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

FORM 10-Q

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 29, 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 incorporation or organization)	(I.R.S. Employer Identification No.)

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

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

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

As of July 24, 2001, 6,945,762 shares of Class A and 1,222,729 shares of Class B common stock of the Registrant were outstanding.

JOHNSON OUTDOORS INC.

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PART I FINANCIAL INFORMATION

Item 1. Financial Statements

JOHNSON OUTDOORS INC.

CONSOLIDATED STATEMENTS OF OPERATIONS
(unaudited)

(thousands, except per share data)	Three Months Ended		Nine Months Ended	
	June 29 2001	June 30 2000	June 29 2001	June 30 2000
Net sales	$ 111,421	$ 114,003	$ 265,805	$ 266,906
Cost of sales	67,375	68,666	162,162	160,587
Gross profit	44,046	45,337	103,643	106,319
Operating expenses:				
Marketing and selling	20,084	19,025	53,013	50,558
Administrative management, finance and information systems	7,173	7,324	21,957	20,497
Research and development	1,730	2,273	5,642	5,744
Amortization and write-down of intangibles	668	723	4,591	2,224
Profit sharing	1,091	1,465	2,114	2,325
Strategic charges	300	615	300	1,336
Total operating expenses	31,046	31,425	87,617	82,684
Operating profit	13,000	13,912	16,026	23,635
Interest income	(116)	(101)	(403)	(350)
Interest expense	2,336	2,423	7,285	7,608
Other expense, net	166	289	220	164
Income from continuing operations before income taxes	10,614	11,301	8,924	16,213
Income tax expense	4,331	5,343	3,667	7,395
Income from continuing operations before cumulative effect of change in accounting principle	6,283	5,958	5,257	8,818
Loss from discontinued operations, net of tax of $563	--	--	--	(940)
Loss on disposal of discontinued operations, net of tax of $2,801	--	--	--	(24,418)
Cumulative effect of change in accounting principle, net of tax of $845	--	--	1,755	--
Net income (loss)	$ 6,283	$ 5,958	$ 7,012	$ (16,540)
BASIC EARNINGS (LOSS) PER COMMON SHARE:				
Continuing operations	$ 0.77	$ 0.73	$ 0.64	$ 1.09
Discontinued operations	--	--	--	(3.12)
Cumulative effect of change in accounting principle	--	--	0.22	--
Net income (loss)	$ 0.77	$ 0.73	$ 0.86	$ (2.03)
DILUTED EARNINGS (LOSS) PER COMMON SHARE:				
Continuing operations	$ 0.77	$ 0.73	$ 0.64	$ 1.08
Discontinued operations	--	--	--	(3.12)
Cumulative effect of change in accounting principle	--	--	0.22	--
Net income (loss)	$ 0.77	$ 0.73	$ 0.86	$ (2.04)

The accompanying notes are an integral part of the consolidated financial statements.

JOHNSON OUTDOORS INC.

CONSOLIDATED BALANCE SHEETS
(unaudited)

(thousands, except share data)	June 29 2001	September 29 2000	June 30 2000
ASSETS			
Current assets:			
Cash and cash equivalent	$ 16,927	$ 17,363	$ 6,806
Accounts receivable, less allowance for doubtful accounts of $3,768, $3,895 and $3,727, respectively	74,178	54,825	78,144
Inventories	67,183	62,708	71,537
Deferred income taxes	3,849	4,613	7,804
Other current assets	4,476	4,685	3,252
Net assets of discontinued operations	--	--	1,038
Total current assets	166,613	144,194	168,581
Property, plant and equipment	36,855	37,369	37,940
Deferred income taxes	17,473	17,311	15,492
Intangible assets	52,809	57,866	60,450
Other assets	1,138	1,231	1,381
Total assets	$ 274,888	$ 257,971	$ 283,844
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities:			
Short-term debt and current maturities of long-term debt	$ 94,911	$ 59,462	$ 76,382
Accounts payable	12,989	12,928	18,286
Accrued liabilities:			
Salaries and wages	5,803	7,421	6,821
Other	15,428	26,592	23,412
Total current liabilities	129,131	106,403	124,901
Long-term debt, less current maturities	39,225	45,857	48,013
Other liabilities	4,754	4,879	4,871
Total liabilities	173,110	157,139	177,785
Shareholders' equity:			
Preferred stock: none issued	--	--	--
Common stock:			
Class A shares issued: June 29, 2001, 6,945,762; September 29, 2000, 6,924,630; June 30, 2000, 6,924,630	347	346	346
Class B shares issued (convertible into Class A): 1,222,729	61	61	61
Capital in excess of par value	44,410	44,291	44,291
Retained earnings	81,809	74,797	75,240
Unearned compensation	(70)	(77)	(96)
Accumulated other comprehensive income:			
Cumulative foreign currency translation adjustment	(24,779)	(18,586)	(13,783)
Total shareholders' equity	101,778	100,832	106,059
Total liabilities and shareholders' equity	$ 274,888	$ 257,971	$ 283,844

The accompanying notes are an integral part of the consolidated financial statements.

JOHNSON OUTDOORS INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited)

(thousands)	Nine Months Ended	
	June 29 2001	June 30 2000
CASH USED FOR OPERATIONS		
Net income (loss)	$ 7,012	$ (16,541)
Less loss from discontinued operations	--	(25,359)
Less income from cumulative effect of change in accounting principle	1,755	
Income from continuing operations before cumulative effect of change in accounting principle	5,257	8,818
Adjustments to reconcile income from continuing operations to net cash used for operating activities of continuing operations:		
Depreciation and amortization	9,424	9,241
Deferred income taxes	634	(2,631)
Impairment of goodwill	2,526	--
Change in assets and liabilities, net of effect of businesses acquired or sold:		
Accounts receivable	(20,783)	(30,875)
Inventories	(5,753)	(14,377)
Accounts payable and accrued liabilities	(13,140)	5,373
Other, net	(565)	4,047
	(22,400)	(20,404)
CASH PROVIDED BY (USED FOR) INVESTING ACTIVITIES		
Proceeds from sale of business, net of cash	--	33,126
Payments for purchase of business, net of cash acquired	(573)	(835)
Net additions to property, plant and equipment	(7,465)	(9,895)
	(8,038)	22,396
CASH PROVIDED BY FINANCING ACTIVITIES		
Principal payments on senior notes and other long-term debt	(6,000)	(21,500)
Net change in short-term debt	36,010	25,048
Issuance of common stock	70	98
	30,080	3,646
Effect of foreign currency fluctuations on cash	(78)	(805)
Net cash used for discontinued operations	--	(8,001)
Decrease in cash and temporary cash investments	(436)	(3,168)
CASH AND TEMPORARY CASH INVESTMENTS		
Beginning of period	17,363	9,974
End of period	$ 16,927	$ 6,806

The accompanying notes are an integral part of the consolidated financial statements.

JOHNSON OUTDOORS INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

1 Basis of Presentation

The consolidated financial statements included herein are unaudited. In the opinion of management, these statements contain all adjustments (consisting of only normal recurring items) necessary to present fairly the financial position of Johnson Outdoors Inc. and subsidiaries (the Company) as of June 29, 2001 and the results of operations and cash flows for the three months and nine months ended June 29, 2001. These consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in the Company's 2000 Annual Report on Form 10-K.

Because of seasonal and other factors, the results of operations for the three months and nine months ended June 29, 2001 are not necessarily indicative of the results to be expected for the full year.

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

Certain amounts as previously reported have been reclassified to conform with the current period presentation. See Note 7.

2 Change in Accounting Principle

Effective September 30, 2000, the Company adopted SFAS 133, Accounting for Derivative Instruments and Hedging Activities (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 the 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 the income statement when the hedged item affects earnings.

The adoption of SFAS 133 resulted in a decrease in net loss of $1,755, a decrease in deferred income tax assets of $845, an increase in accrued liabilities of $374 and a reduction in accumulated other comprehensive income of $2,974 for derivative instruments not designated as hedging instruments. Unrealized gains on certain derivative instruments were previously recorded as a component of accumulated other comprehensive income. See additional disclosures under the Market Risk Management section of Item 2.

3 Income Taxes

The provision for income taxes includes deferred taxes and is based upon estimated annual effective tax rates in the tax jurisdictions in which the Company operates.

4 Inventories

Inventories related to continuing operations at the end of the respective periods consist of the following:

	June 29 2001	September 29 2000	June 30 2000
Raw materials	$ 22,365	$ 23,122	$ 27,659
Work in process	2,843	2,238	2,865
Finished goods	45,410	40,297	45,749
	70,618	65,657	76,273
Less reserves	3,435	2,949	4,736
	$ 67,183	$ 62,708	$ 71,537

5 Earnings Per Share

The following table sets forth the computation of basic and diluted earnings per common share from continuing operations before cumulative effect of change in accounting principle:

	Three Months Ended		Nine Months Ended	
	June 29 2001	June 30 2000	June 29 2001	June 30 2000
Income from continuing operations before cumulative effect of change in accounting principle for basic and diluted earnings per share	$ 6,283	$ 5,958	$ 5,257	$ 8,818
Weighted average common shares outstanding	8,168,491	8,147,359	8,159,279	8,136,665
Less nonvested restricted stock	(14,143)	(14,632)	(15,549)	(18,187)
Basic average common shares	8,154,348	8,132,727	8,143,730	8,118,478
Dilutive stock options and restricted stock	30,701	9,618	19,655	10,423
Diluted average common shares	8,185,049	8,142,345	8,163,385	8,128,901
Basic earnings per common share from continuing operations before cumulative effect of change in accounting principle	$ 0.77	$ 0.73	$ 0.64	$ 1.09
Diluted earnings per common share from continuing operations before cumulative effect of change in accounting principle	$ 0.77	$ 0.73	$ 0.64	$ 1.08

6 Stock Ownership Plans

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

	Shares	Weighted Average Exercise Price
Outstanding at September 29, 2000	952,230	$12.08
Granted	235,000	5.05
Cancelled	(81,434)	18.82
Outstanding at June 29, 2001	1,105,796	$10.19

Options to purchase 957,229 shares of common stock with a weighted average exercise price of $12.25 per share were outstanding at June 30, 2000.

7 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 the nine months ended June 30, 2000.

8 Strategic Charges

In June 2001, the Company recorded severance and other exit costs totaling $300, related to the closure and relocation of a manufacturing facility in the Watercraft business. The Company expects charges related to this action will total approximately $500 in fiscal 2001. Approximately 15 employees were impacted by this action.

In the prior year second and third quarters, the Company recorded severance and other exit costs totaling $1,336, relating primarily to the closure and relocation of a manufacturing facility in the Motors business. Total charges related to this action were approximately $2,100 and approximately 90 employees were impacted. As of June 29, 2001, unexpended funds related to this action were approximately $135.

9 Comprehensive Income

Comprehensive income includes net income and changes in shareholders' equity from non-owner sources. For the Company, the elements of comprehensive income excluded from net income are represented primarily by the cumulative foreign currency translation adjustment.

Comprehensive income (loss) for the respective periods consists of the following:

	Three Months Ended		Nine Months Ended	
	June 29 2001	June 30 2000	June 29 2001	June 30 2000
Net income (loss)	$ 6,283	$ 5,958	$ 7,012	$ (16,541)
Translation adjustment	(1,235)	332	(3,219)	(5,543)
Translation adjustment reclassified to cumulative effect of change in accounting principle	--	--	(2,974)	--
Translation adjustment reclassified to loss on disposal of discontinued operations	--	--	--	809
Comprehensive income (loss)	$ 5,048	$ 6,290	$ 819	$ (21,275)

10 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. The Company does not believe it has unusual risk related to concentrations in volume of business with a particular customer or supplier, or concentrations in revenue from a particular product.

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 periods presented.

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

	Three Months Ended		Nine Months Ended	
	June 29 2001	June 30 2000	June 29 2001	June 30 2000
Net sales:				
Outdoor equipment:				
Unaffiliated customers	$ 34,295	$ 31,069	$ 87,715	$ 78,471
Interunit transfers	30	18	76	41
Watercraft:				
Unaffiliated customers	32,627	33,070	64,755	64,762
Interunit transfers	124	93	309	362
Diving:				
Unaffiliated customers	22,897	23,769	59,222	60,520
Interunit transfers	(3)	1	2	3
Motors:				
Unaffiliated customers	21,598	26,085	54,078	62,015
Interunit transfers	98	183	519	1,366
Other	4	10	35	1,138
Eliminations	(249)	(295)	(906)	(1,772)
	$ 111,421	$ 114,003	$ 265,805	$ 266,906
Operating profit (loss):				
Outdoor equipment	$ 4,177	$ 3,208	$ 9,158	$ 6,825
Watercraft	4,411	6,648	4,811	10,670
Diving	4,178	3,607	7,663	7,011
Motors	2,569	2,807	1,568	5,043
Other	(2,335)	(2,358)	(7,174)	(5,914)
	$ 13,000	$ 13,912	$ 16,026	$ 23,635
Identifiable assets (end of period):				
Outdoor equipment			$ 58,589	$ 54,635
Watercraft			78,286	74,367
Diving			88,346	91,080
Motors			26,661	37,736
Discontinued operations, net			--	1,038
Other			23,006	24,993
			$ 274,888	$ 283,844

Item 2 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 as of and for the three months and nine months ended June 29, 2001 and June 30, 2000. This discussion should be read in conjunction with the consolidated financial statements and related notes that immediately precede this section, as well as the Company's 2000 Annual Report on Form 10-K.

Forward Looking Statements

Certain matters discussed in this Form 10-Q 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 Form 10-Q and the Company undertakes no obligation to publicly update such forward-looking statements to reflect subsequent events or circumstances.

Results of Continuing Operations

Net sales for the three months ended June 29, 2001 totaled $111.4 million, compared to $114.0 million in the three months ended June 30, 2000. Two of the four business units (Outdoor Equipment and Diving) showed sales growth over the prior year on a volume basis (excluding the impact of currency fluctuations), lead primarily by the Outdoor Equipment group which had a $1.7 million increase in military tent sales and a $1.5 million increase in Jack Wolfskin sales.

Net sales for the nine months ended June 29, 2001 totaled $265.8 million, a decrease of less than 1%, compared to $266.9 million in the nine months ended June 30, 2000. Three of the four business units (Outdoor Equipment, Diving and Watercraft) showed sales growth over the prior year on a volume basis, lead primarily by the Outdoor Equipment group which had a $7.9 million increase in military tent sales and a $3.0 million increase in Jack Wolfskin sales. The Motors business experienced a sales decline of 12.8% versus the year ago period, due primarily to two reasons: first, the bankruptcy of a major customer and second, sales in the nine months ended June 30, 2000 reflected a build-up as the Company prepared to exit the third-party OEM motor business at its Lake Electric plant. Excluding those two items, sales were down 1.2% compared with the prior year period. Unseasonable weather and softness in the economy has impacted sales for the Company and for the outdoor recreation industry as a whole.

Relative to the U.S. dollar, the average values of most currencies of the countries in which the Company has operations were lower for the three months and nine months ended June 29, 2001 as compared to the corresponding period of the prior year. The Diving and Outdoor Equipment businesses were adversely impacted by foreign currency movements. Excluding the impact of fluctuations in foreign currencies, net sales for the Company decreased 0.3% and increased 2.2% for the three months and nine months ended June 29, 2001, respectively.

Gross profit as a percentage of sales was 39.5% for the three months ended June 29, 2001 compared to 39.8% for the corresponding period of the prior year. Most of the decline for the quarter is due to the disposal of some excess/obsolete inventory and heavier closeout discounting in our Jack Wolfskin operations. Our North American Outdoor Equipment business made good progress, delivering margins that were 430 basis points higher than prior year.

Gross profit as a percentage of sales was 39.0% for the nine months ended June 29, 2001 compared to 39.8% for the corresponding period of the prior year. Margin declines in the Watercraft business and, to a lesser extent, the Motors business, more than offset margin improvement in the Diving and Outdoor Equipment businesses. The Watercraft business was impacted by labor and overhead absorption issues due to lower than projected sales volume. Product mix, emphasizing higher margin regulators, buoyancy compensators and fins, contributed to improved margins for the Diving business. The Outdoor Equipment business benefited from higher sales volume from military tents and Jack Wolfskin in Europe.

The Company recognized an operating profit of $13.0 million for the three months ended June 29, 2001, compared to an operating profit of $13.9 million for the corresponding period of the prior year. The majority of the decline can be attributed to the shortfall in sales between quarters. Operating expenses were below prior year levels for the first time this year. The quarter also included a $0.3 million charge for the closing of a manufacturing facility in the Watercraft business. For the nine months ended June 29, 2001, operating profit declined to $16.0 million, from $23.6 million in the prior year. Included in the operating profit for the nine months ended June 29, 2001 was a $2.5 million write-down for impaired goodwill identified while considering the divestiture of a small non-strategic business in the Motors business. Excluding this item, operating profit was $18.5 million. The decline from the prior year period is related to the Watercraft business, which saw operating profit decline $5.9 million. In addition to margin shortfalls, additional investments in marketing, distribution, research and development, and finance to support recent growth of the business unit, contributed to this decline. Operating profits for Outdoor Equipment were strong, increasing $2.3 million over the prior year period due to increased sales and improved gross margins.

Interest expense totaled $2.3 million and $7.3 million for the three months and nine months ended June 29, 2001, respectively, compared to $2.4 million and $7.6 million for the corresponding period of the prior year. In the current year, the Company unwound a foreign currency swap agreement related to the 1998 senior note commitment. The gain realized from this action approximated the gain recorded from the adoption of SFAS 133. The Company's effective tax rate for the nine months ended June 29, 2001 was 41.1%, down from 45.6% for the corresponding period of the prior year due to the geographic mix of earnings occurring in lower tax jurisdictions.

The Company recognized income from continuing operations before cumulative effect of change in accounting principle of $6.3 million in the three months ended June 29, 2001, compared to $6.0 million in the corresponding period of the prior year. Diluted earnings per common share from continuing operations before cumulative effect of change in accounting principle totaled $0.77 for the three months ended June 29, 2001 compared to $0.73 in the prior year. The Company recognized income from continuing operations before cumulative effect of change in accounting principle of $5.3 million in the nine months ended June 29, 2001, compared to a loss of $8.8 million in the corresponding period of the prior year. Diluted earnings per common share from continuing operations before cumulative effect of change in accounting principle totaled $0.64 for the nine months ended June 29, 2001 compared to $1.08 in the prior year.

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 the six months ended March 31, 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 the fair value of the derivative and the hedged item are recognized in the 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 the income statement when the hedged item affects earnings.

The adoption of SFAS 133 resulted in a decrease in net loss of $1.8 million, a decrease in deferred income tax assets of $0.8 million, an increase in accrued liabilities of $0.4 million and a reduction in accumulated other comprehensive income of $3.0 million for derivative instruments not designated as hedging instruments. Unrealized gains on certain derivative instruments were previously recorded as a component of accumulated other comprehensive income.

Net Income (Loss)

Net income for the three months ended June 29, 2001 was $6.3 million or $0.77 per diluted share compared to $6.0 million or $0.73 per diluted share for the corresponding period of the prior year. Net income for the nine months ended June 29, 2001 was $7.0 million or $0.86 per diluted share compared to $(16.5) million or $(2.04) per diluted share for the corresponding period of the prior year.

Financial Condition

The following discusses changes in the Company's liquidity and capital resources related to continuing operations.

Operations

Cash flows used for operations totaled $22.4 million for the nine months ended June 29, 2001 and $20.4 million for the corresponding period of the prior year.

Accounts receivable seasonally increased $20.8 million for the nine months ended June 29, 2001 and $30.9 million for the corresponding period of the prior year. Average days of sales outstanding are two days higher than the prior year. Seasonal growth in inventories of $5.8 million for the nine months ended June 29, 2001 and $14.4 million for the corresponding period of the prior year also accounted for a significant portion of the net usage of funds. Inventory turns, on a twelve month rolling average basis, are down slightly as of June 29, 2001 compared to the corresponding period of the prior year. Lower than planned sell through contributed to the reduced turn rate.

Accounts payable and accrued liabilities decreased $13.1 million for the nine months ended June 29, 2001 and increased $5.4 million for the corresponding period of the prior year. The Company paid employee benefits, which were higher than prior year levels due to the Company's improved performance, and paid amounts related to the sale of the Fishing business.

Depreciation and amortization charges were $9.4 million for the nine months ended June 29, 2001, compared to $9.2 million for the corresponding period of the prior year.

Deferred income tax assets decreased $0.6 million for the nine months ended June 29, 2001, compared to a increase of $2.6 million in the prior year. In the current year, the Company recorded a write-down of impaired goodwill for $2.5 million related to the potential divestiture of a small, non-strategic business in the Motors group.

Investing Activities

Cash flows used for investing activities were $8.0 million for the nine months ended June 29, 2001 compared to cash provided of $22.4 million for the corresponding period of the prior year.

Expenditures for property, plant and equipment were $7.5 million for the nine months ended June 29, 2001 and $9.9 million for the corresponding period of the prior year. The Company's recurring investments are made primarily for tooling for new products and enhancements. The decrease in capital expenditures in the current year is due primarily to investments to increase manufacturing capacity in the Company's Watercraft business included in the prior year. In 2001, capitalized expenditures are anticipated to total approximately $9.1 million. These expenditures are expected to be funded by working capital or existing credit facilities. The Company acquired two small businesses in the first and second quarters of the current year, which increased tangible and intangible assets by $0.6 million, net of cash acquired and liabilities assumed. The prior year included proceeds from the sale of the Fishing business for $33.1 million.

Financing Activities

Cash flows from financing activities totaled $30.1 million for the nine months ended June 29, 2001 and $3.6 million for the corresponding period of the prior year. The Company made principal payments on senior notes of $6.0 million in the current year and $21.5 million in the prior year. The increase in short-term debt was used to fund the operating and investing activities.

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. As of June 29, 2001, the Company had forward contracts to sell German marks and purchase U.S. dollars with a notional value of $3.0 million.

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. In the first quarter, the Company unwound a foreign currency swap agreement related to their 1998 senior note commitment. As a result, the fixed effective interest rate to be paid on the note became 7.15%. As of June 29, 2001, there are no interest rate instruments in place.

Commodities

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

Sensitivity to Changes in Value

The estimates that follow are intended to measure the maximum potential fair value or earnings the Company could lose in one year from adverse changes in foreign exchange rates or market interest rates under normal market conditions. The calculations are not intended to represent actual losses in fair value or earnings that the Company expects to incur. The estimates do not consider favorable changes in market rates. Further, since the hedging instrument (the derivative) inversely correlates with the underlying exposure, any loss or gain in the fair value of derivatives would be generally offset by an increase or decrease in the fair value of the underlying exposures. The positions included in the calculations are foreign exchange forwards, currency swaps and fixed rate debt. The calculations do not include the underlying foreign exchange positions that are hedged by these market risk sensitive instruments. The table below presents the estimated maximum potential one year loss in fair value and earnings before income taxes from a 10% movement in foreign currencies and a 100 basis point movement in interest rates on market risk sensitive instruments outstanding at June 29, 2001:

(millions)	Estimated Impact on	
	Fair Value	Earnings Before Income Taxes
Foreign exchange rate instruments	$0.3	$0.3
Interest rate instruments	1.0	0.4

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

In September 2000, the Financial Accounting Standards Board's Emerging Issues Task Force (EITF) reached a consensus on Issue No. 00-10, Accounting for Shipping and Handling Fees and Costs. This issue addresses the definition of shipping and handling costs and the income statement classification of these costs and amounts billed to customers for shipping and handling costs. The Company will adopt this consensus in the fourth quarter of 2001. Upon adoption, shipping and handling costs billed to customers and reported as marketing and selling expenses in the income statement will be reclassified and reported as a component of net sales. The Company is still evaluating the amount of the reclassification.

In May 2000, the EITF reached a consensus on Issue No. 00-14, Accounting for Certain Sales Incentives. This issue addresses the recognition, measurement, and income statement classification for various types of sales incentives including discounts, coupons, rebates and free products. The Company will adopt this consensus in the second quarter of 2002. The impact of this consensus is still being evaluated and the Company does not currently believe its adoption will have a material impact on the consolidated financial statements.

In April 2001, the EITF reached a consensus on Issue No. 00-25, Vendor Income Statement Characterization of Consideration to a Purchaser of the Vendor's Products or Services. This Issue addresses when consideration from a vendor to a retailer or distributor in connection with the purchase of the vendor's products to promote sales of the vendor's products should be classified in the vendor's income statement as a reduction of revenue or expense. The Company will adopt this consensus in the second fiscal quarter of 2002. The impact of this consensus is still being evaluated and the Company does not currently believe its adoption will have a material impact on the consolidated financial statements.

In June 2001, the Financial Accounting Standards Board (FASB) issued SFAS 141, Business Combinations and SFAS 142, Goodwill and Other Intangible Assets. SFAS 141 requires all business combinations initiated after June 30, 2001 to be accounted for using the purchase method of accounting. The Company has been using this method in accounting for its acquisitions.

SFAS 142 eliminates the amortization of goodwill over its estimated useful life. However, goodwill will be subject to at least an annual assessment for impairment by applying a fair-value-based test. The Company has been recognizing amortization expense related to goodwill of approximately $2.5 million annually. The Company does not have any negative goodwill recorded on the books. The Company is assessing the impact of the impairment testing requirements, but has not yet determined whether or the extent to which it will affect the financial statements.

The Company plans to adopt SFAS 141 and SFAS 142 at the start of the new fiscal year in October 2001.

Item 3. 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."

PART II OTHER INFORMATION

Item 6. Exhibits and Reports on Form 8-K

(a) The following documents are filed as part of this Form 10-Q

None

(b) Reports on Form 8-K.

No reports on Form 8-K were filed during the three months ended June 29, 2001.

JOHNSON OUTDOORS INC.
SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

JOHNSON OUTDOORS INC.

Date: August 13, 2001

/s/ Helen P. Johnson-Leipold

Helen P. Johnson-Leipold
Chairman and Chief Executive Officer

/s/ Paul A. Lehmann

Paul A. Lehmann
Vice President and Chief Financial Officer
(Principal Financial Officer)