

September 30, 2008

Key Metrics

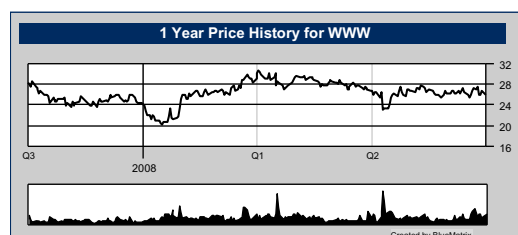
WWW - NYSE	\$25.95
Pricing Date	09/29/2008
Price Target	NA
52-Week Range	\$31.21-\$19.85
Shares Outstanding (mm)	49.0
Market Capitalization (\$mm)	\$1,271.2
3-Mo Average Daily Volume	630,201
Institutional Ownership	94%
Debt/Total Capital	8.3%
ROE	19.8%
Book Value/Share	\$8.98
Price/Book	2.9x
Dividend Yield	1.3%
LTM EBITDA Margin	13.53%

EPS(\$) FY: December

	2007A	Prior 2008E	Curr. 2008E	Prior 2009E	Curr. 2009E
1Q-Mar	0.39	--	0.46A	--	0.50E
2Q-Jun	0.28	--	0.33A	--	0.36E
3Q-Sep	0.54	--	0.60E	--	0.66E
4Q-Dec	0.49	--	0.51E	--	0.55E
FY	1.70	--	1.90E	--	2.07E
P/E	15.3x	--	13.7x	--	12.5x

Revenue(\$mm)

	2007A	Prior 2008E	Curr. 2008E	Prior 2009E	Curr. 2009E
1Q-Mar	281.1	--	288.2A	--	310.7E
2Q-Jun	250.3	--	267.4A	--	284.7E
3Q-Sep	310.2	--	322.5E	--	346.7E
4Q-Dec	357.4	--	365.0E	--	390.6E
FY	1,199.0	--	1,243.1E	--	1,322.6E



Company Description: Wolverine World Wide, Inc. (www.wolverineworldwide.com) is a leading designer, manufacturer, and marketer of a broad line of quality casual shoes and rugged outdoor footwear.

Wolverine World Wide, Inc.

Rating: Hold

3Q08 Preview: EPS Should Improve Y/Y 12% to \$0.60

Investment Highlights:

- **WWW scheduled to report 3Q08 results Wednesday morning, before the market opens.** We are projecting EPS of \$0.60, in-line with the Street consensus and \$0.06 better than last year's comparable period. Our earnings estimate is based off of our expectations for 4% Y/Y sales growth, a slight EBIT margin decline, and roughly 5mm fewer shares outstanding.
- **Diverse product lines/geographic penetration should provide Y/Y gains; yet, 2H08 growth rates could begin to slow.** We expect 3Q08 sales to expand Y/Y 4% to \$322.5mm with the Merrell brand and international gains expected to lead the way. While projected to be up Y/Y, 2H08 sales growth rates could begin to slow due to a challenging economic environment and more conservative retailer ordering patterns, which reduced order backlog from double digits in Q1 to mid-single digits in Q2.
- **Slight decline in EBIT margins due to expected increases in operating costs.** Foreign exchange benefits and product mix should offset potentially increasing product and labor costs, keeping gross margins relatively flat Y/Y. Operating costs should de-lever roughly 20 bps with expected increases in marketing spend and ongoing consolidation of the company's European operations.
- **Strong balance sheet/cash flow fueling share buy backs, which should reduce the Y/Y share count by roughly 5mm.** At Q2 end, cash exceeded debt by roughly \$37mm. The company has utilized its strong free cash flow (\$32mm YTD and \$105mm in 2007) to repurchase shares and lower its diluted share count approximately 5mm Y/Y.
- **Shares trading roughly in-line with peer group and historical multiple; maintain Hold rating.** While Wolverine appears to be navigating through a challenging environment better than most, the shares are currently trading roughly in-line with its five-year and peer group average. We maintain our Hold rating.

EQUITY RESEARCH

Wolverine Worldwide, Inc.

(In Millions, Except Per Share Data)

Quarter End	FY 2006	Q1 Mar-07	Q2 Jun-07	Q3 Sep-07	Q4 Dec-07	FY 2007	Q1 Mar-08	Q2 Jun-08	Q3E Sep-08	Q4E Dec-08	FYE 2008	Q1E Mar-09	Q2E Jun-09	Q3E Sep-09	Q4E Dec-09	FYE 2009
Sales	1141.9	281.1	250.3	310.2	357.4	1199.0	288.2	267.4	322.5	365.0	1243.1	310.7	284.7	346.7	390.6	1332.6
<i>% Increase</i>	7.6%	6.9%	5.0%	3.8%	4.6%	5.0%	2.6%	6.8%	4.0%	2.1%	3.7%	7.8%	6.5%	7.5%	7.0%	7.2%
Cost of Goods Sold	700.4	167.1	154.8	185.2	220.0	727.0	166.7	165.0	192.5	224.1	748.3	180.2	174.8	205.6	238.2	798.8
<i>As % Sales</i>	61.3%	59.4%	61.8%	59.7%	61.5%	60.6%	57.8%	61.7%	59.7%	61.4%	60.2%	58.0%	61.4%	59.3%	61.0%	59.9%
<i>% Increase</i>	6.8%	6.4%	4.6%	2.2%	2.8%	3.8%	-0.2%	6.6%	4.0%	1.9%	2.9%	8.1%	6.0%	6.8%	6.3%	6.8%
Gross Profit	441.5	114.0	95.5	125.0	137.5	471.9	121.6	102.4	130.0	140.9	494.8	130.5	109.9	141.1	152.3	533.8
<i>Margin</i>	38.7%	40.6%	38.2%	40.3%	38.5%	39.4%	42.2%	38.3%	40.3%	38.6%	39.8%	42.0%	38.6%	40.7%	39.0%	40.1%
<i>% Increase</i>	9.0%	7.7%	5.7%	6.3%	7.6%	6.9%	6.6%	7.2%	4.0%	2.5%	4.8%	7.3%	7.3%	8.6%	8.1%	7.9%
SG&A	318.2	81.3	72.0	80.5	99.3	333.2	85.3	76.5	84.5	102.2	348.5	92.9	82.8	90.8	110.5	377.1
<i>As % Sales</i>	27.9%	28.9%	28.7%	26.0%	27.8%	27.8%	29.6%	28.6%	26.2%	28.0%	28.0%	29.9%	29.1%	26.2%	28.3%	28.3%
<i>% Increase</i>	9.0%	6.7%	4.7%	3.2%	4.3%	4.7%	4.9%	6.3%	4.9%	2.9%	4.6%	8.9%	8.3%	7.5%	8.1%	8.2%
Operating Profit	123.3	32.7	23.6	44.4	38.1	138.8	36.3	25.9	45.5	38.7	146.3	37.6	27.0	50.3	41.8	156.7
<i>Margin</i>	10.8%	11.6%	9.4%	14.3%	10.7%	11.6%	12.6%	9.7%	14.1%	10.6%	11.8%	12.1%	9.5%	14.5%	10.7%	11.8%
<i>% Increase</i>	8.8%	10.3%	8.8%	12.5%	17.2%	12.6%	11.0%	9.9%	2.4%	1.4%	5.4%	3.6%	4.5%	10.5%	8.0%	7.1%
Interest Expense	1.8	0.4	0.5	-0.2	0.3	1.1	0.1	0.3	0.3	0.3	1.0	0.3	0.3	0.3	0.3	1.2
Other Income	0.8	1.3	0.3	-0.3	-0.4	0.9	-0.6	-0.3	0.0	0.0	-0.9	0.0	0.0	0.0	0.0	0.0
Pretax Profit	122.3	33.5	23.3	44.3	37.4	138.6	35.6	25.3	45.2	38.4	144.4	37.3	26.7	50.0	41.5	155.5
<i>Margin</i>	10.7%	11.9%	9.3%	14.3%	10.5%	11.6%	12.3%	9.5%	14.0%	10.5%	11.6%	12.0%	9.4%	14.4%	10.6%	11.7%
<i>% Increase</i>	9.9%	14.1%	9.5%	13.3%	15.2%	13.3%	6.1%	8.3%	1.9%	2.7%	4.2%	4.8%	5.8%	10.6%	8.1%	7.7%
Taxes(benefit)	38.6	11.2	7.8	14.8	11.8	45.7	11.9	8.5	15.1	12.9	48.4	12.5	9.0	16.7	13.9	52.1
<i>Rate</i>	31.6%	33.5%	33.5%	33.5%	31.5%	33.0%	33.6%	33.5%	33.5%	33.5%	33.5%	33.5%	33.5%	33.5%	33.5%	33.5%
Net Income--Oper.	83.6	22.3	15.5	29.5	25.6	92.9	23.6	16.8	30.0	25.5	96.0	24.8	17.8	33.2	27.6	103.4
<i>Margin</i>	7.3%	7.9%	6.2%	9.5%	7.2%	7.7%	8.2%	6.3%	9.3%	7.0%	7.7%	8.0%	6.2%	9.6%	7.1%	7.8%
<i>% Increase</i>	12.3%	13.6%	9.0%	12.8%	8.3%	11.0%	6.1%	8.3%	1.9%	-0.3%	3.4%	4.9%	5.8%	10.6%	8.1%	7.7%
EPS--Operations	1.47	0.39	0.28	0.54	0.49	1.70	0.46	0.33	0.60	0.51	1.90	0.50	0.36	0.66	0.55	2.07
<i>% Increase</i>	15.8%	14.5%	11.6%	16.2%	17.2%	15.8%	16.7%	18.5%	12.1%	5.2%	11.7%	8.1%	7.3%	10.6%	8.1%	8.9%
Shares Out. Diluted	56.9	56.7	55.4	55.0	52.8	54.6	51.5	50.7	50.0	50.0	50.6	50.0	50.0	50.0	50.0	50.0

Source: Company reports and Morgan Joseph estimates

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Rating	Investment Banking Services/Past 12 Mos.	
	Percent	Percent
BUY [B]	56.67	33.33
HOLD [H]	42.22	31.58
SELL [S]	1.11	0.00

Meaning of Ratings

- A) Buy means reasonable outperformance relative to the market over 12-18 months.
- B) Hold means market-type risk adjusted performance; potential source of funds.
- C) Sell means expected to underperform the market.

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