



2000 Annual Report



JOHNSON OUTDOORS INC.

designs, manufactures and markets outdoor recreation products in four businesses: Watercraft, Motors, Diving, and Outdoor Equipment. More than 1,400 employees work in thirty locations worldwide.

OUR VISION

In the outdoor recreational industry, our stakeholders will recognize us as:

- the innovation leader
- bringing excitement and growth to our markets
- a strong, talented team with exceptional passion

This vision will translate into:

- strong brand equities and leading market shares
- increased sales and profits
- preferred supplier relationships and strong consumer loyalty
- steady shareholder returns

Business Profile

Watercraft

24%

Old Town
Canoes and kayaks

Necky
Kayaks

Leisure Life
Canoes, pedal boats, kayaks, deck boats and tenders

Ocean Kayak
Sit-on-top kayaks

Escape
Sailboats

Carlisle
Paddles and oars

Extrasport and Swiftwater
Personal floatation devices

Dimension
Kayaks

Pacific Kayak
Kayaks

Motors

22%

Minn Kota
Electric boat motors, power equipment and accessories

Airguide
Speedometers, marine and automotive compasses and weather instruments

Diving

24%

Scubapro
Regulators, buoyancy compensators, masks, fins, wet and dry suits, gloves, dive lights and other accessories

Aladin
Premium dive computers

Uwatec
Dive computers and other electronic instruments

Soniform
Buoyancy compensators

SnorkelPro
Masks, fins and snorkels

Outdoor Equipment

30%

Eureka!
Camping tents, accessories and military and commercial tents

CampTrails
Backpacks and accessories

Silva
Field compasses

Jack Wolfskin
Outdoor clothing, travel gear, footwear, accessories, camping tents, backpacks and sleeping bags

Summary Financial Information¹

Johnson Outdoors Inc.

(thousands, except per share data)	1998	1999	2000	% change
Operating Results				
Net sales	\$270,017	\$305,094	\$347,288	14%
Gross profit	106,801	120,670	135,212	12%
Operating profit	18,356	19,513	24,719	27%
Net income	5,379	5,861	8,375	43%
Diluted earnings per common share	\$0.66	\$0.72	\$1.03	43%
Diluted average common shares outstanding	8,114	8,108	8,130	
Capitalization				
Total debt	\$124,001	\$122,071	\$105,319	
Shareholders' equity	124,386	127,178	100,832	
Total debt to total capital	49.9%	49.0%	51.1%	

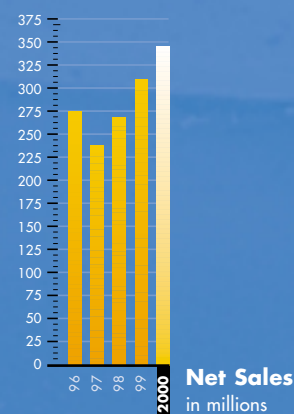
Table of Contents

- 1 Summary Financial Information
- 2 Letter to Shareholders
- 6 Watercraft
- 8 Motors
- 10 Diving
- 12 Outdoor Equipment
- 14 Outdoor Equipment – Europe

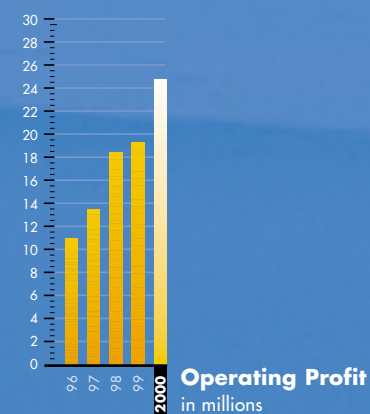
- Form 10-K

Inside Back Cover

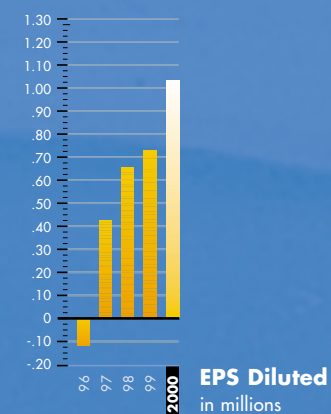
- Directors and Officers
- Shareholders' Information



+14% versus 1999



+27% versus 1999



+43% versus 1999

¹Continuing operations

LETTER TO SHAREHOLDERS

We're pleased to report double-digit increases in sales and operating profits as well as strong gains in earnings per share for fiscal year 2000. Johnson Outdoors is on track with our five-year growth plan, staying on top of recreation trends as we reach out to more consumers with innovative, easy-to-use products.



Samuel C. Johnson
Chairman of the Executive Committee

Helen P. Johnson-Leipold
Chairman and Chief Executive Officer

Among this year's many achievements, the sale of our Fishing business stands out. This step was crucial in our ongoing efforts to realize Johnson Outdoors' long-term potential. It demonstrated our commitment to tight portfolio management and our firm focus on high-growth, high-margin businesses.

In addition, Diving, Outdoor Equipment Group and Motors all turned in solid performances. Watercraft had strong sales, although profitability was down due to growing pains—integrating recent acquisitions and handling rapid growth at Old Town. We're in the process of strengthening both Old Town's infrastructure and our support for acquisitions.

Overall we're pleased with our solid position and are working to continue our success. Our new name, Johnson Outdoors, captures the spirit behind our mission and vision. Our emphasis on innovation

and understanding consumer needs continues to yield some of the most exciting products on the market. Our organization grows stronger each day, building on the passion and commitment of a talented team.

2000 RESULTS

Earnings per diluted share from continuing operations increased 43%, to \$1.03, in fiscal 2000. Three of our four business segments saw double-digit sales growth, taking total annual sales to \$347 million—a 14% increase over 1999. Operating profits from continuing operations increased for the fourth consecutive year, reaching \$24.7 million—a 27% increase over 1999. Income from continuing operations, excluding strategic charges, rose 29% to \$1.20 per share. Foreign exchange rates affected these results; without that impact, sales and operating profit increased 17% and 33% respectively.

Diving completed an exciting turnaround year, delivering

strong performance after two years of profit shortfall versus expectations. Despite a flat market and the adverse impact of a strong dollar, sales increased 3% over 1999 while operating profit, excluding strategic charges in the prior year, rose 57%. This success is a direct result of our ongoing strategy—emphasizing more profitable lines, especially regulators and dive computers; keeping the focus on new product development; bringing in new talent in the U.S. and Uwatec organizations; and improving advertising and communication programs.

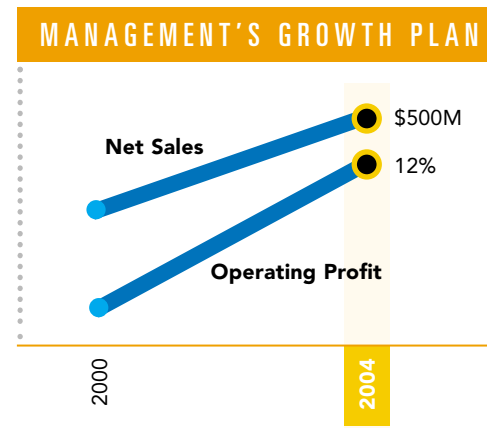
Outdoor Equipment Group increased sales 12%, to \$103 million, while profits jumped more than 130%, to \$8.2 million. Strong Jack Wolfskin and government tent sales drove this growth, along with a 25% efficiency increase in our U.S. plants. The mid-1999 refocus on our core strength—consumer, commercial and military tents—continues to pay off in improved

margins and increased sales. Meanwhile, Jack Wolfskin outdoor apparel and equipment continued strong—introducing new products, including a technical footwear line, and extending the franchise to 26 stores with four new stores in Germany and two in Canada.

Watercraft saw the effects of being a brand leader in outdoor recreation's fastest-growing category; sales increased more than 26%, but operating profit decreased 18%. We're handling the growing pains by bringing in new managers to build team depth; improving distribution and operations at Old Town

Canoe; completing the integration of recent acquisitions; and developing a long-term operational model and implementation plan.

Motors continued its positive momentum with 19% sales growth and, excluding strategic charges, a 2.4 percentage point improvement in operating margin. Minn Kota furthered its lead over the nearest competitor, increasing U.S. share through gains in the OEM market, strong marine channel sales, and continued innovation with products like the Vantage and the Genesis. In the first half of 1999 we increased our agility and



streamlined operations by moving our Racine-based Lake Electric motor manufacturing to our Minn Kota facility in Mankato, Minnesota. We booked a \$2 million strategic charge but created operating efficiencies that will save nearly half a million dollars a year.

PEOPLE

This past year Johnson Outdoors focused on increasing our depth of talent. We filled two important positions—vice president of operations and vice president of human resources. In Watercraft, we strengthened operational expertise and financial discipline; in Diving, we added top managerial talent in both our U.S. and Europe operations.

A QUICK LOOK BACK

Last year we introduced the Johnson Outdoors success model—encompassing four drivers we consider essential to long-term growth.

Portfolio management. We're analyzing our businesses and

identifying our acquisitions carefully, playing only where we can win. Our most significant initiative in this area was the divestiture of Fishing, followed by the successful refocusing of our North American Outdoor Equipment Group. And, after thorough evaluation against our rigorous criteria, we added Pacific Kayak to our Watercraft business. This process is ongoing, and the bar is high.

Network model. Our goal is a network of specialized companies that maintain their independent, creative spirit while sharing best practices and leveraging synergies. In this model, headquarters provides the corporate vision and strategic framework to give each

company direction. In 2000 we began rolling out our new vision and strategy, clarifying the roles of our group vice presidents; hiring new talent; initiating cross-company projects; and developing a stronger sense of team as we increased accountability among key managers.

Expanding markets. Since early 1999 we've begun to broaden our consumer base, reaching out to more recreational users with new products like our Old Town Kids Kayaks, Jack Wolfskin "Rugged" line, and Eureka! easy-up NightScape tent. We've also expanded our markets by targeting enthusiasts with innovations like Minn Kota's high-end Genesis electronic trolling motor, Scubapro's Twin Jet Fin, and

the 650 Ultra Light regulator. And we're participating in grassroots recreation events and education programs, stimulating new consumers to try new categories.

Innovation. Innovation is our lifeblood, infusing everything we do...starting, above all, with developing products like those mentioned above. We've put more resources behind R&D, looking to produce more breakthrough products and get them to market more efficiently. The result has been a double-digit increase in sales.

We also look for innovation beyond new product development—from the way we structure our company to the way we manage our portfolio of businesses.

We've made great progress in this area but will always have more to do.

FOCUS FORWARD

Near-term, we're focusing on five strategic areas to keep us on top of the marketplace even as we increase our capabilities to meet customer and consumer needs.

1. Continue to improve financial return.

Our growth from continuing operations is a strong step forward, and we'll continue to focus on working the balance sheet to improve cash flow. It's essential that we increase Watercraft's productivity, efficiency and returns on recent acquisitions. And we'll keep on looking for new ways to make the best use of our assets,

yielding greater profitability and returns.

2. Address Watercraft operational issues.

We have the sales. We have the brands. Now we're addressing distribution and logistics issues to push more growth to the bottom line. As noted above, we're bringing in new managers, improving Old Town distribution and operations, increasing support for recent acquisitions, and preparing to implement a long-term operational model.

3. Increase emphasis on internal growth.

Growth through acquisitions remains a significant strategy for Johnson Outdoors. As we work to build capacity and operational strength,

ACCOMPLISHMENTS

2000
Delivery of budget, achieving sales and profit goals

Sale of Fishing, with bottom-line impact exceeding expectations

▶ NEW MOMENTUM FOR DIVING

however, we will concentrate more on growth from our existing businesses.

We have four significant internal growth initiatives:

- Expanding key businesses into Europe
- Developing breakthrough new products in our “drive” businesses
- Drawing on our strong manufacturing capabilities to extend product lines and leverage brand equities into new product segments
- Entering a new business category that uses our existing design, manufacturing and sourcing capabilities

While we will certainly continue to identify and

research acquisition candidates, this internal growth strategy will be our focus for the next 12 to 24 months.

4. Strengthen our business model.

“Project Network” is a major initiative to define our long-term operational and organizational model and determine how to take Johnson Outdoors to the next level. Capturing synergies and leveraging strengths is key. Although this project will encompass all our businesses, it is of special importance in Watercraft, where growing pains clearly affected this year’s results.

This initiative will include identifying the infrastructure and talent necessary to support our business model,

especially in the vital sales and marketing area. Because a strong operational and organization foundation is so important, we are using an outside firm to help us accelerate Project Network. Our goal is to have the plan completed and ready to implement in late 2001.

5. Devote more resources to new product development.

At Johnson Outdoors, we continue to hang our hat on innovation. We will allocate more resources to new product development in our core businesses, sharing expertise and technologies across our businesses and drawing on external expertise as needed. Incentive programs will be tied to successful new

product development and commercialization.

Most important, we will deepen our understanding of consumer recreation trends, developing products that serve not only the enthusiast but also the growing numbers of casual users—families and individuals who want products that make it easier to have fun in the great outdoors. Our long-term goal is to have 20% of our annual sales growth come from products introduced within the past three years.

THE SPIRIT OF ADVENTURE

Our vision says Johnson Outdoors wants to be recognized as the outdoor recreation industry’s innovation

leader, bringing excitement and growth to our markets. Our team made great strides toward that goal this past year—and we look forward to continuing progress, not just in the next year or two but well into the future, rewarding you with increased shareholder value.

To our employees, partners, customers and shareholders, we offer thanks for your support and an invitation to celebrate the spirit of adventure with Johnson Outdoors.



Helen P. Johnson-Leipold

Chairman and
Chief Executive Officer

New talent adding strength at headquarters and in our businesses

OEG
Refocused OEG and improving operating efficiency

Motor **sales growth** and market share gains

Development of **JACK WOLFSKIN** technical footwear line

A photograph of two people kayaking in a rocky bay. The kayaker in the foreground is in a red kayak, and the one in the background is in a yellow kayak. They are surrounded by dark, jagged rocks and a clear blue sky with some clouds. The water is a deep blue-green color. A yellow curved shape is in the top right corner of the image.

Watercraft

TAKING ON CHALLENGE

Put your paddle blade in the water and *stroke*. The thrill of powering your own craft, of being right in the middle of nature, makes watercraft the fastest growing outdoor recreation category...and Johnson Outdoors brands are leading the way.

Old Town

NECKY
KAYAKS

Leisure Life Limited

OCEAN KAYAK

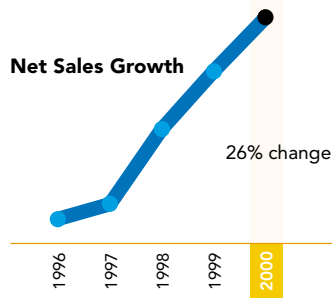
Escape

Carlisle
PADDLES AND OARS

EXTRASPORT®

Dimension

PACIFIC
KAYAK



Over the last year Watercraft saw exciting sales increases, although growing pains led to disappointing operating profits. We're positioning ourselves to drive forward off a challenging year—making the most of our recent acquisitions, Extrasport and Pacific Kayak. Strengthening our organization. And preparing for long-term growth through geographic expansion and unique new products under established brand names.

EXTRASPORT MONA LISA PFD



Technology counts. Our patented molding process and Superlink 3™ material give Old Town's Discovery exceptional strength, performance and value. Advanced design makes the new Necky Switch perfect for whitewater rodeo enthusiasts. And the short-waisted Mona Lisa uses thermo-molded construction—technology that women can wear.

OLD TOWN DISCOVERY CANOE



NECKY SWITCH
WHITewater KAYAK

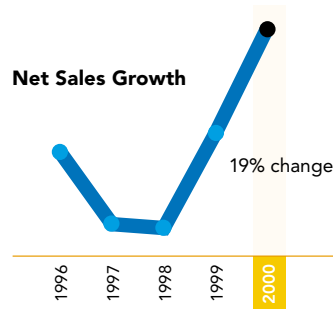


A man with a mustache, wearing a white cap and a red jacket with "Ranger" written on it, is steering a boat. The boat has a large outboard motor. The scene is set on a body of water during a sunset or sunrise, with a warm, golden glow. The sky is filled with soft, colorful clouds. The word "Motors" is written in large, bold, yellow letters across the middle of the image.

Motors

LEADING WITH POWER

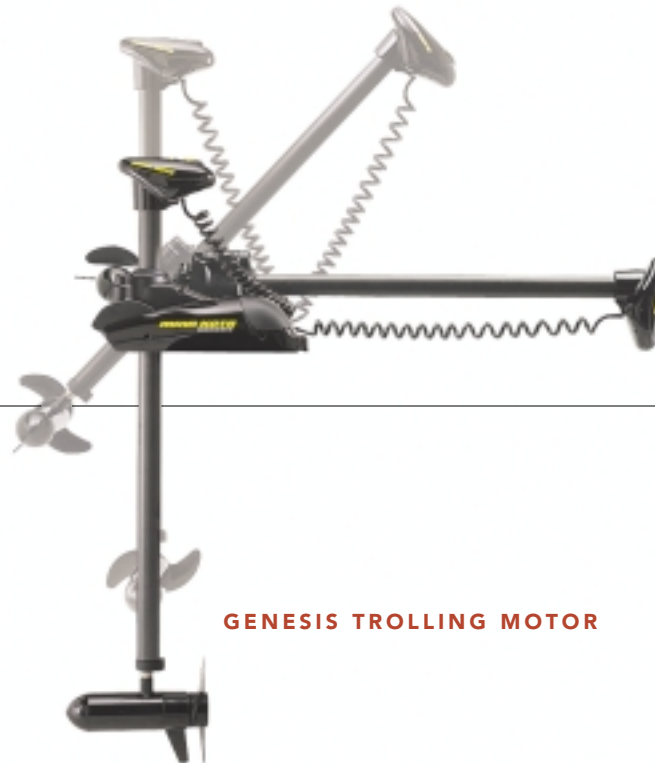
Whether you're fishing for trophies or memories, the right motor frees you to have more fun on the water. Johnson Outdoors brings it all home with superior products and the market's leading brands.



This year, Minn Kota furthered its lead over the nearest competitor, increasing U.S. market share through gains in the OEM market and strong marine channel sales. Continued innovation with products like the Vantage and Genesis, along with superior quality, have solidified Minn Kota's position as the industry leader.



MINN KOTA GENESIS TROLLING MOTOR WITH AUTOPILOT



GENESIS TROLLING MOTOR

MK 330 ONBOARD CHARGER



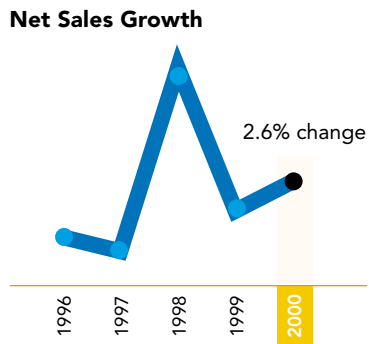
Breakthroughs grow the business. AutoPilot is like having a personal navigator; just point it, and it holds the course. Genesis is reinventing trolling motors, with power stow & deploy, power steering and power trim, while our new onboard chargers use advanced microprocessors to assure the proper charge.

A full-page background image showing two divers in blue wetsuits and masks exploring a vibrant coral reef. The divers are positioned in the upper left, looking towards the right. The reef is covered in various types of coral, including large, rounded structures and smaller, branching ones. The water is clear and blue, with some bubbles visible near the divers. A solid purple shape is in the top right corner.

Diving

EXPLORING OPPORTUNITY

You feel like the first ever to discover this secret world beneath the water's surface. With the best and latest gear, Johnson Outdoors is taking divers to new places—and reaching new frontiers as our innovative products attract more consumers.



Scubapro and Uwaterc's worldwide operations completed a turnaround sales year, delivering record profits. Diving's North America business grew 22% despite a flat market. Innovations like the Twin Jet Fin and S600 regulator, along with the new generation of Uwaterc computers, increased our brands' share. Intensive global marketing and manufacturing initiatives solidified our leadership position.



SCUBAPRO TWIN JET FIN



SCUBAPRO S600 REGULATOR

UWATEC DIVE COMPUTER



Performance is vital. The Twin Jet Fin, modeled on the tail of a humpback whale, delivers more power per kick—while the superior reliability of our S600 second stage regulator and Uwaterc computers gives divers more freedom to immerse themselves in their underwater adventure.



OUTDOOR

Equipment

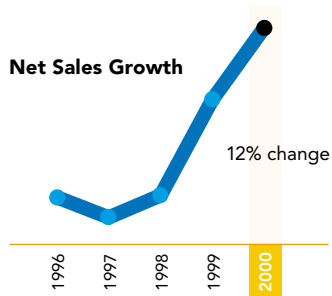
COVERING THE TERRAIN

What is Mother Nature planning? How much room do we need? How does it all fit together? The questions that go into choosing your tent are the same questions Johnson Outdoors is asking as we focus our strengths on the areas we know best.

Eureka!

CAMP TRAILS

Silva



The Outdoor Equipment Group increased sales 12%, to \$103 million, while profits jumped more than 130%, to \$8.2 million. North American operations went from a loss in 1999 to 7% operating profit in 2000. Our decision to cut underperforming lines like daypacks and concentrate on familiar terrain—military, commercial and family tents—drove sales results. And an intense operations focus produced a 25% efficiency increase at our Binghamton plant, an essential step as we seek to rebuild brand equity with superior products.



EUREKA! COMMERCIAL TENTS



EUREKA! NIGHTSCAPE

CAMPTRAILS SPIRIT BACKPACK



Quality is a must. Our Eureka! commercial tents combine an elegant profile with structural integrity. For recreational users, the easy-up NightScape offers durability as well as innovation, and the Spirit backpack fits rugged construction into a streamlined design.

A man in a red jacket and sunglasses is hiking on a rocky trail. He is wearing a large black backpack and is captured in a dynamic, forward-leaning pose. The background shows a mountainous landscape with green grass and patches of snow. The overall scene is bright and energetic.

OUTDOOR EQUIPMENT

Europe

BUILDING MOMENTUM

A stream, a hill, a mountain—
not barriers, but pathways
to adventure at every turn.
Johnson Outdoors continues
to reach new vistas with Jack
Wolfskin, combining real-life
experiences with scientific
advances to create exciting
products...and exciting results.



Jack Wolfskin's outdoor footwear, apparel and equipment lines continue as the #1 specialty retail brand in Germany, Europe's largest market. We're building depth of talent as we roll out new franchises. Enhancing operating profit with new products, like our technical footwear line. Driving sales through extensive advertising and strong retail and e-commerce partnerships. And staying close to consumers today to capture their insights for the best new products tomorrow.



STAR TRACK



STORMLOCK GUANACO

TRAILHEAD BACKPACK



Innovation leads the way.

Our Star Track shoe is the next generation in outdoor footwear—light, comfortable and tough. The Guanaco jacket features highly breathable, windproof Stormlock material. And the Trailhead rucksack, designed for women, offers easier access and the comfort of our Victory Pro suspension system.

Watercraft



Ocean Kayak Manta



Carlisle RSXtreme



Extrasport Pro Joust



Escape Catamaran



Old Town Canoe



Leisure Life Pedal Boat

Motors



Minn Kota Genesis Trolling Motor



MK220 Onboard Charger



Engine Mount



MK18 Battery



AutoPilot Trolling Motor



Airguide Extreme Compass

Diving



Scubapro Ladyhawk BC



RMK20UL First Stage



SASY (Supplied Air Snorkeling Youth)



Fino Mask



Shotgun 2 Snorkel



Twin Jet Fin

Outdoor Equipment



Eureka! K2



Outside Inn



Silva Ranger Ultra



Mountainpass



Silva Wrist Sighting



Camprails Eiger

Jack Wolfskin



BASOON



JORMA POINT



BLIND FAITH



TSUNAMI



SLICKROCK



MUDDY CREAK SANDAL

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

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended September 29, 2000

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 0-16255

JOHNSON OUTDOORS INC.

(Exact name of Registrant as specified in its charter)

Wisconsin

(State or other jurisdiction of
incorporation or organization)

39-1536083

(I.R.S. Employer Identification No.)

1326 Willow Road, Sturtevant, Wisconsin 53177

(Address of principal executive offices)

(262) 884-1500

(Registrant's telephone number, including area code)

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

Securities registered pursuant to section 12(g) of the Act:

Class A common stock, \$.05 par value

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

As of November 1, 2000, 6,924,630 shares of Class A and 1,222,729 shares of Class B common stock of the Registrant were outstanding. The aggregate market value of voting stock of the Registrant held by nonaffiliates of the Registrant was approximately \$23,888,000 on November 1, 2000.

DOCUMENTS INCORPORATED BY REFERENCE

Document	Part and Item Number of Form 10-K into which Incorporated
Johnson Outdoors Inc. Notice of Annual Meeting of Shareholders and Proxy Statement for the Annual Meeting of Shareholders to be held January 31, 2001.	Part III, Items 10, 11, 12 and 13

TABLE OF CONTENTS

	Page
Business	1
Properties	5
Legal Proceedings	5
Submission of Matters to a Vote of Security Holders	5
Market for Registrant's Common Equity and Related Stockholder Matters	5
Selected Financial Data	6
Management's Discussion and Analysis of Financial Condition and Results of Operations	7
Quantitative and Qualitative Disclosures about Market Risk	11
Financial Statements and Supplementary Data	11
Changes in and Disagreements with Accountants on Accounting and Financial Disclosure	11
Directors and Executive Officers of the Registrant	12
Executive Compensation	12
Security Ownership of Certain Beneficial Owners and Management	12
Certain Relationships and Related Transactions	12
Exhibits, Financial Statement Schedules and Reports on Form 8-K	12
Signatures	13
Exhibit Index	14
Consolidated Financial Statements	F-1

FORWARD LOOKING STATEMENTS

Certain matters discussed in this 2000 Form 10-K and in the accompanying 2000 Annual Report are “forward-looking statements,” intended to qualify for the safe harbors from liability established by the Private Securities Litigation Reform Act of 1995. These forward-looking statements can generally be identified as such because the context of the statement includes phrases such as the Company “expects,” “believes” or other words of similar meaning. Similarly, statements that describe the Company’s future plans, objectives or goals are also forward-looking statements. Such forward-looking statements are subject to certain risks and uncertainties which could cause actual results or outcomes to differ materially from those currently anticipated. Factors that could affect actual results or outcomes include changes in consumer spending patterns, actions of companies that compete with the Company, the Company’s success in managing inventory, movements in foreign currencies or interest rates and adverse weather conditions. Shareholders, potential investors and other readers are urged to consider these factors in evaluating the forward-looking statements and are cautioned not to place undue reliance on such forward-looking statements. The forward-looking statements included herein are only made as of the date of this 2000 Form 10-K and in the accompanying 2000 Annual Report and the Company undertakes no obligations to publicly update such forward-looking statements to reflect subsequent events or circumstances.

PART I

ITEM 1. BUSINESS

Johnson Outdoors Inc. and its subsidiaries (the “Company”) design, manufacture and market outdoor recreation products in four businesses: Diving, Watercraft, Outdoor Equipment and Motors. The Company’s primary focus is innovation—meeting consumer needs with breakthrough products that stand apart from the competition and advance the Company’s strong brand names. Its subsidiaries are organized in a network that promotes entrepreneurialism and leverages best practices and synergies, following the strategic vision set by headquarters. The Company is controlled by Samuel C. Johnson, members of his family and related entities.

The Company was incorporated in Wisconsin in 1987 as successor to various businesses.

Diving

The Company is one of the world’s largest manufacturers and distributors of technical underwater diving products, which it sells under the **Scubapro** and **SnorkelPro** names. The Company markets a full line of underwater diving and snorkeling equipment, including regulators, stabilizing jackets, tanks, depth gauges, masks, fins, snorkels, diving electronics and other accessories. The Company is also a leading manufacturer of dive computers and other electronics sold under the **Aladin** and **Uwatec** brands. **Scubapro**, **Aladin** and **Uwatec** products are marketed to the high quality, premium priced segment of the market via limited distribution to independent specialty diving shops worldwide. These diving shops generally provide a wide range of services to divers, including instruction and repair service.

The Company focuses on maintaining **Scubapro**, **Aladin** and **Uwatec** as the market leaders in innovation and new products. The Company maintains research and development functions both in the United States and Europe and holds several patents on products and features. Consumer advertising focuses on building the brand names and position as the industry’s high quality and innovation leader. The Company advertises its equipment in diving magazines and through in-store displays.

The Company also manufactures and markets diving buoyancy compensators primarily for the original equipment market, under the **Soniform** name.

The Company maintains manufacturing and assembly facilities in Switzerland, Mexico, Italy and Indonesia and procures a majority of its rubber and plastic products and components from third-party manufacturers.

Watercraft

The Company manufactures and markets canoes, kayaks, paddles, oars, recreational sailboats, personal flotation devices and small thermoformed recreational boats under the brand names **Old Town**, **Carlisle Paddles**, **Ocean Kayak**, **Pacific Kayak**, **Necky**, **Escape**, **Extrasport**, **Swiftwater**, **Leisure Life** and **Dimension**.

The Company's **Old Town** Canoe subsidiary produces high quality canoes and kayaks for family recreation, touring and tripping. The Company uses a patented rotational-molding process for manufacturing polyethylene kayaks and canoes to compete in the high volume, low and mid-priced range of the market. These kayaks and canoes feature stiffer and more durable hulls than higher priced boats. The Company also manufactures canoes from fiberglass, Royalex (ABS) and wood. **Carlisle Paddles**, a manufacturer of canoe and kayak paddles and rafting oars, manufactures products that are sold by the Company's other watercraft businesses and also distributed directly through the same channels.

The Company is a leading manufacturer of sit-on-top kayaks under the **Ocean Kayak** and **Pacific Kayak** brands. In addition, the Company manufactures and markets high quality **Necky** sea touring and whitewater kayaks; **Escape** recreational sailboats; **Extrasport** and **Swiftwater** personal flotation devices; small thermoformed recreational boats, including canoes, pedal boats, deck boats and tenders, under the **Leisure Life** brand; and the **Dimension** brand of kayaks.

In April 2000, the Company completed the acquisition of Pacific Kayak Ltd., a manufacturer of sit-on-top and sea touring kayaks located in Auckland, New Zealand.

The Company's kayaks, canoes and accessories are sold primarily to specialty stores and marine dealers, sporting goods stores and catalog and mail order houses such as L. L. Bean®, in the United States and Europe. **Leisure Life** products are sold through marine dealers and large retail chains under several brand identities.

The Company manufactures its Watercraft products in six locations in the United States, two locations in Canada and in New Zealand. **Ocean Kayak** products are also manufactured and sold under license in Europe.

The North American market for kayaks is exhibiting strong growth, while the canoe market is growing modestly. The Company believes, based on industry and other data, that it is a leading manufacturer of canoes and kayaks in the United States in both unit and dollar sales.

Outdoor Equipment

The Company's Outdoor Equipment products include **Jack Wolfskin** high quality outdoor clothing, innovative footwear, camping tents, backpacks, travel gear and accessories; **Eureka!** military, commercial and consumer tents; **Camp Trails** backpacks; and **Silva** field compasses.

Jack Wolfskin, based in Germany, distributes its products primarily through specialized outdoor stores, selected sporting goods dealers and a number of franchised **Jack Wolfskin** stores. **Jack Wolfskin** has a strong position in Germany with additional distribution in the key European markets of Great Britain, Benelux, Switzerland and Austria. The product is also sold in Canada and the United States and, under license, in Japan.

Eureka! consumer tents and **Camp Trails** backpacks compete primarily in the mid- to high-price range and are sold in the United States and Canada through independent sales representatives, primarily to sporting goods stores, catalog and mail order houses and camping and backpacking specialty stores. Marketing of the Company's tents and backpacks is focused on building the **Eureka!** and **Camp Trails** brand names and establishing the Company as a leader in tent design and innovation. The Company's camping tents and backpacks are produced primarily by third-party manufacturing sources.

Eureka! camping tents have outside self-supporting aluminum frames, allowing quicker and easier set-up, a design approach the Company originated. Most **Eureka!** tents are made from breathable nylon. **Eureka!** camping products are sold under license in Japan and Korea. **Eureka!** commercial tents include party tents, sold primarily to general rental stores, and other commercial tents sold directly to tent erectors. Commercial tents are manufactured by the Company in the United States. The Company was awarded several contracts for production of both camping and commercial tents by the U.S. Armed Forces in 1997. The Company also serves as the exclusive distributor of **Losberger** commercial framing structures in the United States.

Camp Trails backpacks consist primarily of internal and external frame backpacks for hiking and mountaineering, but also include soft back bags, day packs and travel packs.

Silva field compasses, which are manufactured by third parties, are marketed exclusively in North America, the area for which the Company owns **Silva** trademark rights.

Motors

The Company manufactures, under its **Minn Kota** name, battery powered motors used on fishing boats and other boats for quiet trolling power or primary propulsion. The Company's **Minn Kota** motors and related accessories are sold in the United States, Canada, Europe and the Pacific Basin through large retail store chains such as Wal Mart and K-Mart, catalogs such as Bass Pro Shops and Cabelas, sporting goods specialty stores, marine dealers, and original equipment boat manufacturers including Ranger® Boats, Outboard Marine Corporation (under the Evinrude® brand), Triton Boats, Lund Boats, Smoker Craft, Alumacraft, and Skeeter. Consumer advertising and promotion include advertising on regional television and in outdoor, general interest and sports magazines. Packaging and point-of-purchase materials are used to increase consumer appeal and sales.

The Company has the leading market share of the U.S. electric fishing motor market. While the overall motors market has been stagnant in recent years, the Company believes it has been able to increase revenues by emphasizing marketing, product innovation and original equipment manufacturer sales.

The Company's line of **Airguide** marine, weather and automotive instruments is distributed primarily in the United States through large retail store chains and original equipment manufacturers. **Airguide** products are manufactured by the Company or sourced from third-party manufacturers.

Fishing

In March 2000, the Company sold its Fishing business (consisting of the marketing of rods, reels, lures, spoons and fishing line). As a result, the operations and related assets and liabilities of the Fishing business have been reclassified as discontinued for financial reporting purposes. A significant loss on the sale of the business was recognized, but the tangible net worth of the Company was not adversely impacted. See Note 4 to the Consolidated Financial Statements for financial information.

Sales by Principal Business

See Note 13 to the Consolidated Financial Statements for financial information comparing sales by major product category.

International Operations

See Note 13 to the Consolidated Financial Statements for financial information comparing the Company's domestic and international operations.

Research and Development

The Company commits significant resources to research and new product development. The Company expenses research and development costs as incurred. The amounts expended by the Company in connection with research and development activities for each of the last three fiscal years are set forth in the Consolidated Statements of Operations.

Competition

The markets for the Company's products are very competitive. The Company believes its products compete favorably on the basis of product innovation, product performance and marketing support and, to a lesser extent, price.

Employees

At September 29, 2000, the Company had approximately 1,400 employees. The Company considers its employee relations to be excellent. Temporary employees are utilized to manage peaks in the seasonal manufacturing of products.

Backlog

Unfilled orders for future delivery of products of continuing operations totaled approximately \$61.0 million at September 29, 2000 and \$62.8 million at October 1, 1999. The Company's businesses do not receive significant orders in advance of expected shipment dates for the majority of products.

Patents, Trademarks and Proprietary Rights

The Company owns no single patent which is material to its business as a whole. However, the Company holds several patents, principally for diving products, rotational-molded canoes and electric motors and regularly files applications for patents. The Company has numerous trademarks and trade names which it considers important to its business, many of which are discussed on the preceding pages. The Company vigorously defends its intellectual property rights.

Sources and Availability of Materials

The Company's products use materials that are generally in adequate supply.

Seasonality

The Company's business is seasonal. The following table shows total net sales and operating profit or loss related to continuing operations of the Company for each quarter, as a percentage of the total year. Strategic charges totaling \$2.4 million, \$2.8 million and \$1.4 million impacted operating results in 2000, 1999 and 1998, respectively.

Quarter Ended	Year Ended					
	September 29, 2000		October 1, 1999		October 2, 1998	
	Net Sales	Operating Profit	Net Sales	Operating Profit (Loss)	Net Sales	Operating Profit (Loss)
December	16%	1%	16%	(16)%	16%	(5)%
March	28	39	28	43	29	50
June	33	56	33	70	32	55
September	23	4	23	3	23	—
	100%	100%	100%	100%	100%	100%

Executive Officers

The following list sets forth certain information, as of December 1, 2000, regarding the executive officers of the Company.

Helen P. Johnson-Leipold, age 43, became Chairman and Chief Executive Officer of the Company in March 1999. From September 1998 until March 1999, Ms. Johnson-Leipold was Vice President, Worldwide Consumer Products-Marketing of S. C. Johnson & Son, Inc. (SCJ). From October 1997 to September 1998, she was Vice President, Personal and Home Care Products of SCJ. From October 1995 until July 1997, Ms. Johnson-Leipold was Executive Vice President - North American Businesses of the Company. From 1992 to September 1995, she was Vice President - Consumer Marketing Services Worldwide of SCJ.

Patrick J. O'Brien, age 42, became President and Chief Operating Officer of the Company in April 1999. From October 1997 until March 1999, Mr. O'Brien was Vice President and General Manager, Home Storage of SCJ. From July 1997 until October 1997, Mr. O'Brien was Vice President - Strategic Business of SCJ; from April 1996 until June 1997, he was Vice President - North American Sales of SCJ; from June 1995 until March 1996, he was Director - North American Sales of SCJ and from January 1993 until May 1995, he was National Sales Manager of SCJ.

Mamdouh Ashour, age 62, has been a Group Vice President of the Company since October 1997 and President - Worldwide Diving since August 1996. From 1994 to August 1996, he served as President of Scubapro Europe.

There are no family relationships between the above executive officers.

The Company is currently conducting a search for a Chief Financial Officer. David A. Callewaert is serving as Acting Chief Financial Officer until a replacement is hired. Mr. Callewaert recently retired from S.C. Johnson Commercial Markets, Inc. where he served as Chief Financial Officer.

ITEM 2. PROPERTIES

The Company maintains both leased and owned manufacturing, warehousing, distribution and office facilities throughout the world. The Company believes that its facilities are well maintained and have capacity adequate to meet its current needs.

See Note 6 to the Consolidated Financial Statements for a discussion of lease obligations.

The Company's principal manufacturing (identified with an asterisk) and other locations are:

Albany, New Zealand (Watercraft)
Antibes, France (Diving)
Bad Säckingen, Germany (Diving)
Batam, Indonesia* (Diving)
Barcelona, Spain (Diving)
Basingstoke, Hampshire, England (Diving)
Binghamton, New York* (Outdoor Equipment)
Burlington, Ontario, Canada (Motors, Outdoor Equipment)
Chi Wan, Hong Kong (Diving)
Ferndale, Washington* (Watercraft)
Genoa, Italy* (Diving)
Grand Rapids, Michigan* (Watercraft)
Grayling, Michigan* (Watercraft)
Hallwil, Switzerland* (Diving)
Hamburg, Germany (Diving)
Henggart, Switzerland (Diving)
Honolulu, Hawaii (Diving)
Idstein, Germany (Outdoor Equipment)
Mankato, Minnesota* (Motors)
Mansonville, Quebec, Canada* (Watercraft)
Miami, Florida* (Watercraft)
Nyköping, Sweden (Diving)
Old Town, Maine* (Watercraft)
Portsmouth, Rhode Island* (Watercraft)
El Cajon, California (Diving)
Tijuana, Mexico* (Motors, Diving)
Tokyo (Kawasaki), Japan (Diving)

The Company's corporate headquarters is located in Mount Pleasant, Wisconsin. The Company's mailing address is Sturtevant, Wisconsin.

ITEM 3. LEGAL PROCEEDINGS

See Note 16 to the Consolidated Financial Statements for a discussion of legal proceedings.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

There were no matters submitted to a vote of security holders during the last quarter of the year ended September 29, 2000.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

Certain information with respect to this item is included in Notes 5, 9, 10 and 11 to the Consolidated Financial Statements. The Company's Class A common stock is traded on The Nasdaq Stock Market® under the symbol: JOUT. There is no public market for the Company's Class B common stock. However, the Class B common stock is convertible at all times at the option of the holder into shares of Class A common stock on a share for share basis. As of November 1, 2000, the Company had 690 holders of record of its Class A common stock and 58 holders of record of its Class B common stock. The Company has never paid a dividend on its common stock.

A summary of the high and low prices for the Company's Class A common stock during each quarter of the years ended September 29, 2000 and October 1, 1999 is as follows:

	First Quarter		Second Quarter		Third Quarter		Fourth Quarter	
	2000	1999	2000	1999	2000	1999	2000	1999
Stock prices:								
High	\$9.19	\$10.25	\$8.50	\$9.75	\$9.69	\$9.50	\$7.94	\$9.75
Low	6.13	6.25	6.13	6.06	6.13	7.13	5.75	8.38
Last	7.10	9.25	6.19	7.38	7.06	8.88	6.94	8.94

ITEM 6. SELECTED FINANCIAL DATA

A summary of the Company's operating results and key balance sheet data for each of the years in the five-year period ended September 29, 2000 is presented below. All periods have been restated to reflect the discontinuation of the Company's Fishing business.

	September 29 2000	October 1 1999	October 2 1998	October 3 1997	Year Ended September 27 1996
<i>(thousands, except per share data)</i>					
Operating Results⁽¹⁾					
Net sales	\$347,288	\$305,094	\$270,017	\$239,322	\$274,637
Gross profit	135,212	120,670	106,801	91,118	102,041
Operating expenses ⁽²⁾	110,493	101,157	88,445	77,237	91,138
Operating profit	24,719	19,513	18,356	13,881	10,903
Interest expense	9,799	9,565	9,631	8,413	9,563
Other income, net	(160)	(71)	(539)	(624)	(498)
Income from continuing operations before income taxes	15,080	10,019	9,264	6,092	1,838
Income tax expense	6,705	4,158	3,885	2,721	2,740
Income (loss) from continuing operations	8,375	5,861	5,379	3,371	(902)
Income (loss) from discontinued operations	(940)	1,161	(167)	(1,315)	(10,453)
Loss on disposal of discontinued operations	(24,418)	—	—	—	—
Net income (loss)	\$ (16,983)	\$ 7,022	\$ 5,212	\$ 2,056	\$ (11,355)
Basic earnings (loss) per common share:					
Continuing operations	\$ 1.03	\$ 0.72	\$ 0.66	\$ 0.42	\$ (0.11)
Discontinued operations	(3.12)	0.15	(0.02)	(0.17)	(1.29)
Net income (loss)	\$ (2.09)	\$ 0.87	\$ 0.64	\$ 0.25	\$ (1.40)
Diluted earnings (loss) per common share:					
Continuing operations	\$ 1.03	\$ 0.72	\$ 0.66	\$ 0.42	\$ (0.11)
Discontinued operations	(3.12)	0.15	(0.02)	(0.17)	(1.29)
Net income (loss)	\$ (2.09)	\$ 0.87	\$ 0.64	\$ 0.25	\$ (1.40)
Diluted average common shares outstanding	8,130	8,108	8,114	8,115	8,102
Balance Sheet Data					
Current assets ⁽³⁾	\$144,194	\$185,733	\$188,224	\$184,555	\$221,798
Total assets	257,971	299,025	292,380	272,605	272,119
Current liabilities ⁽⁴⁾	46,941	45,072	39,448	36,772	41,773
Long-term debt, less current maturities	45,857	72,744	81,508	87,926	60,194
Total debt	105,319	122,071	124,001	113,676	99,485
Shareholders' equity	100,832	127,178	124,386	117,731	126,424

⁽¹⁾ The year ended October 3, 1997 includes 53 weeks. All other years include 52 weeks.

⁽²⁾ Includes strategic charges of \$2,369, \$2,773, \$1,388, \$335 and \$4,487 in 2000, 1999, 1998, 1997 and 1996, respectively.

⁽³⁾ Includes net assets of discontinued operations of \$56,114, \$58,462, \$66,507 and \$84,851 in 1999, 1998, 1997 and 1996, respectively.

⁽⁴⁾ Excludes short-term debt and current maturities of long-term debt.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion includes comments and analysis relating to the Company's results of operations and financial condition for the three years ended September 29, 2000. Unless otherwise noted, the discussion refers to continuing operations. This discussion should be read in conjunction with the Consolidated Financial Statements and related notes thereto.

Results of Operations

Summary consolidated financial results from continuing operations are as follows:

<i>(millions, except per share data)</i>	2000	1999	1998
Net sales	\$347.3	\$305.1	\$270.0
Gross profit	135.2	120.7	106.8
Operating expenses ⁽¹⁾	110.5	101.2	88.4
Operating profit	24.7	19.5	18.4
Interest expense	9.8	9.6	9.6
Income from continuing operations	8.4	5.9	5.4
Diluted earnings per common share from continuing operations	1.03	0.72	0.66

⁽¹⁾Includes strategic charges of \$2.4 million, \$2.8 million and \$1.4 million in 2000, 1999 and 1998, respectively.

2000 vs 1999

Net Sales

Net sales totaled \$347.3 million in 2000 compared to \$305.1 million in 1999, an increase of 14%. Sales as measured in U.S. dollars were impacted by the effect of foreign currencies relative to the U.S. dollar in comparison to 1999. Excluding the effects of foreign currency movements, sales increased 17% from 1999. The increase was partially driven by the introduction of innovative new products in the Watercraft and Motors businesses, as well as growth in sales of existing products in Watercraft, Motors and Outdoor Equipment.

Operating Results

The Company recognized an operating profit of \$24.7 million in 2000 compared to an operating profit of \$19.5 million in 1999. Gross profit margins decreased from 39.5% in 1999 to 38.9% in 2000, as significant improvements in the Diving and Outdoor Equipment businesses, as well as improvement in the Motors business (due to emphasis on higher margin products, increases in volume and improved production efficiencies) were offset by a decline in Watercraft (due to production issues related to a 26.4% growth in Watercraft revenues). The Company continues to experience margin pressure in all of its businesses due to competition.

Operating expenses, excluding strategic charges, totaled \$108.1 million, or 31.1% of sales, in 2000 compared to \$98.4 million, or 32.2% of sales, in 1999. The 10% growth in operating expenses in 2000 was less than the growth rate of sales, which contributed to the improved operating results. Nearly all items in operating expenses declined as a percentage of sales from 1999.

The Company recognized strategic charges totaling \$2.4 million in 2000 and \$2.8 million in 1999. These charges resulted from severance, moving and other costs related primarily to the closure and relocation of a manufacturing facility in the Motors business and for severance, relocation and recruitment costs in the North American Outdoor Equipment business. The Company anticipates no significant additional strategic charges will be incurred in 2001 to complete announced actions.

Other Income and Expenses

Interest expense increased \$0.2 million in 2000, reflecting higher working capital levels primarily from accounts receivable and inventory, as well as higher interest rates.

Overall Results

The Company recognized income from continuing operations of \$8.4 million in 2000, or \$1.03 per diluted share, compared to \$5.9 million, or \$0.72 per diluted share, in 1999. The Company recorded income tax expense of \$6.7 million in 2000, an effective rate of 44.5%. The increased rate from 41.5% in 1999 is due to an increase in state income tax and change in expected recoverability of state net operating losses.

Discontinued Operations

In March 2000, the Company sold its Fishing business. As a result, operations and related assets and liabilities of the Fishing group have been classified as discontinued for all periods presented herein. The sale price totaled \$47.3 million, including \$14.1 million of accounts receivable retained by the Company and \$2.4 million of debt assumed by the buyer. The Company recorded a loss of \$24.4 million, net of tax, related to the sale of the business, taking into account operating results from the measurement date to the date of disposal. In addition, the Company recorded an after tax loss from operations up to the measurement date of \$0.9 million in 2000 and an after tax gain of \$1.2 million in 1999.

1999 vs 1998

Net Sales

Net sales totaled \$305.1 million in 1999 compared to \$270.0 million in 1998, an increase of 13%. Sales as measured in U.S. dollars were impacted by the effect of foreign currencies relative to the U.S. dollar in comparison to 1998. Excluding the effects of foreign currency movements, sales increased 14.0% from 1998. The increase was due to strong growth in sales of Watercraft, including sales of products of businesses the Company acquired in 1999 and 1998, and growth in sales of Motors and Outdoor Equipment products, which more than offset weaker Diving equipment sales.

Operating Results

The Company recognized an operating profit of \$19.5 million in 1999 compared to an operating profit of \$18.4 million in 1998. Gross profit margins remained flat with 1998 at 39.6%, as a result of an improved mix of products sold in most businesses, increases in volume and the effect of businesses acquired in 1999, offset by a decline in the higher margin Diving business.

Operating expenses, excluding strategic charges, totaled \$98.4 million in 1999 compared to \$87.1 million in 1998, a rate of 32.2% of sales in both years. The allowance for doubtful accounts receivable was increased due to higher levels of sales and receivables. These factors were partially offset by a decline from the prior year in unusual legal expenses incurred to successfully defend certain of the Company's key Outdoor Equipment, Diving and Motors patents and trademarks.

The Company recognized strategic charges totaling \$2.8 million in 1999 and \$1.4 million in 1998. These charges resulted from severance and other costs related to the integration of acquired businesses, primarily in the Diving business, and for severance, relocation and recruitment costs in the North American Outdoor Equipment business.

Other Income and Expenses

Interest expense remained flat in 1999 at \$9.6 million, reflecting higher debt levels resulting from the acquisition of three businesses, offset by lower levels of working capital, primarily inventory.

Overall Results

The Company recognized income from continuing operations of \$5.9 million in 1999, or \$0.72 per diluted share, compared to \$5.4 million, or \$0.66 per diluted share, in 1998. The Company recorded income tax expense of \$4.2 million in 1999, an effective rate of 41.5%, compared to 41.9% in 1998.

Discontinued Operations

The Company recorded a gain, net of tax, of \$1.2 million in 1999 and a loss, net of tax, of \$(0.2) million in 1998 related to discontinued operations.

Financial Condition

The following discusses changes in the Company's liquidity and capital resources.

Operations

The following table sets forth the Company's working capital position related to continuing operations at the end of each of the past three years:

<i>(millions)</i>	2000	1999	1998
Current assets ⁽¹⁾	\$144.2	\$129.6	\$129.8
Current liabilities ⁽²⁾	46.9	45.1	39.4
Working capital	\$ 97.3	\$ 84.5	\$ 90.4
Current ratio	3.1:1	2.9:1	3.3:1

⁽¹⁾Excludes net assets of discontinued operations.

⁽²⁾Excludes short-term debt and current maturities of long-term debt.

Cash flows provided by operations totaled \$9.8 million in 2000, \$24.8 million in 1999 and \$9.1 million in 1998. The Company's profitability and increases in accounts payable and other accrued liabilities contributed to the positive cash flows in 2000 and 1999. Growth in accounts receivable and inventories of \$10.7 million and \$8.4 million, respectively, reduced the overall positive cash flows provided by operations in 2000.

Depreciation and amortization charges were \$12.5 million in 2000, \$12.6 million in 1999 and \$10.8 million in 1998. Amortization of intangible assets arising from the Company's acquisitions and increased depreciation from capital spending accounted for the increase from 1998 to 1999.

Investing Activities

Cash flows provided by (used for) investing activities were \$20.0 million, \$(26.1) million and \$(22.5) million in 2000, 1999 and 1998, respectively. Expenditures for property, plant and equipment were \$14.1 million in 2000, \$13.0 million in 1999 and \$11.6 million in 1998. The Company's recurring investments are primarily related to tooling for new products, facilities and information systems improvements. In 2001, capital expenditures are anticipated to total approximately \$10.5 million. These expenditures are expected to be funded by working capital or existing credit facilities.

The Company completed the acquisitions of one business in 2000, three businesses in 1999 and three businesses in 1998, which increased tangible and intangible assets and debt by \$0.9 million, \$13.6 million and \$12.8 million, respectively. The sale of the Company's Fishing business in March 2000 provided \$33.1 million of cash, which was used to reduce both short-term and long-term debt.

Financing Activities

The following table sets forth the Company's debt and capital structure at the end of the past three years:

<i>(millions)</i>	2000	1999	1998
Current debt	\$ 59.5	\$ 49.4	\$ 42.5
Long-term debt	45.8	72.7	81.5
Total debt	105.3	122.1	124.0
Shareholders' equity	100.8	127.2	124.4
Total capitalization	\$206.1	\$249.3	\$248.4
Total debt to total capitalization	51.1%	49.0%	49.9%

Cash flows provided by (used for) financing activities totaled \$(12.5) million in 2000, \$(0.8) million in 1999 and \$8.4 million in 1998. In 1998, the Company consummated a private placement of long-term debt totaling \$25 million. Payments on long-term debt made in 2000 totaled \$22 million, including a \$15.1 million payment in March 2000 from the proceeds of the sale of the Fishing business. At September 29, 2000, the Company had available unused credit facilities in excess of \$63 million, which is believed to be adequate for its needs.

Market Risk Management

The Company is exposed to market risk stemming from changes in foreign exchange rates, interest rates and, to a lesser extent, commodity prices. Changes in these factors could cause fluctuations in earnings and cash flows. In the normal course of business, exposure to certain of these market risks is managed by entering into hedging transactions authorized under Company policies that place controls on these activities. Hedging transactions involve the use of a variety of derivative financial instruments. Derivatives are used only where there is an underlying exposure: not for trading or speculative purposes.

Foreign Operations

The Company has significant foreign operations, for which the functional currencies are denominated primarily in Swiss and French francs, German marks, Italian lire, Japanese yen and Canadian dollars. As the values of the currencies of the foreign countries in which the Company has operations increase or decrease relative to the U.S. dollar, the sales, expenses, profits, assets and liabilities of the Company's foreign operations, as reported in the Company's Consolidated Financial Statements, increase or decrease, accordingly. The Company mitigates a portion of the fluctuations in certain foreign currencies through the purchase of foreign currency swaps, forward contracts and options to hedge known commitments, primarily for purchases of inventory and other assets denominated in foreign currencies.

Interest Rates

The Company's debt structure and interest rate risk are managed through the use of fixed and floating rate debt. The Company's primary exposure is to United States interest rates. The Company also periodically enters into interest rate swaps, caps or collars to hedge its exposure and lower financing costs.

Commodities

Certain components used in the Company's products are exposed to commodity price changes. The Company manages this risk through instruments such as purchase orders and non-cancelable supply contracts. Primary commodity price exposures are metals and packaging materials.

Sensitivity to Changes in Value

The estimates that follow are intended to measure the maximum potential fair value or earnings the Company could lose in one year from adverse changes in foreign exchange rates or market interest rates under normal market conditions. The calculations are not intended to represent actual losses in fair value or earnings that the Company expects to incur. The estimates do not consider favorable changes in market rates. Further, since the hedging instrument (the derivative) inversely correlates with the underlying exposure, any loss or gain in the fair value of derivatives would be generally offset by an increase or decrease in the fair value of the underlying exposures. The positions included in the calculations are foreign exchange forwards, currency swaps and fixed rate debt. Certain instruments are included in both categories of risk exposure calculated below. The calculations do not include the underlying foreign exchange positions that are hedged by these market risk sensitive instruments. The table below presents the estimated maximum potential one year loss in fair value and earnings before income taxes from a 10% movement in foreign currencies and a 100 basis point movement in interest rate market risk sensitive instruments outstanding at September 29, 2000:

<i>(millions)</i>	Estimated Impact on	
	Fair Value	Earnings Before Income Taxes
Foreign exchange rate instruments	\$2.1	\$0.5
Interest rate instruments	1.4	0.5

Other Factors

The Company has not been significantly impacted by inflationary pressures over the last several years. The Company anticipates that changing costs of basic raw materials may impact future operating costs and, accordingly, the prices of its products. The Company is involved in continuing programs to mitigate the impact of cost increases through changes in product design and identification of sourcing and manufacturing efficiencies. Price increases and, in certain situations, price decreases are implemented for individual products, when appropriate.

Pending Accounting Changes

SFAS 133, *Accounting for Derivative Instruments and Hedging Activities*, as amended by SFAS 137, *Accounting for Derivative Instruments and Hedging Activities – Deferral of the Effective Date of FASB Statement No. 133* and SFAS 138, *Accounting for Certain Derivative Instruments and Certain Hedging Activities*, is effective for the Company as of September 30, 2000. SFAS 133 requires that an entity recognize all derivatives as either assets or liabilities measured at fair value. The accounting for changes in the fair value of a derivative depends on the use of the derivative. Adoption of these new accounting standards will result in a cumulative after-tax gain in net income of approximately \$1.8 million and an accumulated other comprehensive loss of approximately \$3.0 million in the first quarter of fiscal 2001. The adoption will also impact assets and liabilities recorded on the balance sheet.

In December 1999, the Securities and Exchange Commission issued Staff Accounting Bulletin No. 101, *Revenue Recognition* (SAB 101). An amendment in June 2000 delayed the effective date for the Company until the fourth quarter of 2001, which is when the Company will adopt the bulletin. The impact of adopting SAB 101 is still being evaluated and the Company does not currently believe its adoption will have a material impact on the consolidated financial statements.

In May 2000, the Financial Accounting Standards Board's Emerging Issues Task Force (EITF) reached a consensus on Issue No. 00-14, *Accounting for Certain Sales Incentives*. This issue addresses the recognition, measurement, and income statement classification for various types of sales incentives including discounts, coupons, rebates and free products. The Company will adopt this consensus in the fourth quarter of 2001. The impact of this consensus is still being evaluated and the Company does not currently believe its adoption will have a material impact on the consolidated financial statements.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Information with respect to this item is included in Management's Discussion and Analysis of Financial Condition and Results of Operations under the heading "Market Risk Management."

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Information with respect to this item is included on pages F-1 to F-18.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

Information with respect to this item, except for certain information on executive officers (which appears at the end of Part I of this report) is included in the Company's January 31, 2001 Proxy Statement, which is incorporated herein by reference, under the headings "Election of Directors" and "Section 16(a) Beneficial Ownership Reporting Compliance."

ITEM 11. EXECUTIVE COMPENSATION

Information with respect to this item is included in the Company's January 31, 2001 Proxy Statement, which is incorporated herein by reference, under the headings "Election of Directors - Compensation of Directors" and "Executive Compensation;" provided, however, that the subsection entitled "Executive Compensation - Compensation Committee Report on Executive Compensation" shall not be deemed to be incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Information with respect to this item is included in the Company's January 31, 2001 Proxy Statement, which is incorporated herein by reference, under the heading "Stock Ownership of Management and Others."

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Information with respect to this item is included in the Company's January 31, 2001 Proxy Statement, which is incorporated herein by reference, under the heading "Certain Transactions."

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K

The following documents are filed as a part of this Form 10-K:

Financial Statements

Included in Item 8 of Part II of this Form 10-K are the following:

Independent Auditors' Report

Consolidated Balance Sheets - September 29, 2000 and October 1, 1999

Consolidated Statements of Operations -

Years ended September 29, 2000, October 1, 1999 and October 2, 1998

Consolidated Statements of Shareholders' Equity -

Years ended September 29, 2000, October 1, 1999 and October 2, 1998

Consolidated Statements of Cash Flows -

Years ended September 29, 2000, October 1, 1999 and October 2, 1998

Notes to Consolidated Financial Statements

Financial Statement Schedules

All schedules are omitted because they are not applicable, are not required or equivalent information has been included in the Consolidated Financial Statements or notes thereto.

Exhibits

See Exhibit Index.

Reports on Form 8-K

No reports on Form 8-K were filed during the three months ended September 29, 2000.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, in the Town of Mount Pleasant and State of Wisconsin, on the 11th day of December 2000.

JOHNSON OUTDOORS INC.

(Registrant)

By /s/ Helen P. Johnson-Leipold
Helen P. Johnson-Leipold
Chairman and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed by the following persons in the capacities indicated on the 11th day of December 2000.

<u>/s/ Helen P. Johnson-Leipold</u> (Helen P. Johnson-Leipold)	Chairman and Chief Executive Officer and Director (Principal Executive Officer)
<u>/s/ Thomas F. Pyle, Jr.</u> (Thomas F. Pyle, Jr.)	Vice Chairman of the Board and Director
<u>/s/ Samuel C. Johnson</u> (Samuel C. Johnson)	Director
<u>/s/ Gregory E. Lawton</u> (Gregory E. Lawton)	Director
<u>/s/ Glenn N. Rupp</u> (Glenn N. Rupp)	Director
<u>/s/ Terry E. London</u> (Terry E. London)	Director
<u>/s/ Scott M. Vos</u> (Scott M. Vos)	Director of Financial Reporting (Principal Accounting Officer)

EXHIBIT INDEX

Exhibit	Title	Page No.	Exhibit	Title	Page No.
3.1	Articles of Incorporation of the Company as amended through February 17, 2000. (Filed as Exhibit 3.1(a) to the Company's Form 10-Q for the quarter ended March 31, 2000 and incorporated herein by reference.)	*	4.7	First Amendment dated January 10, 2000 to Note Agreement dated September 15, 1997. (Filed as Exhibit 4.10 to the Company's Form 10-Q for the quarter ended March 31, 2000 and incorporated herein by reference.)	*
3.2	Bylaws of the Company as amended through March 22, 2000. (Filed as Exhibit 3.2(a) to the Company's Form 10-Q for the quarter ended March 31, 2000 and incorporated herein by reference.)	*	4.8	Amended and Restated Credit Agreement dated as of April 3, 1998. (Filed as Exhibit 4.16 to the Company's Form 10-Q for the quarter ended April 3, 1998 and incorporated herein by reference.)	*
4.1	Note Agreement dated October 1, 1995. (Filed as Exhibit 4.1 to the Company's Form 10-Q for the quarter ended December 29, 1995 and incorporated herein by reference.)	*	4.9	Amendment No. 1 dated September 11, 1998 to the Amended and Restated Credit Agreement dated as of April 3, 1998. (Filed as Exhibit 4.17 to the Company's Form 10-Q for the quarter ended January 1, 1999 and incorporated herein by reference.)	*
4.2	First Amendment dated October 31, 1996 to Note Agreement dated October 1, 1995. (Filed as Exhibit 4.3 to the Company's Form 10-Q for the quarter ended December 27, 1996 and incorporated herein by reference.)	*	4.10	Amendment No. 2 dated September 30, 1999 to the Amended and Restated Credit Agreement dated as of April 3, 1998. (Filed as Exhibit 4.8 to the Company's Form 10-Q for the quarter ended March 31, 2000 and incorporated herein by reference.)	*
4.3	Second Amendment dated September 30, 1997 to Note Agreement dated October 1, 1995. (Filed as Exhibit 4.8 to the Company's Form 10-K for the year ended October 3, 1997 and incorporated herein by reference.)	*	9	Johnson Outdoors Inc. Class B common stock Voting Trust Agreement, dated December 30, 1993 (Filed as Exhibit 9 to the Company's Form 10-Q for the quarter ended December 31, 1993 and incorporated herein by reference.)	*
4.4	Third Amendment dated October 3, 1997 to Note Agreement dated October 1, 1995. (Filed as Exhibit 4.9 to the Company's Form 10-K for the year ended October 3, 1997 and incorporated herein by reference.)	*	10.1	Stock Purchase Agreement, dated as of January 12, 2000, by and between Johnson Outdoors Inc. and Berkley Inc. (Filed as Exhibit 2.1 to the Company's Form 8-K dated March 31, 2000 and incorporated herein by reference.)	*
4.5	Fourth Amendment dated January 10, 2000 to Note Agreement dated October 1, 1995. (Filed as Exhibit 4.9 to the Company's Form 10-Q for the quarter ended March 31, 2000 and incorporated herein by reference.)	*	10.2	Amendment to Stock Purchase Agreement, dated as of February 28, 2000, by and between Johnson Outdoors Inc. and Berkley Inc. (Filed as Exhibit 2.2 to the Company's Form 8-K dated March 31, 2000 and incorporated herein by reference.)	*
4.6	Note Agreement dated as of September 15, 1997. (Filed as Exhibit 4.15 to the Company's Form 10-K for the year ended October 3, 1997 and incorporated herein by reference.)	*	10.3	Johnson Outdoors Inc. Amended and Restated 1986 Stock Option Plan. (Filed as Exhibit 10 to the Company's Form 10-Q for the quarter ended July 2, 1993 and incorporated herein by reference.)	*

Exhibit	Title	Page No.
10.4	Registration Rights Agreement regarding Johnson Outdoors Inc. common stock issued to the Johnson family prior to the acquisition of Johnson Diversified, Inc. (Filed as Exhibit 10.6 to the Company's Form S-1 Registration Statement No. 33-16998 and incorporated herein by reference.)	*
10.5	Registration Rights Agreement regarding Johnson Outdoors Inc. Class A common stock held by Mr. Samuel C. Johnson. (Filed as Exhibit 28 to the Company's Form 10-Q for the quarter ended March 29, 1991 and incorporated herein by reference.)	*
10.6+	Form of Restricted Stock Agreement. (Filed as Exhibit 10.8 to the Company's Form S-1 Registration Statement No. 33-23299 and incorporated herein by reference.)	*
10.7+	Form of Supplemental Retirement Agreement of Johnson Diversified, Inc. (Filed as Exhibit 10.9 to the Company's Form S-1 Registration Statement No. 33-16998 and incorporated herein by reference.)	*
10.8+	Johnson Outdoors Retirement and Savings Plan. (Filed as Exhibit 10.9 to the Company's Form 10-K for the year ended September 29, 1989 and incorporated herein by reference.)	*
10.9+	Form of Agreement of Indemnity and Exoneration with Directors and Officers. (Filed as Exhibit 10.11 to the Company's Form S-1 Registration Statement No. 33-16998 and incorporated herein by reference.)	*
10.10	Consulting and administrative agreements with S. C. Johnson & Son, Inc. (Filed as Exhibit 10.12 to the Company's Form S-1 Registration Statement No. 33-16998 and incorporated herein by reference.)	*
10.11+	Johnson Outdoors Inc. 1994 Long-Term Stock Incentive Plan. (Filed as Exhibit 4 to the Company's Form S-8 Registration Statement No. 333-88091 and incorporated herein by reference.)	*

Exhibit	Title	Page No.
10.12+	Johnson Outdoors Inc. 1994 Non-Employee Director Stock Ownership Plan. (Filed as Exhibit 4 to the Company's Form S-8 Registration Statement No. 333-88089 and incorporated herein by reference.)	*
10.13+	Johnson Outdoors Economic Value Added Bonus Plan (Filed as Exhibit 10.15 to the Company's Form 10-K for the year ended October 3, 1997 and incorporated herein by reference.)	*
10.14+	Johnson Outdoors Inc. 2000 Long-Term Stock Incentive Plan. (Filed as Exhibit 10.16 to the Company's Form 10-Q for the quarter ended March 31, 2000 and incorporated herein by reference.)	*
10.15+	Severance Agreement and Release, dated June 9, 2000, between the Company and Carl G. Schmidt.	
11.	Statement regarding computation of per share earnings. (Note 15 to the Consolidated Financial Statements of the Company's 2000 Form 10-K is incorporated herein by reference.)	*
21.	Subsidiaries of the Company as of September 29, 2000.	
23.	Consent of KPMG LLP.	
27.	Financial Data Schedule (EDGAR version only)	
99.	Definitive Proxy Statement for the 2001 Annual Meeting of Shareholders. Except to the extent specifically incorporated herein by reference, the Proxy Statement for the 2001 Annual Meeting of Shareholders shall not be deemed to be filed with the Securities and Exchange Commission as part of this Form 10-K. The Proxy Statement for the 2001 Annual Meeting of Shareholders will be filed with the Securities and Exchange Commission under regulation 14A within 120 days after the end of the Company's fiscal year.	*

* Incorporated herein by reference.

+ A management contract or compensatory plan or arrangement.

CONSOLIDATED FINANCIAL STATEMENTS


	Page
Table of Contents	
Report of Management	F-1
Independent Auditors' Report	F-1
Consolidated Balance Sheets	F-2
Consolidated Statements of Operations	F-3
Consolidated Statements of Shareholders' Equity	F-4
Consolidated Statements of Cash Flows	F-5
Notes to Consolidated Financial Statements	F-6

REPORT OF MANAGEMENT

The management of Johnson Outdoors Inc. is responsible for the preparation and integrity of all financial statements and other information contained in this Form 10-K. We rely on a system of internal financial controls to meet the responsibility of providing accurate financial statements. The system provides reasonable assurances that assets are safeguarded, that transactions are executed in accordance with management's authorization and that the financial statements are prepared on a worldwide basis in accordance with accounting principles generally accepted in the United States of America.

The financial statements for each of the years covered in this Form 10-K have been audited by independent auditors, who have provided an independent assessment as to the fairness of the financial statements, after obtaining an understanding of the Company's systems and procedures and performing such other tests as deemed necessary.

The Audit Committee of the Board of Directors, which is composed solely of directors who are not officers of the Company, meets with management and the independent auditors to review the results of their work and to satisfy itself that their respective responsibilities are being properly discharged. The independent auditors have full and free access to the Audit Committee and have regular discussions with the Committee regarding appropriate auditing and financial reporting matters.



Helen P. Johnson-Leipold
Chairman and Chief Executive Officer



Scott M. Vos
Director of Financial Reporting

INDEPENDENT AUDITORS' REPORT

Shareholders and Board of Directors
Johnson Outdoors Inc.:

We have audited the consolidated balance sheets of Johnson Outdoors Inc. and subsidiaries as of September 29, 2000 and October 1, 1999, and the related consolidated statements of operations, shareholders' equity, and cash flows for each of the years in the three-year period ended September 29, 2000. These Consolidated Financial Statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audits.

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

In our opinion, the Consolidated Financial Statements referred to above present fairly, in all material respects, the financial position of Johnson Outdoors Inc. and subsidiaries as of September 29, 2000 and October 1, 1999, and the results of their operations and their cash flows for each of the years in the three-year period ended September 29, 2000, in conformity with accounting principles generally accepted in the United States of America.



KPMG LLP
Milwaukee, Wisconsin
November 6, 2000

CONSOLIDATED BALANCE SHEETS

<i>(thousands, except share data)</i>	September 29 2000	October 1 1999
Assets		
Current assets:		
Cash and temporary cash investments	\$ 17,363	\$ 9,974
Accounts receivable, less allowance for doubtful accounts of \$3,895 and \$3,236, respectively	54,825	49,302
Inventories	62,708	59,981
Deferred income taxes	4,613	4,718
Other current assets	4,685	5,644
Net assets of discontinued operations	—	56,114
Total current assets	144,194	185,733
Property, plant and equipment, net	37,369	35,323
Deferred income taxes	17,311	11,277
Intangible assets, net	57,866	65,599
Other assets	1,231	1,093
Total assets	\$ 257,971	\$ 299,025
Liabilities And Shareholders' Equity		
Current liabilities:		
Short-term debt and current maturities of long-term debt	\$ 59,462	\$ 49,327
Accounts payable	12,928	16,034
Accrued liabilities:		
Salaries and wages	7,421	6,912
Income taxes	140	(160)
Other	26,452	22,286
Total current liabilities	106,403	94,399
Long-term debt, less current maturities	45,857	72,744
Other liabilities	4,879	4,704
Total liabilities	157,139	171,847
Shareholders' equity:		
Preferred stock: none issued	—	—
Common stock:		
Class A shares issued: September 29, 2000, 6,924,630; October 1, 1999, 6,910,577	346	345
Class B shares issued (convertible into Class A shares): September 29, 2000, 1,222,729; October 1, 1999, 1,222,861	61	61
Capital in excess of par value	44,291	44,205
Retained earnings	74,797	91,832
Contingent compensation	(77)	(134)
Accumulated other comprehensive income - cumulative translation adjustment	(18,586)	(9,049)
Treasury stock, Class A shares, at cost: October 1, 1999, 5,280	—	(82)
Total shareholders' equity	100,832	127,178
Total liabilities and shareholders' equity	\$ 257,971	\$ 299,025

The accompanying notes are an integral part of the Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF OPERATIONS

	Year Ended		
	September 29 2000	October 1 1999	October 2 1998
<i>(thousands, except per share data)</i>			
Net sales	\$ 347,288	\$ 305,094	\$ 270,017
Cost of sales	212,076	184,424	163,216
Gross profit	135,212	120,670	106,801
Operating expenses:			
Marketing and selling	66,084	59,826	54,841
Administrative management, finance and information systems	28,442	26,372	22,835
Research and development	7,854	6,878	5,613
Amortization of acquisition costs	2,951	2,912	2,495
Profit sharing	2,793	2,396	1,273
Strategic charges	2,369	2,773	1,388
Total operating expenses	110,493	101,157	88,445
Operating profit	24,719	19,513	18,356
Interest income	(421)	(294)	(329)
Interest expense	9,799	9,565	9,631
Other (income) expense, net	261	223	(210)
Income from continuing operations before income taxes	15,080	10,019	9,264
Income tax expense	6,705	4,158	3,885
Income from continuing operations	8,375	5,861	5,379
Income (loss) from discontinued operations, net of income tax expense (benefit) of \$(563), \$771 and \$52, respectively	(940)	1,161	(167)
Loss on disposal of discontinued operations, net of income tax benefit of \$(1,840)	(24,418)	—	—
Net income (loss)	(16,983)	7,022	5,212
Basic earnings (loss) per common share:			
Continuing operations	\$ 1.03	\$ 0.72	\$ 0.66
Discontinued operations	(3.12)	0.15	(0.02)
Net income (loss)	\$ (2.09)	\$ 0.87	\$ 0.64
Diluted earnings (loss) per common share:			
Continuing operations	\$ 1.03	\$ 0.72	\$ 0.66
Discontinued operations	(3.12)	0.15	(0.02)
Net income (loss)	\$ (2.09)	\$ 0.87	\$ 0.64

The accompanying notes are an integral part of the Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

<i>(thousands)</i>	Common Stock	Capital in Excess of Par Value	Retained Earnings	Contingent Compensation	Cumulative Translation Adjustment	Treasury Stock	Comprehensive Income (Loss)
Balance at October 3, 1997	406	44,186	79,882	(85)	(6,356)	(302)	
Net income	—	—	5,212	—	—	—	\$ 5,212
Exercise of stock options	—	—	(4)	—	—	146	—
Tax benefit of stock options exercised	—	6	—	—	—	—	—
Issuance of restricted stock	—	13	—	(32)	—	32	—
Issuance of stock under employee stock purchase plan	—	—	(22)	—	—	177	—
Amortization of contingent compensation	—	—	—	90	—	—	—
Other treasury stock transactions	—	—	—	—	—	(668)	—
Translation adjustment	—	—	—	—	1,705	—	1,705
Balance at October 2, 1998	406	44,205	85,068	(27)	(4,651)	(615)	\$ 6,917
Net income	—	—	7,022	—	—	—	\$ 7,022
Issuance of restricted stock	—	—	(137)	(182)	—	319	—
Issuance of stock under employee stock purchase plan	—	—	(121)	—	—	214	—
Amortization of contingent compensation	—	—	—	75	—	—	—
Translation adjustment	—	—	—	—	(4,398)	—	(4,398)
Balance at October 1, 1999	406	44,205	91,832	(134)	(9,049)	(82)	\$ 2,624
Net loss	—	—	(16,983)	—	—	—	\$ (16,983)
Issuance of restricted stock	—	19	—	(19)	—	—	—
Issuance of stock under employee stock purchase plan	1	67	(52)	—	—	82	—
Amortization of contingent compensation	—	—	—	76	—	—	—
Translation adjustment	—	—	—	—	(10,346)	—	(10,346)
Translation adjustment reclassified to net loss on sale of Fishing business	—	—	—	—	809	—	—
BALANCE AT SEPTEMBER 29, 2000	\$407	\$44,291	\$74,797	\$(77)	\$(18,586)	\$ —	\$(27,329)

The accompanying notes are an integral part of the Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	September 29 2000	October 1 1999	Year Ended October 2 1998
<i>(thousands)</i>			
Cash Provided By Operations			
Net income (loss)	\$(16,983)	\$ 7,022	\$ 5,212
Less income (loss) from discontinued operations	(25,358)	1,161	(167)
Income from continuing operations	8,375	5,861	5,379
Adjustments to reconcile income from continuing operations to net cash provided by operating activities of continuing operations:			
Depreciation and amortization	12,523	12,597	10,814
Provision for doubtful accounts receivable	1,812	2,162	819
Provision for inventory reserves	853	801	269
Deferred income taxes	(374)	(48)	(3,227)
Change in assets and liabilities, net of effect of businesses acquired or sold:			
Accounts receivable	(10,728)	(3,466)	(2,356)
Inventories	(8,358)	1,012	(1,145)
Accounts payable and accrued liabilities	3,910	5,975	(1,750)
Other, net	1,738	(106)	308
	9,751	24,788	9,111
Cash Provided By (Used For) Investing Activities			
Proceeds from sale of business, net of cash	33,126	—	—
Payments for purchase of businesses, net of cash acquired	(864)	(13,584)	(12,772)
Net additions to property, plant and equipment	(14,075)	(13,035)	(11,636)
Sales of property, plant and equipment	1,838	501	1,894
	20,025	(26,118)	(22,514)
Cash Provided By (Used For) Financing Activities			
Issuance of senior notes	—	—	25,000
Principal payments on senior notes and other long-term debt	(21,969)	(7,705)	(7,863)
Net change in short-term debt	9,351	6,764	(8,424)
Common stock transactions	97	94	(352)
	(12,521)	(847)	8,361
Effect of foreign currency fluctuations on cash	(1,790)	(541)	216
Net cash provided by (used for) discontinued operations	(8,076)	2,361	8,223
Increase (decrease) in cash and temporary cash investments	7,389	(357)	3,397
Cash And Temporary Cash Investments			
Beginning of year	9,974	10,331	6,934
End of year	\$ 17,363	\$ 9,974	\$ 10,331

The accompanying notes are an integral part of the Consolidated Financial Statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Johnson Outdoors Inc. is an integrated, global outdoor recreation products company engaged in the design, manufacture and marketing of brand name outdoor equipment, diving, watercraft and motors products.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

All monetary amounts, other than share and per share amounts, are stated in thousands and are from continuing operations.

Principles of Consolidation

The Consolidated Financial Statements include the accounts of Johnson Outdoors Inc. and all majority owned subsidiaries (the Company) and are stated in conformity with accounting principles generally accepted in the United States of America. Significant intercompany accounts and transactions have been eliminated in consolidation. The Consolidated Financial Statements have been restated to reflect the results of the Fishing business as a discontinued operation. See Note 4.

The preparation of financial statements requires management to make estimates and assumptions that impact the reported amounts of assets, liabilities and operating results and the disclosure of commitments and contingent liabilities. Actual results could differ significantly from those estimates. For the Company, significant estimates include the allowance for doubtful accounts receivable, reserves for inventory valuation and the valuation allowance for deferred tax assets.

The Company's fiscal year ends on the Friday nearest September 30. The fiscal years ended September 29, 2000 (hereinafter 2000) and October 1, 1999 (hereinafter 1999) and October 2, 1998 (hereinafter 1998) each comprise 52 weeks.

Cash and Temporary Cash Investments

For purposes of the consolidated statements of cash flows, the Company considers all short-term investments in interest-bearing bank accounts, securities and other instruments with an original maturity of three months or less to be equivalent to cash.

The Company maintains cash in bank accounts in excess of insured limits. The Company has not experienced any losses as a result of this practice and does not believe that significant credit risk exists.

Inventories

Inventories are stated at the lower of cost (determined using the first-in, first-out method) or market.

Inventories attributable to continuing operations at the end of the respective years consist of the following:

	2000	1999
Raw materials	\$ 23,122	\$ 22,702
Work in process	2,238	3,176
Finished goods	40,297	39,014
	65,657	64,892
Less reserves	2,949	4,911
	\$ 62,708	\$ 59,981

Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation. Depreciation of plant and equipment is determined by straight-line and accelerated methods over estimated useful lives, which range from 3 to 30 years.

Upon retirement or disposition, cost and the related accumulated depreciation are removed from the accounts and any resulting gain or loss is recognized in operating results.

Property, plant and equipment attributable to continuing operations at the end of the respective years consist of the following:

	2000	1999
Property and improvements	\$ 1,423	\$ 1,275
Buildings and improvements	19,303	16,301
Furniture, fixtures and equipment	82,994	74,667
	103,720	92,243
Less accumulated depreciation	66,351	56,920
	\$ 37,369	\$ 35,323

Intangible Assets

Intangible assets are stated at cost less accumulated amortization. Amortization is computed using the straight-line method with periods ranging from 15 to 40 years for goodwill and 3 to 16 years for patents, trademarks and other intangible assets.

Intangible assets attributable to continuing operations at the end of the respective years consist of the following:

	2000	1999
Goodwill	\$ 69,546	\$75,254
Patents, trademarks and other	4,122	4,110
	73,668	79,364
Less accumulated amortization	15,802	13,765
	\$ 57,866	\$65,599

Impairment of Long-Lived Assets

The Company annually assesses the recoverability of property, plant and equipment and intangible assets, primarily by determining whether the depreciation and amortization of the balance over its remaining life can be recovered through projected undiscounted future operating cash flows of the related businesses. The amount of impairment, if any, is measured primarily based on the deficiency of projected discounted future operating cash flows relative to the value of the assets, using a discount rate reflecting the Company's cost of capital, which currently approximates 10%.

Income Taxes

The Company provides for income taxes currently payable, and deferred income taxes resulting from temporary differences between financial statement and taxable income, using the asset and liability method.

In assessing the realizability of deferred tax assets, the Company considers whether it is more likely than not that some portion, or all of the deferred tax assets, will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the years in which those temporary differences become deductible. The Company considers the scheduled reversal of deferred tax liabilities, projected future taxable income and tax planning strategies in making this assessment.

Federal and state income taxes are provided on foreign subsidiary income distributed to, or taxable in, the United States during the year. At September 29, 2000, net undistributed earnings of foreign subsidiaries total approximately \$55,500. A substantial portion of these unremitted earnings have been permanently invested abroad and no provision for federal or state taxes is made on these amounts. With respect to that portion of foreign earnings which may be returned to the United States, provision is made for taxes if the amounts are significant.

The Company's United States entities file a consolidated federal income tax return.

Employee Benefits

The Company and certain of its subsidiaries have various retirement and profit sharing plans. United States pension obligations, which are generally based on compensation and years of service, are funded by payments to pension fund trustees. Foreign plans are funded as expenses are incurred. The Company's policy is generally to fund the minimum amount required under the Employee Retirement Income Security Act of 1974 for plans subject thereto. Profit sharing and other retirement costs are funded at least annually.

Foreign Operations and Derivative Financial Instruments

Assets and liabilities of foreign operations are translated into U.S. dollars at the rate of exchange existing at the end of the year. Results of operations are translated at monthly average exchange rates. Gains and losses resulting from the translation of foreign currency financial statements are classified as accumulated other comprehensive income, a separate component of shareholders' equity.

The Company operates internationally, which gives rise to exposure to market risk from movements in foreign exchange rates. The Company uses foreign currency forward contracts and options in its selective hedging of foreign exchange exposure. Gains and losses on contracts that qualify as hedges are recognized as an adjustment of the carrying amount of the item hedged. The Company primarily hedges assets, inventory purchases and loans denominated in foreign currencies. The Company does not enter into foreign exchange contracts for trading purposes. Gains and losses on unhedged exposures are recorded in operating results.

At September 29, 2000, foreign currency forward contracts and options with a notional value of approximately \$5,100 are in place, hedging existing and anticipated transactions. Substantially all of these contracts mature in 2000. Failure of the counterparties to perform their obligations under these contracts would expose the Company to the risk of foreign currency rate movements for those contracts. The Company does not believe the risk is significant. At September 29, 2000, the fair value of these instruments is \$(0.4).

Foreign currency swaps effectively denominate, in foreign currencies, existing U.S. dollar denominated debt of the Company. This foreign currency debt serves as a hedge of foreign assets. Accordingly, gains and losses on such swaps are recorded in shareholders' equity. At September 29, 2000, the fair value of these instruments is \$3.0.

SFAS 133, *Accounting for Derivative Instruments and Hedging Activities*, as amended by SFAS 137, *Accounting for Derivative Instruments and Hedging Activities – Deferral of the Effective Date of FASB Statement No. 133* and SFAS 138, *Accounting for Certain Derivative Instruments and Certain Hedging Activities*, is effective for the Company as of September 30, 2000. SFAS 133 requires that an entity recognize all derivatives as either assets or liabilities measured at fair value. The accounting for changes in the fair value of a derivative depends on the use of the derivative. Adoption of these new accounting standards will result in a cumulative after-tax gain in net income of approximately \$1.8 million and an accumulated other comprehensive loss of approximately \$3.0 million in the first quarter of fiscal 2001. The adoption will also impact assets and liabilities recorded on the balance sheet.

Revenue Recognition

Revenue from sales is recognized on the accrual basis, primarily upon the shipment of products, net of estimated costs of returns and allowances.

Advertising

The Company expenses substantially all costs related to production of advertising the first time the advertising takes place. Cooperative promotional arrangements are accrued in relation to sales.

Advertising expense attributable to continuing operations in 2000, 1999 and 1998 totals \$18,435, \$16,258 and \$13,647, respectively. Capitalized costs attributable to continuing operations at September 29, 2000 and October 1, 1999 total \$1,360 and \$1,100, respectively, and primarily include catalogs and costs of advertising which has not yet run for the first time.

Research and Development

Research and development costs are expensed as incurred.

Stock-Based Compensation

The Company accounts for stock options using the intrinsic value based method. Accordingly, compensation cost is generally recognized only for stock options issued with an exercise price lower than the market price on the date of grant. The fair value of restricted shares awarded in excess of the amount paid for such shares is recognized as contingent compensation and is amortized over 1 to 3 years from the date of award, the period after which all restrictions generally lapse.

Pending Accounting Changes

In addition to SFAS 133 as previously noted, in December 1999, the Securities and Exchange Commission issued Staff Accounting Bulletin No. 101, *Revenue Recognition* (SAB 101). An amendment in June 2000 delayed the effective date for the Company until the fourth quarter of 2001, which is when the Company will adopt the bulletin. The impact of adopting SAB 101 is still being evaluated and the Company does not currently believe its adoption will have a material impact on the consolidated financial statements.

In May 2000, the Financial Accounting Standards Board's Emerging Issues Task Force (EITF) reached a consensus on Issue No. 00-14, *Accounting for Certain Sales Incentives*. This issue addresses the recognition, measurement, and income statement classification for various types of sales incentives including discounts, coupons, rebates and free products. The Company will adopt this consensus in the fourth quarter of 2001. The impact of this consensus is still being evaluated and the Company does not currently believe its adoption will have a material impact on the consolidated financial statements.

Reclassifications

Certain reclassifications have been made to prior years' amounts to conform with the current year presentation.

2 STRATEGIC CHARGES

In 2000, 1999 and 1998, the Company recorded strategic charges totaling \$2,369, \$2,773 and \$1,388, respectively. In 2000 strategic charges include severance, moving and other exit costs related primarily to the closure and relocation of a manufacturing facility in the Motors business. Severance costs included in the strategic charges totaled \$1,469 and approximately 95 employees were impacted by these actions. Unexpended funds at year end related to these actions were approximately \$750.

In 1999, a portion of the charges included severance, moving and recruiting costs related to the relocation of certain sales and marketing functions of the Company's Outdoor Equipment business. The balance of the charges were related to the integration of acquired businesses. Severance costs included in these charges totaled \$1,101 and approximately 30 employees were impacted.

In 1998, strategic charges included severance and other exit related costs primarily for the integration of acquired companies in the Diving business. Severance costs totaled \$781 and approximately 80 employees were impacted.

3 ACQUISITIONS

In April 2000, the Company completed the acquisition of the common stock of Pacific Kayak Ltd., a manufacturer of sit-on-top and sea touring kayaks located in Auckland, New Zealand. The initial purchase price, including direct expenses, for the acquisition was approximately \$962, of which approximately \$584 was recorded as intangible assets and is being amortized over 25 years. An additional payment in 2001 is dependent upon achievement of specified levels of sales of the acquired business.

In July 1999, the Company completed the acquisition of the common stock of Extrasport, Inc., a privately held manufacturer and marketer of personal flotation devices. The initial purchase price, including direct expenses, for the acquisition was approximately \$3,300, of which approximately \$2,500 was recorded as intangible assets and is being amortized over 25 years. In September 2000, an additional payment of approximately \$150 was accrued. Additional payments in 2001 and 2002 are dependent upon achievement of specified levels of sales of the acquired business.

In April 1999, the Company completed the acquisition of substantially all of the assets and the assumption of certain liabilities of Escape Sailboat Company LLC, a privately held manufacturer and marketer of recreational sailboats. The initial purchase price, including direct expenses, for the acquisition was approximately \$4,800, of which approximately \$3,100 was recorded as intangible assets and is being amortized over 25 years. An additional payment in 2001 is dependent upon achievement of specified levels of sales of the acquired business.

In December 1998, the Company completed the acquisition of substantially all of the assets and the assumption of certain liabilities of True North Paddle & Necky Kayaks Ltd., a privately held manufacturer and marketer of Necky kayaks, and an affiliated entity. The initial purchase price, including direct expenses, for the acquisition was approximately \$5,700, of which approximately \$3,200 was recorded as intangible assets and is being amortized over 25 years. Additional payments of approximately \$170 and \$600 were earned in 2000 and 1999, respectively. Additional payments in the years 2001 through 2003 are dependent upon the achievement of specified levels of sales and profitability of the acquired business.

In February 1998, the Company completed the acquisition of the common stock of Leisure Life Limited, a privately held manufacturer and marketer of recreational watercraft. The purchase price, including direct expenses, for the acquisition was approximately \$10,300, of which approximately \$7,300 was recorded as intangible assets and is being amortized over 25 years.

In September 1997, subsequent to the end of the 1997 fiscal year, the Company completed the acquisitions of certain assets of Soniform, Inc., a manufacturer of diving buoyancy compensators, and the common stock of Plastiques L.P.A. Limitée, a privately held Canadian manufacturer of kayaks. The purchase prices for the acquisitions totaled approximately \$3,400.

All acquisitions were accounted for using the purchase method and, accordingly, the Consolidated Financial Statements include the results of operations since the respective dates of acquisition. Additional payments, if required, will increase intangible assets.

4 SALE OF FISHING BUSINESS

In March 2000, the Company sold its Fishing business. As a result, operations and related assets and liabilities of the Fishing group have been classified as discontinued for all periods presented herein. The sale price totaled \$47,279, including \$14,056 of accounts receivable retained by the Company and \$2,367 of debt assumed by the buyer. The Company recorded a loss of \$24,418, net of tax, related to the sale of the business, taking into account operating results from the measurement date to the date of disposal. In addition, the Company recorded an after tax loss from operations up to the measurement date of \$940 in 2000, an after tax gain of \$1,161 in 1999 and an after tax loss of \$167 in 1998.

Net sales of the Fishing group were \$32,667, \$59,184 and \$58,508 for 2000, 1999 and 1998, respectively. Interest expense of \$90, \$154 and \$1,016 that is directly attributable to the Fishing group is allocated to discontinued operations.

5 INDEBTEDNESS

Short-term debt at the end of the respective years consists of the following:

	2000	1999
Commercial paper and bank loans	\$ 53,434	\$43,380
Current maturities of long-term debt	6,028	5,947
	\$ 59,462	\$49,327

Short-term credit facilities provide for borrowings with interest rates set periodically by reference to market rates. Commercial paper rates are set by competitive bidding. The weighted average interest rate on short-term indebtedness was 7.6% and 6.2% at September 29, 2000 and October 1, 1999, respectively. The Company's primary facility is a \$100,000 revolving credit agreement expiring in 2001, which includes a maximum amount of \$80,000 in support of commercial paper issuance. The Company has lines of credit, both foreign and domestic, totaling \$122,000 of which \$63,000 is available at September 29, 2000. The Company also utilizes letters of credit for trade financing purposes.

Long-term debt at the end of the respective years consists of the following:

	2000	1999
1998 senior notes	\$ 16,176	\$24,981
1996 senior notes	29,700	45,000
Other long-term notes, maturing through January 2004	6,009	8,710
	51,885	78,691
Less current maturities	6,028	5,947
	\$ 45,857	\$72,744

In 1998, the Company issued unsecured senior notes totaling \$25,000 with an interest rate of 7.15%. Simultaneous with the commitment of the 1998 senior notes, the Company executed a foreign currency swap, denominating in Swiss francs all principal and interest payments required under the 1998 senior notes. The fixed, effective interest rate to be paid on the 1998 senior notes as a result of the currency swap is 4.32%. A portion of the proceeds from the divestiture of the Fishing business was used to make an unscheduled principal payment of \$5,335 in March 2000. The 1998 senior notes have annual principal payments of \$1,721 to \$6,023 beginning October 2001 with a final payment due October 2007. Proceeds from issuance of the 1998 senior notes were used to reduce outstanding indebtedness under the Company's primary revolving credit facility.

\$5,676 of the initial purchase price for the common stock of Uwatec AG is due in 2002. Interest on the deferred amounts is payable annually at 6%. This obligation is denominated in Swiss francs. A corresponding amount of the Company's primary revolving credit facility is reserved in support of this obligation through issuance of a letter of credit.

In 1996, the Company issued unsecured senior notes totaling \$30,000 with an interest rate of 7.77% and \$15,000 with an interest rate of 6.98%. A portion of the proceeds from the divestiture of the Fishing business was used to make an unscheduled principal payment of \$9,800 in March 2000. Total annual principal payments ranging from \$5,500 to \$7,500 are due beginning in October 2000 through 2006.

Aggregate scheduled maturities of long-term debt in each of the five years ending September 2005 are as follows:

Year	
2001	\$ 6,000
2002	13,500
2003	7,800
2004	9,300
2005	5,400

Interest paid was \$10,471, \$9,740 and \$8,921 for 2000, 1999 and 1998, respectively.

Based on the borrowing rates currently available to the Company for debt with similar terms and average maturities, the fair value of the Company's long-term debt as of September 29, 2000 and October 1, 1999 is approximately \$53,000 and \$79,700, respectively. The carrying value of all other financial instruments approximates the fair value.

Certain of the Company's loan agreements require that Samuel C. Johnson, members of his family and related entities (hereinafter the Johnson Family) continue to own stock having votes sufficient to elect a 51% majority of the directors. At September 29, 2000, the Johnson Family held approximately 3,300,000 shares or 48% of the Class A common stock, approximately 1,168,000 shares or 96% of the Class B common stock and approximately 78% of the voting power of both classes of common stock taken as a whole. The agreements also contain restrictive covenants regarding the Company's net worth, indebtedness, fixed charge coverage and distribution of earnings. The Company is in compliance with the restrictive covenants of such agreements, as amended from time to time.

6 LEASES AND OTHER COMMITMENTS

The Company leases certain operating facilities and machinery and equipment under long-term, noncancelable operating leases. Future minimum rental commitments under noncancelable operating leases attributable to continuing operations having an initial term in excess of one year at September 29, 2000 are as follows:

Year	
2001	\$5,200
2002	4,400
2003	2,800
2004	1,900
2005	1,700
Thereafter	2,100

Rental expense attributable to continuing operations under all leases was approximately \$6,727, \$6,438 and \$5,719 for 2000, 1999 and 1998, respectively.

The Company makes commitments in a broad variety of areas, including capital expenditures, contracts for services, sponsorship of broadcast media and supply of finished products and components, all of which are in the ordinary course of business.

7 INCOME TAXES

Income tax expense (benefit) attributable to continuing operations for the respective years consists of the following:

	2000	1999	1998
Current:			
Federal	\$ 17	\$ 34	\$ 56
State	490	683	514
Foreign	6,572	3,489	6,542
Deferred	(374)	(48)	(3,227)
	\$ 6,705	\$4,158	\$ 3,885

The significant components of deferred tax expense (benefit) attributable to continuing operations are as follows:

	2000	1999	1998
Deferred tax expense (benefit) (exclusive of effects of other components listed below)	\$ (822)	\$ 89	\$(2,967)
Increase (decrease) in beginning of the year balance of the valuation allowance for deferred tax assets	448	(137)	(260)
	\$ (374)	\$ (48)	\$(3,227)

The tax effects of temporary differences that give rise to significant portions of deferred tax assets and deferred tax liabilities attributable to continuing operations at the end of the respective years are presented below:

	2000	1999
Deferred tax assets:		
Inventories	\$ 1,966	\$ 2,557
Compensation	3,502	2,934
Foreign income taxes	—	78
Foreign tax credit carryforwards	3,791	4,051
Net operating loss carryforwards	16,808	12,217
Other	5,869	3,614
Total gross deferred tax assets	31,936	25,451
Less valuation allowance	7,783	7,183
	24,153	18,268
Deferred tax liabilities:		
Foreign statutory reserves	1,952	1,973
Acquisition accounting	277	300
Total deferred tax liabilities	2,229	2,273
Net deferred tax asset	\$ 21,924	\$ 15,995

Deferred tax assets relating to net operating losses of discontinued operation of \$5,555 has been reflected as assets of continuing operations in 2000 as the benefit will ultimately be realized by the continuing operations.

Following is the income (loss) from continuing operations before income taxes for domestic and foreign operations:

	2000	1999	1998
United States	\$ (1,436)	\$ (1,269)	\$ (4,953)
Foreign	16,516	11,288	14,217
	\$ 15,080	\$10,019	\$ 9,264

The significant differences between the statutory federal tax rate and the effective income tax rates for income from continuing operations are as follows:

	2000	1999	1998
Statutory U.S. federal income tax rate	34.0%	34.0%	34.0%
State income taxes, net of federal income tax benefit	3.8	0.7	(2.2)
Foreign rate differential	1.4	5.1	10.6
Change in beginning of year valuation allowance	3.0	—	—
Foreign operating losses (benefit)	0.6	1.9	(1.4)
Other	1.7	(0.2)	0.9
	44.5%	41.5%	41.9%

At September 29, 2000, the Company has \$3,791 of foreign tax credit carryforwards available to be offset against future U.S. tax liability. The credits expire in 2000 through 2005 if not utilized. These carryforwards have been fully reserved for in the valuation allowance.

At September 29, 2000, the Company has a U.S. federal operating loss carryforward of \$28,712 and various state net operating loss carryforwards. During 2000, 1999 and 1998, foreign net operating loss carryforwards were utilized, resulting in a reduction in income tax expense of \$152, \$137 and \$260, respectively. In addition, certain of the Company's foreign subsidiaries have net operating loss carryforwards totaling \$1,189. These amounts are available to offset future taxable income over the next 14 to 20 years and are anticipated to be utilized during this period.

Taxes paid attributable to continuing operations were \$9,935, \$6,648 and \$6,374 for 2000, 1999 and 1998, respectively.

8 EMPLOYEE BENEFITS

Net periodic pension cost for noncontributory pension plans includes the following components.

	2000	1999	1998
Service cost	\$315	\$273	\$301
Interest on projected benefit obligation	763	713	697
Less return on plan assets	592	558	520
Amortization of unrecognized:			
Net loss	4	4	15
Prior service cost	26	26	26
Transition asset	(81)	(81)	(81)
Net amount recognized	\$435	\$377	\$438

The following provides a reconciliation of the changes in the plans benefit obligation and fair value of assets for 2000 and 1999 and a statement of the funded status at the end of each year:

	2000	1999
Benefit obligation:		
Benefit obligation at beginning of year	\$ 9,604	\$ 9,456
Service cost	315	273
Interest cost	763	713
Actuarial (gain) loss	259	(257)
Benefits paid	(609)	(581)
Benefit obligation at end of year	\$10,332	\$ 9,604
Fair value of plan assets:		
Fair value of plan assets at beginning of year	\$ 8,070	\$ 7,515
Actual return on plan assets	888	860
Company contributions	271	276
Benefits paid	(609)	(581)
Fair value of plan assets at end of year	\$ 8,620	\$ 8,070
Funded status:		
Funded status of the plan	\$ (1,712)	\$(1,534)
Unrecognized net loss	80	4
Unrecognized prior service cost	148	174
Unrecognized transition asset	(291)	(372)
Net liability recognized	\$ (1,775)	\$(1,728)

The following summarizes the components of the net liability recognized in the consolidated balance sheets at the end of the respective years:

	2000	1999
Prepaid benefit cost	\$ —	\$ 55
Accrued benefit liability	(1,775)	(1,783)
Net liability recognized	\$(1,775)	\$(1,728)

Plan assets are invested primarily in stock and bond mutual funds and insurance contracts.

Actuarial assumptions used to determine the projected benefit obligation and the net periodic pension cost are as follows:

	2000	1999	1998
Discount rate	8%	8%	8%
Long-term rate of return	8	8	8
Average salary increase rate	5	5	5

A majority of the Company's full-time employees are covered by profit sharing and defined contribution programs. Participating entities determine profit sharing distributions under various performance and service based formulas.

9 PREFERRED STOCK

The Company is authorized to issue 1,000,000 shares of preferred stock in various classes and series, of which there are none currently issued or outstanding.

10 COMMON STOCK

Common stock at the end of the respective years consists of the following:

	2000	1999
Class A, \$.05 par value:		
Authorized	20,000,000	20,000,000
Outstanding	6,924,630	6,905,297
Class B, \$.05 par value:		
Authorized	3,000,000	3,000,000
Outstanding	1,222,729	1,222,861

Holders of Class A common stock are entitled to elect 25% of the members of the Board of Directors and holders of Class B common stock are entitled to elect the remaining directors. With respect to matters other than the election of directors or any matters for which class voting is required by law, holders of Class A common stock are entitled to one vote per share while holders of Class B common stock are entitled to ten votes per share. If any dividends (other than dividends paid in shares of the Company) are paid by the Company on its common stock, a dividend would be paid on each share of Class A common stock equal to 110% of the amount paid on each share of Class B common stock. Each share of Class B common stock is convertible at any time into one share of Class A common stock. During 2000, 1999 and 1998, respectively, 132, 1,000 and 4,054 shares of Class B common stock were converted into Class A common stock.

11 STOCK OWNERSHIP PLANS

The Company's current stock ownership plans provide for issuance of options to acquire shares of Class A common stock by key executives and non-employee directors. All stock options have been granted at a price not less than fair market value at the date of grant and become exercisable over periods of one to four years from the date of grant. Stock options generally have a term of 10 years. Current plans also allow for issuance of restricted stock or stock appreciation rights in lieu of options. Grants of restricted shares are not significant in any year presented. No stock appreciation rights have been granted.

A summary of stock option activity related to the Company's plans is as follows:

	Shares	Weighted Average Exercise Price
Outstanding at October 3, 1997	686,521	\$18.32
Granted	247,000	17.01
Exercised	(10,243)	13.96
Cancelled	(321,217)	19.11
Outstanding at October 2, 1998	602,061	17.43
Granted	353,000	8.53
Cancelled	(176,224)	14.67
Outstanding at October 1, 1999	778,837	14.02
Granted	268,500	7.58
Cancelled	(95,107)	15.23
Outstanding at September 29, 2000	952,230	\$12.08

Other information regarding the Company's stock option plans is as follows:

	2000	1999	1998
Options exercisable at end of year	441,544	324,990	257,055
Weighted average exercise price of exercisable options	\$15.99	18.63	\$19.14
Weighted average fair value of options granted during the year	3.20	3.31	6.82

At September 29, 2000, the weighted average remaining contractual life of stock options outstanding is approximately 7.6 years. Exercise prices of outstanding stock options range from \$6.25 to \$25.31 at September 29, 2000.

Had compensation cost for the Company's stock options been determined using the fair value method, the Company's pro forma operating results would have been as follows:

	2000	1999	1998
Income from continuing operations	\$7,744	\$5,221	\$4,776
Diluted earnings per common share from continuing operations	\$ 0.95	\$ 0.64	\$ 0.59

For purposes of calculating pro forma operating results, the fair value of each option grant was estimated using the Black-Scholes option pricing model with an expected volatility of 35%, a risk free rate equivalent to five year U.S. Treasury securities and an expected life of five years. The pro forma operating results reflect only options granted after 1995.

The Company's employee stock purchase plan provides for the issuance of up to 150,000 shares of Class A common stock at a purchase price of not less than 85% of the fair market value at the date of grant. During 2000, 1999 and 1998, 16,701, 13,722 and 11,325 shares, respectively, were issued under this plan.

12 RELATED PARTY TRANSACTIONS

Various transactions are conducted between the Company and organizations controlled by the Johnson Family. These include consulting services, office rental, royalties and certain administrative activities. Total net costs of these transactions are \$542, \$474 and \$248 for 2000, 1999 and 1998, respectively.

13 SEGMENTS OF BUSINESS

The Company conducts its worldwide operations through separate global business units, each of which represent major product lines. Operations are conducted in the United States and various foreign countries, primarily in Europe, Canada and the Pacific Basin.

Net sales and operating profit include both sales to customers, as reported in the Company's consolidated statements of operations, and interunit transfers, which are priced to recover cost plus an appropriate profit margin. Identifiable assets represent assets that are used in the Company's operations in each business unit at the end of the years presented.

A summary of the Company's continuing operations by business segment is presented below:

	2000	1999	1998
Net sales:			
Outdoor equipment:			
Unaffiliated customers	\$ 103,454	\$ 92,367	\$ 77,566
Interunit transfers	67	14	28
Watercraft:			
Unaffiliated customers	84,025	66,461	47,517
Interunit transfers	397	260	266
Diving:			
Unaffiliated customers	82,246	80,200	90,116
Interunit transfers	5	9	10
Motors:			
Unaffiliated customers	76,424	64,260	53,249
Interunit transfers	1,363	1,783	1,678
Other	1,139	1,806	1,569
Eliminations	(1,832)	(2,066)	(1,982)
	\$ 347,288	\$ 305,094	\$ 270,017
Operating profit (loss):			
Outdoor equipment	\$ 8,182	\$ 3,546	\$ 1,987
Watercraft	10,327	12,598	8,658
Diving	10,832	4,749	10,193
Motors	3,936	3,497	1,156
Other	(8,558)	(4,877)	(3,638)
	\$ 24,719	\$ 19,513	\$ 18,356
Identifiable assets:			
Outdoor equipment	\$ 49,512	\$ 47,760	
Watercraft	63,394	54,458	
Diving	87,818	89,706	
Motors	30,208	25,483	
Discontinued operations, net	—	56,114	
Other	27,039	25,504	
	\$ 257,971	\$ 299,025	

A summary of the Company's continuing operations by geographic area is presented below:

	2000	1999	1998
Net sales:			
United States:			
Unaffiliated customers	\$ 232,014	\$ 190,743	\$ 156,252
Interarea transfers	6,540	6,622	8,427
Europe:			
Unaffiliated customers	88,213	90,445	91,973
Interarea transfers	7,800	6,510	6,642
Other	27,061	23,906	21,792
Interarea transfers	7,863	5,495	1,737
Eliminations	(22,203)	(18,627)	(16,806)
	\$ 347,288	\$ 305,094	\$ 270,017
Identifiable assets:			
United States	\$ 148,186	\$ 129,874	
Europe	91,684	92,933	
Other	18,101	20,104	
Discontinued operations, net	—	56,114	
	\$ 257,971	\$ 299,025	

14 VALUATION AND QUALIFYING ACCOUNTS

The following summarizes changes to valuation and qualifying accounts:

	Balance at Beginning of Year	Additions Charged to Costs and Expenses	Reserves of Businesses Acquired or Sold	Less Deductions	Balance at End of Year
Year ended					
September 29, 2000:					
Allowance for doubtful accounts	\$3,236	\$1,812	\$ —	\$1,153	\$3,895
Reserves for inventory valuation	4,911	853	—	2,815	2,949
Year ended October 1, 1999:					
Allowance for doubtful accounts	2,153	2,161	14	1,092	3,236
Reserves for inventory valuation	5,196	801	—	1,086	4,911
Year ended October 2, 1998:					
Allowance for doubtful accounts	2,388	734	35	1,004	2,153
Reserves for inventory valuation	6,009	270	120	1,203	5,196

Deductions include the net impact of foreign currency fluctuations on the respective accounts.

15 EARNINGS PER SHARE

Basic earnings per share excludes any dilutive effects of options, warrants and convertible securities. Diluted earnings per share is similar to the previously reported fully diluted earnings per share.

The following sets forth the computation of basic and diluted earnings per common share:

	2000	1999	1998
Income from continuing operations for basic and diluted earnings per share	\$8,375	\$5,861	\$5,379
Weighted average shares outstanding	8,139,340	8,108,781	8,100,415
Less nonvested restricted stock	17,265	12,206	5,509
Basic average common shares	8,122,075	8,096,575	8,094,906
Dilutive stock options and restricted stock	8,208	11,653	18,924
Diluted average common shares	8,130,283	8,108,228	8,113,830
Basic earnings per common share from continuing operations	\$1.03	\$0.72	\$0.66
Diluted earnings per common share from continuing operations	\$1.03	\$0.72	\$0.66

16 LITIGATION

The Company is subject to various legal actions and proceedings in the normal course of business, including those related to environmental matters. The Company is insured against loss for certain of these matters. Although litigation is subject to many uncertainties and the ultimate exposure with respect to these matters cannot be ascertained, management does not believe the final outcome will have a material adverse effect on the financial condition, results of operations, liquidity or cash flows of the Company.

17 QUARTERLY FINANCIAL SUMMARY (unaudited)

The following summarizes quarterly operating results:

	First Quarter		Second Quarter		Third Quarter		Fourth Quarter	
	2000	1999	2000	1999	2000	1999	2000	1999
Net Sales	\$ 56,201	\$48,144	\$96,703	\$84,644	\$114,003	\$101,134	\$80,381	\$71,172
Gross profit	21,912	17,811	39,070	34,629	45,337	42,107	28,893	26,123
Operating profit loss	139	(3,121)	9,584	8,288	13,912	13,690	1,084	656
Income (loss) from continuing operations	(1,035)	(3,038)	3,896	3,220	5,958	6,359	(444)	(680)
Income (loss) from discontinued operations	(940)	19	—	1,157	—	725	—	(740)
Loss on disposal of discontinued operations	(23,109)	—	(1,309)	—	—	—	—	—
Net income (loss)	\$ (25,084)	\$ (3,019)	\$ 2,587	\$ 4,377	\$ 5,958	\$ 7,084	\$ (444)	\$ (1,420)
Basic earnings (loss) per common share:								
Continuing operations	\$ (0.13)	\$ (0.37)	\$ 0.48	\$ 0.40	\$ 0.73	\$ 0.79	\$ (0.05)	\$ (0.09)
Discontinued operations	(2.96)	—	(0.16)	0.14	—	0.09	—	(0.09)
Net income (loss)	\$ (3.09)	\$ (0.37)	\$ 0.32	\$ 0.54	\$ 0.73	\$ 0.88	\$ (0.05)	\$ (0.18)
Diluted earnings (loss) per common share:								
Continuing operations	\$ (0.13)	\$ (0.37)	\$ 0.48	\$ 0.40	\$ 0.73	\$ 0.78	\$ (0.05)	\$ (0.09)
Discontinued operations	(2.96)	—	(0.16)	0.14	—	0.09	—	(0.09)
Net income (loss)	\$ (3.09)	\$ (0.37)	\$ 0.32	\$ 0.54	\$ 0.73	\$ 0.87	\$ (0.05)	\$ (0.18)

Board of Directors

SAMUEL C. JOHNSON, 72

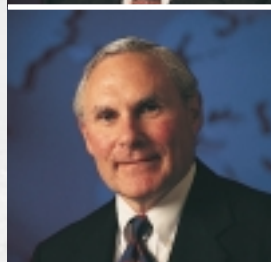
Director since 1970.
Retired Chairman of S.C. Johnson & Son, Inc. Also Director of Mobil Corporation, H. J. Heinz Company and Deere & Company.

THOMAS F. PYLE, JR., 59

Vice Chairman of the Board.
Director since 1987.
Chairman, The Pyle Group. Also Director of Kewaunee Scientific Corporation and Sub Zero Corporation.

GLENN N. RUPP, 56

Director since 1997.
Chairman and Chief Executive Officer of Converse Inc.



HELEN P. JOHNSON-LEIPOLD, 43

Chairman and
Chief Executive Officer.
Director since 1994.

GREGORY E. LAWTON, 49

Director since 1997.
President and Chief Executive Officer of Johnson Wax Professional. Also Director of BICCGeneral and Superior Metal Products, Inc.

TERRY E. LONDON, 51

Director since 1999.
Former President and Chief Executive Officer and a Director of Gaylord Entertainment.

Shareholders' Information

CORPORATE HEADQUARTERS

Johnson Outdoors Inc.
1326 Willow Road
Sturtevant, Wisconsin 53177 USA
(262) 884-1500

INTERNET ADDRESSES (www.)

JohnsonOutdoors.com
escapesail.com (Escape sailboats)
extrasport.com (Extrasport)
llboats.com (Leisure Life)
necky.com (Necky)
oceankayak.com (Ocean Kayak)
minnkotamotors.com (Minn Kota motors)
scubapro.com (Scubapro)
uwatec.com (Uwatec)
eurekatent.com (Eureka! tents)
wolfskin.de (Jack Wolfskin)

COMMON STOCK

Johnson Outdoors Inc. Class A Common Stock is traded on The Nasdaq Stock Market® under the symbol: JOUT.

ANNUAL MEETING

The Annual Meeting of Shareholders will convene at 10:00 a.m. (CST) on January 31, 2001, at the Company's Headquarters.

TRANSFER AGENT AND REGISTRAR

Firstar Bank Milwaukee, N.A.
Corporate Trust Department
P.O. Box 2077
Milwaukee, Wisconsin 53201
(414) 905-5000

SHAREHOLDER INQUIRIES

Communication concerning the transfer of shares, lost certificates or changes of address should be directed to the Transfer Agent.

Officers

HELEN P. JOHNSON-LEIPOLD, 43

Chairman and Chief Executive Officer

PATRICK J. O'BRIEN, 42

President and Chief Operating Officer

DAVID A. CALLEWAERT, 49

Acting Chief Financial Officer

MAMDOUH ASHOUR, 62

Group Vice President and
President – Worldwide Diving

Johnson Outdoors Inc.

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