (35.4)	\$(55.9)	
Balance of AOCI as of January 2, 2016	\$ (47.3)	\$ 6.4	\$ (2.4)	\$ (12.8)	\$(56.1)	
Other comprehensive income (loss) before reclassifications (1)	10.3	(3.3)	(6.7)	—	0.3	
Amounts reclassified from AOCI	—	(4.7)	(2)	0.5	2.3	(3) (1.9)
Income tax expense (benefit)	—	1.4	(0.2)	(0.8)	0.4	
Net reclassifications	—	(3.3)	0.3	1.5	(1.5)	
Net current-period other comprehensive income (loss) (1)	10.3	(6.6)	(6.4)	1.5	(1.2)	
Balance of AOCI as of June 18, 2016	\$ (37.0)	\$ (0.2)	\$ (8.8)	\$ (11.3)	\$(57.3)	

(1) Other comprehensive income (loss) is reported net of taxes and noncontrolling interest.

(2) Amounts reclassified are included in cost of goods sold.

(3) Amounts reclassified are included in interest expense.

(4) Amounts reclassified are included in the computation of net pension expense.

8. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company follows FASB ASC Topic 820, Fair Value Measurements and Disclosures (“ASC 820”), which provides a consistent definition of fair value, focuses on exit price, prioritizes the use of market-based inputs over entity-specific inputs for measuring fair value and establishes a three-tier hierarchy for fair value measurements. ASC 820 requires fair value measurements to be classified and disclosed in one of the following three categories:

Level 1: Fair value is measured using quoted prices (unadjusted) in active markets for identical assets and liabilities.

Level 2: Fair value is measured using either direct or indirect inputs, other than quoted prices included within Level 1, which are observable for similar assets or liabilities.

Level 3: Fair value is measured using valuation techniques in which one or more significant inputs are unobservable.

Table of Contents

The Company's financial instruments consist of cash and cash equivalents, accounts and notes receivable, accounts payable, foreign currency forward exchange contracts, interest rate swap arrangements, borrowings under the Revolving Credit Facility and long-term debt. The carrying amount of the Company's financial instruments is historical cost, which approximates fair value, except for the interest rate swaps and foreign currency forward exchange contracts, which are carried at fair value. The carrying value and the fair value of the Company's long-term debt, excluding capital leases, are as follows:

(In millions)	June 18, 2016	January 2, 2016	June 20, 2015
Carrying value	\$ 807.4	\$ 809.2	\$ 820.9
Fair value	849.3	836.3	863.1

The fair value of the fixed rate debt was based on third-party quotes (Level 2). The fair value of the variable rate debt was calculated by discounting the future cash flows to its present value using a discount rate based on the risk-free rate of the same maturity (Level 3).

The Company follows ASC 815, which is intended to improve transparency in financial reporting and requires that all derivative instruments be recorded on the consolidated balance sheets at fair value by establishing criteria for designation and effectiveness of hedging relationships. The Company utilizes foreign currency forward exchange contracts to manage the volatility associated primarily with U.S. dollar inventory purchases made by non-U.S. wholesale operations in the normal course of business. These foreign currency forward exchange hedge contracts extend out to a maximum of 363 days, 349 days and 356 days, as of June 18, 2016, January 2, 2016 and June 20, 2015, respectively. The Company also utilizes foreign currency forward exchange contracts that are not designated as hedging instruments to manage foreign currency translation exposure. Foreign currency derivatives not designated as hedging instruments are offset by foreign exchange gains or losses resulting from the underlying exposures of foreign currency denominated assets and liabilities.

The Company has two interest rate swap arrangements which exchange floating rate for fixed rate interest payments over the life of the agreements without the exchange of the underlying notional amounts. These derivative instruments, which, unless otherwise terminated, will mature on October 6, 2017 and July 13, 2020, have been designated as cash flow hedges of the debt. The notional amounts of the interest rate swap arrangements are used to measure interest to be paid or received and do not represent the amount of exposure to credit loss. The Company does not hold or issue financial instruments for trading purposes.

The notional amounts of the Company's derivative instruments are as follows:

(Dollars in millions)	June 18, 2016	January 2, 2016	June 20, 2015
Foreign exchange contracts:			
Hedge contracts	\$ 193.1	\$ 192.6	\$ 202.6
Non-hedge contracts	15.0	23.2	—
Interest rate swaps ⁽¹⁾	556.3	609.7	364.7

⁽¹⁾ Includes a forward starting interest rate swap with a notional amount of \$288.8 million, which has an effective date of October 17, 2016.

The following table sets forth financial assets and liabilities measured at fair value in the consolidated balance sheets and the respective pricing levels to which the fair value measurements are classified within the fair value hierarchy.

(In millions)	Fair Value Measurements		
	June 18, 2016	January 2, 2016	June 20, 2015
Financial assets:			
Foreign exchange contracts - hedge	\$ 1.2	\$ 6.7	\$ 2.4

Foreign exchange contracts - non-hedge	—	0.5	—
Interest rate swaps	—	0.2	—
Financial liabilities:			
Foreign exchange contracts - hedge	\$3.1	\$ —	\$ 2.0
Foreign exchange contracts - non-hedge	0.1	0.1	—
Interest rate swaps	13.6	3.9	0.4

The fair value of the foreign currency forward exchange contracts represents the estimated receipts or payments necessary to terminate the contracts. Hedge effectiveness is evaluated by the hypothetical derivative method. Any hedge ineffectiveness is reported within the cost of goods sold line item in the consolidated condensed statements of operations. Hedge ineffectiveness

Table of Contents

was not material to the Company's consolidated condensed financial statements for the 12 or 24 weeks ended June 18, 2016 and June 20, 2015. If, in the future, the foreign exchange contracts are determined to be ineffective hedges or terminated before their contractual termination dates, the Company would be required to reclassify into earnings all or a portion of the unrealized amounts related to the cash flow hedges that are currently included in AOCI within stockholders' equity.

The differential paid or received on the interest rate swap arrangements is recognized as interest expense. In accordance with ASC 815, the Company has formally documented the relationship between the interest rate swaps and the variable rate borrowings, as well as its risk management objective and strategy for undertaking the hedge transaction. This process included linking the derivative to the specific liability or asset on the balance sheet. The Company also assessed at the hedges' inception, and continues to assess on an ongoing basis, whether the derivatives used in the hedging transaction are highly effective in offsetting changes in the cash flows of the hedged item. The effective portion of unrealized gains (losses) is deferred as a component of AOCI and will be recognized in earnings at the time the hedged item affects earnings. Any ineffective portion of the change in fair value will be immediately recognized in earnings.

9. STOCK-BASED COMPENSATION

The Company accounts for stock-based compensation in accordance with the fair value recognition provisions of FASB ASC Topic 718, Compensation – Stock Compensation ("ASC 718"). The Company recognized compensation expense of \$3.9 million and \$11.5 million, and related income tax benefits of \$1.3 million and \$3.9 million, for grants under its stock-based compensation plans for the 12 and 24 weeks ended June 18, 2016, respectively. The Company recognized compensation expense of \$7.4 million and \$14.1 million, and related income tax benefits of \$2.5 million and \$4.7 million, for grants under its stock-based compensation plans for the 12 and 24 weeks ended June 20, 2015. Stock-based compensation expense recognized in the consolidated condensed statements of operations and comprehensive income is based on awards ultimately expected to vest and, as such, has been reduced for estimated forfeitures. ASC 718 requires forfeitures to be estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates. Forfeitures were estimated based on historical experience. The Company estimated the fair value of employee stock options on the date of grant using the Black-Scholes model. The estimated weighted average fair value for each option granted during the 24 weeks ended June 18, 2016 and June 20, 2015 was \$3.32 and \$6.37, respectively, with the following weighted average assumptions:

	24 Weeks Ended			
	June 18,	June 20,		
	2016	2015		
Expected market price volatility ⁽¹⁾	27.1	% 28.8	%	
Risk-free interest rate ⁽²⁾	1.0	% 1.3	%	
Dividend yield ⁽³⁾	1.4	% 0.9	%	
Expected term ⁽⁴⁾	4 years	4	years	

(1) Based on historical volatility of the Company's common stock. The expected volatility is based on the daily percentage change in the price of the stock over the four years prior to the grant.

(2) Represents the U.S. Treasury yield curve in effect for the expected term of the option at the time of grant.

(3) Represents the Company's estimated cash dividend yield for the expected term.

(4) Represents the period of time that options granted are expected to be outstanding. As part of the determination of the expected term, the Company concluded that all employee groups exhibit similar exercise and post-vesting termination behavior.

The Company issued 54,004 and 191,470 shares of common stock in connection with new restricted stock grants and the exercise of stock options during the 12 weeks ended June 18, 2016 and June 20, 2015, respectively. During the 12 weeks ended June 18, 2016 and June 20, 2015, the Company canceled 153,539 and 60,991 shares, respectively, of common stock issued under restricted stock awards as a result of forfeitures.

The Company issued 2,144,157 and 1,938,006 shares of common stock in connection with new restricted stock grants and the exercise of stock options during the 24 weeks ended June 18, 2016 and June 20, 2015, respectively. During

the 24 weeks ended June 18, 2016 and June 20, 2015, the Company canceled 591,792 and 204,001 shares, respectively, of common stock issued under restricted stock awards as a result of forfeitures.

Table of Contents

10. RETIREMENT PLANS

The following is a summary of net pension and Supplemental Executive Retirement Plan expense recognized by the Company.

(In millions)	12 Weeks		24 Weeks	
	Ended	Ended	Ended	Ended
	June 18,	June 20,	June 18,	June 20,
	2016	2015	2016	2015
Service cost pertaining to benefits earned during the period	\$ 1.5	\$ 2.1	\$ 3.0	\$ 4.2
Interest cost on projected benefit obligations	4.4	4.3	8.8	8.5
Expected return on pension assets	(4.7)	(4.8)	(9.3)	(9.5)
Net amortization loss	1.2	4.9	2.3	9.7
Net pension expense	\$2.4	\$ 6.5	\$4.8	\$ 12.9

11. INCOME TAXES

The Company maintains certain strategic management and operational activities in overseas subsidiaries, and its foreign earnings are taxed at rates that are generally lower than the U.S. federal statutory income tax rate. A significant amount of the Company's earnings are generated by its Canadian, European and Asia Pacific subsidiaries and, to a lesser extent, in other foreign jurisdictions that are not subject to income tax. The Company has not provided for U.S. taxes for earnings generated in foreign jurisdictions because it plans to reinvest these earnings indefinitely outside the U.S. However, if certain foreign earnings previously treated as permanently reinvested are repatriated, the additional U.S. tax liability could have a material adverse effect on the Company's after-tax results of operations, financial position and cash flows.

The Company's effective tax rate for the 12 weeks ended June 18, 2016 and June 20, 2015 was 26.7% and 31.4%, respectively. For the 24 weeks ended June 18, 2016 and June 20, 2015, the Company's effective tax rate was 28.8% and 28.9%, respectively. The lower effective tax rate in the current year periods reflects a shift in income between tax jurisdictions with differing tax rates.

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

The Company is no longer subject to U.S. federal, state and local or non-U.S. income tax examinations by tax authorities for years before 2011 in the majority of tax jurisdictions.

12. LITIGATION AND CONTINGENCIES

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

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

Table of Contents

Minimum future royalty and advertising obligations for the fiscal periods subsequent to June 18, 2016 under the terms of certain licenses held by the Company are as follows:

(In millions)	2016	2017	2018	2019	2020	Thereafter
Minimum royalties	\$0.9	\$2.0	\$1.4	\$1.5	\$1.5	\$ —
Minimum advertising	2.6	3.2	3.3	3.4	3.5	7.4

Minimum royalties are based on both fixed obligations and assumptions regarding the Consumer Price Index. Royalty obligations in excess of minimum requirements are based upon future sales levels. In accordance with these agreements, the Company incurred royalty expense of \$0.5 million and \$0.4 million for the 12 weeks ended June 18, 2016 and June 20, 2015, respectively. For the 24 weeks ended June 18, 2016 and June 20, 2015, the Company incurred royalty expense, in accordance with these agreements, of \$0.9 million and \$0.9 million, respectively.

The terms of certain license agreements also require the Company to make advertising expenditures based on the level of sales of the licensed products. In accordance with these agreements, the Company incurred advertising expense of \$0.9 million and \$1.0 million for the 12 weeks ended June 18, 2016 and June 20, 2015, respectively. For the 24 weeks ended June 18, 2016 and June 20, 2015, the Company incurred advertising expense, in accordance with these agreements, of \$1.6 million and \$1.8 million, respectively.

13. BUSINESS SEGMENTS

During the first quarter of fiscal 2016, the Company's portfolio of brands was realigned into the following four operating segments, which the Company has determined to be reportable operating segments.

- Wolverine Outdoor & Lifestyle Group, consisting of Merrell® footwear and apparel, Cat® footwear, Hush Puppies® footwear and apparel, Chaco® footwear, Sebago® footwear and apparel and Cushe® footwear;
- Wolverine Boston Group, consisting of Sperry® footwear and apparel, Saucony® footwear and apparel and Keds® footwear and apparel;
- Wolverine Heritage Group, consisting of Wolverine® footwear and apparel, Bates® uniform footwear, Harley-Davidson® footwear and HyTest® safety footwear; and
- Wolverine Multi-Brand Group, consisting of Stride Rite® footwear and apparel and the Company's multi-brand consumer-direct businesses.

The reportable segments are engaged in designing, manufacturing, sourcing, marketing, licensing and distributing branded footwear, apparel and accessories. Reported revenue for the reportable operating segments includes revenue from the sale of branded footwear, apparel and accessories to third-party customers; revenue from third-party licensees and distributors; and revenue from the Company's consumer-direct businesses.

The Company also reports "Other" and "Corporate" categories. The Other category consists of the Company's leather marketing operations and sourcing operations that include third-party commission revenues. The Corporate category consists of unallocated corporate expenses, including restructuring and impairment costs. The Company's operating segments are determined based on how the Company internally reports and evaluates financial information used to make operating decisions. The operating segment managers all report directly to the chief operating decision maker.

Table of Contents

Company management uses various financial measures to evaluate the performance of the reportable operating segments. The following is a summary of certain key financial measures for the respective fiscal periods indicated. All prior period amounts have been restated to reflect the new reportable operating segments.

(In millions)	12 Weeks Ended		24 Weeks Ended	
	June 18, 2016	June 20, 2015	June 18, 2016	June 20, 2015
Revenue:				
Wolverine Outdoor & Lifestyle Group	\$203.0	\$210.3	\$420.7	\$441.4
Wolverine Boston Group	218.2	240.7	427.3	475.0
Wolverine Heritage Group	74.2	79.2	146.0	160.6
Wolverine Multi-Brand Group	69.7	81.5	138.1	153.4
Other	18.6	18.4	29.2	31.1
Total	\$583.7	\$630.1	\$1,161.3	\$1,261.5
Operating profit (loss):				
Wolverine Outdoor & Lifestyle Group	\$34.7	\$35.9	\$83.5	\$90.6
Wolverine Boston Group	30.9	39.3	58.6	76.6
Wolverine Heritage Group	8.3	11.0	16.8	22.8
Wolverine Multi-Brand Group	2.6	4.2	1.2	2.5
Other	1.6	1.1	2.1	2.3
Corporate	(36.3)	(43.9)	(86.4)	(83.6)
Total	\$41.8	\$47.6	\$75.8	\$111.2
(In millions)	June 18, 2016	January 2, 2016	June 20, 2015	
Total assets:				
Wolverine Outdoor & Lifestyle Group	\$455.8	\$444.2	\$466.4	
Wolverine Boston Group	1,337.0	1,324.2	1,354.8	
Wolverine Heritage Group	148.8	169.9	162.5	
Wolverine Multi-Brand Group	189.4	204.3	214.3	
Other	28.3	23.9	27.1	
Corporate	294.2	267.9	317.9	
Total	\$2,453.5	\$2,434.4	\$2,543.0	
Goodwill:				
Wolverine Outdoor & Lifestyle Group	\$129.9	\$130.4	\$131.9	
Wolverine Boston Group	259.5	256.2	262.1	
Wolverine Heritage Group	16.5	16.5	16.5	
Wolverine Multi-Brand Group	26.0	26.0	26.0	
Total	\$431.9	\$429.1	\$436.5	

14. RESTRUCTURING ACTIVITIES**2014 Plan**

On July 9, 2014, the Board of Directors of the Company approved a realignment of the Company's consumer-direct operations (the "2014 Plan"). As a part of the 2014 Plan, the Company closed 136 retail stores, consolidated certain consumer-direct support functions and implemented certain other organizational changes. The Company completed the 2014 Plan during the first quarter of fiscal 2016. Costs incurred related to the 2014 Plan have been recorded within the Corporate category. The cumulative costs incurred is \$49.5 million, with \$6.5 million recorded in the restructuring costs line item as a component of cost of goods sold, and \$43.0 million recorded in the restructuring and impairment costs line item as a component of operating expenses. Approximately \$23.0 million represents non-cash charges. The Company expects annual pretax benefits of approximately \$16.0 million as a result of the 2014 Plan. The Company estimates the remaining restructuring reserve will be settled during the remainder of fiscal 2016.

Table of Contents

The following is a summary of the activity during the 24 weeks ended June 18, 2016 and June 20, 2015, with respect to a reserve established by the Company in connection with the 2014 Plan, by category of costs.

(In millions)	Severance and employee related	Impairment of property and equipment	Costs associated with exit or disposal activities	Total
Balance at January 3, 2015	\$ 1.0	\$ —	\$ 6.5	\$7.5
Restructuring and impairment costs (gain)	1.4	0.3	(1.9)	(0.2)
Amounts paid	(1.7)	—	(2.9)	(4.6)
Charges against assets	—	(0.3)	(0.4)	(0.7)
Balance at June 20, 2015	\$ 0.7	\$ —	\$ 1.3	\$2.0
Balance at January 2, 2016	\$ 2.1	\$ —	\$ 6.5	\$8.6
Restructuring and impairment costs	1.2	0.2	9.6	11.0
Amounts paid	(3.3)	—	(4.7)	(8.0)
Charges against assets	—	(0.2)	(6.9)	(7.1)
Balance at June 18, 2016	\$ —	\$ —	\$ 4.5	\$4.5

Other Restructuring Activities

During the 24 weeks ended June 18, 2016, the Company recorded restructuring costs of \$5.1 million in connection with certain organizational changes made during the first quarter of fiscal 2016. The costs associated with these restructuring activities were recorded within the Company's Corporate category included in the restructuring and impairment costs line item as a component of operating expenses in the consolidated condensed statements of operations and comprehensive income. The Company estimates another \$5.0 million to \$6.0 million of costs will be incurred during the remainder of fiscal 2016 to complete these organizational changes.

During the 24 weeks ended June 18, 2016, the Company recorded restructuring costs of \$0.3 million in connection with the Company's decision to wind-down operations of its Cush® brand. During the second quarter of fiscal 2015, the Company recorded restructuring and impairment costs, primarily related to indefinite-lived intangibles, of \$2.9 million related to its Cushe brand. The Company recorded these costs within its Corporate category in the restructuring and impairment costs line item as a component of operating expenses in the consolidated condensed statements of operations and comprehensive income.

15. SUBSIDIARY GUARANTORS OF THE PUBLIC BONDS

The following tables present consolidated condensed financial information for (a) the Company (for purposes of this discussion and table, "Parent"); (b) the guarantors of the Public Bonds, which include substantially all of the domestic, 100% owned subsidiaries of the Parent ("Subsidiary Guarantors"); and (c) the wholly- and partially-owned foreign subsidiaries of the Parent, which do not guarantee the Public Bonds ("Non-Guarantor Subsidiaries"). Separate financial statements of the Subsidiary Guarantors are not presented because they are fully and unconditionally, jointly and severally liable under the guarantees, except for normal and customary release provisions.

Table of Contents

WOLVERINE WORLD WIDE, INC. AND SUBSIDIARIES
 Consolidated Condensed Statements of Operations and Comprehensive Income
 For the 12 Weeks Ended June 18, 2016
 (Unaudited)

(In millions)	Parent	Subsidiary Guarantors	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Revenue	\$—	\$ 658.1	\$ 127.3	\$ (201.7)	\$ 583.7
Cost of goods sold	1.8	472.3	66.1	(183.1)	357.1
Gross profit (loss)	(1.8)	185.8	61.2	(18.6)	226.6
Selling, general and administrative expenses	21.9	129.3	50.4	(18.6)	183.0
Restructuring and impairment costs	0.1	1.6	0.1	—	1.8
Operating profit (loss)	(23.8)	54.9	10.7	—	41.8
Other expenses:					
Interest expense (income), net	8.0	(0.1)	(0.1)	—	7.8
Other expense, net	0.4	0.3	0.4	—	1.1
Total other expenses (income)	8.4	0.2	0.3	—	8.9
Earnings (loss) before income taxes	(32.2)	54.7	10.4	—	32.9
Income tax expense (benefit)	(12.8)	21.5	0.1	—	8.8
Earnings (loss) before equity in earnings of consolidated subsidiaries	(19.4)	33.2	10.3	—	24.1
Equity in earnings of consolidated subsidiaries	43.4	8.5	1.5	(53.4)	—
Net earnings	24.0	41.7	11.8	(53.4)	24.1
Less: net earnings attributable to noncontrolling interest	—	—	0.1	—	0.1
Net earnings attributable to Wolverine World Wide, Inc.	\$24.0	\$ 41.7	\$ 11.7	\$ (53.4)	\$ 24.0
Comprehensive income	\$24.1	\$ 41.7	\$ 13.6	\$ (55.2)	\$ 24.2
Less: comprehensive income (loss) attributable to noncontrolling interest	(0.1)	—	—	0.1	—
Comprehensive income attributable to Wolverine World Wide, Inc.	\$24.2	\$ 41.7	\$ 13.6	\$ (55.3)	\$ 24.2

Table of Contents

WOLVERINE WORLD WIDE, INC. AND SUBSIDIARIES
 Consolidated Condensed Statements of Operations and Comprehensive Income
 For the 12 Weeks Ended June 20, 2015
 (Unaudited)

(In millions)	Parent	Subsidiary Guarantors	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Revenue	\$ 133.5	\$ 985.3	\$ 182.3	\$ (671.0)	\$ 630.1
Cost of goods sold	102.8	830.7	101.7	(651.5)	383.7
Gross profit	30.7	154.6	80.6	(19.5)	246.4
Selling, general and administrative expenses	43.6	109.2	61.7	(19.4)	195.1
Restructuring and impairment costs	1.1	0.6	2.0	—	3.7
Operating profit (loss)	(14.0)	44.8	16.9	(0.1)	47.6
Other expenses:					
Interest expense, net	8.9	0.1	—	—	9.0
Other expense (income), net	2.2	0.3	(0.7)	—	1.8
Total other expenses (income)	11.1	0.4	(0.7)	—	10.8
Earnings (loss) before income taxes	(25.1)	44.4	17.6	(0.1)	36.8
Income tax expense (benefit)	(10.1)	16.8	4.9	—	11.6
Earnings (loss) before equity in earnings of consolidated subsidiaries	(15.0)	27.6	12.7	(0.1)	25.2
Equity in earnings of consolidated subsidiaries	40.3	32.0	7.1	(79.4)	—
Net earnings	25.3	59.6	19.8	(79.5)	25.2
Less: net loss attributable to noncontrolling interest	—	—	(0.1)	—	(0.1)
Net earnings attributable to Wolverine World Wide, Inc.	\$ 25.3	\$ 59.6	\$ 19.9	\$ (79.5)	\$ 25.3
Comprehensive income	\$ 28.6	\$ 59.6	\$ 19.9	\$ (79.7)	\$ 28.4
Less: comprehensive loss attributable to noncontrolling interest	—	—	(0.2)	—	(0.2)
Comprehensive income attributable to Wolverine World Wide, Inc.	\$ 28.6	\$ 59.6	\$ 20.1	\$ (79.7)	\$ 28.6

Table of Contents

WOLVERINE WORLD WIDE, INC. AND SUBSIDIARIES
Consolidated Condensed Statements of Operations and Comprehensive Income
For the 24 Weeks Ended June 18, 2016
(Unaudited)

(In millions)	Parent	Subsidiary Guarantors	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Revenue	\$—	\$ 1,308.7	\$ 259.5	\$ (406.9)	\$ 1,161.3
Cost of goods sold	3.3	941.3	130.7	(373.3)	702.0
Restructuring costs	0.3	3.6	—	—	3.9
Gross profit (loss)	(3.6)	363.8	128.8	(33.6)	455.4
Selling, general and administrative expenses	45.4	259.5	95.8	(33.6)	367.1
Restructuring and impairment costs	1.6	7.2	3.7	—	12.5
Operating (loss) profit	(50.6)	97.1	29.3	—	75.8
Other expenses:					
Interest expense (income), net	16.7	(0.2)	(0.2)	—	16.3
Other expense, net	0.4	0.6	—	—	1.0
Total other expenses (income)	17.1	0.4	(0.2)	—	17.3
Earnings (loss) before income taxes	(67.7)	96.7	29.5	—	58.5
Income taxes (benefit)	(26.1)	37.3	5.6	—	16.8
Earnings (loss) before equity in earnings of consolidated subsidiaries	(41.6)	59.4	23.9	—	41.7
Equity in earnings of consolidated subsidiaries	83.0	35.0	9.7	(127.7)	—
Net earnings	41.4	94.4	33.6	(127.7)	41.7
Less: net earnings attributable to noncontrolling interests	—	—	0.3	—	0.3
Net earnings attributable to Wolverine World Wide, Inc.	\$41.4	\$94.4	\$ 33.3	\$ (127.7)	\$ 41.4
Comprehensive income	\$39.8	\$94.4	\$ 36.9	\$ (131.0)	\$ 40.1
Less: comprehensive loss attributable to noncontrolling interest	(0.4)	—	(0.1)	0.4	(0.1)
Comprehensive income attributable to Wolverine World Wide, Inc.	\$40.2	\$94.4	\$ 37.0	\$ (131.4)	\$ 40.2

Table of Contents

WOLVERINE WORLD WIDE, INC. AND SUBSIDIARIES
 Consolidated Condensed Statements of Operations and Comprehensive Income
 For the 24 Weeks Ended June 20, 2015
 (Unaudited)

(In millions)	Parent	Subsidiary Guarantors	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Revenue	\$269.3	\$1,933.0	\$ 373.5	\$(1,314.3)	\$ 1,261.5
Cost of goods sold	201.3	1,627.1	205.6	(1,280.3)	753.7
Gross profit	68.0	305.9	167.9	(34.0)	507.8
Selling, general and administrative expenses	90.2	215.2	122.4	(33.9)	393.9
Restructuring and impairment costs	1.5	1.2	—	—	2.7
Operating profit (loss)	(23.7)	89.5	45.5	(0.1)	111.2
Other expenses:					
Interest expense (income), net	18.4	0.2	(0.1)	—	18.5
Other expense (income), net	2.2	(0.9)	(0.5)	—	0.8
Total other expenses (income)	20.6	(0.7)	(0.6)	—	19.3
Earnings (loss) before income taxes	(44.3)	90.2	46.1	(0.1)	91.9
Income taxes (benefit)	(17.0)	34.6	9.0	—	26.6
Earnings (loss) before equity in earnings of consolidated subsidiaries	(27.3)	55.6	37.1	(0.1)	65.3
Equity in earnings of consolidated subsidiaries	92.7	39.1	62.1	(193.9)	—
Net earnings	65.4	94.7	99.2	(194.0)	65.3
Less: net loss attributable to noncontrolling interests	—	—	(0.1)	—	(0.1)
Net earnings attributable to Wolverine World Wide, Inc.	\$65.4	\$94.7	\$ 99.3	\$(194.0)	\$ 65.4
Comprehensive income	\$59.0	\$94.7	\$ 87.0	\$(182.1)	\$ 58.6
Less: comprehensive loss attributable to noncontrolling interest	—	—	(0.4)	—	(0.4)
Comprehensive income attributable to Wolverine World Wide, Inc.	\$59.0	\$94.7	\$ 87.4	\$(182.1)	\$ 59.0

Table of Contents

WOLVERINE WORLD WIDE, INC. AND SUBSIDIARIES

Consolidated Condensed Balance Sheets

As of June 18, 2016

(Unaudited)

(In millions)	Parent	Subsidiary Guarantors	Non-Guarantor Subsidiaries	Eliminations	Consolidated
ASSETS					
Current assets:					
Cash and cash equivalents	\$57.9	\$ 1.9	\$ 161.9	\$ —	\$ 221.7
Accounts receivable, net	7.8	213.5	91.3	—	312.6
Inventories:					
Finished products, net	—	338.8	83.0	—	421.8
Raw materials and work-in-process, net	—	4.7	12.8	—	17.5
Total inventories	—	343.5	95.8	—	439.3
Prepaid expenses and other current assets	12.0	22.2	12.7	—	46.9
Total current assets	77.7	581.1	361.7	—	1,020.5
Property, plant and equipment:					
Gross cost	185.5	237.0	32.1	—	454.6
Accumulated depreciation	(142.0)	(147.6)	(15.7)	—	(305.3)
Property, plant and equipment, net	43.5	89.4	16.4	—	149.3
Other assets:					
Goodwill	2.7	353.7	75.5	—	431.9
Indefinite-lived intangibles	3.7	675.4	6.3	—	685.4
Amortizable intangibles, net	0.6	89.9	—	—	90.5
Deferred income taxes	—	—	4.1	—	4.1
Other	46.0	22.1	3.7	—	71.8
Intercompany accounts receivable	22.1	3,286.8	618.3	(3,927.2)	—
Investment in affiliates	3,558.8	902.2	1,031.0	(5,492.0)	—
Total other assets	3,633.9	5,330.1	1,738.9	(9,419.2)	1,283.7
Total assets	\$3,755.1	\$ 6,000.6	\$ 2,117.0	\$ (9,419.2)	\$ 2,453.5

Table of Contents

WOLVERINE WORLD WIDE, INC. AND SUBSIDIARIES

Consolidated Condensed Balance Sheets - continued

As of June 18, 2016

(Unaudited)

(In millions)	Parent	Subsidiary Guarantors	Non-Guarantor Subsidiaries	Eliminations	Consolidated
LIABILITIES AND STOCKHOLDERS' EQUITY					
Current liabilities:					
Accounts payable	\$22.4	\$ 125.3	\$ 25.2	\$—	\$ 172.9
Accrued salaries and wages	12.2	8.0	6.3	—	26.5
Other accrued liabilities	28.1	49.5	34.3	—	111.9
Current maturities of long-term debt	19.7	—	—	—	19.7
Total current liabilities	82.4	182.8	65.8	—	331.0
Long-term debt, less current maturities	787.7	0.6	—	—	788.3
Accrued pension liabilities	93.0	17.9	—	—	110.9
Deferred income taxes	(76.4)	249.8	1.6	—	175.0
Other liabilities	26.9	17.5	1.9	—	46.3
Intercompany accounts payable	1,846.7	1,568.8	511.7	(3,927.2)	—
Stockholders' equity:					
Wolverine World Wide, Inc. stockholders' equity	994.8	3,963.2	1,528.8	(5,492.0)	994.8
Noncontrolling interest	—	—	7.2	—	7.2
Total stockholders' equity	994.8	3,963.2	1,536.0	(5,492.0)	1,002.0
Total liabilities and stockholders' equity	\$3,755.1	\$ 6,000.6	\$ 2,117.0	\$ (9,419.2)	\$ 2,453.5

Table of Contents

WOLVERINE WORLD WIDE, INC. AND SUBSIDIARIES

Consolidated Condensed Balance Sheets

As of January 2, 2016

(Unaudited)

(In millions)	Parent	Subsidiary Guarantors	Non-Guarantor Subsidiaries	Eliminations	Consolidated
ASSETS					
Current assets:					
Cash and cash equivalents	\$27.2	\$ 2.6	\$ 164.3	\$ —	\$ 194.1
Accounts receivable, net	84.8	105.8	108.3	—	298.9
Inventories:					
Finished products, net	(0.8)	371.7	77.1	—	448.0
Raw materials and work-in-process, net	0.8	1.8	16.0	—	18.6
Total inventories	—	373.5	93.1	—	466.6
Prepaid expenses and other current assets	10.7	24.9	18.6	—	54.2
Total current assets	122.7	506.8	384.3	—	1,013.8
Property, plant and equipment:					
Gross cost	228.4	170.5	32.6	—	431.5
Accumulated depreciation	(178.1)	(103.6)	(18.2)	—	(299.9)
Property, plant and equipment, net	50.3	66.9	14.4	—	131.6
Other assets:					
Goodwill	2.7	353.3	73.1	—	429.1
Indefinite-lived intangibles	3.8	675.3	6.3	—	685.4
Amortizable intangibles, net	0.6	96.7	—	—	97.3
Deferred income taxes	—	—	3.7	—	3.7
Other	54.1	15.6	3.8	—	73.5
Intercompany accounts receivable	19.8	3,002.0	583.9	(3,605.7)	—
Investment in affiliates	3,388.4	854.0	949.4	(5,191.8)	—
Total other assets	3,469.4	4,996.9	1,620.2	(8,797.5)	1,289.0
Total assets	\$3,642.4	\$ 5,570.6	\$ 2,018.9	\$ (8,797.5)	\$ 2,434.4

Table of Contents

WOLVERINE WORLD WIDE, INC. AND SUBSIDIARIES

Consolidated Condensed Balance Sheets - continued

As of January 2, 2016

(Unaudited)

(In millions)	Parent	Subsidiary Guarantors	Non-Guarantor Subsidiaries	Eliminations	Consolidated
LIABILITIES AND STOCKHOLDERS' EQUITY					
Current liabilities:					
Accounts payable	\$37.3	\$ 98.7	\$ 63.7	\$—	\$ 199.7
Accrued salaries and wages	17.2	4.3	7.0	—	28.5
Other accrued liabilities	42.6	35.6	30.0	—	108.2
Current maturities of long-term debt	16.9	—	—	—	16.9
Total current liabilities	114.0	138.6	100.7	—	353.3
Long-term debt, less current maturities	792.3	0.6	—	—	792.9
Accrued pension liabilities	91.2	18.4	—	—	109.6
Deferred income taxes	(75.2)	249.8	4.0	—	178.6
Other liabilities	17.0	11.2	2.1	—	30.3
Intercompany accounts payable	1,739.4	1,360.0	506.3	(3,605.7)	—
Stockholders' equity:					
Wolverine World Wide, Inc. stockholders' equity	963.7	3,792.0	1,399.8	(5,191.8)	963.7
Noncontrolling interest	—	—	6.0	—	6.0
Total stockholders' equity	963.7	3,792.0	1,405.8	(5,191.8)	969.7
Total liabilities and stockholders' equity	\$3,642.4	\$ 5,570.6	\$ 2,018.9	\$(8,797.5)	\$ 2,434.4

Table of Contents

WOLVERINE WORLD WIDE, INC. AND SUBSIDIARIES

Consolidated Condensed Balance Sheets

As of June 20, 2015

(Unaudited)

(In millions)	Parent	Subsidiary Guarantors	Non-Guarantor Subsidiaries	Eliminations	Consolidated
ASSETS					
Current assets:					
Cash and cash equivalents	\$60.3	\$ 2.3	\$ 158.1	\$ —	\$ 220.7
Accounts receivable, net	6.8	222.2	126.3	—	355.3
Inventories:					
Finished products, net	79.5	277.3	82.4	—	439.2
Raw materials and work-in-process, net	(0.4)	1.4	12.0	—	13.0
Total inventories	79.1	278.7	94.4	—	452.2
Deferred income taxes	12.8	14.0	1.4	—	28.2
Prepaid expenses and other current assets	62.3	(15.2)	4.5	—	51.6
Total current assets	221.3	502.0	384.7	—	1,108.0
Property, plant and equipment:					
Gross cost	237.2	156.8	35.3	—	429.3
Accumulated depreciation	(187.2)	(81.0)	(23.8)	—	(292.0)
Property, plant and equipment, net	50.0	75.8	11.5	—	137.3
Other assets:					
Goodwill	7.8	353.0	75.7	—	436.5
Indefinite-lived intangibles	3.8	674.9	9.2	—	687.9
Amortizable intangibles, net	0.5	104.7	0.1	—	105.3
Deferred income taxes	—	—	2.9	—	2.9
Other	51.0	10.1	4.0	—	65.1
Intercompany accounts receivable	22.2	2,560.2	611.5	(3,193.9)	—
Investment in affiliates	3,233.9	1,039.3	967.0	(5,240.2)	—
Total other assets	3,319.2	4,742.2	1,670.4	(8,434.1)	1,297.7
Total assets	\$3,590.5	\$ 5,320.0	\$ 2,066.6	\$ (8,434.1)	\$ 2,543.0

Table of Contents

WOLVERINE WORLD WIDE, INC. AND SUBSIDIARIES

Consolidated Condensed Balance Sheets - continued

As of June 20, 2015

(Unaudited)

(In millions)	Parent	Subsidiary Guarantors	Non-Guarantor Subsidiaries	Eliminations	Consolidated
LIABILITIES AND STOCKHOLDERS' EQUITY					
Current liabilities:					
Accounts payable	\$51.9	\$ 89.2	\$ 61.0	\$—	\$ 202.1
Accrued salaries and wages	14.7	5.0	7.1	—	26.8
Other accrued liabilities	36.2	45.4	35.3	—	116.9
Current maturities of long-term debt	45.2	—	—	—	45.2
Total current liabilities	148.0	139.6	103.4	—	391.0
Long-term debt, less current maturities	775.7	0.6	—	—	776.3
Accrued pension liabilities	109.4	20.9	—	—	130.3
Deferred income taxes	(58.2)	274.6	2.9	—	219.3
Other liabilities	14.7	10.4	2.2	—	27.3
Intercompany accounts payable	1,606.2	1,000.5	587.2	(3,193.9)	—
Stockholders' equity:					
Wolverine World Wide, Inc. stockholders' equity	994.7	3,873.4	1,366.8	(5,240.2)	994.7
Noncontrolling interest	—	—	4.1	—	4.1
Total stockholders' equity	994.7	3,873.4	1,370.9	(5,240.2)	998.8
Total liabilities and stockholders' equity	\$3,590.5	\$ 5,320.0	\$ 2,066.6	\$ (8,434.1)	\$ 2,543.0

Table of Contents

WOLVERINE WORLD WIDE, INC. AND SUBSIDIARIES

Consolidated Condensed Statements of Cash Flow

For the 24 Weeks Ended June 18, 2016

(Unaudited)

(In millions)	Parent	Subsidiary Guarantors	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Net cash provided by (used in) operating activities	\$57.5	\$ 18.0	\$ (2.7)	\$	—\$ 72.8
INVESTING ACTIVITIES					
Additions to property, plant and equipment	(6.2)	(19.4)	(2.6)		(28.2)
Investment in joint venture	—	—	(0.5)		(0.5)
Other	2.0	0.7	—	—	2.7
Net cash used in investing activities	(4.2)	(18.7)	(3.1)	—	(26.0)
FINANCING ACTIVITIES					
Payments on long-term debt	(2.8)	—	—	—	(2.8)
Cash dividends paid	(11.8)	—	—	—	(11.8)
Purchase of common stock for treasury	(6.0)	—	—	—	(6.0)
Purchases of shares under employee stock plans	(4.3)	—	—	—	(4.3)
Proceeds from the exercise of stock options	2.2	—	—	—	2.2
Excess tax benefits from stock-based compensation	0.1	—	—	—	0.1
Contributions from noncontrolling interests	—	—	1.3	—	1.3
Net cash provided by (used in) financing activities	(22.6)	—	1.3	—	(21.3)
Effect of foreign exchange rate changes	—	—	2.1	—	2.1
Increase (decrease) in cash and cash equivalents	30.7	(0.7)	(2.4)	—	27.6
Cash and cash equivalents at beginning of the year	27.2	2.6	164.3	—	194.1
Cash and cash equivalents at end of the period	\$57.9	\$ 1.9	\$ 161.9	\$	—\$ 221.7

Table of Contents

WOLVERINE WORLD WIDE, INC. AND SUBSIDIARIES

Consolidated Condensed Statements of Cash Flow

For the 24 Weeks Ended June 20, 2015

(Unaudited)

(In millions)	Parent	Subsidiary Guarantors	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Net cash provided by (used in) operating activities	\$ 136.1	\$ 3.6	\$ (44.8)) \$	—\$ 94.9
INVESTING ACTIVITIES					
Additions to property, plant and equipment	(7.6)	(6.3)	(1.9)) —	(15.8)
Other	1.5	1.7	—	—	3.2
Net cash used in investing activities	(6.1)	(4.6)	(1.9)) —	(12.6)
FINANCING ACTIVITIES					
Payments on long-term debt	(67.7)	—	—	—	(67.7)
Cash dividends paid	(12.3)	—	—	—	(12.3)
Purchase of common stock for treasury	(5.9)	—	—	—	(5.9)
Purchases of shares under employee stock plans	(7.5)	—	—	—	(7.5)
Proceeds from the exercise of stock options	8.5	—	—	—	8.5
Excess tax benefits from stock-based compensation	3.8	—	—	—	3.8
Net cash used in financing activities	(81.1)	—	—	—	(81.1)
Effect of foreign exchange rate changes	—	—	(4.3)) —	(4.3)
Increase (decrease) in cash and cash equivalents	48.9	(1.0)	(51.0)) —	(3.1)
Cash and cash equivalents at beginning of the year	11.4	3.3	209.1	—	223.8
Cash and cash equivalents at end of the period	\$ 60.3	\$ 2.3	\$ 158.1	\$	—\$ 220.7

Table of Contents

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

The following is a discussion of the Company's results of operations and liquidity and capital resources. This section should be read in conjunction with the Company's consolidated condensed financial statements and related notes included elsewhere in this Quarterly Report.

OVERVIEW

BUSINESS OVERVIEW

The Company is a leading global designer, manufacturer and marketer of branded footwear, apparel and accessories. The Company's vision statement is "to build a family of the most admired performance and lifestyle brands on earth." The Company seeks to fulfill this vision by offering innovative products and compelling brand propositions; complementing its footwear brands with strong apparel and accessories offerings; expanding its global consumer-direct footprint; and delivering supply chain excellence.

The Company's brands are marketed in approximately 200 countries and territories at June 18, 2016, including through owned operations in the U.S., Canada, the United Kingdom and certain countries in continental Europe and Asia Pacific. In other regions (Latin America, portions of Europe and Asia Pacific, the Middle East and Africa), the Company relies on a network of third-party distributors, licensees and joint ventures. At June 18, 2016, the Company operated 356 retail stores in the United States and Canada and 54 consumer-direct websites.

2016 FINANCIAL OVERVIEW

Revenue was \$583.7 million for the second quarter of fiscal 2016, representing a decline of 7.4% versus the second quarter of fiscal 2015. The change in revenue reflected a 3.5% decline from the Outdoor & Lifestyle Group, a 9.3% decline from the Boston Group, a 6.3% decline from the Heritage Group and a 14.5% decline from the Multi-Brand Group. Revenue was negatively impacted by a challenging U.S. retail environment, unfavorable foreign exchange rates, the closure of Company retail stores and the exit of the Cushe® business.

Gross margin declined 30 basis points to 38.8% in the second quarter of fiscal 2016 driven by unfavorable foreign currency rates partially offset by selling price increases.

The effective tax rate in the second quarter of fiscal 2016 was 26.7% compared to 31.4% in the second quarter of fiscal 2015. The lower effective tax rate in the current year period reflects a shift in income between tax jurisdictions with differing tax rates.

Diluted earnings per share for the second quarter of fiscal 2016 and the second quarter of fiscal 2015 was \$0.24 per share.

The Company repurchased 136,521 shares during the quarter at an average price of \$17.94 per share.

Inventory declined 2.9% in the second quarter of fiscal 2016 versus the prior year.

The Company declared cash dividends of \$0.06 per share in both the second quarter of fiscal 2016 and fiscal 2015.

Table of Contents

RESULTS OF OPERATIONS

(In millions, except per share data)	12 Weeks Ended			24 Weeks Ended		
	June 18, 2016	June 20, 2015	Percent Change	June 18, 2016	June 20, 2015	Percent Change
Revenue	\$583.7	\$630.1	(7.4)%	\$1,161.3	\$1,261.5	(7.9)%
Cost of goods sold	357.1	383.7	(6.9)	702.0	753.7	(6.9)
Restructuring costs	—	—	—	3.9	—	—
Gross profit	226.6	246.4	(8.0)	455.4	507.8	(10.3)
Selling, general and administrative expenses	183.0	195.1	(6.2)	367.1	393.9	(6.8)
Restructuring and impairment costs	1.8	3.7	(51.4)	12.5	2.7	363.0
Operating profit	41.8	47.6	(12.2)	75.8	111.2	(31.8)
Interest expense, net	7.8	9.0	(13.3)	16.3	18.5	(11.9)
Other expense, net	1.1	1.8	(38.9)	1.0	0.8	25.0
Earnings before income taxes	32.9	36.8	(10.6)	58.5	91.9	(36.3)
Income tax expense	8.8	11.6	(24.1)	16.8	26.6	(36.8)
Net earnings	24.1	25.2	(4.4)	41.7	65.3	(36.1)
Less: net earnings (loss) attributable to noncontrolling interest	0.1	(0.1)	200.0	0.3	(0.1)	400.0
Net earnings attributable to Wolverine World Wide, Inc.	\$24.0	\$25.3	(5.1)%	\$41.4	\$65.4	(36.7)%
Diluted earnings per share	\$0.24	\$0.24	— %	\$0.42	\$0.63	(33.3)%

REVENUE

Revenue was \$583.7 million for the second quarter of fiscal 2016, a decrease of 7.4% from the second quarter of fiscal 2015. The change in revenue reflected a 3.5% decline from the Outdoor & Lifestyle Group, a 9.3% decline from the Boston Group, a 6.3% decline from the Heritage Group and a 14.5% decline from the Multi-Brand Group. Revenue was negatively impacted by a challenging U.S. retail environment, which reflected lower consumer traffic and spending in brick and mortar retail channels resulting in lower demand for the Company's products. Revenue was also lower as a result of the closure of Company retail stores (\$8.1 million) and the exit of the Cushe® business (\$3.4 million). Changes in foreign exchange rates decreased reported revenues by approximately \$3.0 million for the second quarter of fiscal 2016.

Revenue was \$1,161.3 million for the first two quarters of fiscal 2016, a decrease of 7.9% from the first two quarters of fiscal 2015. The change in revenue reflected a decline of 4.7% from the Outdoor & Lifestyle Group, a 10.0% decline from the Boston Group, a 9.1% decline from the Heritage Group and a 10.0% decline from the Multi-Brand Group. Revenue growth was negatively impacted by the closure of Company retail stores (\$11.8 million) and the exit of the Cushe® business (\$5.6 million). Changes in foreign exchange rates decreased reported revenues by approximately \$8.8 million for the first two quarters of fiscal 2016.

GROSS MARGIN

Gross margin was 38.8% in the second quarter of fiscal 2016 compared to 39.1% in the second quarter of fiscal 2015. The decline in gross margin was driven by unfavorable foreign currency rates (100 basis points) and unfavorable product mix (80 basis points), which were partially offset by selling price increases.

Gross margin was 39.2% for the first two quarters of fiscal 2016 compared to 40.3% in the first two quarters of fiscal 2015. The decline in gross margin was driven by unfavorable foreign currency (110 basis points), higher restructuring costs (30 basis points) and unfavorable product mix (60 basis points), which were partially offset by selling price increases.

OPERATING EXPENSES

Operating expenses decreased \$14.0 million, from \$198.8 million in the second quarter of fiscal 2015 to \$184.8 million in the second quarter of fiscal 2016. The decrease was driven by lower retail store operating costs (\$4.5 million), lower pension expense (\$4.1 million), lower incentive compensation costs (\$3.3 million), lower restructuring and impairment expenses (\$1.9 million) and the impact from changes in foreign exchange rates (\$1.0 million).

Table of Contents

Operating expenses decreased \$17.0 million, from \$396.6 million in the first two quarters of fiscal 2015 to \$379.6 million in the first two quarters of fiscal 2016. The decrease was driven by lower pension expense (\$8.1 million), lower retail store operating costs (\$7.9 million), lower advertising costs (\$5.1 million), lower incentive compensation costs (\$3.7 million) and the impact from changes in foreign exchange rates (\$3.0 million), which were partially offset by higher restructuring and impairment expenses (\$9.8 million).

INTEREST, OTHER AND INCOME TAXES

Net interest expense was \$7.8 million in the second quarter of fiscal 2016 compared to \$9.0 million in the second quarter of fiscal 2015. Net interest expense was \$16.3 million in the first two quarters of fiscal 2016 compared to \$18.5 million in the first two quarters of fiscal 2015. The decrease in interest expense in both periods was primarily driven by higher interest income and benefits of the third quarter fiscal 2015 debt refinancing.

The Company maintains management and operational activities in overseas subsidiaries, and its foreign earnings are taxed at rates that are generally lower than the U.S. federal statutory income tax rate. A significant amount of the Company's earnings are generated by its Canadian, European and Asian subsidiaries and, to a lesser extent, in jurisdictions that are not subject to income tax. The Company has not provided for U.S. taxes for earnings generated in foreign jurisdictions because it intends to reinvest these earnings indefinitely outside the U.S. However, if certain foreign earnings previously treated as permanently reinvested are repatriated, the additional U.S. tax liability could have a material adverse effect on the Company's results of operations and financial position.

The Company's effective tax rate was 26.7% in the second quarter of fiscal 2016, compared to 31.4% in the second quarter of fiscal 2015. The Company's effective tax rate was 28.8% in the first two quarters of fiscal 2016, compared to 28.9% in the first two quarters of fiscal 2015. The lower effective tax rate in the current year periods reflects a shift in income between tax jurisdictions with differing tax rates.

REPORTABLE OPERATING SEGMENTS

During the first quarter of fiscal 2016, the Company's portfolio of brands was realigned into the following four operating segments, which the Company has determined to be reportable operating segments.

- Wolverine Outdoor & Lifestyle Group, consisting of Merrell® footwear and apparel, Cat® footwear, Hush Puppies® footwear and apparel, Chaco® footwear, Sebago® footwear and apparel and Cushe® footwear;
- Wolverine Boston Group, consisting of Sperry® footwear and apparel, Saucony® footwear and apparel and Keds® footwear and apparel;
- Wolverine Heritage Group, consisting of Wolverine® footwear and apparel, Bates® uniform footwear, Harley-Davidson® footwear and HyTest® safety footwear; and
- Wolverine Multi-Brand Group, consisting of Stride Rite® footwear and apparel and the Company's multi-brand consumer-direct businesses.

The Company also reports "Other" and "Corporate" categories. The Other category consists of the Company's leather marketing operations and sourcing operations that include third-party commission revenues. The Corporate category consists of unallocated corporate expenses, including restructuring and impairment costs.

The current quarter and prior year reportable operating segment results are as follows:

(In millions)	12 Weeks Ended			24 Weeks Ended				
	June 18, 2016	June 20, 2015	Change	Percent Change	June 18, 2016	June 20, 2015	Change	Percent Change
REVENUE								
Wolverine Outdoor & Lifestyle Group	\$203.0	\$210.3	\$(7.3)	(3.5)%	\$420.7	\$441.4	\$(20.7)	(4.7)%
Wolverine Boston Group	218.2	240.7	(22.5)	(9.3)%	427.3	475.0	(47.7)	(10.0)%
Wolverine Heritage Group	74.2	79.2	(5.0)	(6.3)%	146.0	160.6	(14.6)	(9.1)%
Wolverine Multi-Brand Group	69.7	81.5	(11.8)	(14.5)%	138.1	153.4	(15.3)	(10.0)%
Other	18.6	18.4	0.2	1.1 %	29.2	31.1	(1.9)	(6.1)%
Total	\$583.7	\$630.1	\$(46.4)	(7.4)%	\$1,161.3	\$1,261.5	\$(100.2)	(7.9)%

Table of Contents

(In millions)	12 Weeks Ended				24 Weeks Ended			
	June 18, 2016	June 20, 2015	Change	Percent Change	June 18, 2016	June 20, 2015	Change	Percent Change
OPERATING PROFIT (LOSS)								
Wolverine Outdoor & Lifestyle Group	\$34.7	\$35.9	\$(1.2)	(3.3)%	\$83.5	\$90.6	\$(7.1)	(7.8)%
Wolverine Boston Group	30.9	39.3	(8.4)	(21.4)%	58.6	76.6	(18.0)	(23.5)%
Wolverine Heritage Group	8.3	11.0	(2.7)	(24.5)%	16.8	22.8	(6.0)	(26.3)%
Wolverine Multi-Brand Group	2.6	4.2	(1.6)	(38.1)%	1.2	2.5	(1.3)	(52.0)%
Other	1.6	1.1	0.5	45.5%	2.1	2.3	(0.2)	(8.7)%
Corporate	(36.3)	(43.9)	7.6	17.3%	(86.4)	(83.6)	(2.8)	(3.3)%
Total	\$41.8	\$47.6	\$(5.8)	(12.2)%	\$75.8	\$111.2	\$(35.4)	(31.8)%

Further information regarding the reportable operating segments can be found in Note 13 to the consolidated condensed financial statements.

Wolverine Outdoor & Lifestyle Group

The Outdoor & Lifestyle Group's revenue decreased \$7.3 million, or 3.5%, in the second quarter of fiscal 2016 compared to the second quarter of fiscal 2015. Changes in foreign exchange rates decreased second quarter of fiscal 2016 revenues by approximately \$2.0 million. The reported revenue decrease resulted from the exit of the Cushe[®] business (\$3.4 million), a low teens decrease for Hush Puppies[®], a low single-digit revenue decline for Merrell[®] and a mid single-digit decrease for Cat[®] footwear, partially offset by a high teens revenue increase for Chaco[®]. The Outdoor & Lifestyle Group's revenue decreased \$20.7 million, or 4.7%, in the first two quarters of fiscal 2016 compared to the first two quarters of fiscal 2015. Changes in foreign exchange rates decreased the first two quarters of fiscal 2016 revenues by approximately \$5.9 million. The reported revenue decrease resulted from the exit of the Cushe[®] business (\$5.6 million), a mid single-digit revenue decline for Merrell[®] and a low teens decrease for Cat[®] footwear and Hush Puppies[®], partially offset by a low twenties revenue increase for the Chaco[®] brand.

The Hush Puppies[®] revenue decrease in both periods was due to fewer closeout sales due to leaner inventories, lower demand within Europe and changes in foreign exchange rates. The Cat[®] footwear revenue decrease in both periods was due to lower demand in the U.S. and EMEA and changes in foreign exchange rates. The Merrell[®] revenue decrease in both periods was due to lower demand reflecting continuing challenges in the current retail environment, the strategic decision to exit the wholesale channel for apparel and changes in foreign exchange rates, partially offset by higher consumer-direct revenue due to a low thirties growth rate for eCommerce and new retail stores. The Chaco[®] revenue increase in both periods resulted from successful marketing initiatives which continue to increase brand awareness and consumer engagement resulting in increased shipments.

The Outdoor & Lifestyle Group's operating profit decreased \$1.2 million, or 3.3%, in the second quarter of fiscal 2016 compared to the second quarter of fiscal 2015. The Outdoor & Lifestyle Group's operating profit decreased \$7.1 million, or 7.8%, in the first two quarters of fiscal 2016 compared to the first two quarters of fiscal 2015. The change in both periods reflects higher operating profit from Chaco[®] due to increased revenues and better gross margins from product costing improvements, which was more than offset by the revenue declines within the other brands.

Wolverine Boston Group

The Boston Group's revenue decreased \$22.5 million, or 9.3%, in the second quarter of fiscal 2016 compared to the second quarter of fiscal 2015. Changes in foreign exchange rates reduced second quarter of fiscal 2016 revenues by approximately \$0.7 million. The reported revenue decrease included a high-teens revenue decline for Sperry[®], a high single-digit revenue decrease for Keds[®], partially mitigated by a low single-digit revenue increase for Saucony[®]. The Boston Group's revenue decreased \$47.7 million, or 10.0%, in the first two quarters of fiscal 2016 compared to the first two quarters of fiscal 2015. Changes in foreign exchange rates reduced the first two quarters of fiscal 2016 revenues by approximately \$2.2 million. The reported revenue decrease included a mid-teens revenue decline for Sperry[®], a mid single-digit revenue decrease for Keds[®] and a low single-digit revenue decrease for Saucony[®].

The Sperry[®] decrease in both periods was due to lower demand for its boat shoe and casual products, while the Keds[®] decrease was due to lower demand for its core Champion product in the U.S. market. The Saucony[®] increase during the second quarter was attributable to growth in the Asia Pacific and EMEA regions, while the year-to-date decrease

included lower demand within the U.S. due to higher inventories at key customers, domestic retail bankruptcies and the negative impact of foreign exchange rates.

The Boston Group's operating profit decreased \$8.4 million, or 21.4%, in the second quarter of fiscal 2016 compared to the second quarter of fiscal 2015 due primarily to lower revenues for Sperry®. The Boston Group's operating profit decreased \$18.0 million,

Table of Contents

or 23.5%, in the first two quarters of fiscal 2016 compared to the first two quarters of fiscal 2015. The lower year-to-date operating profit was driven by lower Sperry® revenues and lower gross margins due to unfavorable foreign currency contracts for Saucony®.

Wolverine Heritage Group

The Heritage Group's revenue decreased \$5.0 million, or 6.3%, in the second quarter of fiscal 2016 compared to the second quarter of fiscal 2015. The reported revenue decrease included a high teens revenue decline for Wolverine®, partially offset by a low thirties revenue increase for Bates®. The Heritage Group's revenue decreased \$14.6 million, or 9.1%, in the first two quarters of fiscal 2016 compared to the first two quarters of fiscal 2015. The reported revenue decrease included a mid teens revenue decline for Wolverine®, partially offset by a low teens revenue increase for Bates®.

The revenue decrease for Wolverine® in both periods was attributable to lower demand within the U.S. due to a challenging retail environment and weakness in the oil industry. The Bates increase in both periods was driven by increases in military contract awards.

The Heritage Group's operating profit decreased \$2.7 million, or 24.5%, in the second quarter of fiscal 2016 compared to the second quarter of fiscal 2015. The Heritage Group's operating profit decreased \$6.0 million, or 26.3%, in the first two quarters of fiscal 2016 compared to the first two quarters of fiscal 2015. The decreases in both periods were attributable to the revenue declines.

Wolverine Multi-Brand Group

The Multi-Brand Group revenue decreased \$11.8 million, or 14.5%, in the second quarter of fiscal 2016 compared to the second quarter of fiscal 2015 and decreased \$15.3 million, or 10.0%, in the first two quarters of fiscal 2016 compared to the first two quarters of fiscal 2015. The decrease in both periods was due to store closures, lower traffic and lower wholesale closeout sales.

The Multi-Brand Group's operating profit decreased \$1.6 million, or 38.1%, in the second quarter of fiscal 2016 compared to the second quarter of fiscal 2015 and decreased \$1.3 million, or 52.0%, in the first two quarters of fiscal 2016 compared to the first two quarters of fiscal 2015. The decrease in both periods was due to lower gross margins resulting from higher promotions, partially offset by lower operating expenses due to store closures.

Other

The Other category's revenues increased \$0.2 million, or 1.1%, in the second quarter of fiscal 2016 compared to the second quarter of fiscal 2015 and decreased \$1.9 million, or 6.1%, in the first two quarters of fiscal 2016 compared to the first two quarters of fiscal 2015. The decrease in the first two quarters of fiscal 2016 was primarily due to decreased demand within the performance leathers business.

Corporate

Corporate expenses were \$36.3 million in the second quarter of fiscal 2016 compared to \$43.9 million in the second quarter of fiscal 2015. The \$7.6 million decrease was driven by lower pension expense (\$4.1 million), lower incentive compensation costs (\$3.3 million) and lower restructuring and impairment expenses (\$1.9 million), partially offset by higher bad debt expense (\$1.0 million).

Corporate expenses were \$86.4 million in the first two quarters of fiscal 2016 compared to \$83.6 million in the first two quarters of fiscal 2015. The \$2.8 million increase was driven by higher restructuring and impairment costs (\$13.7 million) and higher bad debt expense (\$1.0 million), partially offset by lower pension expense (\$8.1 million) and lower incentive compensation costs (\$3.7 million).

LIQUIDITY AND CAPITAL RESOURCES

(In millions)	June 18, 2016	January 2, 2016	June 20, 2015
Cash and cash equivalents	\$ 221.7	\$ 194.1	\$ 220.7
Debt ⁽¹⁾	808.0	809.8	821.5
Available Revolving Credit Facility ⁽²⁾	497.4	496.2	196.4

⁽¹⁾ Amounts include long-term debt less unamortized debt issuance costs, borrowings under the Revolving Credit Facility and a capital lease.

⁽²⁾

Amounts shown are net of outstanding letters of credit, which reduce availability under the Revolving Credit Facility.

Table of Contents

(In millions)	24 Weeks Ended	
	June 18, 2016	June 20, 2015
Net cash provided by operating activities	\$72.8	\$94.9
Net cash used in investing activities	(26.0)	(12.6)
Net cash used in financing activities	(21.3)	(81.1)
Additions to property, plant and equipment	28.2	15.8
Depreciation and amortization	20.3	21.7

Liquidity

Cash and cash equivalents of \$221.7 million as of June 18, 2016 were \$1.0 million higher compared to June 20, 2015. The Company had \$497.4 million of borrowing capacity available under the Revolving Credit Facility as of June 18, 2016. Cash and cash equivalents located in foreign jurisdictions totaled \$161.8 million as of June 18, 2016. The Company intends to permanently reinvest cash in these foreign locations.

Cash flow from operating activities, along with borrowings on the Revolving Credit Facility, if any, are expected to be sufficient to meet the Company's working capital needs for the foreseeable future. Any excess cash flow from operating activities are expected to be used to fund organic growth initiatives, reduce debt, pay dividends, repurchase the Company's common stock and pursue acquisitions.

Operating Activities

The principal source of the Company's operating cash flow is net earnings, including cash receipts from the sale of the Company's products, net of costs of goods sold.

For the first two quarters of fiscal 2016, an increase in net working capital represented a use of cash of \$3.9 million. Working capital balances were unfavorably impacted by an increase in accounts receivable of \$12.9 million and a decrease in accounts payable of \$30.0 million, which were partially offset by an increase in other operating liabilities of \$6.0 million and a decrease in inventories and other operating assets of \$27.2 million and \$5.8 million, respectively.

Investing Activities

The Company made capital expenditures of \$28.2 million in the first two quarters of fiscal 2016 compared to \$15.8 million in the first two quarters of fiscal 2015. The majority of the capital expenditures in the first two quarters of fiscal 2016 and fiscal 2015 were for building improvements, information system enhancements, and retail store investments. The increase in expenditures during the first two quarters of fiscal 2016 is due primarily to building improvements for the Company's new Boston office.

Financing Activities

As of June 18, 2016, the Company was in compliance with all covenants and performance ratios under the Credit Agreement.

The Company's debt at June 18, 2016 totaled \$808.0 million compared to \$809.8 million at January 2, 2016.

On February 12, 2014, the Company's Board of Directors approved a common stock repurchase program that authorizes the repurchase of up to \$200.0 million in common stock in the open market over a four-year period. The Company repurchased \$6.0 million of shares during the first two quarters of fiscal 2016. The Company repurchased \$92.6 million of shares during fiscal 2015. The Company did not repurchase any shares in the open market in fiscal 2014 pursuant to this stock repurchase program. The Company also acquired \$4.3 million of shares in the first two quarters of fiscal 2016 in connection with employee transactions related to stock incentive plans.

The Company declared cash dividends of \$0.06 per share, or \$5.8 million and \$6.1 million, for the second quarter of fiscal 2016 and fiscal 2015, respectively. The 2016 dividend is payable on August 1, 2016 to shareholders of record on July 1, 2016.

CRITICAL ACCOUNTING POLICIES

The preparation of the Company's consolidated financial statements, which have been prepared in accordance with U.S. GAAP, requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. On an ongoing basis, management evaluates these estimates. Estimates are based on historical experience and on various other assumptions that are believed to be reasonable under the circumstances,

the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Historically,

38

Table of Contents

actual results have not been materially different from the Company's estimates. However, actual results may differ materially from these estimates under different assumptions or conditions.

The Company has identified the critical accounting policies used in determining estimates and assumptions in the amounts reported in its Management Discussion and Analysis of Financial Conditions and Results of Operations in its 2015 Form 10-K. Management believes there have been no material changes in those critical accounting policies.

ITEM 3. Quantitative and Qualitative Disclosures about Market Risk

The Company faces market risk to the extent that changes in foreign currency exchange rates affect the Company's foreign assets, liabilities and inventory purchase commitments. The Company manages these risks by attempting to denominate contractual and other foreign arrangements in U.S. dollars. 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 Quarterly Report on Form 10-Q, the Company does not know of any material change in the near-term in the general nature of its primary market risk exposure.

Under the provisions of FASB ASC 815, the Company is required to recognize all derivatives on the balance sheet at fair value. Derivatives that are not qualifying hedges must be adjusted to fair value through earnings. If a derivative is a qualifying hedge, depending on the nature of the hedge, changes in the fair value of derivatives are either offset against the change in fair value of the hedged assets, liabilities or firm commitments through earnings or recognized in AOCI until the hedged item is recognized in earnings.

The Company conducts wholesale operations outside of the U.S. in Canada, continental Europe, United Kingdom, Colombia, Hong Kong, China and Mexico where the functional currencies are primarily the Canadian dollar, euro, British pound, Colombian peso, Hong Kong dollar, Chinese renminbi and Mexican peso, respectively. The Company utilizes foreign currency forward exchange contracts to manage the volatility associated primarily with U.S. dollar inventory purchases made by non-U.S. wholesale operations in the normal course of business as well as to manage foreign currency translation exposure. At June 18, 2016 and June 20, 2015, the Company had outstanding forward currency exchange contracts to purchase primarily U.S. dollars in the amounts of \$193.1 million and \$202.6 million, respectively, with maturities ranging up to 363 and 356 days, respectively.

The Company also has sourcing locations in Asia, where financial statements reflect the U.S. dollar as the functional currency. However, operating costs are paid in the local currency. Revenue generated by the Company from third-party foreign licensees is calculated in the local currencies, but paid in U.S. dollars. Accordingly, the Company's reported results are subject to foreign currency exposure for this stream of revenue and expenses. Any associated foreign currency gains or losses on the settlement of local currency amounts are reflected within the Company's consolidated statement of operations.

Assets and liabilities outside the U.S. are primarily located in the United Kingdom, Canada and the Netherlands. The Company's investments in foreign subsidiaries with a functional currency other than the U.S. dollar are generally considered long-term. Accordingly, the Company currently does not hedge these net investments. At June 18, 2016, a weaker U.S. dollar compared to certain foreign currencies increased the value of these investments in net assets by \$10.3 million from their value at January 2, 2016. At June 20, 2015, a stronger U.S. dollar compared to foreign currencies decreased the value of these investments in net assets by \$9.2 million from their value at January 3, 2015. The Company is exposed to interest rate changes primarily as a result of interest expense on borrowings used to finance acquisitions and working capital requirements. As of June 18, 2016, the Company had no outstanding borrowings and outstanding letters of credit of \$2.6 million under the Revolving Credit Facility. The Company's total variable-rate debt was \$441.5 million at June 18, 2016 and the Company held one interest rate swap agreement denominated in U.S. dollars that effectively converts \$267.5 million to fixed-rate debt.

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

ITEM 4. Controls and Procedures

An evaluation was performed under the supervision and with the participation of the Company's management, including the Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures. Based on, and as of the time of such evaluation, the Company's

management, including the Chief Executive Officer and Chief Financial Officer, concluded that the Company's disclosure controls and procedures, as defined in Securities Exchange Act Rule 13a-15(e), were effective as of the end of the period covered by this report. There have been no changes during

39

Table of Contents

the quarter ended June 18, 2016 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1A. Risk Factors

There have been no material changes in the assessment of the Company's risk factors from those set forth in its 2015 Form 10-K.

ITEM 2. Unregistered Sales of Equity Securities and Use of Proceeds

The following table provides information regarding the Company's purchases of its own common stock during the second quarter of fiscal 2016.

Issuer Purchases of Equity Securities

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Dollar Amount that May Yet Be Purchased Under the Plans or Programs
Period 4 (March 27, 2016 to April 23, 2016)				
Common Stock Repurchase Program ⁽¹⁾	136,521	\$ 17.94	136,521	\$ 101,401,471
Employee Transactions ⁽²⁾	3,461	18.86	—	
Period 5 (April 24, 2016 to May 21, 2016)				
Common Stock Repurchase Program ⁽¹⁾	—	—	—	\$ 101,401,471
Employee Transactions ⁽²⁾	—	—	—	
Period 6 (May 22, 2016 to June 18, 2016)				
Common Stock Repurchase Program ⁽¹⁾	—	—	—	\$ 101,401,471
Employee Transactions ⁽²⁾	—	—	—	
Total for Quarter Ended June 18, 2016				
Common Stock Repurchase Program ⁽¹⁾	136,521	\$ 17.94	136,521	\$ 101,401,471
Employee Transactions ⁽²⁾	3,461	18.86	—	

The Company's Board of Directors approved a common stock repurchase program on February 12, 2014. This ⁽¹⁾ program authorizes the repurchase of up to \$200 million of common stock over a four-year period, although the annual amount of any stock repurchases are restricted under the terms of the Company's Credit Agreement.

Employee transactions include: (1) shares delivered or attested to in satisfaction of the exercise price and/or tax withholding obligations by holders of employee stock options who exercised options, and (2) restricted shares and ⁽²⁾ units withheld to offset statutory minimum tax withholding that occurs upon vesting of restricted shares and units.

The Company's employee stock compensation plans provide that the shares delivered or attested to, or withheld, shall be valued at the closing price of the Company's common stock on the date the relevant transaction occurs.

ITEM 6. Exhibits

Exhibits filed as a part of this Form 10-Q are listed on the Exhibit Index, which is incorporated by reference herein.

Table of Contents

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.

July 27, 2016 /s/ Blake W. Krueger

Blake W. Krueger

Date Chairman, Chief Executive Officer and President

(Principal Executive Officer and Duly Authorized Signatory for Registrant)

July 27, 2016 /s/ Michael D. Stornant

Michael D. Stornant

Date Senior Vice President, Chief Financial Officer and Treasurer

(Principal Financial and Accounting Officer and Duly Authorized Signatory for Registrant)

Table of Contents

EXHIBIT INDEX

Exhibit Number	Document
3.1	Amended and Restated Certificate of Incorporation. Incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed on April 24, 2014.
3.2	Amended and Restated By-laws. Incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed on February 19, 2015.
10.1	Wolverine World Wide, Inc. Executive Deferred Compensation Plan.* Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on June 7, 2016.
10.2	Wolverine World Wide, Inc. Stock Incentive Plan of 2016.* Incorporated by reference to Exhibit 10.1 to the Company's Registration Statement on Form S-8 filed on April 15, 2016.
31.1	Certification of Chairman, Chief Executive Officer and President under Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Senior Vice President, Chief Financial Officer and Treasurer under Section 302 of the Sarbanes-Oxley Act of 2002.
32	Certification pursuant to 18 U.S.C. §1350.
101.INS	XBRL Instance Document.
101.SCH	XBRL Taxonomy Extension Schema Document.
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB	XBRL Taxonomy Extension Label Linkbase Document.
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document.

*Management contract or compensatory plan or arrangement.