

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

FORM 10-K

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

For the fiscal year ended September 28, 2001

OR

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

For the transition period from _____ to _____

Commission file number 0-16255

JOHNSON OUTDOORS INC.
(Exact name of Registrant as specified in its charter)

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

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

(262) 884-1500
(Registrant's telephone number, including area code)

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

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

Class A common stock, \$.05 par value

Indicate by check mark whether the Registrant (1) has filed all reports
required to be filed by Section 13 or 15(d) of the Securities Exchange Act of
1934 during the preceding 12 months (or for such shorter period that the
Registrant was required to file such reports), and (2) has been subject to such
filing requirements for the past 90 days. Yes. No.

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

As of November 1, 2001, 6,946,012 shares of Class A and 1,222,729
shares of Class B common stock of the Registrant were outstanding. The aggregate
market value of voting stock of the Registrant held by nonaffiliates of the
Registrant was approximately \$25,182,136 on November 1, 2001.

DOCUMENTS INCORPORATED BY REFERENCE

Document Part and Item Number of Form
10-K into which Incorporated

Johnson Outdoors Inc. Notice of Annual Meeting of Shareholders and Proxy Statement for the Annual Meeting of Shareholders to be held February 19, 2002. Part III, Items 10, 11, 12 and 13

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Forward Looking Statements

Certain matters discussed in this 2001 Form 10-K and in the accompanying 2001 Annual Report are "forward-looking statements," intended to qualify for the safe harbors from liability established by the Private Securities Litigation Reform Act of 1995. These forward-looking statements can generally be identified as such because the context of the statement includes phrases such as the Company "expects," "believes" or other words of similar meaning. Similarly, statements that describe the Company's future plans, objectives or goals are also forward-looking statements. Such forward-looking statements are subject to certain risks and uncertainties which could cause actual results or outcomes to differ materially from those currently anticipated. Factors that could affect actual results or outcomes include changes in consumer spending patterns, actions of companies that compete with the Company, the Company's success in managing inventory, movements in foreign currencies or interest rates and adverse weather conditions. Shareholders, potential investors and other readers are urged to consider these factors in evaluating the forward-looking statements and are cautioned not to place undue reliance on such forward-looking statements. The forward-looking statements included herein are only made as of the date of this 2001 Form 10-K and in the accompanying 2001 Annual Report and the Company undertakes no obligations to publicly update such forward-looking statements to reflect subsequent events or circumstances.

PART I

ITEM 1. BUSINESS

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

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

Diving

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

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

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

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

Watercraft

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

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

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

In April 2001, the Company completed the acquisition of Fibrekraft Manufacturers Ltd., a manufacturer of paddles and watercraft accessories based in Napier, New Zealand.

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

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

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

Outdoor Equipment

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

Jack Wolfskin, based in Germany, distributes its products primarily through specialized outdoor stores, selected sporting goods dealers and a number of franchised Jack Wolfskin stores. Jack Wolfskin has a strong position in Germany with additional distribution in the key European markets of Great Britain, Benelux, Switzerland and Austria. The product is also sold in Canada and the United States and, under license, in Japan. Jack Wolfskin utilizes the latest in fabric technology to produce products that are both comfortable and protective for outdoor related activities. The products compete in the premium segments.

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

Eureka! camping tents have outside self-supporting aluminum frames, allowing quicker and easier set-up, a design approach the Company originated. Most Eureka! tents are made from breathable nylon. Eureka! camping products are sold under license in Japan and Korea. Eureka! commercial tents include party tents, sold primarily to general rental stores, and other commercial tents sold directly to tent erectors. Commercial tents are manufactured by the Company in the United States.

Eureka! designs and manufactures large, heavy-duty tents and lightweight backpacking tents for the military. The Company has three contracts for production of both camping and commercial tents with the U.S. Armed Forces. In 1997, the Company was awarded contracts to produce a lightweight, two-man combat tent for the Marine Corps and a modular, general purpose tent for the Army. The Marine Corps contract was for 60 months and expires in August 2002. The Company has shipped more than 80% of the contract's maximum order quantities. The Army contract was for five years (base year and an option for four additional ordering periods). The first two optional ordering periods were exercised and the Army is currently in optional ordering period three, which expires in December 2001. The Company believes the final ordering period will be exercised and would expire in December 2002. All material terms and obligations of these contracts have been and continue to be satisfied. In September 2001, the Company was awarded a five-year contract (base year and four optional years) to produce a four-person, extreme cold weather tent for the Marine Corps. The Company has submitted bids on additional contracts and expects decisions on contract awards to be made in 2002.

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

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

Motors

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

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

The Company's line of Airguide marine, weather and automotive instruments is distributed primarily in the United States through large retail store chains and OEMs. Airguide products are manufactured by the Company or sourced from third-party manufacturers. In 2001, the Company exited the weather and automotive instrument categories.

Fishing

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

Financial Information for Business Segments

See Note 13 to the Consolidated Financial Statements for financial information comparing each business segment.

International Operations

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

Research and Development

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

Competition

The Company believes its products compete favorably on the basis of product innovation, product performance and marketing support and, to a lesser extent, price.

Diving: The main competitors in Diving include Oceanic, Aqualung and Suunto, each of which competes on the basis of product innovation, performance, quality and safety.

Watercraft: The Company primarily competes in the paddle sport segment of canoes and kayaks. Main competitors are Watermark and Confluence, who also make a full range of boats. These companies compete on the basis of their design, performance and quality.

Outdoor Equipment: The Company's brands and products compete in the specialty segments of the outdoor equipment market and not in the mass market. Coleman, Jansport and private label brands have a strong position in tents and packs sold in mass outlets, and the Company does not intend to compete head on with these manufacturers. The Company intends to compete with the specialty companies such as North Face and Kelty on the basis of materials and innovative designs for consumers who want performance products priced at a value.

Motors: The main competitor in electric trolling motors is Motor Guide from Brunswick, who manufactures and sells a full range of trolling motors and accessories. Competition in this segment is focused on product benefits and features for fishing.

Employees

At September 28, 2001, the Company had approximately 1,400 employees. The Company considers its employee relations to be excellent. Temporary employees are utilized to manage peaks in the seasonal manufacturing of products.

Backlog

Unfilled orders for future delivery of products of continuing operations totaled approximately \$51.6 million at September 28, 2001 and \$61.0 million at September 29, 2000. The Company's businesses do not receive significant orders in advance of expected shipment dates for the majority of their products.

Patents, Trademarks and Proprietary Rights

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

Sources and Availability of Materials

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

Seasonality

The Company's business is seasonal. The following table shows, for the past three fiscal years, total net sales and operating profit or loss related to continuing operations of the Company for each quarter, as a percentage of the total year. Strategic charges totaling \$1.4 million, \$2.4 million and \$2.8 million impacted operating results in 2001, 2000 and 1999, respectively.

Quarter Ended	Year Ended					
	September 28, 2001		September 29, 2000		October 1, 1999	
	Net Sales	Operating Profit (Loss)	Net Sales	Operating Profit	Net Sales	Operating Profit (Loss)
December	17%	(23)%	16%	1%	16%	(16)%
March	29	42	28	39	28	43
June	33	83	33	56	33	70
September	21	(2)	23	4	23	3
	100%	100%	100%	100%	100%	100%

Executive Officers

The following list sets forth certain information, as of December 1, 2001, regarding the executive officers of the Company.

Helen P. Johnson-Leipold, age 44, became Chairman and Chief Executive Officer of the Company in March 1999. From September 1998 until March 1999, Ms. Johnson-Leipold was Vice President, Worldwide Consumer Products-Marketing of S. C. Johnson & Son, Inc. (SCJ). From October 1997 to September 1998, she was Vice President, Personal and Home Care Products of SCJ. From October 1995 until July 1997, Ms. Johnson-Leipold was Executive Vice President - North American Businesses of the Company. From 1992 to September 1995, she was Vice President - Consumer Marketing Services Worldwide of SCJ.

Patrick J. O'Brien, age 43, became President and Chief Operating Officer of the Company in April 1999. From October 1997 until March 1999, Mr. O'Brien was Vice President and General Manager, Home Storage of SCJ. From July 1997 until October 1997, Mr. O'Brien was Vice President - Strategic Business of SCJ; from April 1996 until June 1997, he was Vice President - North American Sales of SCJ; from June 1995 until March 1996, he was Director - North American Sales of SCJ and from January 1993 until May 1995, he was National Sales Manager of SCJ.

Paul A. Lehmann, age 48, became Vice President and Chief Financial Officer of the Company in May 2001. From October 1999 to May 2001, Mr. Lehmann was Vice President, Finance and Strategic Planning of Steelcase North America (SCNA). From June 1997 to October 1999, Mr. Lehmann was Vice President, Operations Finance of SCNA. From November 1995 to June 1997, he was Director of Customer Pricing and Contracts for SCNA.

Mamdouh Ashour, age 63, has been a Group Vice President of the Company since October 1997 and President - Worldwide Diving since August 1996. From 1994 to August 1996, he served as President of Scubapro Europe. He has been employed by the Company since 1973.

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

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

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

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

ITEM 3. LEGAL PROCEEDINGS

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

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

There were no matters submitted to a vote of security holders during the last quarter of the year ended September 28, 2001.

PART II

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

Certain information with respect to this item is included in Notes 5, 9, 10 and 11 to the Consolidated Financial Statements. The Company's Class A common stock is traded on The Nasdaq Stock Market(R) under the symbol: JOUT. There is no public market for the Company's Class B common stock. However, the Class B common stock is convertible at all times at the option of the holder into shares of Class A common stock on a share for share basis. As of November 1, 2001, the Company had 755 holders of record of its Class A common stock and 58 holders of record of its Class B common stock. The Company has never paid, and has no current intention to pay, a dividend on its common stock.

A summary of the high and low prices for the Company's Class A common stock during each quarter of the years ended September 28, 2001 and September 29, 2000 is as follows:

	First Quarter		Second Quarter		Third Quarter		Fourth Quarter	
	2001	2000	2001	2000	2001	2000	2001	2000
Stock prices:								
High	\$7.00	\$9.19	\$7.56	\$8.50	\$8.49	\$9.69	\$7.39	\$7.94
Low	4.75	6.13	5.50	6.13	5.90	6.13	5.98	5.75
Last	5.88	7.10	6.13	6.19	6.74	7.06	6.47	6.94

ITEM 6. SELECTED FINANCIAL DATA

A summary of the Company's operating results and key balance sheet data for each of the years in the five-year period ended September 28, 2001 is presented below. All periods have been restated to reflect the discontinuation of the Company's Fishing business.

(thousands, except per share data)	Year Ended				
	September 28 2001	September 29 2000	October 1 1999	October 2 1998	October 3 1997
OPERATING RESULTS (1)					
Net sales	\$ 345,637	\$ 354,889	\$ 310,198	\$ 274,005	\$ 242,351
Gross profit	136,703	142,813	125,774	110,789	94,147
Operating expenses (2)	120,985	118,094	106,261	92,433	80,266
Operating profit	15,718	24,719	19,513	18,356	13,881
Interest expense	9,085	9,799	9,565	9,631	8,413
Other expense (income), net	543	(160)	(71)	(539)	(624)
Income from continuing operations before income taxes	6,090	15,080	10,019	9,264	6,092
Income tax expense	2,480	6,705	4,158	3,885	2,721
Income from continuing operations before cumulative effect of change in accounting principle	3,610	8,375	5,861	5,379	3,371
Income (loss) from discontinued operations	--	(940)	1,161	(167)	(1,315)
Loss on disposal of discontinued operations	--	(24,418)	--	--	--
Effect of change in accounting principle	1,755	--	--	--	--
Net income (loss)	\$ 5,365	\$ (16,983)	\$ 7,022	\$ 5,212	\$ 2,056
Basic earnings (loss) per common share:					
Continuing operations	\$ 0.44	\$ 1.03	\$ 0.72	\$ 0.66	\$ 0.42
Discontinued operations	--	(3.12)	0.15	(0.02)	(0.17)
Effect of change in accounting principle	0.22	--	--	--	--
Net income (loss)	\$ 0.66	\$ (2.09)	\$ 0.87	\$ 0.64	\$ 0.25
Diluted earnings (loss) per common share:					
Continuing operations	\$ 0.44	\$ 1.03	\$ 0.72	\$ 0.66	\$ 0.42
Discontinued operations	--	(3.12)	0.15	(0.02)	(0.17)
Effect of change in accounting principle	0.22	--	--	--	--
Net income (loss)	\$ 0.66	\$ (2.09)	\$ 0.87	\$ 0.64	\$ 0.25
Diluted average common shares outstanding	8,170	8,130	8,108	8,114	8,115
BALANCE SHEET DATA					
Current assets (3)	\$ 133,180	\$ 144,194	\$ 185,733	\$ 188,224	\$ 184,555
Total assets	244,913	257,971	299,025	292,380	272,605
Current liabilities (4)	36,568	46,941	45,072	39,448	36,772
Long-term debt, less current maturities	84,550	45,857	72,744	81,508	87,926
Total debt	97,535	105,319	122,071	124,001	113,676
Shareholders' equity	105,779	100,832	127,178	124,386	117,731

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

(2) Includes strategic charges of \$1,448, \$2,369, \$2,773, \$1,388 and \$335 in 2001, 2000, 1999, 1998 and 1997, respectively.

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

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

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

The following discussion includes comments and analysis relating to the Company's results of operations and financial condition for the three years ended September 28, 2001. Unless otherwise noted, the discussion refers to continuing operations. This discussion should be read in conjunction with the Consolidated Financial Statements and related notes thereto.

Results of Operations

Summary consolidated financial results from continuing operations are as follows:

(millions, except per share data)	2001	2000	1999
Net sales	\$345.6	\$354.9	\$310.2
Gross profit	136.7	142.8	125.8
Operating expenses (1)	121.0	118.1	106.3
Operating profit	15.7	24.7	19.5
Interest expense	9.1	9.8	9.6
Income from continuing operations	3.6	8.4	5.9
Diluted earnings per common share from continuing operations before change in accounting principle	0.44	1.03	0.72

(1) Includes strategic charges of \$1.4 million, \$2.4 million and \$2.8 million in 2001, 2000 and 1999, respectively.

2001 vs 2000

Net Sales

Net sales totaled \$345.6 million in 2001 compared to \$354.9 million in 2000, a decrease of 3%. Sales as measured in U.S. dollars were impacted by the effects of foreign currencies relative to the U.S. dollar in comparison to 2000. Excluding the effects of foreign currency movements, sales were nearly flat when compared with 2000. The flat trend in sales was a result of a soft economy both in the United States (U.S.) and abroad. Sales were impacted by customer bankruptcies in both the Motors and Diving businesses. The Company believes these bankruptcies impacted sales in 2001 by approximately \$4.8 million. As a result of the soft economy, we saw marginal growth or even contraction in the markets of our businesses. However, market data indicated that the Company gained market share in nearly all of our businesses.

The Outdoor Equipment business was strong, increasing sales 10% over 2000, primarily related to strong performances by Jack Wolfskin and military tents. Diving sales were down 3% from 2000, primarily related to the negative impact of foreign currency movements from 2000. Excluding the effects of foreign currency movements, Diving sales increased 3% from 2000. The Watercraft and Motors businesses were impacted the most by the soft economy, with sales declines of 5% and 16%, respectively. The Motors business gained market share in a contracting market and lost approximately \$4.0 million in sales related to the bankruptcy of a large OEM customer. However, the Company feels a majority of these sales will return in 2002, as the OEM customer was sold out of bankruptcy and has begun placing orders. The Watercraft business saw a significant decline in market growth after three plus years of double digit growth in that category.

Operating Results

The Company recognized an operating profit of \$15.7 million in 2001 compared to an operating profit of \$24.7 million in 2000. Gross profit margins decreased from 40.2% in 2000 to 39.6% in 2001, as improvements in the Diving and Outdoor Equipment businesses were more than offset by declines in the Watercraft and Motors businesses. Shortfalls in sales volume for 2001 negatively impacted gross profits by \$3.4 million due to unfavorable manufacturing labor and overhead variances, primarily in the Watercraft business, and to a lesser extent, the Motors business.

Operating expenses, excluding strategic charges, totaled \$119.5 million, or 34.6% of sales, in 2001 compared to \$115.7, or 32.6% of sales in 2000. Amortization of acquisition costs were \$5.3 million in 2001, which included a \$2.5 million write-down for impaired goodwill related to the Airguide brand in the Motors business, compared to \$3.0 million in 2000. Bad debt expense related to the previously mentioned customer bankruptcies added approximately \$0.9 million to operating expenses in 2001.

The Outdoor Equipment business increased operating profit by \$3.8 million, or 47%, to \$12.0 million in 2001 compared to \$8.2 million in 2000. Strong results by Jack Wolfskin and military tents more than offset softness in the consumer and commercial tent businesses. The Diving business was also strong, increasing operating profits by 7% to \$11.6 million in 2001, despite a sales decline, by improving product mix towards higher margin products along with a decline in operating expenses. Excluding the \$2.5 million write-down for impaired goodwill, the Motors business had operating profits of \$2.8 million in 2001 compared to \$3.9 million in 2000. A decline in operating expense, excluding strategic charges, of \$1.0 million versus the prior year, helped mitigate the decline in operating profit.

The Watercraft business was impacted by several issues, resulting in a decline in operating profits in 2001 to \$1.3 million from operating profits of \$10.3 million in 2000. The business experienced the trailing affects of significant growth, over-capacity and the impacts of too much complexity in this segment of our business. In addition to the gross profit issues described above, operating expenses grew by \$3.1 million, or 11% from 2000 levels due to investment in infrastructure to support the previous significant growth of the business and additional costs supporting the complex structure of the business. The Company believes the issues related to Watercraft can and are being fixed, as evidenced by the closure and relocation of two manufacturing facilities in 2001. The Company is in the process of streamlining U.S. East coast distribution from five warehouses down to one and has hired both a new general manager and operations manager at our Old Town Canoe business, to drive improved results from this important operation in the Watercraft business. The Company will continue to investigate synergistic opportunities in this business over the next year.

The Company recognized strategic charges totaling \$1.4 million in 2001 for severance, moving and other costs related to the closure and relocation of two manufacturing facilities in the Watercraft business. The Company believes that these actions will save approximately \$1.5 million in operating expenses on an annual basis after completion. The Company anticipates incurring additional strategic charges related to these actions of approximately \$0.7 million in 2002. In 2000, the Company incurred strategic charges of \$2.4 million from severance, moving and other costs related to the closure and relocation of a manufacturing facility in the Motors business and for severance, relocation and recruitment costs in the North American Outdoor Equipment business.

Other Income and Expenses

Interest expense decreased \$0.7 million in 2001, reflecting a decline in interest rates from prior year levels and a reduction in working capital needs versus 2000 levels. Foreign currency translation losses related to the mark to market of foreign currency denominated debt and foreign currency forward contracts resulted in an increase of \$0.7 million in translation losses over the prior year levels.

Results From Continuing Operations

The Company recognized income from continuing operations before cumulative effect of change in accounting principle of \$3.6 million in 2001 or \$0.44 per diluted share, compared to \$8.4 million in 2000 or \$1.03 per diluted share. The Company recorded income tax expense of \$2.5 million in 2001, an effective tax rate of 40.7%. This decreased rate (from 44.5% in 2000) is mainly the result of changes in mix of earnings from jurisdictions with higher tax rates to those with lower tax rates.

Discontinued Operations

In March 2000, the Company sold its Fishing business. The Company recorded a loss on disposal of a discontinued business, net of tax, of \$24.4 million in 2000, taking into account operating results of the business from the measurement date to the date of disposal. In addition, the Company recorded an after tax loss from operations up to the measurement date of \$0.9 million in 2000.

Change in Accounting Principle

Effective September 30, 2000, the Company adopted SFAS 133, which establishes accounting and reporting standards for derivative instruments, including certain derivative instruments embedded in other contracts and for hedging activities. All derivatives, whether designated in hedging relationships or not, are required to be recorded on the balance sheet at fair value. If the derivative is designated as a fair value hedge, the changes in fair value of the derivative and the hedged item are recognized in earnings. If the derivative is designated as a cash flow hedge, changes in the fair value of the derivative are recorded in other comprehensive income and are recognized in earnings when the hedged item affects earnings.

The adoption of SFAS 133 resulted in an effect of change in accounting principle after tax gain of \$1.8 million in 2001.

Net Income (Loss)

The Company recognized net income of \$5.4 million in 2001, or \$0.66 per diluted share, compared to a net loss of \$17.0 million in 2000, or \$2.09 per diluted share.

2000 vs 1999

Net Sales

Net sales totaled \$354.9 million in 2000 compared to \$310.2 million in 1999, an increase of 14%. Sales as measured in U.S. dollars were impacted by the effect of foreign currencies relative to the U.S. dollar in comparison to 1999. Excluding the effects of foreign currency movements, sales increased 17% from 1999. The increase was partially driven by the introduction of innovative new products in the Watercraft and Motors businesses, as well as growth in sales of existing products in Watercraft, Motors and Outdoor Equipment.

Operating Results

The Company recognized an operating profit of \$24.7 million in 2000 compared to an operating profit of \$19.5 million in 1999. Gross profit margins decreased from 40.5% in 1999 to 40.2% in 2000, as significant improvements in the Diving and Outdoor Equipment businesses, as well as improvement in the Motors business (due to emphasis on higher margin products, increases in volume and improved production efficiencies) were offset by a decline in Watercraft (due to production issues related to a 26.4% growth in Watercraft revenues).

Operating expenses, excluding strategic charges, totaled \$115.7 million, or 32.6% of sales, in 2000 compared to \$103.5 million, or 33.3% of sales, in 1999. The 12% growth in operating expenses in 2000 was less than the growth rate of sales, which contributed to the improved operating results. Nearly all items in operating expenses declined as a percentage of sales from 1999.

The Company recognized strategic charges totaling \$2.4 million in 2000 and \$2.8 million in 1999. These charges resulted from severance, moving and other costs related primarily to the closure and relocation of a manufacturing facility in the Motors business and for severance, relocation and recruitment costs in the North American Outdoor Equipment business.

Other Income and Expenses

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

Results from Continuing Operations

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

Discontinued Operations

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

Net Income

The Company recognized a net loss of \$17.0 million, or \$2.09 per diluted share in 2000, compared to net income of \$7.0 million, or \$0.87 per diluted share in 1999.

Financial Condition

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

Operations

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

(millions)	2001	2000	1999
Current assets (1)	\$ 133.2	\$ 144.2	\$ 129.6
Current liabilities (2)	36.6	46.9	45.1
Working capital	\$ 96.6	\$ 97.3	\$ 84.5
Current ratio	3.6:1	3.1:1	2.9:1

(1) Excludes net assets of discontinued operations.

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

Cash flows provided by operations totaled \$15.5 million in 2001, \$9.8 million in 2000 and \$24.8 million in 1999. The Company's profitability and decreases in accounts receivable of \$6.8 million, contributed to the positive cash flows in 2001. Decreases in accounts payable and other accrued liabilities of \$11.4 million reduced the overall positive cash flows provided by operations in 2001. Profitability and increases in accounts payable and other accrued liabilities of \$3.9 million, contributed to the positive cash flows in 2000 and 1999. Growth in accounts receivable and inventories of \$10.7 million and \$8.4 million, respectively, reduced the overall positive cash flows provided by operations in 2000. Accounts receivable growth of \$3.5 million reduced the overall positive cash flows provided by operations in 1999.

Depreciation and amortization charges were \$13.5 million in 2001, \$12.5 million in 2000 and \$12.6 million in 1999. Amortization of intangible assets from the Company's acquisitions and increased depreciation from capital spending accounted for the increase from 2000 to 2001. The Company recorded a charge for impairment of goodwill of \$2.5 million in 2001.

Investing Activities

Cash flows provided by (used for) investing activities were (\$9.6) million, \$20.0 million and (\$26.1) million in 2001, 2000 and 1999, respectively. Expenditures for property, plant and equipment were (\$9.8) million in 2001, (\$14.1) million in 2000 and (\$13.0) million in 1999. The Company's recurring investments are primarily related to tooling for new products, facilities and information systems improvements. In 2002, capital expenditures are anticipated not to exceed 2001 levels. These expenditures are expected to be funded by working capital or existing credit facilities.

The Company received \$33.1 million in proceeds from the sale of their Fishing business in 2000, which contributed to the cash flows provided by investing activities for that year. These proceeds were used to reduce both short-term and long-term debt. The Company paid, net of cash acquired, \$0.6 million for two small businesses acquired in 2001, \$0.9 million for one business acquired in 2000 and \$13.6 million for three businesses acquired in 1999. In November 2001, subsequent to the end of the 2001 fiscal year, the Company completed the sale and leaseback of their headquarters facility in Sturtevant, Wisconsin. Approximately \$5.0 million of additional cash flow was provided by this transaction.

Financing Activities

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

(millions)	2001	2000	1999
Current debt	\$ 13.0	\$ 59.5	\$ 49.4
Short-term debt to be refinanced	50.0	--	--
Long-term debt	34.5	45.8	72.7
Total debt	97.5	105.3	122.1
Shareholders' equity	105.8	100.8	127.2
Total capitalization	\$ 203.3	\$ 206.1	\$ 249.3
Total debt to total capitalization	48.0%	51.1%	49.0%

Cash flows used for financing activities totaled \$7.9 million in 2001, \$12.5 million in 2000 and \$0.8 million in 1999. Payments on long-term debt were \$6.8 million, \$22.0 million and \$7.7 million, in 2001, 2000 and 1999, respectively. Included in 2000 was \$15.1 million in payments from the proceeds of the sales of the Fishing business.

In December 2001, subsequent to the end of the 2001 fiscal year, the Company consummated a private placement of long-term debt totaling \$50.0 million. As a result of this financing, short-term debt to be repaid totaling \$50.0 million at September 28, 2001 was classified as long-term. At September 28, 2001, the Company had available unused credit facilities in excess of \$33.8 million, which is believed to be adequate for its needs.

Market Risk Management

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

Foreign Operations

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

Interest Rates

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

Commodities

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

Sensitivity to Changes in Value

The estimates that follow are intended to measure the maximum potential fair value or earnings the Company could lose in one year from adverse changes in foreign exchange rates or market interest rates under normal market conditions. The calculations are not intended to represent actual losses in fair value or earnings that the Company expects to incur. The estimates do not consider favorable changes in market rates. Further, since the hedging instrument (the derivative) inversely correlates with the underlying exposure, any loss or gain in the fair value of derivatives would be generally offset by an increase or decrease in the fair value of the underlying exposures. The positions included in the calculations are foreign exchange forwards, currency swaps and fixed rate debt. Certain instruments are included in both categories of risk exposure calculated below. The calculations do not include the underlying foreign exchange positions that are hedged by these market risk sensitive instruments. The table below presents the estimated maximum potential one year loss in fair value and earnings before income taxes from a 10% movement in foreign currencies and a 100 basis point movement in interest rate market risk sensitive instruments outstanding at September 28, 2001:

(millions)	Estimated Impact on	
	Fair Value	Earnings Before Income Taxes
Foreign exchange rate instruments	\$0.7	\$0.7
Interest rate instruments	1.1	0.3

Other Factors

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

Pending Accounting Changes

In June 2001, the FASB issued SFAS No. 142 Goodwill and Other Intangibles (SFAS 142). SFAS 142 addresses financial accounting and reporting for goodwill and other intangible assets subsequent to their acquisition. Upon adoption of SFAS 142, goodwill will no longer be subject to amortization over its estimated useful life. Rather, goodwill will be subject to at least an annual assessment for impairment by applying a fair-value-based test. Other intangible assets will be required to be separately recognized if the benefit of the intangible asset can be sold, transferred, licensed, rented, or exchanged. Amortization of these intangibles over their useful lives is required. The Company has elected to adopt SFAS 142 as of the beginning of fiscal 2002. The Company is currently assessing the impact of adopting SFAS 142 and believes, excluding impairments, net income for fiscal year 2002 will be increased, since goodwill is no longer subject to amortization, by approximately \$2.5 million.

In August 2001, the FASB issued SFAS No. 144, Accounting for Impairment or Disposal of Long-Lived Assets (SFAS 144). SFAS 144 establishes a single accounting model for long-lived assets to be disposed of by sale and

provides additional implementation guidance for assets to be held and used and assets to be disposed of other than by sale. There will be no financial implication related to the adoption of SFAS 144, and the guidance will be applied on a prospective basis. The Company is required to adopt SFAS 144 in the first quarter of fiscal 2003.

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-21.

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 Proxy Statement for its February 19, 2002 Annual Meeting of Shareholders, which is incorporated herein by reference, under the headings "Election of Directors" and "Section 16(a) Beneficial Ownership Reporting Compliance," provided, however, that the subsection entitled "Election of Directors - Audit Committee Report" shall not be deemed to be incorporated herein by reference.

ITEM 11. EXECUTIVE COMPENSATION

Information with respect to this item is included in the Company's Proxy Statement for its February 19, 2002 Annual Meeting of Shareholders, 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 Proxy Statement for its February 19, 2002 Annual Meeting of Shareholders, 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 Proxy Statement for its February 19, 2002 Annual Meeting of Shareholders, 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

Reports of Independent Public Accountants

Consolidated Balance Sheets - September 28, 2001 and September 29, 2000

Consolidated Statements of Operations - Years ended September 28, 2001,
September 29, 2000 and October 1, 1999

Consolidated Statements of Shareholders' Equity - Years ended September 28,
2001, September 29, 2000 and October 1, 1999

Consolidated Statements of Cash Flows - Years ended September 28, 2001,
September 29, 2000 and October 1, 1999

Notes to Consolidated Financial Statements

Financial Statement Schedules

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

Exhibits

See Exhibit Index.

Reports on Form 8-K

No reports on Form 8-K were filed during the three months ended September 28,
2001.

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 13th day of December 2001.

JOHNSON OUTDOORS INC.

(Registrant)

By /s/ Helen P. Johnson-Leipold

Helen P. Johnson-Leipold
Chairman and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed by the following persons in the capacities indicated on the 13th day of December 2001.

/s/ Helen P. Johnson-Leipold ----- (Helen P. Johnson-Leipold)	Chairman and Chief Executive Officer and Director (Principal Executive Officer)
/s/ Thomas F. Pyle, Jr. ----- (Thomas F. Pyle, Jr.)	Vice Chairman of the Board and Director
/s/ Samuel C. Johnson ----- (Samuel C. Johnson)	Director
/s/ Gregory E. Lawton ----- (Gregory E. Lawton)	Director
/s/ Glenn N. Rupp ----- (Glenn N. Rupp)	Director
/s/ Terry E. London ----- (Terry E. London)	Director
----- (John M. Fahey, Jr.)	Director
/s/ Paul A. Lehmann ----- (Paul A. Lehmann)	Vice President and Chief Financial Officer (Principal Financial and Accounting Officer)

EXHIBIT INDEX

Exhibit	Title	Page No.
3.1	Articles of Incorporation of the Company as amended through February 17, 2000. (Filed as Exhibit 3.1(a) to the Company's Form 10-Q for the quarter ended March 31, 2000 and incorporated herein by reference.)	*
3.2	Bylaws of the Company as amended through March 22, 2000. (Filed as Exhibit 3.2(a) to the Company's Form 10-Q for the quarter ended March 31, 2000 and incorporated herein by reference.)	*
4.1	Note Agreement dated October 1, 1995. (Filed as Exhibit 4.1 to the Company's Form 10-Q for the quarter ended December 29, 1995 and incorporated herein by reference.)	*
4.2	First Amendment dated October 31, 1996 to Note Agreement dated October 1, 1995. (Filed as Exhibit 4.3 to the Company's Form 10-Q for the quarter ended December 27, 1996 and incorporated herein by reference.)	*
4.3	Second Amendment dated September 30, 1997 to Note Agreement dated October 1, 1995. (Filed as Exhibit 4.8 to the Company's Form 10-K for the year ended October 3, 1997 and incorporated herein by reference.)	*
4.4	Third Amendment dated October 3, 1997 to Note Agreement dated October 1, 1995. (Filed as Exhibit 4.9 to the Company's Form 10-K for the year ended October 3, 1997 and incorporated herein by reference.)	*
4.5	Fourth Amendment dated January 10, 2000 to Note Agreement dated October 1, 1995. (Filed as Exhibit 4.9 to the Company's Form 10-Q for the quarter ended March 31, 2000 and incorporated herein by reference.)	*
4.6	Fifth Amendment dated December 13, 2001 to Note Agreement dated October 1, 1995.	
4.7	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.)	*
4.8	First Amendment dated January 10, 2000 to Note Agreement dated September 15, 1997. (Filed as Exhibit 4.10 to the Company's Form 10-Q for the quarter ended March 31, 2000 and incorporated herein by reference.)	*
4.9	Second Amendment dated December 13, 2001 to Note Agreement dated September 15, 1997.	
4.10	3-Year Revolving Credit Agreement dated as of August 31, 2001.	
4.11	Amendment No. 1 to 3-Year Revolving Credit Agreement dated as of December 18, 2001.	
4.12	Note Agreement dated as of December 13, 2001.	
9	Johnson Outdoors Inc. Class B common stock Voting Trust Agreement, dated December 30, 1993 (Filed as Exhibit 9 to the Company's Form 10-Q for the quarter ended December 31, 1993 and incorporated herein by reference.)	*
10.1	Stock Purchase Agreement, dated as of January 12, 2000, by and between Johnson Outdoors Inc. and Berkley Inc. (Filed as Exhibit 2.1 to the Company's Form 8-K dated March 31, 2000 and incorporated herein by reference.)	*
10.2	Amendment to Stock Purchase Agreement, dated as of February 28, 2000, by and between Johnson Outdoors Inc. and Berkley Inc. (Filed as Exhibit 2.2 to the Company's Form 8-K dated March 31, 2000 and incorporated herein by reference.)	*
10.3	Johnson Outdoors Inc. Amended and Restated 1986 Stock Option Plan. (Filed as Exhibit 10 to the Company's Form 10-Q for the quarter ended July 2, 1993 and incorporated herein by reference.)	*

EXHIBIT INDEX

Exhibit	Title	Page No.
10.4	Registration Rights Agreement regarding Johnson Outdoors Inc. common stock issued to the Johnson family prior to the acquisition of Johnson Diversified, Inc. (Filed as Exhibit 10.6 to the Company's Form S-1 Registration Statement No. 33-16998 and incorporated herein by reference.)	*
10.5	Registration Rights Agreement regarding Johnson Outdoors Inc. Class A common stock held by Mr. Samuel C. Johnson. (Filed as Exhibit 28 to the Company's Form 10-Q for the quarter ended March 29, 1991 and incorporated herein by reference.)	*
10.6+	Form of Restricted Stock Agreement. (Filed as Exhibit 10.8 to the Company's Form S-1 Registration Statement No. 33-23299 and incorporated herein by reference.)	*
10.7+	Form of Supplemental Retirement Agreement of Johnson Diversified, Inc. (Filed as Exhibit 10.9 to the Company's Form S-1 Registration Statement No. 33-16998 and incorporated herein by reference.)	*
10.8+	Johnson Outdoors Retirement and Savings Plan. (Filed as Exhibit 10.9 to the Company's Form 10-K for the year ended September 29, 1989 and incorporated herein by reference.)	*
10.9+	Form of Agreement of Indemnity and Exoneration with Directors and Officers. (Filed as Exhibit 10.11 to the Company's Form S-1 Registration Statement No. 33-16998 and incorporated herein by reference.)	*
10.10	Consulting and administrative agreements with S. C. Johnson & Son, Inc. (Filed as Exhibit 10.12 to the Company's Form S-1 Registration Statement No. 33-16998 and incorporated herein by reference.)	*
10.11+	Johnson Outdoors Inc. 1994 Long-Term Stock Incentive Plan. (Filed as Exhibit 4 to the Company's Form S-8 Registration Statement No. 333-88091 and incorporated herein by reference.)	*
10.12+	Johnson Outdoors Inc. 1994 Non-Employee Director Stock Ownership Plan. (Filed as Exhibit 4 to the Company's Form S-8 Registration Statement No. 333-88089 and incorporated herein by reference.)	*
10.13+	Johnson Outdoors Economic Value Added Bonus Plan (Filed as Exhibit 10.15 to the Company's Form 10-K for the year ended October 3, 1997 and incorporated herein by reference.)	*
10.14+	Johnson Outdoors Inc. 2000 Long-Term Stock Incentive Plan. (Filed as Exhibit 10.16 to the Company's Form 10-Q for the quarter ended March 31, 2000 and incorporated herein by reference.)	*
11.	Statement regarding computation of per share earnings. (Note 15 to the Consolidated Financial Statements of the Company's 2001 Form 10-K is incorporated herein by reference.)	*
21.	Subsidiaries of the Company as of September 28, 2001.	
23.1	Consent of Arthur Andersen LLP.	
23.2	Consent of KPMG LLP	
99.	Definitive Proxy Statement for the 2002 Annual Meeting of Shareholders. Except to the extent specifically incorporated herein by reference, the Proxy Statement for the 2002 Annual Meeting of Shareholders shall not be deemed to be filed with the Securities and Exchange Commission as part of this Form 10-K. The Proxy Statement for the 2002 Annual Meeting of Shareholders will be filed with the Securities and Exchange Commission under regulation 14A within 120 days after the end of the Company's fiscal year.	*

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 * Incorporated herein by reference.

+ A management contract or compensatory plan or arrangement.

CONSOLIDATED FINANCIAL STATEMENTS

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REPORT OF MANAGEMENT

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

The financial statements for each of the years covered in this Form 10-K have been audited by independent public accountants, 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 public accountants to review the results of their work and to satisfy itself that their respective responsibilities are being properly discharged. The independent public accountants have full and free access to the Audit Committee and have regular discussions with the Committee regarding appropriate auditing and financial reporting matters.

Helen P. Johnson-Leipold
Chairman and Chief Executive Officer

Paul A. Lehmann
Vice President and Chief Financial
Officer

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

Shareholders and Board of Directors
Johnson Outdoors Inc.:

We have audited the consolidated balance sheet of Johnson Outdoors Inc. and subsidiaries as of September 28, 2001 and the related consolidated statements of operations, shareholders' equity, and cash flows for the year then ended. 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 audit.

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Johnson Outdoors Inc. and subsidiaries as of September 28, 2001 and the results of their operations and their cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As explained in Note 1 to the consolidated financial statements, effective September 30, 2000, the Company changed its method of accounting for derivative instruments.

/s/ Arthur Andersen LLP

Arthur Andersen LLP
Milwaukee, Wisconsin
November 8, 2001, except for Notes 5 and 17,
as to which the date is December 21, 2001.

INDEPENDENT AUDITORS' REPORT

Shareholders and Board of Directors
Johnson Outdoors Inc.:

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

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

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

/s/ KPMG LLP

KPMG LLP
Milwaukee, Wisconsin
November 6, 2000

CONSOLIDATED BALANCE SHEETS

(thousands, except share data)	September 28 2001	September 29 2000
ASSETS		
Current assets:		
Cash and temporary cash investments	\$ 16,069	\$ 17,363
Accounts receivable less allowance for doubtful accounts of \$3,739 and \$3,895, respectively	45,585	54,825
Inventories	61,700	62,708
Deferred income taxes	5,269	4,613
Other current assets	4,557	4,685
Total current assets	133,180	144,194
Property plant and equipment, net	35,879	37,369
Deferred income taxes	19,577	17,311
Intangible assets, net	55,288	57,866
Other assets	989	1,231
Total assets	\$ 244,913	\$ 257,971
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Short-term debt and current maturities of long-term debt	\$ 12,985	\$ 59,462
Accounts payable	12,157	12,928
Accrued liabilities:		
Salaries and wages	5,968	7,421
Income taxes	1,206	140
Other	17,237	26,452
Total current liabilities	49,553	106,403
Long-term debt, less current maturities	84,550	45,857
Other liabilities	5,031	4,879
Total liabilities	139,134	157,139
Shareholders' equity:		
Preferred stock: none issued	--	--
Common stock:		
Class A shares issued:		
September 28, 2001, 6,946,012;		
September 29, 2000, 6,924,630	347	346
Class B shares issued (convertible into Class A shares):		
September 28, 2001, 1,222,729;		
September 29, 2000, 1,222,729	61	61
Capital in excess of par value	44,411	44,291
Retained earnings	80,162	74,797
Contingent compensation	(44)	(77)
Accumulated other comprehensive loss - cumulative translation adjustment	(19,158)	(18,586)
Total shareholders' equity	105,779	100,832
Total liabilities and shareholders' equity	\$ 244,913	\$ 257,971

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

CONSOLIDATED STATEMENTS OF OPERATIONS

(thousands, except per share data)	Year Ended		
	September 28 2001	September 29 2000	October 1 1999
Net sales	\$ 345,637	\$ 354,889	\$ 310,198
Cost of sales	208,934	212,076	184,424
Gross profit	136,703	142,813	125,774
Operating expenses:			
Marketing and selling	76,114	73,685	64,930
Administrative management, finance and information systems	29,138	28,442	26,372
Research and development	7,565	7,854	6,878
Amortization of acquisition costs	5,288	2,951	2,912
Profit sharing	1,432	2,793	2,396
Strategic charges	1,448	2,369	2,773
Total operating expenses	120,985	118,094	106,261
Operating profit	15,718	24,719	19,513
Interest income	(548)	(421)	(294)
Interest expense	9,085	9,799	9,565
Other expense, net	1,091	261	223
Income from continuing operations before income taxes and before cumulative effect of change in accounting principle	6,090	15,080	10,019
Income tax expense	2,480	6,705	4,158
Income from continuing operations before cumulative effect of change in accounting principle	3,610	8,375	5,861
Income (loss) from discontinued operations, net of income tax expense (benefit) of \$(563), and \$771 for 2000 and 1999, respectively.	--	(940)	1,161
Loss on disposal of discontinued operations, net of income tax benefit of \$1,840.	--	(24,418)	--
Effect of change in accounting principle, net of income tax expense of \$845	1,755	--	--
Net income (loss)	\$ 5,365	\$ (16,983)	\$ 7,022
Basic earnings (loss) per common share:			
Continuing operations	\$ 0.44	\$ 1.03	\$ 0.72
Discontinued operations	--	(3.12)	0.15
Net effect of change in accounting principle	0.22	--	--
Net income (loss)	\$ 0.66	\$ (2.09)	\$ 0.87
Diluted earnings (loss) per common share:			
Continuing operations	\$ 0.44	\$ 1.03	\$ 0.72
Discontinued operations	--	(3.12)	0.15
Net effect of change in accounting principle	0.22	--	--
Net income (loss)	\$ 0.66	\$ (2.09)	\$ 0.87

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	Accumulated Other Comprehensive Loss - Cumulative Translation Adjustment	Treasury Stock	Comprehensive Income (Loss)
BALANCE AT OCTOBER 2, 1998	\$406	\$44,205	\$85,068	\$ (27)	\$(4,651)	\$ (615)	
Net income	--	--	7,022	--	--	--	\$ 7,022
Issuance of restricted stock	--	--	(137)	(182)	--	319	--
Issuance of stock under employee stock purchase plan	--	--	(121)	--	--	214	--
Amortization of contingent compensation	--	--	--	75	--	--	--
Translation adjustment	--	--	--	--	(4,398)	--	(4,398)
BALANCE AT OCTOBER 1, 1999	406	44,205	91,832	(134)	(9,049)	(82)	\$ 2,624
Net loss	--	--	(16,983)	--	--	--	\$ (16,983)
Issuance of restricted stock	--	19	--	(19)	--	--	--
Issuance of stock under employee stock purchase plan	1	67	(52)	--	--	82	--
Amortization of contingent compensation	--	--	--	76	--	--	--
Translation adjustment	--	--	--	--	(10,346)	--	(10,346)
Translation adjustment reclassified to net loss on sale of Fishing business	--	--	--	--	809	--	--
BALANCE AT SEPTEMBER 29, 2000	407	44,291	74,797	(77)	(18,586)	--	\$ (27,329)
Net income	--	--	5,365	--	--	--	\$ 5,365
Issuance of restricted stock	--	50	--	(50)	--	--	--
Issuance of stock under employee stock purchase plan	1	70	--	--	--	--	--
Amortization of contingent compensation	--	--	--	83	--	--	--
Translation adjustment	--	--	--	--	2,402	--	2,402
Translation adjustment reclassified to cumulative effect of change in accounting principle	--	--	--	--	(2,974)	--	--
BALANCE AT SEPTEMBER 28, 2001	\$408	\$44,411	\$80,162	\$(44)	\$(19,158)	\$--	\$ 7,767

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

(thousands)	Year Ended		
	September 28 2001	September 29 2000	October 1 1999
CASH PROVIDED BY OPERATIONS			
Net income (loss)	\$ 5,365	\$ (16,983)	\$ 7,022
Less income (loss) from discontinued operations	--	(25,358)	1,161
Less income from cumulative effect of change in accounting principle	1,755	--	--
Income from continuing operations	3,610	8,375	5,861
Adjustments to reconcile income from continuing operations to net cash provided by operating activities of continuing operations:			
Depreciation and amortization	13,516	12,523	12,597
Provision for doubtful accounts receivable	2,460	1,812	2,162
Provision for inventory reserves	1,529	853	801
Deferred income taxes	(2,922)	(374)	(48)
Impairment of goodwill	2,526	--	--
Change in assets and liabilities, net of effect of businesses acquired or sold:			
Accounts receivable	6,780	(10,728)	(3,466)
Inventories	124	(8,358)	1,012
Accounts payable and accrued liabilities	(11,391)	3,910	5,975
Other, net	(760)	1,738	(106)
	15,472	9,751	24,788
CASH PROVIDED BY (USED FOR) INVESTING ACTIVITIES			
Proceeds from sale of business, net of cash	--	33,126	--
Payments for purchase of businesses, net of cash acquired	(573)	(864)	(13,584)
Net additions to property, plant and equipment	(9,765)	(14,075)	(13,035)
Sales of property, plant and equipment	730	1,838	501
	(9,608)	20,025	(26,118)
CASH USED FOR FINANCING ACTIVITIES			
Principal payments on senior notes and other long-term debt	(6,784)	(21,969)	(7,705)
Net change in short-term debt	(1,143)	9,351	6,764
Common stock transactions	71	97	94
	(7,856)	(12,521)	(847)
Effect of foreign currency fluctuations on cash	698	(1,790)	(541)
Net cash provided by (used for) discontinued operations	--	(8,076)	2,361
Increase (decrease) in cash and temporary cash investments	(1,294)	7,389	(357)
CASH AND TEMPORARY CASH INVESTMENTS			
Beginning of year	17,363	9,974	10,331
End of year	\$ 16,069	\$ 17,363	\$ 9,974

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

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

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The Consolidated Financial Statements include the accounts of Johnson Outdoors Inc. and all majority owned subsidiaries (the Company) and are stated in conformity with accounting principles generally accepted in the United States of America. Significant intercompany accounts and transactions have been eliminated in consolidation.

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

The Company's fiscal year ends on the Friday nearest September 30. The fiscal years ended September 28, 2001 (hereinafter 2001) and September 29, 2000 (hereinafter 2000) and October 1, 1999 (hereinafter 1999) each comprise 52 weeks.

Cash and Temporary Cash Investments

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

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

Inventories

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

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

	2001	2000
Raw materials	\$ 19,892	\$ 23,122
Work in process	2,592	2,238
Finished goods	42,620	40,297
	65,104	65,657
Less reserves	3,404	2,949
	\$ 61,700	\$ 62,708

Property, Plant and Equipment

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

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

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

	2001	2000
Property and improvements	\$ 1,423	\$ 1,423
Buildings and improvements	21,861	19,303
Furniture, fixtures and equipment	86,221	82,994
	109,505	103,720
Less accumulated depreciation	73,626	66,351
	\$ 35,879	\$ 37,369

Intangible Assets

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

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

	2001	2000
Goodwill	\$ 68,830	\$ 69,546
Patents, trademarks and other	4,275	4,122
	73,105	73,668
Less accumulated amortization	17,817	15,802
	\$ 55,288	\$ 57,866

Impairment of Long-Lived Assets

The Company annually assesses the recoverability of property, plant and equipment and intangible assets, primarily by determining whether the depreciation and amortization of the balance over its remaining life can be recovered through projected undiscounted future operating cash flows of the related businesses. The amount of impairment, if any, is measured primarily based on the deficiency of projected discounted future operating cash flows relative to the value of the assets, using a discount rate reflecting the Company's cost of capital, which currently approximates 10%. In 2001, the Company recognized a \$2.5 million write-down for impaired goodwill related to the Airguide brand in the Motors business.

Income Taxes

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

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

Federal and state income taxes are provided on foreign subsidiary income distributed to, or taxable in, the United States during the year. At September 28, 2001, net undistributed earnings of foreign subsidiaries total approximately \$63,200. 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. Pension obligations, which are generally based on compensation and years of service, are funded by payments to pension fund trustees. The Company's policy is generally to fund the minimum amount required under the Employee Retirement Income Security Act of 1974 for plans subject thereto. Profit sharing and other retirement costs are funded at least annually.

Foreign Operations and Derivative Financial Instruments

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

The Company operates internationally, which gives rise to exposure to market risk from movements in foreign currency exchange rates. To minimize the effect of fluctuating foreign currencies on its income, the Company enters into foreign currency forward contracts. 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.

The contracts are used to hedge known foreign currency transactions on a continuing basis for periods consistent with the Company's exposures. Beginning September 30, 2000 upon the adoption of SFAS 133, Accounting for Derivative Instruments and Hedging Activities, as amended by SFAS 137, Accounting for Derivative Instruments and Hedging Activities - Deferral of the Effective Date of SFAS Statement No. 133 and SFAS 138, Accounting for Certain Derivative Instruments and Certain Hedging Activities, the effective portion of the gain or loss on the foreign currency forward contract is reported as a component of other comprehensive income and reclassified into earnings in the same period during which the hedged transaction affects earnings. The remaining gain or loss on the futures contract, if any, is recognized in current earnings during the period of changes. Adoption of these new accounting standards resulted in a cumulative after-tax gain of approximately \$1.8 million and an accumulated other comprehensive loss of approximately \$3.0 million in the first quarter of fiscal 2001.

At September 28, 2001, foreign currency contracts with contractual amounts totaling approximately \$6,500 are in place, hedging existing and anticipated transactions. The contracts, which are executed with major financial institutions, generally mature within one year with no credit loss anticipated for failure of the counterparties to perform. At September 28, 2001, the fair value of these instruments is approximately \$200 greater than the contractual amount.

Revenue Recognition

Revenue from sales is recognized when all substantial risk of ownership transfers to the customer, which is generally upon shipment of products. Estimated costs of returns and allowances are accrued when revenue is recognized.

Advertising

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

Advertising expense attributable to continuing operations in 2001, 2000 and 1999 totaled \$18,282, \$18,435 and \$16,258, respectively. Capitalized costs attributable to continuing operations at September 28, 2001 and September 29, 2000 totaled \$1,653 and \$1,360, respectively, and primarily include catalogs and costs of advertising which has not yet run for the first time.

Shipping and Handling Costs

In July 2000, the Emerging Issues Task Force (EITF) reached a consensus on Issue 00-10, Accounting for Shipping and Handling Fees and Costs. EITF 00-10 requires companies to classify as revenues shipping and handling fees billed to customers. Previously, shipping revenues and shipping expenses were included in marketing and selling expenses. All periods presented in the Consolidated Statements of Operations have been reclassified to conform to

the current year presentation. The adoption of this statement increased net sales and marketing and selling expenses by \$7,114, \$7,601 and \$5,104 for 2001, 2000 and 1999, respectively.

Shipping and handling expense attributable to continuing operations included in marketing and selling expense was \$12,821, \$13,007 and \$9,525 for 2001, 2000 and 1999, respectively.

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 Company's practice is to issue options with an exercise price equal to the fair market value on the date of the 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 2001, the FASB issued SFAS No. 142 Goodwill and Other Intangibles (SFAS 142). SFAS 142 addresses financial accounting and reporting for goodwill and other intangible assets subsequent to their acquisition. Upon adoption of SFAS 142, goodwill will no longer be subject to amortization over its estimated useful life. Rather, goodwill will be subject to at least an annual assessment for impairment by applying a fair-value-based test. Other intangible assets will be required to be separately recognized if the benefit of the intangible asset can be sold, transferred, licensed, rented, or exchanged. Amortization of these intangibles over their useful lives is required. The Company has elected to adopt SFAS 142 as of the beginning of fiscal 2002. The Company is currently assessing the impact of adopting SFAS 142 and believes, excluding impairments, net income for fiscal year 2002 will be increased, since goodwill is no longer subject to amortization, by approximately \$2,500.

In August 2001, the FASB issued SFAS No. 144, Accounting for Impairment or Disposal of Long-Lived Assets (SFAS 144). SFAS 144 establishes a single accounting model for long-lived assets to be disposed of by sale and provides additional implementation guidance for assets to be held and used and assets to be disposed of other than by sale. There will be no financial implication related to the adoption of SFAS 144, and the guidance will be applied on a prospective basis. The company is required to adopt SFAS 144 in the first quarter of fiscal 2003.

Reclassifications

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

2 STRATEGIC CHARGES

In 2001, 2000 and 1999, the Company recorded strategic charges totaling \$1,448, \$2,369 and \$2,773, respectively.

In 2001 strategic charges included severance, moving and other exit costs related primarily to the closure and relocation of manufacturing facilities in the Watercraft business. Severance costs included in the strategic charges totaled \$660 and approximately 88 employees were impacted by these actions. Unexpended funds at year end related to these actions were approximately \$1,020.

In 2000 strategic charges included severance, moving and other exit costs related primarily to the closure and relocation of a manufacturing facility in the Motors business. Severance costs included in the strategic charges totaled \$1,469 and approximately 95 employees were impacted by these actions. There are no unexpended funds related to this action as of the end of 2001.

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

approximately 30 employees were impacted. There are no unexpended funds related to this action as of the end of 2001.

3 ACQUISITIONS

During 2001, the Company completed the acquisition of two small businesses which manufacture paddles and marine accessories. The initial purchase price, including direct expenses, for the acquisitions was approximately \$600, of which approximately \$420 was recorded as intangible assets and is being amortized over 25 years.

During 2000, the Company completed the acquisition of the common stock of Pacific Kayak Ltd., a manufacturer of sit-on-top and sea touring kayaks located in Auckland, New Zealand. The initial purchase price, including direct expenses, for the acquisition was approximately \$962, of which approximately \$584 was recorded as intangible assets and is being amortized over 25 years. An additional payment of approximately \$70 was earned in 2001 based upon achievement of specified levels of sales of the acquired business.

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

Also during 1999, the Company completed the acquisition of substantially all of the assets and the assumption of certain liabilities of Escape Sailboat Company LLC, a privately held manufacturer and marketer of recreational sailboats. The initial purchase price, including direct expenses, for the acquisition was approximately \$4,800, of which approximately \$3,100 was recorded as intangible assets and is being amortized over 25 years.

In December 1998, the Company completed the acquisition of substantially all of the assets and the assumption of certain liabilities of True North Paddle & Necky Kayaks Ltd., a privately held manufacturer and marketer of Necky kayaks, and an affiliated entity. The initial purchase price, including direct expenses, for the acquisition was approximately \$5,700, of which approximately \$3,200 was recorded as intangible assets and is being amortized over 25 years. Additional payments of approximately \$170 and \$600 were earned in 2000 and 1999, respectively. Additional payments in the years 2002 and 2003 are dependent upon the achievement of specified levels of sales and profitability of the acquired business.

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

4 Sale of Fishing Business

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

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

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

	2001	2000
Commercial paper and bank loans	\$ 49,643	\$ 53,434
Current maturities of long-term debt	13,342	6,028
Less short-term debt to be refinanced	50,000	--
	\$ 12,985	\$ 59,462

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 5.8% and 7.6% at September 28, 2001 and September 29, 2000, respectively. The Company's primary facility is a \$70,000 revolving credit agreement expiring in 2004, which includes a maximum amount of \$30,000 in support of commercial paper issuance. The Company has lines of credit, both foreign and domestic, totaling \$92,500 of which \$33,825 is available at September 28, 2001. 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:

	2001	2000
1998 senior notes	\$ 18,800	\$ 16,176
1996 senior notes	23,700	29,700
Short-term debt to be refinanced	50,000	--
Other long-term notes, maturing through January 2002	5,392	6,009
	97,892	51,885
Less current maturities	13,342	6,028
	\$ 84,550	\$ 45,857

In December 2001, subsequent to the end of the 2001 fiscal year, the Company issued unsecured notes totaling \$50,000 with an interest rate of 7.82%. The senior notes have annual principal payments of \$10,000 beginning December 13, 2004 with a final payment due December 13, 2008. Proceeds from the issuance of the senior notes were used to reduce outstanding indebtedness under the Company's primary revolving credit facility. Outstanding short-term debt totaling \$50,000 at September 28, 2001 is classified as long-term in anticipation of refinancing with the proceeds of the senior notes.

In 1998, the Company issued unsecured senior notes totaling \$25,000 with an interest rate of 7.15%. Simultaneous with the commitment of the 1998 senior notes, the Company executed a foreign currency swap, denominating in Swiss francs all principal and interest payments required under the 1998 senior notes. The effective interest rate paid on the 1998 senior notes as a result of the currency swap was 4.32%. The Company terminated the currency swap in December 2000. A portion of the proceeds from the divestiture of the Fishing business was used to make an unscheduled principal payment of \$5,335 in March 2000. The 1998 senior notes have annual principal payments of \$2,000 to \$7,000 beginning October 2001 with a final payment due October 2007.

The Company financed a portion of the initial purchase price for the common stock of Uwatec AG in 1997 with a note from the sellers. Interest on the deferred amount is payable annually at 6%. This obligation is denominated in Swiss francs. The outstanding balance of \$5,214 is due in 2002. A corresponding amount of the Company's primary revolving credit facility is reserved in support of this obligation through issuance of a letter of credit.

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

Aggregate scheduled maturities of long-term debt in each of the five years ending September 2006 are as follows:

Year	
2002	\$13,342
2003	8,050
2004	9,500
2005	15,700
2006	13,500
Thereafter	37,800

Interest paid was \$9,178, \$10,471 and \$9,740 for 2001, 2000 and 1999, respectively.

Based on the borrowing rates currently available to the Company for debt with similar terms and average maturities, the fair value of the Company's long-term debt as of September 28, 2001 and September 29, 2000 is approximately \$98,300 and \$53,000, respectively. The carrying value of all other financial instruments approximates the fair value.

Certain of the Company's loan agreements require that Samuel C. Johnson, members of his family and related entities (hereinafter the Johnson Family) continue to own stock having votes sufficient to elect a 51% majority of the directors. At September 28, 2001, the Johnson Family held approximately 3,380,000 shares or 49% of the Class A common stock, approximately 1,168,000 shares or 96% of the Class B common stock and approximately 78% of the voting power of both classes of common stock taken as a whole. The agreements also contain restrictive covenants regarding the Company's net worth, indebtedness, fixed charge coverage and distribution of earnings. The Company is in compliance with the restrictive covenants of such agreements, as amended from time to time.

6 Leases and Other Commitments

The Company leases certain operating facilities and machinery and equipment under long-term, noncancelable operating leases. Future minimum rental commitments under noncancelable operating leases attributable to continuing operations having an initial term in excess of one year at September 28, 2001 are as follows:

Year	
2002	\$5,600
2003	3,800
2004	2,600
2005	2,200
2006	2,100
Thereafter	7,600

Rental expense attributable to continuing operations under all leases was approximately \$6,739, \$6,727 and \$6,438 for 2001, 2000 and 1999, respectively.

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

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

	2001	2000	1999
Current:			
Federal	\$ --	\$ 17	\$ 34
State	101	490	683
Foreign	5,301	6,572	3,489
Deferred	(2,922)	(374)	(48)
	\$ 2,480	\$ 6,705	\$ 4,158

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

	2001	2000	1999
Deferred tax expense (benefit) (exclusive of effects of other components listed below)	\$ (3,185)	\$ (822)	\$ 89
Increase (decrease) in beginning of the year balance of the valuation allowance for deferred tax assets	263	448	(137)
	\$ (2,922)	\$ (374)	\$ (48)

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

	2001	2000
Deferred tax assets:		
Inventories	\$ 2,089	\$ 1,966
Compensation	2,978	3,502
Foreign tax credit carryforwards	3,761	3,791
Net operating loss carryforwards	21,562	16,808
Other	5,138	5,869
Total gross deferred tax assets	35,528	31,936
Less valuation allowance	8,046	7,783
	27,482	24,153
Deferred tax liabilities:		
Foreign statutory reserves	1,867	1,952
Goodwill and other intangibles	769	277
Total deferred tax liabilities	2,636	2,229
Net deferred tax asset	\$ 24,846	\$ 21,924

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

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

	2001	2000	1999
United States	\$ (5,719)	\$ (1,436)	\$ (1,269)
Foreign	11,809	16,516	11,288
	\$ 6,090	\$ 15,080	\$ 10,019

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

	2001	2000	1999
Statutory U.S. federal income tax rate	34.0%	34.0%	34.0%
State income taxes, net of federal income tax benefit	0.9	3.8	0.7
Foreign rate differential	1.3	1.4	5.1
Change in beginning of year valuation allowance	4.3	3.0	--
Foreign operating losses	--	0.6	1.9
Other	0.2	1.7	(0.2)
	40.7%	44.5%	41.5%

At September 28, 2001, the Company has \$3,761 of foreign tax credit carryforwards available to be offset against future U.S. tax liability. The credits expire in 2002 through 2007 if not utilized. These carryforwards have been fully reserved for in the valuation allowance.

At September 28, 2001, the Company has a U.S. federal operating loss carryforward of \$40,542 and various state net operating loss carryforwards. During 2001, 2000 and 1999, foreign net operating loss carryforwards were utilized, resulting in a reduction in income tax expense of \$32, \$152 and \$137, respectively. In addition, certain of the Company's foreign subsidiaries have net operating loss carryforwards totaling \$3,120. These amounts are available to offset future taxable income over the next 14 to 20 years and are anticipated to be utilized during this period.

Taxes paid attributable to continuing operations were \$4,337, \$9,935 and \$6,648 for 2001, 2000 and 1999, respectively.

8 EMPLOYEE BENEFITS

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

	2001	2000	1999
Service cost	\$ 343	\$ 315	\$ 273
Interest on projected benefit obligation	792	763	713
Less return on plan assets	631	592	558
Amortization of unrecognized:			
Net loss	1	4	4
Prior service cost	26	26	26
Transition asset	(80)	(81)	(81)
Net amount recognized	\$ 451	\$ 435	\$ 377

The following provides a reconciliation of the changes in the plans benefit obligation and fair value of assets for 2001 and 2000 and a statement of the funded status at the end of each year:

	2001	2000
Benefit obligation:		
Benefit obligation at beginning of year	\$ 10,332	\$ 9,604
Service cost	343	315
Interest cost	792	763
Actuarial (gain) loss	1,094	259
Benefits paid	(632)	(609)
Benefit obligation at end of year	\$ 11,929	\$ 10,332
Fair value of plan assets:		
Fair value of plan assets at beginning of year	\$ 8,620	\$ 8,070
Actual return on plan assets	(582)	888
Company contributions	278	271
Benefits paid	(632)	(609)
Fair value of plan assets at end of year	\$ 7,684	\$ 8,620
Funded status:		
Funded status of the plan	\$ (4,245)	\$ (1,712)
Unrecognized net (gain) loss	2,084	80
Unrecognized prior service cost	123	148
Unrecognized transition asset	(211)	(291)
Net liability recognized	\$ (2,249)	\$ (1,775)

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

	2001	2000
Prepaid benefit cost	\$ --	\$ --
Accrued benefit liability	(2,249)	(1,775)
Net liability recognized	\$ (2,249)	\$ (1,775)

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

Actuarial assumptions used to determine the projected benefit obligation are as follows:

	2001	2000	1999
Discount rate	7.25%	8%	8%
Long-term rate of return	8	8	8
Average salary increase rate	5	5	5

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

9 PREFERRED STOCK

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

Common stock at the end of the respective years were as follows:

	2001	2000
Class A, \$.05 par value:		
Authorized	20,000,000	20,000,000
Outstanding	6,946,012	6,924,630
Class B, \$.05 par value:		
Authorized	3,000,000	3,000,000
Outstanding	1,222,729	1,222,729

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 2001, no shares of Class B common stock were converted into Class A common stock. During 2000 and 1999, respectively, 132 and 1,000 shares of Class B common stock were converted into Class A common stock.

11 STOCK OWNERSHIP PLANS

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

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

	Shares	Weighted Average Exercise Price
Outstanding at October 2, 1998	602,061	\$17.43
Granted	353,000	8.53
Cancelled	(176,224)	14.67
Outstanding at October 1, 1999	778,837	14.02
Granted	268,500	7.58
Cancelled	(95,107)	15.23
Outstanding at September 29, 2000	952,230	\$12.08
Granted	235,000	5.50
Cancelled	(100,435)	17.00
Outstanding at September 28, 2001	1,086,795	\$10.20

The range of options outstanding at September 28, 2001 is as follows:

Price Range per Share	Number of Options Outstanding/Exercisable	Weighted Average Exercise Price Outstanding/Exercisable	Weighted Average Remaining Contractual Life (in years)
\$ 5.31 - 11.50	820,999/331,461	\$ 7.47/\$8.59	8.20
\$12.94 - 17.50	156,222/156,222	\$ 16.59/\$16.59	5.75
\$18.63 - 24.38	109,574/109,574	\$ 21.54/\$21.54	2.92
	1,086,795/597,257	\$ 10.20/\$13.06	7.31

The weighted average fair market value of options granted during the year was \$2.18 in 2001, \$3.20 in 2000 and \$3.31 in 1999.

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:

	2001	2000	1999
Income from continuing operations	\$ 3,112	\$ 7,744	\$ 5,221
Diluted earnings per common share from continuing operations	\$ 0.38	\$ 0.95	\$ 0.64

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 2001, 2000 and 1999 13,382, 16,701, 13,722 shares, respectively, were issued under this plan.

12 RELATED PARTY Transactions

Various transactions are conducted between the Company and organizations controlled by the Johnson Family. These include consulting services, office rental, royalties and certain administrative activities. Total net costs of these transactions are \$546, \$542, \$474 for 2001, 2000 and 1999, respectively.

13 SEGMENTS OF BUSINESS

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

Net sales and operating profit include both sales to customers, as reported in the Company's consolidated statements of operations, and interunit transfers, which are priced to recover cost plus an appropriate profit margin. Identifiable assets represent assets that are used in the Company's operations in each business unit at the end of the years presented. There were no concentrations in revenue from a particular customer, product or geographic area in each of the years presented.

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

	2001	2000	1999
Net sales:			
Outdoor equipment:			
Unaffiliated customers	\$ 114,875	\$ 104,052	\$ 92,951
Interunit transfers	89	67	14
Watercraft:			
Unaffiliated customers	85,841	90,178	70,160
Interunit transfers	343	397	260
Diving:			
Unaffiliated customers	80,426	82,840	80,610
Interunit transfers	62	5	9
Motors:			
Unaffiliated customers	64,446	76,680	64,671
Interunit transfers	539	1,363	1,783
Other	49	1,139	1,806
Eliminations	(1,033)	(1,832)	(2,066)
	\$ 345,637	\$ 354,889	\$ 310,198
Operating profit (loss):			
Outdoor equipment	\$ 12,015	\$ 8,182	\$ 3,546
Watercraft	1,293	10,327	12,598
Diving	11,638	10,832	4,749
Motors	231	3,936	3,497
Other	(9,459)	(8,558)	(4,877)
	\$ 15,718	\$ 24,719	\$ 19,513
Identifiable assets:			
Outdoor equipment	\$ 49,027	\$ 49,512	
Watercraft	65,147	63,394	
Diving	85,393	87,818	
Motors	22,819	30,208	
Other	22,527	27,039	
	\$ 244,913	\$ 257,971	

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

	2001	2000	1999
Net sales:			
United States:			
Unaffiliated customers	\$ 228,491	\$ 239,079	\$ 195,461
Interarea transfers	5,828	6,540	6,622
Europe:			
Unaffiliated customers	89,995	88,567	90,772
Interarea transfers	7,267	7,800	6,510
Other			
Unaffiliated customers	27,151	27,243	23,965
Interarea transfers	7,170	7,863	5,495
Eliminations	(20,265)	(22,203)	(18,627)
	\$ 345,637	\$ 354,889	\$ 310,198
Identifiable assets:			
United States			
Unaffiliated customers	\$ 133,659	\$ 148,186	
Interarea transfers	94,490	91,684	
Europe			
Unaffiliated customers	16,764	18,101	
	\$ 244,913	\$ 257,971	

14 VALUATION AND QUALIFYING ACCOUNTS

The following summarizes changes to valuation and qualifying accounts:

	Balance at Beginning of Year	Additions Charged to Costs and Expenses	Reserves of Businesses Acquired or Sold	Less Deductions	Balance at End of Year
Year ended September 28, 2001:					
Allowance for doubtful accounts	\$ 3,895	\$ 2,460	\$ --	\$ 2,616	\$ 3,739
Reserves for inventory valuation	2,949	1,529	--	1,074	3,404
Year ended September 29, 2000					
Allowance for doubtful accounts	3,236	1,812	--	1,153	3,895
Reserves for inventory valuation	4,911	853	--	2,815	2,949
Year ended October 1, 1999:					
Allowance for doubtful accounts	2,153	2,161	14	1,092	3,236
Reserves for inventory valuation	5,196	801	--	1,086	4,911

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

15 EARNINGS PER SHARE

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

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

	2001	2000	1999
Income from continuing operations before cumulative effect of change in accounting principle for basic and diluted earnings per share	\$3,610	\$8,375	\$5,861
Weighted average shares outstanding	8,161,624	8,139,340	8,108,781
Less nonvested restricted stock	15,162	17,265	12,206
Basic average common shares	8,146,462	8,122,075	8,096,575
Dilutive stock options and restricted stock	23,227	8,208	11,653
Diluted average common shares	8,169,739	8,130,283	8,108,228
Basic earnings per common share from continuing operations before cumulative effect of change in accounting principle	\$0.66	\$1.03	\$0.72
Diluted earnings per common share from continuing operations before cumulative effect of change in accounting principle	\$0.66	\$1.03	\$0.72

16 LITIGATION

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

17 SUBSEQUENT EVENT

In November 2001, subsequent to the end of the 2001 fiscal year, the Company completed the sale and leaseback of their headquarters facility in Sturtevant, Wisconsin to an affiliated party. Proceeds from the sale were \$5.0 million.

The following summarizes quarterly operating results:

	First Quarter		Second Quarter		Third Quarter		Fourth Quarter	
	2001	2000	2001	2000	2001	2000	2001	2000
Net sales	\$ 58,750	\$ 57,299	\$ 98,719	\$ 98,734	\$ 113,927	\$ 116,662	\$ 74,241	\$ 82,194
Gross profit	23,324	23,010	39,358	41,101	46,552	47,996	27,469	30,706
Operating profit (loss)	(3,569)	139	6,595	9,584	13,000	13,912	(308)	1,084
Income (loss) from continuing operations before cumulative effect of change in accounting principle	(3,229)	(1,035)	2,203	3,896	6,283	5,958	(1,647)	(444)
Loss from discontinued operations	--	(940)	--	--	--	--	--	--
Loss on disposal of discontinued operations	--	(23,109)	--	(1,309)	--	--	--	--
Cumulative effect of change in accounting principle, net of tax	1,755	--	--	--	--	--	--	--
Net income (loss)	\$ (1,474)	\$ (25,084)	\$ 2,203	\$ 2,587	\$ 6,283	\$ 5,958	\$ (1,647)	\$ (444)
Basic earnings (loss) per common share:								
Continuing operations	\$ (0.40)	\$ (0.13)	\$ 0.27	\$ 0.48	\$ 0.77	\$ 0.73	\$ (0.20)	\$ (0.05)
Discontinued operations	--	(2.96)	--	(0.16)	--	--	--	--
Cumulative effect of change in accounting principle, net of tax	0.22	--	--	--	--	--	--	--
Net income (loss)	\$ (0.18)	\$ (3.09)	\$ 0.27	\$ 0.32	\$ 0.77	\$ 0.73	\$ (0.20)	\$ (0.05)
Diluted earnings (loss) per common share:								
Continuing operations	\$ (0.40)	\$ (0.13)	\$ 0.27	\$ 0.48	\$ 0.77	\$ 0.73	\$ (0.20)	\$ (0.05)
Discontinued operations	--	(2.96)	--	(0.16)	--	--	--	--
Cumulative effect of change in accounting principle, net of tax	0.22	--	--	--	--	--	--	--
Net income (loss)	\$ (0.18)	\$ (3.09)	\$ 0.27	\$ 0.32	\$ 0.77	\$ 0.73	\$ (0.20)	\$ (0.05)

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JOHNSON OUTDOORS INC.

FIFTH AMENDMENT AND WAIVER TO NOTE AGREEMENTS

Dated as of December 13, 2001

Re:

Note Agreement dated as of October 1, 1995

and

\$30,000,000 7.77% Senior Notes, Series A, due October 15, 2005
\$15,000,000 6.98% Senior Notes, Series B, due October 15, 2005

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JOHNSON OUTDOORS INC.
1326 Willow Road
P.O. Box 901
Sturtevant, Wisconsin 53177-0901

FIFTH AMENDMENT AND WAIVER TO NOTE AGREEMENTS

Dated as of December 13, 2001

Re: Note Agreement dated as of October 1, 1995
and

\$30,000,000 7.77% Senior Notes, Series A, due October 15, 2005
\$15,000,000 6.98% Senior Notes, Series B, due October 15, 2005

To the Noteholders named in Schedule I hereto which are also signatories to this Fifth Amendment to the Note Agreements.

Ladies and Gentlemen:

Reference is made to the separate Note Agreements dated as of October 1, 1995, as amended by the First Amendment to Note Agreements dated as of October 31, 1996, the Second Amendment to Note Agreements dated as of September 30, 1997, the Third Amendment to Note Agreements dated as of October 3, 1997, and the Fourth Amendment to Note Agreements dated as of February 1, 2000 (the "Note Agreements"), between Johnson Outdoors Inc. (formerly known as Johnson Worldwide Associates Inc.), a Wisconsin corporation (the "Company"), and the Purchasers named therein, under and pursuant to which (i) \$30,000,000 7.77% Senior Notes, Series A, due October 15 and 2005 and (ii) \$15,000,000 6.98% Senior Notes, Series B, due October 15, 2005 (the "Notes") of the Company were originally issued. Terms used but not otherwise defined herein shall have the meanings set forth in the Note Agreements.

The Company hereby requests that you accept the waivers and amendments set forth in this Fifth Amendment and Waiver to Note Agreements (the "Fifth Amendment to Note Agreements") in the manner herein provided:

ARTICLE 1

WAIVER OF NOTE AGREEMENTS

Section 1.1. Waiver of Default under Section 5.6(b). Pursuant to that certain Three Year Revolving Credit Agreement dated as of August 31, 2001 between the Company and the financial institutions named therein (the "Bank Credit Agreement"), certain Subsidiaries of the Company entered into guaranties of Indebtedness outstanding under the Bank Credit Agreement.

The amount of Indebtedness outstanding under the Bank Credit Agreement exceeds the aggregate principal amount of Indebtedness which is permitted to be outstanding in respect of Restricted Subsidiaries of the Company under and pursuant to Section 5.6(b) of the Note Agreements. The Noteholders hereby waive any Default or Event of Default which shall exist, or shall have existed, under Sections 5.6(b) and 6.1(f) of the Note Agreements during the period beginning on August 31, 2001 to and including the date hereof solely on account of such guaranties under the Bank Credit Agreement.

ARTICLE 2

AMENDMENT OF NOTE AGREEMENTS

Section 2.1. Amendment of Section 1. Section 1 of the Note Agreements shall be and is hereby amended by the addition thereto of a new Section 1.4 to read as follows:

Section 1.4. Subsidiary Guaranty. The payment by the Company of all amounts due with respect to the Notes and the performance by the Company of its obligations under this Agreement will be absolutely and unconditionally guaranteed by the Subsidiary Guarantors pursuant to the Subsidiary Guaranty (the "Subsidiary Guaranty"), which shall be in substantially the form attached hereto as Exhibit E.

Payments under the Subsidiary Guaranties shall be subject to the terms of an Intercreditor Agreement dated as of December 13, 2001 (the "Intercreditor Agreement") which shall be in substantially the form attached hereto as Exhibit F among the Purchaser, the banks which are parties to the Bank Credit Agreement and certain other creditors of the Company which are beneficiaries of Guaranties by Subsidiary Guarantors.

Section 2.2. Amendment to Section 5.6(b). Section 5.6(b) of the Note Agreements shall be and is hereby amended in its entirety so that the same shall read as follows:

(b) The Company will not at any time permit the sum of (i) Current Debt and Funded Debt of Restricted Subsidiaries (other than Current Debt and Funded Debt owed to the Company or an Eighty Percent-Owned Restricted Subsidiary and Excluded Subsidiary Obligations), plus (ii) Funded Debt of the Company and Restricted Subsidiaries secured by Liens permitted by ss.5.7(a)(9) to exceed 25% of Consolidated Tangible Assets.

Section 2.3. Amendment of Section 5.6. Section 5.6 of the Note Agreement shall be and is hereby amended by the addition thereto of two new subsections 5.6(f) and 5.6(g) to read as follows:

(f) The Company will not at any time permit Indebtedness of Foreign Subsidiaries outstanding pursuant to the Bank Credit Agreement to exceed 10.5% of Consolidated Tangible Assets.

(g) The Company will not permit any Restricted Subsidiary to become a direct borrower, co-obligor or guarantor under the Bank Credit Agreement; provided that (i) Foreign Subsidiaries may become direct borrowers under the Bank Credit Agreement within the limitations of this ss.5.6, and (ii) subject to ss.5.17, Subsidiary Guarantors may be obligated on the subsidiary guaranties under the Bank Credit Agreement.

Section 2.4. Amendment to Section 5.16(e). The proviso beginning in the third to the last line of Section 5.16(e) of the Note Agreement shall be and is hereby amended in its entirety so that the same shall read as follows:

provided further, that such certificates as are delivered with respect to (i) the period provided for in paragraph (b) above, shall include a list of any changes in Restricted Subsidiaries as at the end of such period, and (ii) the periods provided for in paragraphs (a) and (b) above shall set forth for each Restricted Subsidiary, the amount of Indebtedness of such Restricted Subsidiary outstanding at the end of such period together with a brief description of such Indebtedness.

Section 2.5. Amendment to Section 5. Section 5 of the Note Agreements shall be and is hereby amended by the addition thereto of a new Section 5.17 to read as follows:

Section 5.17. Subsidiary Guaranty. The Company will cause each Subsidiary which is, or becomes, a guarantor of Indebtedness under the Bank Credit Agreement (excluding any Foreign Subsidiary which borrows amounts denominated in its local currency (and Guaranties of such borrowings by other Foreign Subsidiaries)) to be a party to the Subsidiary Guaranty. In the case of any such Subsidiary which becomes a guarantor under the Bank Credit Agreement after the date of the Closing, concurrently with such Subsidiary becoming a guarantor under the Bank Credit Agreement, the Company will deliver to each holder of the Notes the following items:

(i) a joinder agreement in respect of the Subsidiary Guaranty which shall have been duly executed by such Subsidiary;

(ii) a certificate signed by the President, a Vice President or another authorized Responsible Officer of the Company making representations and warranties to the effect of those contained in Paragraphs 10 and 12 of Exhibit B, with respect to such Subsidiary and the Subsidiary Guaranty, as applicable; and

(iii) an opinion of counsel (who may be in-house counsel for the Company) addressed to each of the holders of the Notes satisfactory to the holders of a majority in principal amount of the Notes outstanding at the time, to the effect that the joinder to the Subsidiary Guaranty has been duly authorized, executed and delivered by such Subsidiary and that the Subsidiary Guaranty constitutes the legal, valid and binding contract and agreement of such Subsidiary Guarantor enforceable in accordance with its terms, except as an enforcement of such terms may be limited by bankruptcy, insolvency, fraudulent conveyance and similar laws affecting the enforcement of creditors' rights generally and by general equitable principles.

Section 2.6. Amendment to Section 5. Section 5 of the Note Agreement shall be and is hereby amended by the addition thereto of a new subsection 5.18 to read as follows:

Section 5.18. Restrictions on Subsidiaries. The Company will not, and will not permit any Restricted Subsidiary to, agree to or otherwise permit to exist any contractual limitation on the payment of dividends or other distributions to the Company.

Section 2.7. Amendment to Section 6.1. Section 6.1 of the Note Agreements shall be and is hereby amended by changing paragraphs "(i)", "(j)" and "(k)" of Section 6.1 to read as paragraphs "(j)", "(k)" and "(l)" respectively and by the addition of a new paragraph (i) to read as follows:

(i) the Subsidiary Guaranty ceases to be in full force and effect or any Subsidiary Guarantor shall contest or deny in writing the validity or enforceability of any of its obligations under the Subsidiary Guaranty; or

Section 2.8. Amendment to Section 6.3. Section 6.3 of the Note Agreements shall be and is hereby amended by (a) changing the reference to paragraph "(i)" in the third line of such Section 6.3 to read as paragraph "(j)" and (b) changing the reference to "paragraph (j) or (k)" in the tenth line of such Section 6.3 to read as "paragraph (k) or (l)."

Section 2.9. Amendment to Section 6.4. Section 6.4 of the Note Agreements shall be and is hereby amended by changing the reference to paragraph "(i)" in the fourth line of such Section 6.4 to read as paragraph "(j)."

Section 2.10. Amendment to Section 8.1. The definition of Funded Debt in Section 8.1 of the Note Agreements shall be and is hereby amended by the addition thereto of the following sentence to read as follows:

For purposes of any determination of under this Agreement, revolving credit Indebtedness under the Bank Credit Agreement shall not be deemed to be Funded Debt except to the extent that such Indebtedness shall be included in the Average Outstanding Balance of Consolidated Current Debt determined in accordance with ss.5.6.

Section 2.11. New Definitions in Section 8.1. Section 8.1 to the Note Agreements shall be and is hereby amended to include the following new definitions in alphabetical order:

"Bank Credit Agreement" means that certain Three Year Revolving Credit Agreement dated as of August 31, 2001, by and among the Company, and the financial institutions named therein, as amended, supplemented, renewed or restated and any replacement facility which constitutes the primary bank credit facility of the Company.

"Excluded Subsidiary Obligations" shall mean (a) the Subsidiary Guaranty and any other Guaranty of Indebtedness of the Company or another Restricted Subsidiary by a Subsidiary Guarantor, and (b) obligations of a Subsidiary Guarantor as co-obligor with the Company or another Restricted Subsidiary on Indebtedness under note agreements, loan agreements or credit agreements (other than the Bank Credit Agreement); provided that each creditor which is the beneficiary of any such Guaranty or which is a party to any such note agreement, loan agreement or credit agreement (or an agent acting on its behalf) shall have become a party to the Intercreditor Agreement.

"Foreign Subsidiary" means any Subsidiary of the Company organized under the laws of a jurisdiction other than the United States or any jurisdiction thereof.

"Intercreditor Agreement" is defined in ss.1.4.

"Responsible Officer" means any Senior Financial Officer and any other officer of the Company with responsibility for the administration of the relevant portion of this Agreement.

"Senior Financial Officer" means the chief financial officer, principal accounting officer, treasurer or comptroller of the Company.

"Subsidiary Guarantor" means each of the domestic Subsidiaries of the Company on the date of this Agreement and each other Subsidiary of the Company that subsequent to the date of this Agreement becomes a party to the Subsidiary Guaranty in accordance with ss.5.17 of this Agreement.

"Subsidiary Guaranty" is defined in ss.1.4.

ARTICLE 3

WARRANTIES AND REPRESENTATIONS

The Company represents and warrants that as of the date hereof:

Section 3.1. Fifth Amendment to Note Agreements is Legal and Authorized. (a) The execution and delivery of the Fifth Amendment to Note Agreements by the Company and compliance by the Company with all of the provisions of the Note Agreements, as amended by the Fifth Amendment to Note Agreements--

(i) is within the corporate powers of the Company; and

(ii) will not violate any provisions of any law or any order of any court or governmental authority or agency and will not conflict with or result in any breach of any of the terms, conditions or provisions of, or constitute a default under the Articles of Incorporation or By-laws of the Company or any indenture or other agreement or instrument to which the Company is a party or by which it may be bound or result in the imposition of any Liens or encumbrances on any property of the Company.

(b) The execution and delivery of the Fifth Amendment to Note Agreements has been duly authorized by proper corporate action on the part of the Company (no action by the stockholders of the Company being required by law, by the Articles of Incorporation or By-laws of the Company or otherwise); and the Fifth Amendment to Note Agreements has been executed and delivered by the Company and the Note Agreements, as amended by the Fifth Amendment to Note Agreements, constitutes the legal, valid and binding obligation, contract and agreement of the Company enforceable in accordance with its terms.

Section 3.2. No Defaults. Upon the effectiveness of this Fifth Amendment to Note Agreements, no Default or Event of Default shall exist or be continuing.

ARTICLE 4

MISCELLANEOUS

Section 4.1. Ratification of Note Agreements. Except as herein expressly amended, each of the Note Agreements is in all respects ratified and confirmed. If and to the extent that any of the terms or provisions of the Note Agreements is in conflict or inconsistent with any of the terms or provisions of this Fifth Amendment to Note Agreements, this Fifth Amendment to Note Agreements shall govern.

Section 4.2. No Legend Required. References in the Note Agreements or in any Note, certificate, instrument or other document to the Note Agreements shall be deemed to be references to the Note Agreements as amended hereby and as further amended from time to time.

Section 4.3. Successors and Assigns. This Fifth Amendment to Note Agreements shall be binding upon the Company and its successors and assigns and shall inure to the benefit of the Noteholders and to the benefit of the Noteholders' successors and assigns, including each successive holder or holders of any Notes.

Section 4.4. Requisite Approval; Expenses. This Fifth Amendment to Note Agreements shall not be effective until (a) the Company and the holders of at least 70% in aggregate principal amount of the outstanding Notes shall have executed this Fifth Amendment to Note Agreements, (b) the Noteholders shall have received opinions of Foley & Lardner, counsel for the Company, in form and substance satisfactory to each of the Noteholders covering the matters set forth in Exhibit A and covering such other matters incident to the transactions contemplated hereby as the Noteholders or their counsel may reasonably request, (c) the Company shall have delivered to the Noteholders an Officer's Certificate making representations and warranties to the effect of those contained in Paragraphs 10 and 12 of Exhibit B to the Note Agreements, with respect to the Subsidiary Guarantors and the Subsidiary Guaranty, (d) each Subsidiary Guarantor of the Company shall have executed and delivered to the Noteholders a counterpart of the Subsidiary Guaranty, (e) the Second Amendment and Waiver to that certain Note Agreement dated as of September 15, 1997 shall have been executed and delivered in substantially the same form as this Fifth Amendment to Note Agreements, (f) the Intercreditor Agreement shall have been executed and delivered by the Noteholders, the banks which are parties to the Bank Credit Agreement and certain other creditors of the Company which are beneficiaries of Guaranties by Subsidiary Guarantors, and (g) the Company shall have paid all out-of-pocket expenses incurred by the Noteholders in connection with the consummation of the transactions contemplated by this Fifth Amendment to Note Agreements, including, without limitation, the fees, expenses and disbursements of Chapman and Cutler which are reflected in statements of such counsel rendered on or prior to the effective date of this Fifth Amendment to Note Agreements.

Section 4.5. Table of Contents. The Table of Contents of the Note Agreements shall be and is hereby amended to reflect the changes made to section title headings herein.

Section 4.6. Counterparts. This Fifth Amendment to Note Agreements may be executed in any number of counterparts, each executed counterpart constituting an original but all together only one agreement.

Section 4.7. Governing Law. The Note Agreements as amended by this Fifth Amendment to Note Agreements and the Notes shall be governed by and construed in accordance with Wisconsin law, including all matters of construction, validity and performance.

IN WITNESS WHEREOF, the Company has executed this Fifth Amendment to Note Agreements as of the day and year first above written.

JOHNSON OUTDOORS INC.

By /s/ Wade T. Neuharth

Wade T. Neuharth
Its Treasurer

This Fifth Amendment to Note Agreements is accepted and agreed to as of the day and year first above written.

NATIONWIDE LIFE INSURANCE COMPANY

By /s/ Mark W. Poeppelman

Mark W. Poeppelman
Its Associate Vice President

This Fifth Amendment to Note Agreement is accepted and agreed to as of the day and year first above written.

GREAT-WEST LIFE & ANNUITY INSURANCE
COMPANY

By /s/ Wayne T. Hoffmann

Wayne T. Hoffmann
Its Senior Vice President
Investments

By /s/ James G. Lowery

James G. Lowery
Its Assistant Vice President
Investments

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JOHNSON OUTDOORS INC.

SECOND AMENDMENT AND WAIVER TO NOTE AGREEMENT

Dated as of December 13, 2001

Re:

Note Agreement dated as of September 15, 1997

and

\$25,000,000 7.15% Senior Notes, due October 15, 2007

=====

JOHNSON OUTDOORS INC.
1326 Willow Road
P.O. Box 901
Sturtevant, Wisconsin 53177-0901

SECOND AMENDMENT AND WAIVER TO NOTE AGREEMENT

Dated as of December 13, 2001

Re: Note Agreement dated as of September 15, 1997
and
\$25,000,000 7.15% Senior Notes due October 15, 2007

To The Northwestern Mutual
Life Insurance Company
720 East Wisconsin Avenue
Milwaukee, Wisconsin 53202

Ladies and Gentlemen:

Reference is made to the Note Agreement dated as of September 15, 1997, as amended by the First Amendment to Note Agreement dated as of February 1, 2000 (the "Note Agreement"), between Johnson Outdoors Inc. (formerly known as Johnson Worldwide Associates Inc.), a Wisconsin corporation (the "Company"), and you, under and pursuant to which \$25,000,000 7.15% Senior Notes due October 15, 2007 (the "Notes") of the Company were originally issued. Terms used but not otherwise defined herein shall have the meanings set forth in the Note Agreement.

The Company hereby requests that you accept the waivers and amendments set forth in this Second Amendment and Waiver to Note Agreement (the "Second Amendment to Note Agreement") in the manner herein provided:

ARTICLE 1.

WAIVER OF NOTE AGREEMENTS

Section 1.1. Waiver of Default under Section 5.6(b). Pursuant to that certain Three Year Revolving Credit Agreement dated as of August 31, 2001 between the Company and the financial institutions named therein (the "Bank Credit Agreement"), certain Subsidiaries of the Company entered into guaranties of Indebtedness outstanding under the Bank Credit Agreement. The amount of Indebtedness outstanding under the Bank Credit Agreement exceeds the aggregate principal amount of Indebtedness which is permitted to be outstanding in respect of Restricted Subsidiaries of the Company under and pursuant to Section 5.6(b) of the Note Agreement. The Noteholder first named above hereby waives any Default or Event of Default which shall exist, or shall have existed, under Sections 5.6(b) and 6.1(f) of the Note Agreement

during the period beginning on August 31, 2001 to and including the date hereof solely on account of such guaranties under the Bank Credit Agreement.

ARTICLE 2.

AMENDMENT OF NOTE AGREEMENT

Section 2.1. Amendment of Section 1. Section 1 of the Note Agreement shall be and is hereby amended by the addition thereto of a new Section 1.3 to read as follows:

Section 1.3. Subsidiary Guaranty. The payment by the Company of all amounts due with respect to the Notes and the performance by the Company of its obligations under this Agreement will be absolutely and unconditionally guaranteed by the Subsidiary Guarantors pursuant to the Subsidiary Guaranty (the "Subsidiary Guaranty"), which shall be in substantially the form attached hereto as Exhibit E.

Payments under the Subsidiary Guaranties shall be subject to the terms of an Intercreditor Agreement dated as of December 13, 2001 (the "Intercreditor Agreement") which shall be in substantially the form attached hereto as Exhibit F among the Purchaser, the banks which are parties to the Bank Credit Agreement and certain other creditors of the Company which are beneficiaries of Guaranties by Subsidiary Guarantors.

Section 2.2. Amendment to Section 5.6(b). Section 5.6(b) of the Note Agreement shall be and is hereby amended in its entirety so that the same shall read as follows:

(b) The Company will not at any time permit the sum of (i) Current Debt and Funded Debt of Restricted Subsidiaries (other than Current Debt and Funded Debt owed to the Company or an Eighty Percent-Owned Restricted Subsidiary and Excluded Subsidiary Obligations), plus (ii) Funded Debt of the Company and Restricted Subsidiaries secured by Liens permitted by ss.5.7(a)(9) to exceed 25% of Consolidated Tangible Assets.

Section 2.3. Amendment of Section 5.6. Section 5.6 of the Note Agreement shall be and is hereby amended by the addition thereto of two new subsections 5.6(f) and 5.6(g) to read as follows:

(f) The Company will not at any time permit Indebtedness of Foreign Subsidiaries outstanding pursuant to the Bank Credit Agreement to exceed 10.5% of Consolidated Tangible Assets.

(g) The Company will not permit any Restricted Subsidiary to become a direct borrower, co-obligor or guarantor under the Bank Credit Agreement; provided that (i) Foreign Subsidiaries may become direct borrowers under the Bank Credit Agreement within the limitations of this ss.5.6, and (ii) subject to ss.5.17, Subsidiary Guarantors may be obligated on the subsidiary guaranties under the Bank Credit Agreement.

Section 2.4. Amendment to Section 5.16(e). The proviso beginning in the third to the last line of Section 5.16(e) of the Note Agreement shall be and is hereby amended in its entirety so that the same shall read as follows:

provided further, that such certificates as are delivered with respect to (i) the period provided for in paragraph (b) above, shall include a list of any changes in Restricted Subsidiaries as at the end of such period, and (ii) the periods provided for in paragraphs (a) and (b) above shall set forth for each Restricted Subsidiary, the amount of Indebtedness of such Restricted Subsidiary outstanding at the end of such period together with a brief description of such Indebtedness.

Section 2.5. Amendment to Section 5. Section 5 of the Note Agreement shall be and is hereby amended by the addition thereto of a new Section 5.17 to read as follows:

Section 5.17. Subsidiary Guaranty. The Company will cause each Subsidiary which is, or becomes, a guarantor of Indebtedness under the Bank Credit Agreement (excluding any Foreign Subsidiary which borrows amounts denominated in its local currency (and Guaranties of such borrowings by other Foreign Subsidiaries)) to be a party to the Subsidiary Guaranty. In the case of any such Subsidiary which becomes a guarantor under the Bank Credit Agreement after the date of the Closing, concurrently with such Subsidiary becoming a guarantor under the Bank Credit Agreement, the Company will deliver to each holder of the Notes the following items:

(i) a joinder agreement in respect of the Subsidiary Guaranty which shall have been duly executed by such Subsidiary;

(ii) a certificate signed by the President, a Vice President or another authorized Responsible Officer of the Company making representations and warranties to the effect of those contained in Paragraphs 10 and 12 of Exhibit B, with respect to such Subsidiary and the Subsidiary Guaranty, as applicable; and

(iii) an opinion of counsel (who may be in-house counsel for the Company) addressed to each of the holders of the Notes satisfactory to the holders of a majority in principal amount of the Notes outstanding at the time, to the effect that the joinder to the Subsidiary Guaranty has been duly authorized, executed and delivered by such Subsidiary and that the Subsidiary Guaranty constitutes the legal, valid and binding contract and agreement of such Subsidiary Guarantor enforceable in accordance with its terms, except as an enforcement of such terms may be limited by bankruptcy, insolvency, fraudulent conveyance and similar laws affecting the enforcement of creditors' rights generally and by general equitable principles.

Section 2.6. Amendment to Section 5. Section 5 of the Note Agreement shall be and is hereby amended by the addition thereto of a new subsection 5.18 to read as follows:

Section 5.18. Restrictions on Subsidiaries. The Company will not, and will not permit any Restricted Subsidiary to, agree to or otherwise permit to exist any contractual limitation on the payment of dividends or other distributions to the Company.

Section 2.7. Amendment to Section 6.1. Section 6.1 of the Note Agreement shall be and is hereby amended by changing paragraphs "(i)", "(j)" and "(k)" of Section 6.1 to read as paragraphs "(j)", "(k)" and "(l)", respectively, and by the addition of a new paragraph (i), to read as follows:

(i) the Subsidiary Guaranty ceases to be in full force and effect or any Subsidiary Guarantor shall contest or deny in writing the validity or enforceability of any of its obligations under the Subsidiary Guaranty; or

Section 2.8. Amendment to Section 6.3. Section 6.3 of the Note Agreement shall be and is hereby amended by (a) changing the reference to paragraph "(i)" in the third line of such Section 6.3 to read as paragraph "(j)" and (b) changing the reference to "paragraph (j) or (k)" in the tenth line of such Section 6.3 to read as "paragraph (k) or (l)."

Section 2.9. Amendment to Section 6.4. Section 6.4 of the Note Agreement shall be and is hereby amended by changing the reference to paragraph "(i)" in the fourth line of such Section 6.4 to read as paragraph "(j)."

Section 2.10. Amendment to Section 8.1. The definition of Funded Debt in Section 8.1 of the Note Agreement shall be and is hereby amended by the addition thereto of the following sentence to read as follows:

For purposes of any determination of under this Agreement, revolving credit Indebtedness under the Bank Credit Agreement

shall not be deemed to be Funded Debt except to the extent that such Indebtedness shall be included in the Average Outstanding Balance of Consolidated Current Debt determined in accordance with ss.5.6.

Section 2.11. New Definitions in Section 8.1. Section 8.1 to the Note Agreement shall be and is hereby amended to include the following new definitions in alphabetical order:

"Bank Credit Agreement" means that certain Three Year Revolving Credit Agreement dated as of August 31, 2001, by and among the Company, and the financial institutions named therein, as amended, supplemented, renewed or restated and any replacement facility which constitutes the primary bank credit facility of the Company.

"Excluded Subsidiary Obligations" shall mean (a) the Subsidiary Guaranty and any other Guaranty of Indebtedness of the Company or another Restricted Subsidiary by a Subsidiary Guarantor, and (b) obligations of a Subsidiary Guarantor as co-obligor with the Company or another Restricted Subsidiary on Indebtedness under note agreements, loan agreements or credit agreements (other than the Bank Credit Agreement); provided that each creditor which is the beneficiary of any such Guaranty or which is a party to any such note agreement, loan agreement or credit agreement (or an agent acting on its behalf) shall have become a party to the Intercreditor Agreement.

"Foreign Subsidiary" means any Subsidiary of the Company organized under the laws of a jurisdiction other than the United States or any jurisdiction thereof.

"Intercreditor Agreement" is defined in ss.1.3.

"Responsible Officer" means any Senior Financial Officer and any other officer of the Company with responsibility for the administration of the relevant portion of this Agreement.

"Senior Financial Officer" means the chief financial officer, principal accounting officer, treasurer or comptroller of the Company.

"Subsidiary Guarantor" means each of the domestic Subsidiaries of the Company on the date of this Agreement and each other Subsidiary of the Company that subsequent to the date of this Agreement becomes a party to the Subsidiary Guaranty in accordance with ss.5.17 of this Agreement.

"Subsidiary Guaranty" is defined in ss.1.3.

ARTICLE 3.

WARRANTIES AND REPRESENTATIONS

The Company represents and warrants that as of the date hereof:

Section 3.1. Second Amendment to Note Agreement is Legal and Authorized. (a) The execution and delivery of the Second Amendment to Note Agreement by the Company and compliance by the Company with all of the provisions of the Note Agreement, as amended by the Second Amendment to Note Agreement--

(i) is within the corporate powers of the Company; and

(ii) will not violate any provisions of any law or any order of any court or governmental authority or agency and will not conflict with or result in any breach of any of the terms, conditions or provisions of, or constitute a default under the Articles of Incorporation or By-laws of the Company or any indenture or other agreement or instrument to which the Company is a party or by which it may be bound or result in the imposition of any Liens or encumbrances on any property of the Company.

(b) The execution and delivery of the Second Amendment to Note Agreement has been duly authorized by proper corporate action on the part of the Company (no action by the stockholders of the Company being required by law, by the Articles of Incorporation or By-laws of the Company or otherwise); and the Second Amendment to Note Agreement has been executed and delivered by the Company and the Note Agreement, as amended by the Second Amendment to Note Agreement, constitutes the legal, valid and binding obligation, contract and agreement of the Company enforceable in accordance with its terms.

Section 3.2. No Defaults. Upon the effectiveness of this Second Amendment to Note Agreement, no Default or Event of Default shall exist or be continuing.

ARTICLE 4.

MISCELLANEOUS

Section 4.1. Ratification of Note Agreement. Except as herein expressly amended, the Note Agreement is in all respects ratified and confirmed. If and to the extent that any of the terms or provisions of the Note Agreement is in conflict or inconsistent with any of the terms or provisions of this Second Amendment to Note Agreement, this Second Amendment to Note Agreement shall govern.

Section 4.2. No Legend Required. References in the Note Agreement or in any Note, certificate, instrument or other document to the Note Agreement shall be deemed to be references to the Note Agreement as amended hereby and as further amended from time to time.

Section 4.3. Successors and Assigns. This Second Amendment to Note Agreement shall be binding upon the Company and its successors and assigns and shall inure to the benefit of you and to the benefit of your successors and assigns, including each successive holder or holders of any Notes.

Section 4.4. Requisite Approval; Expenses. This Second Amendment to Note Agreement shall not be effective until (a) the Company and the holders of at least 70% in aggregate principal amount of outstanding Notes shall have executed this Second Amendment to Note Agreement, (b) you shall have received an opinion of Foley & Lardner, counsel for the Company, in form and substance satisfactory to you and any other holder of Notes covering the matters set forth in Exhibit A and covering such other matters incident to the transactions contemplated hereby as you or your counsel may reasonably request, (c) the Company shall have delivered to you an Officer's Certificate making representations and warranties to the effect of those contained in Paragraphs 10 and 12 of Exhibit B to the Note Agreement, with respect to the Subsidiary Guarantors and the Subsidiary Guaranty, (d) each Subsidiary Guarantor of the Company shall have executed and delivered to you a counterpart of the Subsidiary Guaranty, (e) the Fifth Amendment and Waiver to that certain Note Agreement dated as of October 1, 1995 shall have been executed and delivered in substantially the same form as this Second Amendment to Note Agreement, (f) the Intercreditor Agreement shall have been executed and delivered by you, the banks which are parties to the Bank Credit Agreement and certain other creditors of the Company which are beneficiaries of Guaranties by Subsidiary Guarantors, and (g) the Company shall have paid all out-of-pocket expenses incurred by you in connection with the consummation of the transactions contemplated by this Second Amendment to Note Agreement, including, without limitation, the fees, expenses and disbursements of Chapman and Cutler which are reflected in statements of such counsel rendered on or prior to the effective date of this Second Amendment to Note Agreement.

Section 4.5. Table of Contents. The Table of Contents of the Note Agreement shall be and is hereby amended to reflect the changes made to section title headings herein.

Section 4.6. Counterparts. This Second Amendment to Note Agreement may be executed in any number of counterparts, each executed counterpart constituting an original but all together only one agreement.

Section 4.7. Governing Law. The Note Agreement as amended by this Second Amendment to Note Agreement and the Notes shall be governed by and construed in accordance with Wisconsin law, including all matters of construction, validity and performance.

IN WITNESS WHEREOF, the Company has executed this Second Amendment to Note Agreement as of the day and year first above written.

JOHNSON OUTDOORS INC.

By /s/ Wade T. Neuharth

Wade T. Neuharth
Its Treasurer

This Second Amendment to Note Agreement is accepted and agreed to as of the day and year first above written.

THE NORTHWESTERN MUTUAL LIFE INSURANCE
COMPANY

By /s/ R. A. Strand

R. A. Strand
Its Authorized Representative

3-YEAR REVOLVING CREDIT AGREEMENT

DATED AS OF AUGUST 31, 2001

AMONG

JOHNSON OUTDOORS INC.,

THE SUBSIDIARY BORROWERS
FROM TIME TO TIME PARTIES HERETO,

THE LENDERS FROM TIME TO TIME PARTIES HERETO,

and

BANK ONE, NA (MAIN OFFICE CHICAGO),
as Administrative Agent

BANC ONE CAPITAL MARKETS, INC.,
as Arranger and Sole Book Runner

SIDLEY AUSTIN BROWN & WOOD
Bank One Plaza
10 South Dearborn Street
Chicago, Illinois 60603

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3-YEAR REVOLVING CREDIT AGREEMENT

This 3-Year Revolving Credit Agreement, dated as of August 31, 2001, is among JOHNSON OUTDOORS INC., one or more other Subsidiary Borrowers from time to time parties hereto (whether now existing or hereafter formed), the institutions from time to time parties hereto as Lenders (whether by execution of this Agreement or an assignment pursuant to Section 13.3), BANK ONE, NA, a national banking association having its principal office in Chicago, Illinois, as Swing Line Lender, LC Issuer and Administrative Agent. The parties hereto agree as follows:

ARTICLE I

DEFINITIONS

1.1. Certain Defined Terms. As used in this Agreement:

"Accounting Changes" is defined in Section 10.8 hereof.

"Acquisition" means any transaction, or any series of related transactions, consummated on or after the date of this Agreement, by which the Company or any of its Subsidiaries (i) acquires any going business or all or substantially all of the assets of any firm, corporation or limited liability company, or division thereof, whether through purchase of assets, merger or otherwise or (ii) directly or indirectly acquires (in one transaction or as the most recent transaction in a series of transactions) at least a majority (in number of votes) of the securities of a corporation which have ordinary voting power for the election of directors (other than securities having such power only by reason of the happening of a contingency) or a majority (by percentage of voting power) of the outstanding ownership interests of a partnership or limited liability company.

"Administrative Agent" means Bank One in its capacity as contractual representative of the Lenders pursuant to Article XI, and not in its individual capacity as a Lender, and any successor Administrative Agent appointed pursuant to Article XI.

"Advance" means a borrowing hereunder consisting of the aggregate amount of several Loans (i) made by some or all of the Lenders on the same Borrowing Date, or (ii) converted or continued by the Lenders on the same date of conversion or continuation, consisting, in either case, of the aggregate amount of the several Loans of the same Type and, in the case of Eurocurrency Loans, in the same Agreed Currency and for the same Interest Period. The term "Advance" shall include Swing Line Loans unless otherwise expressly provided.

"Affected Lender" is defined in Section 2.20.

"Affiliate" of any Person means any other Person directly or indirectly controlling, controlled by or under common control with such Person. A Person shall be deemed to control another Person if the controlling Person is the "beneficial owner" (as defined in Rule 13d-3 under the Securities Exchange Act of 1934) of five percent (5%) or more of any class of voting securities (or other voting interests) of the controlled Person or possesses, directly or indirectly,

the power to direct or cause the direction of the management or policies of the controlled Person, whether through ownership of voting securities, by contract or otherwise.

"Aggregate Commitment" means the aggregate of the Commitments of all the Lenders, as may be adjusted from time to time pursuant to the terms hereof. The initial Aggregate Commitment is Seventy Million and 00/100 Dollars (\$70,000,000).

"Aggregate Outstanding Credit Exposure" means, at any time, the aggregate of the Outstanding Credit Exposure of all the Lenders.

"Agreed Currencies" means (i) Dollars, (ii) so long as such currencies remain Eligible Currencies, Australian Dollars, British Pounds Sterling, Canadian Dollars, German Deutsche Marks, Dutch Guilders, French Francs, Swiss Francs, Japanese Yen, and, from and after becoming generally available in the international currency and exchange markets, the euro, and (iii) any other Eligible Currency which the applicable Borrower requests the Administrative Agent to include as an Agreed Currency hereunder and which is acceptable to all of the Lenders. For the purposes of this definition, each of the specific currencies referred to in clause (ii), above, shall mean and be deemed to refer to the lawful currency of the jurisdiction referred to in connection with such currency, e.g., "Australian Dollars" means the lawful currency of Australia.

"Agreement" means this 3-Year Revolving Credit Agreement, as it may be amended, restated, supplemented or otherwise modified and as in effect from time to time.

"Agreement Accounting Principles" means generally accepted accounting principles as in effect in the United States from time to time, applied in a manner consistent with that used in preparing the financial statements of the Company referred to in Section 5.4; provided, however, that except as provided in Section 10.8, with respect to the calculation of financial ratios and other financial tests required by this Agreement, "Agreement Accounting Principles" means generally accepted accounting principles as in effect in the United States as of the date of this Agreement, applied in a manner consistent with that used in preparing the financial statements of the Company referred to in Section 5.4 hereof.

"Alternate Base Rate" means, for any day, a fluctuating rate of interest per annum equal to the higher of (i) the Prime Rate for such day and (ii) the sum of (a) the Federal Funds Effective Rate for such day and (b) one-half of one percent (0.5%) per annum.

"Applicable Commitment Fee Rate" means, at any time, the percentage rate per annum at which Commitment Fees are accruing on unused portion of the Aggregate Commitment at such time as set forth in the Pricing Schedule.

"Applicable Margin" means, with respect to Eurocurrency Advances at any time, the percentage rate per annum which is applicable at such time with respect to Eurocurrency Advances as set forth in the Pricing Schedule.

"Applicable Performance LC Fee" means, with respect to Performance LCs at any time, the percentage rate per annum which is applicable at such time with respect to Performance LCs as set forth in the Pricing Schedule.

"Approximate Equivalent Amount" of any currency with respect to any amount of Dollars shall mean the Equivalent Amount of such currency with respect to such amount of Dollars on or as of such date, rounded up to the nearest whole unit of such currency as determined by the Administrative Agent from time to time.

"Arranger" means Banc One Capital Markets, Inc., a Delaware corporation, and its successors, in its capacity as Lead Arranger and Sole Book Runner.

"Article" means an article of this Agreement unless another document is specifically referenced.

"Assignment Agreement" is defined in Section 13.3.1.

"Assumption Letter" means a letter of a Subsidiary of the Company addressed to the Administrative Agent and the Lenders, and acknowledged by the Administrative Agent, in substantially the form of Exhibit I hereto, pursuant to which such Subsidiary agrees to become a "Subsidiary Borrower" and agrees to be bound by the terms and conditions hereof.

"Authorized Officer" means any of the chief executive officer, president, chief operating officer, chief financial officer, chief accounting officer or treasurer of the Company, acting singly.

"Available Aggregate Commitment" means, at any time, the Aggregate Commitment then in effect minus the Aggregate Outstanding Credit Exposure at such time.

"Bank One" means Bank One, NA, a national banking association having its principal office in Chicago, Illinois, in its individual capacity, and its successors.

"Benefit Plan" shall mean a defined benefit plan as defined in Section 3(35) of ERISA (other than a Multiemployer Plan) in respect of which the Company or any ERISA Affiliate is, or within the immediately preceding six (6) years was, an "employer" as defined in Section 3(5) of ERISA.

"Borrower" means, as applicable, any of the Company or any of the Subsidiary Borrowers, together with their respective permitted successors and assigns, and "Borrowers" means, collectively, the Company and the Subsidiary Borrowers.

"Borrowing Date" means a date on which an Advance is made hereunder.

"Borrowing Notice" is defined in Section 2.8.

"Business Day" means (i) with respect to any borrowing, payment or rate selection of Eurocurrency Advances, a day (other than a Saturday or Sunday) on which banks generally are open in Chicago, Illinois for the conduct of substantially all of their commercial lending activities, interbank wire transfers can be made on the Fedwire system and dealings in Dollars and the other Agreed Currencies are carried on in the London interbank market (and, if the Advances which are the subject of such borrowing, payment or rate selection are denominated in euro, a day upon which such clearing system as is determined by the Administrative Agent to be

suitable for clearing or settlement of the euro is open for business) and (ii) for all other purposes, a day (other than a Saturday or Sunday) on which banks generally are open in Chicago, Illinois for the conduct of substantially all of their commercial lending activities and interbank wire transfers can be made on the Fedwire system.

"Capitalized Lease" of a Person means any lease of Property by such Person as lessee which would be capitalized on a balance sheet of such Person prepared in accordance with Agreement Accounting Principles.

"Capitalized Lease Obligations" of a Person means the amount of the obligations of such Person under Capitalized Leases which would be shown as a liability on a balance sheet of such Person prepared in accordance with Agreement Accounting Principles.

"Capital Stock" means (i) in the case of a corporation, corporate stock, (ii) in the case of an association or business entity, any and all shares, interests, participations, rights or other equivalents (however designated) of corporate stock, (iii) in the case of a partnership, partnership interests (whether general or limited) and (iv) any other interest or participation that confers on a Person the right to receive a share of the profits and losses of, or distributions of assets of, the issuing Person.

"Cash Equivalent Investments" means, as to any Person, (i) securities issued or directly and fully guaranteed or insured by the United States or any agency or instrumentality thereof (provided that the full faith and credit of the United States is pledged in support thereof) having maturities of not more than one year from the date of acquisition, (ii) time deposits and certificates of deposit of any investment grade commercial bank having, or which is the principal banking subsidiary of an investment grade bank holding company organized under the laws of the United States, any State thereof, the District of Columbia or any foreign jurisdiction having capital, surplus and undivided profits aggregating in excess of \$500,000,000, with maturities of not more than one year from the date of acquisition by such Person, (iii) repurchase obligations with a term of not more than ninety (90) days for underlying securities of the types described in clause (i) above entered into with any bank meeting the qualifications specified in clause (ii) above, provided that such repurchase obligations are secured by a first priority security interest in such underlying securities which have, on the date of purchase thereof, a fair market value of at least 100% of the amount of the repurchase obligations, (iv) commercial paper issued by any Person incorporated in the United States rated at least A-1 by S&P or P-1 by Moody's and in each case maturing not more than 270 days after the date of acquisition by such Person, (v) investments in money market funds substantially all of the assets of which are comprised of securities of the types described in clauses (i) through (iv) above, and (vi) demand deposit accounts maintained in the ordinary course of business.

"Change" is defined in Section 3.2.

"Change in Control" means (i) the Johnson Family shall at any time fail to own stock having, in the aggregate, votes sufficient to elect at least a fifty-one percent (51%) majority of the Board of Directors of the Company, (ii) the acquisition by any Person, or two or more Persons acting in concert, of beneficial ownership (within the meaning of Rule 13d-3 of the Securities and Exchange Commission under the Securities Exchange Act of 1934), directly or

indirectly, of thirty percent (30%) or more of the outstanding shares of voting stock of the Company; or (iii) the majority of the Board of Directors of the Company fails to consist of Continuing Directors; or (iv) except as expressly permitted under the terms of this Agreement, the Company consolidates with or merges into another Person or conveys, transfers or leases all or substantially all of its property to any Person, or any Person consolidates with or merges into the Company, in either event pursuant to a transaction in which the outstanding Capital Stock of the Company is reclassified or changed into or exchanged for cash, securities or other property; or (v) except as otherwise expressly permitted under the terms of this Agreement, the Company shall cease to own and control, directly or indirectly, all of the economic and voting rights associated with all of the outstanding Capital Stock of each of the Company's Subsidiaries or shall cease to have the power, directly or indirectly, to elect all of the members of the board of directors of each of the Company's Subsidiaries.

"Closing Date" means August 31, 2001.

"Collateral Shortfall Amount" is defined in Section 8.1.

"Commitment" means, for each Lender, the obligation of such Lender to make Revolving Loans to, and participate in Facility LCs issued upon the application of, a Borrower in an aggregate amount not exceeding the amount set forth on the Commitment Schedule or in an Assignment Agreement executed pursuant to Section 13.3, as it may be modified as a result of any assignment that has become effective pursuant to Section 13.3.2 or as otherwise modified from time to time pursuant to the terms hereof.

"Commitment Fee" is defined in Section 2.6.1.

"Commitment Schedule" means the Schedule identifying each Lender's Commitment as of the Closing Date attached hereto and identified as such.

"Company" means Johnson Outdoors Inc., a Wisconsin corporation, and its permitted successors and assigns (including, without limitation, a debtor-in-possession on its behalf).

"Computation Date" is defined in Section 2.2.

"Consolidated Net Income" means, with reference to any period, the net after-tax income (or loss) of the Company and its Subsidiaries calculated on a consolidated basis for such period determined in accordance with Agreement Accounting Principles.

"Consolidated Net Worth" means, as of the date of any determination thereof, the amount of the par or stated value of all outstanding capital stock, capital surplus and retained earnings of the Company and its Subsidiaries, net of all cumulative translation adjustments and contingent compensation adjustments determined on a consolidated basis in accordance with Agreement Accounting Principles.

"Consolidated Tangible Net Worth" means the consolidated stockholders' equity of the Company and its Subsidiaries minus, to the extent included as assets in determining Consolidated Net Worth, the net book value of all (i) goodwill, including, without limitation, the excess of cost over book value of any asset, (ii) organization or experimental expenses, (iii) unamortized debt

discount and expense, (iv) patents, trademarks, trade names and copyrights, (v) treasury stock, (vi) franchises, licenses and permits, and (vii) other assets which are deemed intangible assets under Agreement Accounting Principles.

"Consolidated Total Assets" means the total amount of all assets of the Company and its consolidated Subsidiaries, and including amounts attributable to minority interests in Affiliates of the Company to the extent deducted in calculating the Consolidated Total Assets of the Company and its Subsidiaries but only to the extent such Affiliate shall be a Guarantor hereunder, calculated on a consolidated basis as of such time in accordance with Agreement Accounting Principles.

"Continuing Director" means, with respect to any Person as of any date of determination, any member of the board of directors of such Person who (a) was a member of such board of directors on the Closing Date, or (b) was nominated for election or elected to such board of directors with the approval of the required majority of the Continuing Directors who were members of such board at the time of such nomination or election; provided that any individual who is so elected or nominated in connection with a merger, consolidation, acquisition or similar transaction shall not be a Continuing Director unless such individual was a Continuing Director prior thereto.

"Contractual Obligation" of any Person shall mean any provision of any security issued by such Person or of any agreement, instrument or undertaking under which such Person is obligated or by which it or any of the property owned by it is bound.

"Conversion/Continuation Notice" is defined in Section 2.10.

"Credit Extension" means the making of an Advance or the issuance of a Facility LC hereunder.

"Credit Extension Date" means the Borrowing Date for an Advance or the issuance date for a Facility LC.

"Default" means an event described in Article VII.

"Designated Lender" means, with respect to each Designating Lender, each Eligible Designee designated by such Designating Lender pursuant to Section 13.1.2.

"Designating Lender" means, with respect to each Designated Lender, the Lender that designated such Designated Lender pursuant to Section 13.1.2.

"Designation Agreement" is defined in Section 13.1.2.

"Disqualified Stock" means any Capital Stock that, by its terms (or by the terms of any security into which it is convertible or for which it is exchangeable), or upon the happening of any event, matures or is mandatorily redeemable, pursuant to a sinking fund obligation or otherwise, or redeemable at the option of the holder thereof, in whole or in part, on or prior to the date that is ninety-one (91) days after the Facility Termination Date.

"DOL" shall mean the United States Department of Labor and any successor department or agency.

"Dollar Amount" of any currency at any date shall mean (i) the amount of such currency if such currency is Dollars or (ii) the equivalent in such currency of such amount of Dollars if such currency is any currency other than Dollars, calculated on the basis of the arithmetical mean of the buy and sell spot rates of exchange of the Administrative Agent for such currency on the London market at 11:00 a.m., London time, on or as of the most recent Computation Date provided for in Section 2.2.

"Dollars" and "\$" shall mean the lawful currency of the United States of America.

"Domestic Subsidiary" means a Subsidiary of the Company organized under the laws of a jurisdiction located in the United States of America.

"EBITDA" shall mean, for any period for the Company and its consolidated Subsidiaries, the sum of the amounts for such period, without duplication, calculated in each case in accordance with Agreement Accounting Principles, of (i) Net Income, plus (ii) Interest Expense to the extent deducted in computing Net Income, plus (iii) charges against income for foreign, federal, state and local taxes to the extent deducted in computing Net Income, plus (iv) depreciation expense to the extent deducted in computing Net Income, plus (v) amortization expense, including, without limitation, amortization of goodwill and other intangible assets to the extent deducted in computing Net Income, plus (vi) any other non-recurring charges to the extent deducted in computing Net Income, minus (vii) any non-recurring credits to the extent added in computing Net Income, plus (viii) non-recurring after-tax losses (or minus non-recurring after-tax gains); provided, that the aggregate adjustment pursuant to clauses (vi) through (viii) of this definition shall not exceed \$2,000,000 for the four-quarter period ending on such date (exclusive of any such adjustments for the closing of the Escape Sailboats operation in Portsmouth, Rhode Island and the closing of certain of the Necky Kayak operations located in Abbotsfort, British Columbia (collectively, the "Identified Plants") in an aggregate amount not to exceed \$2,500,000).

"Eligible Currency" means any currency other than Dollars (i) that is readily available, (ii) that is freely traded, (iii) in which deposits are customarily offered to banks in the London interbank market, (iv) which is convertible into Dollars in the international interbank market and (v) as to which an Equivalent Amount may be readily calculated. If, after the designation by the Lenders of any currency as an Agreed Currency, (x) currency control or other exchange regulations are imposed in the country in which such currency is issued with the result that different types of such currency are introduced, (y) such currency is, in the determination of the Administrative Agent, no longer readily available or freely traded or (z) in the determination of the Administrative Agent, an Equivalent Amount of such currency is not readily calculable, the Administrative Agent shall promptly notify the Lenders and the Borrowers, and such currency shall no longer be an Agreed Currency until such time as all of the Lenders agree to reinstate such currency as an Agreed Currency and promptly, but in any event within five Business Days of receipt of such notice from the Administrative Agent, the Borrowers shall repay all Loans in such affected currency or convert such Loans into Loans in Dollars or another Agreed Currency, subject to the other terms set forth in Article II.

"Eligible Designee" means a special purpose corporation, partnership, limited partnership or limited liability company that is administered by a Lender or an Affiliate of a Lender and (i) is organized under the laws of the United States of America or any state thereof, (ii) is engaged primarily in making, purchasing or otherwise investing in commercial loans in the ordinary course of its business and (iii) issues (or the parent of which issues) commercial paper rated at least A-1 or the equivalent thereof by S&P or the equivalent thereof by Moody's.

"Environmental Laws" means any and all federal, state, local and foreign statutes, laws, judicial decisions, regulations, ordinances, rules, judgments, orders, decrees, plans, injunctions, permits, concessions, grants, franchises, licenses, agreements and other governmental restrictions relating to (i) the protection of the environment, (ii) the effect of the environment on human health, (iii) emissions, discharges or releases of pollutants, contaminants, hazardous substances or wastes into surface water, ground water or land, or (iv) the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of pollutants, contaminants, hazardous substances or wastes or the clean-up or other remediation thereof.

"Equivalent Amount" of any currency with respect to any amount of Dollars at any date shall mean the equivalent in such currency of such amount of Dollars, calculated on the basis of the arithmetical mean of the buy and sell spot rates of exchange of the Administrative Agent for such other currency at 11:00 a.m., London time, on the date on or as of which such amount is to be determined.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended from time to time, including (unless the context otherwise requires) any rules or regulations promulgated thereunder.

"ERISA Affiliate" shall mean any (i) corporation which is a member of the same controlled group of corporations (within the meaning of Section 414(b) of the IRC) as the Company, (ii) partnership or other trade or business (whether or not incorporated) under common control (within the meaning of Section 414(c) of the IRC) with the Company, and (iii) member of the same affiliated service group (within the meaning of Section 414(m) of the IRC) as the Company, any corporation described in clause (i) above or any partnership or trade or business described in clause (ii) above.

"euro" and/or "EUR" means the euro referred to in Council Regulation (EC) No. 1103/97 dated June 17, 1997 passed by the Council of the European Union, or, if different, the then lawful currency of the member states of the European Union that participate in the third stage of Economic and Monetary Union.

"Eurocurrency" means any Agreed Currency.

"Eurocurrency Advance" means an Advance which, except as otherwise provided in Section 2.12, bears interest at a Eurocurrency Rate requested by a Borrower pursuant to Sections 2.9 and 2.10.

"Eurocurrency Loan" means a Loan which, except as otherwise provided in Section 2.12, bears interest at a Eurocurrency Rate requested by a Borrower pursuant to Sections 2.9 and 2.10.

"Eurocurrency Payment Office" of the Administrative Agent shall mean, for each of the Agreed Currencies, the office, branch, affiliate or correspondent bank of the Administrative Agent specified as the "Eurocurrency Payment Office" for such currency on the Eurocurrency Payment Office Schedule hereto or such other office, branch, affiliate or correspondent bank of the Administrative Agent as it may from time to time specify to the Borrowers and each Lender as its Eurocurrency Payment Office.

"Eurocurrency Payment Office Schedule" means the Schedule identifying the Eurocurrency Payment Office of the Administrative Agent for each of the Agreed Currencies attached hereto identified as such.

"Eurocurrency Rate" means, with respect to a Eurocurrency Advance for the relevant Interest Period, the sum of (i) the quotient of (a) the Eurocurrency Reference Rate applicable to such Interest Period, divided by (b) one minus the Reserve Requirement (expressed as a decimal) applicable to such Interest Period, plus (ii) the then Applicable Margin, changing as and when the Applicable Margin changes.

"Eurocurrency Reference Rate" means, with respect to a Eurocurrency Advance for the relevant Interest Period, the applicable British Bankers' Association Interest Settlement Rate for deposits in the applicable Agreed Currency appearing on Reuters Screen FRBD or the applicable Reuters Screen for such Agreed Currency as of 11:00 a.m. (London time) two Business Days prior to the first day of such Interest Period, and having a maturity equal to such Interest Period, provided that, (i) if Reuters Screen FRBD or the applicable Reuters Screen for such Agreed Currency is not available to the Administrative Agent for any reason, the applicable Eurocurrency Reference Rate for the relevant Interest Period shall instead be the applicable British Bankers' Association Interest Settlement Rate for deposits in the Applicable Agreed Currency as reported by any other generally recognized financial information service as of 11:00 a.m. (London time) two Business Days prior to the first day of such Interest Period, and having a maturity equal to such Interest Period, and (ii) if no such British Bankers' Association Interest Settlement Rate is available, the applicable Eurocurrency Reference Rate for the relevant Interest Period shall instead be the rate determined by the Administrative Agent to be the rate at which Bank One offers to place deposits in the applicable Agreed Currency with first-class banks in the London interbank market at approximately 11:00 a.m. (London time) two Business Days prior to the first day of such Interest Period, in the approximate amount of Bank One's relevant Eurocurrency Loan and having a maturity equal to such Interest Period.

"Excluded Taxes" means, in the case of each Lender or applicable Lending Installation and the Administrative Agent, taxes imposed on its overall net income, and franchise taxes imposed on it, by (i) the jurisdiction under the laws of which such Lender or the Administrative Agent is incorporated or organized or any political combination or subdivision or taxing authority thereof or (ii) the jurisdiction in which the Administrative Agent's or Lender's principal executive office or such Lender's applicable Lending Installation is located or in which, other than as a result of the transaction evidenced by this Agreement, the Administrative Agent or Lender otherwise is, or at any time was, engaged in business.

"Exhibit" refers to an exhibit to this Agreement, unless another document is specifically referenced.

"Existing Credit Agreement" means that certain Amended and Restated Credit Agreement dated as of April 3, 1998 among the Company, the subsidiary borrowers parties thereto, the lenders parties thereto, and Bank One, NA (formerly known as The First National Bank of Chicago), as Administrative Agent, as the same has been amended, restated, supplemented or otherwise modified from time to time.

"Facility LC" is defined in Section 2.21.1.

"Facility LC Application" is defined in Section 2.21.3.

"Facility LC Collateral Account" is defined in Section 2.21.11.

"Facility Termination Date" means the earlier of (a) August 31, 2004, and (b) the date of termination in whole of the Aggregate Commitment pursuant to Section 2.6 hereof or the Commitments pursuant to Section 8.1 hereof.

"Federal Funds Effective Rate" means, for any day, an interest rate per annum equal to the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers on such day, as published for such day (or, if such day is not a Business Day, for the immediately preceding Business Day) by the Federal Reserve Bank of New York, or, if such rate is not so published for any day which is a Business Day, the average of the quotations at approximately 10:00 a.m. (Chicago time) on such day on such transactions received by the Administrative Agent from three Federal funds brokers of recognized standing selected by the Administrative Agent in its sole discretion.

"Financial Contract" of a Person means (i) any exchange-traded or over-the-counter futures, forward, swap or option contract or other financial instrument with similar characteristics or (ii) any agreements, devices or arrangements providing for payments related to fluctuations of interest rates, exchange rates, forward rates or commodity prices, including, but not limited to, interest rate swap or exchange agreements, forward currency exchange agreements, interest rate cap or collar protection agreements, forward rate currency, interest rate options puts or warrants.

"Fixed Charge Coverage Ratio" is defined in Section 6.21.2.

"Floating Rate" means, for any day, a rate per annum equal to the Alternate Base Rate for such day, changing when and as the Alternate Base Rate changes.

"Floating Rate Advance" means an Advance which, except as otherwise provided in Section 2.12, bears interest at the Floating Rate.

"Floating Rate Loan" means a Loan or portion thereof, which, except as otherwise provided in Section 2.12, bears interest at the Floating Rate.

"Foreign Pension Plan" means any employee benefit plan as described in Section 3(3) of ERISA for which the Company or any member of its Controlled Group is a sponsor or administrator and which (i) is maintained or contributed to for the benefit of employees of the Company, any of its respective Subsidiaries or any member of its Controlled Group, (ii) is not

covered by ERISA pursuant to Section 4(b)(4) of ERISA, and (iii) under applicable local law, is required to be funded through a trust or other funding vehicle.

"Foreign Subsidiary" means a Subsidiary of the Company which is not a Domestic Subsidiary.

"Funded Debt" of any Person shall mean, without duplication (a) all Indebtedness for or in respect of borrowed money or which has been incurred in connection with the acquisition of property or assets, in each case having a final maturity of more than one year from the date of origin thereof (or which is renewable or extendible at the option of the obligor for a period or periods more than one year from the date of origin), including without limitation, the portion of the "Fixed Purchase Price" (as defined in the Purchase Agreement) which has been deferred in accordance with Section 2.4 of the Purchase Agreement, including all payments in respect thereof that are required to be made within one year from the date of any determination of Funded Debt, whether or not the obligation to make such payment shall constitute a current liability of the obligor under Agreement Accounting Principles; provided that any portion of such obligations incurred in connection with the acquisition of property or assets specifically including, without limitation, obligations which have been incurred by such Person in connection with any sale, transfer or issuance of capital stock in accordance with the terms of this Agreement and which are at the date of any determination of Funded Debt contingent as to amount or as to payment shall not be treated as Funded Debt on such date, (b) all Capitalized Lease Obligations, (c) all guaranties by such Person of Funded Debt of others, (d) all obligations of such Person with respect to receivables sold or otherwise discounted with recourse, (e) all obligations of such Person in an aggregate amount in excess of \$1,000,000 with respect to all standby letters of credit and (f) all Disqualified Stock.

"Granting Bank" is defined in Section 13.1.2.

"Guarantor" shall mean the Company and each Domestic Subsidiary as of the Closing Date and each other Subsidiary that has become a guarantor of the Obligations hereunder in accordance with the terms of Section 6.10.

"Guaranty" means that certain Guaranty (and any and all supplements thereto) executed from time to time by each Guarantor (other than the Company) in favor of the Administrative Agent for the benefit of itself and the Lenders, in substantially the form of Exhibit H attached hereto, as amended, restated, supplemented or otherwise modified from time to time.

"Identified Plants" is defined in the definition of "EBITDA".

"Indebtedness" of a Person means, without duplication, (a) the obligations of such Person (i) for borrowed money or which has been incurred in connection with the acquisition of property or assets, (ii) under or with respect to notes payable and drafts accepted which represent extensions of credit (whether or not representing obligations for borrowed money) to such Person, (iii) constituting reimbursement obligations with respect to letters of credit issued for the account of such Person or (iv) for the deferred purchase price of property or services (other than current accounts payable arising in the ordinary course of such Person's business payable on terms customary in the trade), (b) the obligations of others, whether or not assumed, secured by

Liens on property of such Person or payable out of the proceeds of, or production from, property or assets now or hereafter owned or acquired by such Person, (c) the Capitalized Lease Obligations of such Person, (d) the obligations of such Person under guaranties by such Person of any Indebtedness (other than obligations for borrowed money incurred to finance the purchase of property leased to such Person pursuant to a Capitalized Lease of such Person) of any other Person, (e) all Off-Balance Sheet Liabilities of such Person, (f) all Disqualified Stock and (g) any other obligation or other financial accommodation which in accordance with Agreement Accounting Principles would be shown as a liability on the consolidated balance sheet of such Person.

"Interest Expense" means, for any period for any group of Persons, the total gross interest expense of such group of Persons, whether paid or accrued, including, without duplication, the interest component of Capitalized Leases, commitment and letter of credit fees, the discount or implied interest component of Off-Balance Sheet Liabilities, capitalized interest expense, pay-in-kind interest expense, amortization of debt discount and net payments (if any) pursuant to Financial Contracts relating to interest rate protection, all as determined in conformity with Agreement Accounting Principles.

"Interest Period" means, with respect to a Eurocurrency Advance, a period of one, two, three or six months or such other period agreed to by the Lenders and the Borrowers, commencing on a Business Day selected by the applicable Borrower pursuant to this Agreement. Such Interest Period shall end on but exclude the day which corresponds numerically to such date one, two, three or six months or such other agreed upon period thereafter, provided, however, that if there is no such numerically corresponding day in such next, second, third or sixth succeeding month or such other succeeding period, such Interest Period shall end on the last Business Day of such next, second, third or sixth succeeding month or such other succeeding period. If an Interest Period would otherwise end on a day which is not a Business Day, such Interest Period shall end on the next succeeding Business Day, provided, however, that if said next succeeding Business Day falls in a new calendar month, such Interest Period shall end on the immediately preceding Business Day.

"Investment" of a Person means any loan, advance (other than commission, travel and similar advances to officers and employees made in the ordinary course of business), extension of credit (other than accounts receivable arising in the ordinary course of business on terms customary in the trade, but including accounts receivable from other Persons which are not current assets or did not arise from sales to such other Person in the ordinary course of business) or contribution of capital by such Person; stocks, bonds, mutual funds, partnership interests, notes, debentures or other securities owned by such Person; any deposit accounts and certificate of deposit owned by such Person; structured notes, Financial Contracts, derivative financial instruments and other similar instruments or contracts owned by such Person; any other direct or indirect purchase or acquisition by such Person of any assets other than assets used in the ordinary course of business; and any non-arms length transaction by such Person with another Person or any other transfer of assets by such Person in another Person, with the amount of such Investment being an amount equal to the net benefit derived by such other Person resulting from any such transactions.

"IRC" shall mean the Internal Revenue Code of 1986, as amended from time to time, and any successor statute.

"IRS" shall mean the United States Internal Revenue Service and any successor agency.

"Johnson Family" shall mean at any time, collectively, Samuel C. Johnson, his wife and their children and grandchildren, the executor or administrator of the estate or other legal representative of any such Person, all trusts for the benefit of the foregoing or their heirs or any one or more of them, and all partnerships, corporations or other entities directly or indirectly controlled by the foregoing or any one or more of them.

"LC Fee" is defined in Section 2.21.4.

"LC Issuer" means Bank One (or any Affiliate of Bank One designated by Bank One) or any of the other Lenders, as applicable, in its respective capacity as issuer of Facility LCs hereunder.

"LC Obligations" means, at any time, the sum, without duplication, of (i) the aggregate undrawn stated amount of all Facility LCs outstanding at such time plus (ii) the aggregate unpaid amount at such time of all Reimbursement Obligations.

"LC Payment Date" is defined in Section 2.29.5.

"Lenders" means the lending institutions listed on the signature pages of this Agreement and their respective successors and assigns. Unless otherwise specified, the term "Lender" includes Bank One in its capacity as Swing Line Lender.

"Lending Installation" means, with respect to a Lender or the Administrative Agent, the office, branch, subsidiary or affiliate of such Lender or the Administrative Agent with respect to each Agreed Currency listed on the administrative information sheets provided to the Administrative Agent in connection herewith, or on a Schedule or otherwise selected by such Lender or the Administrative Agent pursuant to Section 2.18.

"Leverage Ratio" is defined in Section 6.21.1.

"Leverage Ratio (Pricing)" is defined in the Pricing Schedule.

"Lien" means any lien (statutory or other), mortgage, pledge, hypothecation, assignment, deposit arrangement, encumbrance or preference, priority or other security agreement or preferential arrangement of any kind or nature whatsoever (including, without limitation, the interest of a vendor or lessor under any conditional sale, Capitalized Lease or other title retention agreement, and, in the case of stock, stockholders agreements, voting trust agreements and all similar arrangements).

"Loan" means a Revolving Loan or a Swing Line Loan, as applicable.

"Loan Documents" means this Agreement, the Facility LC Applications, the Guaranty, each Assumption Letter executed hereunder, and all other documents, instruments, notes

(including any Notes issued pursuant to Section 2.14 (if requested)) and agreements executed in connection therewith or contemplated thereby, as the same may be amended, restated or otherwise modified and in effect from time to time.

"Material Adverse Effect" means a material adverse effect on (i) the business, Property, condition (financial or otherwise), operations, performance, properties, results of operations or prospects of the Company, or the Company and its Subsidiaries taken as a whole, (ii) the ability of the Company or any of its Subsidiaries to perform its respective obligations under the Loan Documents to which it is a party, or (iii) the validity or enforceability of any of the Loan Documents or the rights or remedies of the Administrative Agent, the LC Issuers or the Lenders thereunder.

"Material Indebtedness" is defined in Section 7.5.

"Maximum Eurocurrency Amount" means \$20,000,000.

"Modify" and "Modification" are defined in Section 2.21.1.

"Moody's" means Moody's Investors Service, Inc. and any successor thereto.

"Multiemployer Plan" shall mean a "multiemployer plan" as defined in Section 4001(a) (3) of ERISA which is, or within the immediately preceding six (6) years was, contributed to by either the Company or any ERISA Affiliate.

"National Currency Unit" means the unit of currency (other than a euro unit) of each member state of the European Union that participates in the third stage of Economic and Monetary Union.

"Net Income" means, for any period for any group of Persons, the net earnings (or loss) after taxes of such group of Persons on a consolidated basis for such period taken as a single accounting period determined in conformity with Agreement Accounting Principles.

"Non-U.S. Lender" is defined in Section 3.5(iv).

"Note" is defined in Section 2.14.

"Notice of Assignment" is defined in Section 13.3.2.

"Obligations" means all Loans, Reimbursement Obligations, advances, debts, liabilities, obligations, covenants and duties owing by the Borrowers to any of the Administrative Agent, any LC Issuer, any Lender, the Arranger, any affiliate of the Administrative Agent, any LC Issuer, or any Lender, the Arranger, or any indemnitee under the provisions of Section 10.6 or any other provisions of the Loan Documents, in each case of any kind or nature, present or future, arising under this Agreement or any other Loan Document, whether or not evidenced by any note, guaranty or other instrument, whether or not for the payment of money, whether arising by reason of an extension of credit, loan, foreign exchange risk, guaranty, indemnification, or in any other manner, whether direct or indirect (including those acquired by assignment), absolute or contingent, due or to become due, now existing or hereafter arising and however acquired.

The term includes, without limitation, all interest, charges, expenses, fees, attorneys' fees and disbursements, paralegals' fees (in each case whether or not allowed), and any other sum chargeable to the Company or any of its Subsidiaries under this Agreement or any other Loan Document.

"Off-Balance Sheet Liability" of a Person means (i) any repurchase obligation or liability of such Person or any of its Subsidiaries with respect to receivables sold by such Person or any of its Subsidiaries (calculated to include the unrecovered investment of purchasers or transferees of receivables or any other obligation of the Company or such transferor to purchasers/transferees of interests in receivables or the agent for such purchasers/transferees), (ii) any liability under any sale and leaseback transaction which is not a Capitalized Lease, (iii) any liability under any financing lease or Synthetic Lease or "tax ownership operating lease" transaction entered into by such Person, including any Synthetic Lease Obligations, or (iv) any obligation arising with respect to any other transaction which is the functional equivalent of or takes the place of borrowing but which does not constitute a liability on the consolidated balance sheets of such Person, but excluding from this clause (iv) Operating Leases.

"Operating Lease" of a Person means any lease of Property (other than a Capitalized Lease) by such Person as lessee which has an original term (including any required renewals and any renewals effective at the option of the lessor) of one year or more.

"Other Taxes" is defined in Section 3.5(ii).

"Outstanding Credit Exposure" means, as to any Lender at any time, the sum of (i) the aggregate principal amount of its Revolving Loans outstanding at such time, plus (ii) an amount equal to its share of the obligations to purchase participations in Swing Line Loans, plus (iii) an amount equal to its Pro Rata Share of the LC Obligations at such time.

"Participants" is defined in Section 13.2.1.

"Payment Date" means the last day of each March, June, September and December and the Facility Termination Date.

"PBGC" means the Pension Benefit Guaranty Corporation, or any successor thereto.

"Performance LC" means a Facility LC that is a documentary letter of credit which is drawable upon presentation of documents evidencing the sale or shipment of goods purchased by the Company or a Subsidiary in the ordinary course of its business.

"Permitted Acquisition" is defined in Section 6.15(v).

"Permitted Refinancing Indebtedness" means any replacement, renewal, refinancing or extension of any Indebtedness permitted by this Agreement that (i) does not exceed the aggregate principal amount (plus accrued interest and any applicable premium and associated fees and expenses) of the Indebtedness being replaced, renewed, refinanced or extended, (ii) does not have a Weighted Average Life to Maturity at the time of such replacement, renewal, refinancing or extension that is less than the Weighted Average Life to Maturity of the Indebtedness being replaced, renewed, refinanced or extended, (iii) does not rank at the time of such replacement,

renewal, refinancing or extension senior to the Indebtedness being replaced, renewed, refinanced or extended, and (iv) does not contain terms (including, without limitation, terms relating to security, amortization, interest rate, premiums, fees, covenants, event of default and remedies) materially less favorable to the Borrowers or to the Lenders than those applicable to the Indebtedness being replaced, renewed, refinanced or extended.

"Person" means any natural person, corporation, firm, joint venture, partnership, limited liability company, association, enterprise, trust or other entity or organization, or any government or political subdivision or any agency, department or instrumentality thereof.

"Plan" means an employee benefit plan which is covered by Title IV of ERISA or subject to the minimum funding standards under Section 412 of the Code as to which the Company or any member of its Controlled Group may have any liability.

"Pricing Schedule" means the Schedule identifying the Applicable Margin and Applicable Commitment Fee Rate attached hereto identified as such.

"Prime Rate" means a rate per annum equal to the prime rate of interest announced from time to time by Bank One or its parent (which is not necessarily the lowest rate charged to any customer), changing when and as said prime rate changes.

"Property" of a Person means any and all property, whether real, personal, tangible, intangible, or mixed, of such Person, or other assets owned, leased or operated by such Person.

"Pro Rata Share" means, with respect to a Lender, a portion equal to a fraction the numerator of which is such Lender's Commitment at such time (in each case, as adjusted from time to time in accordance with the provisions of this Agreement) and the denominator of which is the Aggregate Commitment at such time, or, if the Aggregate Commitment has been terminated, a fraction the numerator of which is such Lender's Outstanding Credit Exposure at such time and the denominator of which is the sum of the Aggregate Outstanding Credit Exposure at such time.

"Purchase Agreement" means that certain Share Purchase Agreement dated as of July 11, 1997 by and among the Company, Uwatec AG, Heinz Ruchti and Karl Leemann.

"Purchase Price" means the total consideration and other amounts payable in connection with any Acquisition or Investment, including, without limitation, any portion of the consideration payable in cash, the value of any Capital Stock or other equity interests of the Company or any Subsidiary issued as consideration for such Acquisition or Investment, all Indebtedness, liabilities and contingent obligations incurred or assumed in connection with such Acquisition or Investment and all transaction costs and expenses incurred in connection with such Acquisition or Investment.

"Purchasers" is defined in Section 13.3.1.

"Regulation D" means Regulation D of the Board of Governors of the Federal Reserve System as from time to time in effect and any successor thereto or other regulation or official

interpretation of said Board of Governors relating to reserve requirements applicable to member banks of the Federal Reserve System.

"Regulation T" means Regulation T of the Board of Governors of the Federal Reserve System as from time to time in effect and any successor or other regulation or official interpretation of said Board of Governors relating to the extension of credit by and to brokers and dealers of securities for the purpose of purchasing or carrying margin stock (as defined therein).

"Regulation U" means Regulation U of the Board of Governors of the Federal Reserve System as from time to time in effect and any successor or other regulation or official interpretation of said Board of Governors relating to the extension of credit by banks, non-banks and non-broker lenders for the purpose of purchasing or carrying margin stocks applicable to member banks of the Federal Reserve System.

"Regulation X" means Regulation X of the Board of Governors of the Federal Reserve System as from time to time in effect and any successor or other regulation or official interpretation of said Board of Governors relating to the extension of credit by foreign lenders for the purpose of purchasing or carrying margin stock (as defined therein).

"Reimbursement Obligations" means with respect to any LC Issuer, at any time, the aggregate of all obligations of the Borrowers then outstanding under Section 2.21 to reimburse such LC Issuer for amounts paid by such LC Issuer in respect of any one or more drawings under Facility LCs issued by such LC Issuer; or, as the context may require, all such Reimbursement Obligations then outstanding to reimburse all of the LC Issuers.

"Rentals" means the aggregate fixed amounts payable by the Company and its Subsidiaries on a consolidated basis under any lease of real or personal property having an original term (including any required renewals or any renewals at the option of the lessor or lessee) of one year or more, but does not include any amounts payable under Capitalized Leases.

"Reportable Event" shall mean any Reportable Event as defined in Section 4043 of ERISA or the regulations thereunder for which the 30-day notice requirement has not been waived by the PBGC.

"Required Lenders" means three (3) or more Lenders in the aggregate having greater than fifty percent (50%) of the Aggregate Commitment or, if the Aggregate Commitment has been terminated, three (3) or more Lenders in the aggregate holding greater than fifty percent (50%) of the Aggregate Outstanding Credit Exposure.

"Reserve Requirement" means, with respect to an Interest Period, the maximum aggregate reserve requirement (including all basic, supplemental, marginal and other reserves) which is imposed under Regulation D on "Eurocurrency liabilities" (as defined in Regulation D).

"Revolving Loan" means, with respect to a Lender, such Lender's loan made pursuant to its commitment to lend set forth in Section 2.1 (or any conversion or continuation thereof).

"Risk Based Capital Guidelines" is defined in Section 3.2.

"S&P" means Standard and Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc. and any successor thereto.

"Schedule" refers to a specific schedule to this Agreement, unless another document is specifically referenced.

"Section" means a numbered section of this Agreement, unless another document is specifically referenced.

"Single Employer Plan" means a Plan maintained by the Company or any member of its Controlled Group for employees of the Company or any member of its Controlled Group.

"Standby LC" means any Facility LC other than a Performance LC.

"Subsidiary" of a Person means (i) any corporation more than fifty percent (50%) of the outstanding securities having ordinary voting power of which shall at the time be owned or controlled, directly or indirectly, by such Person or by one or more of its Subsidiaries or by such Person and one or more of its Subsidiaries, or (ii) any partnership, limited liability company, association, joint venture or similar business organization more than fifty percent (50%) of the ownership interests having ordinary voting power of which shall at the time be so owned or controlled. Unless otherwise expressly provided, all references herein to a "Subsidiary" shall mean a Subsidiary of the Company.

"Subsidiary Borrower" means each of the Company's Subsidiaries listed on Schedule 1.1, and any other Subsidiaries of the Company duly designated by the Company pursuant to Section 2.22 to request Credit Extensions hereunder, which Subsidiary shall have delivered to the Administrative Agent an Assumption Letter in accordance with Section 2.22 and such other documents as may be required pursuant to this Agreement, in each case, together with its respective successors and assigns, including a debtor-in-possession on behalf of such Subsidiary Borrower.

"Substantial Portion" means, with respect to the Property of the Company and its Subsidiaries, Property which (i) represents more than ten percent (10%) of the consolidated assets of the Company and its Subsidiaries as would be shown in the consolidated financial statements of the Company and its Subsidiaries as at the end of the four fiscal quarter period ending with the fiscal quarter immediately prior to the fiscal quarter in which such determination is made, or (ii) is responsible for more than ten percent (10%) of the Consolidated Net Income of the Company and its Subsidiaries as reflected in the financial statements referred to in clause (i) above.

"Swing Line Borrowing Notice" is defined in Section 2.2.2.

"Swing Line Commitment" means the obligation of the Swing Line Lender to make Swing Line Loans up to a maximum principal amount of \$10,000,000 at any one time outstanding.

"Swing Line Lender" means Bank One or such other Lender which may succeed to its rights and obligations as Swing Line Lender pursuant to the terms of this Agreement.

"Swing Line Loan" means a Loan made available to the Borrowers by the Swing Line Lender pursuant to Section 2.2.

"Synthetic Lease" means a so-called "synthetic" lease that is not treated as a capital lease under Agreement Accounting Principles, but that is treated as a financing under the Code.

"Synthetic Lease Obligations" means, collectively, the payment obligations of the Company or any of its Subsidiaries pursuant to a Synthetic Lease.

"Taxes" means any and all present or future taxes, duties, levies, imposts, deductions, charges or withholdings, and any and all liabilities with respect to the foregoing, but excluding Excluded Taxes.

"Termination Event" shall mean (i) a Reportable Event with respect to any Benefit Plan; (ii) the withdrawal of the Company or any ERISA Affiliate from a Benefit Plan during a plan year in which the Company or such ERISA Affiliate was a "substantial employer" as defined in Section 4001(a) (2) of ERISA; (iii) the imposition of an obligation on the Company or any ERISA Affiliate under Section 4041 of ERISA to provide affected parties written notice of intent to terminate a Benefit Plan in a distress termination described in Section 4041(c) of ERISA; (iv) the institution by the PBGC of proceedings to terminate a Benefit Plan; (v) any event or condition which might constitute grounds under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any Benefit Plan; or (vi) the partial or complete withdrawal of the Company or any ERISA Affiliate from a Multiemployer Plan.

"Total Funded Debt" shall mean, without duplication, Funded Debt of the Company and its Subsidiaries determined on a consolidated basis eliminating intercompany items.

"Transferee" is defined in Section 13.4.

"Type" means, with respect to any Advance, its nature as a Floating Rate Advance or a Eurocurrency Advance.

"Unfunded Liabilities" means the amount (if any) by which the present value of all vested and unvested accrued benefits under all Single Employer Plans exceeds the fair market value of all such Plan assets allocable to such benefits, all determined as of the then most recent valuation date for such Plans using PBGC actuarial assumptions for single employer plan terminations.

"Unmatured Default" means an event which but for the lapse of time or the giving of notice, or both, would constitute a Default.

"Weighted Average Life to Maturity" means when applied to any Indebtedness at any date, the number of years obtained by dividing (i) the sum of the products obtained by multiplying (a) the amount of each then remaining installment, sinking fund, serial maturity or other required payments of principal, including payment at final maturity, in respect thereof, by (b) the number of years (calculated to the nearest one-twelfth) that will elapse between such date and the making of such payment, by (ii) the then outstanding principal amount of such Indebtedness.

"Wholly-Owned Subsidiary" of a Person means (i) any Subsidiary all of the outstanding voting securities of which shall at the time be owned or controlled, directly or indirectly, by such Person or one or more Wholly-Owned Subsidiaries of such Person, or by such Person and one or more Wholly-Owned Subsidiaries of such Person, or (ii) any partnership, limited liability company, association, joint venture or similar business organization 100% of the ownership interests having ordinary voting power of which shall at the time be so owned or controlled.

The foregoing definitions shall be equally applicable to both the singular and plural forms of the defined terms.

Any accounting terms used in this Agreement which are not specifically defined herein shall have the meanings customarily given them in accordance with Agreement Accounting Principles.

1.2. References. Any references to the Company's Subsidiaries shall not in any way be construed as consent by the Administrative Agent or any Lender to the establishment, maintenance or acquisition of any Subsidiary, except as may otherwise be permitted hereunder.

1.3. Supplemental Disclosure. At any time at the request of the Administrative Agent and at such additional times as the Company determines, the Company shall supplement each schedule or representation herein or in the other Loan Documents with respect to any matter hereafter arising which, if existing or occurring at the date of this Agreement, would have been required to be set forth as an exception to such representation or which is necessary to correct any information in such representation which has been rendered inaccurate thereby. Notwithstanding that any such supplement to such representation may disclose the existence or occurrence of events, facts or circumstances which are either prohibited by the terms of this Agreement or any other Loan Documents or which result in the breach of any representation or warranty, such supplement to such representation shall not be deemed either an amendment thereof or a waiver of such breach unless expressly consented to in writing by Administrative Agent and the requisite number of Lenders under Section 8.2, and no such amendments, except as the same may be consented to in a writing which expressly includes a waiver, shall be or be deemed a waiver by the Administrative Agent or any Lender of any Default disclosed therein. Any items disclosed in any such supplemental disclosures shall be included in the calculation of any limits, baskets or similar restrictions contained in this Agreement or any of the other Loan Documents.

ARTICLE II

THE CREDITS

2.1. Commitment. From and including the date of this Agreement and prior to the Facility Termination Date, upon the satisfaction of the conditions precedent set forth in Section 4.1, 4.2 and 4.3, as applicable, each Lender severally and not jointly agrees, on the terms and conditions set forth in this Agreement, to (i) make Revolving Loans to the Borrowers in Agreed Currencies and (ii) participate in Facility LCs issued upon the request of the Borrowers in Agreed Currencies, from time to time in amounts not to exceed in the aggregate at any one time outstanding the Dollar Amount of its Pro Rata Share of the Available Aggregate Commitment;

provided that (i) at no time shall the Aggregate Outstanding Credit Exposure hereunder exceed the Aggregate Commitment, (ii) at no time shall the aggregate outstanding Dollar Amount of all Eurocurrency Advances denominated in an Agreed Currency other than Dollars exceed the Maximum Eurocurrency Amount, and (iii) all Floating Rate Loans shall be made in Dollars. Subject to the terms of this Agreement, the Borrowers may borrow, repay and reborrow Revolving Loans at any time prior to the Facility Termination Date. The Commitments to lend hereunder shall expire automatically on the Facility Termination Date. The LC Issuers will issue Facility LCs hereunder on the terms and conditions set forth in Section 2.21.

2.2. Swing Line Loans.

2.2.1. Amount of Swing Line Loans. Upon the satisfaction of the conditions precedent set forth in Section 4.2 and, if such Swing Line Loan is to be made on the date of the initial Advance hereunder, the satisfaction of the conditions precedent set forth in Section 4.1 and 4.3 as well, from and including the date of this Agreement and prior to the Facility Termination Date, the Swing Line Lender agrees, on the terms and conditions set forth in this Agreement, to make Swing Line Loans, in Dollars, to the Borrowers from time to time in an aggregate principal amount not to exceed the Swing Line Commitment, provided that the Aggregate Outstanding Credit Exposure shall not at any time exceed the Aggregate Commitment, and provided further that at no time shall the sum of (i) the Swing Line Lender's share of the obligations to participate in the Swing Line Loans, plus (ii) the outstanding Revolving Loans made by the Swing Line Lender pursuant to Section 2.1, exceed the Swing Line Lender's Commitment at such time. Subject to the terms of this Agreement, the Borrowers may borrow, repay and reborrow Swing Line Loans at any time prior to the Facility Termination Date.

2.2.2. Borrowing Notice. The applicable Borrower shall deliver to the Administrative Agent and the Swing Line Lender irrevocable notice (a "Swing Line Borrowing Notice") not later than 11:00 a.m. (Chicago time) on the Borrowing Date of each Swing Line Loan, specifying (i) the applicable Borrowing Date (which date shall be a Business Day), and (ii) the aggregate amount of the requested Swing Line Loan which shall be an amount not less than \$500,000 and integral multiples of \$100,000 in excess thereof. Each Swing Line Loan shall bear interest on the outstanding principal amount thereof, for each day from and including the day such Swing Line Loan is made to but excluding the date it is paid, at a rate per annum equal to the Alternate Base Rate.

2.2.3. Making of Swing Line Loans. Promptly after receipt of a Swing Line Borrowing Notice, the Administrative Agent shall notify each Lender by fax, or other similar form of transmission, of the requested Swing Line Loan. Not later than 2:00 p.m. (Chicago time) on the applicable Borrowing Date, the Swing Line Lender shall make available the Swing Line Loan, in funds immediately available in Chicago, to the Administrative Agent at its address specified pursuant to Article XIV. The Administrative Agent will promptly make the funds so received from the Swing Line Lender available to the applicable Borrower on the Borrowing Date at the Administrative Agent's aforesaid address.

2.2.4. Repayment of Swing Line Loans. Each Swing Line Loan shall be paid in full by the Borrowers on or before the fifth (5th) Business Day after the Borrowing Date for such Swing Line Loan. In addition, the Swing Line Lender (i) may at any time in its sole discretion with

respect to any outstanding Swing Line Loan, or (ii) shall on the fifth (5th) Business Day after the Borrowing Date of any Swing Line Loan, require each Lender (including the Swing Line Lender) to make a Revolving Loan in the amount of such Lender's Pro Rata Share of such Swing Line Loan (including, without limitation, any interest accrued and unpaid thereon), for the purpose of repaying such Swing Line Loan. Not later than 12:00 noon (Chicago time) on the date of any notice received pursuant to this Section 2.2.4, each Lender shall make available its required Revolving Loan, in funds immediately available in Chicago to the Administrative Agent at its address specified pursuant to Article XIV. Revolving Loans made pursuant to this Section 2.2.4 shall initially be Floating Rate Loans and thereafter may be continued as Floating Rate Loans or converted into Eurocurrency Loans in the manner provided in Section 2.10 and subject to the other conditions and limitations set forth in this Article II. Unless a Lender shall have notified the Swing Line Lender, prior to its making any Swing Line Loan, that any applicable condition precedent set forth in Sections 4.1, 4.2 or 4.3 had not then been satisfied, such Lender's obligation to make Revolving Loans pursuant to this Section 2.2.4 to repay Swing Line Loans shall be unconditional, continuing, irrevocable and absolute and shall not be affected by any circumstances, including, without limitation, (a) any set-off, counterclaim, recoupment, defense or other right which such Lender may have against the Administrative Agent, the Swing Line Lender or any other Person, (b) the occurrence or continuance of a Default or Unmatured Default, (c) any adverse change in the condition (financial or otherwise) of any Borrower, or (d) any other circumstances, happening or event whatsoever. In the event that any Lender fails to make payment to the Administrative Agent of any amount due under this Section 2.2.4, the Administrative Agent shall be entitled to receive, retain and apply against such obligation the principal and interest otherwise payable to such Lender hereunder until the Administrative Agent receives such payment from such Lender or such obligation is otherwise fully satisfied. In addition to the foregoing, if for any reason any Lender fails to make payment to the Administrative Agent of any amount due under this Section 2.2.4, such Lender shall be deemed, at the option of the Administrative Agent, to have unconditionally and irrevocably purchased from the Swing Line Lender, without recourse or warranty, an undivided interest and participation in the applicable Swing Line Loan in the amount of such Revolving Loan, and such interest and participation may be recovered from such Lender together with interest thereon at the Federal Funds Effective Rate for each day during the period commencing on the date of demand and ending on the date such amount is received. On the Facility Termination Date, the Borrowers shall repay in full the outstanding principal balance of the Swing Line Loans.

2.3. Determination of Dollar Amounts; Required Payments; Termination.

2.3.1. Determination of Dollar Amounts. The Administrative Agent will determine the Dollar Amount of:

(i) each Credit Extension as of the date three Business Days prior to the Credit Extension Borrowing Date or, if applicable, date of conversion/continuation of such Credit Extension, and

(ii) all outstanding Credit Extensions on and as of the last Business Day of each quarter and on any other Business Day elected by the Administrative Agent in its discretion or upon instruction by the Required Lenders.

Each day upon or as of which the Administrative Agent determines Dollar Amounts as described in the preceding clauses (i) and (ii) is herein described as a "Computation Date" with respect to each Credit Extension for which a Dollar Amount is determined on or as of such day. If at any time the Dollar Amount of the sum of the aggregate principal amount of all outstanding Credit Extension (calculated, with respect to those Credit Extensions denominated in Agreed Currencies other than Dollars, as of the most recent Computation Date with respect to each such Credit Extension) exceeds the Aggregate Commitment, the Borrowers shall immediately repay Advances in an aggregate principal amount sufficient to eliminate any such excess.

2.3.2. Required Payments. Any outstanding Advances and all other unpaid Obligations shall be paid in full by the Borrowers on the Facility Termination Date.

2.3.3. Termination. Notwithstanding the termination of this Agreement on the Facility Termination Date, until all of the Obligations (other than contingent indemnity obligations) shall have been fully paid and satisfied and all financing arrangements among the Borrowers and the Lenders hereunder and under the other Loan Documents shall have been terminated, all of the rights and remedies under this Agreement and the other Loan Documents shall survive and the Administrative Agent shall be entitled to retain its security interest in and to all existing and future collateral (if any).

2.4. Ratable Loans. Each Advance hereunder (other than any Swing Line Loan) shall consist of Revolving Loans made from the several Lenders ratably in proportion to the ratio that their respective Commitments bear to the Aggregate Commitment.

2.5. Types of Advances. The Advances may be Revolving Loans consisting of Floating Rate Advances or Eurocurrency Advances, or a combination thereof, selected by the applicable Borrower in accordance with Sections 2.9 and 2.10, or Swing Line Loans selected by the applicable Borrower in accordance with Section 2.2.

2.6. Commitment Fee; Reductions in Aggregate Commitment; Increases in Aggregate Commitment.

2.6.1. Commitment Fee. The Borrowers agree to pay to the Administrative Agent for the account of each Lender a commitment fee (the "Commitment Fee") at a per annum rate equal to the Applicable Commitment Fee Rate on the daily unused portion of such Lender's Commitment from the Closing Date to and including the date on which this Agreement is terminated in full and all Obligations hereunder have been paid in full pursuant to Section 2.3, payable quarterly in arrears on each Payment Date hereafter and until all Obligations hereunder have been paid in full.

2.6.2. Reductions in Aggregate Commitment. The Borrowers may permanently reduce the Aggregate Commitment in whole, or in part ratably among the Lenders in a minimum amount of \$1,000,000 (and in multiples of \$500,000 if in excess thereof) (or the Approximate Equivalent Amount if denominated in an Agreed Currency other than Dollars), upon at least three (3) Business Days' prior written notice to the Administrative Agent of such reduction, which notice shall specify the amount of any such reduction; provided, however, that the amount of the Aggregate Commitment may not be reduced below the Dollar Amount of the Aggregate

Outstanding Credit Exposure. All accrued Commitment Fees shall be payable on the effective date of any termination of all or any part of the obligations of the Lenders to make Credit Extensions hereunder. For purposes of calculating the Commitment Fee hereunder, the principal amount of each Credit Extension made in an Agreed Currency other than Dollars shall be at any time the Dollar Amount of such Credit Extension as determined on the most recent Computation Date with respect to such Credit Extension.

2.6.3. Increase of Aggregate Commitment. At any time the Company may, on the terms set forth below, request that the Aggregate Commitment hereunder be increased to an amount not to exceed \$150,000,000; provided, however, that (i) an increase in the Aggregate Commitment hereunder may only be made at a time when no Default or Unmatured Default shall have occurred and be continuing, (ii) each Lender shall be offered a pro rata share of any requested increase prior to the Company and the Administrative Agent inviting any additional financial institutions to become a Lender hereunder, and (iii) no Lender's Commitment shall be increased under this Section 2.6.3 without its consent. In the event of such a requested increase in the Aggregate Commitment, any financial institution which the Company and the Administrative Agent invite to become a Lender or to increase its Commitment may set the amount of its Commitment at a level agreed to by the Company (on behalf of all of the Borrowers) and the Administrative Agent. In the event that the Company and one or more of the Lenders (or other financial institutions) shall agree upon such an increase in the Aggregate Commitment (i) the Borrowers, the Administrative Agent and each Lender or other financial institution increasing its Commitment or extending a new Commitment shall enter into an amendment to this Agreement setting forth the amounts of the Commitments, as so increased, providing that the financial institutions extending new Commitments shall be Lenders for all purposes under this Agreement, and setting forth such additional provisions as the Administrative Agent shall consider reasonably appropriate and (ii) the Borrowers shall furnish, if requested, a new Note to each financial institution that is extending a new Commitment or increasing its Commitment. No such amendment shall require the approval or consent of any Lender whose Commitment is not being increased. Upon the execution and delivery of such amendment as provided above, and upon satisfaction of such other conditions as the Administrative Agent may reasonably specify upon the request of the financial institutions that are extending new Commitments (including, without limitation, the Administrative Agent administering the reallocation of any outstanding Loans ratably among the Lenders after giving effect to each such increase in the Aggregate Commitment, and the delivery of certificates, evidence of corporate authority and legal opinions on behalf of the Borrowers), this Agreement shall be deemed to be amended accordingly.

2.7. Minimum Amount of Each Advance. Each Eurocurrency Advance shall be in the minimum amount of \$3,000,000 (and in multiples of \$500,000 if in excess thereof) (or the Approximate Equivalent Amount if denominated in an Agreed Currency other than Dollars), and each Floating Rate Advance shall be in the minimum amount of \$3,000,000 (and in multiples of \$500,000 if in excess thereof), provided, however, that any Floating Rate Advance may be in the amount of the Available Aggregate Commitment.

2.8. Principal Payments.

2.8.1. Optional Principal Payments. The Borrowers may from time to time pay, without penalty or premium, all outstanding Floating Rate Advances (other than Swing Line Loans), or any portion of the outstanding Floating Rate Advances, in a minimum aggregate amount of \$1,000,000 or any integral multiple of \$500,000 in excess thereof, upon prior notice to the Administrative Agent at or before 12:00 noon (Chicago time) one (1) Business Day prior to the date of such payment. The Borrowers may from time to time pay, subject to the payment of any funding indemnification amounts required by Section 3.4 but without penalty or premium, all outstanding Eurocurrency Ratable Advances, or, in a minimum aggregate amount of \$1,000,000 or any integral multiple of \$500,000 in excess thereof (or the Approximate Equivalent Amount if denominated in an Agreed Currency other than Dollars), any portion of the outstanding Eurocurrency Ratable Advances upon five (5) Business Days' prior notice to the Administrative Agent. The Borrowers may at any time pay, without penalty or premium, all outstanding Swing Line Loans, or, in a minimum amount of \$1,000,000 and increments of \$500,000 in excess thereof, any portion of the outstanding Swing Line Loans, with notice to the Administrative Agent and the Swing Line Lender by 12:00 noon (Chicago time) on the date of repayment.

2.8.2. Mandatory Principal Payments. Upon the consummation of any issuance of Indebtedness permitted under Section 6.12(vii), at any time the Leverage Ratio (determined as of the last day of the most recent fiscal quarter for which a compliance certificate shall have been delivered in accordance with Section 6.1) shall be greater than or equal to 3.00 to 1.00, within two (2) Business Days after the Company's or any of its Subsidiaries' receipt of any net cash proceeds from such issuance of Indebtedness, the Company shall make a mandatory prepayment of the Obligations in an amount equal to 100% of such net cash proceeds. All of the mandatory prepayments made under this Section 2.8.2 shall be applied first to Floating Rate Loans and to any Eurocurrency Rate Loans maturing on such date and then to subsequently maturing Eurocurrency Rate Loans.

2.9. Method of Selecting Types and Interest Periods for New Advances; Method of Borrowing; Advances to be Made in euro.

2.9.1. Method of Selecting Types and Interest Periods for New Advances. Other than with respect to Swing Line Loans (which shall be governed by Section 2.2), the applicable Borrower shall select the Type of Advance and, in the case of each Eurocurrency Advance, the Interest Period and Agreed Currency applicable thereto from time to time; provided that there shall be no more than eight (8) Interest Periods in effect with respect to all of the Revolving Loans at any time, unless such limit has been waived by the Administrative Agent in its sole discretion. The applicable Borrower shall give the Administrative Agent irrevocable notice (a "Borrowing Notice") not later than 10:00 a.m. (Chicago time) on the Borrowing Date of each Floating Rate Advance, three (3) Business Days before the Borrowing Date for each Eurocurrency Advance denominated in Dollars, and four (4) Business Days before the Borrowing Date for each Eurocurrency Advance denominated in an Agreed Currency other than Dollars, specifying:

- (i) the Borrowing Date, which shall be a Business Day, of such Advance,
- (ii) the aggregate amount of such Advance,

(iii) the Type of Advance selected, and

(iv) in the case of each Eurocurrency Advance, the Interest Period and Agreed Currency applicable thereto.

2.9.2. Method of Borrowing. On each Borrowing Date, each Lender shall make available its Loan or Loans, if any, (i) if such Loan is denominated in Dollars, not later than noon, Chicago time, in Federal or other funds immediately available to the Administrative Agent, in Chicago, Illinois at its address specified in or pursuant to Article XIV and, (ii) if such Loan is denominated in an Agreed Currency other than Dollars, not later than noon, local time, in the city of the Administrative Agent's Eurocurrency Payment Office for such currency, in such funds as may then be customary for the settlement of international transactions in such currency in the city of and at the address of the Administrative Agent's Eurocurrency Payment Office for such currency. Unless the Administrative Agent determines that any applicable condition specified in Article IV has not been satisfied, the Administrative Agent will make the funds so received from the Lenders available to the applicable Borrower at the Administrative Agent's aforesaid address. Notwithstanding the foregoing provisions of this Section 2.9.2, to the extent that a Loan made by a Lender matures on the Borrowing Date of a requested Loan, such Lender shall apply the proceeds of the Loan it is then making to the repayment of principal of the maturing Loan.

2.9.3. Advances to be Made in euro. If any Advance would, but for the provisions of this Section 2.9.3, be capable of being made in either euro or in a National Currency Unit, such Advance shall be made in euro.

2.10. Conversion and Continuation of Outstanding Advances. Floating Rate Advances shall continue as Floating Rate Advances unless and until such Floating Rate Advances are converted into Eurocurrency Advances pursuant to this Section 2.10 or are repaid in accordance with Section 2.8. Each Eurocurrency Advance shall continue as a Eurocurrency Advance until the end of the then applicable Interest Period therefor, at which time:

(i) each such Eurocurrency Advance denominated in Dollars shall be automatically converted into a Floating Rate Advance unless (x) such Eurocurrency Advance is or was repaid in accordance with Section 2.8 or (y) the applicable Borrower shall have given the Administrative Agent a Conversion/Continuation Notice (as defined below) requesting that, at the end of such Interest Period, such Eurocurrency Advance continue as a Eurocurrency Advance for the same or another Interest Period or be converted into a Floating Rate Advance; and

(ii) each such Eurocurrency Advance denominated in an Agreed Currency other than Dollars shall automatically continue as a Eurocurrency Advance in the same Agreed Currency with an Interest Period of one month unless (x) such Eurocurrency Advance is or was repaid in accordance with Section 2.8, or (y) the applicable Borrower shall have given the Administrative Agent a Conversion/Continuation Notice (as defined below) requesting that, at the end of such Interest Period, such Eurocurrency Advance continue as a Eurocurrency Advance for the same or another Interest Period.

Subject to the terms of Section 2.7, the Borrowers may elect from time to time to convert all or any part of an Advance of any Type into any other Type or Types of Advances denominated in the same or any other Agreed Currency; provided that any conversion of any Eurocurrency Advance shall be made on, and only on, the last day of the Interest Period applicable thereto. The applicable Borrower shall give the Administrative Agent irrevocable notice (a "Conversion/Continuation Notice") of each conversion of an Advance or continuation of a Eurocurrency Advance not later than 10:00 a.m. (Chicago time) at least one (1) Business Day, in the case of a conversion into a Floating Rate Advance, three (3) Business Days, in the case of a conversion into or continuation of a Eurocurrency Advance denominated in Dollars, or four (4) Business Days, in the case of a conversion into or continuation of a Eurocurrency Advance denominated in an Agreed Currency other than Dollars, prior to the date of the requested conversion or continuation, specifying:

(i) the requested date, which shall be a Business Day, of such conversion or continuation,

(ii) the Agreed Currency, the aggregate amount and Type of the Advance which is to be converted or continued, and

(iii) the amount of such Advance which is to be converted into or continued as a Eurocurrency Advance and the duration of the Interest Period applicable thereto.

Promptly after receipt of any Conversion/Continuation Notice, the Administrative Agent shall provide the Lenders with notice thereof.

2.11. Changes in Interest Rate, etc. Each Floating Rate Advance shall bear interest on the outstanding principal amount thereof, for each day from and including the date such Advance is made or is automatically converted from a Eurocurrency Advance into a Floating Rate Advance pursuant to Section 2.10, to but excluding the date it is paid or is converted into a Eurocurrency Advance pursuant to Section 2.10 hereof, at a rate per annum equal to the Floating Rate for such day. Changes in the rate of interest on that portion of any Advance maintained as a Floating Rate Advance will take effect simultaneously with each change in the Alternate Base Rate. Each Eurocurrency Advance shall bear interest on the outstanding principal amount thereof from and including the first day of the Interest Period applicable thereto to (but not including) the last day of such Interest Period at the interest rate determined by the Administrative Agent as applicable to such Eurocurrency Advance based upon the applicable Borrower's selections under Sections 2.9 and 2.10 and otherwise in accordance with the terms hereof. No Interest Period may end after the Facility Termination Date.

2.12. No Conversion or Continuation of Eurocurrency Advances After Default; Rates Applicable After Default. Notwithstanding anything to the contrary contained in Section 2.10, no Advance may be converted or continued as a Eurocurrency Advance (except with the consent of the Required lenders) when any Default or Unmatured Default is continuing. During the continuance of a Default (including the Borrowers' failure to pay any Loan at maturity) the Required Lenders may, at their option, by notice to the Borrowers (which notice may be revoked at the option of the Required Lenders notwithstanding any provision of Section 8.2 requiring unanimous consent of the Lenders to changes in interest rates), declare that (i) the Advances, all

fees or any other Obligations hereunder shall bear interest at the Floating Rate plus 2% per annum and (ii) the LC Fee shall be increased by 2% per annum, provided that, during the continuance of a Default under Section 7.6 or 7.7, such interest rate and such increase in the LC Fee set forth above shall be applicable to all Credit Extensions, Advances, fees and other Obligations hereunder without any election or action on the part of the Administrative Agent, any LC Issuer or any Lender.

2.13. Method of Payment.

(i) Each Advance shall be repaid and each payment of interest thereon shall be paid in the currency in which such Advance was made or, where such currency has converted to the euro, in the euro. All payments of the Obligations hereunder shall be made, without setoff, deduction, or counterclaim, in immediately available funds to the Administrative Agent at (except as set forth in the next sentence) the Administrative Agent's address specified pursuant to Article XIV, or at any other Lending Installation of the Administrative Agent specified in writing by the Administrative Agent to the Company, by 12:00 noon (Chicago time) on the date when due and shall (except (i) in the case of Reimbursement Obligations for which the applicable LC Issuer has not been fully indemnified by the Lenders or (ii) with respect to repayments of Swing Line Loans) be applied ratably by the Administrative Agent among the Lenders. All payments to be made by the Borrowers hereunder in any currency other than Dollars shall be made in such currency on the date due in such funds as may then be customary for the settlement of international transactions in such currency for the account of the Administrative Agent, at its Eurocurrency Payment Office for such currency and shall be applied ratably by the Administrative Agent among the Lenders. Each payment delivered to the Administrative Agent for the account of any Lender shall be delivered promptly by the Administrative Agent to such Lender in the same type of funds that the Administrative Agent received at, (a) with respect to Floating Rate Loans and Eurocurrency Loans denominated in Dollars, such Lender's address specified pursuant to Article XIV or at any Lending Installation specified in a notice received by the Administrative Agent from such Lender and (b) with respect to Eurocurrency Loans denominated in an Agreed Currency other than Dollars, in the funds received from the Borrowers at the address of the Administrative Agent's Eurocurrency Payment Office for such currency. Each reference to the Administrative Agent in this Section 2.13 shall also be deemed to refer, and shall apply equally, to the applicable LC Issuer, in the case of payments required to be made by the applicable Borrower to such LC Issuer pursuant to Section 2.21.6. The Administrative Agent is hereby authorized to charge the account of the Borrowers maintained with Bank One or any of its Affiliates for each payment of principal, interest and fees as it becomes due hereunder.

(ii) Notwithstanding the foregoing provisions of this Section, if, after the making of any Advance in any currency other than Dollars, currency control or exchange regulations are imposed in the country which issues such currency with the result that the type of currency in which the Advance was made (the "Original Currency") no longer exists or any Borrower is not able to make payment to the Administrative Agent for the account of the Lenders in such Original Currency, then all payments to be made by any Borrower hereunder in such currency shall instead be made when due in Dollars in an amount equal to the Dollar Amount (as of the date of repayment) of such payment due, it being the intention of the parties hereto that the Borrowers take all risks of the imposition of any such currency control or exchange regulations.

For purposes of this Section 2.13(ii), the commencement of the third stage of European Economic and Monetary Union shall not constitute the imposition of currency control or exchange regulations.

2.14. Noteless Agreement; Evidence of Indebtedness.

(i) Each Lender shall maintain in accordance with its usual practice an account or accounts evidencing the indebtedness of the Borrowers to such Lender resulting from each Loan made by such Lender from time to time, including the amounts of principal and interest payable and paid to such Lender from time to time hereunder.

(ii) The Administrative Agent shall also maintain accounts in which it will record (a) the date and the amount of each Revolving Loan made hereunder, the Agreed Currency and Type thereof and the Interest Period, if any, applicable thereto, (b) the amount of any principal or interest due and payable or to become due and payable from any Borrower to each Lender hereunder, (c) the effective date and amount of each Assignment Agreement delivered to and accepted by it and the parties thereto pursuant to Section 13.3, (d) the original stated amount of each Facility LC and the amount of LC Obligations outstanding at any time, (e) the amount of any sum received by the Administrative Agent hereunder from the Borrowers and each Lender's share thereof, and (f) all other appropriate debits and credits as provided in this Agreement, including, without limitation, all fees, charges, expenses and interest.

(iii) The entries maintained in the accounts maintained pursuant to clauses (i) and (ii) above shall be prima facie evidence of the existence and amounts of the Obligations therein recorded; provided, however, that the failure of the Administrative Agent or any Lender to maintain such accounts or any error therein shall not in any manner affect the obligation of the Borrowers to repay the Obligations in accordance with their terms.

(iv) Any Lender may request that its Loans be evidenced by a promissory note or, in the case of the Swing Line Lender, promissory notes representing its Revolving Loans and Swing Line Loans, respectively, substantially in the form of Exhibit E, with appropriate changes for notes evidencing Swing Line Loans (each, a "Note"). In such event, the Borrowers shall prepare, execute and deliver to such Lender such Note or Notes payable to the order of such Lender. Thereafter, the Loans evidenced by each such Note and interest thereon shall at all times (including after any assignment pursuant to Section 13.3) be represented by one or more Notes payable to the order of the payee named therein or any assignee pursuant to Section 13.3, except to the extent that any such Lender or assignee subsequently returns any such Note for cancellation and requests that such Loans once again be evidenced as described in clauses (i) and (ii) above.

2.15. Telephonic Notices. The Borrowers hereby authorize the Lenders and the Administrative Agent to extend, convert or continue Advances, effect selections of Types of Advances and transfer funds based on telephonic notices made by any person or persons the Administrative Agent or any Lender in good faith believes to be acting on behalf of a Borrower, it being understood that the foregoing authorization is specifically intended to allow Borrowing Notices and Conversion/Continuation Notices to be given telephonically. The Borrowers agree to deliver promptly to the Administrative Agent a written confirmation, signed by an Authorized

Officer, if such confirmation is requested by the Administrative Agent or any Lender, of each telephonic notice. If the written confirmation differs in any material respect from the action taken by the Administrative Agent and the Lenders, the records of the Administrative Agent and the Lenders shall govern absent manifest error.

2.16. Interest Payment Dates; Interest and Fee Basis. Interest accrued on each Floating Rate Advance and Swing Line Loan shall be payable in arrears on each Payment Date, commencing with the first such date to occur after the Closing Date, on any date on which the Floating Rate Advance or Swing Line Loan is prepaid, whether due to acceleration or otherwise, and at maturity. Interest accrued on that portion of the outstanding principal amount of any Floating Rate Advance converted into a Eurocurrency Advance on a day other than a Payment Date shall be payable on the date of conversion. Interest accrued on each Eurocurrency Advance shall be payable on the last day of its applicable Interest Period, on any date on which the Eurocurrency Advance is prepaid, whether by acceleration or otherwise, and at maturity; provided, that interest accrued on each Eurocurrency Advance having an Interest Period longer than three (3) months shall also be payable on the last day of each three-month interval during such Interest Period. Interest on Eurocurrency Advances (other than Eurocurrency Advances denominated in British Pounds Sterling), Swing Line Loans, LC Fees and Commitment Fees shall be calculated for actual days elapsed on the basis of a 360-day year; interest on Floating Rate Advances for which the Prime Rate is the basis and Eurocurrency Advances denominated in British Pounds Sterling shall be calculated for actual days elapsed on the basis of a 365/366-day year. Interest shall be payable for the day an Advance is made but not for the day of any payment on the amount paid if payment is received prior to 12:00 noon (Chicago time) at the place of payment. If any payment of principal or interest on an Advance, any fees or any other amounts payable to the Administrative Agent or any Lender hereunder shall become due on a day which is not a Business Day, such payment shall be made on the next succeeding Business Day and, in the case of a principal payment, such extension of time shall be included in computing interest, fees and commissions in connection with such payment.

2.17. Notification of Advances, Interest Rates, Prepayments and Commitment Reductions. Promptly after receipt thereof, the Administrative Agent will notify each Lender of the contents of each Aggregate Commitment reduction notice, Borrowing Notice, Swing Line Borrowing Notice, Conversion/Continuation Notice, and repayment notice received by it hereunder. Promptly after notice from the applicable LC Issuer, the Administrative Agent will notify each Lender of the contents of each request for issuance of a Facility LC hereunder. The Administrative Agent will notify each Lender of the interest rate applicable to each Eurocurrency Advance promptly upon determination of such interest rate and will give each Lender prompt notice of each change in the Alternate Base Rate.

2.18. Lending Installations. Each Lender may book its Loans and its participation in any LC Obligations and the LC Issuers may book the Facility LCs at any Lending Installation selected by such Lender or the applicable LC Issuer, as the case may be, and may change its Lending Installation from time to time. All terms of this Agreement shall apply to any such Lending Installation and the Loans, Facility LCs, participations in LC Obligations and any Notes issued hereunder shall be deemed held by each Lender or the applicable LC Issuer, as the case may be, for the benefit of any such Lending Installation. Each Lender and each LC Issuer may, by written notice to the Administrative Agent and the Company in accordance with Article XIV,

designate replacement or additional Lending Installations through which Loans will be made by it or Facility LCs will be issued by it and for whose account Loan payments or payments with respect to Facility LCs are to be made.

2.19. Non-Receipt of Funds by the Administrative Agent. Unless a Borrower or a Lender, as the case may be, notifies the Administrative Agent prior to the time on which it is scheduled to make payment to the Administrative Agent of (i) in the case of a Lender, the proceeds of a Loan or (ii) in the case of a Borrower, a payment of principal, interest or fees to the Administrative Agent for the account of the Lenders, that it does not intend to make such payment, the Administrative Agent may assume that such payment has been made. The Administrative Agent may, but shall not be obligated to, make the amount of such payment available to the intended recipient in reliance upon such assumption. If such Lender or Borrower, as the case may be, has not in fact made such payment to the Administrative Agent, the recipient of such payment shall, on demand by the Administrative Agent, repay to the Administrative Agent the amount so made available together with interest thereon in respect of each day during the period commencing on the date such amount was so made available by the Administrative Agent until the date the Administrative Agent recovers such amount at a rate per annum equal to (x) in the case of payment by a Lender, the Federal Funds Effective Rate for such day for the first three (3) days and, thereafter, the interest rate applicable to the relevant Loan or (y) in the case of payment by a Borrower, the interest rate applicable to the relevant Loan, including the interest rate applicable pursuant to Section 2.12.

2.20. Replacement of Lender. The Company, on its behalf and on behalf of the other Borrowers, shall be permitted, from time to time in its discretion, to remove Lenders from this Agreement and reduce the Aggregate Commitment, provided that the Aggregate Commitment may not be reduced below \$60,000,000 as a result of removing one or more Lenders pursuant to this Section, and a Lender may not be removed from the Agreement at any time a Default exists and remains uncured or unwaived under this Agreement. If the Company elects to terminate the Commitment of any Lender, it shall give not less than fourteen (14) days' prior written notice to the Administrative Agent and such Lender. On the effective date of such termination, the Company shall pay to the Administrative Agent, for the account of such Lender, in immediately available funds, an amount equal to all Credit Extensions and other amounts (including accrued interest and fees) owing to such Lender plus the amounts, if any, owing to such Lender under Section 3.4 if such payment is not made on the last day of the applicable Interest Period.

2.21. Facility LCs.

2.21.1. Issuance; Transitional Facility LCs.

(i) Issuance. The LC Issuers hereby agree, on the terms and conditions set forth in this Agreement, to issue standby and performance letters of credit in Agreed Currencies (each, together with the letters of credit deemed issued by the LC Issuers hereunder pursuant to Section 2.21.1(ii), a "Facility LC") and to renew, extend, increase, decrease or otherwise modify each Facility LC ("Modify," and each such action a "Modification"), from time to time from and including the date of this Agreement and prior to the Facility Termination Date upon the request of any Borrower; provided that immediately after each such Facility LC is issued or Modified, (i) the aggregate amount of the outstanding LC Obligations shall not exceed \$25,000,000 and (ii)

the Aggregate Outstanding Credit Exposure shall not exceed the Aggregate Commitment. No Facility LC shall have an expiry date later than the earlier of (x) the fifth Business Day prior to the Facility Termination Date and (y) one year after its issuance.

(ii) Transitional Provision. Schedule 2.21 contains a schedule of certain letters of credit issued for the account of the Borrowers prior to the Closing Date. Subject to the satisfaction of the conditions contained in Sections 4.1, 4.2 and 4.3, from and after the Closing Date such letters of credit shall be deemed to be Facility LCs issued pursuant to this Section 2.21.

2.21.2. Participations. On the date of this Agreement, with respect to the Facility LCs identified on Schedule 2.21, and upon the issuance or Modification by the applicable LC Issuer of a Facility LC in accordance with this Section 2.21, such LC Issuer shall be deemed, without further action by any party hereto, to have unconditionally and irrevocably sold to each Lender, and each Lender shall be deemed, without further action by any party hereto, to have unconditionally and irrevocably purchased from such LC Issuer, a participation in such Facility LC (and each Modification thereof) and the related LC Obligations in proportion to its Pro Rata Share.

2.21.3. Notice. Subject to Section 2.21.1, the applicable Borrower shall give the applicable LC Issuer notice prior to 10:00 a.m. (Chicago time) at least five (5) Business Days prior to the proposed date of issuance or Modification of each Facility LC, specifying the beneficiary, the proposed date of issuance (or Modification) and the expiry date of such Facility LC, and describing the proposed terms of such Facility LC and the nature of the transactions proposed to be supported thereby. Upon receipt of such notice, the applicable LC Issuer shall promptly notify the Administrative Agent, and the Administrative Agent shall promptly notify each Lender, of the contents thereof and of the amount of such Lender's participation in such proposed Facility LC. The issuance or Modification by any LC Issuer of any Facility LC shall, in addition to the conditions precedent set forth in Article IV (the satisfaction of which such LC Issuer shall have no duty to ascertain), be subject to the conditions precedent that such Facility LC shall be satisfactory to such LC Issuer and that the applicable Borrower shall have executed and delivered such application agreement and/or such other instruments and agreements relating to such Facility LC as the applicable LC Issuer shall have reasonably requested (each, a "Facility LC Application"). In the event of any conflict between the terms of this Agreement and the terms of any Facility LC Application, the terms of this Agreement shall control.

2.21.4. LC Fees. The Borrowers shall pay to the Administrative Agent, for the account of the Lenders ratably in accordance with their respective Pro Rata Shares, a letter of credit fee at a per annum rate equal to (x) with respect to each Standby LC, the Applicable Margin for Eurocurrency Loans in effect from time to time on the average daily undrawn stated amount under such Standby LC, and (y) with respect to each Performance LC, the Applicable Performance LC Fee in effect from time to time on the average daily undrawn stated amount under each Performance LC, such fees to be payable in arrears on each Payment Date (each such fee described in this sentence being an "LC Fee"). The Borrowers shall also pay to each LC Issuer for its own account (x) at the time of such LC Issuer's issuance of any Facility LC, a fronting fee equal to 0.15% per annum on the initial stated amount available for drawing under each such Facility LC issued by such LC Issuer, and (y) documentary and processing charges in

connection with the issuance or Modification of and draws under Facility LCs in accordance with the applicable LC Issuer's standard schedule for such charges as in effect from time to time.

2.21.5. Administration; Reimbursement by Lenders. Upon receipt from the beneficiary of any Facility LC of any demand for payment under such Facility LC, the applicable LC Issuer shall notify the Administrative Agent and the Administrative Agent shall promptly notify the Company and each other Lender as to the amount to be paid by such LC Issuer as a result of such demand and the proposed payment date (the "LC Payment Date"). The responsibility of each LC Issuer to the Borrowers and each Lender shall be only to determine that the documents (including each demand for payment) delivered under each Facility LC issued by such LC Issuer in connection with such presentment shall be in conformity in all material respects with such Facility LC. Each LC Issuer shall endeavor to exercise the same care in the issuance and administration of the Facility LCs issued by such LC Issuer as it does with respect to letters of credit in which no participations are granted, it being understood that in the absence of any gross negligence or willful misconduct by the applicable LC Issuer, each Lender shall be unconditionally and irrevocably liable without regard to the occurrence of any Default or any condition precedent whatsoever, to reimburse such LC Issuer on demand for (i) such Lender's Pro Rata Share of the amount of each payment made by such LC Issuer under each Facility LC issued by such LC Issuer to the extent such amount is not reimbursed by the Borrowers pursuant to Section 2.21.6 below, plus (ii) interest on the foregoing amount to be reimbursed by such Lender, for each day from the date of the applicable LC Issuer's demand for such reimbursement (or, if such demand is made after 11:00 a.m. (Chicago time) on such date, from the next succeeding Business Day) to the date on which such Lender pays the amount to be reimbursed by it, at a rate of interest per annum equal to the Federal Funds Effective Rate for the first three days and, thereafter, at a rate of interest equal to the rate applicable to Floating Rate Advances.

2.21.6. Reimbursement by the Borrowers.

(i) The Borrowers shall be irrevocably and unconditionally obligated to reimburse the LC Issuers on or before the applicable LC Payment Date for any amounts to be paid by any LC Issuer upon any drawing under any Facility LC issued by such LC Issuer (such obligation being a "Reimbursement Obligation"), without presentment, demand, protest or other formalities of any kind; provided that neither any Borrower nor any Lender shall hereby be precluded from asserting any claim for direct (but not consequential) damages suffered by such Borrower or such Lender to the extent, but only to the extent, caused by (a) the willful misconduct or gross negligence of the applicable LC Issuer in determining whether a request presented under any Facility LC issued by it complied with the terms of such Facility LC or (b) the applicable LC Issuer's failure to pay under any Facility LC issued by it after the presentation to it of a request strictly complying with the terms and conditions of such Facility LC.

(ii) If any Borrower at any time fails to repay a Reimbursement Obligation on or before the applicable LC Payment Date, such unpaid Reimbursement Obligation shall at that time be automatically converted into an obligation denominated in Dollars and such Borrower shall be deemed to have elected to borrow Revolving Loans from the Lenders, as of the date of the advance giving rise to the Reimbursement Obligation, equal in amount to the Dollar Amount of the unpaid Reimbursement Obligation. Such Revolving Loans shall be made as of the date of the payment giving rise to such Reimbursement Obligation, automatically, without notice and

without any requirement to satisfy the conditions precedent otherwise applicable to an Advance of Revolving Loans. Such Revolving Loans shall constitute a Floating Rate Advance, the proceeds of which Advance shall be used to repay such Reimbursement Obligation. If, for any reason, any Borrower fails to repay a Reimbursement Obligation on the day such Reimbursement Obligation arises and, for any reason, the Lenders are unable to make or have no obligation to make Revolving Loans, then such Reimbursement Obligation shall bear interest, payable on demand, for each day until paid at a rate per annum equal to the sum of two percent (2%) plus the rate applicable to Floating Rate Advances for such day (or, in the case of a Reimbursement Obligation denominated in an Agreed Currency other than Dollars, at the rate determined by the applicable Issuing Bank in good faith to represent such Issuing Bank's cost of overnight or short-term funds in the applicable Agreed Currency plus the then effective Applicable Eurodollar Margin). The Borrowers agree to indemnify each Issuing Bank against any loss or expense determined by such Issuing Bank in good faith to have resulted from any conversion pursuant to this Section 2.21.6(ii) by reason of the inability of such Issuing Bank to convert the Dollar Amount received from the applicable Borrower or from the Lenders, as applicable, into an amount in the applicable Agreed Currency of such Letter of Credit equal to the amount of such Reimbursement Obligation.

(iii) Each LC Issuer will pay to each Lender ratably in accordance with its Pro Rata Share all amounts received by it from the Borrowers for application in payment, in whole or in part, of the Reimbursement Obligation in respect of any Facility LC issued by such LC Issuer, but only to the extent such Lender has made payment to such LC Issuer in respect of such Facility LC pursuant to Section 2.21.5.

2.21.7. Obligations Absolute. The Borrowers' obligations under this Section 2.21 shall be absolute and unconditional under any and all circumstances and irrespective of any setoff, counterclaim or defense to payment which any Borrower may have or have had against any LC Issuer, any Lender or any beneficiary of a Facility LC. The Borrowers further agree with the LC Issuers and the Lenders that the LC Issuers and the Lenders shall not be responsible for, and no Borrower's Reimbursement Obligation in respect of any Facility LC shall be affected by, among other things, the validity or genuineness of documents or of any endorsements thereon, even if such documents should in fact prove to be in any or all respects invalid, fraudulent or forged, or any dispute between or among any Borrower, any of its Affiliates, the beneficiary of any Facility LC or any financing institution or other party to whom any Facility LC may be transferred or any claims or defenses whatsoever of any Borrower or of any of its Affiliates against the beneficiary of any Facility LC or any such transferee. No LC Issuer shall be liable for any error, omission, interruption or delay in transmission, dispatch or delivery of any message or advice, however transmitted, in connection with any Facility LC. The Borrowers agree that any action taken or omitted by any LC Issuer or any Lender under or in connection with each Facility LC and the related drafts and documents, if done without gross negligence or willful misconduct, shall be binding upon the Borrowers and shall not put any LC Issuer or any Lender under any liability to the Borrowers. Nothing in this Section 2.21.7 is intended to limit the right of the Borrowers to make a claim against any LC Issuer for damages as contemplated by the proviso to the first sentence of Section 2.21.6.

2.21.8. Actions of LC Issuers. Each LC Issuer shall be entitled to rely, and shall be fully protected in relying, upon any Facility LC, draft, writing, resolution, notice, consent, certificate,

affidavit, letter, cablegram, telegram, telecopy, telex or teletype message, statement, order or other document believed by it to be genuine and correct and to have been signed, sent or made by the proper Person or Persons, and upon advice and statements of legal counsel, independent accountants and other experts selected by such LC Issuer. Each LC Issuer shall be fully justified in failing or refusing to take any action under this Agreement unless it shall first have received such advice or concurrence of the Required Lenders as it reasonably deems appropriate or it shall first be indemnified to its reasonable satisfaction by the Lenders against any and all liability and expense which may be incurred by it by reason of taking or continuing to take any such action. Notwithstanding any other provision of this Section 2.21, each LC Issuer shall in all cases be fully protected in acting, or in refraining from acting, under this Agreement in accordance with a request of the Required Lenders, and such request and any action taken or failure to act pursuant thereto shall be binding upon the Lenders and any future holders of a participation in any Facility LC.

2.21.9. Indemnification. The Borrowers hereby agree to indemnify and hold harmless each Lender, each LC Issuer and the Administrative Agent, and their respective directors, officers, agents and employees from and against any and all claims and damages, losses, liabilities, costs or expenses which such Lender, such LC Issuer or the Administrative Agent may incur (or which may be claimed against such Lender, such LC Issuer or the Administrative Agent by any Person whatsoever) by reason of or in connection with the issuance, execution and delivery or transfer of or payment or failure to pay under any Facility LC or any actual or proposed use of any Facility LC, including, without limitation, any claims, damages, losses, liabilities, costs or expenses which any LC Issuer may incur by reason of or in connection with (i) the failure of any other Lender to fulfill or comply with its obligations to such LC Issuer hereunder (but nothing herein contained shall affect any rights the Borrowers may have against any defaulting Lender) or (ii) by reason of or on account of such LC Issuer issuing any Facility LC which specifies that the term "Beneficiary" included therein includes any successor by operation of law of the named Beneficiary, but which Facility LC does not require that any drawing by any such successor Beneficiary be accompanied by a copy of a legal document, satisfactory to such LC Issuer, evidencing the appointment of such successor Beneficiary; provided that the Borrowers shall not be required to indemnify any Lender, any LC Issuer or the Administrative Agent for any claims, damages, losses, liabilities, costs or expenses to the extent, but only to the extent, caused by (x) the willful misconduct or gross negligence of the applicable LC Issuer in determining whether a request presented under any Facility LC issued by such LC Issuer complied with the terms of such Facility LC or (y) any LC Issuer's failure to pay under any Facility LC issued by such LC Issuer after the presentation to it of a request strictly complying with the terms and conditions of such Facility LC. Nothing in this Section 2.21.9 is intended to limit the obligations of the Borrowers under any other provision of this Agreement.

2.21.10. Lenders' Indemnification. Each Lender shall, ratably in accordance with its Pro Rata Share, indemnify each LC Issuer, its affiliates and their respective directors, officers, agents and employees (to the extent not reimbursed by the Borrowers) against any cost, expense (including reasonable counsel fees and disbursements), claim, demand, action, loss or liability (except such as result from such indemnitees' gross negligence or willful misconduct or the applicable LC Issuer's failure to pay under any Facility LC issued by such LC Issuer after the presentation to it of a request strictly complying with the terms and conditions of such Facility

LC) that such indemnitees may suffer or incur in connection with this Section 2.21 or any action taken or omitted by such indemnitees hereunder.

2.21.11. Facility LC Collateral Account. Each Borrowers agrees that it will, as required by Section 8.1 and until the final expiration date of any Facility LC and thereafter as long as any amount is payable to the LC Issuers or the Lenders in respect of any Facility LC, maintain a special collateral account pursuant to arrangements satisfactory to the Administrative Agent (the "Facility LC Collateral Account") at the Administrative Agent's office at the address specified pursuant to Article XIV, in the name of such Borrower but under the sole dominion and control of the Administrative Agent, for the benefit of the Lenders and in which such Borrower shall have no interest other than as set forth in Section 8.1. Each Borrower hereby pledges, assigns and grants to the Administrative Agent, on behalf of and for the ratable benefit of the Lenders and the LC Issuers, a security interest in all of such Borrower's right, title and interest in and to all funds which may from time to time be on deposit in the Facility LC Collateral Account to secure the prompt and complete payment and performance of the Obligations. The Administrative Agent will invest any funds on deposit from time to time in the Facility LC Collateral Account in certificates of deposit of Bank One having a maturity not exceeding 30 days. Nothing in this Section 2.21.11 shall either obligate the Administrative Agent to require the Borrowers to deposit any funds in the Facility LC Collateral Account or limit the right of the Administrative Agent to release any funds held in the Facility LC Collateral Account in each case other than as required by Section 8.1.

2.21.12. Rights as a Lender. In its capacity as a Lender, each LC Issuer shall have the same rights and obligations as any other Lender.

2.22. Subsidiary Borrowers. The Company may at any time or from time to time, with the consent of the Administrative Agent, add as a party to this Agreement any Subsidiary to be a Subsidiary Borrower hereunder by the execution and delivery to the Administrative Agent and the Lenders of (a) a duly completed Assumption Letter by such Subsidiary, with the written consent of the Borrowers at the foot thereof, (b) such guaranty and subordinated intercompany indebtedness documents and, if applicable, security documents as may be reasonably required by the Administrative Agent and such other opinions, agreements, documents, certificates or other items as may be required by Section 4.3, such documents with respect to any additional Subsidiaries to be substantially similar in form and substance to the Loan Documents executed on or about the date hereof by the Subsidiaries parties hereto as of the Closing Date. Upon such execution, delivery and consent such Subsidiary shall for all purposes be a party hereto as a Subsidiary Borrower as fully as if it had executed and delivered this Agreement. So long as the principal of and interest on any Credit Extensions made to any Subsidiary Borrower under this Agreement shall have been repaid or paid in full, all Facility LCs issued for the account of such Subsidiary Borrower have expired or been returned and terminated and all other obligations of such Subsidiary Borrower under this Agreement shall have been fully performed, the Company may, by not less than five (5) Business Days' prior notice to the Administrative Agent (which shall promptly notify the Lenders thereof), terminate such Subsidiary Borrower's status as a "Subsidiary Borrower". The Administrative Agent shall give the Lenders written of the addition of any Subsidiary Borrowers to this Agreement.

2.23. Judgment Currency. If, for the purposes of obtaining judgment in any court, it is necessary to convert a sum due from any Borrower hereunder in the currency expressed to be payable herein (the "specified currency") into another currency, the parties hereto agree, to the fullest extent that they may effectively do so, that the rate of exchange used shall be that at which in accordance with normal banking procedures the Administrative Agent could purchase the specified currency with such other currency at the Administrative Agent's main office in Chicago, Illinois on the Business Day preceding that on which the final, non-appealable judgment is given. The obligations of each Borrower in respect of any sum due to any Lender or the Administrative Agent hereunder shall, notwithstanding any judgment in a currency other than the specified currency, be discharged only to the extent that on the Business Day following receipt by such Lender or the Administrative Agent (as the case may be) of any sum adjudged to be so due in such other currency such Lender or the Administrative Agent (as the case may be) may in accordance with normal, reasonable banking procedures purchase the specified currency with such other currency. If the amount of the specified currency so purchased is less than the sum originally due to such Lender or the Administrative Agent, as the case may be, in the specified currency, each Borrower agrees, to the fullest extent that it may effectively do so, as a separate obligation and notwithstanding any such judgment, to indemnify such Lender or the Administrative Agent, as the case may be, against such loss, and if the amount of the specified currency so purchased exceeds (a) the sum originally due to any Lender or the Administrative Agent, as the case may be, in the specified currency and (b) any amounts shared with other Lenders as a result of allocations of such excess as a disproportionate payment to such Lender under Section 12.2, such Lender or the Administrative Agent, as the case may be, agrees to remit such excess to such Borrower.

ARTICLE III

YIELD PROTECTION; TAXES

3.1. Yield Protection. If, on or after the date of this Agreement, the adoption of any law or any governmental or quasi-governmental rule, regulation, policy, guideline or directive (whether or not having the force of law), or any change in any such law, rule, regulation, policy, guideline or directive or in the interpretation or administration thereof by any governmental or quasi-governmental authority, central bank or comparable agency charged with the interpretation or administration thereof, or compliance by any Lender or applicable Lending Installation or any LC Issuer with any request or directive (whether or not having the force of law) of any such authority, central bank or comparable agency:

- (i) subjects any Lender or any applicable Lending Installation or any LC Issuer to any Taxes, or changes the basis of taxation of payments (other than with respect to Excluded Taxes) to any Lender or any LC Issuer in respect of its Eurocurrency Loans, Facility LCs or participations therein, or
- (ii) imposes or increases or deems applicable any reserve, assessment, insurance charge, special deposit or similar requirement against assets of, deposits with or for the account of, or credit extended by, any Lender or any applicable Lending Installation or any LC Issuer (other than reserves and assessments taken into account in determining the interest rate applicable to Eurocurrency Advances), or

- (iii) imposes any other condition the result of which is to increase the cost to any Lender or any applicable Lending Installation or any LC Issuer of making, funding or maintaining its Eurocurrency Loans or Commitment (including, without limitation, any conversion of any Loan denominated in an Agreed Currency other than euro into a Loan denominated in Euro), or of issuing or participating in Facility LCs, or reduces any amount receivable by any Lender or any applicable Lending Installation or any LC Issuer in connection with its Eurocurrency Loans or Commitment, Facility LCs or participations therein, or requires any Lender or any applicable Lending Installation or any LC Issuer to make any payment calculated by reference to the amount of Eurocurrency Loans or Commitment, Facility LCs or participants therein held or interest of LC Fees received by it, by an amount deemed material by such Lender or such LC Issuer as the case may be,

and the result of any of the foregoing is to increase the cost to such Lender or applicable Lending Installation or such LC Issuer, as the case may be, of making or maintaining its Eurocurrency Loans (including, without limitation, any conversion of any Loan denominated in an Agreed Currency other than euro into a Loan denominated in euro) or Commitment or of issuing or participating in Facility LCs or to reduce the return received by such Lender or applicable Lending Installation or such LC Issuer, as the case may be, in connection with such Eurocurrency Loans or Commitment, Facility LCs or participations therein, then, within fifteen (15) days of demand by such Lender, the Borrowers shall pay such Lender such additional amount or amounts as will compensate such Lender or such LC Issuer, as the case may be, for such increased cost or reduction in amount received.

3.2. Changes in Capital Adequacy Regulations. If a Lender or any LC Issuer determines the amount of capital required or expected to be maintained by such Lender, such LC Issuer, any Lending Installation of such Lender or such LC Issuer, or any corporation controlling such Lender or such LC Issuer, is increased as a result of a Change, then, within fifteen (15) days of demand by such Lender, or such LC Issuer, the Borrowers shall pay such Lender or such LC Issuer the amount necessary to compensate for any shortfall in the rate of return on the portion of such increased capital which such Lender or such LC Issuer determines is attributable to this Agreement, its Outstanding Credit Exposure or its Commitment to make Loans and issue or participate in Facility LCs, as the case may be, hereunder (after taking into account such Lender's or such LC Issuer's policies as to capital adequacy). "Change" means (i) any change after the date of this Agreement in the Risk-Based Capital Guidelines or (ii) any adoption of, change in, or change in the interpretation or administration of any other law, governmental or quasi-governmental rule, regulation, policy, guideline, interpretation, or directive (whether or not having the force of law) after the date of this Agreement which affects the amount of capital required or expected to be maintained by any Lender or any LC Issuer or any Lending Installation or any corporation controlling any Lender or any LC Issuer. "Risk-Based Capital Guidelines" means (i) the risk-based capital guidelines in effect in the United States on the date of this Agreement, including transition rules, and (ii) the corresponding capital regulations promulgated by regulatory authorities outside the United States implementing the July 1988 report of the Basle Committee on Banking Regulation and Supervisory Practices Entitled "International Convergence of Capital Measurements and Capital Standards," including

transition rules, and any amendments to such regulations adopted prior to the date of this Agreement.

3.3. Availability of Types of Advances. If (x) any Lender determines that maintenance of its Eurocurrency Loans at a suitable Lending Installation would violate any applicable law, rule, regulation or directive, whether or not having the force of law, or (y) the Required Lenders determine that (i) deposits of a type, currency and maturity appropriate to match fund Eurocurrency Advances are not available or (ii) the interest rate applicable to Eurocurrency Advances does not accurately reflect the cost of making or maintaining Eurocurrency Advances, then the Administrative Agent shall suspend the availability of Eurocurrency Advances and require any affected Eurocurrency Advances to be repaid or converted to Floating Rate Advances, subject to the payment of any funding indemnification amounts required by Section 3.4.

3.4. Funding Indemnification. If any payment of a Eurocurrency Advance occurs on a date which is not the last day of the applicable Interest Period, whether because of acceleration, prepayment or otherwise, or a Eurocurrency Advance is not made on the date specified by any Borrower for any reason other than default by the Lenders, or a Eurocurrency Advance is not prepaid on the date specified by the applicable Borrower for any reason, the Borrowers will indemnify each Lender for any loss or cost incurred by it resulting therefrom, including, without limitation, any loss or cost in liquidating or employing deposits acquired to fund or maintain such Eurocurrency Advance.

3.5. Taxes.

(i) All payments by the Borrowers to or for the account of any Lender, any LC Issuer or the Administrative Agent hereunder or under any Note or Facility LC Application shall be made free and clear of and without deduction for any and all Taxes. If any Borrower shall be required by law to deduct any Taxes from or in respect of any sum payable hereunder to any Lender, any LC Issuer or the Administrative Agent, (a) the sum payable shall be increased as necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section 3.5) such Lender, such LC Issuer or the Administrative Agent (as the case may be) receives an amount equal to the sum it would have received had no such deductions been made, (b) such Borrower shall make such deductions, (c) such Borrower shall pay the full amount deducted to the relevant authority in accordance with applicable law and (d) such Borrower shall furnish to the Administrative Agent the original copy of a receipt evidencing payment thereof within thirty (30) days after such payment is made.

(ii) In addition, the Borrowers hereby agree to pay any present or future stamp or documentary taxes and any other excise or property taxes, charges or similar levies which arise from any payment made hereunder or under any Note or Facility LC Application or from the execution or delivery of, or otherwise with respect to, this Agreement or any Note or Facility LC Application ("Other Taxes").

(iii) The Borrowers hereby agree to indemnify the Administrative Agent, the LC Issuers and each Lender for the full amount of Taxes or Other Taxes (including, without limitation, any Taxes or Other Taxes imposed on amounts payable under this Section 3.5) paid

by the Administrative Agent, the LC Issuers or such Lender and any liability (including penalties, interest and expenses) arising therefrom or with respect thereto. Payments due under this indemnification shall be made within thirty (30) days of the date the Administrative Agent, the LC Issuers or such Lender makes demand therefor pursuant to Section 3.6.

(iv) Each Lender that is not incorporated under the laws of the United States of America or a state thereof (each a "Non-U.S. Lender") agrees that it will, not more than ten (10) Business Days after the date on which it becomes a party to this Agreement, (i) deliver to each of the Company and the Administrative Agent two (2) duly completed copies of United States Internal Revenue Service Form W-8BEN or W-8ECI, certifying in either case that such Lender is entitled to receive payments under this Agreement without deduction or withholding of any United States federal income taxes, and (ii) deliver to each of the Company and the Administrative Agent a United States Internal Revenue Form W-8 or W-9, as the case may be, and certify that it is entitled to an exemption from United States backup withholding tax. Each Non-U.S. Lender further undertakes to deliver to each of the Company and the Administrative Agent (x) renewals or additional copies of such form (or any successor form) on or before the date that such form expires or becomes obsolete, and (y) after the occurrence of any event requiring a change in the most recent forms so delivered by it, such additional forms or amendments thereto as may be reasonably requested by the Company or the Administrative Agent. All forms or amendments described in the preceding sentence shall certify that such Lender is entitled to receive payments under this Agreement without deduction or withholding of any United States federal income taxes, unless an event (including without limitation any change in treaty, law or regulation) has occurred prior to the date on which any such delivery would otherwise be required which renders all such forms inapplicable or which would prevent such Lender from duly completing and delivering any such form or amendment with respect to it and such Lender advises the Company and the Administrative Agent that it is not capable of receiving payments without any deduction or withholding of United States federal income tax.

(v) For any period during which a Non-U.S. Lender has failed to provide the Company with an appropriate form pursuant to clause (iv), above (unless such failure is due to a change in treaty, law or regulation, or any change in the interpretation or administration thereof by any governmental authority, occurring subsequent to the date on which a form originally was required to be provided), such Non-U.S. Lender shall not be entitled to indemnification under this Section 3.5 with respect to Taxes imposed by the United States; provided that, should a Non-U.S. Lender which is otherwise exempt from or subject to a reduced rate of withholding tax become subject to Taxes because of its failure to deliver a form required under clause (iv), above, the Borrowers shall take such steps as such Non-U.S. Lender shall reasonably request to assist such Non-U.S. Lender to recover such Taxes.

(vi) Any Lender that is entitled to an exemption from or reduction of withholding tax with respect to payments under this Agreement or any Note pursuant to the law of any relevant jurisdiction or any treaty shall deliver to the Company (with a copy to the Administrative Agent), at the time or times prescribed by applicable law, such properly completed and executed documentation prescribed by applicable law as will permit such payments to be made without withholding or at a reduced rate.

(vii) If the IRS or any other governmental authority of the United States or any other country or any political subdivision thereof asserts a claim that the Administrative Agent did not properly withhold tax from amounts paid to or for the account of any Lender (because the appropriate form was not delivered or properly completed, because such Lender failed to notify the Administrative Agent of a change in circumstances which rendered its exemption from withholding ineffective, or for any other reason), such Lender shall indemnify the Administrative Agent fully for all amounts paid, directly or indirectly, by the Administrative Agent as tax, withholding therefor, or otherwise, including penalties and interest, and including taxes imposed by any jurisdiction on amounts payable to the Administrative Agent under this subsection, together with all costs and expenses related thereto (including attorneys' fees and time charges of attorneys for the Administrative Agent, which attorneys may be employees of the Administrative Agent). The obligations of the Lenders under this Section 3.5(vii) shall survive the payment of the Obligations and termination of this Agreement.

3.6. Lender Statements; Survival of Indemnity. To the extent reasonably possible, each Lender shall designate an alternate Lending Installation with respect to its Eurocurrency Loans to reduce any liability of the Borrowers to such Lender under Sections 3.1, 3.2 and 3.5 or to avoid the unavailability of Eurocurrency Advances under Section 3.3, so long as such designation is not, in the judgment of such Lender, disadvantageous to such Lender. Each Lender shall deliver a written statement of such Lender to the Company (with a copy to the Administrative Agent) as to the amount due, if any, under Section 3.1, 3.2, 3.4 or 3.5; provided, that no Borrower shall be obligated to pay any amount or amounts under Section 3.1, 3.2, 3.4 or 3.5 in respect of which an officer of the Administrative Agent or the affected Lender responsible for the administration of this Agreement shall have had actual knowledge for more than 180 days prior to the date of such statement. Such written statement shall set forth in reasonable detail the calculations upon which such Lender determined such amount and shall be final, conclusive and binding on the Borrowers in the absence of manifest error. Determination of amounts payable under such Sections in connection with a Eurocurrency Loan shall be calculated as though each Lender funded its Eurocurrency Loan through the purchase of a deposit of the type, currency and maturity corresponding to the deposit used as a reference in determining the Eurocurrency Rate applicable to such Loan, whether in fact that is the case or not. Unless otherwise provided herein, the amount specified in the written statement of any Lender shall be payable on demand after receipt by the Company of such written statement. The obligations of the Borrowers under Sections 3.1, 3.2, 3.4 and 3.5 shall survive payment of the Obligations and termination of this Agreement.

ARTICLE IV

CONDITIONS PRECEDENT

4.1. Initial Credit Extension. The Lenders shall not be required to make the initial Credit Extension hereunder unless (a) the representations and warranties contained in Article V are true and correct as of such date and (b) the Company has furnished to the Administrative Agent with sufficient copies for the Lenders:

- (i) Copies of the articles or certificates of incorporation (or similar Constitutive Documents) of the Company and each Guarantor (each a "Loan Party"), together

with all amendments thereto, and a certificate of good standing, each certified by the appropriate governmental officer in its jurisdiction of incorporation.

- (ii) Copies, certified by the Secretary or Assistant Secretary of each Loan Party of its by-laws (or similar Constitutive Documents) and of its Board of Directors' resolutions and of resolutions or actions of any other body authorizing the execution of the Loan Documents to which it is a party.
- (iii) An incumbency certificate, executed by the Secretary or Assistant Secretary of each Loan Party, which shall identify by name and title and bear the signatures of the Authorized Officers and any other officers of such Loan Party authorized to sign the Loan Documents to which it is a party and, in the case of the Borrowers, to request Loans hereunder, upon which certificate the Administrative Agent and the Lenders shall be entitled to rely until informed of any change in writing by the applicable Loan Party.
- (iv) An opening compliance certificate in substantially the form of Exhibit B, signed by the chief financial officer or treasurer of the Company, showing the calculations necessary to determine compliance with this Agreement on the initial Credit Extension Date and stating that on the initial Credit Extension Date no Default or Unmatured Default has occurred and is continuing.
- (v) A written opinion of each Borrower's and each Guarantor's counsel, in form and substance satisfactory to the Administrative Agent and addressed to the Lenders in substantially the form of Exhibit A.
- (vi) Any Notes requested by a Lender pursuant to Section 2.14 payable to the order of each such requesting Lender.
- (vii) If the initial Credit Extension shall be the issuance of a Facility LC, a properly completed Facility LC Application.
- (viii) Written money transfer instructions, in substantially the form of Exhibit D, addressed to the Administrative Agent and signed by an Authorized Officer, together with such other related money transfer authorizations as the Administrative Agent may have reasonably requested.
- (ix) Evidence satisfactory to the Administrative Agent that the Existing Credit Agreement shall have been or shall simultaneously on the Closing Date be terminated (except for those provisions that expressly survive the termination thereof) and all loans outstanding and other amounts owed to the lenders or agents thereunder shall have been or shall simultaneously with the initial Advance hereunder be paid in full.
- (x) Such other documents as any Lender or its counsel may have reasonably requested including, without limitation, each document identified on the List of Closing Documents attached hereto as Exhibit F.

4.2. Each Credit Extension. The Lenders shall not (except as otherwise set forth in Section 2.2.4 with respect to Revolving Loans for the purpose of repaying Swing Line Loans) be required to make any Credit Extension unless on the applicable Credit Extension Date:

- (i) There exists no Default or Unmatured Default.
- (ii) The representations and warranties contained in Article V are true and correct as of such Credit Extension Date except to the extent any such representation or warranty is stated to relate solely to an earlier date, in which case such representation or warranty shall have been true and correct on and as of such earlier date.
- (iii) The Available Aggregate Commitment shall not be less than the aggregate face amount (plus accrued interest, if any) of the outstanding short-term unsecured debt obligations (interest bearing or discounted) of the Company or its Subsidiaries having maturities of 270 days or less excluding in any case, Credit Extensions under this Agreement and borrowings by Subsidiaries in currencies other than Dollars.
- (iv) All legal matters incident to the making of such Credit Extension shall be satisfactory to the Lenders and their counsel.

Each Borrowing Notice or request for issuance of a Facility LC, or Swing Line Borrowing Notice, as the case may be, with respect to each such Credit Extension shall constitute a representation and warranty by the Borrowers that the conditions contained in Section 4.2(i), (ii) and (iii) have been satisfied.

4.3. Initial Advance to Each New Subsidiary Borrower. The Lenders shall not be required to make a Credit Extension hereunder to a new Subsidiary Borrower added after the Closing Date unless the Company has furnished or caused to be furnished to the Administrative Agent with sufficient copies for the Lenders:

- (i) The Assumption Letter executed and delivered by such Subsidiary Borrower and containing the written consent of the Borrowers, as contemplated by Section 2.22;
- (ii) Copies, certified by the Secretary, Assistant Secretary, Director or Authorized Officer of the Subsidiary Borrower, of its Board of Directors' resolutions (and/or resolutions of other bodies, if any are deemed necessary by the Administrative Agent) approving the Assumption Letter;
- (iii) An incumbency certificate, executed by the Secretary, Assistant Secretary, Director or Authorized Officer of the Subsidiary Borrower, which shall identify by name and title and bear the signature of the officers of such Subsidiary Borrower authorized to sign the Assumption Letter and the other documents to be executed and delivered by such Subsidiary Borrower hereunder, upon which certificate the Administrative Agent and the Lenders shall be entitled to rely until informed of any change in writing by the Company;

- (iv) An opinion of counsel to such Subsidiary Borrower, substantially in the form of Exhibit E hereto;
- (v) Guaranty documentation from such Subsidiary Borrower that is a Domestic Subsidiary in form and substance acceptable to the Administrative Agent as required pursuant to Section 6.10;
- (vi) With respect to the initial Credit Extension made to any Subsidiary Borrower that is a Foreign Subsidiary, the Administrative Agent shall have received originals and/or copies, as applicable, of all filings required to be made and such other evidence as the Administrative Agent may require establishing to the Administrative Agent's satisfaction that each Lender, Swing Line Lender and each LC Issuer is entitled to receive payments under the Loan Documents without deduction or withholding of any taxes or with such deductions and withholding of taxes as may be acceptable to the Administrative Agent, including, without limitation, English taxes; and
- (vii) With respect to each such Subsidiary Borrower that is a Foreign Subsidiary, evidence reasonably satisfactory to the Administrative Agent that such Subsidiary Borrower has appointed an agent for service of process in the State of Illinois.

ARTICLE V

REPRESENTATIONS AND WARRANTIES

The Company represents and warrants as follows to each Lender and the Administrative Agent as of the Closing Date, on the date of the initial Loans hereunder (if different from the Closing Date) and thereafter on each date as required by Section 4.2:

5.1. Existence and Standing. The Company and each of its Subsidiaries is a corporation, partnership or limited liability company duly and properly incorporated or organized, as the case may be, validly existing and (to the extent such concept applies to such entity) in good standing under the laws of its jurisdiction of incorporation or organization and has all requisite authority to conduct its business in each jurisdiction in which its business is conducted, except to the extent that the failure to have such authority could not reasonably be expected to have a Material Adverse Effect.

5.2. Authorization and Validity. The Company and each of its Subsidiaries (to the extent applicable) has the power and authority and legal right to execute and deliver the Loan Documents to which it is a party and to perform its obligations thereunder. The execution and delivery by the Company and any such Subsidiary of the Loan Documents to which it is a party and the performance of its obligations thereunder have been duly authorized by proper corporate proceedings, and the Loan Documents to which such entity is a party constitute legal, valid and binding obligations of such entity enforceable against such entity in accordance with their terms, except as enforceability may be limited by bankruptcy, insolvency or similar laws affecting the enforcement of creditors' rights generally.

5.3. No Conflict; Government Consent. Neither the execution and delivery by the Company or any of its Subsidiaries of the Loan Documents, nor the consummation of the transactions therein contemplated, nor compliance with the provisions thereof will violate (i) any law, rule, regulation, order, writ, judgment, injunction, decree or award binding on the Company or any of its Subsidiaries or (ii) the Company's or any Subsidiary's articles or certificate of incorporation, partnership agreement, certificate of partnership, articles or certificate of organization, by-laws, or operating agreement or other management agreement, as the case may be, or (iii) the provisions of any indenture, instrument or agreement to which the Company or any of its Subsidiaries is a party or is subject, or by which it, or its Property, is bound, or conflict with, or constitute a default under, or result in, or require, the creation or imposition of any Lien in, of or on the Property of the Company or a Subsidiary pursuant to the terms of, any such indenture, instrument or agreement. No order, consent, adjudication, approval, license, authorization, or validation of, or filing, recording or registration with, or exemption by, or other action in respect of any governmental or public body or authority, or any subdivision thereof, which has not been obtained by the Company or any of its Subsidiaries, is required to be obtained by the Company or any of its Subsidiaries in connection with the execution and delivery of the Loan Documents, the borrowings under this Agreement, the payment and performance by any Borrower of the Obligations or the legality, validity, binding effect or enforceability of any of the Loan Documents.

5.4. Financial Statements. The September 30, 2000 consolidated financial statements of the Company and its Subsidiaries heretofore delivered to the Arranger and the Lenders, copies of which are attached hereto as Schedule 5.4, were prepared in accordance with generally accepted accounting principles in effect on the date such statements were prepared and fairly present, the consolidated financial condition and operations of the Company and its Subsidiaries at such date and the consolidated results of their operations and cash flows for the fiscal year then ended.

5.5. Material Adverse Change. Since September 30, 2000 there has been no change in the business, Property, condition (financial or otherwise) operations, performance or prospects of any Borrower, or the Company and its Subsidiaries taken as a whole, which could reasonably be expected to have a Material Adverse Effect.

5.6. Taxes. The Company and its Subsidiaries have filed all United States federal tax returns and all other tax returns which are required to be filed and have paid all taxes due pursuant to said returns or pursuant to any assessment received by the Company or any of its Subsidiaries, except such taxes, if any, as are being contested in good faith and as to which adequate reserves have been provided in accordance with Agreement Accounting Principles. The United States income tax returns of the Company and its Subsidiaries have been audited by the IRS through the fiscal year ended September 30, 1994. No tax liens have been filed and no claims are being asserted with respect to any such taxes. The charges, accruals and reserves on the books of the Company and its Subsidiaries in respect of any taxes or other governmental charges are adequate.

5.7. Litigation and Contingent Obligations. There is no litigation, arbitration, governmental investigation, proceeding or inquiry pending or, to the knowledge of any of their officers, threatened against or affecting the Company or any of its Subsidiaries which could

reasonably be expected to have a Material Adverse Effect or which seeks to prevent, enjoin or delay the making of any Loans. Other than any liability incident to any litigation, arbitration or proceeding which could not reasonably be expected to have a Material Adverse Effect, neither the Company nor any of its Subsidiaries have any contingent obligations not provided for or disclosed in the financial statements referred to in Section 5.4.

5.8. Subsidiaries. Schedule 5.8 (as supplemented from time to time by the Company promptly after the formation or acquisition of any new Subsidiary as permitted under this Agreement) contains an accurate list of all Subsidiaries of the Company as of the date of this Agreement, setting forth their respective jurisdictions of organization and the percentage of their respective capital stock or other ownership interests owned by the Company or other Subsidiaries. All of the issued and outstanding shares of capital stock or other ownership interests of such Subsidiaries have been (to the extent such concepts are relevant with respect to such ownership interests) duly authorized and issued and are fully paid and non-assessable.

5.9. Accuracy of Information. No information, schedule, exhibit or report furnished by the Company or any of its Subsidiaries to the Arranger, the Administrative Agent or Lender (including, without limitation, the Company's Confidential Information Memorandum dated July 2001) in connection with the negotiation of, or compliance with, the Loan Documents contained any material misstatement of fact or omitted to state a material fact or any fact necessary to make the statements contained therein not misleading.

5.10. Regulation U. Neither the Company nor any of its Subsidiaries is engaged principally, or as one of its important activities, in the business of extending credit for the purpose, whether immediate, incidental or ultimate of buying or carrying margin stock (within the meaning of Regulations U or X); and after applying the proceeds of each Advance, margin stock (as defined in Regulation U) constitutes less than twenty-five (25%) of the value of those assets of the Company and its Subsidiaries which are subject to any limitation on sale or pledge, or any other restriction hereunder.

5.11. Material Agreements. Neither the Company nor any Subsidiary is a party to any agreement or instrument or subject to any charter or other corporate restriction which could reasonably be expected to have a Material Adverse Effect. Neither the Company nor any Subsidiary is in default in the performance, observance or fulfillment of any of the obligations, covenants or conditions contained in (i) any agreement to which it is a party, which default could reasonably be expected to have a Material Adverse Effect or (ii) any agreement or instrument evidencing or governing Indebtedness.

5.12. Compliance With Laws. The Company and its Subsidiaries have complied in all material respects with all applicable statutes, rules, regulations, orders and restrictions of any domestic or foreign government or any instrumentality or agency thereof having jurisdiction over the conduct of their respective businesses or the ownership of their respective Property.

5.13. Ownership of Properties. On the date of this Agreement, the Company and its Subsidiaries will have good title, free of all Liens other than those permitted by Section 6.16, to all of the Property and assets reflected in the Company's most recent consolidated financial statements provided to the Arranger and the Lenders as owned by the Company and its

Subsidiaries, other than Property an assets sold or otherwise disposed of in the ordinary course of business.

5.14. ERISA; Foreign Pension Matters. The Company and all ERISA Affiliates, and Plan fiduciaries indemnified by them who are employees of the Company or an ERISA Affiliate have complied with the responsibilities, obligations, and duties imposed upon them by ERISA and the IRC and the rules and regulations promulgated thereunder with respect to any Plan, where the failure so to comply might be reasonably expected materially to adversely affect the ability of the Company and its ERISA Affiliates, taken as a whole, to carry on business substantially as now being or heretofore conducted, or to materially adversely affect the financial condition of the Company and its ERISA Affiliates taken as whole. Except as disclosed in Schedule 5.14 neither the Company nor any ERISA Affiliate maintains or contributes to any employee welfare benefit plan within the meaning of Section 3(1) of ERISA which provides benefits to employees after termination of employment other than as required by Section 601 of ERISA. No Benefit Plan has incurred any accumulated funding deficiency (as defined in Sections 302 (a)(2) of ERISA or 412(a) of the IRC) whether or not waived. Neither the Company nor any ERISA Affiliate has taken or failed to take any action which would constitute or result in a Termination Event which might be reasonably expected materially to adversely affect the ability of the Company and its ERISA Affiliates, taken as a whole, to carry on business substantially as now being or heretofore conducted, or to materially adversely affect the financial condition of the Company and its ERISA Affiliates taken as a whole. Neither the Company nor any ERISA Affiliate has incurred with respect to any Benefit Plan liability to the PBGC or any Multiemployer Plan under Title IV of ERISA which remains outstanding other than the payment of premiums to the PBGC, and there are no premium payments which have become due which are unpaid. Neither the Company nor any ERISA Affiliate has failed to make a required contribution or payment to a Multiemployer Plan. Neither the Company nor any ERISA Affiliate has failed to make a required installment or any other required payment under Section 412 of the IRC on or before the due date for such installment or other payment. Neither the Company nor any ERISA Affiliate is required to provide security to a Benefit Plan under Section 401(a) (29) of the IRC due to a Plan amendment that results in an increase in current liability for the plan year. The present value of the aggregate unfunded liabilities to provide the accrued benefits under all Foreign Pension Plans do not in the aggregate exceed an amount equal to five percent (5%) of the fair market value of the assets held in trust or other funding vehicles for accrued benefits under all Foreign Pension Plans. Each Foreign Pension Plan complies in all material respects with all applicable requirements of law and regulations.

5.15. Plan Assets; Prohibited Transactions. No Borrower is an entity deemed to hold "plan assets" within the meaning of 29 C.F.R. ss. 2510.3-101 of an employee benefit plan (as defined in Section 3(3) of ERISA) which is subject to Title I of ERISA or any plan (within the meaning of Section 4975 of the Code), and neither the execution of this Agreement nor the making of Loans hereunder gives rise to a prohibited transaction within the meaning of Section 406 of ERISA or Section 4975 of the Code.

5.16. Environmental Matters.

(a) In the ordinary course of its business, the officers of the Company consider the effect of Environmental Laws on the business of the Company and its Subsidiaries, in the course

of which they identify and evaluate potential risks and liabilities accruing to the Company and its Subsidiaries due to Environmental Laws. On the basis of this consideration, the Company has concluded that Environmental Laws cannot reasonably be expected to have a Material Adverse Effect. Except as set forth on Schedule 5.16, neither the Company nor any Subsidiary has received any notice to the effect that its operations are not in compliance with any of the requirements of applicable Environmental Laws or are the subject of any federal or state investigation evaluating whether any remedial action is needed to respond to a release of any toxic or hazardous waste or substance into the environment, which non-compliance or remedial action could reasonably be expected to have a Material Adverse Effect.

(b) The Company and each of its Subsidiaries have obtained all necessary governmental permits, licenses and approvals which are material to the operations conducted on their respective properties, including without limitation, all required permits, licenses and approvals for (i) the emission of air pollutants or contaminants, (ii) the treatment or pretreatment and discharge of waste water or storm water, (iii) the treatment, storage, disposal or generation of hazardous wastes, (iv) the withdrawal and usage of ground water or surface water, and (v) the disposal of solid wastes, except where a failure to obtain such permits, licenses and approvals would not result in a Material Adverse Effect.

5.17. Investment Company Act. Neither the Company nor any Subsidiary is an "investment company" or a company "controlled" by an "investment company", within the meaning of the Investment Company Act of 1940, as amended.

5.18. Public Utility Holding Company Act. Neither the Company nor any Subsidiary is a "holding company" or a "subsidiary company" of a "holding company", or an "affiliate" of a "holding company" or of a "subsidiary company" of a "holding company", within the meaning of the Public Utility Holding Company Act of 1935, as amended.

5.19. Insurance. The Property of the Company and its Subsidiaries is insured with financially sound and reputable insurance companies not Affiliates of the Company, in such amounts, with such deductibles and covering such risks as are customarily carried by companies engaged in similar business and owning similar properties.

ARTICLE VI

COVENANTS

During the term of this Agreement, unless the Required Lenders shall otherwise consent in writing:

6.1. Reporting. The Company will maintain, for itself and each Subsidiary, a system of accounting established and administered in accordance with generally accepted accounting principles, and furnish to the Lenders:

- (i) Within ninety (90) days after the close of each of its fiscal years, an unqualified audit report certified by independent certified public accountants acceptable to the Lenders, prepared in accordance with Agreement Accounting Principles on a consolidated basis for itself and its Subsidiaries, including a balance sheet as of

the end of such period, related statements of income, shareholders' equity and cash flows, all certified as accurate by its chief financial officer, chief accounting officer or treasurer.

- (ii) Within forty-five (45) days after the close of the first three (3) quarterly periods of each of its fiscal years, for itself and its Subsidiaries, a consolidated unaudited balance sheet as at the close of each such period and consolidated statements of income, shareholders' equity and cash flows for the period from the beginning of such fiscal year to the end of such quarter, all certified as accurate by its chief financial officer, chief accounting officer or treasurer.
- (iii) Together with the financial statements required under Sections 6.1(i) and (ii), a compliance certificate in substantially the form of Exhibit B signed by its chief financial officer, chief accounting officer or treasurer showing the calculations necessary to determine compliance with this Agreement and stating that no Default or Unmatured Default exists, or if any Default or Unmatured Default exists, stating the nature and status thereof.
- (iv) Within forty-five (45) days (or ninety (90) days with respect to the fourth quarter) after the end of each fiscal quarter of each fiscal year of the Company, a consolidating "key income statement figures report" of the Company and its Subsidiaries for the portion of such fiscal year elapsed through the end of such fiscal quarter, prepared on a basis consistent with the most recent such report of the Company delivered to the Administrative Agent prior to the Closing Date, and certified as accurate by an Authorized Officer.
- (v) Within ten (10) Business Days after the Company or any ERISA Affiliate knows or has reason to know that a Termination Event has occurred which might be reasonably expected materially to adversely affect the ability of the Company and its Subsidiaries, taken as a whole, to carry on business substantially as now being or heretofore conducted, or to materially adversely affect the financial condition of the Company and its Subsidiaries taken as a whole, a written statement of an Authorized Officer describing such Termination Event and the action, if any, which the Company or any ERISA Affiliate has taken, is taking or proposes to take with respect thereto, and when known, any action taken or threatened by the IRS, DOL, PBGC or a Multiemployer Plan with respect thereto.
- (vi) Within ten (10) Business Days after the Company or any ERISA Affiliate knows or has reason to know that a prohibited transaction (defined in Sections 406 of ERISA and 4975 of the IRC) has occurred, a statement of an Authorized Officer describing such transaction and the action which the Company or any ERISA Affiliate has taken, is taking or proposes to take with respect thereto.
- (vii) Within ten (10) Business Days after the filing thereof with the IRS, a copy of each funding waiver request filed with respect to any Benefit Plan and all communications received by the Company or any ERISA Affiliate with respect to such request.

- (viii) Within ten (10) Business Days after receipt by the Company or any ERISA Affiliate of the PBGC's intention to terminate a Benefit Plan or to have a trustee appointed to administer a Benefit Plan, which termination or appointment might be reasonably expected materially to adversely affect the ability of the Company and its Subsidiaries, taken as a whole, to carry on business substantially as now being or heretofore conducted, or to materially adversely affect the financial condition of the Company and its Subsidiaries taken as a whole, copies of each such notice.
- (ix) Within ten (10) Business Days after receipt by the Company or any ERISA Affiliate of any unfavorable determination letter from the IRS regarding the qualification of a Plan under Section 401(a) of the IRC which might be reasonably expected materially to adversely affect the ability of the Company and its Subsidiaries, taken as a whole, to carry on business substantially as now being or heretofore conducted, or to materially adversely affect the financial condition of the Company and its Subsidiaries taken as a whole, copies of each such letter.
- (x) Within ten (10) Business Days after receipt by the Company or any ERISA Affiliate of a notice from a Multiemployer Plan regarding the imposition of withdrawal liability which liability might be reasonably expected materially to adversely affect the ability of the Company and its Subsidiaries, taken as a whole, to carry on business substantially as now being or heretofore conducted, or to materially adversely affect the financial condition of the Company and its Subsidiaries taken as a whole, copies of each such notice.
- (xi) Within ten (10) Business Days after the Company or any ERISA Affiliate fails to make a required installment or any other required payment under Section 412 of the IRC on or before the due date for such installment or payment which failure might be reasonably expected materially to adversely affect the ability of the Company and its Subsidiaries, taken as a whole, to carry on business substantially as now being or heretofore conducted, or to materially adversely affect the financial condition of the Company and its Subsidiaries taken as a whole, a notification of such failure.
- (xii) Within ten (10) Business Days after the Company or any ERISA Affiliate knows or has reason to know (a) a Multiemployer Plan has been terminated, (b) the administrator or plan sponsor of a Multiemployer Plan intends to terminate a Multiemployer Plan, or (c) the PBGC has instituted or will institute proceedings under Section 4042 of ERISA to terminate a Multiemployer Plan, which termination or proceedings might be reasonably expected materially to adversely affect the ability of the Company and its Subsidiaries, taken as a whole, to carry on business substantially as now being or heretofore conducted, or to materially adversely affect the financial condition of the Company and its Subsidiaries taken as a whole.
- (xiii) As soon as possible and in any event within ten (10) days after the Company knows that any material unfunded liability has arisen with respect to any Foreign

Pension Plan, a statement, signed by the chief financial officer or treasurer of the Company, describing said material unfunded liability and the action which the Company proposes to take with respect thereto.

- (xiv) As soon as possible and in any event within ten (10) days after receipt by the Company, a copy of (a) any notice or claim to the effect that the Company or any of its Subsidiaries is or may be liable to any Person as a result of the release by the Company, any of its Subsidiaries, or any other Person of any toxic or hazardous waste or substance into the environment, and (b) any notice alleging any violation of any federal, state or local environmental, health or safety law or regulation by the Company or any of its Subsidiaries, which, in either case, could reasonably be expected to have a Material Adverse Effect.
- (xv) Promptly upon the furnishing thereof to the shareholders of the Company, copies of all financial statements, reports and proxy statements so furnished.
- (xvi) Promptly upon the filing thereof, copies of all registration statements or other regular reports not otherwise provided pursuant to this Section 6.1 which the Company or any of its Subsidiaries files with the Securities and Exchange Commission.
- (xvii) Such other information (including non-financial information) as the Administrative Agent or Lender may from time to time reasonably request.

For purposes of this Section 6.1, the Company and any ERISA Affiliate shall be deemed to know all facts known by the administrator of any Plan of which the Company or any ERISA Affiliate is the plan sponsor.

6.2. Use of Proceeds. The Company will, and will cause each Subsidiary to, use the proceeds of the Credit Extensions for general corporate purposes, including for working capital, refinancing the Indebtedness under the Existing Credit Agreement and Permitted Acquisitions. The Borrowers shall use the proceeds of Credit Extensions in compliance with all applicable legal and regulatory requirements and any such use shall not result in a violation of any such requirements, including, without limitation, Regulations T, U and X, the Securities Act of 1933 and the Securities Exchange Act of 1934 and the regulations promulgated thereunder.

6.3. Notice of Default. The Company will, and will cause each Subsidiary to, give prompt notice in writing to the Lenders of the occurrence of any Default or Unmatured Default and of any other development, financial or otherwise, which could reasonably be expected to have a Material Adverse Effect.

6.4. Conduct of Business. The Company will, and will cause each Subsidiary to, carry on and conduct its business in substantially the same manner and only in substantially the same fields of enterprise as conducted by the Company or its Subsidiaries as of the Closing Date, and, except as otherwise permitted by Section 6.13, do all things necessary to remain duly incorporated or organized, validly existing and (to the extent such concept applies to such entity) in good standing as a corporation, partnership or limited liability company in its jurisdiction of

incorporation or organization, as the case may be, and maintain all requisite authority to conduct its business in each jurisdiction in which its business is conducted.

6.5. Taxes. The Company will, and will cause each Subsidiary to, file on a timely basis complete and correct United States federal and applicable foreign, state and local tax returns required by law and pay when due all taxes, assessments and governmental charges and levies upon it or its income, profits or Property, except those which are being contested in good faith by appropriate proceedings and with respect to which adequate reserves have been set aside in accordance with Agreement Accounting Principles.

6.6. Insurance. The Company will, and will cause each Subsidiary to, maintain with financially sound and reputable insurance companies insurance on their Property in such amounts and covering such risks as is consistent with sound business practice, and the Company will furnish to any Lender upon request full information as to the insurance carried.

6.7. Compliance with Laws; Maintenance of Plans. The Company will, and will cause each Subsidiary to, (i) comply with all laws, rules, regulations, orders, writs, judgments, injunctions, decrees or awards to which it may be subject including, without limitation, all Environmental Laws, and (ii) establish, maintain and operate all Plans to comply in all material respects with the provisions of ERISA and the IRC, and the regulations and interpretations thereunder, where the failure to so comply might reasonably be expected materially to impair the ability of the Company and the Subsidiaries, taken as a whole, to carry on business substantially as now being conducted or to affect materially and adversely the financial condition of the Company and the Subsidiaries, taken as a whole.

6.8. Maintenance of Properties. The Company will, and will cause each Subsidiary to, do all things necessary to maintain, preserve, protect and keep its Property in good repair, working order and condition, and make all necessary and proper repairs, renewals and replacements so that its business carried on in connection therewith may be properly conducted at all times.

6.9. Inspection; Keeping of Books and Records. The Company will, and will cause each Subsidiary to, permit the Administrative Agent and the Lenders, by their respective representatives and agents, to inspect any of the Property, books and financial records of the Company and each Subsidiary, to examine and make copies of the books of accounts and other financial records of the Company and each Subsidiary, and to discuss the affairs, finances and accounts of the Company and each Subsidiary with, and to be advised as to the same by, their respective officers at such reasonable times and intervals as the Administrative Agent or Lender may designate. The Company shall keep and maintain, and cause each of its Subsidiaries to keep and maintain, in all material respects, proper books of record and account in which entries in conformity with Agreement Accounting Principles shall be made of all dealings and transactions in relation to their respective businesses and activities. If a Default has occurred and is continuing, the Company, upon the Administrative Agent's request, shall turn over copies of any such records to the Administrative Agent or its representatives.

6.10. Addition of Guarantors. As promptly as possible but in any event within thirty (30) days after any Domestic Subsidiary becomes a Subsidiary of the Company, the Company

shall cause each such Domestic Subsidiary to deliver to the Administrative Agent a duly executed supplement to the Guaranty pursuant to which such Subsidiary agrees to be bound by the terms and provisions of the Guaranty.

6.11. Dividends and Distributions. The Company will not, nor will it permit any of its Subsidiaries to, declare or pay any dividends on its capital stock (other than dividends payable in its own capital stock), make any distributions to any of its equity owners, redeem, repurchase or otherwise acquire or retire any of its capital stock or other equity interests at any time outstanding or pay any royalties to any Affiliate (collectively, "Distributions") other than:

- (i) Purchases, redemptions or retirements of the Borrower's Capital Stock or any warrants, rights or options to purchase or acquire any Capital Stock (i) in exchange for or out of the net cash proceeds to the Company obtained within three (3) months of such purchase, redemption or retirement from the issue or sale of other shares of Capital Stock of the Company or warrants, rights or options to purchase or acquire any shares of its Capital Stock, or (ii) that was sold, transferred or issued (a) as directors' qualifying shares of Capital Stock, (b) as any de minimus number of shares of Capital Stock to foreign domiciliaries as may be required by law, or (c) in connection with any Permitted Acquisition.
- (ii) Repurchases of up to 50,000 shares of Capital Stock of the Company per year for use in connection with employee stock option and other employee benefit plans.
- (iii) Distributions by any Subsidiary of the Company to the Company or to a Wholly-Owned Subsidiary of the Company.
- (iv) Other Distributions, provided the aggregate amount of Distributions (excluding Distributions pursuant to Section 6.11(ii) and (iii)) made during the period from and after June 30, 2001 to and including the date of the making of the Distribution in question would not exceed the sum of (1) \$10,000,000 plus (2) fifty percent (50%) of Consolidated Net Income for such period, computed on a cumulative basis for said entire period (or if such Consolidated Net Income is a deficit figure, then minus 100% of such deficit).

Distributions described in clauses (i), (ii) and (iv) above shall not be permitted to be made or declared at a time when a Default or Unmatured Default is continuing or would result therefrom.

6.12. Indebtedness. The Company will not, nor will it permit any Subsidiary to, create, incur or suffer to exist any Indebtedness, except:

- (i) The Loans and any other Obligations hereunder.
- (ii) Indebtedness existing on the date hereof and described on Schedule 6.12, and Permitted Refinancing Indebtedness in respect thereof.
- (iii) Indebtedness owed (a) to the Company by any Guarantor, (b) to any Guarantor by the Company or any other Guarantor, (c) to any Subsidiary of the Company that is not a Guarantor by any other Subsidiary of the Company that is not a Guarantor,

and (d) to the Company or any Guarantor by any Subsidiary of the Company that is not a Guarantor existing as of the date hereof and described on Schedule 6.12.

- (iv) Indebtedness constituting (a) accounts payable of the Company and its Subsidiaries arising in the ordinary course of business payable on terms customary in the trade and consistent with past practice, (b) payroll accruals, (c) tax, assessments and other governmental charges which are not yet due or which are being contested in good faith by appropriate proceedings and with respect to which adequate reserves have been set aside in accordance with Agreement Accounting Principles, and (d) other similar unsecured Indebtedness incurred in the ordinary course of business and consistent with past practice, but not incurred through the borrowing of money or the obtaining of credit.
- (v) Indebtedness in connection with overdraft facilities in an aggregate outstanding principal amount not to exceed \$10,000,000.
- (vi) Indebtedness evidenced by letters of credit (other than Facility LCs) in an aggregate face amount not to exceed \$10,000,000 at any time.
- (vii) So long as the Company shall have prepaid the outstanding Obligations in accordance with Section 2.8.2, additional unsecured Indebtedness in an aggregate amount not to exceed \$50,000,000.

6.13. Merger. The Company will not, nor will it permit any Subsidiary to, merge or consolidate with or into any other Person, except that, if after giving effect to any such merger or consolidation no Default or Unmatured Default would exist, a Subsidiary may merge or consolidate (i) into the Company or a Wholly-Owned Subsidiary such that the Company or such Wholly-Owned Subsidiary is the surviving entity, provided that in any merger or consolidation involving a Domestic Subsidiary and a Foreign Subsidiary, the Domestic Subsidiary shall be the surviving entity, or (ii) in connection with a Permitted Acquisition.

6.14. Sale of Assets. The Company will not, nor will it permit any Subsidiary to, lease, sell, transfer or otherwise dispose of its Property to any other Person, except:

- (i) Sales of inventory and obsolete or excess assets in the ordinary course of business.
- (ii) Sales, leases and transfers of Property (a) from the Company to any Guarantor, and (b) from any Subsidiary of the Company to the Company or any Guarantor.
- (iii) Sales, transfers or issuances of Capital Stock, warrants, rights or options to purchase or otherwise acquire Capital Stock, or other securities exchangeable for or convertible into Capital Stock, of any Subsidiary (a) constituting directors' qualifying shares of Capital Stock, (b) constituting any de minimus number of shares of Capital Stock to foreign domiciliaries as may be required by law, (c) in connection with any Permitted Acquisition or (d) to employees of any Subsidiary as part of any incentive stock arrangement (other than in connection with a Permitted Acquisition) so long as, after giving effect to such issuance under this

clause (d), (1) no Subsidiary shall cease to be a Subsidiary and (2) the aggregate fair value (as determined in good faith at the time of such issuance by the Board of Directors of the Company or such person or committee as the Board of Directors of the Company may authorize to make such determination pursuant to the terms of any such incentive stock arrangement) of all such Capital Stock under this clause (d) shall not exceed \$2,000,000.

- (iv) Sales, assignments, transfers, leases, conveyances or other dispositions of its Property and other assets if such transaction (a) is for consideration consisting at least eighty-five percent (85%) of cash, (b) is for not less than fair market value (as determined in good faith by the Company's board of directors), (c) after giving effect to such sale, lease, transfer or disposal, no Default or Unmatured Default shall exist, and (d) together with all other Property of the Company and its Subsidiaries previously leased, sold or disposed of (other than inventory and obsolete or excess assets in the ordinary course of business) calculated at book value (1) during the immediately preceding twelve-month period, represents the disposition of (A) not greater than twenty percent (20%) of the Company's Consolidated Total Assets at the end of the fiscal year immediately preceding that in which such transaction is proposed to be entered into and (B) assets that contributed not greater than twenty percent (20%) of the Company's Consolidated Net Income for such preceding fiscal year, and (2) during the period from the Closing Date to the date of such proposed transaction, represents the disposition of (A) not greater than thirty-five percent (35%) of the Company's Consolidated Total Assets at the end of the fiscal year immediately preceding that in which such transaction is proposed to be entered into and (B) assets that contributed not greater than thirty-five percent (35%) of the Company's Consolidated Net Income for such preceding fiscal year.

6.15. Investments and Acquisitions. The Company will not, nor will it permit any Subsidiary to, make or suffer to exist any Investments (including without limitation, loans and advances to, and other Investments in, Subsidiaries), or commitments therefor, or to create any Subsidiary or to become or remain a partner in any partnership or joint venture, or to make any Acquisition, except:

- (i) Cash Equivalent Investments.
- (ii) Existing Investments in Subsidiaries and other Investments in existence on the date hereof and described in Schedule 6.15.
- (iii) Investments (a) by any Subsidiary in the Company or any Guarantor and (b) constituting Indebtedness permitted under Section 6.12(iii).
- (iv) Investments resulting from Financial Contracts entered into in the ordinary course of business and which do not violate the terms of Section 6.18.

(v) Acquisitions meeting the following requirements or otherwise approved by the Required Lenders (each such Acquisition constituting a "Permitted Acquisition"):

(a) as of the date of the consummation of such Acquisition, no Default or Unmatured Default shall have occurred and be continuing or would result from such Acquisition, and the representation and warranty contained in Section 5.10 shall be true both before and after giving effect to such Acquisition;

(b) such Acquisition is consummated on a non-hostile basis pursuant to a negotiated acquisition agreement approved by the board of directors or other applicable governing body of the seller or entity to be acquired, and no material challenge to such Acquisition (excluding the exercise of appraisal rights) shall be pending or threatened by any shareholder or director of the seller or entity to be acquired;

(c) the business to be acquired in such Acquisition is similar or related to one or more of the lines of business in which the Company and its Subsidiaries are engaged on the Closing Date;

(d) as of the date of the consummation of such Acquisition, (x) all material approvals required in connection therewith shall have been obtained and (y) the Company shall be in compliance with Section 6.10;

(e) the Purchase Price for the Acquisition shall (1) at any time the Leverage Ratio shall be greater than or equal to 3.00 to 1.00, not exceed an amount equal to (A) \$10,000,000 per transaction or (B) together with all other Permitted Acquisitions permitted under this Section 6.15(v), \$15,000,000 per year, (2) at any time the Leverage Ratio shall be greater than or equal to 2.50 to 1.00 but less than 3.00 to 1.00, not exceed an amount equal to (A) \$15,000,000 per transaction or (B) together with all other Permitted Acquisitions permitted under this Section 6.15(v), \$30,000,000 per year, in each case, including the incurrence or assumption of any Indebtedness in connection therewith, and, for purposes of this clause (e), Leverage Ratio shall be determined as of the last day of the most recent fiscal quarter for which a compliance certificate shall have been delivered in accordance with Section 6.1, and (3) at any other time, not be subject to any limitation under this clause (e); and

(f) with respect to each Permitted Acquisition with respect to which the Purchase Price shall be greater than \$2,000,000, not less than ten (10) days prior to the consummation of such Permitted Acquisition, the Company shall have delivered to the Administrative Agent, in form and substance reasonably satisfactory to the Administrative Agent, a pro forma consolidated balance sheet, income statement and cash flow statement of the Company and its Subsidiaries (the "Acquisition Pro Forma"), based on the Company's most recent financial statements delivered pursuant to Section 6.1(i) and using historical financial statements for the acquired entity provided by the seller(s) or which shall be

complete and shall fairly present, in all material respects, the financial condition and results of operations and cash flows of the Company and its Subsidiaries in accordance with Agreement Accounting Principles, but taking into account such Permitted Acquisition and the funding of all Credit Extensions in connection therewith, and such Acquisition Pro Forma shall reflect that, on a pro forma basis, the Company would have been in compliance with the financial covenants set forth in Section 6.21 for the four fiscal quarter period reflected in the compliance certificate most recently delivered to the Administrative Agent pursuant to Section 6.1(iii) prior to the consummation of such Permitted Acquisition (giving effect to such Permitted Acquisition and all Credit Extensions funded in connection therewith as if made on the first day of such period).

- (vi) Investments consisting of loans or advances made by the Company or any of its Subsidiaries to employees and officers of the Company or any of the Company's Subsidiaries for travel, entertainment and relocation expenses in the ordinary course of business in an aggregate principal amount outstanding at any one time not to exceed \$2,000,000.
- (vii) Investments consisting of receivables arising from the sale of goods and services in the ordinary course of business of the Company and its Subsidiaries.
- (viii) Investments not otherwise permitted by clauses (i) through (vii) above, provided that at the time such Investment is made, (a) the Purchase Price of all Investments made pursuant to this clause (viii) (including such Investment) in the aggregate shall not exceed twenty-five percent (25%) of Consolidated Tangible Net Worth as of the end of the fiscal quarter ending immediately prior to the fiscal quarter in which such Investment is made and (b) no Default or Unmatured Default is continuing or would result therefrom.

6.16. Liens. The Company will not, nor will it permit any Subsidiary to, create, incur, or suffer to exist any Lien in, of or on the Property of the Company or any of its Subsidiaries, except:

- (i) Liens for taxes, assessments or governmental charges or levies on its Property if the same shall not at the time be delinquent or thereafter can be paid without penalty, or are being contested in good faith and by appropriate proceedings and for which adequate reserves in accordance with Agreement Accounting Principles shall have been set aside on its books.
- (ii) Liens imposed by law, such as carriers', warehousemen's and mechanics' liens and other similar liens arising in the ordinary course of business which secure payment of obligations not more than sixty (60) days past due or which are being contested in good faith by appropriate proceedings and for which adequate reserves in accordance with Agreement Accounting Principles shall have been set aside on its books.

- (iii) Liens arising out of pledges or deposits under worker's compensation laws, unemployment insurance, old age pensions, or other social security or retirement benefits, or similar legislation.
- (iv) Utility easements, building restrictions and such other encumbrances or charges against real property as are of a nature generally existing with respect to properties of a similar character and which do not in any material way affect the marketability of the same or interfere with the use thereof in the business of the Company or its Subsidiaries.
- (v) Liens existing on the date hereof and described on Schedule 6.16.
- (vi) Liens, if any, securing the Loans and other Obligations hereunder.

6.17. Transactions with Affiliates. The Company will not, and will not permit any Subsidiary to, enter into any transaction (including, without limitation, the purchase or sale of any Property or service) with, or make any payment or transfer to, any Affiliate except in the ordinary course of business and pursuant to the reasonable requirements of the Company's or such Subsidiary's business and upon fair and reasonable terms no less favorable to the Company or such Subsidiary than the Company or such Subsidiary would obtain in a comparable arm's-length transaction.

6.18. Financial Contracts. The Company shall not and shall not permit any of its consolidated Subsidiaries to enter into any Financial Contract, other than Financial Contracts pursuant to which the Company or such Subsidiary hedged its actual or anticipated interest rate, foreign currency or commodity exposure existing or anticipated at the time thereof.

6.19. ERISA. Except to the extent that such act, or failure to act would not result singly, or in the aggregate, after taking into account all other such acts or failures to act, in a liability which might be reasonably expected materially to adversely affect the ability of the Company and its ERISA Affiliates, taken as a whole, to carry on business substantially as now being or heretofore conducted, or to materially adversely affect the financial condition of the Company and its ERISA Affiliates taken as a whole, (i) engage, or permit any ERISA Affiliate to engage, in any prohibited transaction described in Sections 406 of ERISA or 4975 of the IRC for which a statutory or class exemption is not available or a private exemption has not been previously obtained from the DOL; (ii) permit to exist any accumulated funding deficiency (as defined in Sections 302 of ERISA and 412 of the IRC); (iii) fail, or permit any ERISA Affiliate to fail, to pay timely required contributions or annual installments due with respect to any waived funding deficiency of any Benefit Plan; (iv) terminate, or permit any ERISA Affiliate to terminate, any Benefit Plan which would result in any liability of the Company or any ERISA Affiliate under Title IV of ERISA; (v) fail to make any contribution or payment to any Multiemployer Plan which the Company or any ERISA Affiliate may be required to make under any agreement relating to such Multiemployer Plan, or any law pertaining thereto; (vi) fail, or permit any ERISA Affiliate to fail, to pay any required installment or any other payment required under Section 412 of the IRC on or before the due date for such installment or other payment; (vii) amend, or permit any ERISA Affiliate to amend, a Benefit Plan resulting in an increase in

current liability for the plan year such that the Company or any ERISA Affiliate is required to provide security to such Plan under Section 401(a)(29) of the IRC.

6.20. Environmental Compliance. The Company will not become, or permit any Subsidiary to become, subject to any liabilities or costs which might be reasonably expected materially to adversely affect the ability of the Company and its Subsidiaries, taken as a whole, to carry on business substantially as now being or heretofore conducted, or to materially adversely affect the financial condition of the Company and its Subsidiaries taken as a whole, arising out of or related to (i) the release or threatened release at any location of any contaminant into the environment, or any remedial action in response thereto, or (ii) any violation of any environmental, health or safety requirements of law (including, without limitation, any Environmental Laws).

6.21. Financial Covenants.

6.21.1. Maximum Leverage Ratio. As of the last day of each fiscal quarter, the Company and its consolidated Subsidiaries shall not permit the ratio (the "Leverage Ratio") of (i) Total Funded Debt to (ii) EBITDA of the Company and its Subsidiaries as at the end of and for any period of four consecutive fiscal quarters ending to be greater than (i) 4.25 to 1.00 for the periods ending on or about September 30, 2001 and December 31, 2001, (ii) 4.00 to 1.00 for the periods ending on or about March 31, 2002, June 30, 2002 and September 30, 2002, (iii) 3.75 to 1.00 for the periods ending on or about December 31, 2002, March 31, 2003, June 30, 2003 and September 30, 2003, and (iv) 3.50 to 1.00 for each period thereafter. The Leverage Ratio shall be calculated, in each case, determined as of the last day of each fiscal quarter based upon (a) for Total Funded Debt, the average month-end Total Funded Debt for the twelve-month period ending as of the last day of each such fiscal quarter; and (b) for EBITDA, the actual amount for the four-quarter period ending on such day, calculated, with respect to Permitted Acquisitions, on a pro forma basis using historical audited and reviewed unaudited financial statements obtained from the seller(s) in such Permitted Acquisition, broken down by fiscal quarter in the Company's reasonable judgment and reasonably satisfactory to the Administrative Agent and as reported to the Administrative Agent pursuant to the provisions of Section 6.15(v).

6.21.2. Minimum Fixed Charge Coverage Ratio. The Company and its consolidated Subsidiaries shall not permit the ratio ("Fixed Charge Coverage Ratio"), without duplication, of (i) the sum of (a) EBITDA for such period, plus (b) Rentals for such period, to (ii) the sum of (a) cash Interest Expense during such period, plus (b) Rentals for such period, as at the end of and for any period of four consecutive fiscal quarters ending, to be less than (x) 1.75 to 1.00 for the periods ending on or about September 30, 2001, December 31, 2001, March 31, 2002, June 30, 2002 and September 30, 2002, and (y) 2.00 to 1.00 for each period thereafter. The Fixed Charge Coverage Ratio shall be determined as of the last day of each fiscal quarter based upon, for all components thereof, the actual amount for the four-quarter period ending on such day, calculated, with respect to Permitted Acquisitions, on a pro forma basis using historical audited and reviewed unaudited financial statements obtained from the seller(s) in such Permitted Acquisition, broken down by fiscal quarter in the Company's reasonable judgment and reasonably satisfactory to the Administrative Agent and as reported to the Administrative Agent pursuant to the provisions of Section 6.15(v).

6.21.3. Minimum Consolidated Net Worth. The Company shall not permit its Consolidated Net Worth at any time to be less than the sum of (a) \$100,000,000, plus (b) fifty percent (50%) of the sum of Consolidated Net Income (if positive) earned in each fiscal quarter, commencing with the fiscal quarter ending on September 30, 2001, plus (c) seventy-five percent (75%) of the amount, if any, by which stockholders' equity of the Company is, in accordance with Agreement Accounting Principles, adjusted from time to time as a result of the issuance of any Capital Stock (excluding Capital Stock issued pursuant to any employee compensation plan).

ARTICLE VII

DEFAULTS

The occurrence of any one or more of the following events shall constitute a Default:

7.1. Breach of Representations or Warranties. Any representation or warranty made or deemed made by or on behalf of the Company or any of its Subsidiaries to the Lenders or the Administrative Agent under or in connection with this Agreement, any Credit Extension, or any certificate or information delivered in connection with this Agreement or any other Loan Document shall be false in any material respect on the date as of which made.

7.2. Failure to Make Payments When Due. Nonpayment of (i) principal of any Loan when due, (ii) any Reimbursement Obligation within one (1) Business Day after the same becomes due, or (iii) interest upon any Loan or any Commitment Fee, LC Fee or other Obligations under any of the Loan Documents within five (5) Business Days after such interest, fee or other Obligation becomes due.

7.3. Breach of Covenants. The breach by any Borrower of any of the terms or provisions of Section 6.3 or Sections 6.10 through 6.21; or the breach by any Borrower of any of the other terms or provisions of Article VI which is not remedied within five (5) Business Days after the occurrence thereof.

7.4. Other Breaches. The breach by any Borrower (other than a breach which constitutes a Default under another Section of this Article VII) of any of the terms or provisions of this Agreement or any other Loan Document which is not remedied within thirty (30) days after the earlier of (i) the date the applicable Borrower obtains knowledge thereof, or (ii) the date written notice thereof shall have been given to the applicable Borrower by the Administrative Agent or any Lender.

7.5. Default as to Other Indebtedness.

(i) Failure of the Company or any of its Subsidiaries to pay when due any Indebtedness which, individually or in the aggregate exceeds \$5,000,000 (or the Approximate Equivalent Amount in currencies other than Dollars) (such Indebtedness being referred to as "Material Indebtedness"); or

(ii) Any Material Indebtedness of the Company or any of its Subsidiaries shall be declared to be due and payable or required to be prepaid or repurchased (other than by a regularly scheduled payment) prior to the stated maturity thereof; or

(iii) The Company or any of its Subsidiaries shall fail to pay, or shall admit in writing its inability to pay, its debts generally as they become due; or

(iv) The default by the Company or any of its Subsidiaries in the performance (beyond the applicable grace period with respect thereto, if any) of any term, provision or condition contained in any agreement under which any such Material Indebtedness was created or is governed, or any other event shall occur or condition exist, the effect of which default or event is to cause, or to permit the holder or holders of such Material Indebtedness to cause such Material Indebtedness to become due prior to its stated maturity.

7.6. Voluntary Bankruptcy; Appointment of Receiver; Etc. Any Borrower or any Guarantor shall (i) have an order for relief entered with respect to it under the Federal bankruptcy laws as now or hereafter in effect, (ii) make an assignment for the benefit of creditors, (iii) apply for, seek, consent to, or acquiesce in, the appointment of a receiver, custodian, trustee, examiner, liquidator or similar official for it or any Substantial Portion of its Property, (iv) institute any proceeding seeking an order for relief under the Federal bankruptcy laws as now or hereafter in effect or seeking to adjudicate it a bankrupt or insolvent, or seeking dissolution, winding up, liquidation, reorganization, arrangement, adjustment or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief of debtors or fail to file an answer or other pleading denying the material allegations of any such proceeding filed against it, (v) take any corporate or partnership action to authorize or effect any of the foregoing actions set forth in this Section 7.6, or (vi) fail to contest in good faith any appointment or proceeding described in Section 7.7.

7.7. Involuntary Bankruptcy; Appointment of Receiver; Etc. Without the application, approval or consent of the Company or any of its Subsidiaries, a receiver, trustee, examiner, liquidator or similar official shall be appointed for the Company or any of its Subsidiaries or any Substantial Portion of its Property, or a proceeding described in Section 7.6(iv) shall be instituted against the Company or any of its Subsidiaries and such appointment continues undischarged or such proceeding continues undismitted or unstayed for a period of sixty (60) consecutive days.

7.8. Custody or Control of Property. Any court, government or governmental agency shall condemn, seize or otherwise appropriate, or take custody or control of, all or any portion of the Property of the Company and its Subsidiaries which, when taken together with all other Property of the Company and its Subsidiaries so condemned, seized, appropriated, or taken custody or control of, during the twelve-month period ending with the month in which any such action occurs, constitutes a Substantial Portion.

7.9. Judgments. The Company or any of its Subsidiaries shall fail within thirty (30) days to pay, bond or otherwise discharge one or more (i) judgments or orders for the payment of money (except to the extent covered by independent third-party insurance as to which the insurer has not disclaimed coverage) in excess of \$5,000,000 (or the Approximate Equivalent Amount thereof in currencies other than Dollars) in the aggregate, or (ii) nonmonetary judgments or orders which, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect, which judgment(s), in any such case, is/are not stayed on appeal or otherwise being appropriately contested in good faith.

7.10. ERISA Liabilities. Any of (i) A Termination Event occurs with respect to any Plan and, within thirty (30) days after the reporting of such Termination Event to the Administrative Agent (who shall promptly notify the Lenders), the Administrative Agent shall have notified the Company in writing that (a) the Required Lenders have determined that such Termination Event might be reasonably expected materially to impair the right of the Company and its ERISA Affiliates, taken as a whole, to carry on business substantially as now being or heretofore conducted, or (b) materially adversely affects the financial condition of the Company and its ERISA Affiliates taken as a whole, and as a result thereof, a Default exists hereunder; or (ii) the plan administrator of any Plan applies under Section 412(d) of the IRC for a waiver of the minimum funding standards of Section 412(a) of the IRC and the Administrative Agent believes that the substantial business hardship upon which the application for the waiver is based might be reasonably expected materially to impair the right of the Company and its ERISA Affiliates, taken as a whole, to carry on business substantially as now being or heretofore conducted, or materially adversely affects the financial condition of the Company and its ERISA Affiliates taken as a whole; or (iii) the present value of the aggregate unfunded liabilities to provide the accrued benefits under all Foreign Pension Plans exceeds in the aggregate an amount equal to five percent (5%) of the fair market value of the assets held in trust or other funding vehicles for accrued benefits under all Foreign Pension Plans.

7.11. Environmental Matters. The Company or any of its Subsidiaries shall (i) be the subject of any proceeding or investigation pertaining to the release by the Company, any of its Subsidiaries or any other Person of any toxic or hazardous waste or substance into the environment, or (ii) violate any Environmental Law, which, in the case of an event described in clause (i) or clause (ii), could reasonably be expected to have a Material Adverse Effect.

7.12. Change in Control. Any Change in Control shall occur.

7.13. Guarantor Revocation. Any guarantor of the Obligations shall terminate or revoke any of its obligations under the applicable Guaranty or breach any of the material terms of such Guaranty.

ARTICLE VIII

ACCELERATION, WAIVERS, AMENDMENTS AND REMEDIES

8.1. Acceleration. Facility LC Collateral Account.

(i) If any Default described in Section 7.6 or 7.7 occurs with respect to any Borrower, the obligations of the Lenders to make Loans hereunder and the obligation and power of the LC Issuers to issue Facility LCs shall automatically terminate and the Obligations shall immediately become due and payable without any election or action on the part of the Administrative Agent, any LC Issuer or any Lender, and the Borrowers will be and become thereby unconditionally obligated, without any further notice, act or demand, to pay to the Administrative Agent an amount in immediately available funds, which funds shall be held in the Facility LC Collateral Account, equal to the difference of (x) the amount of LC Obligations at such time, less (y) the amount on deposit in the Facility LC Collateral Account at such time which is free and clear of all rights and claims of third parties and has not been applied against

the Obligations (such difference, the "Collateral Shortfall Amount"). If any other Default occurs, the Required Lenders (or the Administrative Agent with the consent of the Required Lenders) may (a) terminate or suspend the obligations of the Lenders to make Loans hereunder and the obligation and power of the LC Issuers to issue Facility LCs, or declare the Obligations to be due and payable, or both, whereupon the Obligations shall become immediately due and payable, without presentment, demand, protest or notice of any kind, all of which the Borrowers hereby expressly waive, and (b) upon notice to the Borrowers and in addition to the continuing right to demand payment of all amounts payable under this Agreement, make demand on the Borrowers to pay, and the Borrowers will, forthwith upon such demand and without any further notice or act, pay to the Administrative Agent the Collateral Shortfall Amount, which funds shall be deposited in the Facility LC Collateral Account.

(ii) If at any time while any Default is continuing, the Administrative Agent determines that the Collateral Shortfall Amount at such time is greater than zero, the Administrative Agent may make demand on the Borrowers to pay, and the Borrowers will, forthwith upon such demand and without any further notice or act, pay to the Administrative Agent the Collateral Shortfall Amount, which funds shall be deposited in the Facility LC Collateral Account.

(iii) The Administrative Agent may at any time or from time to time after funds are deposited in the Facility LC Collateral Account, apply such funds to the payment of the Obligations and any other amounts as shall from time to time have become due and payable by any Borrower to the Lenders or the LC Issuers under the Loan Documents.

(iv) At any time while any Default is continuing, neither the Borrowers nor any Person claiming on behalf of or through the Borrowers shall have any right to withdraw any of the funds held in the Facility LC Collateral Account. After all of the Obligations have been indefeasibly paid in full and the Aggregate Commitment has been terminated, any funds remaining in the Facility LC Collateral Account shall be returned by the Administrative Agent to the Borrowers or paid to whomever may be legally entitled thereto at such time.

(v) If, within thirty (30) days after acceleration of the maturity of the Obligations or termination of the obligations of the Lenders to make Loans and the obligation and power of the LC Issuers to issue Facility LCs hereunder as a result of any Default (other than any Default as described in Section 7.6 or 7.7 with respect to any Borrower and before any judgment or decree for the payment of the Obligations due shall have been obtained or entered, the Required Lenders (in their sole discretion) shall so direct, the Administrative Agent shall, by notice to the Borrowers, rescind and annul such acceleration and/or termination.

8.2. Amendments. Subject to the provisions of this Article VIII, the Required Lenders (or the Administrative Agent with the consent in writing of the Required Lenders) and the Borrowers may enter into agreements supplemental hereto for the purpose of adding or modifying any provisions to the Loan Documents or changing in any manner the rights of the Lenders or the Borrowers hereunder or thereunder or waiving any Default hereunder or thereunder; provided, however, that no such supplemental agreement shall, without the consent of each Lender affected thereby:

- (i) Extend the final maturity of any Loan, or extend the expiry date of any Facility LC to a date after the Facility Termination Date or forgive all or any portion of the principal amount thereof or any Reimbursement Obligation related thereto, or reduce the rate or extend the time of payment of interest or fees thereon or Reimbursement Obligations related thereto (other than a waiver of the application of the default rate of interest pursuant to Section 2.12 hereof).
- (ii) Change the percentage specified in the definition of Required Lenders or any other percentage of Lenders specified to be the applicable percentage in this Agreement to act on specified matters or otherwise amend the definitions of "Required Lenders" or "Pro Rata Share".
- (iii) Extend the Facility Termination Date, or increase the amount or otherwise extend the term of the Commitment of any Lender hereunder or the commitment to issue Facility LCs.
- (iv) Permit any Borrower to assign its rights or obligations under this Agreement.
- (v) Other than pursuant to a transaction permitted by the terms of this Agreement, release any guarantor of the Obligations or all or substantially all of the collateral, if any, securing the Obligations.
- (vi) Amend this Section 8.2.

No amendment of any provision of this Agreement relating to the Administrative Agent shall be effective without the written consent of the Administrative Agent. No amendment of any provision of this Agreement relating to any LC Issuer shall be effective without the written consent of such LC Issuer. No amendment of any provision of this Agreement relating to the Swing Line Lender or any Swing Line Loans shall be effective without the written consent of the Swing Line Lender. The Administrative Agent may waive payment of the fee required under Section 13.3.2 without obtaining the consent of any other party to this Agreement.

8.3. Preservation of Rights. No delay or omission of the Lenders, the LC Issuers or the Administrative Agent to exercise any right under the Loan Documents shall impair such right or be construed to be a waiver of any Default or an acquiescence therein, and the making of a Credit Extension notwithstanding the existence of a Default or Unmatured Default or the inability of the Borrowers to satisfy the conditions precedent to such Credit Extension shall not constitute any waiver or acquiescence. Any single or partial exercise of any such right shall not preclude other or further exercise thereof or the exercise of any other right, and no waiver, amendment or other variation of the terms, conditions or provisions of the Loan Documents whatsoever shall be valid unless in writing signed by, or by the Administrative Agent with the consent of, the requisite number of Lenders required pursuant to Section 8.2, and then only to the extent in such writing specifically set forth. All remedies contained in the Loan Documents or by law afforded shall be cumulative and all shall be available to the Administrative Agent, the LC Issuers and the Lenders until all of the Obligations have been paid in full.

ARTICLE IX

GUARANTY

9.1. Guarantee of Obligations.

9.1.1. Company Guaranty. The Company hereby (i) guarantees, as principal obligor and not as surety only, to the Lenders the prompt payment of the principal of and any and all accrued and unpaid interest (including interest which otherwise may cease to accrue by operation of any insolvency law, rule, regulation or interpretation thereof) on the Credit Extensions and all other Obligations of the Subsidiary Borrowers to the Lenders and the Administrative Agent under this Agreement when due, whether by scheduled maturity, acceleration or otherwise, all in accordance with the terms of this Agreement and the Notes, including, without limitation, fees, reimbursement obligations, default interest, indemnification payments and all reasonable costs and expenses incurred by the Lenders and the Administrative Agent in connection with enforcing any obligations of the Subsidiary Borrowers hereunder, including without limitation the reasonable fees and disbursements of counsel, (ii) guarantees the prompt and punctual performance and observance of each and every term, covenant or agreement contained in this Agreement and the Notes to be performed or observed on the part of any Subsidiary Borrower and (iii) agrees to make prompt payment, on demand, of any and all reasonable costs and expenses incurred by the Lenders or the Administrative Agent in connection with enforcing the obligations of the Company hereunder, including, without limitation, the reasonable fees and disbursements of counsel (all of the foregoing being collectively referred to as the "Guaranteed Obligations").

9.1.2. Performance by Company. If for any reason any duty, agreement or obligation of any Subsidiary Borrower contained in this Agreement shall not be performed or observed by such Subsidiary Borrower as provided therein, or if any amount payable under or in connection with this Agreement shall not be paid in full when the same becomes due and payable, the Company undertakes to perform or cause to be performed promptly each of such duties, agreements and obligations and to pay forthwith each such amount to the Administrative Agent for the account of the Lenders regardless of any defense or setoff or counterclaim which such Subsidiary Borrower may have or assert, and regardless of any other condition or contingency.

9.2. Nature of Guaranty. The obligations of the Company hereunder constitute an absolute and unconditional and irrevocable guaranty of payment and not a guaranty of collection and are wholly independent of and in addition to other rights and remedies of the Lenders and the Administrative Agent and are not contingent upon the pursuit by the Lenders and the Administrative Agent of any such rights and remedies, such pursuit being hereby waived by the Company.

9.3. Waivers and Other Agreements. The Company hereby unconditionally (a) waives any requirement that the Lenders or the Administrative Agent, upon the occurrence of a Default first make demand upon, or seek to enforce remedies against any Subsidiary Borrower before demanding payment under or seeking to enforce the obligations of the Company hereunder, (b) covenants that the obligations of the Company hereunder will not be discharged except by complete performance of all obligations of each Subsidiary Borrower contained in this

Agreement and the Notes, (c) agrees that the obligations of the Company hereunder shall remain in full force and effect without regard to, and shall not be affected or impaired, without limitation, by any invalidity, irregularity or unenforceability in whole or in part of this Agreement or the Notes, or any limitation on the liability of any Subsidiary Borrower thereunder, or any limitation on the method or terms of payment thereunder which may or hereafter be caused or imposed in any manner whatsoever (including, without limitation, usury laws), (d) waives diligence, presentment and protest with respect to, and any notice of default or dishonor in the payment of any amount at any time payable by any Subsidiary Borrower under or in connection with this Agreement or the Notes, and further waives any requirement of notice of acceptance of, or other formality relating to, the obligations of the Company hereunder and (e) agrees that the Guaranteed Obligations shall include any amounts paid by any Subsidiary Borrower to the Lenders or the Administrative Agent which may be required to be returned to such Subsidiary Borrower or to their representative or to a trustee, custodian or receiver for such Subsidiary Borrower.

9.4. Obligations Absolute. The obligations, covenants, agreements and duties of the Company under this Agreement shall not be released, affected or impaired by any of the following whether or not undertaken with notice to or consent of the Company: (a) an assignment or transfer, in whole or in part, of the Loans made to any Subsidiary Borrower or of this Agreement or any Note although made without notice to or consent of the Company, or (b) any waiver by any Lender or the Administrative Agent or by any other person, of the performance or observance by any Subsidiary Borrower of any of the agreements, covenants, terms or conditions contained in this Agreement or in the Notes, or (c) any indulgence in or the extension of the time for payment by any Subsidiary Borrower of any amounts payable under or in connection with this Agreement or any Note, or of the time for performance by any Subsidiary Borrower of any other obligations under or arising out of this Agreement or any Note, or the extension or renewal thereof, or (d) the modification, amendment or waiver (whether material or otherwise) of any duty, agreement or obligation of any Subsidiary Borrower set forth in this Agreement or any Note (the modification, amendment or waiver from time to time of this Agreement and the Notes being expressly authorized without further notice to or consent of the Company), or (e) the voluntary or involuntary liquidation, sale or other disposition of all or substantially all of the assets of any Subsidiary Borrower or any receivership, insolvency, bankruptcy, reorganization, or other similar proceedings, affecting any Subsidiary Borrower or any of its assets, or (f) the merger or consolidation of any Subsidiary Borrower or the Company with any other person, or (g) the release or discharge of any Subsidiary Borrower or the Company from the performance or observance of any agreement, covenant, term or condition contained in this Agreement or any Note, by operation of law, or (h) any other cause whether similar or dissimilar to the foregoing which would release, affect or impair the obligations, covenants, agreements or duties of the Company hereunder.

9.5. No Investigation by Lenders or Administrative Agent. The Company hereby waives unconditionally any obligation which, in absence of such provision, the Lenders or the Administrative Agent might otherwise have to investigate or to assure that there has been compliance with the law of any jurisdiction with respect to the Guaranteed Obligations recognizing that, to save both time and expense, the Company has requested that the Lenders and the Administrative Agent not undertake such investigation. The Company hereby expressly confirms that the obligations of the Company hereunder shall remain in full force and effect

without regard to compliance or noncompliance with any such law and irrespective of any investigation or knowledge of any Lender or the Administrative Agent of any such law.

9.6. Indemnity. As a separate, additional and continuing obligation, the Company unconditionally and irrevocably undertakes and agrees with the Lenders and the Administrative Agent that, should the Guaranteed Obligations not be recoverable from the Company under Section 10.1 for any reason whatsoever (including, without limitation, by reason of any provision of this Agreement or the Notes or any other agreement or instrument executed in connection herewith being or becoming void, unenforceable, or otherwise invalid under any applicable law) then, notwithstanding any knowledge thereof by any Lender or the Administrative Agent at any time, the Company as sole, original and independent obligor, upon demand by the Administrative Agent, will make payment to the Administrative Agent for the account of the Lenders and the Administrative Agent of the Guaranteed Obligations by way of a full indemnity in such currency and otherwise in such manner as is provided in this Agreement and the Notes.

9.7. Reinstatement. If at any time any payment of any Guaranteed Obligations by any Subsidiary Borrower is rescinded or must be otherwise restored or returned upon the insolvency, bankruptcy or reorganization of any Subsidiary Borrower or otherwise, each of the Company's obligations hereunder with respect to such payment shall be reinstated as though such payment had been due but not made at such time.

ARTICLE X

GENERAL PROVISIONS

10.1. Survival of Representations. All representations and warranties of the Borrowers contained in this Agreement shall survive the making of the Credit Extensions herein contemplated.

10.2. Governmental Regulation. Anything contained in this Agreement to the contrary notwithstanding, neither any LC Issuer nor any Lender shall be obligated to extend credit to the Borrowers in violation of any limitation or prohibition provided by any applicable statute or regulation.

10.3. Headings. Section headings in the Loan Documents are for convenience of reference only, and shall not govern the interpretation of any of the provisions of the Loan Documents.

10.4. Entire Agreement. The Loan Documents embody the entire agreement and understanding among the Borrowers, the Administrative Agent, the LC Issuers and the Lenders and supersede all prior agreements and understandings among the Borrowers, the Administrative Agent, the LC Issuers and the Lenders relating to the subject matter thereof other than the fee letter described in Section 11.13.

10.5. Several Obligations; Benefits of this Agreement. The respective obligations of the Lenders hereunder are several and not joint and no Lender shall be the partner or agent of any other (except to the extent to which the Administrative Agent is authorized to act as such). The failure of any Lender to perform any of its obligations hereunder shall not relieve any other

Lender from any of its obligations hereunder. This Agreement shall not be construed so as to confer any right or benefit upon any Person other than the parties to this Agreement and their respective successors and assigns, provided, however, that the parties hereto expressly agree that the Arranger shall enjoy the benefits of the provisions of Sections 9.6, 9.10, 10.11, and 10.13 to the extent specifically set forth therein and shall have the right to enforce such provisions on its own behalf and in its own name to the same extent as if it were a party to this Agreement.

10.6. Expenses; Indemnification.

(i) The Borrowers shall reimburse the Administrative Agent and the Arranger for any costs, internal charges and out-of-pocket expenses (including reasonable attorneys' and paralegals' fees, time charges and expenses of attorneys and paralegals for the Administrative Agent and Arranger, which attorneys and paralegals may or may not be employees of the Administrative Agent or the Arranger, and expenses of and fees for other advisors and professionals engaged by the Administrative Agent or the Arranger) paid or incurred by the Administrative Agent or the Arranger in connection with the investigation, preparation, negotiation, documentation, execution, delivery, syndication, distribution (including, without limitation, via the internet), review, amendment, modification, administration and collection of the Loan Documents. The Borrowers also agree to reimburse the Administrative Agent, the Arranger, the LC Issuers and the Lenders for any costs, internal charges and out-of-pocket expenses (including reasonable attorneys' and paralegals' fees, time charges and expenses of attorneys and paralegals for the Administrative Agent, the Arranger, the LC Issuers and the Lenders, which attorneys and paralegals may be employees of the Administrative Agent, the Arranger, the LC Issuers or the Lenders) paid or incurred by the Administrative Agent, the Arranger, any LC Issuers or any Lender in connection with the collection and enforcement of the Loan Documents.

(ii) The Borrowers hereby further agree to indemnify the Administrative Agent, the Arranger, the LC Issuers, each Lender, their respective affiliates, and each of their directors, officers and employees against all losses, claims, damages, penalties, judgments, liabilities and expenses (including, without limitation, all reasonable expenses of litigation or preparation therefor whether or not the Administrative Agent, the Arranger, the LC Issuers, any Lender or any affiliate is a party thereto, and all reasonable attorneys' and paralegals' fees, time charges and expenses of attorneys and paralegals of the party seeking indemnification, which attorneys and paralegals may or may not be employees of such party seeking indemnification) which any of them may pay or incur arising out of or relating to this Agreement, the other Loan Documents, the transactions contemplated hereby or the direct or indirect application or proposed application of the proceeds of any Credit Extension hereunder, except to the extent that they are determined in a final, non-appealable judgment by a court of competent jurisdiction to have resulted from the gross negligence or willful misconduct of the party seeking indemnification. The obligations of the Borrowers under this Section 10.6 shall survive the termination of this Agreement.

10.7. Numbers of Documents. All statements, notices, closing documents, and requests hereunder shall be furnished to the Administrative Agent with sufficient counterparts so that the Administrative Agent may furnish one to each of the Lenders, to the extent that the Administrative Agent deems necessary.

10.8. Accounting. Except as provided to the contrary herein, all accounting terms used herein shall be interpreted and all accounting determinations hereunder shall be made in accordance with Agreement Accounting Principles. If any changes in generally accepted accounting principles are hereafter required or permitted and are adopted by the Company or any of its Subsidiaries with the agreement of its independent certified public accountants and such changes result in a change in the method of calculation of any of the financial covenants, tests, restrictions or standards herein or in the related definitions or terms used therein ("Accounting Changes"), the parties hereto agree, at the Company's request, to enter into negotiations, in good faith, in order to amend such provisions in a credit neutral manner so as to reflect equitably such changes with the desired result that the criteria for evaluating the Company's and its Subsidiaries' financial condition shall be the same after such changes as if such changes had not been made; provided, however, until such provisions are amended in a manner reasonably satisfactory to the Administrative Agent and the Required Lenders, no Accounting Change shall be given effect in such calculations and all financial statements and reports required to be delivered hereunder shall be prepared in accordance with Agreement Accounting Principles without taking into account such Accounting Changes. In the event such amendment is entered into, all references in this Agreement to Agreement Accounting Principles shall mean generally accepted accounting principles as of the date of such amendment.

10.9. Severability of Provisions. Any provision in any Loan Document that is held to be inoperative, unenforceable, or invalid in any jurisdiction shall, as to that jurisdiction, be inoperative, unenforceable, or invalid without affecting the remaining provisions in that jurisdiction or the operation, enforceability, or validity of that provision in any other jurisdiction, and to this end the provisions of all Loan Documents are declared to be severable.

10.10. Nonliability of Lenders. The relationship between the Borrowers on the one hand and the Lenders, the LC Issuers and the Administrative Agent on the other hand shall be solely that of borrower and lender. None of the Administrative Agent, the Arranger, the LC Issuers or any Lender shall have any fiduciary responsibilities to the Borrowers. None of the Administrative Agent, the Arranger, the LC Issuers or any Lender undertakes any responsibility to the Borrowers to review or inform the Borrowers of any matter in connection with any phase of any Borrower's business or operations. The Borrowers agree that none of the Administrative Agent, the Arranger, the LC Issuers or any Lender shall have liability to the Borrowers (whether sounding in tort, contract or otherwise) for losses suffered by the Borrowers in connection with, arising out of, or in any way related to, the transactions contemplated and the relationship established by the Loan Documents, or any act, omission or event occurring in connection therewith, unless it is determined in a final, non-appealable judgment by a court of competent jurisdiction that such losses resulted from the gross negligence or willful misconduct of the party from which recovery is sought. None of the Administrative Agent, the Arranger, the LC Issuers or any Lender shall have any liability with respect to, and the Borrowers hereby waive, releases and agrees not to sue for, any special, indirect, consequential or punitive damages suffered by the Borrowers in connection with, arising out of, or in any way related to the Loan Documents or the transactions contemplated thereby.

10.11. Confidentiality. Each Lender agrees to hold any confidential information which it may receive from any Borrower pursuant to this Agreement in confidence, except for disclosure (i) to its Affiliates and to other Lenders and their respective Affiliates, (ii) to legal counsel,

accountants, and other professional advisors to such Lender or to a Transferee or prospective Transferee (each of whom, by its acceptance thereof, agrees to be bound by the terms of this Section 10.11), (iii) to regulatory officials, (iv) to any Person as required by law, regulation, or legal process, (v) to any Person, if required, in connection with any legal proceeding to which such Lender is a party, (vi) to such Lender's direct or indirect contractual counterparties in swap agreements or to legal counsel, accountants and other professional advisors to such counterparties (each of whom, by its acceptance thereof, agrees to be bound by the terms of this Section 10.11), and (vii) permitted by Section 13.4.

10.12. Lenders Not Utilizing Plan Assets. None of the consideration used by any of the Lenders, any LC Issuer or Designated Lenders to make its Credit Extensions constitutes for any purpose of ERISA or Section 4975 of the Code assets of any "plan" as defined in Section 3(3) of ERISA or Section 4975 of the Code and the rights and interests of each of the Lenders, the LC Issuers and Designated Lenders in and under the Loan Documents shall not constitute such "plan assets" under ERISA.

10.13. Nonreliance. Each Lender hereby represents that it is not relying on or looking to any margin stock (as defined in Regulation U) as collateral in the extension or maintenance of the credit provided for herein.

10.14. Disclosure. The Borrowers and each Lender hereby acknowledge and agree that Bank One and/or its respective Affiliates and certain of the other Lenders and/or their respective Affiliates from time to time may hold investments in, make other loans to or have other relationships with the Borrowers and its Affiliates.

10.15. Subordination of Intercompany Indebtedness. The Borrowers agree that any and all claims of any Borrower against any Guarantor with respect to any "Intercompany Indebtedness" (as hereinafter defined), any endorser, obligor or any other guarantor of all or any part of the Obligations, or against any of its properties shall be subordinate and subject in right of payment to the prior payment, in full and in cash, of all Obligations. Notwithstanding any right of any Borrower to ask, demand, sue for, take or receive any payment from any Guarantor, all rights, liens and security interests of the Borrowers, whether now or hereafter arising and howsoever existing, in any assets of any Guarantor (whether constituting part of any collateral given to the Administrative Agent or any Lender to secure payment of all or any part of the Obligations or otherwise) shall be and are subordinated to the rights of the Administrative Agent, the LC Issuers and the Lenders in those assets. No Borrower shall have any right to possession of any such asset or to foreclose upon any such asset, whether by judicial action or otherwise, unless and until all of the Obligations (other than contingent indemnity obligations) shall have been fully paid and satisfied (in cash) and all financing arrangements pursuant to all of the Loan Documents have been terminated. If all or any part of the assets of any Guarantor, or the proceeds thereof, are subject to any distribution, division or application to the creditors of any Guarantor, whether partial or complete, voluntary or involuntary, and whether by reason of liquidation, bankruptcy, arrangement, receivership, assignment for the benefit of creditors or any other action or proceeding, or if the business of any Guarantor is dissolved or if substantially all of the assets of any Guarantor are sold, then, and in any such event (such events being herein referred to as an "Insolvency Event"), any payment or distribution of any kind or character, either in cash, securities or other property, which shall be payable or deliverable upon or with

respect to any indebtedness of any Guarantor to any Borrower ("Intercompany Indebtedness") shall be paid or delivered directly to the Administrative Agent for application on any of the Obligations, due or to become due, until such Obligations (other than contingent indemnity obligations) shall have first been fully paid and satisfied (in cash). Should any payment, distribution, security or instrument or proceeds thereof be received by any Borrower upon or with respect to the Intercompany Indebtedness after any Insolvency Event and prior to the satisfaction of all of the Obligations (other than contingent indemnity obligations) and the termination of all financing arrangements pursuant to all of the Loan Documents, such Borrower shall receive and hold the same in trust, as trustee, for the benefit of the Administrative Agent, the LC Issuers and the Lenders and shall forthwith deliver the same to the Administrative Agent, for the benefit of the Administrative Agent, the LC Issuers and the Lenders, in precisely the form received (except for the endorsement or assignment of such Borrower where necessary), for application to any of the Obligations, due or not due, and, until so delivered, the same shall be held in trust by such Borrower as the property of the Administrative Agent, the LC Issuers and the Lenders. If any Borrower fails to make any such endorsement or assignment to the Administrative Agent, the Administrative Agent or any of its officers or employees is irrevocably authorized to make the same. Each Borrower agrees that until the Obligations (other than the contingent indemnity obligations) have been paid in full (in cash) and satisfied and all financing arrangements pursuant to any Loan Document among the Borrowers and the Administrative Agent, the LC Issuers and the Lenders have been terminated, no Borrower will assign or transfer to any Person (other than the Administrative Agent) any claim any Borrower has or may have against any Guarantor.

ARTICLE XI

THE ADMINISTRATIVE AGENT

11.1. Appointment; Nature of Relationship. Bank One, NA is hereby appointed by each of the Lenders as the Administrative Agent hereunder and under each other Loan Document, and each of the Lenders irrevocably authorizes the Administrative Agent to act as the contractual representative of such Lender with the rights and duties expressly set forth herein and in the other Loan Documents. The Administrative Agent agrees to act as such contractual representative upon the express conditions contained in this Article XI. Notwithstanding the use of the defined term "Administrative Agent", it is expressly understood and agreed that the Administrative Agent shall have no fiduciary responsibilities to any Lender by reason of this Agreement or any other Loan Document and that the Administrative Agent is merely acting as the contractual representative of the Lenders with only those duties as are expressly set forth in this Agreement and the other Loan Documents. In its capacity as the Lenders' contractual representative, the Administrative Agent (i) does not hereby assume any fiduciary duties to any of the Lenders, (ii) is the "representative" of the Lenders within the meaning of Section 9-102 of the Uniform Commercial Code and (iii) is acting as independent contractor, the rights and duties of which are limited to those expressly set forth in this Agreement and the other Loan Documents. Each of the Lenders hereby agrees to assert no claim against the Administrative Agent on any agency theory or any other theory of liability for breach of fiduciary duty, all of which claims each Lender hereby waives.

11.2. Powers. The Administrative Agent shall have and may exercise such powers under the Loan Documents as are specifically delegated to the Administrative Agent by the terms of each thereof, together with such powers as are reasonably incidental thereto. The Administrative Agent shall have no implied duties or fiduciary duties to the Lenders or any obligation to the Lenders to take any action thereunder, except any action specifically provided by the Loan Documents to be taken by the Administrative Agent.

11.3. General Immunity. Neither the Administrative Agent nor any of its respective directors, officers, agents or employees shall be liable to the Borrowers, the Lenders or any Lender for any action taken or omitted to be taken by it or them hereunder or under any other Loan Document or in connection herewith or therewith except to the extent such action or inaction is determined in a final, non-appealable judgment by a court of competent jurisdiction to have arisen from the gross negligence or willful misconduct of such Person.

11.4. No Responsibility for Loans, Recitals, etc. Neither the Administrative Agent nor any of its respective directors, officers, agents or employees shall be responsible for or have any duty to ascertain, inquire into, or verify (a) any statement, warranty or representation made in connection with any Loan Document or any borrowing hereunder; (b) the performance or observance of any of the covenants or agreements of any obligor under any Loan Document, including, without limitation, any agreement by an obligor to furnish information directly to each Lender; (c) the satisfaction of any condition specified in Article IV, except receipt of items required to be delivered solely to the Administrative Agent; (d) the existence or possible existence of any Default or Unmatured Default; (e) the validity, enforceability, effectiveness, sufficiency or genuineness of any Loan Document or any other instrument or writing furnished in connection therewith; (f) the value, sufficiency, creation, perfection or priority of any Lien in any collateral security; or (g) the financial condition of the Borrowers or any guarantor of any of the Obligations or of any of the Company's or any such guarantor's respective Subsidiaries. The Administrative Agent shall have no duty to disclose to the Lenders information that is not required to be furnished by any Borrower to the Administrative Agent at such time, but is voluntarily furnished by any Borrower to the Administrative Agent (either in its capacity as the Administrative Agent or in its individual capacity).

11.5. Action on Instructions of Lenders. The Administrative Agent shall in all cases be fully protected in acting, or in refraining from acting, hereunder and under any other Loan Document in accordance with written instructions signed by the Required Lenders (or all of the Lenders in the event that and to the extent that this Agreement expressly requires such), and such instructions and any action taken or failure to act pursuant thereto shall be binding on all of the Lenders. The Lenders hereby acknowledge that the Administrative Agent shall be under no duty to take any discretionary action permitted to be taken by any of them pursuant to the provisions of this Agreement or any other Loan Document unless they shall be requested in writing to do so by the Required Lenders (or all of the Lenders in the event that and to the extent that this Agreement expressly requires such). The Administrative Agent shall be fully justified in failing or refusing to take any action hereunder and under any other Loan Document unless it shall first be indemnified to its satisfaction by the Lenders pro rata against any and all liability, cost and expense that it may incur by reason of taking or continuing to take any such action.

11.6. Employment of Agents and Counsel. The Administrative Agent may execute any of its respective duties as the Administrative Agent hereunder and under any other Loan Document by or through employees, agents, and attorneys-in-fact and shall not be answerable to the Lenders, except as to money or securities received by it or its authorized agents, for the default or misconduct of any such agents or attorneys-in-fact selected by it with reasonable care. The Administrative Agent shall be entitled to advice of counsel concerning the contractual arrangement between the Administrative Agent and the Lenders and all matters pertaining to the Administrative Agent's duties hereunder and under any other Loan Document.

11.7. Reliance on Documents; Counsel. The Administrative Agent shall be entitled to rely upon any Note, notice, consent, certificate, affidavit, letter, telegram, statement, paper or document believed by it to be genuine and correct and to have been signed or sent by the proper person or persons, and, in respect to legal matters, upon the opinion of counsel selected by the Administrative Agent, which counsel may be employees of the Administrative Agent.

11.8. Administrative Agents' Reimbursement and Indemnification. The Lenders agree to reimburse and indemnify the Administrative Agent ratably in proportion to the Lenders' Pro Rata Shares of Aggregate Commitment (or, if the Aggregate Commitment has been terminated, of the Outstanding Credit Exposure) (i) for any amounts not reimbursed by the Borrowers for which the Administrative Agent is entitled to reimbursement by the Borrowers under the Loan Documents, (ii) for any other expenses incurred by the Administrative Agent on behalf of the Lenders, in connection with the preparation, execution, delivery, administration and enforcement of the Loan Documents (including, but not limited to, for any expenses incurred by the Administrative Agent in connection with any dispute between the Administrative Agent and any Lender or between two or more of the Lenders) and (iii) for any liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind and nature whatsoever which may be imposed on, incurred by or asserted against the Administrative Agent in any way relating to or arising out of the Loan Documents or any other document delivered in connection therewith or the transactions contemplated thereby (including, without limitation, for any such amounts incurred by or asserted against the Administrative Agent in connection with any dispute between the Administrative Agent and any Lender or between two or more of the Lenders), or the enforcement of any of the terms of the Loan Documents or of any such other documents, provided that (i) no Lender shall be liable for any of the foregoing to the extent any of the foregoing is found in a final, non-appealable judgment in a court of competent jurisdiction to have resulted from the gross negligence or willful misconduct of the Administrative Agent and (ii) any indemnification required pursuant to Section 3.5(vii) shall, notwithstanding the provisions of this Section 11.8, be paid by the relevant Lender in accordance with the provisions thereof. The obligations of the Lenders under this Section 11.8 shall survive payment of the Obligations and termination of this Agreement.

11.9. Notice of Default. The Administrative Agent shall be deemed to have no knowledge or notice of the occurrence of any Default or Unmatured Default hereunder unless the Administrative Agent has received written notice from a Lender or the Borrowers referring to this Agreement describing such Default or Unmatured Default and stating that such notice is a "notice of default". In the event that the Administrative Agent receives such a notice, the Administrative Agent shall give prompt notice thereof to the Lenders.

11.10. Rights as a Lender. In the event the Administrative Agent is a Lender, the Administrative Agent shall have the same rights and powers hereunder and under any other Loan Document with respect to its Commitment and its Credit Extensions as any Lender and may exercise the same as though it were not the Administrative Agent, and the term "Lender" or "Lenders" shall, at any time when the Administrative Agent is a Lender, unless the context otherwise indicates, include the Administrative Agent in its individual capacity. The Administrative Agent and its Affiliates may accept deposits from, lend money to, and generally engage in any kind of trust, debt, equity or other transaction, in addition to those contemplated by this Agreement or any other Loan Document, with the Company or any of its Subsidiaries in which the Company or such Subsidiary is not restricted hereby from engaging with any other Person.

11.11. Lender Credit Decision. Each Lender acknowledges that it has, independently and without reliance upon the Administrative Agent, the Arranger or any other Lender and based on the financial statements prepared by the Company and such other documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement and the other Loan Documents. Each Lender also acknowledges that it will, independently and without reliance upon the Administrative Agent, the Arranger or any other Lender and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under this Agreement and the other Loan Documents.

11.12. Successor Administrative Agents. The Administrative Agent may resign at any time by giving written notice thereof to the Lenders and the Company, such resignation to be effective upon the appointment of a successor Administrative Agent or, if no successor Administrative Agent has been appointed, forty-five (45) days after the retiring Administrative Agent gives notice of its intention to resign. The Administrative Agent may be removed at any time with or without cause by written notice received by the Administrative Agent from the Required Lenders, such removal to be effective on the date specified by the Required Lenders. Upon any such resignation or removal, the Required Lenders shall have the right to appoint, on behalf of the Borrowers and the Lenders, a successor Administrative Agent. If no successor Administrative Agent shall have been so appointed by the Required Lenders within thirty (30) days after the resigning Administrative Agent's giving notice of its intention to resign, then the resigning Administrative Agent may appoint, on behalf of the Borrowers and the Lenders, a successor Administrative Agent. Notwithstanding the previous sentence, the Administrative Agent may at any time without the consent of any Borrower or any Lender, appoint any of its Affiliates which is a commercial bank as its successor Administrative Agent hereunder. If the Administrative Agent has resigned or been removed and no successor Administrative Agent has been appointed, the Lenders may perform all the duties of the Administrative Agent hereunder and the Borrowers shall make all payments in respect of the Obligations to the applicable Lender and for all other purposes shall deal directly with the Lenders. No successor Administrative Agent shall be deemed to be appointed hereunder until such successor Administrative Agent has accepted the appointment. Any such successor Administrative Agent shall be a commercial bank having capital and retained earnings of at least \$100,000,000. Upon the acceptance of any appointment as an Administrative Agent hereunder by a successor Administrative Agent, such successor Administrative Agent shall thereupon succeed to and become vested with all the rights, powers, privileges and duties of the resigning or removed Administrative Agent. Upon the

effectiveness of the resignation or removal of an Administrative Agent, the resigning or removed Administrative Agent shall be discharged from its duties and obligations hereunder and under the Loan Documents. After the effectiveness of the resignation or removal of an Administrative Agent, the provisions of this Article XI shall continue in effect for the benefit of the Administrative Agent in respect of any actions taken or omitted to be taken by it while it was acting as an Administrative Agent hereunder and under the other Loan Documents. In the event that there is a successor to the Administrative Agent by merger, or the Administrative Agent assigns its duties and obligations to an Affiliate pursuant to this Section 11.12, then (a) the term "Prime Rate" as used in this Agreement shall mean the prime rate, base rate or other analogous rate of the new Administrative Agent and (b) the references to "Bank One" in the definitions of "Eurocurrency Reference Rate" and "Prime Rate" and in the last sentence of Section 2.13 shall be deemed to be a reference to such successor Administrative Agent in its individual capacity.

11.13. Agent and Arranger Fees. The Company agrees to pay to the Administrative Agent and the Arranger, for their respective accounts, the fees agreed to by the Company, the Administrative Agent and the Arranger pursuant to that certain letter agreement dated July 13, 2001 or as otherwise agreed from time to time.

11.14. Delegation to Affiliates. The Borrowers and the Lenders agree that the Administrative Agent may delegate any of its duties under this Agreement to any of its Affiliates. Any such Affiliate (and such Affiliate's directors, officers, agents and employees) which performs duties in connection with this Agreement shall be entitled to the same benefits of the indemnification, waiver and other protective provisions to which the Administrative Agent is entitled under Articles IX and X.

11.15. Release of Guarantors. Upon the liquidation or dissolution of any Guarantor, or sale of the Capital Stock of any Guarantor, in each case which is permitted pursuant to the terms of any Loan Document or consented to in writing by the Required Lenders or all of the Lenders, as applicable, and upon at least five (5) Business Days' prior written request by the Company, the Administrative Agent shall (and is hereby irrevocably authorized by the Lenders to) execute such documents as may be necessary to evidence the release of the applicable Guarantor from its obligations under the Guaranty; provided, however, that (i) the Administrative Agent shall not be required to execute any such document on terms which, in the Administrative Agent's opinion, would expose the Administrative Agent to liability or create any obligation or entail any consequence other than the release of such Guarantor without recourse or warranty, and (ii) such release shall not in any manner discharge, affect or impair the Obligations, any other Guarantor's obligations under the Guaranty, or, if applicable, any obligations of the Company or any Subsidiary in respect of the proceeds of any such sale retained by the Company or any Subsidiary.

ARTICLE XII

SETOFF; RATABLE PAYMENTS

12.1. Setoff. In addition to, and without limitation of, any rights of the Lenders under applicable law, if any Default occurs, any and all deposits (including all account balances, whether provisional or final and whether or not collected or available) and any other

Indebtedness at any time held or owing by any Lender or any Affiliate of any Lender to or for the credit or account of any Borrower may be offset and applied toward the payment of the Obligations owing to such Lender, whether or not the Obligations, or any part thereof, shall then be due.

12.2. Ratable Payments. If any Lender, whether by setoff or otherwise, has payment made to it upon its Outstanding Credit Exposure (other than payments received pursuant to Section 3.1, 3.2, 3.4 or 3.5) in a greater proportion than that received by any other Lender, such Lender agrees, promptly upon demand, to purchase a participation in the Aggregate Outstanding Credit Exposure held by the other Lenders so that after such purchase each Lender will hold its Pro Rata Share of the Aggregate Outstanding Credit Exposure. If any Lender, whether in connection with setoff or amounts which might be subject to setoff or otherwise, receives collateral or other protection for its Obligations or such amounts which may be subject to setoff, such Lender agrees, promptly upon demand, to take such action necessary such that all Lenders share in the benefits of such collateral ratably in proportion to their respective Pro Rata Shares of the Aggregate Outstanding Credit Exposure. In case any such payment is disturbed by legal process, or otherwise, appropriate further adjustments shall be made.

ARTICLE XIII

BENEFIT OF AGREEMENT; ASSIGNMENTS; PARTICIPATIONS

13.1. Successors and Assigns; Designated Lenders.

13.1.1. Successors and Assigns. The terms and provisions of the Loan Documents shall be binding upon and inure to the benefit of the Borrowers, the Administrative Agent and the Lenders and their respective successors and assigns, except that (i) no Borrower shall have the right to assign its rights or obligations under the Loan Documents without the consent of all of the Lenders, and any such assignment in violation of this Section 13.1.1 shall be null and void, and (ii) any assignment by any Lender must be made in compliance with Section 13.3. The parties to this Agreement acknowledge that clause (ii) of this Section 13.1.1 relates only to absolute assignments and does not prohibit assignments creating security interests, including, without limitation, (x) any pledge or assignment by any Lender of all or any portion of its rights under this Agreement and any Note to a Federal Reserve Bank or (y) in the case of a Lender which is a fund, any pledge or assignment of all or any portion of its rights under this Agreement and any Note to its trustee in support of its obligations to its trustee; provided, however, that no such pledge or assignment creating a security interest shall release the transferor Lender from its obligations hereunder unless and until the parties thereto have complied with the provisions of Section 13.3. The Administrative Agent may treat the Person which made any Loan or which holds any Note as the owner thereof for all purposes hereof unless and until such Person complies with Section 13.3; provided, however, that the Administrative Agent may in its discretion (but shall not be required to) follow instructions from the Person which made any Loan or which holds any Note to direct payments relating to such Loan or Note to another Person. Any assignee of the rights to any Loan or any Note agrees by acceptance of such assignment to be bound by all the terms and provisions of the Loan Documents. Any request, authority or consent of any Person, who at the time of making such request or giving such authority or consent is the owner of the rights to any Loan (whether or not a Note has been

issued in evidence thereof), shall be conclusive and binding on any subsequent holder or assignee of the rights to such Loan.

13.1.2. Designated Lenders.

(i) Subject to the terms and conditions set forth in this Section 13.1.2, any Lender may from time to time elect to designate an Eligible Designee to provide all or any part of the Revolving Loans to be made by such Lender pursuant to this Agreement; provided that the designation of an Eligible Designee by any Lender for purposes of this Section 13.1.2 shall be subject to the approval of the Administrative Agent (which consent shall not be unreasonably withheld or delayed). Upon the execution by the parties to each such designation of an agreement in the form of Exhibit G hereto (a "Designation Agreement") and the acceptance thereof by the Administrative Agent, the Eligible Designee shall become a Designated Lender for purposes of this Agreement. The Designating Lender shall thereafter have the right to permit the Designated Lender to provide all or a portion of the Revolving Loans to be made by the Designating Lender pursuant to the terms of this Agreement and the making of the Revolving Loans or portion thereof shall satisfy the obligations of the Designating Lender to the same extent, and as if, such Revolving Loan was made by the Designating Lender. As to any Revolving Loan made by it, each Designated Lender shall have all the rights a Lender making such Revolving Loan would have under this Agreement and otherwise; provided, (x) that all voting rights under this Agreement shall be exercised solely by the Designating Lender, (y) each Designating Lender shall remain solely responsible to the other parties hereto for its obligations under this Agreement, including the obligations of a Lender in respect of Revolving Loans made by its Designated Lender and (z) no Designated Lender shall be entitled to reimbursement under Article III hereof for any amount which would exceed the amount that would have been payable by any Borrower to the Lender from which the Designated Lender obtained any interests hereunder. No additional Notes shall be required with respect to Revolving Loans provided by a Designated Lender; provided, however, to the extent any Designated Lender shall advance funds, the Designating Lender shall be deemed to hold the Notes in its possession as an agent for such Designated Lender to the extent of the Revolving Loan funded by such Designated Lender. Such Designating Lender shall act as Administrative Agent for its Designated Lender and give and receive notices and communications hereunder. Any payments for the account of any Designated Lender shall be paid to its Designating Lender as Administrative Agent for such Designated Lender and neither the Borrowers nor the Administrative Agent shall be responsible for any Designating Lender's application of such payments. In addition, any Designated Lender may (1) with notice to, but without the consent of the Borrowers or the Administrative Agent, assign all or portions of its interests in any Revolving Loans to its Designating Lender or to any financial institution consented to by the Administrative Agent providing liquidity and/or credit facilities to or for the account of such Designated Lender and (2) subject to advising any such Person that such information is to be treated as confidential in accordance with such Person's customary practices for dealing with confidential, non-public information, disclose on a confidential basis any non-public information relating to its Revolving Loans to any rating agency, commercial paper dealer or provider of any guarantee, surety or credit or liquidity enhancement to such Designated Lender.

(ii) Each party to this Agreement hereby agrees that it shall not institute against, or join any other Person in instituting against, any Designated Lender any bankruptcy,

reorganization, arrangement, insolvency or liquidation proceeding or other proceedings under any federal or state bankruptcy or similar law for one year and a day after the payment in full of all outstanding senior indebtedness of any Designated Lender; provided that the Designating Lender for each Designated Lender hereby agrees to indemnify, save and hold harmless each other party hereto for any loss, cost, damage and expense arising out of its inability to institute any such proceeding against such Designated Lender. This Section 13.1.2 shall survive the termination of this Agreement.

13.2. Participations.

13.2.1. Permitted Participants; Effect. Any Lender may, in the ordinary course of its business and in accordance with applicable law, at any time sell to one or more banks or other entities ("Participants") participating interests in any Outstanding Credit Exposure of such Lender, any Note held by such Lender, any Commitment of such Lender or any other interest of such Lender under the Loan Documents. In the event of any such sale by a Lender of participating interests to a Participant, such Lender's obligations under the Loan Documents shall remain unchanged, such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations, such Lender shall remain the owner of its Outstanding Credit Exposure and the holder of any Note issued to it in evidence thereof for all purposes under the Loan Documents, all amounts payable by the Borrowers under this Agreement shall be determined as if such Lender had not sold such participating interests, and the Borrowers and the Administrative Agent shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under the Loan Documents.

13.2.2. Voting Rights. Each Lender shall retain the sole right to approve, without the consent of any Participant, any amendment, modification or waiver of any provision of the Loan Documents other than any amendment, modification or waiver with respect to any Credit Extension or Commitment in which such Participant has an interest which (i) extends the final maturity of any Loan or any Facility LC beyond the Facility Termination Date or forgives all or a portion of the principal amount thereof or interest or fees thereon, or reduces the rate or extends the time of payment of interest or fees on any such Loan or the related Commitment or (ii) extends the Facility Termination Date, or (iii) releases any guarantor of the Obligations or all or substantially all of the collateral, if any, securing the Obligations.

13.2.3. Benefit of Setoff. The Borrowers agree that each Participant shall be deemed to have the right of setoff provided in Section 12.1 in respect of its participating interest in amounts owing under the Loan Documents to the same extent as if the amount of its participating interest were owing directly to it as a Lender under the Loan Documents, provided that each Lender shall retain the right of setoff provided in Section 12.1 with respect to the amount of participating interests sold to each Participant. The Lenders agree to share with each Participant, and each Participant, by exercising the right of setoff provided in Section 12.1, agrees to share with each Lender, any amount received pursuant to the exercise of its right of setoff, such amounts to be shared in accordance with Section 12.2 as if each Participant were a Lender.

13.3. Assignments.

13.3.1. Permitted Assignments. Any Lender may, in the ordinary course of its business and in accordance with applicable law, at any time assign to one or more banks or other entities ("Purchasers") all or any part of its rights and obligations under the Loan Documents. Such assignment shall be evidenced by an agreement substantially in the form of Exhibit C or in such other form as may be agreed to by the parties thereto (each such agreement, an "Assignment Agreement"). The consent of the Company, the LC Issuers and the Administrative Agent shall be required prior to an Assignment Agreement becoming effective with respect to a Purchaser which is not a Lender or an Affiliate thereof, provided, however, that if a Default has occurred and is continuing, the consent of the Company shall not be required. Such consent shall not be unreasonably withheld or delayed. Each such assignment with respect to a Purchaser which is not a Lender or an Affiliate thereof shall (unless each of the Company and the Administrative Agent otherwise consents) be in an amount not less than the lesser of (i) \$5,000,000 and integral multiples of \$1,000,000 in excess thereof or (ii) the remaining amount of the assigning Lender's Commitment (calculated as at the date of such assignment), or, if the Facility Termination Date has occurred, the remaining amount of the assigning Lender's Outstanding Credit Exposure.

13.3.2. Effect; Effective Date. Upon (i) delivery to the Administrative Agent of an Assignment Agreement, together with any consents required by Section 13.3.1, and (ii) payment of a \$3,500 fee to the Administrative Agent for processing such assignment (unless such fee is waived by the Administrative Agent), such assignment shall become effective on the effective date specified in such assignment. The Assignment Agreement shall contain a representation by the Purchaser to the effect that none of the consideration used to make the purchase of the Commitment and Outstanding Credit Exposure under the applicable Assignment Agreement constitutes "plan assets" as defined under ERISA and that the rights and interests of the Purchaser in and under the Loan Documents will not be "plan assets" under ERISA. On and after the effective date of such assignment, such Purchaser shall for all purposes be a Lender party to this Agreement and any other Loan Document executed by or on behalf of the Lenders and shall have all the rights and obligations of a Lender under the Loan Documents, to the same extent as if it were an original party hereto, and no further consent or action by any Borrower, the Lenders or the Administrative Agent shall be required to release the transferor Lender with respect to the percentage of the Aggregate Commitment and Outstanding Credit Exposure assigned to such Purchaser. Upon the consummation of any assignment to a Purchaser pursuant to this Section 13.3.2, the transferor Lender, the Administrative Agent and the Borrowers shall, if the transferor Lender or the Purchaser desires that its Loans be evidenced by Notes, make appropriate arrangements so that new Notes or, as appropriate, replacement Notes are issued to such transferor Lender and new Notes or, as appropriate, replacement Notes, are issued to such Purchaser, in each case in principal amounts reflecting their respective Commitments (or, if the Facility Termination Date has occurred, their respective Outstanding Credit Exposure, as adjusted pursuant to such assignment).

13.3.3. The Register. Notwithstanding anything to the contrary in this Agreement, the Borrowers hereby designate the Administrative Agent, and the Administrative Agent, hereby accepts such designation, to serve as the Borrowers' contractual representative solely for purposes of this Section 13.3.3. In this connection, the Administrative Agent shall maintain at its address referred to in Section 14.1 a copy of each Assignment Agreement delivered to and accepted by it pursuant to this Section 13.3.3 and a register (the "Register") for the recordation of the names and addresses of the Lenders and the Commitment of, principal amount of and interest

on the Revolving Loans owing to, each Lender from time to time and whether such Lender is an original Lender or the assignee of another Lender pursuant to an assignment under this Section 13.3. The entries in the Register shall be conclusive and binding for all purposes, absent manifest error, and the Company and each of its Subsidiaries, the Administrative Agent and the Lenders may treat each Person whose name is recorded in the Register as a Lender hereunder for all purposes of this Agreement. The Register shall be available for inspection by the Borrowers or any Lender at any reasonable time and from time to time upon reasonable prior notice.

13.4. Dissemination of Information. The Borrowers authorize each Lender to disclose to any Participant or Purchaser or any other Person acquiring an interest in the Loan Documents by operation of law (each a "Transferee") and any prospective Transferee any and all information in such Lender's possession concerning the creditworthiness of the Company and its Subsidiaries, including without limitation any information contained in any reports or other information delivered by any Borrower pursuant to Section 6.1; provided that each Transferee and prospective Transferee agrees to be bound by Section 10.11 of this Agreement.

13.5. Tax Treatment. If any interest in any Loan Document is transferred to any Transferee which is organized under the laws of any jurisdiction other than the United States or any State thereof, the transferor Lender shall cause such Transferee, concurrently with the effectiveness of such transfer, to comply with the provisions of Section 3.5(iv).

ARTICLE XIV

NOTICES

14.1. Notices. Except as otherwise permitted by Section 2.14 with respect to borrowing notices, all notices, requests and other communications to any party hereunder shall be in writing (including electronic transmission, facsimile transmission or similar writing) and shall be given to such party: (x) in the case of the initial Borrower, the Administrative Agent or any Lender party hereto as of the Closing Date, at its respective address or facsimile number set forth on the signature pages hereof, (y) in the case of any Lender that becomes a party hereto pursuant to Section 13.3, at its address or facsimile number set forth in the applicable Assignment Agreement or, if none is provided therein, in its administrative questionnaire or (z) in the case of any party, at such other address or facsimile number as such party may hereafter specify for the purpose by notice to the Administrative Agent and the Company in accordance with the provisions of this Section 14.1. Each such notice, request or other communication shall be effective (i) if given by facsimile transmission, when transmitted to the facsimile number specified in this Section and confirmation of receipt is received, (ii) if given by mail, 72 hours after such communication is deposited in the mails with first class postage prepaid, addressed as aforesaid, or (iii) if given by any other means, when delivered (or, in the case of electronic transmission, received) at the address specified in this Section; provided that notices to the Administrative Agent under Article II shall not be effective until received. For all purposes under this Agreement and the other Loan Documents, (A) notice to the Administrative Agent from any Borrower shall not be deemed to be effective until actually received by the Administrative Agent, and (B) delivery of any notice to the Company shall be deemed to have been delivered to the Borrowers.

14.2. Change of Address. The Borrowers, the Administrative Agent and any Lender may each change the address for service of notice upon it by a notice in writing to the other parties hereto.

ARTICLE XV

COUNTERPARTS

This Agreement may be executed in any number of counterparts, all of which taken together shall constitute one agreement, and any of the parties hereto may execute this Agreement by signing any such counterpart. This Agreement shall be effective when it has been executed by the initial Borrowers, the Administrative Agent, the LC Issuers and the Lenders and each party has notified the Administrative Agent by facsimile transmission or telephone that it has taken such action.

ARTICLE XVI

CHOICE OF LAW; CONSENT TO JURISDICTION; WAIVER OF JURY TRIAL

16.1. CHOICE OF LAW. THE LOAN DOCUMENTS (OTHER THAN THOSE CONTAINING A CONTRARY EXPRESS CHOICE OF LAW PROVISION) SHALL BE CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS (INCLUDING, WITHOUT LIMITATION, 735 ILCS 105/5-1 ET SEQ., BUT OTHERWISE WITHOUT REGARD TO THE CONFLICT OF LAWS PROVISIONS) OF THE STATE OF ILLINOIS, BUT GIVING EFFECT TO FEDERAL LAWS APPLICABLE TO NATIONAL BANKS.

16.2. CONSENT TO JURISDICTION. EACH BORROWER HEREBY IRREVOCABLY SUBMITS TO THE NON-EXCLUSIVE JURISDICTION OF ANY UNITED STATES FEDERAL OR ILLINOIS STATE COURT SITTING IN CHICAGO, ILLINOIS IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO ANY LOAN DOCUMENTS AND EACH BORROWER HEREBY IRREVOCABLY AGREES THAT ALL CLAIMS IN RESPECT OF SUCH ACTION OR PROCEEDING MAY BE HEARD AND DETERMINED IN ANY SUCH COURT AND IRREVOCABLY WAIVES ANY OBJECTION IT MAY NOW OR HEREAFTER HAVE AS TO THE VENUE OF ANY SUCH SUIT, ACTION OR PROCEEDING BROUGHT IN SUCH A COURT OR THAT SUCH COURT IS AN INCONVENIENT FORUM. NOTHING HEREIN SHALL LIMIT THE RIGHT OF THE ADMINISTRATIVE AGENT, ANY LC ISSUER OR ANY LENDER TO BRING PROCEEDINGS AGAINST ANY BORROWER IN THE COURTS OF ANY OTHER JURISDICTION. ANY JUDICIAL PROCEEDING BY ANY BORROWER AGAINST THE ADMINISTRATIVE AGENT, ANY LC ISSUER OR ANY LENDER OR ANY AFFILIATE OF THE ADMINISTRATIVE AGENT, ANY LC ISSUER OR ANY LENDER INVOLVING, DIRECTLY OR INDIRECTLY, ANY MATTER IN ANY WAY ARISING OUT OF, RELATED TO, OR CONNECTED WITH ANY LOAN DOCUMENT SHALL BE BROUGHT ONLY IN A COURT IN CHICAGO, ILLINOIS OR THE CITY IN WHICH THE PRINCIPAL OFFICE OF THE ADMINISTRATIVE AGENT, LENDER OR AFFILIATE, AS THE CASE MAY BE, IS LOCATED.

16.3. WAIVER OF JURY TRIAL. THE BORROWERS, THE ADMINISTRATIVE AGENT, EACH LC ISSUER AND EACH LENDER HEREBY WAIVE TRIAL BY JURY IN ANY JUDICIAL PROCEEDING INVOLVING, DIRECTLY OR INDIRECTLY, ANY MATTER (WHETHER SOUNDING IN TORT, CONTRACT OR OTHERWISE) IN ANY WAY ARISING OUT OF, RELATED TO, OR CONNECTED WITH ANY LOAN DOCUMENT OR THE RELATIONSHIP ESTABLISHED THEREUNDER.

ARTICLE XVII

TERMINATION OF EXISTING CREDIT AGREEMENT

The Company, the Lender and the Administrative Agent agree that upon (i) the execution and delivery of this Agreement by each of the parties hereto and (ii) satisfaction (or waiver by the aforementioned parties) of the conditions precedent set forth in Section 4.1, the "Commitments" (as defined in the Existing Credit Agreement) shall be reduced to zero and terminated permanently as of the date immediately preceding the Closing Date of this Agreement. All facility fees and related fees payable pursuant to the Existing Credit Agreement shall be due and payable on the effective date of the termination of such agreement, which date shall be concurrent with the Closing Date of this Agreement.

[Signature Pages Follow]

IN WITNESS WHEREOF, the initial Borrowers, the Lenders, the LC Issuers and the Administrative Agent have executed this Agreement as of the date first above written.

JOHNSON OUTDOORS INC., as a Borrower

By: /s/ Wade T. Neuharth

Name: Wade T. Neuharth
Title: Treasurer

1326 Willow Road
Sturtevant, WI 53177

Attention: Paul A. Lehmann
Phone: 414/884-1531
Fax: 414/884-1704
E-mail: plehmann@johnsonoutdoors.com

BANK ONE, NA (Main Office
Chicago), as the
Administrative Agent, as
Swing Line Lender, as LC
Issuer and as a Lender

By: /s/ Jenny Gilpin

Name: Jenny Gilpin
Title: Director, Capital Markets

1 Bank One Plaza
Chicago, IL 60670

Attention: Jenny Gilpin
Phone: 312/732-5867
Fax: 312/732-1117
E-mail: jenny_gilpin@bankone.com

LASALLE BANK NATIONAL ASSOCIATION,
as a Lender

By: /s/ Lou D. Banach

Name: Lou D. Banach
Title: Vice President

411 East Wisconsin Avenue
Milwaukee, Wisconsin 53202

Attention: Lou D. Banach
Phone: 414-224-0394
Fax: 414-224-0071
E-mail: lou.banach@abnamro.com

THE NORTHERN TRUST COMPANY, as a Lender

By: /s/ Edmund H. Lester

Name: Edmund H. Lester
Title: Vice President

50 South LaSalle Street
Chicago, IL 60148

Attention: Edmund H. Lester
Phone: 312/444-3527
Fax: 312/444-7028
E-mail: EL18@ntrs.com

M&I MARSHALL & ILSLEY BANK, as a Lender

By: /s/ Ronald J. Carey

Name: Ronald J. Carey
Title: Vice President

770 North Water Street
Milwaukee, Wisconsin 53202

Attention: Ronald J. Carey
Phone: 414-765-7600
Fax: 414-765-7625
E-mail: ron.carey@micorp.com

ASSOCIATED BANK, N.A., as a Lender

By: /s/ Gretchen Quinlevan

Name: Gretchen Quinlevan
Title: Assistant Vice President

401 E. Kilborn Avenue
Milwaukee, Wisconsin 53202

Attention: Gretchen Quinlevan
Phone: 414/283-2202
Fax: 414/283-2336
E-mail: gretchen.quinlevan@associated
bank.com

AMENDMENT NO. 1
to
3-YEAR REVOLVING CREDIT AGREEMENT

THIS AMENDMENT NO. 1 TO 3-YEAR REVOLVING CREDIT AGREEMENT (the "Amendment") is made as of December 18, 2001 by and among JOHNSON OUTDOORS INC. (the "Company"), the financial institutions listed on the signature pages hereof (the "Lenders") and BANK ONE, NA (having its principal office in Chicago, Illinois), in its individual capacity as a Lender and in its capacity as contractual representative (the "Administrative Agent"), under that certain 3-Year Revolving Credit Agreement dated as of August 31, 2001 by and among the Company, the Subsidiary Borrowers from time to time party thereto (together with the Company, the "Borrowers"), the financial institutions party thereto, and the Administrative Agent (the "Credit Agreement"). Defined terms used herein and not otherwise defined herein shall have the meaning given to them in the Credit Agreement.

WITNESSETH

WHEREAS, the Company, the Lenders and the Agents are parties to the Credit Agreement; and

WHEREAS, the Company has requested that the Agents and the requisite number of Lenders under Section 8.2 of the Credit Agreement amend the Credit Agreement on the terms and conditions set forth herein; and

WHEREAS, the Company, the requisite number of Lenders under Section 8.2 of the Credit Agreement, and the Agents have agreed to amend the Credit Agreement on the terms and conditions set forth herein;

NOW, THEREFORE, in consideration of the premises set forth above, the terms and conditions contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto have agreed to the following amendments to the Credit Agreement:

1. Amendments to the Credit Agreement. Effective as of December 18, 2001, and subject to the satisfaction of the conditions precedent set forth in Section 2 below, the Credit Agreement is hereby amended as follows:

- 1.1. Section 1.1 of the Credit Agreement is amended to insert the following new definition alphabetically therein:

"Consolidated Tangible Assets" means the Consolidated Total Assets of the Company, excluding all items that are treated as intangibles under Agreement Accounting Principles.

- 1.2. Section 2.1 of the Credit Agreement is amended to insert the following at the end of the first sentence therein: "and (iv) at no time shall the aggregate Outstanding Credit Exposure of all of the Lenders to all Borrowers that are Foreign Subsidiaries exceed an amount equal to ten and one half percent (10.5%) of the Company's Consolidated Tangible Assets as of the end of the most recently ended fiscal year".

- 1.3. Section 2.2.4 of the Credit Agreement is amended to delete the phrase "the Borrowers" now appearing in the first sentence thereof, and to substitute the following therefor: "the applicable Borrower".

- 1.4. Section 2.3.2 of the Credit Agreement is amended to insert the following at the end thereof:

"Notwithstanding anything to the contrary herein or in any other Loan Document, in no event shall any of the Subsidiary Borrowers that are Foreign Subsidiaries be deemed to have any liability for the Obligations hereunder of the other Borrowers."

- 1.5. Section 2.21.6(i) of the Credit Agreement is amended (i) to delete the phrase "The Borrowers" now appearing at the beginning thereof, and to substitute the phrase "Each Borrower" therefor, and (ii) to insert immediately after the phrase "under any Facility LC issued by such LC Issuer" now appearing therein, the following: "for the account of such Borrower".

- 1.6. Section 2.22 of the Credit Agreement is amended to insert the following after the first sentence thereof:

"No Domestic Subsidiary may be a Subsidiary Borrower."

- 1.7. Article XI of the Credit Agreement is amended to insert the following new Section 11.16 at the end thereof:

"11.16. Intercreditor Agreement. The Lenders hereby irrevocably authorize the Administrative Agent, on behalf of itself and the Lenders, to execute that certain Intercreditor Agreement, dated as of December 13, 2001, by and among the Agent, certain other creditors of the Company and its Subsidiaries from time to time parties thereto and the Subsidiaries of the Company from time to time parties thereto, in substantially the form of Exhibit J hereto."

- 1.8. The Credit Agreement is amended to insert a new Exhibit J to the Credit Agreement in the form of Attachment B to this Amendment.

2. Conditions of Effectiveness. The effectiveness of this Amendment is subject to the conditions precedent that the Administrative Agent shall have received the following:

- (a) duly executed originals of this Amendment from the Company, the requisite number of Lenders under Section 8.2 of the Credit Agreement, and the Agents;
- (b) duly executed originals of a Reaffirmation in the form of Attachment A attached hereto from each of the Subsidiaries identified thereon;
- (c) such other documents, instruments and agreements as the Administrative Agent may reasonably request.

3. Representations and Warranties.

- (a) The Company hereby represents and warrants that this Amendment, the attached Reaffirmation and the Credit Agreement, as previously executed and as amended hereby, constitute legal, valid and binding obligations of the Borrowers and the Subsidiaries parties thereto and are enforceable against the Borrowers and the Subsidiaries parties thereto in accordance with their terms (except as enforceability may be limited by bankruptcy, insolvency, or similar laws affecting the enforcement of creditors' rights generally).
- (b) Upon the effectiveness of this Amendment and after giving effect hereto, the Company hereby (i) reaffirms all covenants, representations and warranties made in the Credit Agreement as amended hereby, and agrees that all such covenants, representations and warranties shall be true and correct as of the effective date of this Amendment (unless such representation and warranty is made as of a specific date, in which case such representation and warranty shall be true and correct as of such date) and (ii) certifies to the Lenders and the Agents that no Default or Unmatured Default has occurred and is continuing.

4. References to the Credit Agreement.

- (a) Upon the effectiveness of Section 1 hereof, on and after the date hereof, each reference in the Credit Agreement (including any reference therein to "this Credit Agreement," "hereunder," "hereof," "herein" or words of like import referring thereto) or in any other Loan Document shall mean and be a reference to the Credit Agreement as amended hereby.
- (b) Except as specifically amended above, the Credit Agreement and all other documents, instruments and agreements executed and/or delivered in connection therewith, shall remain in full force and effect, and are hereby ratified and confirmed.
- (c) The execution, delivery and effectiveness of this Amendment shall not, except as expressly provided herein, operate as a waiver of any right, power or remedy of the Administrative Agent or the Lenders, nor constitute a waiver of any provision of the Credit Agreement or any other documents, instruments and agreements executed and/or delivered in connection therewith.

5. GOVERNING LAW. THIS AMENDMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS (INCLUDING 735 ILCS 105/5-1 ET SEQ., BUT OTHERWISE WITHOUT REGARD TO THE CONFLICT OF LAW PROVISIONS) OF THE STATE OF ILLINOIS.

6. Headings. Section headings in this Amendment are included herein for convenience of reference only and shall not constitute a part of this Amendment for any other purpose.

7. Counterparts. This Amendment may be executed by one or more of the parties to this Amendment on any number of separate counterparts and all of said counterparts taken together shall be deemed to constitute one and the same instrument.

[REMAINDER OF PAGE INTENTIONALLY BLANK]

IN WITNESS WHEREOF, this Amendment has been duly executed as of the day and year first above written.

JOHNSON OUTDOORS INC., as a Borrower

By: /s/ Wade T. Neuharth

Name: Wade T. Neuharth
Title: Treasurer

BANK ONE, NA (having its principal office in Chicago, Illinois), as Administrative Agent, as Swing Line Lender, as LC Issuer and as a Lender

By: /s/ Ronald Edwards

Name: Ronald Edwards
Title: Director

LASALLE BANK NATIONAL ASSOCIATION,
as a Lender

By: /s/ Lou D. Banach

Name: Lou D. Banach
Title: First Vice President & Senior
Lender

THE NORTHERN TRUST COMPANY, as a Lender

By: /s/ Edmund H. Lester

Name: Edmund H. Lester
Title: Vice President

M&I MARSHALL & ILSLEY BANK, as a Lender

By: /s/ Ronald J. Carey

Name: Ronald J. Carey
Title: Vice President

ASSOCIATED BANK, N.A., as a Lender

By: /s/ Gretchen Quinlevan

Name: Gretchen Quinlevan
Title: Assistant Vice President

REAFFIRMATION

Each of the undersigned Guarantors hereby acknowledges receipt of a copy of the foregoing Amendment No. 1 to the 3-Year Revolving Credit Agreement dated as of August 31, 2001 by and among JOHNSON OUTDOORS INC. (the "Company"), the Subsidiary Borrowers parties thereto, the financial institutions listed on the signature pages thereof (the "Lenders"), and BANK ONE, NA (having its principal office in Chicago, Illinois), in its individual capacity as a Lender and in its capacity as contractual representative (the "Administrative Agent") (as amended and as the same may be amended, restated, supplemented or otherwise modified from time to time, the "Credit Agreement"), which Amendment No. 1 to the 3-Year Revolving Credit Agreement is dated as of December 18, 2001 (the "Amendment"). Capitalized terms used in this Reaffirmation and not defined herein shall have the meanings given to them in the Credit Agreement. Without in any way establishing a course of dealing by the Administrative Agent or any Lender, each of the undersigned Guarantors reaffirms the terms and conditions of the Guaranty and any other Loan Document executed by it and acknowledges and agrees that such agreement and each and every such Loan Document executed by the undersigned Guarantors in connection with the Credit Agreement remains in full force and effect and is hereby reaffirmed, ratified and confirmed. All references to the Credit Agreement contained in the above-referenced documents shall be a reference to the Credit Agreement as so modified by the Amendment and as the same may from time to time hereafter be amended, modified or restated.

Dated: December 18, 2001

LEISURE LIFE LIMITED, as a Guarantor OLD TOWN CANOE COMPANY, as a Guarantor

By: /s/ Wade T. Neuharth ----- Name: Wade T. Neuharth Its: Secretary	By: /s/ Wade T. Neuharth ----- Name: Wade T. Neuharth Its: Secretary
---	---

EXTRASPORT, INC., as a Guarantor UNDER SEA INDUSTRIES, INC., as a Guarantor

By: /s/ Wade T. Neuharth ----- Name: Wade T. Neuharth Its: Secretary	By: /s/ David R. Harrington ----- Name: David R. Harrington Its: Treasurer
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JOHNSON OUTDOORS INC.

NOTE AGREEMENT

Dated as of December 13, 2001

Re: \$50,000,000 7.82% Senior Notes
Due December 13, 2008

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ATTACHMENTS TO NOTE AGREEMENT:

Schedule I	--	Names and Addresses of Purchasers
Schedule II	--	Description of Subsidiaries and Indebtedness of the Company and its Restricted Subsidiaries
Exhibit A	--	Form of 7.82% Senior Note
Exhibit B	--	Closing Certificate of the Company
Exhibit C	--	Description of Closing Opinion of Special Counsel
Exhibit D	--	Description of Closing Opinion of Independent Counsel to Company
Exhibit E	--	Form of Subsidiary Guaranty
Exhibit F	--	Form of Intercreditor Agreement

JOHNSON OUTDOORS INC.
1326 Willow Road
P.O. Box 901
Sturtevant, Wisconsin 53177-0901

NOTE AGREEMENT

Re: \$50,000,000 7.82% Senior Notes
Due December 13, 2008

Dated as of December 13, 2001

To the Purchasers Named
in Schedule I Hereto which
are signatories to this Agreement

Ladies and Gentlemen:

The undersigned, JOHNSON OUTDOORS INC., a Wisconsin corporation, its successors and assigns (the "Company"), agrees with the purchasers named in Schedule I to the Agreement (the "Purchasers") as follows:

SECTION 1. DESCRIPTION OF NOTES AND COMMITMENT.

Section 1.1. Description of Notes. The Company will authorize the issue and sale of \$50,000,000 aggregate principal amount 7.82% Senior Notes due December 13, 2008 (the "Notes") to be dated the date of issue, to bear interest from such date at the rate of 7.82% per annum, payable semiannually on the thirteenth day of June and December in each year (commencing June 13, 2002) and at maturity and to bear interest on overdue principal (including any overdue required or optional prepayment of principal) and Make-Whole Amount, if any, and (to the extent legally enforceable) on any overdue installment of interest at the Overdue Rate (as hereinafter defined) after the due date thereof, whether by acceleration or otherwise, until paid, to be expressed to mature on December 13, 2008, and to be substantially in the form attached hereto as Exhibit A.

Interest on the Notes shall be computed on the basis of a 360-day year of twelve 30-day months. The Notes are not subject to prepayment or redemption at the option of the Company prior to their express maturity dates except on the terms and conditions and in the amounts and with the Make-Whole Amount, if any, set forth in ss.2 of this Agreement. The terms which are capitalized herein shall have the meanings set forth in ss.8.1 hereof unless the context shall otherwise require.

Section 1.2. Subsidiary Guaranty. The payment by the Company of all amounts due with respect to the Notes and the performance by the Company of its obligations under this Agreement will be absolutely and unconditionally guaranteed by the Subsidiary Guarantors

pursuant to the Subsidiary Guaranty (the "Subsidiary Guaranty"), which shall be in substantially the form attached hereto as Exhibit E.

Payments under the Subsidiary Guaranties shall be subject to the terms of an Intercreditor Agreement dated as of December 13, 2001 (the "Intercreditor Agreement") which shall be in substantially the form attached hereto as Exhibit F among the Purchasers, the banks which are parties to the Bank Credit Agreement and certain other creditors of the Company which are beneficiaries of Guaranties by Subsidiary Guarantors.

Section 1.3. Commitment, Closing Date. Subject to the terms and conditions hereof and on the basis of the representations and warranties hereinafter set forth, the Company agrees to issue Notes in the aggregate principal amount of \$50,000,000 and sell to each Purchaser, and each Purchaser, severally and not jointly, agrees to purchase from the Company, on the Closing Date mentioned below, Notes in the principal amount set forth opposite such Purchaser's name on Schedule I hereto at a price of 100% of the principal amount thereof.

Delivery of the Notes to be purchased by each Purchaser will be made at the offices of Chapman and Cutler, 111 West Monroe, Chicago, Illinois 60603, against payment therefor by such Purchaser by wire transfer of Federal or other funds current and immediately available at the principal office of Bank One NA, in Chicago, Illinois, ABA 071000013 for the account of the Company Account No. 5529069, in the amount of the purchase price, at or about 10:00 A.M., on December 18, 2001 (the "Closing Date"). The Notes delivered to any Purchaser on the Closing Date will be delivered to such Purchaser in the form of a single registered Note in the form attached hereto as Exhibit A (unless different denominations are specified by such Purchaser), registered in such Purchaser's name or in the name of such Purchaser's nominee, all as such Purchaser may specify at any time prior to the date fixed for delivery.

SECTION 2. PREPAYMENT OF NOTES.

No prepayment of the Notes may be made except to the extent and in the manner expressly provided in this Agreement.

Section 2.1. Required Prepayments.

(a) Required Prepayment of Notes. In addition to paying the entire remaining outstanding principal amount and the interest due on the Notes on the maturity date thereof, the Company agrees to prepay and apply and there shall become due and payable on December 13, 2004 and on each December 13 thereafter, to and including December 13, 2007, on the principal indebtedness evidenced by the Notes an amount equal to the lesser of (i) \$10,000,000, or (ii) the aggregate principal amount of the Notes outstanding.

(b) Effects of Required Prepayments. No Make-Whole Amount shall be payable in connection with any required prepayment made pursuant to ss.2.1(a). Except as set forth in the next succeeding paragraph, any payment of less than all the Notes pursuant to the provisions of ss.2.2 shall not relieve the Company of the obligation to make required payments or prepayments on the Notes in accordance with the terms of ss.2.1(a).

In the event the Company shall prepay less than all of the Notes pursuant to ss.2.2 or repurchase any Notes in accordance with ss.5.13, the amount of the prepayments required by ss.2.1(a) shall be reduced by an amount which is the same percentage of such required prepayment as the percentage that the principal amount of Notes so prepaid or repurchased is of the aggregate principal amount of outstanding Notes immediately prior to such prepayment or repurchase.

Section 2.2. Optional Prepayments of Notes. In addition to the prepayments required by ss.2.1(a) and ss.2.3, the Company shall have the privilege at any time of prepaying the then outstanding Notes, either in whole or in part (but if in part then in units of \$1,000,000 in the aggregate or an integral multiple of \$100,000 in the aggregate in excess thereof) by payment of the principal amount of the Notes and accrued interest thereon to the date of such prepayment, together with an amount equal to the then applicable Make-Whole Amount, determined as of three business days prior to the date of such prepayment pursuant to this ss.2.2.

Section 2.3. Prepayment of Notes upon Change of Control. In the event that any Change of Control (as hereinafter defined) shall occur, the Company will give written notice (the "Company Notice") of such fact in the manner provided in ss.9.6 of this Agreement to the holders of the Notes. The Company Notice shall be delivered promptly and in any event no later than three business days following the occurrence of any Change of Control. The Company Notice shall (a) describe the facts and circumstances of such Change of Control in reasonable detail, (b) make reference to this ss.2.3 and the right of the holders of the Notes to require payment on the terms and conditions provided for in this ss.2.3, (c) offer in writing to prepay the outstanding Notes, together with accrued interest to the date of prepayment and an amount equal to the then applicable Make-Whole Amount and (d) specify the date for such prepayment (the "Change of Control Prepayment Date") which Change of Control Prepayment Date shall be no earlier than fifteen (15) days after the receipt of the Company Notice and no later than thirty (30) days after the date the Change of Control occurred. The holders of at least 40% in aggregate principal amount of outstanding Notes shall have the right, by written notice given to the Company not later than three business days prior to the Change of Control Prepayment Date, to demand that the Company prepay all (but not less than all) of the Notes then held by such holders on such Change of Control Prepayment Date. If no such request shall be made by a holder, such holder shall be deemed to have declined the Company's offer of prepayment. The prepayment price of any Notes payable upon the Change of Control Prepayment Date shall be an amount equal to 100% of the principal amount of the Notes so to be prepaid and accrued interest thereon to the date of such prepayment, together with an amount equal to the then applicable Make-Whole Amount, determined as of three business days prior to the date of such prepayment pursuant to this ss.2.3.

Without limiting the foregoing, notwithstanding any failure on the part of the Company to give the Company Notice herein required as a result of the occurrence of a Change of Control, each holder of the Notes shall have the right by delivery of written notice to the Company to require the Company to prepay, and the Company will prepay, such holder's Notes in full, together with accrued interest thereon to the date of prepayment and an amount equal to the Make-Whole Amount at any time within ninety days after such holder has actual knowledge of any such Change of Control. Notice of any required prepayment pursuant to this ss.2.3 shall be delivered by any holder of Notes which was entitled to, but did not receive, such Company Notice to the Company after such holder has actual knowledge of such Change of Control. On the date (the "Delayed Prepayment Date") designated in such holder's notice (which shall be not earlier than 10 business days after the date of such holder's notice), the Company shall prepay in full all Notes held by such holder together with accrued interest thereon to the date of prepayment and an amount equal to the Make-Whole Amount, determined as of three business days prior to the date of such prepayment pursuant to this ss.2.3. If the holder of any Note gives any notice pursuant to this second paragraph of ss.2.3, the Company shall give a Company Notice within two business days of receipt of such notice and identify the Delayed Prepayment Date to all holders of the Notes and each of such holders shall then and thereupon have the rights with respect to the prepayment of its Notes as set forth in this ss.2.3; provided only that any date for prepayment of such holder's Notes shall be the Delayed Prepayment Date.

As used in this ss.2.3, a "Change of Control" of the Company shall be deemed to have occurred at such time or times as the Johnson Family (as hereinafter defined), shall fail to own, directly or indirectly, with full power to vote or to direct the voting of, more than 51% of the voting power of the Voting Stock of the Company.

The term "Johnson Family" shall mean, collectively, (i) Samuel C. Johnson, his spouse, their children or grandchildren; (ii) any trust directly or indirectly controlled by any one or more of such persons described in (i) or any corporation described in (iii) below or any present or former officer of any such corporation; (iii) any corporation or partnership in which voting control as to such entity is held, directly or indirectly, by any one or more of such persons described in (i) or such trusts described in (ii) or by the executor or administrator of the estate or other legal representative of any such person described in (i); and (iv) the executor or administrator of the estate or other legal representative of any person described in (i).

Section 2.4. Notice of Optional Prepayments. The Company will give notice of any prepayment of the Notes pursuant to ss.2.2 to each holder thereof not less than 30 days nor more than 60 days before the date fixed for such optional prepayment specifying (a) such date, (b) the principal amount of the holder's Notes to be prepaid on such date, (c) that a Make-Whole Amount may be payable, (d) the date when such Make-Whole Amount will be calculated which shall be the date three business days prior to the prepayment date, (e) the estimated Make-Whole Amount and (f) the accrued interest applicable to such prepayment. Notice of prepayment having been so given, the aggregate principal amount of the Notes specified in such notice, together with the Make-Whole Amount, if any, and accrued interest thereon shall become due and payable on the prepayment date. Not later than two business days prior to the prepayment date specified in such notice, the Company shall provide each holder of a Note written notice of

the Make-Whole Amount, if any, payable in connection with such prepayment and, whether or not any Make-Whole Amount is payable, a reasonably detailed computation thereof.

Section 2.5. Allocation of Prepayments. All partial prepayments of Notes shall be applied on all outstanding Notes being prepaid ratably in accordance with the unpaid principal amounts thereof.

Section 2.6. Direct Payment. Notwithstanding anything to the contrary in this Agreement or the Notes, in the case of any Note owned by any Purchaser or such Purchaser's nominee or owned by any other Institutional Holder or its nominee which has given written notice to the Company requesting that the provisions of this ss.2.6 shall apply, the Company will promptly and punctually pay when due the principal thereof and the Make-Whole Amount, if any, and interest thereon, without any presentment thereof directly to such Purchaser, such Purchaser's nominee or any such subsequent Institutional Holder or its nominee at its address or such nominee's address set forth in Schedule I or at such other address as such Purchaser, any such Purchaser's nominee or any such subsequent Institutional Holder may from time to time designate in writing to the Company or, if an account with a United States bank is designated for such Purchaser or such Purchaser's nominee on Schedule I hereto or in any written notice to the Company from such Purchaser, such Purchaser's nominee or any such subsequent Institutional Holder, the Company will make such payments in immediately available funds to such bank account before 10:00 A.M., marked for attention as indicated, or in such other manner or to such other account in any bank in the United States as such Purchaser, such Purchaser's nominee or any such subsequent Institutional Holder may from time to time direct in writing.

SECTION 3. REPRESENTATIONS.

Section 3.1. Representations of the Company. The Company represents and warrants that all representations set forth in the form of Closing Certificate attached hereto as Exhibit B are true and correct as of the date of the execution and delivery hereof by the Company and are incorporated herein by reference with the same force and effect as though herein set forth in full.

Section 3.2. Purchase for Investment. (a) Each Purchaser represents, and in entering into this Agreement the Company understands, that such Purchaser is acquiring the Notes for the purpose of investment and not with a view to the distribution thereof; provided that the disposition of such Purchaser's property shall at all times be and remain within its control. Each Purchaser acknowledges that the Notes have not and will not be registered under the Act and hereby agrees that it will not reoffer, resell, pledge or otherwise transfer the Notes purchased by it under this Agreement except pursuant to any available exemption from the requirements of Section 5 of the Act and in accordance with any applicable state securities laws.

Section 3.3. Source of Funds. Each Purchaser represents that at least one of the following statements is an accurate representation as to each source of funds (a "Source") to be used by it to pay the purchase price of the Notes to be purchased by it hereunder:

(a) the Source is an "insurance company general account" within the meaning of Department of Labor Prohibited Transaction Exemption ("PTE") 95-60 (issued

July 12, 1995) and there is no employee benefit plan, treating as a single plan all plans maintained by the same employer or employee organization, with respect to which the amount of the general account reserves and liabilities for all contracts held by or on behalf of such plan, exceeds ten percent (10%) of the total reserves and liabilities of such general account (exclusive of separate account liabilities) plus surplus, as set forth in the NAIC Annual Statement for such Purchaser most recently filed with such Purchaser's state of domicile; or

(b) the Source is either (i) an insurance company pooled separate account, within the meaning of PTE 90-1 (issued January 29, 1990), or (ii) a bank collective investment fund, within the meaning of the PTE 91-38 (issued July 12, 1991) and, except as such Purchaser prior to the execution and delivery of this Agreement has disclosed to the Company in writing pursuant to this paragraph (b), no employee benefit plan or group of plans maintained by the same employer or employee organization beneficially owns more than 10% of all assets allocated to such pooled separate account or collective investment fund; or

(c) the Source constitutes assets of an "investment fund" (within the meaning of Part V of the QPAM Exemption) managed by a "qualified professional asset manager" or "QPAM" (within the meaning of Part V of the QPAM Exemption), no employee benefit plan's assets that are included in such investment fund, when combined with the assets of all other employee benefit plans established or maintained by the same employer or by an affiliate (within the meaning of Section V(c)(1) of the QPAM Exemption) of such employer or by the same employee organization and managed by such QPAM, exceed 20% of the total client assets managed by such QPAM, the conditions of Part I(c) and (g) of the QPAM Exemption are satisfied, neither the QPAM nor a person controlling or controlled by the QPAM (applying the definition of "control" in Section V(e) of the QPAM Exemption) owns a 5% or more interest in the Company and (i) the identity of such QPAM and (ii) the names of all employee benefit plans whose assets are included in such investment fund have been disclosed to the Company in writing pursuant to this paragraph (c) prior to the execution and delivery of this Agreement; or

(d) the Source is a governmental plan; or

(e) the Source is one or more employee benefit plans, or a separate account or trust fund comprised of one or more employee benefit plans, each of which prior to the execution and delivery of this Agreement has been identified to the Company in writing pursuant to this paragraph (e); or

(f) the Source does not include assets of any employee benefit plan, other than a plan exempt from the coverage of ERISA; or

(g) the Source is an insurance company separate account maintained solely in connection with the fixed contractual obligations of the insurance company under which the amounts payable, or credited, to any employee benefit plan (or its related trust) and to

any participant or beneficiary of such plan (including any annuitant) are not affected in any manner by the investment performance of the separate account.

If any Purchaser or any subsequent transferee of the Notes indicates that such Purchaser or such transferee is relying on any representation contained in paragraph (b), (c) or (e) above, the Company shall deliver on the date of issuance of such Notes and on the date of any applicable transfer a certificate, which shall either state that (i) it is neither a party in interest nor a "disqualified person" (as defined in Section 4975(e)(2) of the Code), with respect to any plan identified pursuant to paragraphs (b) or (e) above, or (ii) with respect to any plan, identified pursuant to paragraph (c) above, neither it nor any "affiliate" (as defined in Section V(c) of the QPAM Exemption) has at such time, and during the immediately preceding one year, exercised the authority to appoint or terminate said QPAM as manager of any plan identified in writing pursuant to paragraph (c) above or to negotiate the terms of said QPAM's management agreement on behalf of any such identified plan. As used in this ss.3.3, the terms "employee benefit plan", "governmental plan", "party in interest" and "separate account" shall have the respective meanings assigned to such terms in Section 3 of ERISA.

SECTION 4. CLOSING CONDITIONS.

The obligation of each Purchaser to purchase the Notes on the Closing Date shall be subject to the performance by the Company of its agreements hereunder which by the terms hereof are to be performed at or prior to the time of delivery of the Notes and to the following further conditions precedent:

Section 4.1. Closing Certificate. Concurrently with the delivery of Notes to such Purchaser on the Closing Date, such Purchaser shall have received a Closing Certificate dated the Closing Date, signed by the Chief Financial Officer of the Company, substantially in the form attached hereto as Exhibit B, the truth and accuracy of which on the Closing Date shall be a condition to such Purchaser's obligation to purchase the Notes proposed to be purchased by such Purchaser.

Section 4.2. Legal Opinions. Concurrently with the delivery of Notes to such Purchaser on the Closing Date, such Purchaser shall have received from Chapman and Cutler, who is acting as special counsel to the Purchaser in this transaction and from Foley & Lardner, independent counsel to the Company, their respective opinions dated the Closing Date, in form and substance satisfactory to such Purchaser, and covering the matters set forth in Exhibits C and D, attached hereto.

Section 4.3. Company's Existence and Authority. On or prior to the Closing Date, such Purchaser shall have received, in form and substance reasonably satisfactory to such Purchaser, such documents and evidence with respect to the Company as such Purchaser may reasonably request in order to establish the existence and good standing of the Company and the authorization of the transactions contemplated by this Agreement.

Section 4.4. Consent of Holders of Other Securities. Any consents or approvals required to be obtained from any holder or holders of any outstanding Security of the Company and any

amendments of agreements pursuant to which any Securities may have been issued which will be necessary to permit the consummation of the transactions contemplated hereby on the Closing Date shall have been obtained and all such consents or amendments shall be satisfactory in form and substance to such Purchaser.

Section 4.5. Legality of Investment. The Notes to be purchased by any Purchaser shall be a legal investment for such Purchaser under the laws of each jurisdiction to which such Purchaser may be subject (without resort to any so-called basket provisions to such laws).

Section 4.6. Satisfactory Proceedings. All proceedings taken in connection with the transactions contemplated by this Agreement, and all documents necessary to the consummation thereof, shall be satisfactory in form and substance to such Purchaser, and such Purchaser shall have received a copy (executed or certified as may be appropriate) of all legal documents or proceedings taken in connection with the consummation of such transactions.

Section 4.7. Waiver of Conditions. If on the Closing Date the Company fails to tender to any Purchaser the Notes to be issued to any Purchaser on such date or if the conditions specified in this ss.4 have not been fulfilled, any Purchaser may thereupon elect to be relieved of all further obligations under this Agreement. Without limiting the foregoing, if the conditions specified in this ss.4 have not been fulfilled, such Purchaser may waive compliance by the Company with any such condition to such extent as such Purchaser may in its sole discretion determine. Nothing in this ss.4.7 shall operate to relieve the Company of any of its obligations hereunder or to waive such Purchaser's rights against the Company.

Section 4.8. Private Placement Numbers. The Company shall have obtained for the Notes a Private Placement Number issued by Standard & Poor's CUSIP Bureau (in cooperation with the Securities Valuation office of the National Association of Insurance Commissioners).

Section 4.9. Subsidiary Guaranty. The Subsidiary Guaranty shall have been duly authorized, executed and delivered by each Subsidiary Guarantor, shall constitute the legal, valid and binding contract and agreement of each Subsidiary Guarantor and such Purchaser shall have received a true, correct and complete copy thereof.

Section 4.10. Intercreditor Agreement. The Intercreditor Agreement shall have been duly authorized, executed and delivered by each of the Purchasers and the administrative agent on behalf of the banks which are parties to the Bank Credit Agreement and any other creditors which are beneficiaries of Guaranties by Subsidiary Guarantors.

Section 4.11. Payment of Closing Costs. The Company shall have paid the costs, expenses and disbursements of the Purchasers' special counsel which are reflected in statements of such counsel rendered prior to the Closing pursuant to ss.9.4; and thereafter (without limiting the provisions of ss.9.4) the Company will pay, promptly upon receipt of any supplemental statements therefor, additional costs or fees, if any, and expenses and disbursements of the Purchasers' counsel in connection with the Closing (including disbursements unposted as of the Closing Date) and attention to post-Closing matters.

SECTION 5. COMPANY COVENANTS.

From and after the date of this Agreement and continuing so long as any amount remains unpaid on any date:

Section 5.1. Corporate Existence, Etc. The Company will preserve and keep in force and effect, and will cause each Restricted Subsidiary to preserve and keep in force and effect, its corporate existence. The Company will preserve and keep in force and effect, and will cause each Restricted Subsidiary to preserve and keep in force and effect, all franchises, licenses and permits necessary to the proper conduct of its business. The foregoing provisions of this ss.5.1 shall not, however, prevent any transaction not prohibited by ss.5.8.

Section 5.2. Insurance. The Company will maintain, and will cause each Restricted Subsidiary to maintain, insurance coverage by financially sound and reputable insurers consistent with such forms and amounts and against such risks as are presently maintained by the Company and its Restricted Subsidiaries provided that, notwithstanding the foregoing, the Company and its Restricted Subsidiaries shall maintain insurance coverage in such forms and amounts and against such risks as are customary for business entities of established reputation engaged in the same or a similar business and owning and operating similar properties.

Section 5.3. Taxes, Claims for Labor and Materials, Compliance with Laws. (a) The Company will promptly pay and discharge, and will cause each Restricted Subsidiary promptly to pay and discharge, all lawful taxes, assessments and governmental charges or levies imposed upon it or upon or in respect of all or any part of its property or business, all trade accounts payable in accordance with usual and customary business terms, and all claims for work, labor or materials, which if unpaid might become a Lien or charge upon any of its property; provided the Company or such Restricted Subsidiary shall not be required to pay any such tax, assessment, charge, levy, account payable or claim if (1) the validity, applicability or amount thereof is being contested in good faith by appropriate actions or proceedings which will prevent the forfeiture or sale of any property of the Company or such Restricted Subsidiary or any material interference with the use thereof by the Company or such Restricted Subsidiary, (2) the Company or such Restricted Subsidiary shall set aside on its books, reserves deemed by the Company to be adequate with respect thereto and (3) the nonpayment of all such taxes and assessments in the aggregate could not reasonably be expected to have a material adverse effect on the Company and its Restricted Subsidiaries.

(b) The Company will promptly comply, and will cause each Restricted Subsidiary to comply, in all material respects with all laws, ordinances or governmental rules and regulations to which it is subject, including without limitation, the Occupational Safety and Health Act of 1970, as amended, ERISA, and all laws, ordinances, governmental rules and regulations relating to environmental protection in all applicable jurisdictions, the violation of which would materially and adversely affect the properties, business, prospects, profits or condition of the Company and its Restricted subsidiaries, taken as whole, or would result in any Lien not permitted under ss.5.7.

Section 5.4. Maintenance, Etc. The Company will maintain, preserve and keep, and will cause each Restricted Subsidiary to maintain, preserve and keep, its material properties which are used or useful in the conduct of its business (whether owned in fee or a leasehold interest) in good repair and working order, ordinary wear and tear excepted, and from time to time will make all necessary repairs, replacements, renewals and additions so that at all times the efficiency thereof shall be maintained.

Section 5.5. Nature of Business. Neither the Company nor any Restricted Subsidiary will engage in any business if, as a result, the general nature of the business, taken on a consolidated basis, which would then be engaged by the Company and its Restricted Subsidiaries would be substantially changed from the general nature of the business engaged by the Company and its Restricted Subsidiaries on the date of this Agreement.

Section 5.6. Limitations on Indebtedness. (a) The Company will not, and will not permit any Restricted Subsidiary to, create, issue, assume, guarantee or otherwise incur or in any manner become liable in respect of any additional Current Debt or Funded Debt except:

(1) the Notes;

(2) Current Debt and Funded Debt of the Company and its Restricted Subsidiaries outstanding as of the date of this Agreement and described on Schedule II attached hereto;

(3) Current Debt or Funded Debt of the Company and its Restricted Subsidiaries; provided that at the time of creation, issuance, assumption, guarantee or incurrence thereof and after giving effect thereto and to the application of the proceeds thereof, Consolidated Funded Debt would not exceed 55% of Consolidated Total Capitalization, provided that for purposes of any determination of additional Funded Debt to be issued or incurred within the limitation of this ss.5.6(a)(3), the Average Outstanding Balance of Consolidated Current Debt (as defined in ss.5.6(e) below) computed for the Compliance Period (as defined in ss.5.6(e) below) preceding the date of any such determination shall be deemed to constitute outstanding Funded Debt of the Company incurred as of the last day of such Compliance Period and, except to the extent that any such Current Debt was refinanced with Funded Debt, in which case such Current Debt, to the extent it was refinanced with Funded Debt, will not be deemed to constitute Funded Debt, shall be deemed outstanding at all times prior to the end of the next Compliance Period; and

(4) additional Current Debt or Funded Debt of a Restricted Subsidiary to the Company or to an Eighty Percent-Owned Restricted Subsidiary.

(b) The Company will not at any time permit the sum of (i) Current Debt and Funded Debt of Restricted Subsidiaries (other than Current Debt and Funded Debt owed to the Company or an Eighty Percent-Owned Restricted Subsidiary and Excluded Subsidiary Obligations), plus (ii) Funded Debt of the Company and Restricted Subsidiaries secured by Liens permitted by ss.5.7(a)(9) to exceed 25% of Consolidated Tangible Assets.

(c) Any Person which becomes a Restricted Subsidiary after the date hereof shall for all purposes of this ss.5.6 be deemed to have created, assumed or incurred or issued at the time it becomes a Restricted Subsidiary all Current Debt and Funded Debt of such Person existing immediately after it becomes a Restricted Subsidiary.

(d) The renewal, extension or refunding of any Current Debt or Funded Debt issued or incurred in accordance with the limitations of this ss.5.6 shall constitute the issue of additional Current Debt or Funded Debt, as the case may be, which is, in turn, subject to the limitations of the applicable provisions of this ss.5.6.

(e) For the purposes of ss.5.6(a) hereof, the following terms shall have the meanings ascribed to them below:

"Average Outstanding Balance of Consolidated Current Debt" shall mean the average of the aggregate unpaid principal amounts of Consolidated Current Debt outstanding on each of the Company's July fiscal month-end, August 15, the Company's August fiscal month-end, September 15 and the Company's September fiscal month-end for each Compliance Period.

"Compliance Period" shall mean the period beginning on the date of the Company's July fiscal month-end and ending on the date of the Company's September fiscal month-end in each calendar year.

(f) The Company will not at any time permit Indebtedness of Foreign Subsidiaries outstanding pursuant to the Bank Credit Agreement to exceed 10.5% of Consolidated Tangible Assets.

(g) The Company will not permit any Restricted Subsidiary to become a direct borrower, co-obligor or guarantor under the Bank Credit Agreement; provided that (i) Foreign Subsidiaries may become direct borrowers under the Bank Credit Agreement within the limitations of this ss.5.6, and (ii) subject to ss.5.17, Subsidiary Guarantors may be obligated on the subsidiary guaranties under the Bank Credit Agreement.

Section 5.7. Limitation on Liens. (a) The Company will not, and will not permit any Restricted Subsidiary to, create or incur, or suffer to be incurred or to exist, any Lien on its or their property or assets, whether now owned or hereafter acquired, or upon any income or profits therefrom, or transfer any property for the purpose of subjecting the same to the payment of obligations in priority to the payment of its or their general creditors, or acquire or agree to acquire or permit any Restricted Subsidiary to acquire any property or assets pursuant to conditional sales agreements or other title retention devices, except:

(1) Liens for property taxes and assessments or governmental charges or levies and Liens securing claims or demands of mechanics and materialmen; provided that payment thereof is not at the time required by ss.5.3;

(2) Liens of or resulting from any judgment or award, the time for the appeal or petition for rehearing of which shall not have expired, or in respect of which the Company or a Restricted Subsidiary shall at any time in good faith be prosecuting an appeal or proceeding for a review and in respect of which a stay of execution pending such appeal or proceeding for review shall have been secured;

(3) Liens incidental to the conduct of business or the ownership of properties and assets (including, without limitation, warehousemen's and attorneys' liens, statutory landlords' liens, workers' compensation liens and ERISA liens) and deposits, pledges or Liens to secure the performance of bids, tenders or trade contracts, or to secure statutory obligations, surety or appeal bonds or other Liens of like general nature incurred in the ordinary course of business and not in connection with the borrowing of money; provided that the aggregate amount of the obligations so secured will not materially impair the value of the assets so secured or the use thereof in the ordinary course of business and provided, further, that in each case, the obligation so secured will not exceed \$1,000,000 and is not overdue or, if overdue, is being contested in good faith by appropriate actions or proceedings;

(4) minor survey exceptions or minor encumbrances, easements or reservations, or rights of others for rights-of-way, utilities and other similar purposes, or zoning or other restrictions as to the use of real properties, which are necessary for the conduct of the activities of the Company and its Restricted Subsidiaries or which customarily exist on properties of Persons engaged in similar activities and similarly situated and which do not in any event materially impair their use in the operation of the business of the Company and its Restricted Subsidiaries;

(5) Liens securing Indebtedness of a Restricted Subsidiary to the Company or to an Eighty Percent-Owned Restricted Subsidiary;

(6) Liens existing as of the date of this Agreement securing Indebtedness of the Company or any Restricted Subsidiary outstanding on such date and described on Schedule II attached to this Agreement;

(7) Liens incurred after the date of this Agreement given to secure the payment of the cost of the acquisition or construction of fixed assets useful and intended to be used in carrying on the business of the Company or a Restricted Subsidiary; provided that (i) the Lien shall attach solely to the fixed assets acquired or constructed, (ii) the Lien shall have been created or incurred within twelve (12) months of the date of acquisition or the date of completion of construction, as the case may be, of such fixed assets, (iii) at the time of the acquisition or construction of such fixed assets the aggregate amount remaining unpaid on all Indebtedness secured by Liens on such fixed assets whether or not assumed by the Company or a Restricted Subsidiary shall not exceed an amount equal to the lesser of the total cost or fair market value at the time of acquisition or completion of construction of such fixed assets (as determined in good faith by the Board of Directors of the Company) and (iv) all such Indebtedness shall have been incurred within the applicable limitations of ss.5.6;

(8) Liens existing on any assets at the time of acquisition thereof or at the time of acquisition by the Company or a Restricted Subsidiary of any business entity then owning such assets, whether or not such existing Liens were given to secure the payment of the purchase price of the assets to which they attach, so long as they were not incurred, extended or renewed in contemplation of such acquisition; provided that (i) any such Lien shall attach solely to the assets acquired or the assets of such business entity and (ii) at the time of the acquisition of the assets or business entity, as the case may be, the aggregate amount remaining unpaid on all Indebtedness secured by Liens on such assets (whether or not assumed by the Company or such Restricted Subsidiary) shall not be in excess of the fair market value of such assets at the time of such acquisition (as determined in good faith by the Board of Directors of the Company);

(9) Liens incurred after the date of this Agreement given to secure Funded Debt of the Company or any Restricted Subsidiary in addition to the Liens permitted by the preceding clauses (1) through (8) hereof; provided that all Indebtedness secured by such Liens shall have been incurred within the applicable limitations of ss.5.6; and

(10) any extension, renewal or replacement of any Lien permitted by the preceding clauses (6), (7) and (8) of this ss.5.7 in respect of the same property theretofore subject to such Lien in connection with the extension, renewal or refunding of the Indebtedness secured thereby; provided that (i) such Lien shall attach solely to the same such property and (ii) such extension, renewal or refunding of such Indebtedness shall have been incurred within the applicable limitations of ss.5.6.

(b) In the event any property or assets of the Company or any Restricted Subsidiary are subjected to a Lien not otherwise permitted by this ss.5.7, the Company will make or cause to be made provision whereby the Notes will be secured, to the full extent permitted under applicable law, equally and ratably with all other obligations secured thereby, and in any case the Notes shall (but only in such event) have the benefit, to the full extent that the holders may be entitled thereto under applicable law, of an equitable Lien on such property or assets equally and ratably securing the Notes. Compliance with the provisions of this paragraph shall not be deemed to constitute a waiver of, or consent to, any Default or Event of Default caused by any violation of the provisions of this ss.5.7.

Section 5.8. Mergers, Consolidations, Sales of Assets, Etc. (a) The Company will not, and will not permit any Restricted Subsidiary to, consolidate with or be a party to a merger with or liquidate into any other Person; provided, however, that:

(1) any Restricted Subsidiary may merge or consolidate with or liquidate into the Company, any Wholly-Owned Subsidiary or any Restricted Subsidiary that is the direct or indirect parent of such Restricted Subsidiary and any Restricted Subsidiary (other than a Principal Subsidiary) may merge or consolidate with or liquidate into any other Restricted Subsidiary so long as (i) in any merger or consolidation involving the Company, the Company shall be the surviving corporation and (ii) in any merger, consolidation or liquidation involving a Domestic Restricted Subsidiary and a non-

Domestic Restricted Subsidiary, the Domestic Restricted Subsidiary shall be the surviving corporation; and

(2) the Company or any Restricted Subsidiary may consolidate or merge with any other corporation if (i) (in the case of a merger or consolidation involving the Company) the surviving or acquiring corporation (if other than the Company) (A) is organized and existing under the laws of any State of the United States of America or the District of Columbia, (B) shall expressly assume in writing the due and punctual performance of all obligations of the Company under this Agreement and the due and punctual payment of the principal of and Make-Whole Amount if any, and interest on all the Notes, according to their tenor, and (C) the Company or such surviving or acquiring corporation shall furnish to the holders of the Notes an opinion of counsel satisfactory to such holders to the effect that the instrument of assumption has been duly authorized, executed and delivered and constitutes the legal, valid and binding contract and agreement of the surviving or acquiring corporation enforceable in accordance with its terms, except as enforcement of such terms may be limited by bankruptcy, insolvency or similar laws affecting the enforcement of creditors' rights generally, and subject, as to enforceability, to general principles of equity (regardless of whether enforcement is sought in a proceeding in equity or at law), or (ii) (in the case of a merger or consolidation involving a Restricted Subsidiary) such Restricted Subsidiary shall be the surviving corporation and (iii) in the case of any consolidation or merger described in either (i) or (ii), at the time of such consolidation or merger, and after giving effect thereto (A) no Default or Event of Default shall have occurred and be continuing and (B) the Company, such surviving or acquiring corporation or such Restricted Subsidiary, as the case may be, would be permitted to incur at least \$1 of additional Funded Debt under the applicable provisions of ss.5.6.

(b) The Company will not, and will not permit any Restricted Subsidiary to, sell, lease, transfer, abandon or otherwise dispose of, assets (other than (x) sales of goods, products, inventory or services in the ordinary course of business to customers, (y) the sale, lease, transfer or disposition of assets to the Company or a Domestic Restricted Subsidiary if a merger between such transferor and such Domestic Restricted Subsidiary would be permitted under ss.5.8(a)(1), and (z) sales or other dispositions of assets, having a fair market value (as determined in good faith by the chief financial officer of the Company) in any single sale or disposition of not greater than \$250,000 which the Company determines have become inadequate, obsolete, worn out, unsuitable, undesirable or unnecessary in the conduct of its business); provided that the foregoing restrictions do not apply to the sale of assets for cash or property to a Person or Persons if all of the following conditions are met:

(1) either (i) the net book value of such assets, when added to the net book value of all other assets sold, leased, transferred or otherwise disposed of by the Company and its Restricted Subsidiaries pursuant to this ss.5.8(b)(1) during the immediately preceding twelve-month period do not constitute 10% of Consolidated Total Assets (determined as of the end of the immediately preceding fiscal quarter) or (ii) the sum of the portions of Consolidated Net Income contributed for the immediately preceding twelve-month period (each as determined in good faith by the chief financial

officer of the Company) by (A) such assets, (B) each Restricted Subsidiary (or portion thereof) disposed of during such period and (C) other assets of the Company and its Restricted Subsidiaries disposed of during such period pursuant to this ss.5.8(b)(1) do not constitute 10% of Consolidated Net Income for such period; and

(2) immediately after the consummation of the transaction and after giving effect thereto, (i) no Default or Event of Default would exist and (ii) the Company would be permitted to incur at least \$1 of additional Funded Debt under the provisions of ss.5.6(a)(3).

Computations made pursuant to ss.5.8(b)(1) shall include dispositions made pursuant to ss.ss.5.8(c)(3) and 5.8(c)(4) and computations pursuant to ss.ss.5.8(c)(3) and 5.8(c)(4) shall include dispositions made pursuant to ss.5.8(b)(1).

(c) The Company will not, and will not permit any Restricted Subsidiary to, sell, transfer or otherwise dispose of any shares of capital stock (including as "stock" for the purposes of this ss.5.8(c), any warrants, rights or options to purchase or otherwise acquire stock or other Securities exchangeable for or convertible into such stock) of any Restricted Subsidiary, and the Company will not permit any Restricted Subsidiary to issue any shares of stock of such Restricted Subsidiary (except for any sale, transfer, issuance or other disposition of stock to the Company or a Restricted Subsidiary if a merger between such transferor or issuer and such Restricted Subsidiary would be permitted under ss.5.8(a)(1)); provided that the foregoing restrictions do not apply to:

(1) the sale, transfer or issuance of directors' qualifying shares of capital stock;

(2) the sale, transfer or issuance of any de minimis number of shares of capital stock to foreign domiciliaries as may be required by law;

(3) the sale, transfer or other disposition of all or any part of the shares of capital stock of any Restricted Subsidiary (other than a Principal Subsidiary);

(4) the sale, transfer or other disposition of all shares of capital stock of a Principal Subsidiary held by the Company and its Restricted Subsidiaries if all of the following conditions are met:

(i) simultaneously with such sale, transfer, or disposition, all shares of stock and all Indebtedness of such Principal Subsidiary at the time owned by the Company and by every other Restricted Subsidiary shall be sold, transferred or disposed of as an entirety;

(ii) the Board of Directors of the Company shall have determined, as evidenced by a resolution thereof, that the proposed sale, transfer or disposition of said shares of stock and Indebtedness is in the best interests of the Company;

(iii) said shares of stock and Indebtedness are sold, transferred or otherwise disposed of to a Person or Persons, for cash and/or tangible assets and on terms reasonably deemed by the Board of Directors of the Company to be adequate and satisfactory; and

(iv) the Principal Subsidiary being disposed of shall not have any continuing investment in the Company or any other Restricted Subsidiary not being simultaneously disposed of;

(5) the sale, transfer or issuance of shares of capital stock of a Restricted Subsidiary in connection with the purchase or other acquisition by the Company or a Restricted Subsidiary of all or substantially all of the capital stock, properties or assets of any Person or all or substantially all of the properties or assets of any Person which constitute a distinct product line, division or other operating segment; provided that:

(i) after giving effect to such sale, transfer or issuance and such purchase or other acquisition, no Default or Event of Default would then exist;

(ii) the aggregate fair value of all such capital stock, properties or assets so acquired attributable to the issuance, sale or transfer of such shares of capital stock in each sale, transfer or issuance of such shares shall equal or exceed the fair value of such shares (in each case as determined in good faith by the Board of Directors of the Company at the time of such acquisition taking into consideration the terms of any written agreement described in ss.5.8(c)(5)(iii) below); and

(iii) the shares of capital stock are sold, transferred or issued pursuant to a written agreement which (A) contemplates the subsequent purchase or redemption of such shares by the Company or the Restricted Subsidiary whose shares have been so sold, transferred or issued or any direct or indirect parent of such Restricted Subsidiary upon request of the transferee of such shares or upon demand by the Company or such Restricted Subsidiary or any direct or indirect parent of such Restricted Subsidiary made pursuant to the terms of such written agreement at a price or prices computed by reference to such formulas or indices or other references as are determined in good faith by the Board of Directors of the Company at the time of such acquisition to be in the best interests of the Company and its Restricted Subsidiaries and (B) prohibits the transfer of such shares to any Person other than the Company or the Restricted Subsidiary whose shares have been so sold, transferred or issued or any direct or indirect parent of such Restricted Subsidiary; and

(6) the sale, transfer or issuance of capital stock to employees of Restricted Subsidiaries as part of any incentive stock arrangement other than any incentive stock agreement entered into in connection with any purchase or acquisition contemplated by ss.5.8(c)(5) provided that:

(i) after giving effect to such issuance no Restricted Subsidiary shall cease to be a Restricted Subsidiary; and

(ii) the aggregate fair value (in each case determined in good faith at the time of such issuance by the Board of Directors of the Company or such person or committee as the Board of Directors of the Company may authorize to make such determination pursuant to the terms of any such incentive stock arrangement) of all shares of capital stock of such Restricted Subsidiaries issued to such employees shall not exceed \$2,000,000;

provided, however, that notwithstanding the foregoing, any sale, transfer, issuance or other disposition of shares pursuant to ss.ss.5.8(c)(3) or 5.8(c)(4) may not be consummated if either (y) the net book value of the assets of such Restricted Subsidiary attributable to such sale, transfer, issuance or other disposition of shares when added to the net book value of all other assets sold, leased, transferred or otherwise disposed of by the Company and its Restricted Subsidiaries during the immediately preceding twelve-month period would constitute more than 10% of Consolidated Total Assets (determined as of the end of the immediately preceding fiscal quarter) or (z) the portions of Consolidated Net Income for the immediately preceding twelve-month period contributed (each as determined in good faith by the chief financial officer of the Company) by (1) such assets, (2) each Restricted Subsidiary (or portion thereof) disposed of during such period and (3) other assets of the Company and its Restricted Subsidiaries sold, leased, transferred or otherwise disposed of by the Company and its Restricted Subsidiaries during such period would exceed 10% of Consolidated Net Income for such period.

Computations made with respect to ss.ss.5.8(c)(3) and 5.8(c)(4) as contemplated by this ss.5.8(c) shall include dispositions made within the provisions of ss.ss.5.8(b)(1) and computations made pursuant to ss.ss.5.8(b)(1) shall include dispositions made pursuant to ss.ss.5.8(c)(3) and 5.8(c)(4).

Section 5.9. Consolidated Net Worth. The Company will at all times keep and maintain Consolidated Net Worth at an amount not less than the sum of (a) \$93,435,000, plus (b) an aggregate amount equal to 25% of its Consolidated Net Income (but, in each case, only if a positive number) for each completed fiscal year beginning with the fiscal year ended September 30, 2002.

Section 5.10. Fixed Charge Coverage Ratio. The Company will keep and maintain the Fixed Charge Coverage Ratio at not less than 1.5 to 1; provided that on not more than one occasion the Fixed Charge Coverage Ratio can be less than 1.5 to 1 so long as it is greater than 1.2 to 1.

Section 5.11. Distributions. (a) The Company will not, and will not permit any Restricted Subsidiary to, except as hereinafter provided:

(1) declare or pay any dividends, either in cash or property, on any shares of its capital stock of any class (except dividends or other distributions payable solely in shares of capital stock of the Company and dividends paid by Restricted Subsidiaries to

the Company or other Restricted Subsidiaries in respect of capital stock of Restricted Subsidiaries owned by the Company or such other Restricted Subsidiaries); or

(2) directly or indirectly, or through any Subsidiary, purchase, redeem or retire any shares of its capital stock of any class or any warrants, rights or options to purchase or acquire any shares of its capital stock (other than (i) in exchange for or out of the net cash proceeds to the Company obtained within three months of such purchase, redemption or retirement from the issue or sale of other shares of capital stock of the Company or warrants, rights or options to purchase or acquire any shares of its capital stock, or (ii) in connection with any purchase or redemption of any shares of capital stock sold, transferred or issued in accordance with ss.ss.5.8(c)(1), 5.8(c)(2) or 5.8(c)(5)); or

(3) make any other payment or distribution, either directly or indirectly or through any Subsidiary, in respect of its capital stock;

(such declarations or payments of dividends, purchases, redemptions or retirements of capital stock and warrants, rights or options and all such other payments or distributions being herein collectively called "Distributions"), unless after giving effect thereto no Default or Event of Default would exist and the aggregate amount of Distributions made during the period from and after September 29, 2001 to and including the date of the making of the Distributions in question would not exceed the sum of (1) \$16,412,000, plus (2) 50% of Consolidated Net Income for such period, computed on a cumulative basis for said entire period (or if such Consolidated Net Income is a deficit figure, then minus 100% of such deficit).

(b) For the purposes of this ss.5.11, the amount of any Distribution declared, paid or distributed in property shall be deemed to be the greater of the book value or fair market value (as determined in good faith by the Board of Directors of the Company) of such property at the time of the making of the Distribution in question.

(c) The Company will not authorize or make a Distribution on its capital stock if after giving effect to the proposed Distribution:

(1) a Default or Event of Default would exist, or

(2) the Company could not incur at least \$1.00 of additional Funded Debt pursuant to ss.5.6(a)(3).

Section 5.12. Investments. The Company will not, and will not permit any Restricted Subsidiary to, make any Investments, other than:

(a) Investments by the Company or a Restricted Subsidiary in and to Restricted Subsidiaries, including any Investment in a Person which, after giving effect to such Investment, will become a Restricted Subsidiary;

(b) Investments in property or assets to be used in the usual and ordinary course of business of the Company or its Restricted Subsidiaries; provided that, after

giving effect to any such Investment, the Company remains in compliance with ss.5.5 hereof;

(c) Investments in commercial paper maturing in 270 days or less from the date of issuance which, at the time of acquisition by the Company or any Restricted Subsidiary, is accorded the highest rating by Standard & Poor's Rating Group, a division of The McGraw-Hill Companies, Inc., Moody's Investors Service, Inc. or another credit rating agency of recognized national standing;

(d) Investments in direct obligations of the federal governments of the United States of America, Canada or England and Wales or any direct agency or instrumentality of any thereof, the payment or guarantee of which constitutes a full faith and credit obligation of the federal governments of the United States of America, Canada or England and Wales or any direct agency or instrumentality of any thereof, as the case may be, in each case, maturing in twelve months or less from the date of acquisition thereof;

(e) Term Federal funds and banker's acceptances maturing within 180 days from the date of acquisition thereof and issued by a bank organized under the laws of the United States, Canada, or England and Wales, having capital, surplus and undivided profits aggregating at least U.S. \$100,000,000; provided that the issuing institution has a rating of A- or better by Keefe Bank Watch Service;

(f) Investments in certificates of deposit maturing within one year from the date of acquisition thereof, issued by a bank or trust company organized under the laws of the United States, having capital, surplus and undivided profits aggregating at least \$100,000,000 and whose long-term certificates of deposit are, at the time of acquisition thereof by the Company or a Restricted Subsidiary, rated A or better by Standard & Poor's Rating Group, a division of The McGraw-Hill Companies, Inc. or by Moody's Investors Service, Inc.;

(g) loans or advances in the usual and ordinary course of business to officers, directors, and employees incidental to carrying on the business of the Company or any Restricted Subsidiary;

(h) receivables arising from the sale of goods and services in the ordinary course of business of the Company and its Restricted Subsidiaries; and

(i) other Investments (in addition to those permitted by the foregoing provisions of this ss.5.12); provided that (1) all such other Investments shall not exceed in the aggregate 25% of Consolidated Tangible Net Worth Available for Investments and (2) after giving effect to such other Investments, no Default or Event of Default would exist.

In valuing any Investments for the purpose of applying the limitations set forth in this ss.5.12, such Investments shall be taken at the original cost thereof, without allowance for any

subsequent write-offs or appreciation or depreciation therein, but less any amount repaid or recovered on account of capital or principal.

For purposes of this ss.5.12, at any time when a Person becomes a Restricted Subsidiary, all Investments of such Person at such time shall be deemed to have been made by such Person, as a Restricted Subsidiary, at such time.

Section 5.13. Repurchase of Notes. Neither the Company nor any Subsidiary or Affiliate, directly or indirectly, may repurchase or make any offer to repurchase any Notes unless the offer has been made in writing to repurchase Notes, pro rata, from all holders of the Notes at the same time and upon the same terms. In case the Company or any Subsidiary repurchases any Notes, such Notes shall thereafter be canceled and no Notes shall be issued in substitution therefor.

Section 5.14. Transactions with Affiliates. The Company will not, and will not permit any Restricted Subsidiary to, enter into or be a party to any material transaction or arrangement with any Affiliate (including, without limitation, the purchase from, sale to or exchange of property with, or the rendering of any service by or for, any Affiliate), except transactions reasonably deemed by the Company in good faith to be in the best business interests of the Company or the concerned Restricted Subsidiary and upon fair and reasonable terms no less favorable to the Company or such Restricted Subsidiary than would obtain in a comparable arm's-length transaction with a Person other than an Affiliate.

Section 5.15. ERISA Compliance. The Company will not, and will not permit any Subsidiary to:

(a) permit any Plans at any time maintained by the Company or any such Subsidiary to have any Unfunded Vested Pension Liabilities in excess of \$1,000,000 in the aggregate. As used herein, "Unfunded Vested Pension Liability" shall mean an excess of the actuarial present value of accumulated vested Plan benefits as at the end of the immediately preceding Plan year of such Plans (or as of any more recent valuation date) over the net assets allocated to such Plans which are available for benefits, all as determined and disclosed in the most recent actuarial valuation report for such Plans;

(b) cause any Plan which it or any Subsidiary maintains or in which it or any Subsidiary participates at any time to:

(1) engage in any "prohibited transaction" (as such term is defined in ERISA);

(2) incur any "accumulated funding deficiency" (as such term is defined in ERISA) whether or not waived; or

(3) terminate any such Plan in a manner which could result in the imposition of a lien on any property of the Company or any of its Subsidiaries pursuant to ERISA;

(c) permit any condition to exist in connection with any Plan which might constitute grounds for the PBGC to institute proceedings to have such Plan terminated or a trustee appointed to administer such Plan; or

(d) withdraw from any Multiemployer Plan if such withdrawal shall subject the Company or any Subsidiary to withdrawal liability (as described under Part 1 of Subtitle E of Title IV of ERISA) in excess of \$100,000.

All assumptions and methods used to determine the actuarial valuation of vested employee benefits under any Plan at any time maintained by the Company or any Subsidiary and the present value of assets of such Plans shall be reasonable in the good faith judgment of the Company and shall comply with all requirements of law.

Section 5.16. Reports and Rights of Inspection. The Company will keep, and will cause each Restricted Subsidiary to keep, proper books of record and account in which full and correct entries will be made of all dealings or transactions of or in relation to its business and affairs, in accordance with relevant accounting principles consistently applied and in the case of the Company and any Domestic Restricted Subsidiaries in accordance with GAAP (except for changes disclosed in the financial statements furnished to the Holders pursuant to this ss.5.16 and concurred in by the independent public accountants referred to in ss.5.16(b)), and will furnish to each Institutional Holder of the outstanding Notes (in duplicate if so specified below or otherwise requested) and, in the case of the financial statements delivered pursuant to paragraph (b) of this ss.5.16, to the Securities Valuation Office, National Association of Insurance Commissioners, 67 Wall Street, New York, New York 10005:

(a) Quarterly Statements. As soon as available and in any event within 45 days after the end of each quarterly fiscal period (except the last) of each fiscal year, duplicate copies of:

(1) a consolidated balance sheet of the Company and its Restricted Subsidiaries as of the close of such quarterly period, setting forth in comparative form the consolidated figures for the corresponding period for the preceding fiscal year,

(2) a consolidated statement of income of the Company and its Restricted Subsidiaries for such quarterly fiscal period and for the portion of the fiscal year ending with such quarterly fiscal period, in each case setting forth in comparative form the consolidated figures for the corresponding periods of the preceding fiscal year, and

(3) a consolidated statement of cash flows of the Company and its Restricted Subsidiaries for the portion of the fiscal year ending with such quarterly fiscal period, setting forth in comparative form the consolidated figures for the corresponding period of the preceding fiscal year, all in reasonable detail and certified as complete and correct by an authorized financial officer of the Company;

(b) Annual Statements. As soon as available and in any event within 90 days after the close of each fiscal year of the Company, duplicate copies of:

(1) consolidated balance sheets of the Company and its Restricted Subsidiaries as of the close of such fiscal year, and

(2) consolidated statements of income and retained earnings and cash flows of the Company and its Restricted Subsidiaries for such fiscal year,

in each case setting forth in comparative form the consolidated figures for the preceding fiscal year, all in reasonable detail and accompanied by an opinion thereon of a firm of independent public accountants of recognized national standing selected by the Company, unqualified as to scope, to the effect that the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company and its Restricted Subsidiaries as of the end of the fiscal year being reported on and the consolidated results of the operations and cash flows for said year in conformity with GAAP and that the examination of such accountants in connection with such financial statements has been conducted in accordance with generally accepted auditing standards and included such tests of the accounting records and such other auditing procedures as were considered necessary in the circumstances;

(c) Audit Reports. Promptly upon initiation thereof, written notice of each interim or special audit to be made by independent accountants of the books of the Company or any Restricted Subsidiary and any management letter to be delivered from such accountants in connection therewith;

(d) SEC and Other Reports. Promptly (and in any event within 30 days) upon their becoming available, one copy of each financial statement, report, notice, press release or proxy statement sent by the Company to stockholders generally or made available to the public and one copy of each regular or periodic report, registration statement or prospectus filed by the Company or any Restricted Subsidiary with any securities exchange or the Securities and Exchange Commission or any successor agency, and, if the Purchaser or any such Institutional Holder so requests, one copy of any material order in any proceedings to which the Company or any of its Restricted Subsidiaries is a party, issued by any governmental agency, Federal or state, having jurisdiction over the Company or any of its Restricted Subsidiaries;

(e) Officers' Certificates. Within the periods provided in paragraphs (a) and (b) above, a certificate of an authorized financial officer of the Company stating that such officer has reviewed the provisions of this Agreement and setting forth: (1) the information and computations (in sufficient detail) required in order to establish whether the Company was in compliance with the applicable requirements of ss.ss.5.6 through 5.12 hereof at the end of the period covered by the financial statements then being furnished and (2) whether, to the best of his knowledge based on such review, there existed as of the date of such financial statements or there exists on the date of the certificate or existed at any time during the period covered by such financial statements any Default or Event

of Default and, if any such condition or event exists on the date of the certificate or existed during such period, specifying the nature and extent thereof and the action the Company is taking, has taken or proposes to take with respect thereto; provided further, that such certificates as are delivered with respect to (i) the period provided for in paragraph (b) above, shall include a list of any changes in Restricted Subsidiaries as at the end of such period, and (ii) the periods provided for in paragraphs (a) and (b) above shall set forth for each Restricted Subsidiary, the amount of Indebtedness of such Restricted Subsidiary outstanding at the end of such period together with a brief description of such Indebtedness;

(f) Accountants' Certificates. Within the period provided in paragraph (b) above, a certificate of the accountants who are reporting upon such financial statements, stating that they have reviewed this Agreement and, stating further, whether in making their audit such accountants (1) have not become aware that the Company and the Restricted Subsidiaries have failed to comply with the terms, covenants, provisions, or conditions contained in ss.5 hereof and (2) have examined the schedules to such reports or other certificates or documents containing calculations of the financial covenants required to be performed or observed pursuant to ss.ss.5.6 through 5.12 hereof, and in their opinion, the information set forth in such schedules or other certificates or documents is fairly stated in all material respects in relation to the annual consolidated financial statements taken as a whole;

(g) ERISA Notices. Promptly upon learning of the occurrence of any of the following, written notice thereof, describing the same and the steps being taken by the Company or any Subsidiary affected with respect thereto, and when known, any action taken or threatened by the Internal Revenue Service, Department of Labor or the PBGC with respect thereto: (1) a Reportable Event with respect to any Plan; (2) the institution of any steps by the Company, any ERISA Affiliate, the PBGC or any other person to terminate any Plan other than a "standard termination" under Section 4041(b) of ERISA; (3) the institution of any steps by the Company or any ERISA Affiliate to withdraw from any Multiemployer Plan; (4) a "prohibited transaction" within the meaning of Section 406 of ERISA in connection with any Plan; or (5) any material increase in the contingent liability of the Company or any subsidiary with respect to any post-retirement welfare liability; and

(h) Requested Information. With reasonable promptness, such other data and information as any Purchaser or any such Institutional Holder may reasonably request, including, without limitation, such financial or other information as any holder of the Notes or any Person designated by such holder may reasonably determine as required to permit such holder to comply with requirements of Rule 144A promulgated under the Act in connection with the resale by it of the Notes.

Without limiting the foregoing, the Company will permit any Purchaser, so long as such Purchaser is the holder of a Note, and each Institutional Holder of the then outstanding Notes (or such agent(s) as either such Purchaser or such Institutional Holder may designate) to visit and inspect, under the Company's guidance, any of the properties of the Company or any Restricted

Subsidiary, and to examine all of their books of account, records, reports and other papers, to make copies and extracts therefrom, and to discuss their respective affairs, finances and accounts with their respective officers, employees, and independent public accountants (and by this provision the Company authorizes such accountants to discuss with such Purchaser the finances and affairs of the Company and its Restricted Subsidiaries) all at such reasonable times and as often as may be reasonably requested. The Company shall be required to pay or reimburse any such Purchaser or any such Institutional Holder for reasonable expenses which such Purchaser or any such Institutional Holder may incur in connection with any such visitation or inspection occurring at such time as any Event of Default shall have occurred and be continuing.

All information which is furnished to or obtained by any holder of Notes pursuant to this ss.5.16 or otherwise pursuant to this Agreement shall, if so requested in writing by the Company, be received and held in confidence unless or until the same has been publicly disclosed by the Company; provided, however, nothing herein contained shall limit or impair the right or obligation of any Institutional Holder of the Notes to disclose such information: (a) to its auditors, trustees, advisors, attorneys, employees or agents, (b) when required by any law, ordinance or governmental order, regulation, rule, policy, investigation or any regulatory authority request, (c) as may be required or appropriate in any report, statement or testimony submitted to any municipal, state, provincial or Federal regulatory body having or claiming to have jurisdiction over such Institutional Holder or to the United States National Association of Insurance Commissioners or similar organizations or their successors, (d) which is publicly available or readily ascertainable from public sources, or which is received by any Institutional Holder of the Notes from a third Person who or which is not bound to keep the same confidential, (e) in connection with any proceeding, case or matter pending (or on its face purported to be pending) before any court, tribunal, arbitration board or any governmental agency, commission, authority, board or similar entity, (f) in connection with the enforcement by an Institutional Holder of its rights under or in respect of this Agreement or the Notes after the occurrence of a Default or Event of Default, or (g) to the extent necessary in connection with any contemplated transfer of any of the Notes by an Institutional Holder thereof (it being understood and agreed that any such transferee which purchases such Notes shall itself be bound by the terms and provisions hereof.)

Section 5.17. Subsidiary Guaranty. The Company will cause each Subsidiary which is, or becomes, a guarantor of Indebtedness under the Bank Credit Agreement (excluding any Foreign Subsidiary which borrows amounts denominated in its local currency (and Guaranties of such borrowings by other Foreign Subsidiaries)) to be a party to the Subsidiary Guaranty. In the case of any such Subsidiary which becomes a guarantor under the Bank Credit Agreement after the Closing Date, concurrently with such Subsidiary becoming a guarantor under the Bank Credit Agreement, the Company will deliver to each holder of the Notes the following items:

- (i) a joinder agreement in respect of the Subsidiary Guaranty which shall have been duly executed by such Subsidiary;
- (ii) a certificate signed by the President, a Vice President or Treasurer of the Company making representations and warranties to the effect of those contained in

Paragraphs 10 and 12 of Exhibit B, with respect to such Subsidiary and the Subsidiary Guaranty, as applicable; and

(iii) an opinion of counsel (who may be in-house counsel for the Company) addressed to each of the holders of the Notes satisfactory to the holders of a majority in principal amount of the Notes outstanding at the time, to the effect that the joinder to the Subsidiary Guaranty has been duly authorized, executed and delivered by such Subsidiary and that the Subsidiary Guaranty constitutes the legal, valid and binding contract and agreement of such Subsidiary Guarantor enforceable in accordance with its terms, except as an enforcement of such terms may be limited by bankruptcy, insolvency, fraudulent conveyance and similar laws affecting the enforcement of creditors' rights generally and by general equitable principles.

Section 5.18. Restrictions on Subsidiaries. The Company will not, and will not permit any Restricted Subsidiary to, agree to or otherwise permit to exist any contractual limitation on the payment of dividends or other distributions to the Company.

SECTION 6. EVENTS OF DEFAULT AND REMEDIES THEREFOR.

Section 6.1. Events of Default. Any one or more of the following shall constitute an "Event of Default" as the term is used herein:

(a) Default shall occur in the payment of interest on any Note when the same shall have become due and such default shall continue for more than five days; or

(b) Default shall occur in the making of any required prepayment on any of the Notes as provided in ss.2; or

(c) Default shall occur in the making of any other payment of the principal of any Note or the premium thereon at the expressed or any accelerated maturity date or at any date fixed for prepayment; or

(d) Default shall be made in the payment of the principal of or interest on Indebtedness for borrowed money of the Company or any Restricted Subsidiary (other than the Notes) aggregating more than \$3,000,000 as and when the same shall become due and payable by the lapse of time, by declaration, by call for redemption or otherwise, and such default shall continue beyond the period of grace, if any, allowed with respect thereto; or

(e) Default or the happening of any event shall occur under any indentures, agreements or other instruments (other than the Agreement) under which any Indebtedness for borrowed money of the Company or any Restricted Subsidiary aggregating more than \$3,000,000 may be issued and such defaults or events shall continue for a period of time sufficient to permit the acceleration of the maturity of such Indebtedness of the Company or such Restricted Subsidiaries, as the case may be, outstanding thereunder; or

(f) Default shall occur in the observance or performance of any covenant or agreement contained in ss.5.6 through ss.5.12 hereof; or

(g) Default shall occur in the observance or performance of any other provision of this Agreement which is not remedied or waived within 30 days after the chief executive officer or the chief operating officer or the chief financial officer of the Company first has actual knowledge of such default; or

(h) if any representation or warranty made by the Company herein, or made by the Company in any statement or certificate furnished by the Company or any Subsidiary in connection with the consummation of the issuance and delivery of the Notes or furnished by the Company or any Subsidiary pursuant hereto, is untrue in any material respect as of the date of the issuance or making thereof; or

(i) the Subsidiary Guaranty ceases to be in full force and effect or any Subsidiary Guarantor shall contest or deny in writing the validity or enforceability of any of its obligations under the Subsidiary Guaranty; or

(j) final judgment or judgments for the payment of money aggregating in excess of \$1,000,000 is or are outstanding against the Company or any Restricted Subsidiary or against any property or assets of either and any one of such judgments has remained unpaid, unvacated, unbonded or unstayed by appeal or otherwise for a period of 60 days from the date of its entry; provided, however, that the existence of such judgment or judgments shall not constitute an Event of Default if (1) the aggregate amount of such judgment or judgments shall be fully covered by insurance issued by financially sound and reputable insurers and (2) within such 60 day period, the Company shall have caused such insurers to provide the holders of the Notes with written confirmation that such coverage (i) equals or exceeds the amount of such judgment or judgments and (ii) is not being contested as to amount or coverage by such insurers; or

(k) a custodian, receiver, liquidator or trustee of the Company or any Principal Subsidiary, or of any of the property of either, is appointed or takes possession and such appointment or possession remains uncontested or in effect for more than 60 days; or the Company or any Principal Subsidiary generally fails to pay its debts as they become due or admits in writing its inability to pay its debts as they mature; or the Company or any Principal Subsidiary is adjudicated bankrupt or insolvent; or an order for relief is entered under the Federal Bankruptcy Code against the Company or any Principal Subsidiary; or any of the material property of either is sequestered by court order and the order remains in effect for more than 60 days; or a petition is filed against the Company or any Principal Subsidiary under any bankruptcy, reorganization, arrangement, insolvency, readjustment of debt, dissolution or liquidation law of any jurisdiction, whether now or subsequently in effect, and is not stayed or dismissed within 60 days after filing; or

(l) the Company or any Principal Subsidiary files a petition in voluntary bankruptcy or seeking relief under any provision of any bankruptcy, reorganization, arrangement, insolvency, readjustment of debt, dissolution or liquidation law of any

jurisdiction, whether now or subsequently in effect; or consents to the filing of any petition against it under any such law; or consents to the appointment of or taking possession by a custodian, receiver, trustee or liquidator of the Company, any Principal Subsidiary, or any of the property of either.

Section 6.2. Notice to Holders. When any Event of Default described in ss.6.1 has occurred, or if the holder of any Note or of any other evidence of Indebtedness of the Company gives any notice or takes any other action with respect to a claimed default, the Company agrees to give notice within three business days of such event to all holders of the Notes then outstanding.

Section 6.3. Acceleration of Maturities. When any Event of Default described in paragraph (a), (b) or (c) of ss.6.1 has happened and is continuing, any holder of any Note may, and when any Event of Default described in paragraphs (d) through (j), inclusive, of ss.6.1 has happened and is continuing, the holder or holders of 70% or more of the principal amount of Notes at the time outstanding may, in addition to any other rights and remedies available at law or in equity, by notice in writing sent in the manner provided in ss.9.6 hereof to the Company, declare the entire principal and all interest accrued on all Notes to be, and all Notes shall thereupon become, forthwith due and payable, without any presentment, demand, protest or other notice of any kind, all of which are hereby expressly waived. When any Event of Default described in paragraph (k) or (l) of ss.6.1 has occurred, then all outstanding Notes shall immediately become due and payable without presentment, demand or notice of any kind. Upon the Notes becoming due and payable as a result of any Event of Default as aforesaid, the Company will forthwith pay to the holders of the Notes the entire principal and interest accrued on the Notes plus, to the extent not prohibited by law, an amount as liquidated damages for the loss of the bargain evidenced hereby (and not as a penalty) equal to the applicable Make-Whole Amount determined as of the date on which the Notes shall so become due and payable. No course of dealing on the part of any holder of the Notes nor any delay or failure on the part of any holder of the Notes to exercise any right shall operate as a waiver of such right or otherwise prejudice such holder's rights, powers and remedies. The Company further agrees, to the extent permitted by law, to pay to the holder or holders of the Notes all reasonable costs and expenses incurred by them in the collection of any Notes upon any default hereunder or thereon, including reasonable compensation to such holder's or holders' attorneys for all services rendered in connection therewith.

Section 6.4. Rescission of Acceleration. The provisions of ss.6.3 are subject to the condition that if the principal of and accrued interest on all or any outstanding Notes have been declared immediately due and payable by reason of the occurrence of any Event of Default described in paragraphs (a) through (k), inclusive, of ss.6.1, the holders of not less than 75% in aggregate principal amount of the Notes then outstanding may, by written instrument filed with the Company, rescind and annul such declaration and the consequences thereof; provided that at the time such declaration is annulled and rescinded:

(a) no judgment or decree has been entered for the payment of any monies due pursuant to the Notes or the Agreement;

(b) all arrears of interest on all the Notes and all other sums payable under the Notes and under the Agreement (except any principal, interest or premium on the Notes which has become due and payable solely by reason of such declaration under ss.6.3) shall have been duly paid; and

(c) each and every other Default and Event of Default shall have been made good, cured or waived pursuant to ss.7.1;

and provided further that no such rescission and annulment shall extend to or affect any subsequent Default or Event of Default or impair any right consequent thereto.

SECTION 7. AMENDMENTS, WAIVERS AND CONSENTS

Section 7.1. Consent Required. Any term, covenant, agreement or condition of this Agreement may, with the consent of the Company, be amended or compliance therewith may be waived (either generally or in a particular instance and either retroactively or prospectively), if the Company shall have obtained the consent in writing of the holders of at least 70% in aggregate principal amount of outstanding Notes; provided that without the written consent of the holders of all of the Notes then outstanding, no such amendment or waiver shall be effective (a) which will change the time of payment (including any prepayment required by ss.2.1) of the principal of or the interest on any Note or reduce the principal amount thereof or change the rate of interest thereon, or (b) which will change any of the provisions with respect to optional prepayments, or (c) which will change the percentage of holders of the Notes required to consent to any such amendment or waiver of any of the provisions of this ss.7 or ss.6.

Section 7.2. Effect of Amendment or Waiver. Any such amendment or waiver shall apply equally to all of the holders of the Notes and shall be binding upon them, upon each future holder of any Note and upon the Company, whether or not such Note shall have been marked to indicate such amendment or waiver. No such amendment or waiver shall extend to or affect any obligation not expressly amended or waived or impair any right consequent thereon.

Section 7.3. Solicitation of Holders. The Company will not solicit, request or negotiate for or with respect to any proposed waiver or amendment of any of the provisions of the Agreement or the Notes unless each holder of the Notes shall be informed thereof by the Company and shall be afforded the opportunity of considering the same and shall be supplied by the Company with sufficient information to enable it to make an informed decision with respect thereto. Executed or true and correct copies of any waiver or amendment effected pursuant to the provisions of ss.7.1 shall be delivered by the Company to each registered holder of outstanding Notes following the date on which the same shall have been executed and delivered by the holder or holders of the requisite percentage of outstanding Notes. The Company will not, directly or indirectly, pay or cause to be paid any remuneration, whether by way of supplemental or additional interest, fee or otherwise, to any holder of the Notes as consideration for or as an inducement to the entering into by any holder of the Notes of any waiver or amendment of any of the terms and provisions of this Agreement unless such remuneration is concurrently paid, on the same terms, ratably to the holders of all the Notes then outstanding.

SECTION 8. INTERPRETATION OF AGREEMENT; DEFINITIONS

Section 8.1. Definitions. Unless the context otherwise requires, the terms hereinafter set forth when used herein shall have the following meanings and the following definitions shall be equally applicable to both the singular and plural forms of any of the terms herein defined:

"Act" shall mean the Securities Act of 1933, as amended from time to time.

"Affiliate" shall mean any Person (other than a Restricted Subsidiary) (a) which directly or indirectly through one or more intermediaries controls, or is controlled by, or is under common control with, the Company, (b) which beneficially owns or holds 5% or more of any class of the Voting Stock of the Company or (c) 5% or more of the Voting Stock (or in the case of a Person which is not a corporation, 5% or more of the equity interest) of which is beneficially owned or held by the Company or a Subsidiary. The term "control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of Voting Stock, by contract or otherwise.

"Agreement" shall mean this Note Agreement.

"Bank Credit Agreement" means that certain Three Year Revolving Credit Agreement dated as of August 31, 2001, by and among the Company, and the financial institutions named therein, as amended, supplemented, renewed or restated and any replacement facility which constitutes the primary bank credit facility of the Company.

"Capitalized Lease" shall mean any lease the obligation for Rentals with respect to which is required to be capitalized on a balance sheet of the lessee in accordance with GAAP.

"Capitalized Rentals" of any Person shall mean as of the date of any determination the amount at which the aggregate Rentals due and to become due under all Capitalized Leases under which such Person is a lessee would be reflected as a liability on a consolidated balance sheet of such Person and its subsidiaries prepared in accordance with GAAP.

"Company" shall mean Johnson Outdoors Inc., a Wisconsin corporation, and any Person who succeeds to all, or substantially all, of the assets and business of Johnson Outdoors Inc.

"Code" means the Internal Revenue Code of 1986, as amended from time to time, and the rules and regulations promulgated thereunder from time to time.

"Consolidated Current Debt" shall mean, without duplication, Current Debt of the Company and its Restricted Subsidiaries determined on a consolidated basis eliminating intercompany items.

"Consolidated Funded Debt" shall mean, without duplication, Funded Debt of the Company and its Restricted Subsidiaries determined on a consolidated basis eliminating intercompany items.

"Consolidated Net Income" for any period shall mean net income of the Company, and its Restricted Subsidiaries from continuing operations determined on a consolidated basis in accordance with GAAP consistently applied, and excluding net earnings and losses of any Person (other than a Restricted Subsidiary) with which the Company or a Restricted Subsidiary shall have consolidated or which shall have merged or liquidated into or with the Company or a Restricted Subsidiary prior to the date of such consolidation, merger or liquidation.

"Consolidated Net Worth" shall mean as of the date of any determination thereof the amount of the par or stated value of all outstanding capital stock, capital surplus, and retained earnings of the Company and its Restricted Subsidiaries, net of all cumulative translation adjustments and contingent compensation adjustments determined on a consolidated basis in accordance with GAAP.

"Consolidated Tangible Assets" shall mean as of the date of any determination thereof the total amount of all Tangible Assets of the Company and its Restricted Subsidiaries on a consolidated basis after deducting therefrom all Investments incurred pursuant to and within the limitations of ss.5.12(i).

"Consolidated Tangible Net Worth" shall mean as of the date of any determination thereof Consolidated Net Worth less (a) all assets of the Company and its Restricted Subsidiaries that are properly classified as "intangible assets" all determined in accordance with GAAP and (b) all Investments incurred pursuant to and within the limitations of ss.5.12(i).

"Consolidated Tangible Net Worth Available for Investments" shall mean as of the date of any determination thereof the sum of (a) Consolidated Tangible Net Worth and (b) all Investments incurred pursuant to and within the limitations of ss.5.12(i) hereof.

"Consolidated Total Assets" of the Company and its Restricted Subsidiaries shall mean as of the date of any determination thereof the total assets of the Company and its Restricted Subsidiaries as of such date determined on a consolidated basis in accordance with GAAP.

"Consolidated Total Capitalization" shall mean as of the date of any determination thereof the sum of (a) Consolidated Net Worth and (b) Consolidated Funded Debt.

"Current Debt" of any Person shall mean as of the date of any determination thereof (a) all Indebtedness for borrowed money or which has been incurred in connection with the acquisition of property or assets other than Funded Debt, provided that any portion of such obligations incurred in connection with the acquisition of property or assets specifically including, without limitation, obligations which have been incurred by such Person in connection with any sale, transfer or issuance of stock pursuant to and in compliance with ss.5.8(c)(5) and which are at the date of any determination of Current Debt contingent as to amount or as to payment shall not be treated as Current Debt on such date, (b) Guaranties of Current Debt of others and (c) all obligations of such Person with respect to receivables sold or otherwise discounted with recourse which would not constitute Funded Debt pursuant to the terms of the definition thereof.

"Default" shall mean any event or condition the occurrence of which would, with the lapse of time or the giving of notice, or both, constitute an Event of Default.

"Domestic Restricted Subsidiary" shall mean any Restricted Subsidiary (a) which is organized under the laws of the United States or any State thereof and (b) which conducts substantially all of its business and has substantially all of its assets within the United States.

"Eighty Percent-Owned Restricted Subsidiary" shall mean a Subsidiary of which 80% or more (by number of votes) of the Voting Stock shall be beneficially owned, directly or indirectly, by the Company.

"ERISA" shall mean the Employee Retirement Income Security Act of 1974, as amended, and any successor statute of similar import, together with the regulations thereunder, in each case as in effect from time to time. References to sections of ERISA shall be construed to also refer to any successor sections.

"ERISA Affiliate" shall mean any corporation, trade or business that is, along with the Company, a member of a controlled group of corporations or a controlled group of trades or businesses, as described in Section 414(b) and 414(c), respectively, of the Code or Section 4001 of ERISA.

"Excluded Subsidiary Obligations" shall mean (a) the Subsidiary Guaranty and any other Guaranty of Indebtedness of the Company or another Restricted Subsidiary by a Subsidiary Guarantor, and (b) obligations of a Subsidiary Guarantor as co-obligor with the Company or another Restricted Subsidiary on Indebtedness under note agreements, loan agreements or credit agreements (other than the Bank Credit Agreement); provided that each creditor which is the beneficiary of any such Guaranty or which is a party to any such note agreement, loan agreement or credit agreement (or an agent acting on its behalf) shall have become a party to the Intercreditor Agreement.

"Event of Default" is defined in ss.6.1.

"Fixed Charges" for any period shall mean on a consolidated basis the sum of (i) all Rentals (other than Rentals on Capitalized Leases) payable during such period by the Company and its Restricted Subsidiaries, and (ii) all Interest Charges on all Indebtedness (including the interest component of Rentals on Capitalized Leases) of the Company and its Restricted Subsidiaries.

"Fixed Charge Coverage Ratio" shall mean the ratio of (i) Net Income Available for Fixed Charges to (ii) Fixed Charges determined as of the end of each fiscal quarter for the period consisting of the immediately preceding four fiscal quarters (each such rolling four fiscal quarter period being treated as a single accounting period).

"Foreign Subsidiary" means any Subsidiary of the Company organized under the laws of a jurisdiction other than the United States or any jurisdiction thereof.

"Funded Debt" of any Person shall mean (a) all Indebtedness for or in respect of borrowed money or which has been incurred in connection with the acquisition of property or assets, in each case having a final maturity of more than one year from the date of origin thereof (or which is renewable or extendible at the option of the obligor for a period or periods of more than one year from the date of origin), including all payments in respect thereof that are required to be made within one year from the date of any determination of Funded Debt, whether or not the obligation to make such payment shall constitute a current liability of the obligor under GAAP, provided that any portion of such obligations incurred in connection with the acquisition of property or assets specifically including, without limitation, obligations which have been incurred by such Person in connection with any sale, transfer or issuance of capital stock pursuant to and in compliance with ss.5.8(c)(5) and which are at the date of any determination of Funded Debt contingent as to amount or as to payment shall not be treated as Funded Debt on such date, (b) all Capitalized Rentals, (c) all Guaranties by such Person of Funded Debt of others and (d) all obligations of such Person with respect to receivables sold or otherwise discounted with recourse. For purposes of any determination of under this Agreement, revolving credit Indebtedness under the Bank Credit Agreement shall not be deemed to be Funded Debt except to the extent that such Indebtedness shall be included in the Average Outstanding Balance of Consolidated Current Debt determined in accordance with ss.5.6.

"GAAP" shall mean United States generally accepted accounting principles as in effect from time to time. Notwithstanding the foregoing, in the event that any Accounting Changes (as defined below) shall occur, all financial covenants, standards and terms in this Agreement shall continue to be calculated or construed as if such Accounting Changes had not occurred. "Accounting Changes" means: changes in accounting principles required by the promulgation of any rule, regulation, pronouncement or opinion by the Financial Accounting Standards Board or the American Institute of Certified Public Accountants or, if applicable, the Securities and Exchange Commission (or successors thereto or agencies with similar functions).

"Guaranties" by any Person shall mean all obligations (other than endorsements in the ordinary course of business of negotiable instruments for deposit or collection) of such Person guaranteeing or in effect guaranteeing any Indebtedness, dividend or other obligation, of any other Person (the "primary obligor") in any manner, whether directly or indirectly, including, without limitation, all obligations incurred through an agreement, contingent or otherwise, by such Person: (a) to purchase such Indebtedness or obligation or any property or assets constituting security therefor, (b) to advance or supply funds (1) for the purchase or payment of such Indebtedness or obligation, (2) to maintain working capital or other balance sheet condition or otherwise to advance or make available funds for the purchase or payment of such Indebtedness or obligation, or (c) to lease property or to purchase Securities or other property or services primarily for the purpose of assuring the owner of such Indebtedness or obligation of the ability of the primary obligor to make payment of the Indebtedness or obligation, or (d) otherwise to assure the owner of the Indebtedness or obligation of the primary obligor against loss in respect thereof. For the purposes of all computations made under this Agreement, a Guaranty in respect of any Indebtedness for borrowed money shall be deemed to be Indebtedness equal to the principal amount of such Indebtedness for borrowed money which has been guaranteed, and a Guaranty in respect of any other obligation or any dividend shall be deemed to be Indebtedness equal to the maximum aggregate amount of such obligation or dividend.

"Indebtedness" of any Person shall mean and include (a) obligations of such Person for borrowed money or which have been incurred in connection with the acquisition of property or assets (except for obligations under bona fide employment, consulting, non-competition, lease and similar agreements), provided that any portion of such obligations which have been incurred in connection with the acquisition of property or assets specifically including, without limitation, obligations which have been incurred by such Person in connection with any sale, transfer or issuance of stock pursuant to and in compliance with ss.5.8(c)(5) and which are at the date of any determination of Indebtedness contingent as to amount or as to payment shall not be treated as Indebtedness on such date, (b) obligations secured by any Lien upon property or assets owned by such Person, even though such Person has not assumed or become liable for the payment of such obligations, (c) obligations created or arising under any conditional sale or other title retention agreement with respect to property acquired by such Person, notwithstanding the fact that the rights and remedies of the seller, lender or lessor under such agreement in the event of default are limited to repossession or sale of property, (d) all Guaranties by such Person of obligations of others of the character referred to in this definition, (e) Capitalized Rentals, and (f) all obligations of such Person with respect to receivables sold or otherwise discounted with recourse.

"Institutional Holder" shall mean any of the following Persons: (a) any bank or any savings and loan association, savings institution, trust company or other institution acting for its own account or in a fiduciary capacity, (b) any insurance company, (c) any pension, retirement or profit sharing trust or fund within the meaning of Title I of ERISA or for which any bank, trust company, national banking association or investment adviser registered under the Investment Advisers Act of 1940, as amended, is acting as trustee or agent, (d) any investment company or business development company, as defined in the Investment Company Act of 1940, as amended, (e) any broker or dealer registered under the Securities Exchange Act of 1934, as amended, who is a member of a national securities exchange or any investment adviser registered under the Investment Adviser Act of 1940, as amended, (f) any government, any public employees' pension or retirement system, or any other governmental agency supervising the investment of public funds, (g) any other entity all of the equity owners of which are Institutional Holders or (h) any other Person which may be within the definition of "qualified institutional buyer" as such term is used in Rule 144A, as from time to time in effect, promulgated under the Act.

"Intercreditor Agreement" is defined in Section 1.2.

"Interest Charges" for any period shall mean all interest and all amortization of debt discount and expense on any particular Indebtedness for which such calculations are being made.

"Investments" of any Person shall mean all investments, in cash or by delivery of property made, directly or indirectly in any Person, whether by acquisition of shares of capital stock, indebtedness or any other obligations or Securities or by loan, advance, capital contributions or otherwise.

"Lien" shall mean any interest in property securing an obligation owed to, or a claim by, a Person other than the owner of the property, whether such interest is based on the common law,

statute or contract, including, without limitation, the security interest arising from a mortgage, encumbrance, pledge, conditional sale or trust receipt or a lease, consignment or bailment for security purposes and including any Capitalized Lease. The term "Lien" shall include reservations, exceptions, encroachments, easements, rights-of-way, covenants, conditions, restrictions, lease and other similar title exceptions and encumbrances affecting real property. For the purpose of this Agreement, the Company or a Restricted Subsidiary shall be deemed to be the owner of any property which it has acquired or holds subject to a conditional sale agreement or other arrangement pursuant to which title to the property has been retained by or vested in another Person for security purposes.

"Make-Whole Amount" shall mean an amount equal to the excess, if any, of the Discounted Value of the Remaining Scheduled Payments with respect to the Called Principal of the Note, over the amount of such Called Principal, provided that the Make-Whole Amount may in no event be less than zero. For the purposes of determining the Make-Whole Amount, the following terms have the following meanings:

"Called Principal" means, with respect to a Note, the principal of the Note that is to be prepaid pursuant to ss.2.2 or 2.3 or has become or is declared to be immediately due and payable pursuant to ss.6.3, as the context requires.

"Discounted Value" means, with respect to the Called Principal of a Note, the amount obtained by discounting all Remaining Scheduled Payments with respect to such Called Principal from their respective scheduled due dates to the Settlement Date with respect to such Called Principal, in accordance with accepted financial practice and at a discount factor (applied on the same periodic basis as that on which interest on the Note is payable) equal to the Reinvestment Yield with respect to such Called Principal.

"Reinvestment Yield" means, with respect to the Called Principal of a Note, 0.50% plus the yield to maturity implied by (i) the yields reported, as of 10:00 A.M. (New York City time) on the second Business Day preceding the Settlement Date with respect to such Called Principal, on the display designated as "PX-1" on the Bloomberg Financial Market Screen (or such other display as may replace "PX-1" on the Bloomberg Financial Market Screen) for actively traded U.S. Treasury securities having a maturity equal to the Remaining Average Life of such Called Principal as of such Settlement Date, or (ii) if such yields are not reported as of such time or the yields reported as of such time are not ascertainable, the Treasury Constant Maturity Series Yields reported, for the latest day for which such yields have been so reported as of the second Business Day preceding the Settlement Date with respect to such Called Principal, in Federal Reserve Statistical Release H.15 (519) (or any comparable successor publication) for actively traded U.S. Treasury securities having a constant maturity equal to the Remaining Average Life of such Called Principal as of such Settlement Date. Such implied yield will be determined, if necessary, by (a) converting U.S. Treasury bill quotations to bond-equivalent yields in accordance with accepted financial practice and (b) interpolating linearly on a straight line basis between (1) the actively traded U.S. Treasury security with the maturity closest to and greater than the Remaining Average Life and (2) the actively traded U.S. Treasury security with the maturity closest to and less than the Remaining Average Life.

"Remaining Average Life" means, with respect to any Called Principal, the number of years (calculated to the nearest one-twelfth year) obtained by dividing (i) such Called Principal into (ii) the sum of the products obtained by multiplying (a) the principal component of each Remaining Scheduled Payment with respect to such Called Principal by (b) the number of years (calculated to the nearest one-twelfth year) that will elapse between the Settlement Date with respect to such Called Principal and the scheduled due date of such Remaining Scheduled Payment.

"Remaining Scheduled Payments" means, with respect to the Called Principal of a Note, all payments of such Called Principal and interest thereon that would be due after the Settlement Date with respect to such Called Principal if no payment of such Called Principal were made prior to its scheduled due date, provided that if such Settlement Date is not a date on which interest payments are due to be made under the terms of the Note, then the amount of the next succeeding scheduled interest payment will be reduced by the amount of interest accrued to such Settlement Date and required to be paid on such Settlement Date pursuant to ss.2.2 or 2.3 or 6.3.

"Settlement Date" means, with respect to the Called Principal of a Note, the date on which such Called Principal is to be prepaid pursuant to ss.2.2, 2.3 or has become or is declared to be immediately due and payable pursuant to ss.6.2, as the context requires.

"Multiemployer Plan" shall have the meaning as in ERISA.

"Net Income Available for Fixed Charges" for any period shall mean the sum of (i) Consolidated Net Income during such period plus (to the extent deducted in determining Consolidated Net Income), (ii) all provisions for any Federal, state or other income taxes made by the Company and its Restricted Subsidiaries during such period, and (iii) Fixed Charges of the Company and its Restricted Subsidiaries during such period.

"Overdue Rate" shall mean as of the date of any determination thereof the lesser of (a) the maximum rate permitted by law and (b) 9.82% per annum.

"PBGC" shall mean the Pension Benefit Guaranty Corporation and any entity succeeding to any or all of its functions under ERISA.

"Person" shall mean an individual, partnership, corporation, trust or unincorporated organization, and a government or agency or political subdivision thereof.

"Plan" shall mean a plan that is both a "pension plan," as such term is defined in Section 3(2) of ERISA, and a "defined benefit pension plan" as defined in Section 414(j) of the Internal Revenue Code of 1986 which is established or maintained by the Company or any ERISA Affiliate or as to which the Company or any ERISA Affiliate contributed or is a member or otherwise may have any liability.

"Principal Subsidiary" shall mean any Restricted Subsidiary which had (a) total assets, on a consolidating basis, as of the last day of the most recently ended fiscal quarter of the

Company, of an amount equal to or greater than 2% of Consolidated Total Assets of the Company as of the last day of such fiscal quarter, or (b) net income, on a consolidating basis, for the Company's most recent fiscal year, equal to or greater than 2% of Consolidated Net Income of the Company for such year.

"Rentals" of any Person shall mean and include all fixed rents (including as such all payments which the lessee is obligated to make to the lessor on termination of the lease or surrender of the property) payable by such Person, as lessee or sublessee under a lease of real or personal property, but shall be exclusive of any amounts required to be paid by such Person (whether or not designated as rents or additional rents) on account of maintenance, repairs, insurance, taxes and similar charges. Fixed rents under any so-called "percentage leases" shall be computed solely on the basis of the minimum rents, if any, required to be paid by the lessee regardless of sales volume or gross revenues.

"Reportable Event" shall have the same meaning as in ERISA.

"Restricted Subsidiary" shall mean any Subsidiary of which more than 50% (by number of votes) of the Voting Stock is beneficially owned, directly or indirectly, by the Company.

"Security" shall have the same meaning as in Section 2(1) of the Securities Act of 1933, as amended.

The term "subsidiary" shall mean, as to any particular parent corporation, any corporation of which more than 50% (by number of votes) of the Voting Stock shall be owned by such parent corporation and/or one or more corporations which are themselves subsidiaries of such parent corporation. The term "Subsidiary" shall mean a subsidiary of the Company.

"Subsidiary Guarantor" means each of the domestic Subsidiaries of the Company on the date of this Agreement and each other Subsidiary of the Company that subsequent to the date of this Agreement becomes a party to the Subsidiary Guaranty in accordance with ss.5.17 of this Agreement.

"Subsidiary Guaranty" is defined in ss.1.2.

"Tangible Assets" of any Person shall mean, as of the date of any determination thereof, the total amount of all assets of such Person (less depreciation, depletion, and other properly deductible valuation reserves) after deducting the following: good will, patents, trade names, trade marks, copyrights, franchises, experimental expense, organization expense, unamortized debt discount and expense, deferred charges, the excess of cost of shares acquired over book value of related assets, any write up in the book value of any asset resulting from a revaluation thereof subsequent to March 29, 1991 (except in connection with the acquisition of such assets) and such other assets as are properly classified as "intangible assets" in accordance with GAAP.

"Voting Stock" shall mean Securities of any class or classes, the holders of which are ordinarily, in the absence of contingencies, entitled to elect a majority of the corporate directors (or Persons performing similar functions).

"Wholly-owned" when used in connection with any Subsidiary shall mean a Subsidiary of which all of the issued and outstanding shares of stock (other than directors' qualifying shares or shares owned by foreign domiciliaries as required by law) shall be owned by the Company and/or one or more of its Wholly-Owned Restricted Subsidiaries.

Section 8.2. Accounting Principles. Where the character or amount of any asset or liability or item of income or expense is required to be determined or any consolidation or other accounting computation is required to be made for the purposes of this Agreement, the same shall be done in accordance with GAAP, to the extent applicable, except where such principles are inconsistent with the specific provisions of this Agreement.

Section 8.3. Directly or Indirectly. Where any provision in this Agreement refers to action to be taken by any Person, or which such Person is prohibited from taking, such provision shall be applicable whether the action in question is taken directly or indirectly by such Person.

SECTION 9. MISCELLANEOUS.

Section 9.1. Registration of Notes. The Company shall cause to be kept at its principal office a register for the registration and transfer of the Notes (hereinafter called the "Note Register"), and the Company will register or transfer or cause to be registered or transferred, as hereinafter provided any Note issued pursuant to this Agreement.

The Person in whose name any registered Note shall be registered shall be deemed and treated as the owner and holder thereof for all purposes of this Agreement. Payment of or on account of the principal, premium, if any, and interest on any registered Note shall be made to or upon the written order of such registered holder.

Section 9.2. Exchange of Notes. At any time and from time to time, upon not less than ten days' notice to that effect given by the holder of any Note initially delivered or of any Note substituted therefor pursuant to ss.9.1, this ss.9.2 or ss.9.3, and upon surrender of such Note at its office, the Company will deliver in exchange therefor, without expense to the holder, except as set forth below, Notes, in registered form, for the same aggregate principal amount as the then unpaid principal amount of the Note so surrendered, in the denomination of \$3,000,000 or any multiple of \$100,000 in excess thereof as such holder shall specify, dated as of the date to which interest has been paid on the Note so surrendered or, if such surrender is prior to the payment of any interest thereon, then dated as of the date of issue, payable to such Person or Persons, as may be designated by such holder, and otherwise of the same form and tenor as the Notes so surrendered for exchange; provided that, notwithstanding the foregoing, any Note issued on the Closing Date or any Note substituted therefor in a denomination of less than \$3,000,000 may be exchanged in whole by any holder thereof.

Section 9.3. Loss, Theft, Etc. of Notes. Upon receipt of evidence satisfactory to the Company of the loss, theft, mutilation or destruction of any Note, and in the case of any such loss, theft or destruction upon delivery of a bond or indemnity in such form and amount as shall be reasonably satisfactory to the Company, or in the event of such mutilation upon surrender and cancellation of the Note, the Company will make and deliver, without expense to the holder

thereof, a new Note, of like tenor, in lieu of such lost, stolen, destroyed or mutilated Note. If any Purchaser or any subsequent Institutional Holder is the owner of any such lost, stolen or destroyed Note, then the affidavit of an authorized officer of such owner, setting forth the fact of loss, theft or destruction and of its ownership of the Note at the time of such loss, theft or destruction, shall be accepted as satisfactory evidence thereof and no further indemnity shall be required as a condition to the execution and delivery of a new Note other than the written agreement of such owner to indemnify the Company.

Section 9.4. Expenses, Stamp Tax Indemnity. Whether or not the transactions herein contemplated shall be consummated, the Company agrees to pay directly all reasonable costs and expenses in connection with the preparation, execution and delivery of this Agreement and the transactions contemplated hereby, including but not limited to all investment banking and similar fees, the reasonable charges and disbursements of Chapman and Cutler, special counsel to the Purchasers, duplicating and printing costs and charges for shipping the Notes, adequately insured to such Purchaser's home office or at such other place as such Purchaser may designate, and all reasonable out-of-pocket costs and expenses relating to any amendments, waivers or consents pursuant to the provisions hereof (whether or not the same are actually executed and delivered), including, without limitation, any amendments, waivers or consents resulting from any work-out, renegotiation or restructuring relating to the performance by the Company of its obligations under this Agreement and the Notes. The Company also agrees that it will pay and save such Purchaser harmless against any and all liability with respect to obtaining a "private placement number" for the Notes from Standard & Poor's Corporation in accordance with the requirements of the National Association of Insurance Commissioners and with respect to stamp and other taxes, if any, which may be payable or which may be determined to be payable in connection with the execution and delivery of this Agreement or the initial issuance of the Notes, whether or not any Notes are then outstanding. The Company agrees to protect and indemnify each Purchaser against any liability for any and all brokerage fees and commissions payable or claimed to be payable to any Person in connection with the transactions contemplated by this Agreement, other than any such fees or commissions claimed by any Person engaged by such Purchaser. Each Purchaser hereby represents to the Company that no broker or finder was employed or retained by it in connection with its purchase of the Notes.

Section 9.5. Powers and Rights Not Waived; Remedies Cumulative. No delay or failure on the part of the holder of any Note in the exercise of any power or right shall operate as a waiver thereof; nor shall any single or partial exercise of the same preclude any other or further exercise thereof, or the exercise of any other power or right, and the rights and remedies of the holder of any Note are cumulative to and are not exclusive of any rights or remedies any such holder would otherwise have, and no waiver or consent, given or extended pursuant to ss.7, shall extend to or affect any obligation or right not expressly waived or consented to.

Section 9.6. Notices. All communications provided for hereunder shall be in writing and, if to the Purchasers, delivered or mailed by overnight courier or by facsimile communication, in each case addressed to each Purchaser at such Purchaser's address appearing on Schedule I to this Agreement or such other address as such Purchaser or the subsequent holder of any Note initially issued to such Purchaser may designate to the Company in writing, and, if to the Company, delivered or mailed by prepaid overnight courier or by facsimile

communication to the Company at the address specified on page 1 hereof, Attention: Treasurer, or to such other address as the Company may in writing designate to the Purchasers or to a subsequent holder of the Note initially issued to the Purchasers; provided, however, that a notice to any Purchaser by overnight courier shall only be effective if delivered to such Purchaser at a street address designated for such purpose in Schedule I attached hereto, and a notice to any Purchaser by facsimile communication shall only be effective if confirmed by prepaid overnight courier, or, in either case, as such Purchaser or a subsequent holder of any Note initially issued to such Purchaser may designate to the Company in writing.

Section 9.7. Successors and Assigns. This Agreement shall be binding upon the Company and its successors and assigns and shall inure to the benefit of each Purchaser and to the benefit of its successors and assigns, including each successive holder or holders of any Notes; provided, however, that notwithstanding any other provisions of this Agreement or the Notes, the Notes shall not be transferable to any Person that is not an Institutional Holder.

Section 9.8. Survival of Covenants and Representations. All covenants, representations and warranties made by the Company herein and in any certificates delivered pursuant hereto, whether or not in connection with the Closing Date, shall survive the closing and the delivery of this Agreement and the Notes.

Section 9.9. Severability. Should any part of this Agreement for any reason be declared invalid by a court of competent jurisdiction, such decision shall not affect the validity of any remaining portion, which remaining portion shall remain in force and effect as if this Agreement had been executed with the invalid portion thereof eliminated and it is hereby declared the intention of the parties hereto that they would have executed the remaining portion of this Agreement without including therein any such part which may, for any reason, be declared invalid.

Section 9.10. Reproduction of Documents. This Agreement and all documents relating thereto, including without limitation, (a) consents, waivers and modifications which may hereafter be executed, (b) documents received by the Purchasers at the closing of their respective purchases of the Notes (except the Notes themselves), and (c) financial statements, certificates and other information previously or hereafter furnished to the Purchasers, may be reproduced by the Purchasers by any photographic, photostatic, microfilm, micro-card, miniature photographic or other similar process and each such Purchaser may destroy any original document so reproduced. The Company agrees and stipulates that any such reproduction shall be admissible in evidence as the original itself in any judicial or administrative proceeding (whether or not the original is in existence and whether or not such reproduction was made by such Purchaser in the regular course of business) and that any enlargement, facsimile or further reproduction of such reproduction shall likewise be admissible in evidence.

Section 9.11. Governing Law; Waiver of Jury Trial. (a) This Agreement and the Notes issued and sold hereunder shall be governed by and construed in accordance with Wisconsin law. Notwithstanding the preceding sentence, nothing in this Agreement shall be construed to subject the holder of any Notes that is an insurance company to the laws of the State of Wisconsin.

(b) The Company and the Purchasers each hereby irrevocably and unconditionally waive trial by jury.

Section 9.12. Captions. The descriptive headings of the various Sections or parts of this Agreement are for convenience only and shall not affect the meaning or construction of any of the provisions hereof.

The execution hereof by the Purchasers shall constitute a contract between the Company and the Purchasers for the uses and purposes hereinabove set forth, and this Agreement may be executed in any number of counterparts, each executed counterpart constituting an original but all together only one agreement.

JOHNSON OUTDOORS INC.

By: /s/ Wade T. Neuharth

Wade T. Neuharth

Its: Treasurer

Accepted as of the first date written above.

JOHN HANCOCK LIFE INSURANCE COMPANY

By: /s/ Kathleen E. McDonough

Name: Kathleen E. McDonough
Its: Director

Accepted as of the first date written above.

JOHN HANCOCK VARIABLE LIFE INSURANCE
COMPANY

By: /s/ Kathleen E. McDonough

Name: Kathleen E. McDonough
Authorized Signatory

Accepted as of the first date written above.

MELLON BANK, N.A., solely in its capacity as Trustee for the Bell Atlantic Master Trust (as directed by John Hancock Life Insurance Company), and not in its individual capacity

By: /s/ Bernadette Rist

Name: Bernadette Rist
Authorized Signatory

THE DECISION TO PARTICIPATE IN THE INVESTMENT, ANY REPRESENTATIONS MADE HEREIN BY THE PARTICIPANT, AND ANY ACTIONS TAKEN HEREUNDER BY THE PARTICIPANT HAS/HAVE BEEN MADE SOLELY AT THE DIRECTION OF THE INVESTMENT FIDUCIARY WHO HAS SOLE INVESTMENT DISCRETION WITH RESPECT TO THIS INVESTMENT.

Accepted as of the first date written above.

CLARICA LIFE INSURANCE COMPANY-U.S.

By: /s/ Constance L. Keller

Name: Constance L. Keller
Title: Executive Director,
Private Placements

Accepted as of the first date written above.

AMERICAN FAMILY LIFE INSURANCE COMPANY

By: /s/ Phillip Hannifan

Name: Phillip Hannifan
Title: Investment Director

Accepted as of the first date written above.

STATE OF WISCONSIN INVESTMENT BOARD

By: /s/ Monica A. Jaehnig

Name: Monica A. Jaehnig
Title: Porfolio Manager-Private
Placements

JOHNSON OUTDOORS INC. AND SUBSIDIARIES

The following lists the principal direct and indirect subsidiaries of Johnson Outdoors Inc. as of September 28, 2001. Inactive subsidiaries are not presented.

Name of Subsidiary (1)(2) -----	Jurisdiction in which Incorporated -----
Johnson Outdoors Canada Inc.	Canada
Plastiques L.P.A. Limitee	Canada
Old Town Canoe Company	Delaware
Leisure Life Limited	Michigan
Extrasport, Inc.	Florida
Scubapro Scandinavia 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 USA, Inc.	Maine
Scubapro Asia Pacific 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 S.A.	France
Scubapro Europe S.r.l.	Italy
Scubapro Italy S.r.l.	Italy
Scubapro (UK) Ltd.(5)	United Kingdom
Scubapro-Uwatec Australia Pty. Ltd.	Australia
Johnson Outdoors Watercraft UK	United Kingdom
Johnson Outdoors Watercraft Ltd.	New Zealand

(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 Outdoors 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%.

Consent of Independent Public Accountants

As independent public accountants, we hereby consent to the incorporation of our report included in this Form 10-K, into the Company's previously filed Registration Statements on Form S-8, File Nos. 33-19804, 33-19805, 33-35309, 33-50680, 33-52073, 33-54899, 33-59325, 33-61285, 333-88089 and 333-88091.

/s/ ARTHUR ANDERSEN LLP

ARTHUR ANDERSEN LLP

Milwaukee, Wisconsin
December 21, 2001

Shareholders and Board of Directors
Johnson Outdoors Inc.:

We consent to incorporation by reference in the Registration Statements (Nos. 33-19804, 33-19805, 33-35309, 33-50680, 33-52073, 33-54899, 33-59325, 33-61285, 333-88089, and 333-88091) on Form S-8 of Johnson Outdoors Inc. of our report dated November 6, 2000, relating to the consolidated balance sheet of Johnson Outdoors Inc. and subsidiaries as of September 29, 2000 and the related consolidated statements of operations, shareholders' equity, and cash flows for each of the years in the two-year period ended September 29, 2000, which report appears in the 2001 Annual Report on Form 10-K of Johnson Outdoors Inc.

/s/ KPMG LLP

Milwaukee, Wisconsin
December 21, 2001