SECURITIES AND EXCHANGE COMMISSION
Washington D.C. 20549

FORM 10-K

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended October 2, 1998
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 WORLDWIDE ASSOCIATES, INC.
(Exact name of Registrant as specified in its charter)

Wisconsin	39-1536083
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

1326 Willow Road, Sturtevant, Wisconsin 53177
(Address of principal executive offices)

(414) 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. [X] No. [ ]

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

As of November 16, 1998, 6,870,045 shares of Class A and 1,223,861 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 $36,015,000 on November 16, 1998.

DOCUMENTS INCORPORATED BY REFERENCE

Document	Part and Item Number of Form 10-K into which Incorporated
Johnson Worldwide Associates, Inc. Notice of Annual Meeting of Shareholders and Proxy Statement for the Annual Meeting of Shareholders to be held January 26, 1999	Part III, Items 10, 11, 12 and 13

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PART I

ITEM 1. BUSINESS

Johnson Worldwide Associates, Inc. and its subsidiaries (hereinafter the Company) are engaged in the design, manufacture and marketing of recreation products. The Company's primary focus is product design, product innovation and marketing to maintain its strong brand names and consumer recognition. Research and development activities for each of the Company's five principal businesses emphasize new products and innovation to differentiate the Company's products from those of its competitors. The Company is controlled by Samuel C. Johnson, members of his family and related entities.

The Company was, until January 1997, a leading supplier in Europe of marine products and accessories, which the Company sold under the Plastimo name. The Plastimo business was sold in January 1997.

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. In 1997, the Company acquired the stock of Uwatec AG, a leading manufacturer of dive computers and other electronics, which are sold under the Aladin and Uwatec brands. Scubapro, Aladin and Uwatec products are marketed globally to the high quality, premium priced segment of the market. The Company maintains a marketing strategy of limited distribution, selling primarily through 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 high quality and innovative leader in the industry. The Company advertises its equipment in diving magazines and through in-store displays.

In October 1997, the Company acquired certain assets of Soniform, Inc., a manufacturer of diving buoyancy compensators primarily for the original equipment market, which expanded the Company's manufacturing capability for these products.

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

Watercraft

The Company's original watercraft company is Old Town Canoe. Whitewater, tripping, touring and general recreational purpose canoes for the high quality and mid-price segments of the canoe market and both entry level and higher performance kayaks are produced under the Old Town name. The Company uses a patented rotational-molding process for manufacturing polyethylene canoes to compete in the higher volume, mid-priced range of the market. These canoes feature many of the design and durability characteristics of higher priced canoes. The Company also manufactures canoes from fiberglass, Royalex (ABS) and wood. Carlisle Paddles, a manufacturer of canoe and kayak paddles and rafting oars, supplies paddles that are sold by the Company's other watercraft businesses as well as products distributed directly through the same channels as the Company's watercraft.

In 1998, the Company completed the acquisition of the common stock of Leisure Life Limited, a privately held manufacturer and marketer of small thermoformed recreational boats, including canoes, pedal boats, deck boats and tenders. In 1998, the Company also acquired the stock of Plastiques L.P.A. Limitee, the manufacturer of the Dimension brand of kayaks. In 1997, the Company acquired Ocean Kayak, a leading manufacturer of sit-on-top kayaks.

The Company's canoes and kayaks are sold primarily to sporting goods stores, catalog and mail order houses such as L. L. Bean/R/, canoe specialty stores and marine dealers in the United States and Europe. Leisure Life products are sold through marine dealers and large retail chains.

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

Motors and Fishing

The overall motors and fishing markets in which the Company competes have been stagnant in recent years. The Company believes it has been able to maintain its share of most markets primarily as a result of emphasis on marketing and product innovation. The Company controls the leading market share of the electric fishing motor market.

Motors

The Company manufactures, under its Minn Kota and Neptune names, battery powered motors used on fishing boats and other boats for quiet trolling power or primary propulsion. The Company's Minn Kota and Neptune 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. 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.

In 1998, the Company entered into an arrangement with Ranger/R/ Boats, a premier manufacturer, to supply Minn Kota motors on original equipment boats. In 1998, the Company also entered into an arrangement with Outboard Marine Corporation (OMC) to manufacture all Evinrude/R/ branded electric trolling motors for use on original equipment and to service the aftermarket through their dealer base. The Company's Lake Electric Motors division manufactures components for Minn Kota and electric motors for original equipment manufacturers.

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

The Company's fishing products include Mitchell and Spidercast reels and rods, Johnson reels, Beetle Spin soft body lures, Johnson Silver Minnow spoons and SpiderWire, a leading brand in the "superline" and monofilament segments of the fishing line market.

The Company markets Johnson fishing reels, which are primarily closed-face spincast reels, as well as Mitchell reels, primarily open-faced spinning and bait casting reels. Reels are sold individually and in rod and reel combinations, primarily through large retail store chains, catalogs and specialty fishing shops in the United States, Canada, Europe and the Pacific Basin. The Company's reels compete in a segment of the U.S. fishing reel market which is dominated by larger manufacturers. Marketing support for the Company's reels is focused on building brand names, emphasizing product features and innovation and on developing specific segments of the reel market through advertising on television, in national outdoor magazines and through trade and consumer support at retail. The Company's rods and reels are produced by third-party manufacturing sources.

The Company purchases, from third-party manufacturers, its SpiderWire premium braided line and SpiderWire Fusion products, which have performance characteristics superior to those of monofilament fishing line. SpiderWire premium braided line competes in the "superline" segment of the fishing line category, while SpiderWire Fusion is positioned just above the high end of the monofilament market. In 1997, the Company introduced a monofilament product under the SpiderWire brand. These products are sold through large retail store chains, catalogs and specialty stores.

The Company's artificial lure products are manufactured by third parties. These products are sold primarily through large retail store chains.

Outdoor Equipment

The Company's outdoor equipment products include Eureka! and Camp Trails camping tents and backpacks, Jack Wolfskin camping tents, backpacks and outdoor clothing, and Silva field compasses.

Eureka! and Camp Trails camping tents and backpacks compete primarily in the mid- to high-price range within their respective markets 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 product design and innovation. The Company's camping tents and backpacks are produced primarily by third-party manufacturing sources.

The Company's Eureka! camping tents have outside self-supporting aluminum frames, allowing quicker and easier set-up, a design approach first introduced by the Company. Most Eureka! tents are made from breathable nylon. Eureka! camping products are sold under license in Japan and Korea.

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. Jack Wolfskin, a German marketer of camping tents, backpacks and outdoor clothing, distributes its products primarily through camping and backpacking specialty stores in Germany with additional distribution in other European countries, Canada and the United States and, under license, in Japan. Certain of these stores sell Jack Wolfskin products exclusively.

The Company's 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.

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

Sales by Principal Business

See Note 12 to the Consolidated Financial Statements for financial information comparing sales by major product category.

International Operations

See Note 12 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 October 2, 1998, the Company had approximately 1,400 employees working in its businesses. The Company considers its employee relations to be excellent. Temporary employees are utilized to manage peaks in the seasonal manufacturing of products.

Backlog

The Company's recreation businesses do not receive significant orders in advance of expected shipment dates for the majority of its products. Unfilled orders for future delivery of tents to the United States Armed Forces and other governments totaled $7.2 million at October 2, 1998.

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 has filed several 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.

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 of the Company for each quarter, as a percentage of the total year. Inventory writedowns of $10.3 million in 1996 are included as components of the fourth quarter operating losses. Nonrecurring charges totaling $1.4 million, $0.3 million and $6.8 million impacted operating results in 1998, 1997 and 1996, respectively.

	October 2, 1998		October 3, 1997		Year Ended September 27, 1996	
Quarter Ended	Net Sales	Operating Profit (Loss)	Net Sales	Operating Profit (Loss)	Net Sales	Operating Profit (Loss)(1)
December	16%	(14)%	17%	(32)%	17%	NM
March	30	57	32	81	32	NM
June	32	60	29	66	32	NM
September	22	(3)	22	(15)	19	NM
	100%	100%	100%	100%	100%	NM

(1)Results not meaningful.

Executive Officers

The following list sets forth certain information, as of November 16, 1998, regarding the executive officers of the Company.

R. C. Whitaker, age 51, became President and Chief Executive Officer of the Company in October 1996. From December 1995 to October 1996, Mr. Whitaker was President and Chief Executive Officer of EWI, Inc., a supplier to the automotive industry. From 1992 to September 1995, Mr. Whitaker was Chairman, President and Chief Executive Officer of Colt's Manufacturing Company, Inc., a manufacturer of firearms.

Carl G. Schmidt, age 42, became Senior Vice President of the Company in May 1995 and has been Chief Financial Officer, Secretary and Treasurer of the Company since July 1994. From July 1994 until May 1995, Mr. Schmidt was a Vice President of the Company. From 1988 to July 1994, he was a partner in the firm of KPMG Peat Marwick LLP.

Mamdouh Ashour, age 60, became a Group Vice President of the Company in October 1997 and President - Worldwide Diving in August 1996. From 1994 to August 1996, he served as President of Scubapro Europe.

There are no family relationships between the above executive officers.

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 5 to the Consolidated Financial Statements for a discussion of lease obligations.

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

Antibes, France	Genoa, Italy*	Mansonville, Quebec, Canada*
Bad Sekingen, Germany	Grand Rapids, Michigan*	Marignier, France
Batam, Indonesia*	Grayling, Michigan*	NykUping, Sweden
Barcelona, Spain	Hallwil, Switzerland*	Old Town, Maine*
Basingstoke, Hampshire, England	Hamburg, Germany	Racine, Wisconsin*
Binghamton, New York*	Henggart, Switzerland	El Cajon, California*
Burlington, Ontario, Canada	Honolulu, Hawaii	Silverwater, Australia
Chi Wan, Hong Kong	Idstein, Germany	Tijuana, Mexico*
Ferndale, Washington*	Mankato, Minnesota*	Tokyo (Kawasaki), Japan

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 15 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 October 2, 1998.

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 4, 8, 9 and 10 to the Consolidated Financial Statements. The Company's Class A common stock is traded on The Nasdaq Stock Market(R) under the symbol: JWAIA. 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 16, 1998, the Company had 722 holders of record of its Class A common stock and 61 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 October 2, 1998 and October 3, 1997 is as follows:

	First		Second		Third		Fourth	
	1998	1997	1998	1997	1998	1997	1998	1997
Stock prices:								
High	$17.75	$15.00	$17.28	$14.00	$16.38	$13.25	$14.00	$17.50
Low	14.50	10.75	15.50	12.00	12.25	10.50	8.00	12.25

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 October 2, 1998 is as follows:

(thousands, except per share data)	October 2, 1998	October 3, 1997	September 27, 1996	September 29, 1995	Year Ended September 30, 1994
Operating Results(1)(2)					
Net sales	$328,525	$303,121	$344,373	$347,190	$284,343
Gross profit	125,964	111,332	119,724	138,155	110,474
Operating expenses(3)	107,241	99,321	121,200	114,411	91,536
Operating profit (loss)	18,723	12,011	(1,476)	23,744	18,938
Interest expense	9,829	8,780	10,181	7,613	6,845
Other income, net	(255)	(728)	(496)	(861)	(391)
Income (loss) from continuing operations before income taxes	9,149	3,959	(11,161)	16,992	12,484
Income tax expense	3,937	1,903	194	6,903	4,338
Income (loss) from continuing operations	5,212	2,056	(11,355)	10,089	8,146
Gain on disposal of discontinued operations	-	-	-	-	4,052
Net income (loss)	$5,212	$2,056	$(11,355)	$10,089	$12,198
Basic earnings (loss) per common share:					
Continuing operations	$0.64	$0.25	$(1.40)	$1.25	$1.01
Discontinued operations	-	-	-	-	0.51
Net income (loss)	$0.64	$0.25	$(1.40)	$1.25	$1.52
Diluted earnings (loss) per common share:					
Continuing operations	$0.64	$0.25	$(1.40)	$1.24	$1.00
Discontinued operations	-	-	-	-	0.50
Net income (loss)	$0.64	$0.25	$(1.40)	$1.24	$1.50
Diluted average common shares outstanding	8,114	8,115	8,130	8,117	8,143
Balance Sheet Data(1)					
Total assets	$296,017	$277,019	$280,768	$278,353	$219,681
Long-term debt, less current maturities	82,066	88,753	61,501	68,948	31,190
Shareholders' equity	124,386	117,731	126,424	141,262	128,197

(1)All periods have been reclassified to reflect the discontinuation of the Company's Marking Systems group.
(2)The year ended October 3, 1997 includes 53 weeks. All other years include 52 weeks.
(3)Includes nonrecurring charges of $1,424, $335 and $6,768 in 1998, 1997 and 1996, respectively.

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 October 2, 1998. This discussion should be read in conjunction with the Consolidated Financial Statements and related notes thereto.

Forward Looking Statements

Certain matters discussed in this 1998 Form 10-K 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 import. 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, the success of the Company's EVA program, actions of companies that compete with JWA, the Company's success in managing inventory, movements in foreign currencies or interest rates, the success of suppliers, customers and others regarding compliance with year 2000 issues, 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 1998 Form 10-K and the Company undertakes no obligations to publicly update such forward-looking statements to reflect subsequent events or circumstances.

Results of Operations

Summary consolidated financial results are as follows:

(millions, except per share data)	1998	1997	1996
Net sales	$328.5	$303.1	$344.4
Gross profit	126.0	111.3	119.7
Operating expenses(1)	107.2	99.3	121.2
Operating profit (loss)	18.7	12.0	(1.5)
Interest expense	9.8	8.8	10.2
Net income (loss)	5.2	2.1	(11.4)
Diluted earnings (loss) per common share	0.64	0.25	(1.40)

(1)Includes nonrecurring charges of $1.4 million, $0.3 million and $6.8 million in 1998, 1997 and 1996, respectively.

1998 vs 1997

Net Sales

Net sales totaled $328.5 million in 1998 compared to $303.1 million in 1997, an increase of 8%. Sales as measured in U.S. dollars were negatively impacted by the effect of weaker foreign currencies relative to the U.S. dollar in comparison to 1997. Excluding the effects of foreign currency movements and the sale of the Plastimo business in January 1997, worldwide sales increased $40.6 million, or 13%, from 1997. The increase was due primarily to sales of products of businesses the Company acquired in 1998 and 1997 and strong growth in sales of watercraft, which more than offset a decline in fishing sales and weaker diving equipment sales in Asia.

Operating Results

The Company recognized an operating profit of $18.7 million in 1998 compared to an operating profit of $12 million in 1997. Gross profit margins increased from 36.7% in 1997 to 38.3% in 1998, primarily as a result of businesses acquired by the Company in 1998 and 1997. The Company continues to experience margin pressure in all of its businesses due to competition.

Operating expenses, excluding nonrecurring charges, totaled $105.8 million, or 32.2% of sales, in 1998 compared to $99 million, or 32.7% of sales, in 1997. The improvement in the operating expense ratio was attributable to management's efforts to control such expenses and the impact of weaker foreign currencies for much of the year. These factors were partially offset by operating expenses of businesses acquired in 1998 and 1997 and unusual legal expenses incurred to successfully defend certain of the Company's key outdoor equipment, diving and motors patents and trademarks.

The Company recognized nonrecurring charges totaling $1.4 million in 1998 and $0.3 million in 1997. These charges resulted primarily from severance and other costs related to the integration of acquired businesses, primarily in the diving business. The Company anticipates additional nonrecurring charges of approximately $2 million will be incurred in 1999 to further integrate recent acquisitions into its business.

Other Income and Expenses

Interest expense increased $1 million in 1998, reflecting higher debt levels resulting from the acquisition of five businesses since July 1997, which was partially offset by lower levels of working capital, primarily inventory, and a favorable interest rate environment.

Overall Results

The Company recognized net income of $5.2 million in 1998, or $0.64 per diluted share, compared to net income of $2.1 million, or $0.25 per diluted share, in 1997. The Company recorded income tax expense of $3.9 million in 1998, an effective rate of 43%, due to earnings in foreign jurisdictions that are taxed at higher rates than in the United States. The tax benefit of operating losses generated in the United States did not fully offset the taxes in these foreign jurisdictions. The Company's effective tax rate improved from 48.1% in the prior year due to a rate reduction in Italy and an increase in profits in Switzerland, which has lower overall tax rates.

1997 vs 1996

Net Sales

Net sales were $303.1 million in 1997 compared to $344.4 million in 1996, a decrease of 12%. The sale of the Company's Plastimo business in January 1997 accounted for $28.5 million of the shortfall in sales. Sales as measured in U.S. dollars were also negatively impacted by the effect of weaker foreign currencies relative to the U.S. dollar in comparison to 1996. Excluding the effects of foreign currency movements and the sale of the Plastimo business, worldwide sales decreased $0.2 million from 1996. The remainder of the shortfall was due primarily to decreases in sales of motors and fishing products, as the overall market for such products declined, offset by sales of businesses acquired in 1997.

Operating Results

The Company recognized an operating profit of $12 million in 1997 compared to an operating loss of $1.5 million in 1996. Several factors accounted for the turnaround. Gross profit margins increased from 34.8% in 1996 to 36.7% in 1997. Unusual charges related to reduction of inventories to their net realizable value reduced the 1996 gross profit by $10.3 million and the related margin by 3%. Underabsorption of overhead expenses due to lower sales volume and sales of excess inventory at lower than normal margins mitigated the increase in gross profit margins in 1997.

Operating expenses, excluding nonrecurring charges, totaled $99 million, or 32.7% of sales, in 1997 compared to $114.4 million, or 33.2% of sales, in 1996. The sale of the Company's Plastimo marine business accounted for $8 million of the reduction in operating expenses. The remainder of the decrease was attributable to management's efforts to control such expenses and the impact of weaker foreign currencies, which were partially offset by operating expenses of businesses acquired in 1997. Virtually all categories of expenses declined in the aggregate and as a percentage of sales.

The Company recognized nonrecurring charges totaling $0.3 million in 1997. These charges resulted primarily from severance and other costs related to the integration of acquired businesses.

Other Income and Expenses

Interest expense decreased $1.4 million in 1997, reflecting lower debt levels resulting from the sale of the Plastimo marine business and due to lower levels of working capital, primarily inventory. Partially offsetting the decline was additional interest expense from debt used to consummate acquisitions and from debt assumed in those acquisitions.

Overall Results

The Company recognized net income of $2.1 million in 1997, or $0.25 per diluted share, compared to a loss of $11.4 million, or $1.40 per diluted share, in 1996. The Company recorded income tax expense of $1.9 million in 1997, an effective rate of 48.1%, due to earnings in foreign jurisdictions that are taxed at higher rates than in the U.S. The tax benefit of operating losses generated in the United States did not fully offset the taxes in these foreign jurisdictions.

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 at the end of each of the past three years:

(millions)	1998	1997	1996
Current assets	$154.5	$152.7	$189.7
Current liabilities	85.0	66.1	88.4
Working capital	$69.5	$86.6	$101.3
Current ratio	1.8 to 1	2.3 to 1	2.1 to 1

Cash flows provided by operations totaled $20.5 million in 1998 and $20 million in 1997. Proactive management efforts, which led to reduction of inventories of $6.6 million in 1998 and $13.1 million in 1997, accounted for a significant amount of the cash flows. The Company's profitability in 1998 and 1997 also contributed to the positive cash flow. Growth in inventories and net losses were primarily responsible for the $6.5 million of cash used for operations in 1996.

Depreciation and amortization charges were $14.0 million in 1998, $11.9 million in 1997 and $10.6 million in 1996. Amortization of intangible assets arising from the Company's 1998 and 1997 acquisitions and increased depreciation from capital spending in all years accounted for the increases in these charges.

Investing Activities

Expenditures for property, plant and equipment were $14.2 million in 1998, $10.8 million in 1997, and $10.7 million in 1996. The Company's recurring investments are primarily related to tooling for new products, facilities and information systems improvements. In 1999, capital expenditures are anticipated to total approximately $12 million. These expenditures are expected to be funded by working capital or existing credit facilities.

The Company completed the acquisitions of three businesses in 1998 and two businesses in 1997, which increased tangible and intangible assets and debt by $12.8 million and $37.2 million, respectively. The sale of the Company's Plastimo business in January 1997 provided $13.9 million of cash, which was used to reduce short-term debt.

Financing Activities

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

(millions)	1998	1997	1996
Current debt	$42.6	$26.1	$43.1
Long-term debt	82.1	88.7	61.5
Total debt	124.7	114.8	104.6
Shareholders' equity	124.4	117.7	126.4
Total capitalization	$249.1	$232.5	$231.0
Total debt to total capital ratio	50.1%	49.4%	45.3%

Cash flows from financing activities totaled $7.8 million in 1998, $6.9 million in 1997 and $17.6 million in 1996. In 1998, the Company consummated a private placement of long-term debt totaling $25 million. In anticipation of this financing, short-term debt to be repaid totaling $25 million at October 3, 1997 was classified as long-term. Payments on long-term debt required to be made in 1999 total $7.8 million. At October 2, 1998, the Company had available unused credit facilities in excess of $79 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 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. The significant appreciation of the U.S. dollar and the sale of the Plastimo business reduced the cumulative translation component of shareholders' equity by $10.5 million in 1997. The impact of foreign currency movements were less significant in 1998 and 1996.

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. 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 October 2, 1998:

(millions)	Fair Value	Estimated Impact on Earnings Before Income Taxes
Foreign exchange rate instruments	$3.3	$0.6
Interest rate instruments	3.9	0.8

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. Fluctuations in foreign currencies may also impact the cost of the Company's products. The Company is involved in continuing programs to mitigate the impact of cost increases through changes in product design, identification of sourcing and manufacturing efficiencies and foreign currency hedges. Price increases and, in certain situations, price decreases are implemented for individual products, when appropriate.

Year 2000

The year 2000 issue is the result of computer programs using two digits (rather than four) to define years. Computers or other equipment with date sensitive software may recognize "00" as the year 1900 rather than 2000. This could result in system failures or miscalculations. If the Company or its significant customers or suppliers fail to correct year 2000 issues, the Company's ability to operate could be materially affected.

The Company has assessed the impact of year 2000 issues on the processing of date-related information for all of its information systems infrastructure and non-technical assets, such as production equipment. All systems and non-technical assets are in the process of being inventoried and classified as to their compliance with year 2000 data processing. Any systems found year 2000 deficient will be modified, upgraded or replaced. Project plans anticipate all existing, critical information systems infrastructure and non-technical assets to be year 2000 compliant before failure to comply would significantly disrupt the Company's operations. Contingency plans will be developed to address any failures resulting from relationships with customers, suppliers or other third parties. The Company has made inquiries of its suppliers, customers and other organizations which impact the Company's business, but cannot guarantee that circumstances beyond its control will not have an adverse impact on its operations.

Since 1993, the Company has invested approximately $10 million in information systems improvements and has been migrating its businesses to systems that are year 2000 compliant. Based on assessments and testing to date, the financial impact of addressing any potential remaining internal system issues should not be material to the Company's financial position, results of operations or cash flows.

Pending Accounting Changes

In June 1998, the Financial Accounting Standards Board (FASB) issued Statement 133, Accounting for Derivative Instruments and Hedging Activities. This Statement requires companies to record derivatives on the balance sheet as assets and liabilities, measured at fair value. Gains or losses resulting from changes in the values of those derivatives will be accounted for depending on the use of the derivative and whether it qualifies for hedge accounting. The Company has not yet determined the impact of Statement 133 on the Consolidated Financial Statements. Statement 133 is effective for fiscal years beginning after June 15, 1999. The Company will adopt this accounting standard for the year beginning October 1999.

The FASB has issued a number of other pronouncements related to financial statement disclosure. These pronouncements will not impact the financial position, results of operations or cash flows of the Company, when adopted.

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 26, 1999 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 26, 1999 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 26, 1999 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 26, 1999 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 - October 2, 1998 and October 3, 1997
Consolidated Statements of Operations - Years ended October 2, 1998, October 3, 1997 and September 27, 1996 Consolidated Statements of Shareholders' Equity - Years ended October 2, 1998, October 3, 1997 and September 27, 1996 Consolidated Statements of Cash Flows - Years ended October 2, 1998, October 3, 1997 and September 27, 1996 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 October 2, 1998.

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 16th day of December 1998.

JOHNSON WORLDWIDE ASSOCIATES, INC.
(Registrant)
By /s/ R. C. Whitaker
R. C. Whitaker
President 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 16th day of December 1998.

/s/ Samuel C. Johnson (Samuel C. Johnson)	Chairman of the Board and Director
/s/ Thomas F. Pyle, Jr. (Thomas F. Pyle, Jr.)	Vice Chairman of the Board and Director
/s/ R. C. Whitaker (R. C. Whitaker)	President and Chief Executive Officer and Director (Principal Executive Officer)
/s/ Helen P. Johnson-Leipold (Helen P. Johnson-Leipold)	Director
/s/ Gregory E. Lawton (Gregory E. Lawton)	Director
/s/ Glenn N. Rupp (Glenn N. Rupp)	Director
/s/ Carl G. Schmidt (Carl G. Schmidt)	Senior Vice President and Chief Financial Officer, Secretary and Treasurer (Principal Financial and Accounting Officer)

EXHIBIT INDEX

Exhibit	Title	Page
3.1	Articles of Incorporation of the Company. (Filed as Exhibit 3.1 to the Company's Form S-1 Registration Statement No. 33-16998 and incorporated herein by reference.)	*
3.2	Bylaws of the Company as amended through October 7, 1997 (Filed as Exhibit 3.3 to the Company's Form 10-K for the year ended October 3, 1997 and incorporated herein by reference.)	*
4.1	Note Agreement dated May 1, 1993. (Filed as Exhibit 4 to the Company's Form 10-Q for the quarter ended July 2, 1993 and incorporated herein by reference.)	*
4.2	Letter Amendment dated September 30, 1993 to Note Agreement dated May 1, 1993. (Filed as Exhibit 4.8 to the Company's Form 10-K for the year ended October 1, 1993 and incorporated herein by reference.)	*
4.3	Second Amendment dated October 31, 1996 to Note Agreement dated May 1, 1993. (Filed as Exhibit 4.2 to the Company's Form 10-Q for the quarter ended December 27, 1996 and incorporated herein by reference.)	*
4.4	Third Amendment dated September 30, 1997 to Note Agreement dated May 1, 1993. (Filed as Exhibit 4.4 to the Company's Form 10-K for the year ended October 3, 1997 and incorporated herein by reference.)	*
4.5	Fourth Amendment dated October 3, 1997 to Note Agreement dated May 1, 1993. (Filed as Exhibit 4.5 to the Company's Form 10-K for the year ended October 3, 1997 and incorporated herein by reference.)	*
4.6	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.)	*
4.7	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.)	*
4.8	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.)	*
4.9	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.)	*
4.10	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.)	*
4.11	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.)	*
9.	Johnson Worldwide Associates, 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.)	
10.1	Asset Purchase Agreement between Johnson Worldwide Associates, Inc. and Safari Land Ltd., Inc. dated as of March 31, 1995 (Filed as Exhibit 2 to the Company's Form 10-Q for the quarter ended March 31, 1995 and incorporated herein by reference.)	*
10.2	Share Purchase Agreement by and between Johnson Worldwide Associates, Inc., Societe Figeacoise de Participations and Plastimo, S.A., dated as of January 30, 1997. (Filed as Exhibit 2 to the Company's Form 8-K dated January 30, 1997 and incorporated herein by reference.)	*
10.3	Share Purchase Agreement by and between Johnson Beteiligungsgesellschaft mbH, Johnson Worldwide Associates, Inc. and Heinz Ruchti and Karl Leeman (the selling shareholders of Uwatec AG), dated July 11, 1997. (Filed as Exhibit 2 to the Company's Form 8-K dated July 11, 1997 and incorporated herein by reference.)	*

Exhibit	Title	Page
10.4+	Johnson Worldwide Associates, 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.)	*
10.5	Registration Rights Agreement regarding Johnson Worldwide Associates, 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.)	*
10.6	Registration Rights Agreement regarding Johnson Worldwide Associate, 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.)	*
10.7+	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.)	*
10.8+	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.)	*
10.9+	Johnson Worldwide Associates 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.)	*
10.10+	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.)	*
10.11	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.)	*
10.12+	Johnson Worldwide Associates, Inc. 1994 Long-Term Stock Incentive Plan. (Filed as Exhibit 4 to the Company's S-8 Registration Statement No. 33-59325 and incorporated herein by reference.)	*
10.13+	Johnson Worldwide Associates, Inc. 1994 Non-Employee Director * Stock Ownership Plan. (Filed as Exhibit 4 to the Company's Form S-8 Registration Statement No. 33-52073 and incorporated herein by reference.)	
10.14+	Johnson Worldwide Associates 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.)	*
11.	Statement regarding computation of per share earnings. (Incorporated by reference to Note 14 to the Consolidated Financial Statements on page F-17 of the Company's 1998 Form 10-K.)	*
21.	Subsidiaries of the Company as of October 2, 1998.	-
23.	Consent of KPMG Peat Marwick LLP.	-
27.	Financial Data Schedule (EDGAR version only)	-
99.	Definitive Proxy Statement for the 1999 Annual Meeting of Shareholders (Previously filed via the EDGAR system and incorporated herein by reference.) Except to the extent incorporated herein by reference, the Proxy Statement for the 1999 Annual Meeting of Shareholders shall not be deemed to be filed with the Securities and Exchange Commission as part of this Form 10-K.	*

* Incorporated herein by reference.
+ A management contract or compensatory plan or arrangement.

Consolidated Financial Statements

REPORT OF MANAGEMENT

The management of Johnson Worldwide Associates, 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 generally accepted accounting principles.

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.

/S/R.C. Whitaker
R. C. Whitaker
President and Chief Executive Officer

/S/Carl G. Schmidt
Carl G. Schmidt
Senior Vice President and
Chief Financial Officer

INDEPENDENT AUDITORS' REPORT

Shareholders and Board of Directors
Johnson Worldwide Associates, Inc.:

We have audited the consolidated balance sheets of Johnson Worldwide Associates, Inc. and subsidiaries as of October 2, 1998 and October 3, 1997, and the related consolidated statements of operations, shareholders' equity, and cash flows for each of the years in the three-year period ended October 2, 1998. 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 generally accepted auditing standards. 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 Worldwide Associates, Inc. and subsidiaries as of October 2, 1998 and October 3, 1997, and the results of their operations and their cash flows for each of the years in the three-year period ended October 2, 1998, in conformity with generally accepted accounting principles.

/S/KPMG Peat Marwick LLP
KPMG Peat Marwick LLP
Milwaukee, Wisconsin
November 10, 1998

CONSOLIDATED BALANCE SHEETS

(thousands, except share data)	October 2, 1998	October 3, 1997
Assets		
Current assets:		
Cash and temporary cash investments	$11,496	$7,130
Accounts receivable, less allowance for doubtful accounts of $2,570 and $2,693, respectively	53,421	51,168
Inventories	76,603	78,694
Deferred income taxes	6,067	7,976
Other current assets	6,933	7,781
Total current assets	154,520	152,749
Property, plant and equipment	35,469	31,360
Deferred income taxes	15,435	10,221
Intangible assets	90,101	82,127
Other assets	492	562
Total assets	$296,017	$277,019
Liabilities And Shareholders' Equity		
Current liabilities:		
Short-term debt and current maturities of long-term debt	$42,614	$26,082
Accounts payable	11,681	10,672
Accrued liabilities:		
Salaries and wages	6,213	4,974
Income taxes	3,019	2,076
Other	21,492	22,305
Total current liabilities	85,019	66,109
Long-term debt, less current maturities	82,066	88,753
Other liabilities	4,546	4,426
Total liabilities	171,631	159,288
Shareholders' equity:		
Preferred stock: none issued	-	-
Common stock:		
Class A shares issued: October 2, 1998, 6,909,577; October 3, 1997, 6,905,523	345	345
Class B shares issued (convertible into Class A): October 2, 1998, 1,223,861; October 3, 1997, 1,227,915	61	61
Capital in excess of par value	44,205	44,186
Retained earnings	85,068	79,882
Contingent compensation	(27)	(85)
Cumulative translation adjustment	(4,651)	(6,356)
Treasury stock, Class A shares, at cost: October 2, 1998, 39,532; October 3, 1997, 23,600	(615)	(302)
Total shareholders' equity	124,386	117,731
Total liabilities and shareholders' equity	$296,017	$277,019

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

CONSOLIDATED STATEMENTS OF OPERATIONS

(thousands, except per share data)	October 2, 1998	October 3, 1997	Year Ended September 27, 1996
Net sales	$328,525	$303,121	$344,373
Cost of sales	202,561	191,789	224,649
Gross profit	125,964	111,332	119,724
Operating expenses:			
Marketing and selling	67,567	66,259	78,348
Finance, information systems and administrative management	25,981	23,031	26,139
Research and development	7,033	5,453	6,537
Amortization of acquisition costs	3,789	2,631	2,500
Profit sharing	1,447	1,612	908
Nonrecurring charges	1,424	335	6,768
Total operating expenses	107,241	99,321	121,200
Operating profit (loss)	18,723	12,011	(1,476)
Interest income	(363)	(471)	(612)
Interest expense	9,829	8,780	10,181
Other (income) expense, net	108	(257)	116
Income (loss) before income taxes	9,149	3,959	(11,161)
Income tax expense	3,937	1,903	194
Net income (loss)	$5,212	$2,056	$(11,355)
Basic Earnings (Loss) Per Common Share	$0.64	$0.25	$(1.40)
Diluted Earnings (Loss) Per Common Share	$0.64	$0.25	$(1.40)

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

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

(thousands)	Common Stock	Capital in Excess of Par Value	Retained Earnings	Contingent Compensation	Cumulative Translation Adjustment	Treasury Stock
Balance at September 29, 1995	$406	$43,968	$89,525	$(264)	$7,869	$(242)
Net loss	-	-	(11,355)	-	-	-
Exercise of stock options	-	-	(98)	-	-	295
Tax benefit of stock options exercised	-	61	-	-	-	-
Issuance of restricted stock	-	-	-	(67)	-	67
Issuance of stock under employee stock purchase plan	-	55	(132)	-	-	291
Amortization of contingent compensation	-	-	-	210	-	-
Other treasury stock transactions	-	-	-	-	-	(411)
Translation adjustment	-	-	-	-	(3,754)	-
Balance at September 27, 1996	406	44,084	77,940	(121)	4,115	-
Net income	-	-	2,056	-	-	-
Exercise of stock options	-	-	(114)	-	-	284
Tax benefit of stock options exercised	-	58	-	-	-	-
Issuance of restricted stock	-	44	-	(67)	-	23
Amortization of contingent compensation	-	-	-	103	-	-
Other treasury stock transactions	-	-	-	-	-	(609)
Translation adjustment	-	-	-	-	(10,471)	-
Balance at October 3, 1997	406	44,186	79,882	(85)	(6,356)	(302)
Net income	-	-	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	-
Balance at October 2, 1998	$406	$44,205	$85,068	$(27)	$(4,651)	$(615)

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

(thousands)	Year Ended October 2, 1998	October 3, 1997	September 27, 1996
Cash Provided By (Used For) Operations			
Net income (loss)	$5,212	$2,056	$(11,355)
Noncash items:			
Depreciation and amortization	14,038	11,949	10,561
Provision for doubtful accounts receivable	918	1,604	1,662
Provision for inventory reserves	343	445	12,202
Deferred income taxes	(3,355)	(4,127)	(6,842)
Writedown of property, plant and equipment	-	-	1,846
Writedown of intangible assets	-	-	1,070
Loss on sale of business	-	-	2,000
Change in assets and liabilities, net of effect of businesses acquired or sold:			
Accounts receivable	(1,743)	(2,747)	2,412
Inventories	6,583	13,071	(17,571)
Accounts payable and other accrued liabilities	(2,170)	(3,749)	(1,128)
Other, net	685	1,489	(1,332)
	20,511	19,991	(6,475)
Cash Used For Investing Activities			
Net assets of businesses acquired, net of cash	(12,772)	(37,169)	-
Proceeds from sale of business, net of cash	-	13,937	-
Additions to property, plant and equipment	(14,202)	(10,816)	(10,685)
Sales of property, plant and equipment	2,686	2,596	3,583
	(24,288)	(31,452)	(7,102)
Cash Provided By Financing Activities			
Issuance of senior notes	25,000	-	45,000
Issuance of other long-term notes	-	10,543	-
Principal payments on senior notes and other long-term notes	(8,381)	(7,358)	(7,341)
Repayment of revolving credit facilities	-	-	(13,412)
Net change in short-term debt	(8,424)	4,085	(6,717)
Common stock transactions	(352)	(382)	61
	7,843	6,888	17,591
Effect of foreign currency fluctuations on cash	300	(994)	(261)
Increase (decrease) in cash and temporary cash investments	4,366	(5,567)	3,753
Cash And Temporary Cash Investments			
Beginning of year	7,130	12,697	8,944
End of year	$11,496	$7,130	$12,697

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Principles of Consolidation

The Consolidated Financial Statements include the accounts of Johnson Worldwide Associates, Inc. and all majority owned subsidiaries (the Company). Significant intercompany accounts and transactions have been eliminated in consolidation.

The preparation of financial statements in conformity with generally accepted accounting principles 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 October 2, 1998 (hereinafter 1998) and September 27, 1996 (hereinafter 1996) each comprise 52 weeks. The fiscal year ended October 3, 1997 (hereinafter 1997) comprises 53 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 at the end of the respective years consist of the following:

	1998	1997
Raw materials	$27,834	$27,032
Work in process	4,753	5,036
Finished goods	49,875	56,846
	82,462	88,914
Less reserves	5,859	10,220
	$76,603	$78,694

In 1996, the Company recorded charges totaling $10,304 to reduce the carrying value of certain elements of inventory to their net realizable value.

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 at the end of the respective years consist of the following:

	1998	1997
Property and improvements	$ 912	$ 956
Buildings and improvements	16,827	16,086
Furniture, fixtures and equipment	78,351	63,853
	96,090	80,895
Less accumulated depreciation	60,621	49,535
	$35,469	$31,360

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.

The Company annually assesses the recoverability of intangible assets, primarily by determining whether the amortization of the balance over its remaining life can be recovered through projected undiscounted future operating cash flows of the acquired business. 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 asset, using a discount rate reflecting the Company's cost of capital, which is currently approximately 11%.

Intangible assets at the end of the respective years consist of the following:

	1998	1997
Goodwill	$105,829	$94,274
Patents, trademarks and other	4,683	4,113
	110,512	98,387
Less accumulated amortization	20,411	16,260
	$90,101	$82,127

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.

Federal and state income taxes are provided on foreign subsidiary income distributed to or taxable in the United States during the year. At October 2, 1998, net undistributed earnings of foreign subsidiaries total approximately $51,400. 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. Other foreign pensions 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 costs are funded at least annually.

Foreign Operations and Derivative Financial Instruments

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 October 2, 1998, foreign currency forward contracts and options with a notional value of approximately $6,700 are in place, hedging existing and anticipated transactions. Substantially all of these contracts mature in 1999. 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 October 2, 1998, the fair value of these instruments is not significant.

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.

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 a separate component of shareholders' equity.

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 in 1998, 1997 and 1996 totals $18,475, $21,512 and $26,657, respectively. Capitalized costs at October 2, 1998 and October 3, 1997 total $1,635 and $1,947, 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 June 1998, the Financial Accounting Standards Board (FASB) issued Statement 133, Accounting for Derivative Instruments and Hedging Activities. This Statement requires companies to record derivatives on the balance sheet as assets and liabilities, measured at fair value. Gains or losses resulting from changes in the values of those derivatives will be accounted for depending on the use of the derivative and whether it qualifies for hedge accounting. The Company has not yet determined the impact of Statement 133 on the Consolidated Financial Statements. Statement 133 is effective for fiscal years beginning after June 15, 1999. The Company will adopt this accounting standard for the year beginning October 1999.

The FASB has issued a number of other pronouncements related to financial statement disclosure. These pronouncements will not impact the financial position, results of operations or cash flows of the Company, when adopted.

2 NONRECURRING CHARGES
In 1998 and 1997, the Company recorded severance and other exit costs totaling $1,424 and $335, respectively, related to the integration of acquired businesses. 1998 severance costs totaled $781 and approximately 80 employees were impacted by these actions.

In 1996, the Company recorded involuntary severance and other exit costs totaling $1,852 related to the relocation of one of its manufacturing locations and the outsourcing of the distribution function of another business. Substantially all of the $1,389 remaining accrued liability at September 27, 1996 was disbursed in 1997. Approximately 80 employees were impacted by these actions.

In 1996, the Company adopted FASB Statement 121, Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of, and determined that certain of its products would be discontinued. As a result, assets totaling $1,846, consisting primarily of tooling, were written off. The Company also determined that the carrying value of goodwill of one of its subsidiaries, which the Company subsequently closed, could not be recovered through undiscounted future cash flows. Accordingly, the related intangible assets, totaling $1,070, were written off.

In 1996, the Board of Directors approved a plan to divest the Company's Plastimo business. The Company estimated the sale of this business would result in a loss of $2,000. Accordingly, this loss was recognized in 1996 operating results. The Company completed the sale of this business in 1997 without recognizing any additional gain or loss. Net sales and operating losses of this business, to the date of disposition, were $7,910 and $1,184, respectively, in 1997. 1996 net sales and operating profit of the Plastimo business totaled $36,391 and $2,002, respectively.

3 ACQUISITIONS

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 October 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. Limitee, a privately held Canadian manufacturer of kayaks. The purchase prices for the acquisitions total approximately $3,400.

The following pro forma operating results are unaudited and reflect purchase accounting adjustments assuming all 1998 acquisitions had been consummated at the beginning of each year presented:

	1998	1997
Net sales	$329,779	$322,506
Net income	4,392	1,947
Diluted earnings per common share	0.54	0.24

In July 1997, the Company completed the acquisition of the common stock of Uwatec AG (hereinafter Uwatec), a privately held manufacturer and marketer of diving computers and other electronic instruments. The initial purchase price, including direct expenses, for the acquisition was approximately $33,500, of which $32,800 was recorded as intangible assets and is being amortized over 25 years. Additional payments in 1999 and 2000 are dependent upon achievement of specified levels of profitability of the acquired business or upon utilization of certain acquired inventories. An additional payment of $432 was made in October 1998. In connection with the acquisition, the Company entered into a long-term product development and intellectual property agreement with an unaffiliated party with which Uwatec conducts business.

In July 1997, the Company completed the acquisition of substantially all of the assets of Ocean Kayak, Inc., a privately held manufacturer and marketer of kayaks. The initial purchase price, including direct expenses, for the acquisition was approximately $5,000, of which $2,700 was recorded as intangible assets and is being amortized over 25 years. An additional payment in 1999 is dependent upon achievement of specified levels of sales of the acquired business. An additional payment of $600 was accrued in 1998.

Additional payments in the years 1999 through 2001 related to acquisitions consummated in 1995 are dependent upon the achievement of specified levels of sales and/or profitability of certain of the acquired products. No additional payments were required in 1998, 1997 or 1996.

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 in future years.

4 INDEBTEDNESS

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

	1998	1997
Commercial paper and bank loans	$34,846	$43,118
Current maturities of long-term debt	7,768	7,964
	42,614	51,082
Less short-term debt to be refinanced	-	25,000
	$42,614	$26,082

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 6.0% and 5.6% at October 2, 1998 and October 3, 1997, 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 $127,000 of which $79,000 is available at October 2, 1998. 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:

	1998	1997
1998 senior notes	$27,369	$ -
1996 senior notes	45,000	45,000
1993 senior notes	7,500	15,000
Short-term debt to be refinanced	-	25,000
Other long-term notes, 1.8% to 10.9%, maturing through December 2005	9,965	11,717
	89,834	96,717
Less current maturities	7,768	7,964
	$82,066	$88,753

In October 1997, 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%. The 1998 senior notes have annual principal payments of $2,189 to $7,663 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. The funding commitment for the 1998 senior notes was received in July 1997. Outstanding short-term debt totaling $25,000 at October 3, 1997 was classified as long-term in anticipation of refinancing with the proceeds of the 1998 senior notes.

$8,978 of the initial purchase price of Uwatec is deferred with principal payments of $427 and $8,551 due in 2000 and 2002, respectively. Interest on the deferred amounts is payable annually at 6%. This obligation is denominated in Swiss francs. The obligation was reduced by $1,711 in 1998 from liabilities to third parties paid or accrued by the Company on behalf of the selling shareholders. 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%. Total annual principal payments ranging from $5,500 to $7,500 are due beginning in 2000 through 2006.

In 1993, the Company issued unsecured senior notes totaling $15,000 with an interest rate of 6.58%. The final principal payment of $7,500 is due in 1999.

Aggregate scheduled maturities of long-term debt in each of the five years ending September 2003 are as follows:

Year	
1999	$ 7,800
2000	6,100
2001	6,200
2002	16,900
2003	8,400

Interest paid was $9,119, $9,046 and $8,853 for 1998, 1997 and 1996, 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 October 2, 1998 and October 3, 1997 is approximately $92,300 and $98,700, 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 October 2, 1998, the Johnson Family held approximately 3,099,000 shares or 45% of the Class A common stock, approximately 1,168,000 shares or 95% of the Class B common stock and approximately 77% 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.

5 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 having an initial term in excess of one year at October 2, 1998 are as follows:

Year	
1999	$5,900
2000	5,000
2001	4,400
2002	4,000
2003	2,200
Thereafter	4,500

Rental expense under all leases was approximately $6,101, $4,338 and $5,309 for 1998, 1997 and 1996, respectively.

In November 1998, the Company executed a guarantee of $1,300 of debt of one of its suppliers. The guarantee is supported by a priority lien on equipment owned by the supplier.

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.

6 INCOME TAXES

Income tax expense (benefit) for the respective years consists of the following:

	1998	1997	1996
Current:			
Federal	$56	$242	$518
State	514	(11)	346
Foreign	6,672	5,847	6,239
Deferred	(3,305)	(4,175)	(6,909)
	$3,937	$1,903	$194

The significant components of deferred tax expense (benefit) are as follows:

	1998	1997	1996
Deferred tax benefit (exclusive of effects of other components listed below)	$(3,045)	$(4,121)	$(7,304)
Increase (decrease) in beginning of the year balance of the valuation allowance for deferred tax assets	(260)	(54)	395
	$(3,305)	$(4,175)	$(6,909)

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.

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

	1998	1997
Deferred tax assets:		
Inventories	$3,299	$4,773
Compensation	2,205	2,555
Foreign income taxes	1,212	1,100
Foreign tax credit carryforwards	4,211	4,211
Net operating loss carryforwards	15,986	9,487
Other	4,152	3,645
Total gross deferred tax assets	31,065	25,771
Less valuation allowance	5,911	4,417
	25,154	21,354
Deferred tax liabilities:		
Foreign statutory reserves	2,334	2,041
Acquisition accounting	1,318	1,116
Total deferred tax liabilities	3,652	3,157
Net deferred tax asset	$21,502	$18,197

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

	1998	1997	1996
United States	$(6,503)	$(6,998)	$(25,276)
Foreign	15,652	10,957	14,115
	$9,149	$3,959	$(11,161)

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

	1998	1997	1996
Statutory U.S. federal income tax rate	34.0%	34.0%	(34.0)%
State income taxes, net of federal income tax benefit	(3.0)	(6.2)	(3.4)
Foreign rate differential	12.7	23.9	22.8
Basis difference on divestiture of business	-	-	7.5
Change in beginning of year valuation allowance for foreign tax credits	-	-	3.9
Foreign operating losses (benefit)	(1.4)	(2.0)	1.2
Other	0.7	(1.6)	3.7
	43.0%	48.1%	1.7%

At October 2, 1998, the Company has $4,211 of foreign tax credit carryforwards available to be offset against future U.S. tax liability. The credits expire in 1999 through 2003 if not utilized.

During 1998, 1997 and 1996, foreign net operating loss carryforwards were utilized, resulting in a reduction in income tax expense of $260, $54 and $34, respectively. At October 2, 1998, the Company has a U.S. federal operating loss carryforward of $31,736. In addition, certain of the Company's foreign subsidiaries have net operating loss carryforwards totaling $1,593. 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 were $6,299, $8,328 and $6,816 for 1998, 1997 and 1996, respectively.

7 EMPLOYEE BENEFITS

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

	1998	1997	1996
Service cost	$301	$292	$282
Interest on projected benefit obligation	697	638	599
Return on plan assets	(520)	(1,075)	(436)
Net amortization and deferral	(40)	547	(72)
	$438	$402	$373

The funded status of the plans is as follows at the end of each year:

	1998	1997
Actuarial present value of benefit obligations:		
Vested benefits	$7,416	$6,962
Non-vested benefits	365	234
Accumulated benefit obligation	7,781	7,196
Effect of projected compensation levels	1,671	1,466
Projected benefit obligation	9,452	8,662
Less plan assets at fair value	7,516	6,998
Projected benefit obligation in excess of plan assets	1,936	1,664
Less unrecognized net loss	576	605
Less unrecognized prior service cost	200	226
Unrecognized net asset	453	534
Pension liability recognized in the consolidated balance sheets	$1,613	$1,367

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 expected net periodic pension cost are as follows:

	1998	1997	1996
Discount rate	8%	8%	8%
Rate of increase in compensation levels	5	5	5
Expected long-term rate of return on plan assets	8	8	8

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.

8 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.

9 COMMON STOCK

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

	1998	1997
Class A, $.05 par value:		
Authorized	20,000,000	20,000,000
Outstanding	6,870,045	6,881,923
Class B, $.05 par value:		
Authorized	3,000,000	3,000,000
Outstanding	1,223,861	1,227,915

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 1998, 1997 and 1996, respectively, 4,054, 222 and 476 shares of Class B common stock were converted into Class A common stock.

10 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 September 29, 1995	598,946	$19.74
Granted	162,000	22.88
Exercised	(12,567)	19.35
Cancelled	(182,158)	20.59
Outstanding at September 27, 1996	566,221	20.37
Granted	256,000	12.09
Exercised	(24,400)	6.93
Cancelled	(111,300)	16.95
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

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

	1998	1997	1996
Options exercisable at end of year	257,055	388,264	356,756
Weighted average exercise price of exercisable options	$19.14	$20.75	$19.54
Weighted average fair value of options granted during year	6.82	4.87	8.85

At October 2, 1998, the weighted average remaining contractual lives of stock options outstanding and those currently exercisable are approximately 7.6 years and 5.9 years, respectively. Exercise prices of outstanding stock options range from $11.25 to $25.31 at October 2, 1998.

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:

	1998	1997	1996
Net income (loss)	$4,542	$1,659	$(11,608)
Earnings (loss) per common share	0.56	0.20	(1.43)

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 1998 and 1996, 11,325 and 17,375 shares, respectively, were issued under this plan. No shares were issued under this plan in 1997.

11 RELATED PARTY TRANSACTIONS

Various transactions are conducted between the Company and organizations controlled by the Johnson Family. These include consulting services, office rental and certain administrative activities. Total costs of these transactions are $248, $489 and $440 for 1998, 1997 and 1996, respectively.

12 SEGMENTS OF BUSINESS

The Company conducts its worldwide recreation operations through five separate global business units 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 operations by business units, based on the requirements of FASB Statement 131, Disclosure about Segments of an Enterprise and Related Information, which the Company adopted in 1998, is presented below:

	1998	1997	1996
Net sales:			
Diving:			
Unaffiliated customers	$ 90,116	$ 77,393	$ 78,371
Interunit transfers	10	421	138
Outdoor equipment:			
Unaffiliated customers	77,566	74,162	77,267
Interunit transfers	28	12	242
Fishing:			
Unaffiliated customers	58,508	63,799	69,737
Interunit transfers	745	1,021	1,362
Motors:			
Unaffiliated customers	53,249	53,700	62,041
Interunit transfers	1,678	1,412	1,826
Watercraft:			
Unaffiliated customers	47,517	22,885	18,050
Interunit transfers	266	364	717
Other	1,569	11,182	38,907
Eliminations	(2,727)	(3,230)	(4,285)
	$ 328,525	$ 303,121	$ 344,373
Operating profit (loss):			
Diving	$ 10,193	$ 9,644	$ 8,130
Outdoor equipment	1,987	2,824	3,525
Fishing	367	(1,870)	(12,380)
Motors	1,156	1,537	291
Watercraft	8,658	4,152	3,189
Other	(3,638)	(4,276)	(4,231)
	$ 18,723	$ 12,011	$ (1,476)
Identifiable assets:			
Diving	$ 104,344	$ 92,468	
Outdoor equipment	49,090	50,879	
Fishing	62,099	70,471	
Motors	22,905	22,985	
Watercraft	29,340	16,900	
Other	28,239	23,316	
	$ 296,017	$ 277,019	

Sales and operating results of the Plastimo business, which was sold in January 1997, and operating expenses of the Company's corporate headquarters are included above in the caption "Other."

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

	1998	1997	1996
Net sales:			
United States:			
Unaffiliated customers	$ 195,727	$ 175,675	$ 184,372
Interarea transfers	6,357	6,426	6,718
Europe:			
Unaffiliated customers	110,863	101,751	134,048
Interarea transfers	6,830	3,922	3,107
Other	22,012	25,701	25,976
Eliminations	(13,264)	(10,354)	(9,848)
	$ 328,525	$ 303,121	$344,373
Identifiable assets:			
United States	$ 151,864	$ 138,612	
Europe	128,711	118,577	
Other	15,442	19,830	
	$ 296,017	$ 277,019	

The Company's fishing, motors and watercraft businesses recognized sales to a single customer and its affiliated entities totaling $37,200 and $33,800 in 1998 and 1997, respectively. No customer accounted for 10% or more of sales in 1996.

13 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 Deduction	Balance at End of Year
Year ended October 2, 1998:					
Allowance for doubtful accounts	$ 2,693	$ 918	$ 35	$ 1,076	$ 2,570
Inventory reserves	10,220	343	120	4,824	5,859
Year ended October 3, 1997:					
Allowance for doubtful accounts	2,235	1,604	217	1,363	2,693
Inventory reserves	13,665	445	1,100	4,990	10,220
Year ended September 27, 1996:					
Allowance for doubtful accounts	2,610	1,662	--	2,037	2,235
Inventory reserves	5,118	12,202	--	3,655	13,665

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

14 EARNINGS PER SHARE

In 1998, the Company adopted FASB Statement 128, Earnings Per Share, which replaced the previously reported earnings per share with basic and diluted 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. Per share amounts for 1997 and 1996 were not impacted by the computational changes required under Statement 128.

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

	1998	1997	1996
Net income (loss) for basic and diluted earnings per share	$ 5,212	$ 2,056	$ (11,355)
Weighted average common shares outstanding	8,100,415	8,111,322	8,113,776
Less nonvested restricted stock	5,509	9,222	12,212
Basic average common shares	8,094,906	8,102,100	8,101,564
Dilutive stock options and restricted stock	18,924	13,218	27,979
Diluted average common shares	8,113,830	8,115,318	8,129,543
Basic earnings (loss) per common share	$ 0.64	$ 0.25	$ (1.40)
Diluted earnings (loss) per common share	$ 0.64	$ 0.25	$ (1.40)

15 LITIGATION

In 1998, certain businesses acquired by the Company became subject to judgments in civil liability cases in the amount of $2,000. The judgments are being appealed. The Company believes that any payments made as a result of these judgments, including costs and expenses, will reduce payments otherwise due to selling shareholders of the businesses acquired.

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.

16 QUARTERLY FINANCIAL SUMMARY (UNAUDITED)

The following summarizes quarterly operating results:

	First		Second		Third		Fourth	
	1998	1997	1998	1997	1998	1997	1998	1997
Net sales	$51,841	$51,817	$97,938	$96,111	$106,757	$86,894	$71,989	$68,299
Gross profit	19,194	18,129	39,728	37,133	42,536	32,472	24,506	23,598
Operating profit (loss)	(2,672)	(3,787)	10,623	9,691	11,282	7,909	(510)	(1,802)
Net income (loss)	(2,784)	(3,866)	4,739	4,328	4,904	3,286	(1,647)	(1,692)
Basic earnings (loss) per common share	$(0.34)	$(0.48)	$0.59	$0.53	$0.61	$0.41	$(0.20)	$(0.21)
Diluted earnings (loss) per common share	$(0.34)	$(0.48)	$0.58	$0.53	$0.61	$0.41	$(0.20)	$(0.21)

EXHIBIT 21

JOHNSON WORLDWIDE ASSOCIATES, INC. AND SUBSIDIARIES

The following lists the principal direct and indirect subsidiaries of Johnson Worldwide Associates, Inc. as of October 2, 1998. Inactive subsidiaries are not presented.

Name of Subsidiary (1)(2)	Jurisdiction in which Incorporated
Johnson Worldwide Associates Australia Pty. Ltd.	Australia
Johnson Worldwide Associates Canada Inc.	Canada
Plastiques L.P.A. Limitee	Canada
Mitchell Sports, S.A.	France
Old Town Canoe Company	Delaware
Leisure Life Limited	Michigan
Scubapro Sweden AB	Sweden
Under Sea Industries, Inc.	Delaware
JWA Holding B.V.	Netherlands
Johnson Beteiligungsgesellschaft GmbH	Germany
Jack Wolfskin Ausrustung fur Draussen GmbH	Germany
Johnson Outdoors V GmbH	Germany
Scubapro Taucherauser GmbH	Germany
Uwatec AG	Switzerland
Uwatec Instruments Deutschland	Germany
Uwatec USA, Inc.	Maine
Uwatec Espana, S.A.	Spain
Uwatec U.K., Ltd.	United Kingdom
Uwatec Asia, Ltd. (3)	Hong Kong
Uwatec Batam	Indonesia
Uwaplast AG	Switzerland
Scubapro Asia, Ltd.	Japan
Scubapro Espana, S.A.(4)	Spain
Scubapro Eu AG	Switzerland
Scubapro Europe Benelux, S.A.	Belgium
JWA France	France
Scuba/Uwatec AG	France
Scubapro Europe S.r.l.	Italy
Scubapro Italy S.r.l.	Italy
Scubapro Norge AS	Norway
Scubapro Taucherausrustungen Gesellschaft GmbH	Austria
Scubapro (UK) Ltd.(5)	United Kingdom

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(1) Unless otherwise indicated in brackets, each company does business only under its legal name.
(2) Unless otherwise indicated by footnote, each company is a wholly-owned subsidiary of Johnson Worldwide Associates, Inc. (through direct or indirect ownership).
(3) Percentage of stock owned is 60%.
(4) Percentage of stock owned is 98%.
(5) Percentage of stock owned is 99%.

EXHIBIT 23

CONSENT OF KPMG PEAT MARWICK LLP

Board of Directors
Johnson Worldwide Associates, Inc.:

We consent to incorporation by reference in the Registration Statements (No. 33-19804, 33-19805, 33-35309, 33-50680, 33-52073, 33-54899, 33-59325 and 33-61285) on Form S-8 of Johnson Worldwide Associates, Inc. of our report dated November 10, 1998, relating to the consolidated balance sheets of Johnson Worldwide Associates, Inc. and subsidiaries as of October 2, 1998 and October 3, 1997, and the related consolidated statements of operations, shareholders' equity, and cash flows for each of the years in the three-year period ended October 2, 1998, which report appears in the 1998 Annual Report on Form 10-K of Johnson Worldwide Associates, Inc.

KPMG Peat Marwick LLP

Milwaukee, Wisconsin
December 22, 1998

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THE SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE CONSOLIDATED FINANCIAL STATEMENTS OF JOHNSON WORLDWIDE ASSOCIATES, INC. AS OF AND FOR THE YEAR ENDED OCTOBER 2, 1998 AND IS QUALIFIED IN ITS ENTIRITY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

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YEAR
OCT-02-1998
OCT-04-1997
OCT-02-1998
11,496
0
55,991
(2,570)
76,603
154,520
96,090
(60,621)
296,017
85,019
82,066
0
0
406
123,980
296,017
328,525
328,525
202,561
202,561
106,819
167
9,829
9,149
3,937
5,212
0
0
0
5,212
0.64
0.64