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

FORM 10-K

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

For the fiscal year ended October 3, 1997

OR

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

For the transition period from _____ to _____

Commission file number 0-16255

JOHNSON WORLDWIDE ASSOCIATES, INC.
(Exact name of Registrant as specified in its charter)

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

1326 Willow Road, Sturtevant, Wisconsin 53177
(Address of principal executive offices)
(414) 884-1500
(Registrant's telephone number, including area code)

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

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

Class A Common Stock, $.05 par value

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

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

As of November 15, 1997, 6,881,923 shares of Class A and 1,227,915 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 $75,697,000 on November 15, 1997.

DOCUMENTS INCORPORATED BY REFERENCE

| | Document | Part and Item Number of Form 10-K into which Incorporated |
|---|---|---|
| 1. | Johnson Worldwide Associates, Inc. 1997 Annual Report | Part I, Items 1 and 2, and Part II, Items 5, 6, 7 and 8 |
| 2. | Johnson Worldwide Associates, Inc. Notice of Annual Meeting of Shareholders and Proxy Statement for the Annual Meeting of Shareholders to be held January 28, 1998 | Part III, Items 10, 11, 12 and 13 |

## ITEM 1. BUSINESS

Johnson Worldwide Associates, Inc. and its subsidiaries (the "Company") are engaged in the manufacture and marketing of recreation products. The Company's primary focus is on marketing and product innovation and design to maintain its strong brand names and consumer recognition. Research and development activities for each of the Company's principal businesses emphasize new products and innovation to differentiate the Company's products from those of its competitors.

The Company is controlled by Samuel C. Johnson, members of his family and related entities.

### Motors and Fishing Products

The overall motors and fishing markets in which the Company competes have been stagnant in recent years. The Company believes it has been able to

maintain its share of most markets primarily as a result of the Company's emphasis on marketing and product innovation. The Company controls a majority of the electric fishing motor market. Consumer advertising and promotion include advertising on regional television and in outdoor, general interest and sports magazines and in-store displays. Packaging and point-of-purchase materials are used to increase consumer appeal and sales.

Motors and Marine Products

The Company manufactures, under its Minn Kota and Neptune names, battery powered motors used on fishing boats and other boats for quiet trolling power or primary propulsion. The Company's Minn Kota and Neptune motors and related accessories are sold in the United States, Canada, Europe and the Pacific Basin through large retail store chains such as Wal Mart and K-Mart, catalogs, such as Bass Pro Shops and Cabelas, sporting goods specialty stores and marine dealers. The Company's Lake Electric division manufactures electric motors for original equipment manufacturers.

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

The Company was a leading supplier in Europe of marine products and accessories primarily for sailing, which the Company sold under the Plastimo name. Plastimo products and accessories included safety products (such as buoyancy vests and inflatable life rafts), mooring products (such as anchors, fenders and ladders), navigational equipment (such as cockpit instruments, automatic pilots and compasses) and jib reefing systems. Plastimo products were sold to a lesser extent in the United States and other markets worldwide. The Plastimo business was sold in January 1997.

Fishing Products

The Company's fishing products include Mitchell reels and rods, Johnson reels, Beetle Spin soft body lures and Johnson spoons. In 1995, the Company acquired the SpiderWire product line, giving it a leading brand in the "superline" segment of the fishing line market.

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

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

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

Outdoor Equipment Products

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

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

The Company markets both Eureka! camping and commercial tents. The Company's camping tents have outside self-supporting aluminum frames allowing quicker and easier set-up, a design approach first introduced by the Company. Most Eureka! tents are made from breathable nylon. The Company's commercial tents include party tents and tents for fairs. Party tents are sold primarily to general rental stores while other commercial tents are sold directly to tent erectors. Commercial tents are manufactured by the Company in the United States. The Company was awarded several contracts for production of both camping and commercial tents by the U.S. Armed Forces in 1997. Eureka! products are sold under license in Japan and Korea.

Camp Trails backpacks consist primarily of internal and external frame backpacks for hiking and mountaineering. The Company's line of Camp Trails backpacks also includes soft back bags, day packs and travel packs. Jack Wolfskin, a German marketer of camping tents, backpacks and outdoor clothing, distributes its products primarily through camping and backpacking specialty stores in Germany with additional distribution in other European countries and the United States and, under license, in Japan. Certain of these stores sell Jack Wolfskin products exclusively. Silva field compasses, which are manufactured by third parties, are marketed exclusively in North America.

Watercraft Products

The Company's watercraft are sold under the Old Town name and consist of whitewater, tripping, touring and general recreational purpose canoes for the high quality and mid-price segments of the canoe market and both entry level and higher performance kayaks. The Company has developed a proprietary roto-molding process for manufacturing polyethylene canoes to compete in the higher volume mid-priced range of the market. These canoes maintain many of the design and durability characteristics of higher priced canoes. The Company also manufactures canoes from fiberglass, Royalex (ABS) and wood. In 1997, the Company acquired Ocean Kayak, a leading manufacturer of sit-on-top kayaks. The Company's canoes and kayaks are sold primarily to sporting goods stores, catalog and mail order houses such as L. L. Bean, canoe specialty stores and marine dealers in the United States and Europe. The United States market for canoes is relatively constant, while the kayak market is exhibiting strong growth. The Company believes, based on industry data, that it is the leading manufacturer of canoes and kayaks in the United States in both unit and dollar sales. Carlisle Paddles, a manufacturer of composite canoe paddles, supplies certain paddles that are sold with the Company's canoes and kayaks as well as paddles which are distributed through the same channels as the Company's watercraft.

In October 1997, the Company acquired the stock of Plastiques L.P.A. Limitee, the manufacturer of the Dimension brand of kayaks.

Diving Products

The Company believes that it is one of the world's largest manufacturers and distributors of underwater diving products which it sells under the Scubapro and SnorkelPro names. The Company markets a full line of underwater diving and snorkeling equipment including regulators, stabilizing jackets, tanks, depth gauges, masks, fins, snorkels, diving electronics and other accessories. In 1997, the Company acquired the stock of Uwatec AG, a leading manufacturer of dive computers and other electronics under the Aladin and Uwatec names. Scubapro, Aladin and Uwatec products are marketed to the high quality, premium priced segment of the market. The Company maintains a marketing policy of limited distribution and sells primarily through independent specialty diving shops worldwide. These diving shops generally provide a wide range of services to divers, including instruction and repair service. Scubapro, Aladin and Uwatec products are marketed globally.

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

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

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

Sales by Category

The following table depicts net sales by major product category:

| | Year Ended | | | | | |
|---|---|---|---|---|---|---|
| | October 3 1997 | % | September 27 1996 | % | September 29 1995 | % |
| | | | (thousands) | | | |
| Fishing | $66,313 | 22% | $72,561 | 21% | $71,329 | 21% |
| Motors | 54,032 | 18 | 62,040 | 18 | 69,631 | 20 |
| Outdoor Equipment | 74,915 | 25 | 78,337 | 23 | 78,029 | 23 |
| Watercraft | 22,885 | 7 | 18,050 | 5 | 18,066 | 5 |
| Diving | 77,066 | 25 | 76,999 | 22 | 74,430 | 21 |
| Subtotal | 295,211 | 97 | 307,987 | 89 | 311,485 | 90 |
| Divested Businesses | 7,910 | 3 | 36,386 | 11 | 35,705 | 10 |

| | | | | | |
|---|---|---|---|---|---|
| $303,121 | 100% | $344,373 | 100% | $347,190 | 100% |

Sales to Wal Mart Stores, Inc. and its affiliated entities totaled $33,799,000 in 1997 and $34,902,000 in 1995. No customer accounted for 10% or more of sales in 1996.

International Operations

See Note 12 to the Consolidated Financial Statements on page 30 of the Company's 1997 Annual Report, which is incorporated herein by reference, 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 on page 21 of the Company's 1997 Annual Report, which is incorporated herein by reference.

Competition

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

Employees

At October 3, 1997, the Company had approximately 1,366 employees working in its businesses. The Company considers its employee relations to be excellent.

Backlog

The Company's businesses do not receive significant orders in advance of expected shipment dates.

Patents, Trademarks and Proprietary Rights

The Company owns no single patent which is material to its business as a whole. However, the Company holds several patents, principally for diving products and roto-molded canoes and has filed several applications for patents. The Company also has numerous trademarks and trade names which the Company considers important to its business.

Sources and Availability of Materials

The Company's products use materials that are generally in adequate supply. In 1995, however, the Company experienced shortages in the supply of magnets, which are key components used in its electric motors. The shortage of magnets hindered the Company's ability to meet customer demand for its electric motor products for several months in 1995.

Seasonality

The Company's business is seasonal. The following table shows total net sales and operating profit of the Company for each quarter, as a percentage of the total year. Inventory writedowns of $10.3 million in 1996 are included as components of the fourth quarter operating losses. Nonrecurring charges totaling $6.8 million impacted operating results in the second, third and fourth quarters of 1996.

| | Year Ended | | | | | |
|---|---|---|---|---|---|---|
| | October 3, 1997 | | September 27, 1996 | | September 29, 1995 | |
| Quarter Ended | Net Sales | Operating Profit(Loss) | Net Sales | Operating Profit(Loss) | Net Sales | Operating Profit(Loss) |
| December | 17% | (20)% | 17% | (26)% | 15% | (8)% |
| March | 32 | 66 | 32 | 169 | 31 | 50 |
| June | 29 | 55 | 32 | 141 | 34 | 66 |
| September | 22 | (1) | 19 | (184) | 20 | (8) |
| | 100% | 100% | 100% | 100% | 100% | 100% |

Executive Officers of the Registrant

The following list sets forth certain information, as of November 15, 1997, regarding the executive officers of the Company.

R. C. Whitaker, age 50, became President and Chief Executive Officer of

the Company in October 1996. From December 1995 to October 1996, Mr. Whitaker was President and Chief Executive Officer of EWI, Inc., a supplier to the automotive industry. From 1992 to September 1995, Mr. Whitaker was Chairman, President and Chief Executive Officer of Colt's Manufacturing Company, Inc., a manufacturer of firearms, and, from 1988 to 1992, was President of Wheelabrator Corporation.

Carl G. Schmidt, age 41, became Senior Vice President of the Company in May 1995 and has been Chief Financial Officer, Secretary and Treasurer of the Company since July 1994. From July 1994 until May 1995, Mr. Schmidt was a Vice President of the Company. From 1988 to July 1994, he was a partner in the firm of KPMG Peat Marwick LLP.

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 prefers to lease rather than own facilities to maintain operational flexibility and control the investment of financial resources in property. See Note 5 to the Consolidated Financial Statements on Page 27 of the Company's 1997 Annual Report, which is incorporated herein by reference, for a discussion of lease obligations.

The Company believes that its facilities are well maintained and have a capacity adequate to meet the Company's current needs.

The Company's principal manufacturing locations and distribution centers are:

| | | |
|---|---|---|
| Alton, Hampshire, England | Ferndale, Washington | Nykoping, Sweden |
| Antibes, France | Genoa, Italy | Old Town, Maine |
| Bad Sakingen, Germany | Grayling, Michigan | Racine, Wisconsin |
| Barcelona, Spain | Hallwil, Switzerland | Rancho Dominguez, California |
| Basingstoke, Hampshire, England | Henggart, Switzerland | Rickenbach-Hottingen, Germany |
| Binghamton, New York | Honolulu, Hawaii | San Diego, California |
| Brunswick, Maine | Idstein, Germany | Salzburg-Glasenbach, Austria |
| Bruxelles, Belgium | Mankato, Minnesota | Silverwater, Australia |
| Burlington, Ontario, Canada | Marignier, France | Tijuana, Mexico |
| Chi Wan, Hong Kong | Meylan Cedex, France | Tokyo (Kawasaki), Japan |

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

ITEM 3. LEGAL PROCEEDINGS

The Company is subject to various legal actions and proceedings in the normal course of business, including those related to environmental 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.

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

There were no matters submitted to a vote of security holders during the last quarter of the year ended October 3, 1997.

PART II

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

Information with respect to this item is included on pages 27, 29, 30 and 32 and the inside back cover of the Company's 1997 Annual Report, which is incorporated herein by reference.

There is no public market for the Registrant'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 15, 1997, the Company had 742 holders of record of its Class A Common Stock and 67 holders of record of its Class B Common Stock.

The Company has never paid a dividend on its Common Stock.

ITEM 6. SELECTED FINANCIAL DATA

Information with respect to this item is included on page 32 of the Company's 1997 Annual Report, which is incorporated herein by reference.

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

Information with respect to this item is included on pages 17 to 19 of the

Company's 1997 Annual Report, which is incorporated herein by reference.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Information with respect to this item is not required to be disclosed by the Company until the Company makes filings that include financial statements for fiscal years ending after June 15, 1998.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The following consolidated financial statements and supplemental data of the Registrant and its subsidiaries, included on pages 20 to 32 of the Company's 1997 Annual Report, are incorporated herein by reference:

Consolidated Balance Sheets - October 3, 1997 and September 27, 1996
Consolidated Statements of Operations - Years ended October 3, 1997, September 27, 1996 and September 29, 1995
Consolidated Statements of Shareholders' Equity - Years ended October 3, 1997, September 27, 1996 and September 29, 1995
Consolidated Statements of Cash Flows - Years ended October 3, 1997, September 27, 1996 and September 29, 1995
Notes to Consolidated Financial Statements
Independent Auditors' Report
Quarterly Financial Summary

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 the Executive Officers which appears at the end of Part I of this report, is included in the Company's January 28, 1998 Proxy Statement, which is incorporated herein by reference, under the headings "Election of Directors" and "Section 16(a) Beneficial Ownership Reporting Compliance."

ITEM 11. EXECUTIVE COMPENSATION

Information with respect to this item is included in the Company's January 28, 1998 Proxy Statement, which is incorporated herein by reference, under the headings "Election of Directors - Compensation of Directors" and "Executive Compensation;" provided, however, that the subsection entitled "Executive Compensation - Compensation Committee Report on Executive Compensation" shall not be deemed to be incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Information with respect to this item is included in the Company's January 28, 1998 Proxy Statement, which is incorporated herein by reference, under the heading "Stock Ownership of Management and Others."

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Information with respect to this item is included in the Company's January 28, 1998 Proxy Statement, which is incorporated herein by reference, under the heading "Certain Transactions."

PART IV

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

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

1. Financial Statements:

Included in Item 8 of Part II of this Form 10-K are the following Consolidated Financial Statements, related notes thereto, and independent auditors' report which are incorporated herein by reference from the 1997 Annual Report:

Consolidated Balance Sheets - October 3, 1997 and September 27, 1996
Consolidated Statements of Operations - Years ended October 3, 1997, September 27, 1996 and September 29, 1995
Consolidated Statements of Shareholders' Equity - Years ended October 3, 1997, September 27, 1996 and September 29, 1995
Consolidated Statements of Cash Flows - Years ended October 3, 1997, September 27, 1996 and September 29, 1995
Notes to Consolidated Financial Statements
Independent Auditors' Report

2. Financial Statement Schedules and Independent Auditors' Report:

Included in Part IV of this Form 10-K is the following financial statement schedule and independent auditors' report:

Independent Auditors' Report
Schedule II - Valuation and Qualifying Accounts

All other 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.

3. Exhibits

See Exhibit Index.

(b) Reports on Form 8-K:

On July 28, 1997, the Company filed a Current Report on Form 8-K dated July 11, 1997 to reflect (under Item 2 of Form 8-K) the acquisition by a second-tier subsidiary of the Company all of the issued and outstanding shares of capital stock of Uwatec AG. On September 24, 1997, the Company filed an amendment on Form 8-K/A to the Company's Current Report on Form 8-K dated July 11, 1997. The report, as amended, included (under Item 7 of Form 8-K) the following financial statements: Uwatec Group -- Combined Balance Sheet as of December 31, 1996, Combined Statement of Operations for the year ended December 31, 1996, Combined Statement of Changes in Shareholders' Equity for the year ended December 31, 1996 and Combined Statement of Cash Flows for the year ended December 31, 1996; and the Company --Pro Forma Condensed Consolidated Balance Sheet as of June 27, 1997 and Pro Forma Condensed Consolidated Statements of Operations for the year ended September 27, 1996 and for the nine months ended June 27, 1997.

INDEPENDENT AUDITORS' REPORT

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

Under date of November 11, 1997, we reported on the consolidated balance sheets of Johnson Worldwide Associates, Inc. and subsidiaries as of October 3, 1997 and September 27, 1996, and the related consolidated statements of operations, shareholders' equity, and cash flows for each of the years in the three-year period ended October 3, 1997, as contained in the 1997 Annual Report. These consolidated financial statements and our report thereon are incorporated by reference in the Annual Report on Form 10-K for the fiscal year 1997. In connection with our audits of the aforementioned consolidated financial statements, we also audited the related consolidated financial statement schedule as listed in Item 14(a). This financial statement schedule is the responsibility of the Company's management. Our responsibility is to express an opinion on this financial statement schedule based on our audits.

In our opinion, such financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

KPMG Peat Marwick LLP

Milwaukee, Wisconsin
November 11, 1997

JOHNSON WORLDWIDE ASSOCIATES, INC. AND SUBSIDIARIES

SCHEDULE II - VALUATION AND QUALIFYING ACCOUNTS

| | Balance at Beginning of Year | Additions Charged to Costs and Expenses | Reserves of Businesses Acquired or Sold | Deductions(1) | Balance at End of Year |
|---|---|---|---|---|---|
| | | | (thousands) | | |
| Year ended October 3, 1997: | | | | | |
| Allowance for doubtful accounts | $ 2,235 | $1,604 | $ 217 | 1,363 | $2,693 |
| Inventory reserves | 13,665 | 445 | 1,100 | 4,990 | 10,220 |
| Year ended September 27, 1996: | | | | | |
| Allowance for doubtful accounts | 2,610 | 1,662 | -- | 2,037 | 2,235 |
| Inventory reserves | 5,118 | 12,202 | -- | 3,655 | 13,665 |
| Year ended September 29, 1995: | | | | | |
| Allowance for doubtful accounts | 2,317 | 1,567 | -- | 1,274 | 2,610 |
| Inventory reserves | 7,554 | 1,561 | -- | 3,997 | 5,118 |

(1) Includes the impact of foreign currency fluctuations on this balance sheet account.

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 18th day of December 1997.

JOHNSON WORLDWIDE ASSOCIATES, INC.
(Registrant)

By /s/ R. C. Whitaker
R. C. Whitaker
President and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed by the following persons in the capacities indicated on the 18th day of December 1997.

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

EXHIBIT INDEX

| Exhibits | Title | Page No. |
|---|---|---|
| 3.1 | Articles of Incorporation of the Company. (Filed as Exhibit 3.1 to the Company's Form S-1 Registration Statement No. 33-16998, and incorporated herein by reference.) | * |
| 3.2 | Amendment to Bylaws of the Company dated October 7, 1997. | - |
| 3.3 | Bylaws of the Company as amended through October 7, 1997. | - |
| 4.1 | Note Agreement dated May 1, 1993. (Filed as Exhibit 4 to the Company's Form 10-Q for the quarter ended July 2, 1993 and incorporated herein by reference.) | * |
| 4.2 | Letter Amendment dated September 30, 1993 to Note Agreement dated May 1, 1993. (Filed as Exhibit 4.8 to the Company's Form 10-K for the year ended October 1, 1993 and incorporated herein by reference.) | * |
| 4.3 | Second Amendment dated October 31, 1996 to Note Agreement dated May 1, 1993. (Filed as Exhibit 4.2 to the Company's Form 10-Q for the quarter ended December 27, 1996 and incorporated herein by reference.) | * |
| 4.4 | Third Amendment dated September 30, 1997 to Note Agreement dated May 1, 1993. | - |
| 4.5 | Fourth Amendment dated October 3, 1997 to Note Agreement dated May 1, 1993. | - |
| 4.6 | Note Agreement dated October 1, 1995. (Filed as Exhibit 4.1 to the Company's Form 10-Q for the quarter ended December 29, 1995 and incorporated herein by reference.) | * |
| 4.7 | First Amendment dated October 31, 1996 to Note Agreement dated October 1, 1995. (Filed as Exhibit 4.3 to the Company's Form 10-Q for the quarter ended December 27, 1996 and incorporated herein by reference.) | * |
| 4.8 | Second Amendment dated September 30, 1997 to Note Agreement dated October 1, 1995. | - |
| 4.9 | Third Amendment dated October 3, 1997 to Note Agreement dated October 1, 1995. | - |
| 4.10 | Credit Agreement dated November 29, 1995. (Filed as Exhibit 4.2 to the Company's Form 10-Q for the quarter ended December 29, 1995 and incorporated herein by reference.) | * |
| 4.11 | Amendment No. 1 dated July 1, 1996 to Credit Agreement dated November 29, 1995. (Filed as Exhibit 4.7 to the Company's Form 10-K for the year ended September 27, 1996 and incorporated herein by reference.) | * |
| 4.12 | Waiver and Amendment No. 2 dated November 6, 1996 to Credit Agreement dated November 29, 1995. | - |
| 4.13 | Amendment No. 3 dated July 9, 1997 to Credit Agreement dated November 29, 1995. | - |
| 4.14 | Amendment No. 4 dated September 30, 1997 to Credit Agreement dated November 29, 1995. | - |
| 4.15 | Note Agreement dated as of September 15, 1997. | - |
| 9. | Johnson Worldwide Associates, Inc. Class B Common Stock Voting Trust Agreement, dated December 30, 1993 (Filed as Exhibit 9 to the Company's Form 10-Q for the quarter ended December 31, 1993 and incorporated herein by reference.) | * |
| 10.1 | Asset Purchase Agreement between Johnson Worldwide Associates, Inc. and Safari Land Ltd., Inc. dated as of March 31, 1995 (Filed | * |

| | | |
|---|---|---|
| | as Exhibit 2 to the Company's Form 10-Q for the quarter ended March 31, 1995 and incorporated herein by reference.) | |
| 10.2 | Share Purchase Agreement by and between Johnson Worldwide Associates, Inc., Societe Figeacoise de Participations and Plastimo, S.A., dated as of January 30, 1997. (Filed as Exhibit 2 to the Company's Form 8-K dated January 30, 1997 and incorporated herein by reference.) | * |
| 10.3 | Share Purchase Agreement by and between Johnson Beteiligungsgesellschaft mbH, Johnson Worldwide Associates, Inc. and Heinz Ruchti and Karl Leeman (the selling shareholders of Uwatec AG), dated July 11, 1997. (Filed as Exhibit 2 to the Company's Form 8-K dated July 11, 1997 and incorporated herein by reference.) | * |
| 10.4+ | Johnson Worldwide Associates, Inc. Amended and Restated 1986 Stock Option Plan. (Filed as Exhibit 10 to the Company's Form 10-Q for the quarter ended July 2, 1993 and incorporated herein by reference.) | * |
| 10.5 | Registration Rights Agreement regarding Johnson Worldwide Associates, Inc. Common Stock issued to the Johnson family prior to the acquisition of Johnson Diversified, Inc. (Filed as Exhibit 10.6 to the Company's Form S-1 Registration Statement No. 33-16998, and incorporated herein by reference.) | * |
| 10.6 | Registration Rights Agreement regarding Johnson Worldwide Associate, Inc. Class A Common Stock held by Mr. Samuel C. Johnson. (Filed as Exhibit 28 to the Company's Form 10-Q for the quarter ended March 29, 1991 and incorporated herein by reference.) | * |
| 10.7+ | Form of Restricted Stock Agreement. (Filed as Exhibit 10.8 to the Company's Form S-1 Registration Statement No. 33-23299, and incorporated herein by reference.) | * |
| 10.8+ | Form of Supplemental Retirement Agreement of Johnson Diversified, Inc. (Filed as Exhibit 10.9 to the Company's Form S-1 Registration Statement No. 33-16998, and incorporated herein by reference.) | * |
| 10.9+ | Johnson Worldwide Associates Retirement and Savings Plan. (Filed as Exhibit 10.9 to the Company's Form 10-K for the year ended September 29, 1989 and incorporated herein by reference.) | * |
| 10.10+ | Form of Agreement of Indemnity and Exoneration with Directors and Officers. (Filed as Exhibit 10.11 to the Company's Form S-1 Registration Statement No. 33-16998, and incorporated herein by reference.) | * |
| 10.11 | Consulting and administrative agreements with S. C. Johnson & Son, Inc. (Filed as Exhibit 10.12 to the Company's Form S-1 Registration Statement No. 33-16998, and incorporated herein by reference.) | * |
| 10.12+ | Johnson Worldwide Associates, Inc. 1994 Long-Term Stock Incentive Plan. (Filed as Exhibit 4 to the Company's S-8 Registration Statement No. 33-59325 and incorporated herein by reference.) | * |
| 10.13+ | Johnson Worldwide Associates, Inc. 1994 Non-Employee Director Stock Ownership Plan. (Filed as Exhibit 4 to the Company's Form S-8 Registration Statement No. 33-52073 and incorporated herein by reference.) | * |
| 10.14+ | Separation agreement, dated July 18, 1996, between the Company and John D. Crabb. (Filed as Exhibit 10.13 to the Company's Form 10-K for the year ended September 27, 1996 and incorporated herein by reference.) | * |
| 10.15+ | Johnson Worldwide Associates Economic Value Added Bonus Plan | - |
| 11. | Statement regarding computation of per share | * |

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| | earnings. (Incorporated by reference to Note 13 to the Consolidated Financial Statements on page 30 of the Company's 1997 Annual Report.) | |
| 13. | Portions of the Johnson Worldwide Associates, Inc. 1997 Annual Report that are incorporated herein by reference. | - |
| 21. | Subsidiaries of the Company as of October 3, 1997. | - |
| 23. | Consent of KPMG Peat Marwick LLP. | - |
| 27. | Financial Data Schedule (EDGAR version only) | - |
| 99. | Definitive Proxy Statement for the 1998 Annual Meeting of Shareholders (Previously filed via the EDGAR system and incorporated herein by reference.) Except to the extent incorporated herein by reference, the Proxy Statement for the 1998 Annual Meeting of Shareholders shall not be deemed to be filed with the Securities and Exchange Commission as part of this Annual Report on Form 10-K. | * |

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

EXHIBIT 3.2

AMENDMENT TO THE BYLAWS
OF JOHNSON WORLDWIDE ASSOCIATES, INC.
(Amended as of October 7, 1997)

Section 3.02 was amended to add a new paragraph (e) which reads in its entirety as follows:

(e) Vice Chairman of the Board. The Board of Directors may elect a director as Vice Chairman of the Board. Whenever the Chairman is unable to perform his duties for whatever reason, or whenever the Chairman requests that the Vice Chairman perform such duties on behalf of the Chairman, the Vice Chairman shall have full authority to preside at all meetings of the shareholders and of the Board of Directors, call meetings of the shareholders and the Board of Directors, act as Chairman of the Executive Committee, advise and counsel the President and Chief Executive Officer, and assume such other duties as the Chairman is responsible to perform or as may be assigned to the Vice Chairman by the Chairman or the Board of Directors. The Vice Chairman shall be neither an officer nor an employee of the corporation (by virtue of his election and service as Vice Chairman of the Board) and may use the title Vice Chairman or Vice Chairman of the Board interchangeably.

# BYLAWS

# OF

# JOHNSON WORLDWIDE ASSOCIATES, INC.
(A Wisconsin Corporation)

(As amended through October 7, 1997)

## ARTICLE ONE

## Offices

1.01. Principal and Business Office. The corporation may have such principal and other business offices, either within or without the State of Wisconsin, as the Board of Directors may from time to time determine or as the business of the corporation may require from time to time.

1.02. Registered Office. The registered office of the corporation required by the Wisconsin Business Corporation Law to be maintained in the State of Wisconsin may be, but need not be, identical with the principal office in the State of Wisconsin, and the address of the registered office may be changed from time to time by the Board of Directors or by the registered agent. The business office of the registered agent of the corporation shall be identical to such registered office.

## ARTICLE TWO

## Meetings of the Shareholders

2.01. Annual Meetings. An annual meeting of the shareholders shall be held at such time and date as may be fixed by or under the authority of the Board of Directors and as designated in the notice thereof, for the purpose of electing directors and for the transaction of such other business as may come before the meeting.

2.02. Special Meetings.

(a) Special meetings of the shareholders, for any purpose or purposes, unless otherwise prescribed by statute, may be called by the Chairman of the Board, if any, the President or the Board of Directors of the corporation. The Chairman of the Board, if any, or the President shall call a special meeting of the shareholders upon demand, in accordance with this Section 2.02, of the holders of at least ten percent (10%) of all of the votes entitled to be cast on any issue proposed to be considered at the proposed special meeting.

(b) In order that the corporation may determine the shareholders entitled to demand a special meeting, the Board of Directors may fix a record date to determine the shareholders entitled to make such a demand (the "Demand Record Date"). The Demand Record Date shall not precede the date upon which the resolution fixing the Demand Record Date is adopted by the Board of Directors and shall not be more than 10 days after the date upon which the resolution fixing the Demand Record Date is adopted by the Board of Directors. Any shareholder of record seeking to have shareholders demand a special meeting shall, by sending written notice to the Secretary of the corporation by hand or by certified or registered mail, return receipt requested, request the Board of Directors to fix a Demand Record Date. The Board of Directors shall promptly, but in all events within 10 days after the date on which a valid request to fix a Demand Record Date is received, adopt a resolution fixing the Demand Record Date and shall make a public announcement of such Demand Record Date. If no Demand Record Date has been fixed by the Board of Directors within 10 days after the date on which such request is received by the Secretary, the Demand Record Date shall be the 10th day after the first date on which a valid written request to set a Demand Record Date is received by the Secretary. To be valid, such written request shall set forth the purpose or purposes for which the special meeting is to be held, shall be signed by one or more shareholders of record (or their duly authorized proxies or other representatives), shall bear the date of signature of each such shareholder (or proxy or other representative) and shall set forth all information about each such shareholder and about the beneficial owner or owners, if any, on whose behalf the request is made that would be required to be set forth in a shareholder's notice described in paragraph (a) (ii) of Section 2.12 of these bylaws.

(c) In order for a shareholder or shareholders to demand a special meeting, a written demand or demands for a special meeting by the holders of record as of the Demand Record Date of shares representing at least 10% of all the votes entitled to be cast on any issue proposed to be considered at the special meeting must be delivered to the corporation. To be valid, each written demand by a shareholder for a special meeting shall set forth the specific purpose or purposes for which the special meeting is to be held (which purpose or purposes shall be limited to the purpose or purposes set forth in the written request to set a Demand Record Date received by the corporation pursuant to paragraph (b) of this Section 2.02), shall be signed by one or more persons who as of the Demand

Record Date are shareholders of record (or their duly authorized proxies or other representatives), shall bear the date of signature of each such shareholder (or proxy or other representative), and shall set forth the name and address, as they appear in the corporation's books, of each shareholder signing such demand and the class and number of shares of the corporation which are owned of record and beneficially by each such shareholder, shall be sent to the Secretary by hand or by certified or registered mail, return receipt requested, and shall be received by the Secretary within 70 days after the Demand Record Date.

(d) The corporation shall not be required to call a special meeting upon shareholder demand unless, in addition to the documents required by paragraph (c) of this Section 2.02, the Secretary receives a written agreement signed by each Soliciting Shareholder (as defined below), pursuant to which each Soliciting Shareholder, jointly and severally, agrees to pay the corporation's costs of holding the special meeting, including the costs of preparing and mailing proxy materials for the corporation's own solicitation, provided that if each of the resolutions introduced by any Soliciting Shareholder at such meeting is adopted, and each of the individuals nominated by or on behalf of any Soliciting Shareholder for election as a director at such meeting is elected, then the Soliciting Shareholders shall not be required to pay such costs. For purposes of this paragraph (d), the following terms shall have the meanings set forth below:

(i) "Affiliate" of any Person (as defined herein) shall mean any Person controlling, controlled by or under common control with such first Person.

(ii) "Participant" shall have the meaning assigned to such term in Rule 14a-11 promulgated under the Securities Exchange Act of 1934, as amended (the "Exchange Act").

(iii) "Person" shall mean any individual, firm, corporation, partnership, joint venture, association, trust, unincorporated organization or other entity.

(iv) "Proxy" shall have the meaning assigned to such term in Rule 14a-1 promulgated under the Exchange Act.

(v) "Solicitation" shall have the meaning assigned to such term in Rule 14a-11 promulgated under the Exchange Act.

(vi) "Soliciting Shareholder" shall mean, with respect to any Special Meeting demanded by a shareholder or shareholders, any of the following Persons:

(A) if the number of shareholders signing the demand or demands of meeting delivered to the corporation pursuant to paragraph (c) of this Section 2.02 is 10 or fewer, each shareholder signing any such demand;

(B) if the number of shareholders signing the demand or demands of meeting delivered to the corporation pursuant to paragraph (c) of this Section 2.02 is more than 10, each Person who either (I) was a Participant in any Solicitation of such demand or demands or (II) at the time of the delivery to the corporation of the documents described in paragraph (c) of this Section 2.02 had engaged or intended to engage in any Solicitation of Proxies for use at such Special Meeting (other than a Solicitation of Proxies on behalf of the corporation); or

(C) any Affiliate of a Soliciting Shareholder, if a majority of the directors then in office determine, reasonably and in good faith, that such Affiliate should be required to sign the written notice described in paragraph (c) of this Section 2.02 and/or the written agreement described in this paragraph (d) in order to prevent the purposes of this Section 2.02 from being evaded.

(e) Except as provided in the following sentence, any special meeting shall be held at such hour and day as may be designated by whichever of the Chairman of the Board, if any, the President or the Board of Directors shall have called such meeting. In the case of any special meeting called by the Chairman of the Board, if any, or the President upon the demand of shareholders (a "Demand Special Meeting"), such meeting shall be held at such hour and day as may be designated by the Board of Directors; provided, however, that the date of any Demand Special Meeting shall be not more than 70 days after the record date for the meeting (as established in Section 2.05 hereof); and provided further that in the event that the directors then in office fail to designate an hour and date for a Demand Special Meeting within 10 days after the date that valid written demands for such meeting by the holders of record as of the Demand Record Date of shares representing at least 10% of all the votes entitled to be cast on each issue proposed to be considered at the special meeting are delivered to the corporation (the "Delivery Date"), then such meeting shall be held at 2:00 P.M. local time on the 100th day after the Delivery Date or, if such 100th day is not a Business Day (as defined below), on the first preceding Business Day. In fixing a meeting date for any special meeting, the Chairman of the Board, if any, the President or the Board of Directors may consider such factors as he or it deems relevant within the good faith exercise of his or its business judgment, including,

without limitation, the nature of the action proposed to be taken, the facts and circumstances surrounding any demand for such meeting, and any plan of the Board of Directors to call an annual meeting or a special meeting for the conduct of related business.

(f) The corporation may engage regionally or nationally recognized independent inspectors of elections to act as an agent of the corporation for the purpose of promptly performing a ministerial review of the validity of any purported written demand or demands for a special meeting received by the Secretary. For the purpose of permitting the inspectors to perform such review, no purported demand shall be deemed to have been delivered to the corporation until the earlier of (i) 5 Business Days following receipt by the Secretary of such purported demand and (ii) such date as the independent inspectors certify to the corporation that the valid demands received by the Secretary represent at least 10% of all the votes entitled to be cast on each issue proposed to be considered at the special meeting. Nothing contained in this paragraph (f) shall in any way be construed to suggest or imply that the Board of Directors or any shareholder shall not be entitled to contest the validity of any demand, whether during or after such 5 Business Day period, or to take any other action (including, without limitation, the commencement, prosecution or defense of any litigation with respect thereto).

(g) For purposes of these bylaws, "Business Day" shall mean any day other than a Saturday, a Sunday or a day on which banking institutions in the State of Wisconsin are authorized or obligated by law or executive order to close.

2.03. Place of Meeting. The Board of Directors, the Chairman of the Board, if any, or the President may designate any place, either within or without the State of Wisconsin, as the place of meeting for any annual or special meeting of the shareholders. If no designation is made, the place of meeting shall be the principal business office of the corporation in the State of Wisconsin. Any meeting may be adjourned to reconvene at any place designated by the Board of Directors, the Chairman of the Board, if any, or the President.

2.04. Notice. Written or printed notice of every annual or special meeting of the shareholders, stating the place, date and time of such meeting shall be delivered not less than ten nor more than sixty days before the date of the meeting (unless a different period is required by the Wisconsin Business Corporation Law or the Articles of Incorporation), either personally or by mail, by or at the direction of the Board of Directors, the Chairman of the Board, if any, the President or Secretary, to each shareholder of record entitled to vote at such meeting and to other shareholders as may be required by the Wisconsin Business Corporation Law. In the event of any Demand Special Meeting, such notice of meeting shall be sent not more than 30 days after the Delivery Date. Notices which are mailed shall be deemed to be delivered when deposited in the United States mail addressed to the shareholder at his or her address as it appears on the stock record books of the corporation, with postage thereon prepaid. Unless otherwise required by the Wisconsin Business Corporation Law or the articles of incorporation of the corporation, a notice of an annual meeting need not include a description of the purpose for which the meeting is called. In the case of any special meeting, (a) the notice of meeting shall describe any business that the Board of Directors shall have theretofore determined to bring before the meeting and (b) in the case of a Demand Special Meeting, the notice of meeting (i) shall describe any business set forth in the statement of purpose of the demands received by the corporation in accordance with Section 2.02 of these bylaws and (ii) shall contain all of the information required in the notice received by the corporation in accordance with Section 2.12(b) of these bylaws. If an annual or special meeting of the shareholders is adjourned to a different place, date or time, the corporation shall not be required to give notice of the new place, date or time if the new place, date or time is announced at the meeting before adjournment; provided, however, that if a new record date for an adjourned meeting is or must be fixed, the corporation shall give notice of the adjourned meeting to persons who are shareholders as of the new record date.

2.05. Fixing of Record Date. The Board of Directors may fix in advance a date not less than ten days and not more than seventy days prior to the date of any annual or special meeting of the shareholders as the record date for the purpose of determining shareholders entitled to notice of and to vote at such meeting. In the case of any Demand Special Meeting, (i) the meeting record date shall be not later than the 30th day after the Delivery Date and (ii) if the Board of Directors fails to fix the meeting record date within 30 days after the Delivery Date, then the close of business on such 30th day shall be the meeting record date. If no record date is fixed by the Board of Directors or by the Wisconsin Business Corporation Law for the determination of the shareholders entitled to notice of and to vote at a meeting of shareholders, the record date shall be the close of business on the day before the first notice is given to shareholders. The Board of Directors may also fix in advance a date as the record date for the purpose of determining shareholders entitled to demand a special meeting as contemplated by Section 2.02 of these bylaws, shareholders to take any other action or shareholders for any other purposes. Such record date shall not be more than seventy days prior to the date on which the particular action, requiring such determination of shareholders, is to be taken. If no record date is fixed by the Board of Directors or by the Wisconsin Business Corporation Law for the determination of shareholders entitled to demand a special meeting as contemplated in Section 2.02 of these bylaws, the record date shall be the

date that the first shareholder signs the demand. The record date for determining shareholders entitled to a distribution (other than a distribution involving a purchase, redemption or other acquisition of the corporation's shares) or a share dividend is the date on which the Board of Directors authorized the distribution or share dividend, as the case may be, unless the Board of Directors fixes a different record date. Except as provided by the Wisconsin Business Corporation Law for a court-ordered adjournment, a determination of shareholders entitled to notice of and to vote at a meeting of the shareholders is effective for any adjournment of such meeting unless the Board of Directors fixes a new record date, which it shall do if the meeting is adjourned to a date more than 120 days after the date fixed for the original meeting.

2.06. Shareholder Lists. After a record date for a special or annual meeting of the shareholders has been fixed, the corporation shall prepare a list of the names of all of the shareholders entitled to notice of the meeting. The list shall be arranged by class or series of shares, if any, and show the address of and number of shares held by each shareholder. Such list shall be available for inspection by any shareholder, beginning two business days after notice of the meeting is given for which the list was prepared and continuing to the date of the meeting, at the corporation's principal office or at a place identified in the meeting notice in the city where the meeting will be held. A shareholder or his agent may, on written demand, inspect and, subject to the limitations imposed by the Wisconsin Business Corporation Law, copy the list, during regular business hours and at his or her expense, during the period that it is available for inspection pursuant to this Section 2.06. The corporation shall make the shareholders' list available at the meeting and any shareholder or his or her agent or attorney may inspect the list at any time during the meeting or any adjournment thereof. Refusal or failure to prepare or make available the shareholders' list shall not affect the validity of any action taken at a meeting of the shareholders.

2.07. Quorum and Voting Requirements; Postponements; Adjournments.

(a) Shares entitled to vote as a separate voting group may take action on a matter at a meeting only if a quorum of those shares exists with respect to that matter. If at any time the corporation has only one class of common stock outstanding, such class shall constitute a separate voting group for purposes of this Section 2.07. Except as otherwise provided in the Articles of Incorporation, any bylaw adopted under authority granted in the Articles of Incorporation or by the Wisconsin Business Corporation Law, a majority of the votes entitled to be cast on the matter shall constitute a quorum of the voting group for action on that matter. Once a share is represented for any purpose at a meeting, other than for the purpose of objecting to holding the meeting or transacting business at the meeting, it is considered present for purposes of determining whether a quorum exists for the remainder of the meeting and for any adjournment of that meeting unless a new record date is or must be set for the adjourned meeting. If a quorum exists, except in the case of the election of directors, action on a matter shall be approved if the votes cast within the voting group favoring the action exceed the votes cast within the voting group opposing the action, unless the Articles of Incorporation, any bylaw adopted under authority granted in the Articles of Incorporation or the Wisconsin Business Corporation Law requires a greater number of affirmative votes. Unless otherwise provided in the Articles of Incorporation, directors shall be elected by a plurality of the votes cast within the voting group entitled to vote in the election of such directors at a meeting at which a quorum is present. For purposes of this Section 2.08, "plurality" means that the individuals who receive the largest number of votes cast, within the voting group entitled to vote in the election of such directors, are elected as directors up to the maximum number of directors to be chosen at the meeting by such voting group.

(b) The Board of Directors acting by resolution may postpone and reschedule any previously scheduled annual meeting or special meeting; provided, however, that a Demand Special Meeting shall not be postponed beyond the 100th day following the Delivery Date. Any annual meeting or special meeting may be adjourned from time to time, whether or not there is a quorum, (i) at any time, upon a resolution of shareholders if the votes cast in favor of such resolution by the holders of shares of each voting group entitled to vote on any matter theretofore properly brought before the meeting exceed the number of votes cast against such resolution by the holders of shares of each such voting group or (ii) at any time prior to the transaction of any business at such meeting, by the Chairman of the Board or the President or pursuant to a resolution of the Board of Directors. No notice of the time and place of adjourned meetings need be given except as required by the Wisconsin Business Corporation Law. At such adjourned meeting at which a quorum shall be present or represented, any business may be transacted which might have been transacted at the meeting as originally notified, provided that no business shall be transacted at such adjourned meeting on which any class of stock is entitled to be voted which class shall not have been permitted to participate in the vote to adjourn the meeting.

2.08. Proxies. At all meetings of the shareholders, a shareholder entitled to vote may vote either in person or by proxy. A shareholder may appoint a proxy to vote or otherwise act for the shareholder by signing an appointment form, either personally or by his or her attorney-in-fact. An appointment of a proxy is effective when

received by the Secretary or other officer or agent of the corporation authorized to tabulate votes. An appointment is valid for eleven months from the date of its signing unless a different period is expressly provided in the appointment form. Unless otherwise conspicuously stated on the appointment form, a proxy may be revoked at any time before it is voted, either by written notice delivered to the Secretary or other officer or agent of the corporation authorized to tabulate votes or by oral notice given by the shareholder to the presiding person during the meeting. The Board of Directors shall have the power and authority to make rules establishing presumptions as to the validity and sufficiency of proxies.

2.09. Conduct of Meetings. The Chairman of the Board, if any, and in his absence the President, shall call the meeting of the shareholders to order, shall act as chairman of the meeting and shall otherwise preside at the meeting. In the absence of the Chairman of the Board, if any, and the President, a person designated by the Board of Directors shall preside. The person presiding at any meeting of the shareholders shall have the power to determine (i) whether and to what extent proxies presented at the meeting shall be recognized as valid, (ii) the procedure for tabulating votes at such meeting, (iii) procedures for the conduct of such meeting, and (iv) any questions which may be raised at such meeting. The person presiding at any meeting of the shareholders shall have the right to delegate any of the powers contemplated by this Section 2.09 to such other person or persons as the person presiding deems desirable. The Secretary of the corporation shall act as secretary of all meetings of shareholders, but, in the absence of the Secretary, the presiding person may appoint any other person to act as secretary of the meeting.

2.10. Acceptance of Instruments Showing Shareholder Action. If the name signed on a vote, consent, waiver or proxy appointment corresponds to the name of a shareholder, the corporation, if acting in good faith, may accept the vote, consent, waiver or proxy appointment and give it effect as the act of a shareholder. If the name signed on a vote, consent, waiver or proxy appointment does not correspond to the name of a shareholder, the corporation, if acting in good faith, may accept the vote, consent, waiver or proxy appointment and give it effect as the act of the shareholder if any of the following apply:

(a) The shareholder is an entity and the name signed purports to be that of an officer or agent of the entity.

(b) The name purports to be that of a personal representative, administrator, executor, guardian or conservator representing the shareholder and, if the corporation requests, evidence of fiduciary status acceptable to the corporation is presented with respect to the vote, consent, waiver or proxy appointment.

(c) The name signed purports to be that of a receiver or trustee in bankruptcy of the shareholder and, if the corporation requests, evidence of this status acceptable to the corporation is presented with respect to the vote, consent, waiver or proxy appointment.

(d) The name signed purports to be that of a pledgee, beneficial owner, or attorney-in-fact of the shareholder and, if the corporation requests, evidence acceptable to the corporation of the signatory's authority to sign for the shareholder is presented with respect to the vote, consent, waiver or proxy appointment.

(e) Two or more persons are the shareholders as co-tenants or fiduciaries and the name signed purports to be the name of at least one of the co-owners and the person signing appears to be acting on behalf of all co-owners.

The corporation may reject a vote, consent, waiver or proxy appointment if the Secretary or other officer or agent of the corporation who is authorized to tabulate votes, acting in good faith, has reasonable basis for doubt about the validity of the signature on it or about the signatory's authority to sign for the shareholder.

2.11. Waiver of Notice by Shareholders. A shareholder may waive any notice required by the Wisconsin Business Corporation Law, the Articles of Incorporation or these bylaws before or after the date and time stated in the notice. The waiver shall be in writing and signed by the shareholder entitled to the notice, contain the same information that would have been required in the notice under applicable provisions of the Wisconsin Business Corporation Law (except that the time and place of the meeting need not be stated) and be delivered to the corporation for inclusion in the corporate records. A shareholder's attendance at a meeting, in person or by proxy, waives objection to all of the following: (a) lack of notice or defective notice of the meeting, unless the shareholder at the beginning of the meeting or promptly on arrival objects to holding the meeting or transaction business at the meeting; and (b) consideration of a particular matter at the meeting that is not within the purpose described in the meeting notice, unless the shareholder objects to considering the matter when it is presented.

2.12. Notice of Shareholder Business and Nomination of Directors.

(a) Annual Meetings.

(i) Nominations of persons for election to the Board of Directors of the corporation and the proposal of business to be considered by the shareholders may be made at an annual meeting (A) pursuant to the corporation's notice of meeting, (B) by or at the direction of the Board of Directors or (C) by any shareholder of the corporation who is a shareholder of record at the time of giving of notice provided for in this by-law and who is entitled to vote at the meeting and complies with the notice procedures set forth in this Section 2.12.

(ii) For nominations or other business to be properly brought before an annual meeting by a shareholder pursuant to clause (C) of paragraph (a)(i) of this Section 2.12, the shareholder must have given timely notice thereof in writing to the Secretary of the corporation. To be timely, a shareholder's notice shall be received by the Secretary of the corporation at the principal offices of the corporation not earlier than the 90th day prior to the date of such annual meeting and not later than the close of business on the later of (x) the 60th day prior to such annual meeting and (y) the 10th day following the day on which public announcement of the date of such meeting is first made. Such shareholder's notice shall be signed by the shareholder of record who intends to make the nomination or introduce the other business (or his duly authorized proxy or other representative), shall bear the date of signature of such shareholder (or proxy or other representative) and shall set forth: (A) the name and address, as they appear on this corporation's books, of such shareholder and the beneficial owner or owners, if any, on whose behalf the nomination or proposal is made; (B) the class and number of shares of the corporation which are beneficially owned by such shareholder or beneficial owner or owners; (C) a representation that such shareholder is a holder of record of shares of the corporation entitled to vote at such meeting and intends to appear in person or by proxy at the meeting to make the nomination or introduce the other business specified in the notice; (D) in the case of any proposed nomination for election or re-election as a director, (I) the name and residence address of the person or persons to be nominated, (II) a description of all arrangements or understandings between such shareholder or beneficial owner or owners and each nominee and any other person or persons (naming such person or persons) pursuant to which the nomination is to be made by such shareholder, (III) such other information regarding each nominee proposed by such shareholder as would be required to be disclosed in solicitations of proxies for elections of directors, or would be otherwise required to be disclosed, in each case pursuant to Regulation 14A under the Exchange Act, including any information that would be required to be included in a proxy statement filed pursuant to Regulation 14A had the nominee been nominated by the Board of Directors and (IV) the written consent of each nominee to be named in a proxy statement and to serve as a director of the corporation if so elected; and (E) in the case of any other business that such shareholder proposes to bring before the meeting, (I) a brief description of the business desired to be brought before the meeting and, if such business includes a proposal to amend these bylaws, the language of the proposed amendment, (II) such shareholder's and beneficial owner's or owners' reasons for conducting such business at the meeting and (III) any material interest in such business of such shareholder and beneficial owner or owners.

(iii) Notwithstanding anything in the second sentence of paragraph (a)(ii) of this Section 2.12 to the contrary, in the event that the number of directors to be elected to the Board of Directors of the corporation is increased and there is no public announcement naming all of the nominees for director or specifying the size of the increased Board of Directors made by the corporation at least 60 days prior to the annual meeting, a shareholder's notice required by this Section 2.12 shall also be considered timely, but only with respect to nominees for any new positions created by such increase, if it shall be received by the Secretary at the principal offices of the corporation not later than the close of business on the 10th day following the day on which such public announcement is first made by the corporation.

(b) Special Meetings. Only such business shall be conducted at a special meeting as shall have been described in the notice of meeting sent to shareholders pursuant to Section 2.04 of these bylaws. Nominations of persons for election to the Board of Directors may be made at a special meeting at which directors are to be elected pursuant to such notice of meeting (i) by or at the direction of the Board of Directors or (ii) by any shareholder of the corporation who (A) is a shareholder of record at the time of giving of such notice of meeting, (B) is entitled to vote at the meeting and (C) complies with the notice procedures set forth in this Section 2.12. Any shareholder desiring to nominate persons for election to the Board of Directors at such a special meeting shall cause a written notice to be received by the Secretary of the corporation at the principal offices of the corporation not earlier than 90 days prior to such special meeting and not later than the close of business on the later of (x) the 60th day prior to such special meeting and (y) the 10th day following the day on which public announcement is first made of the date of such special meeting and of the nominees proposed by the Board of Directors to be elected at such meeting. Such written notice shall be signed by the shareholder of record who intends to make the nomination (or his duly authorized proxy or other representative), shall bear the date of signature of such shareholder (or proxy or other representative) and shall

set forth: (A) the name and address, as they appear on the corporation's books, of such shareholder and the beneficial owner or owners, if any, on whose behalf the nomination is made; (B) the class and number of shares of the corporation which are beneficially owned by such shareholder or beneficial owner or owners; (C) a representation that such shareholder is a holder of record of shares of the corporation entitled to vote at such meeting and intends to appear in person or by proxy at the meeting to make the nomination specified in the notice; (D) the name and residence address of the person or persons to be nominated; (E) a description of all arrangements or understandings between such shareholder or beneficial owner or owners and each nominee and any other person or persons (naming such person or persons) pursuant to which the nomination is to be made by such shareholder; (F) such other information regarding each nominee proposed by such shareholder as would be required to be disclosed in solicitations of proxies for elections of directors, or would be otherwise required to be disclosed, in each case pursuant to Regulation 14A under the Exchange Act, including any information that would be required to be included in a proxy statement filed pursuant to Regulation 14A had the nominee been nominated by the Board of Directors; and (G) the written consent of each nominee to be named in a proxy statement and to serve as a director of the corporation if so elected.

(c) General.

(i) Only persons who are nominated in accordance with the procedures set forth in this Section 2.12 shall be eligible to serve as directors. Only such business shall be conducted at an annual meeting or special meeting as shall have been brought before such meeting in accordance with the procedures set forth in this Section 2.12. The chairman of the meeting shall have the power and duty to determine whether a nomination or any business proposed to be brought before the meeting was made in accordance with the procedures set forth in this Section 2.12 and, if any proposed nomination or business is not in compliance with this Section 2.12, to declare that such defective proposal shall be disregarded.

(ii) For purposes of this Section 2.12, "public announcement" shall mean disclosure in a press release reported by the Dow Jones News Service, Associated Press or comparable national news service or in a document publicly filed by the corporation with the Securities and Exchange Commission pursuant to Section 13, 14 or 15(d) of the Exchange Act.

(iii) Notwithstanding the foregoing provisions of this Section 2.12, a shareholder shall also comply with all applicable requirements of the Exchange Act and the rules and regulations thereunder with respect to the matters set forth in this Section 2.12. Nothing in this Section 2.12 shall be deemed to limit the corporation's obligation to include shareholder proposals in its proxy statement if such inclusion is required by Rule 14a-8 under the Exchange Act.

## ARTICLE THREE

## Directors

3.01. General Powers. All corporate powers shall be exercised by or under the authority of, and the business and affairs of the corporation shall be managed under the direction of, the corporation's Board of Directors. In addition to the powers and authorities expressly conferred upon it by these bylaws, the Board of Directors may do all such lawful acts and things as are not by the Wisconsin Business Corporation Law, the Articles of Incorporation or these bylaws directed or required to be exercised or done by the shareholders.

3.02. Number of Directorship Positions; Chairman of the Board.

(a) Number of Directors. Except as otherwise provided in paragraph (c) of this Section 3.02, the number of directors of the corporation shall be six (6), or such other specific number as from time to time by resolution of the Board of Directors.

(b) Board of Directors' Power to Alter the Number of Directors. The Board of Directors shall have the power (subject to any limitations prescribed by the Articles of Incorporation) by a resolution adopted by not less than a majority of all directors serving on the Board of Directors at the time of such adoption to alter at any time and from time to time the number of total directorship positions on the Board of Directors. Upon the adoption of any resolution in the manner provided in the preceding sentence, the total number of directorship positions on the Board of Directors shall be equal to the number specified in such resolution. If the Board of Directors shall determine to reduce the number of directorship positions, then the term of each incumbent member shall end upon the election of directors at the next annual meeting of shareholders of the corporation and the persons elected to fill such reduced number of directorship positions shall be deemed to be the successors to all persons who shall have previously held such directorship positions.

(c) Default. In the event that the corporation is in Default (as defined in the Articles of Incorporation) in payment of dividends on the 13% Senior Preferred Stock, $1.00 par value per share, of the

corporation (the "Senior Preferred Stock") or any stock on a parity with the Senior Preferred Stock as to dividends and the holders of such stock become entitled to elect two directors pursuant to Article Five, paragraph A(2)(a)(iii) of the Articles of Incorporation, the number of total directorship positions on the Board of Directors shall increase by two effective as of the time that the holders of such stock elect two directors pursuant to Article Five, paragraph A(2)(a)(iii) of the Articles of Incorporation. When the Default is "cured" (as defined in the Articles of Incorporation) or there is no longer any Senior Preferred Stock or any stock on a parity with the Senior Preferred Stock outstanding, whichever occurs earlier, the two directors elected pursuant to Article Five, paragraph A(2)(a)(iii) of the Articles of Incorporation shall resign and the total number of directorship positions shall be decreased by two effective as of the date of the last such resignation.

(d) Chairman of the Board. The Board of Directors may elect a director as the Chairman of the Board. The Chairman of the Board shall, when present, preside at all meetings of the shareholders and of the Board of Directors, may call meetings of the shareholders and the Board of Directors, shall be the Chairman of the Executive Committee, shall advise and counsel with the President, and shall perform such other duties as set forth in these bylaws and as determined by the Board of Directors. Except as provided in this paragraph (d), the Chairman shall be neither an officer nor an employee of the corporation (by virtue of his election and service as Chairman of the Board) and may use the title Chairman or Chairman of the Board interchangeably. During the absence or disability of the President, or while that office is vacant, the Chairman shall exercise all of the powers and discharge all of the duties of the President.

(e) Vice Chairman of the Board. The Board of Directors may elect a director as Vice Chairman of the Board. Whenever the Chairman is unable to perform his duties for whatever reason, or whenever the Chairman requests that the Vice Chairman perform such duties on behalf of the Chairman, the Vice Chairman shall have full authority to preside at all meetings of the shareholders and of the Board of Directors, call meetings of the shareholders and the Board of Directors, act as Chairman of the Executive Committee, advise and counsel the President and Chief Executive Officer, and assume such other duties as the Chairman is responsible to perform or as may be assigned to the Vice Chairman by the Chairman or the Board of Directors. The Vice Chairman shall be neither an officer nor an employee of the corporation (by virtue of his election and service as Vice Chairman of the Board) and may use the title Vice Chairman or Vice Chairman of the Board interchangeably.

3.03. Tenure and Qualifications. Each director shall hold office until the next annual meeting of the shareholders and until his successor shall have been elected and, if necessary, qualified, or until his prior death, resignation or removal. A director may be removed by the shareholders only at a meeting of the shareholders called for the purpose of removing the director, and the meeting notice shall state that the purpose, or one of the purposes, of the meeting is the removal of the director. A director may be removed from office with or without cause only by the voting group entitled to vote in the election of such director. A director shall be removed if the number of votes cast to remove the director exceeds the number of votes cast not to remove such director. A director may resign at any time by delivering written notice which complies with the Wisconsin Business Corporation Law to the Board of Directors, to the Chairman of the Board, if any, or to the corporation. A director's resignation is effective when the notice is delivered unless the notice specifies a later effective date. Directors need not be residents of the State of Wisconsin or shareholders of the corporation.

3.04. Regular Meetings. The Board of Directors shall provide, by resolution, the date, time and place, either within or without the State of Wisconsin, for the holding of regular meetings of the Board of Directors without other notice than such resolution.

3.05. Special Meetings. Special meetings of the Board of Directors may be called by or at the request of the Chairman of the Board, if any, the President or any three directors. The Chairman of the Board, if any, or the President may fix the time, date and place, either within or without the State of Wisconsin, for holding any special meeting of the Board of Directors, and if no other place is fixed, the place of the meeting shall be the principal business office of the corporation in the State of Wisconsin.

3.06. Notice; Waiver. Notice of each special meeting of the Board of Directors shall be given (a) by oral notice delivered or communicated to the director by telephone or in person not less than twenty-four hours prior to the meeting or (b) by written notice delivered to the director in person, by telegram, teletype, facsimile or other form of wire or wireless communication, or by mail or private carrier, to each director at his business address or at such other address as the person sending such notice shall reasonably believe appropriate, in each case not less than forty-eight hours prior to the meeting. The notice need not prescribe the purpose of the special meeting of the Board of Directors or the business to be transacted at such meeting. If given by telegram, such notice shall be deemed to be effective when the telegram is delivered to the telegraph company. If given by teletype, facsimile or other wire or wireless communication, such notice shall be deemed to be effective when transmitted. If mailed, such notice shall be deemed to be effective when deposited in the United States mail so addressed, with postage thereon

prepaid. If given by private carrier, such notice shall be deemed to be effective when delivered to the private carrier. Whenever any notice whatever is required to be given to any director of the corporation under the Articles of Incorporation or these bylaws or any provision of the Wisconsin Business Corporation Law, a waiver thereof in writing, signed at any time, whether before or after the date and time of meeting, by the director entitled to such notice shall be deemed equivalent to the timely giving of such notice. The corporation shall retain any such waiver as part of the permanent corporate records. A director's attendance at or participation in a meeting waives any required notice to him or her of the meeting unless the director at the beginning of the meeting or promptly upon his or her arrival objects to holding the meeting or transacting business at the meeting and does not thereafter vote for or assent to action taken at the meeting.

3.07. Quorum. Except as otherwise provided in the Articles of Incorporation or these bylaws or by the Wisconsin Business Corporation Law, directors holding a majority of the positions on the Board of Directors established pursuant to Section 3.02 of these bylaws shall constitute a quorum for transaction of business at any meeting of the Board of Directors. A majority of the directors present (though less than a quorum) may adjourn any meeting of the Board of Directors from time to time without further notice.

3.08. Manner of Acting. The affirmative vote of a majority of the directors present at a meeting of the Board of Directors at which a quorum is present shall be the act of the Board of Directors unless the Wisconsin Business Corporation Law, the Articles of Incorporation or these bylaws require the vote of a greater number of directors.

3.09. Presumption of Assent. A director who is present and is announced as present at a meeting of the Board of Directors or any committee thereof created in accordance with Article IV of these bylaws, when corporate action is taken on a particular matter, assents to the action taken unless any of the following occurs: (a) the director objects at the beginning of the meeting or promptly upon his or her arrival to holding the meeting or transacting business at the meeting; (b) the director dissents or abstains from an action taken and minutes of the meeting are prepared that show the director's dissent or abstention from the action taken; (c) the director delivers written notice that complies with the Wisconsin Business Corporation Law of his or her dissent or abstention from the action taken on the particular matter to the presiding person of the meeting before its adjournment or to the corporation immediately after adjournment of the meeting; or (d) the director dissents or abstains from an action taken, minutes of the meeting are prepared that fail to show the director's dissent or abstention from the action taken, and the director delivers to the corporation a written notice of that failure that complies with the Wisconsin Business Corporation Law promptly after receiving the minutes. Such right of dissent or abstention shall not apply to a director who votes in favor of the action taken on the particular matter.

3.10. Action by Directors Without a Meeting. Any action required or permitted by the Articles of Incorporation, these bylaws or the Wisconsin Business Corporation Law to be taken at any meeting of the Board of Directors or any committee thereof created pursuant to Article IV of these bylaws may be taken without a meeting if the action is taken by all members of the Board of Directors or such committee, as the case may be. The action shall be evidenced by one or more written consents describing the action taken, signed by each director or committee member, as the case may be, and retained by the corporation. In the event one or more positions on the Board of Directors or any committee thereof shall be vacant at the time of the execution of any such consent, such consent shall nevertheless be effective if it shall be signed by all persons serving as members of the Board of Directors or of such committee, as the case may be, at such time and if the persons signing the consent would be able to take the action called for by the consent at a properly constituted meeting of the Board of Directors or such committee, as the case may be.

3.11. Compensation. The Board of Directors, irrespective of any personal interest of any of its members, may establish reasonable compensation of all directors for services to the corporation as directors or may delegate such authority to an appropriate committee of the Board of Directors. The Board of Directors also shall have authority to provide for or delegate authority to an appropriate committee of the Board of Directors to provide for reasonable pensions, disability or death benefits, and other benefits or payments, to directors, officers and employees and to their estates, families, dependents or beneficiaries on account of prior services rendered by such directors, officers and employees to the corporation.

3.12. Telephonic Meetings. Except as herein provided and notwithstanding any place set forth in the notice of the meeting or these bylaws, members of the Board of Directors (and any committees thereof created pursuant to Article IV hereof) may participate in regular or special meetings by, or through the use of, any means of communication by which (a) all participants may simultaneously hear each other, such as by conference telephone, or (b) all communication is immediately transmitted to each participant, and each participant can immediately send messages to all other participants. If a meeting is conducted by such means, then at the commencement of such meeting the presiding person shall inform the participating directors that a meeting is taking place at which official

business may be transacted. Any participant in a meeting by such means shall be deemed present in person at such meeting. Notwithstanding the foregoing, no action may be taken at any meeting held by such means on any particular matter which the presiding person determines, in his or her sole discretion, to be inappropriate under the circumstances for action at a meeting held by such means. Such determination shall be made and announced in advance of such meeting.

3.13. Conduct of Meetings. The Chairman of the Board, if any, and in his or her absence, the President, and in their absence, any director chosen by the directors present, shall call meetings of the Board of Directors to order, shall act as chairman of the meeting and shall otherwise preside at the meeting. The Secretary of the corporation shall act as secretary of all meetings of the Board of Directors but in the absence of the Secretary, the presiding person may appoint any other person present to act as secretary of the meeting. Minutes of any regular or special meeting of the Board of Directors shall be prepared and distributed to each director.

## ARTICLE FOUR

## Committees of the Board of Directors

4.01. General.

(a) Establishment. The Board of Directors by resolution adopted by the affirmative vote of a majority of all of the directors then in office pursuant to Section 3.02 of these bylaws may establish one or more committees, each committee to consist of two or more directors of this corporation elected by the Board of Directors. The term "Board Committee" as used in these bylaws means any committee comprised exclusively of directors of the corporation which is identified as a "Board Committee" either in these bylaws or in any resolutions adopted by the Board of Directors.

(b) Membership. The Board of Directors by resolution adopted by the affirmative vote of a majority of all directors then in office shall have the power to: (i) establish the number of membership positions on each Board Committee from time to time and change the number of membership positions on such Committee from time to time; provided each Board Committee shall consist of at least two members; (ii) appoint any director to membership on any Board Committee who shall be willing to serve on such Committee; (iii) remove any person from membership on any Board Committee with or without cause; and (iv) appoint any director to membership on any Board Committee as an alternate member. A person's membership on any Board Committee shall automatically terminate when such person ceases to be a director of the corporation.

(c) Powers. Except as otherwise provided in Section 4.01(d) of these bylaws, each Board Committee shall have and may exercise all the powers and authority of the Board of Directors, when the Board of Directors is not in session, in the management of the business and affairs of the corporation to the extent (but only to the extent) such powers shall be expressly delegated to it by the Board of Directors or by these bylaws. Unless otherwise provided by the Board of Directors in creating the committee, a committee may employ counsel, accountants and other consultants to assist it in the exercise of its authority.

(d) Reserved Powers. No Board Committee shall have the right or power to do any of the following: (i) authorize distributions; (ii) approve or propose to shareholders action that the Wisconsin Business Corporation Law requires to be approved by shareholders; (iii) fill vacancies on the Board of Directors, or, unless the Board of Directors provides by resolution that vacancies on a committee shall be filled by the affirmative vote of a majority of the remaining committee members, on any Board Committee; (iv) amend the Articles of Incorporation; (v) adopt, amend or repeal these bylaws; (vi) approve a plan of merger not requiring shareholder approval; (vii) authorize or approve reacquisition of shares, except according to a formula or method prescribed by the Board of Directors; and (viii) authorize or approve the issuance or sale or contract for sale of shares, or determine the designation and relative rights, preferences and limitations of a class or series of shares, except that the Board of Directors may authorize a committee to do so within limits prescribed by the Board of Directors.

(e) Vote Required. Except as provided by the Wisconsin Business Corporation Law or in the Articles of Incorporation or these bylaws, the members holding at least a majority of the membership positions on any Board Committee shall constitute a quorum for purposes of any meeting of such committee. The affirmative vote of the majority of the members of a Board Committee present at any meeting of the Board Committee at which a quorum is present shall be necessary and sufficient to approve any action within the Board Committee's power, and any action so approved by such a majority shall be deemed to have been taken by the Board Committee and to be the act of such Board Committee.

(f) Governance. The Board of Directors may designate the person who is to serve as chairman of and preside over any Board Committee, and in the absence of any such designation by the Board of Directors, the members of the Board Committee may either designate one member of the Board Committee as its chairman to preside at any meeting or elect to operate without a chairman, except as otherwise required by these

bylaws. Each Board Committee may appoint a secretary who need not be a member of the Committee or a member of the Board of Directors. Each Board Committee shall have the right to establish such rules and procedures governing its meetings and operations as such committee shall deem desirable provided such rules and procedures shall not be inconsistent with the Articles of Incorporation, these bylaws, or any direction to such committee issued by the Board of Directors.

(g) Alternate Committee Members. The Board of Directors may designate one or more directors as alternate members of any Board Committee, and any such director may replace any regular member of such Board Committee who for any reason is absent from a meeting of such Board Committee or is otherwise disqualified from serving on such Board Committee.

4.02. Executive Committee. The corporation shall have an Executive Committee. The Executive Committee shall be a Board Committee and shall be subject to the provisions of Section 4.01 of these bylaws. The Executive Committee shall assist the Board of Directors in developing and evaluating general corporate policies and objectives. The Executive Committee shall perform such specific assignments as shall be expressly delegated to it from time to time by the Board of Directors and shall (subject to the limitations specified in Section 4.01(d) of these bylaws or imposed by the Wisconsin Business Corporation Law) have the power to exercise, when the Board of Directors is not in session, the powers of the Board of Directors except to the extent expressly limited or precluded from exercising such powers in resolutions from time to time adopted by the Board of Directors. Meetings of the Executive Committee may be called at any time by any two members of the Committee. The time and place for each meeting shall be established by the members calling the meeting. The Chairman of the Board, when present, shall preside at all meetings of the Executive Committee.

4.03. Audit Committee. The corporation shall have an Audit Committee. The Audit Committee shall be a Board Committee and shall be subject to the provisions of Section 4.01 of these bylaws. The Audit Committee shall: (a) recommend to the Board of Directors annually a firm of independent public accountants to act as auditors of the corporation; (b) review with the auditors in advance the scope of their annual audit; (c) review with the auditors and the management, from time to time, the corporation's accounting principles, policies and practices and its reporting policies and practices; (d) review with the auditors annually the results of their audit; (e) review from time to time with the auditors and the corporation's financial personnel the adequacy of the corporation's accounting, financial and operating controls; (f) review transactions between the corporation or any subsidiary of the corporation and any shareholder who holds at least fifty percent of the total number of shares outstanding of the corporation's Class A Common Stock or Class B Common Stock (a "Controlling Shareholder") or any subsidiary of a Controlling Shareholder in accordance with policies adopted by the Board of Directors; and (g) perform such other duties as shall from time to time be delegated to the Committee by the Board of Directors. The membership of the Audit Committee shall always be such that a majority of the members of the Audit Committee shall not be full-time employees of any Controlling Shareholder, the corporation or any of their respective subsidiaries. Within the limitations prescribed in the preceding sentence, the membership on the Audit Committee shall be determined by the Board of Directors as provided in Section 4.01 of these bylaws.

4.04. Compensation Committee. The corporation shall have a Compensation Committee. The Compensation Committee shall be a Board Committee and shall be subject to the provisions of Section 4.01 of these bylaws. The Compensation Committee shall have the authority to establish the compensation and benefits for directors, officers and, at the option of the Compensation Committee, other managerial personnel of the corporation and its subsidiaries, including, without limitation, fixing the cash compensation of such persons, establishing and administering compensation and benefit plans for such persons and determining awards thereunder, and entering into (or amending existing) employment and compensation agreements with any such persons. The Compensation Committee may also recommend persons to be elected as officers of the corporation or any of its subsidiaries to the Board of Directors. The Compensation Committee shall perform such other duties as shall from time to time be delegated to the Compensation Committee by the Board of Directors. The authority of the Compensation Committee shall be subject to such limitations and restrictions as may be imposed by the Board of Directors, which may delegate the authority to establish or administer specific employee compensation or benefit plans to one or more other Board Committees or one or more persons designated by the Board of Directors. The Compensation Committee shall consist solely of members of the Board of Directors who are not officers of the corporation. The membership of the Compensation Committee shall be determined by the Board of Directors as provided in Section 4.01 of these bylaws.

## ARTICLE FIVE

## Officers

5.01. Number. The principal officers of the corporation shall be appointed by the Board of Directors and shall consist of a President, one or more Vice Presidents, a Secretary and a Treasurer. Such other officers and assistant officers as may be deemed necessary or desirable

may be appointed by the Board of Directors. The President must be a member of the Board of Directors, but no other officer need be a member of the Board of Directors. Any two or more offices may be held by the same person. In its discretion, the Board of Directors may choose not to fill any office for any period as it may deem advisable, except the principal offices of President, Vice President, Treasurer and Secretary. The Board of Directors may authorize any officer to appoint one or more officers or assistant officers.

5.02. Appointment and Term of Office. The officers of the corporation to be appointed by the Board of Directors shall be appointed annually by the Board of Directors at its first meeting following the annual meeting of shareholders. If the appointment of officers shall not occur at such meeting, such appointment shall occur as soon thereafter as conveniently may be. Each officer shall hold office until the earlier of: (a) the time at which a successor is duly appointed and, if necessary, qualified, or (b) his or her death, resignation or removal as hereinafter provided. The Board of Directors shall have the right to enter into employment contracts providing for the employment of any officer for a term longer than one year, but no such contract shall preclude the Board of Directors from removing any person from any position with the corporation whenever in the judgment of the Board of Directors the best interests of the corporation would be served thereby.

5.03. Removal. The Board of Directors may remove any officer and, unless restricted by the Board of Directors or these bylaws, an officer may remove any officer appointed by that officer, at any time, with or without cause and notwithstanding the contract rights, if any, of the officer removed. The appointment of an officer does not of itself create contract rights.

5.04. Resignation. An officer may resign at any time by delivering notice to the corporation that complies with the Wisconsin Business Corporation Law. The resignation shall be effective when the notice is delivered, unless the notice specifies a later effective date and the corporation accepts the later effective date.

5.05. Vacancies. A vacancy in any principal office because of death, resignation, removal, disqualification or otherwise, shall be filled by the Board of Directors for the unexpired portion of the term. If a resignation of an officer is effective at a later date as contemplated by Section 5.04 of these bylaws, the Board of Directors may fill the pending vacancy before the effective date if the Board provides that the successor may not take office until the effective date.

5.06. General Powers of Officers. For purposes of these bylaws, the corporation's President and each Vice President shall be deemed to be a "senior officer". Whenever any resolution adopted by the corporation's shareholders, Board of Directors or Board Committee shall authorize the "proper" or "appropriate" officers of the corporation to execute any note, contract or other document or to take any other action or shall generally authorize any action without specifying the officer or officers authorized to take such action, any senior officer acting alone and without countersignatures may take such action on behalf of the corporation. Any officer of the corporation may on behalf of the corporation sign contracts, reports to governmental agencies, or other instruments which are in the regular course of business, except where the signing and execution thereof shall be expressly delegated by the Board of Directors or by these bylaws to some other officer or agent of the corporation, or shall be required by the Wisconsin Business Corporation Law or other applicable law to be otherwise signed or executed.

5.07. The President. The President shall be the chief executive officer of the corporation and, subject to the control of the Board of Directors, shall in general supervise and control all of the business and affairs of the corporation. He shall, when present, in the absence of the Chairman of the Board, if any, preside at all meetings of the shareholders. In general he shall perform all duties incident to the office of chief executive officer and such other duties as may be prescribed by the Board of Directors from time to time. During the absence or disability of the President, or while that office is vacant, the Chairman of the Board shall exercise all of the powers and discharge all of the duties of the President. The Board of Directors may authorize the Chairman of the Board to appoint one or more officers or assistant officers to perform the duties of the President during the absence or disability of the President, or while that office is vacant.

5.08. Vice Presidents. Each Vice President shall perform such duties and have such powers as the Board of Directors may from time to time prescribe. The Board of Directors may designate any Vice President as being senior in rank or degree of responsibility and may accord such a Vice President an appropriate title designating his senior rank such as "Executive Vice President" or "Senior Vice President" or "Group Vice President". The Board of Directors may assign a certain Vice President responsibility for a designated group, division or function of the corporation's business and add an appropriate descriptive designation to his title.

5.09. Secretary. The Secretary shall (subject to the control of the Board of Directors): (a) keep the minutes of the shareholders' and the Board of Directors' meetings in one or more books provided for that purpose (including records of actions taken without a meeting); (b) see that all notices are duly given in accordance with the provisions of these

bylaws or as required by the Wisconsin Business Corporation Law; (c) be custodian of the corporate records and of the seal of the corporation and see that the seal of the corporation is affixed to all documents, the execution of which on behalf of the corporation under its seal is duly authorized; (d) maintain a record of the shareholders of the corporation in a form that permits preparation of a list of the names and address of all shareholders by class or series of shares and showing the number and class or series of shares held by each shareholder; (e) have general charge of the stock transfer books of the corporation; (f) supply in such circumstances as the Secretary deems appropriate to any governmental agency or other person a copy of any resolution adopted by the corporation's shareholders, Board of Directors or Board Committee, any corporate record or document, or other information concerning the corporation and its officers and certify on behalf of the corporation as to the accuracy and completeness of the resolution, record, document or information supplied; and (g) in general, perform all duties incident to the office of Secretary and perform such other duties and have such other powers as the Board of Directors or the President may from time to time prescribe.

5.10. Treasurer. The Treasurer shall: (a) have charge and custody of and be responsible for all funds and securities of the corporation; (b) maintain appropriate accounting records; (c) receive and give receipts for monies due and payable to the corporation from any source whatsoever, and deposit all such monies in the name of the corporation in such banks, trust companies or other depositories as shall be selected by or under authority of the Board of Directors; and (d) in general, perform all of the duties incident to the office of Treasurer and such other duties as from time to time may be assigned to him by the President. The Treasurer shall give a bond if required by the Board of Directors for the faithful discharge of his duties in a sum and with one or more sureties satisfactory to the Board of Directors.

5.11. Assistant Secretaries and Assistant Treasurers. There shall be such number of Assistant Secretaries and Assistant Treasurers as the Board of Directors may from time to time authorize. The Assistant Secretaries may sign with the President or a Vice-President certificates for shares of the corporation, the issuance of which shall have been authorized by a resolution of the Board of Directors. The Assistant Treasurers shall respectively, if required by the Board of Directors, give bonds for the faithful discharge of their duties in such sums and with such sureties as the Board of Directors shall determine. The Assistant Secretaries and Assistant Treasurers, in general, shall perform such duties and have such authority as shall from time to time be delegated or assigned to them by the Secretary or the Treasurer, respectively, or by the President or the Board of Directors.

5.12. Other Assistants and Acting Officers. The Board of Directors shall have the power to appoint, or to authorize any duly appointed officer of the corporation to appoint, any person to act as assistant to any officer, or as agent for the corporation in his or her stead, or to perform the duties of such officer whenever for any reason it is impracticable for such officer to act personally, and such assistant or acting officer or other agent so appointed by the Board of Directors or an authorized officer shall have the power to perform all the duties of the office to which he or she is so appointed to be an assistant, or as to which he or she is so appointed to act, except as such power may be otherwise defined or restricted by the Board of Directors or the appointing officer.

## ARTICLE SIX

## Contracts, Loans, Checks and Deposits

6.01. Contracts. The Board of Directors may authorize any officer or officers, agent or agents, to enter into any contract or execute or deliver any instrument in the name of and on behalf of the corporation, and such authorization may be general or confined to specific instances. In the absence of other designation, all deeds, mortgages and instruments of assignment or pledge made by the corporation shall be executed in the name of the corporation by the President or one of the Vice Presidents and by the Secretary, an Assistant Secretary, the Treasurer or an Assistant Treasurer; the Secretary or an Assistant Secretary, when necessary or required, shall affix the corporate seal thereto; and when so executed no other party to such instrument or any third party shall be required to make any inquiry into the authority of the signing officer or officers.

6.02. Loans. No indebtedness for borrowed money shall be contracted on behalf of the corporation and no evidences of such indebtedness shall be issued in its name unless authorized by or under the authority of a resolution of the Board of Directors. Such authorization may be general or confined to specific instances.

6.03. Checks, Drafts, etc. All checks, drafts or other orders for the payment of money, notes or other evidences of indebtedness issued in the name of the corporation, shall be signed by such officer or officers, agent or agents of the corporation and in such manner as shall from time to time be determined by or under the authority of a resolution of the Board of Directors.

6.04. Deposits. All funds of the corporation not otherwise

employed shall be deposited from time to time to the credit of the corporation in such banks, trust companies or other depositaries as may be selected by or under the authority of a resolution of the Board of directors.

6.05. Voting of Securities Owned by this Corporation. Subject always to the specific directions of the Board of Directors, (a) any shares or other securities issued by any other corporation and owned or controlled by this corporation may be voted at any meeting of security holders of such other corporation by the President of this corporation, if he or she be present, or in his or her absence by any Vice President of this corporation who may be present, and (b) whenever, in the judgment of the President, or in his or her absence, of any Vice President, it is desirable for this corporation to execute a proxy or written consent in respect to any share or other securities issued by any other corporation and owned by this corporation, such proxy or consent shall be executed in the name of this corporation by the President or one of the Vice Presidents of this corporation, without necessity of any authorization by the Board of Directors, affixation of corporate seal, if any, or countersignature or attestation by another officer. Any person or persons designated in the manner above stated as the proxy or proxies of this corporation shall have full right, power and authority to vote the shares or other securities issued by such other corporation and owned by this corporation the same as such shares or other securities might be voted by this corporation.

6.06. No Nominee Procedures. The corporation has not established, and nothing in these bylaws shall be deemed to establish, any procedure by which a beneficial owner of the corporation's shares that are registered in the name of a nominee is recognized by the corporation as the shareholder under Section 180.0723 of the Wisconsin Business Corporation Law.

6.07. Performance Bonds. The President and the Treasurer of the corporation, and either one of them, shall have the continuing authority to take all actions and to execute and deliver any and all documents or instruments (including, without limitation, reimbursement agreements and agreements of indemnity) in favor of such parties, in such amounts and on such terms and conditions as may be necessary or useful for the corporation or any of its direct or indirect subsidiaries to obtain performance bonds, surety bonds, completion bonds, guarantees, indemnities or similar assurances (collectively referred to as "Performance Bonds") from third parties as such officer shall, in his sole discretion, deem necessary or useful to facilitate and promote the business of the corporation or any of its subsidiaries; provided, however, that the contingent liability of the corporation with respect to Performance Bonds for the corporation's subsidiaries shall not exceed $200,000 in any single transaction or $1 million in the aggregate without the specific authorization of the Board of Directors. Any action taken or document or instrument executed and delivered by any such officer after December 31, 1993, that is within the scope of the authority granted in this Section 6.07 is hereby ratified, approved and confirmed. If any party shall require resolutions of the Board of Directors with respect to the approval of any actions of any officer of the corporation or documents or instruments related to the Performance Bonds and within the scope of and generally consistent with this Section 6.07, such resolutions shall be deemed to have been duly approved and adopted by the Board of Directors, and may be certified by the Secretary whenever approved by the President or the Treasurer, in his sole discretion, and a copy thereof has been inserted in the minute book of the corporation.

## ARTICLE SEVEN

## Corporate Stock

7.01. Certificates for Shares. Certificates representing shares of any class of stock issued by the corporation shall be in such form, consistent with the Wisconsin Business Corporation Law, as shall be determined by the Board of Directors. Such certificates shall be signed by the President or a Vice President and by the Secretary or an Assistant Secretary and shall be sealed with the seal, or a facsimile of the seal, of the corporation. If a certificate is countersigned by a transfer agent or registrar, other than the corporation itself or its employees, any other signature or countersignature on the certificate may be a facsimile. In case any officer of the corporation, or any officer or employee of the transfer agent or registrar who has signed or whose facsimile signature has been placed upon such certificate ceases to be an officer of the corporation, or an officer or employee of the transfer agent or registrar before such certificate is issued, the certificate may be issued by the corporation with the same effect as if the officer of the corporation, or the officer or employee of the transfer agent or registrar had not ceased to be such at the date of its issue. All certificates for shares shall be consecutively numbered or otherwise identified. The name of the person to whom the shares represented thereby are issued, with the number of shares and date of issue, shall be entered on the books of the corporation. All certificates surrendered to the corporation for transfer shall be canceled, and no new certificate shall be issued in replacement until the former certificate for a like number of shares shall have been surrendered and canceled, except as otherwise provided in Section 7.04 of these bylaws with respect to lost, stolen or destroyed certificates.

7.02. Transfer Agent and Registrar. The Board of Directors may

from time to time with respect to each class of stock issuable by the corporation appoint such transfer agents and registrars in such locations as it shall determine, and may, in its discretion, appoint a single entity to act in the capacity of both transfer agent and a registrar in any one location.

7.03. Transfers of Shares. Transfers of shares shall be made only on the books maintained by the corporation or a transfer agent appointed as contemplated by Section 7.02 of these bylaws at the request of the holder of record thereof or of his attorney, lawfully constituted in writing, and on surrender for cancellation of the certificate for such shares. Prior to due presentment of a certificate for shares for registration of transfer, the corporation may (but shall not be required to) treat the person in whose name corporate shares stand on the books of the corporation as the only person having any interest in such shares and as the only person having the right to receive dividends on and to vote such shares, and the corporation shall not be bound to recognize any equitable or other claim to or interest in such shares on the part of the other person, whether or not it shall have express or other notice thereof. Where a certificate for shares is presented to the corporation or a transfer agent with a request to register for transfer, the corporation or the transfer agent, as the case may be, shall not be liable to the owner or any other person suffering loss as a result of such registration of transfer if (a) there were on or with the certificate the necessary endorsements, and (b) the corporation or the transfer agent had no duty to inquire into adverse claims or has discharged any such duty. The corporation or transfer agent may require reasonable assurance that such endorsements are genuine and effective and compliance with such other regulations as may be prescribed by or under the authority of the Board of Directors.

7.04. Lost, Stolen or Destroyed Certificates. The Board of Directors may direct a new certificate or certificates to be issued in place of any certificate or certificates theretofore issued by the corporation alleged to have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the person claiming the certificate of stock to be lost, stolen or destroyed. When authorizing such issue of a new certificate or certificates, the Board of Directors may, in its discretion and as a condition precedent to the issuance thereof, require the person requesting such new certificate or certificates, or his or her legal representative, to give the corporation a bond in such sum as it may direct as indemnity against any claim that may be made against the corporation with respect to the certificate alleged to have been lost, stolen or destroyed.

7.05. Restrictions on Transfer. The face or reverse side of each certificate representing shares shall bear a conspicuous notation of any restriction imposed by the corporation upon the transfer of such shares.

7.06. Consideration for Shares. The Board of Directors may authorize shares to be issued for consideration consisting of any tangible or intangible property or benefit to the corporation, including cash, promissory notes, services performed, contracts for services to be performed or other securities of the corporation. Before the corporation issues shares, the Board of Directors shall determine that the consideration received or to be received for the shares to be issued is adequate. The determination of the Board of Directors is conclusive insofar as the adequacy of consideration for the issuance of shares relates to whether the shares are validly issued, fully paid and nonassessable. The corporation may place in escrow shares issued in whole or in part for a contract for future services or benefits, a promissory note, or otherwise for property to be received in the future, or make other arrangements to restrict the transfer of the shares, and may credit distributions in respect of the shares against their purchase price, until the services are performed, the benefits or property are received or the promissory note is paid. If the services are not performed, the benefits or property are not received or the promissory note is not paid, the corporation may cancel, in whole or in part, the shares escrowed or restricted and the distributions credited.

7.07 Stock Regulations. The Board of Directors shall have the power and authority to make all such further rules and regulations not inconsistent with the Wisconsin Business Corporation Law as it may deem expedient concerning the issue, transfer and registration of certificates representing shares of the corporation.

## ARTICLE EIGHT

## General Provisions

8.01. Fiscal Year. The fiscal year of the corporation shall begin and end on such dates as the Board of Directors shall determine by resolution.

8.02. Seal. The corporate seal shall have inscribed thereon the name of the corporation, the year of its organization and the words "Corporate Seal, Wisconsin." The seal may be used by causing it or a facsimile thereof to be impressed or affixed or reproduced or otherwise.

## ARTICLE NINE

Amendments

9.01. By Directors. Except as otherwise provided by the Wisconsin Business Corporation Law or the Articles of Incorporation, these bylaws may be amended or repealed and new bylaws may be adopted by the Board of Directors at any meeting at which a quorum is in attendance; provided, however, that the shareholders in adopting, amending or repealing a particular bylaw may provide therein that the Board of Directors may not amend, repeal or readopt that bylaw.

9.02. By Shareholders. Except as otherwise provided in the Articles of Incorporation, these bylaws may also be amended or repealed and new bylaws may be adopted by the shareholders at any annual or special meeting of the shareholders at which a quorum is in attendance.

9.03. Implied Amendments. Any action taken or authorized by the shareholders or by the Board of Directors, which would be inconsistent with the bylaws then in effect but is taken or authorized by affirmative vote of not less than the number of votes or the number of directors required to amend the bylaws so that the bylaws would be consistent with such action, shall be given the same effect as though the bylaws had been temporarily amended or suspended so far, but only so far, as is necessary to permit the specific action so taken or authorized.

ARTICLE TEN

Indemnification

10.01. Certain Definitions. All capitalized terms used in this Article X and not otherwise hereinafter defined in this Section 10.01 shall have the meaning set forth in Section 180.0850 of the Statute. The following capitalized terms (including any plural forms thereof) used in this Article X shall be defined as follows:

(a) "Affiliate" shall include, without limitation, any corporation, partnership, joint venture, employee benefit plan, trust or other enterprise that, directly or indirectly through one or more intermediaries, controls or is controlled by, or is under common control with, the Corporation.

(b) "Authority" shall mean the entity selected by the Director or Officer to determine his or her right to indemnification pursuant to Section 10.04.

(c) "Board" shall mean the entire then elected and serving Board of Directors of the Corporation, including all members thereof who are Parties to the subject Proceeding or any related Proceeding.

(d) "Breach of Duty" shall mean the Director or Officer breached or failed to perform his or her duties to the Corporation and his or her breach of or failure to perform those duties is determined, in accordance with Section 10.04, to constitute misconduct under Section 180.0851(2)(a) 1, 2, 3 or 4 of the Statute.

(e) "Corporation," as used herein and as defined in the Statute and incorporated by reference into the definitions of certain capitalized terms used herein, shall mean this Corporation, including, without limitation, any successor corporation or entity to the Corporation by way of merger, consolidation or acquisition of all or substantially all of the capital stock or assets of this Corporation.

(f) "Director or Officer" shall have the meaning set forth in the Statute; provided, that, for purposes of this Article X, it shall be conclusively presumed that any Director or Officer serving as a director, officer, partner, trustee, member of any governing or decision-making committee, employee or agent of an Affiliate shall be so serving at the request of the Corporation.

(g) "Disinterested Quorum" shall mean a quorum of the Board who are not Parties to the subject Proceeding or any related Proceeding.

(h) "Party" shall have the meaning set forth in the Statute; provided, that, for purposes of this Article X, the term "Party" shall also include any Director, Officer or employee who is or was a witness in a Proceeding at a time when he or she has not otherwise been formally named a Party thereto.

(i) "Proceeding" shall have the meaning set forth in the Statute; provided, that, for purposes of this Article X, "Proceeding" shall include all Proceedings (i) brought under (in whole or in part) the Securities Act of 1933, as amended, the Securities Exchange Act of 1934, as amended, their respective state counterparts, and/or any rule or regulation promulgated under any of the foregoing; (ii) brought before an Authority or otherwise to enforce rights hereunder; (iii) any appeal from a Proceeding; and (iv) any Proceeding in which the Director or Officer is a plaintiff or petitioner because he or she is a Director or Officer; provided, however, that such Proceeding is authorized by a majority vote of a Disinterested Quorum.

(j) "Statute" shall mean Sections 180.0850 through 180.0859, inclusive, of the Wisconsin Business Corporation Law, Chapter 180 of the Wisconsin Statutes, including any amendments thereto, but, in the case of any such amendment, only to the extent such amendment permits or requires the Corporation to provide broader indemnification rights than the Statute permitted or required the Corporation to provide prior to such amendment.

10.02. Mandatory Indemnification. To the fullest extent permitted or required by the Statute, the Corporation shall indemnify a Director or Officer against all Liabilities incurred by or on behalf of such Director or Officer in connection with a Proceeding in which the Director or Officer is a Party because he or she is a Director or Officer.

10.03. Procedural Requirements.

(a) A Director or Officer who seeks indemnification under Section 10.02 shall make a written request therefor to the Corporation. Subject to Section 10.03(b), within sixty days of the Corporation's receipt of such request, the Corporation shall pay or reimburse the Director or Officer for the entire amount of Liabilities incurred by the Director or Officer in connection with the subject Proceeding (net of any Expenses previously advanced pursuant to Section 10.05).

(b) No indemnification shall be required to be paid by the Corporation pursuant to Section 10.02 if, within such sixty-day period: (i) a Disinterested Quorum, by a majority vote thereof, determines that the Director or Officer requesting indemnification engaged in misconduct constituting a Breach of Duty; or (ii) a Disinterested Quorum cannot be obtained.

(c) In either case of nonpayment pursuant to Section 10.03(b), the Board shall immediately authorize by resolution that an Authority, as provided in Section 10.04, determine whether the Director's or Officer's conduct constituted a Breach of Duty and, therefore, whether indemnification should be denied hereunder.

(d) (i) If the Board does not authorize an Authority to determine the Director's or Officer's right to indemnification hereunder within such sixty-day period and/or (ii) if indemnification of the requested amount of Liabilities is paid by the Corporation, then it shall be conclusively presumed for all purposes that a Disinterested Quorum has determined that the Director or Officer did not engage in misconduct constituting a Breach of Duty and, in the case of subsection (i) above (but not subsection (ii)), indemnification by the Corporation of the requested amount of Liabilities shall be paid to the Officer or Director immediately.

10.04. Determination of Indemnification.

(a) If the Board authorizes an Authority to determine a Director's or Officer's right to indemnification pursuant to Section 10.03, then the Director or Officer requesting indemnification shall have the absolute discretionary authority to select one of the following as such Authority:

(i) An independent legal counsel; provided, that such counsel shall be mutually selected by such Director or Officer and by a majority vote of a Disinterested Quorum or, if a Disinterested Quorum cannot be obtained, then by a majority vote of the Board;

(ii) A panel of three arbitrators selected from the panels of arbitrators of the American Arbitration Association in Milwaukee, Wisconsin; provided, that (A) one arbitrator shall be selected by such Director or Officer, the second arbitrator shall be selected by a majority vote of a Disinterested Quorum or, if a Disinterested Quorum cannot be obtained, then by a majority vote of the Board, and the third arbitrator shall be selected by the two previously selected arbitrators; and (B) in all other respects, such panel shall be governed by the American Arbitration Association's then existing Commercial Arbitration Rules; or

(iii) A court pursuant to and in accordance with Section 180.0854 of the Statute.

(b) In any such determination by the selected Authority there shall exist a rebuttable presumption that the Director's or Officer's conduct did not constitute a Breach of Duty and that indemnification against the requested amount of Liabilities is required. The burden of rebutting such a presumption by clear and convincing evidence shall be on the Corporation or such other party asserting that such indemnification should not be allowed.

(c) The Authority shall make its determination within sixty days of being selected and shall submit a written opinion of its conclusion simultaneously to both the Corporation and the Director or Officer.

(d) If the Authority determines that indemnification is

required hereunder, the Corporation shall pay the entire requested amount of Liabilities (net of any Expenses previously advanced pursuant to Section 10.05), including interest thereon at a reasonable rate, as determined by the Authority, within ten days of receipt of the Authority's opinion; provided, that, if it is determined by the Authority that a Director or Officer is entitled to indemnification as to some claims, issues or matters, but not as to other claims, issues or matters, involved in the subject Proceeding, the Corporation shall be required to pay (as set forth above) only the amount of such requested Liabilities as the Authority shall deem appropriate in light of all of the circumstances of such Proceeding.

(e) The determination by the Authority that indemnification is required hereunder shall be binding upon the Corporation regardless of any prior determination that the Director or Officer engaged in a Breach of Duty.

(f) All Expenses incurred in the determination process under this Section 10.04 by either the Corporation or the Director or Officer, including, without limitation, all Expenses of the selected Authority, shall be paid by the Corporation.

10.05. Mandatory Allowance of Expenses.

(a) The Corporation shall pay or reimburse, within ten days after the receipt of the Director's or Officer's written request therefor, the reasonable Expenses of the Director or Officer as such Expenses are incurred, provided the following conditions are satisfied:

(i) The Director or Officer furnishes to the Corporation an executed written certificate affirming his or her good faith belief that he or she has not engaged in misconduct which constitutes a Breach of Duty; and

(ii) The Director or Officer furnishes to the Corporation an unsecured executed written agreement to repay any advances made under this Section 10.05 if it is ultimately determined by an Authority that he or she is not entitled to be indemnified by the Corporation for such Expenses pursuant to Section 10.04.

(b) If the Director or Officer must repay any previously advanced Expenses pursuant to this Section 10.05, such Director or Officer shall not be required to pay interest on such amounts.

10.06. Indemnification and Allowance of Expenses of Certain Others.

(a) The Corporation shall indemnify a director or officer of an Affiliate (who is not otherwise serving as a Director or Officer) against all Liabilities, and shall advance the reasonable Expenses, incurred by such director or officer in a Proceeding to the same extent hereunder as if such director or officer incurred such Liabilities because he or she was a Director or Officer, if such director or officer is a Party thereto because he or she is or was a director or officer of the Affiliate.

(b) The Corporation shall indemnify an employee who is not a Director or Officer, to the extent that he or she has been successful on the merits or otherwise in defense of a Proceeding, for all reasonable Expenses incurred in the Proceeding if the employee was a Party because he or she was an employee of the Corporation.

(c) The Board may, in its sole and absolute discretion as it deems appropriate, pursuant to a majority vote thereof, indemnify (to the extent not otherwise provided in Section 10.06(b)) against Liabilities incurred by, and/or provide for the allowance of reasonable Expenses of, an authorized employee or agent of the Corporation acting within the scope of his or her duties as such and who is not otherwise a Director or Officer.

10.07. Insurance. The Corporation may purchase and maintain insurance on behalf of a Director or Officer or any individual who is or was an authorized employee or agent of the Corporation against any Liability asserted against or incurred by such individual in his or her capacity as such or arising from his or her status as such, regardless of whether the Corporation is required or permitted to indemnify against any such Liability under this Article X.

10.08. Notice to the Corporation. A Director, Officer or employee shall promptly notify the Corporation in writing when he or she has actual knowledge of a Proceeding which may result in a claim of indemnification against Liabilities or allowance of Expenses hereunder, but the failure to do so shall not relieve the Corporation of any liability to the Director, Officer or employee hereunder unless the Corporation shall have been irreparably prejudiced by such failure (as determined, in the case of Directors and Officers only, by an Authority).

10.09. Severability. If any provision of this Article X shall be deemed invalid or inoperative, or if a court of competent jurisdiction determines that any of the provisions of this Article X contravene public policy, this Article X shall be construed so that the remaining provisions shall not be affected, but shall remain in full force and effect, and any such provisions which are invalid or inoperative or which contravene public policy shall be deemed, without further action or deed by or on

behalf of the Corporation, to be modified, amended and/or limited, but only to the extent necessary to render the same valid and enforceable.

10.10. Nonexclusivity of Article X. The rights of a Director, Officer or employee (or any other person) granted under this Article X shall not be deemed exclusive of any other rights to indemnification against Liabilities or advancement of Expenses which the Director, Officer or employee (or such other person) may be entitled to under any written agreement, Board resolution, vote of shareholders of the Corporation or otherwise, including, without limitation, under the Statute. Nothing contained in this Article X shall be deemed to limit the Corporation's obligations to indemnify a Director, Officer or employee under the Statute.

10.11. Contractual Nature of Article X; Repeal or Limitation of Rights. This Article X shall be deemed to be a contract between the Corporation and each Director, Officer and employee of the Corporation and any repeal or other limitation of this Article X or any repeal or limitation of the Statute or any other applicable law shall not limit any rights of indemnification against Liabilities or allowance of Expenses then existing or arising out of events, acts or omissions occurring prior to such repeal or limitation, including, without limitation, the right of indemnification against Liabilities or allowance or Expenses for Proceedings commenced after such repeal or limitation to enforce this Article X with regard to acts, omissions or events arising prior to such repeal or limitation.

JOHNSON WORLDWIDE ASSOCIATES, INC.

THIRD AMENDMENT TO NOTE AGREEMENTS

Dated as of September 30, 1997

Re:

Note Agreements Dated as of May 1, 1993

and

$15,000,000 6.58% Senior Notes
Due September 25, 1999

JOHNSON WORLDWIDE ASSOCIATES
1326 Willow Road
Sturtevant, Wisconsin 53177

THIRD AMENDMENT TO NOTE AGREEMENTS

Dated as of September 30, 1997

Re:Note Agreements Dated as of May 1, 1993
and
$15,000,000 6.58% Senior Notes
Due September 25, 1999

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

Ladies and Gentlemen:

Reference is made to the separate Note Agreements each dated as of May 1, 1993, as amended by the Amendment Agreement dated as of September 30, 1993 and the Second Amendment Agreement dated as of October 31, 1996 (the "Note Agreements"), between Johnson Worldwide Associates, Inc., a Wisconsin corporation (the "Company"), and the Purchasers named therein, under and pursuant to which $15,000,000 aggregate principal amount of 6.58% Senior Notes due September 25, 1999 (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 each of the amendments set forth below in the manner herein provided:

ARTICLE 1. AMENDMENTS OF NOTE AGREEMENTS

Section 1.1. Amendment of Section 8.1. Section 8.1 of the Note Agreements shall be amended by amending the definition of "Consolidated Net Worth" in its entirety so that the same shall read as follows:

> "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 foreign currency translation adjustments and contingent compensation adjustments determined on a consolidated basis in accordance with GAAP; provided that for the fiscal quarters ending October 3, 1997 and January 2, 1998, the cumulative foreign currency translation account of the Company shall be excluded in calculating Consolidated Net Worth.

ARTICLE 2. MISCELLANEOUS

Section 2.1. 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 2.2. Effect of Amendment. Except as expressly amended hereby, the Company agrees that the Note Agreements, the Notes and all other documents and agreements executed by the Company in connection with the Note Agreements in favor of the Noteholders are ratified and confirmed and shall remain in full force and effect and that it has no set-off, counterclaim or defense with respect to any of the foregoing.

Section 2.3. Successors and Assigns. This Third 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 2.4. Requisite Approval; Expenses. This Third Amendment to Note Agreements shall not be effective until (a) the Company and the holders of 66-2/3% in aggregate principal amount of all Notes outstanding on the date hereof shall have executed this Third Amendment to Note Agreements, and (b) 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 Third 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 Third Amendment to Note Agreements.

Section 2.5. Counterparts. This Third Amendment to Note Agreements may be executed in any number of counterparts, each executed counterpart constituting an original but all together only one agreement.

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

JOHNSON WORLDWIDE ASSOCIATES, INC.

By_____
Its

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

CONNECTICUT GENERAL LIFE INSURANCE COMPANY

BY: CIGNA Investments, Inc.

By_____
Its

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

LIFE INSURANCE COMPANY OF NORTH AMERICA

BY: CIGNA Investments, Inc.

By_____
Its

SCHEDULE I

| | OUTSTANDING PRINCIPAL AMOUNT OF NOTES |
|---|---|
| Connecticut General Life Insurance Company | $12,000,000 |
| Life Insurance Company of North America | $3,000,000 |
| TOTAL | $15,000,000 |

JOHNSON WORLDWIDE ASSOCIATES, INC.

FOURTH AMENDMENT TO NOTE AGREEMENTS

Dated as of October 3, 1997

Re:

Note Agreements Dated as of May 1, 1993

and

$15,000,000 6.58% Senior Notes
Due September 25, 1999

JOHNSON WORLDWIDE ASSOCIATES
1326 Willow Road
Sturtevant, Wisconsin 53177

FOURTH AMENDMENT TO NOTE AGREEMENTS

Dated as of October 3, 1997

Re:Note Agreements Dated as of May 1, 1993
and
$15,000,000 6.58% Senior Notes
Due September 25, 1999

To the Noteholders named in
Schedule I hereto which are also
Johnson Worldwide Associates, Inc.
signatories to this Fourth Amendment
to Note Agreement.

Ladies and Gentlemen:

Reference is made to the separate Note Agreements each dated as of May 1, 1993, as amended by the Amendment Agreement dated as of September 30, 1993 and the Second Amendment Agreement dated as of October 31, 1996, and the Third Amendment Agreement dated as of September 30, 1997, (the "Note Agreements"), between Johnson Worldwide Associates, Inc., a Wisconsin corporation (the "Company"), and the Purchasers named therein, under and pursuant to which $15,000,000 aggregate principal amount of 6.58% Senior Notes due September 25, 1999 (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 each of the amendments set forth below in the manner herein provided:

ARTICLE 1. AMENDMENTS OF NOTE AGREEMENTS

Section 1.1. Amendment of Section 5.11. Section 5.11 of the Note Agreements shall be amended in its entirety so that the same shall read as follows:

Section 5.11. Fixed Charge Coverage Ratio. (a) On October 3, 1997 and January 2, 1998 the Company will have kept and maintained the ratio of Net Income Available for Fixed Charges to Fixed Charges for the fiscal quarter ending on each such date at not less than 1.20 to 1.00.

(b) On April 3, 1998 and on the last day of each fiscal quarter thereafter, the Company will have kept and maintained the ratio of Net Income Available for Fixed Charges to Fixed Charges for the period of four consecutive fiscal quarters ending on each of such dates at not less than 1.50 to 1.00.

ARTICLE 2. MISCELLANEOUS

Section 2.1. 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 2.2. Effect of Amendment. Except as expressly amended hereby, the Company agrees that the Note Agreements, the Notes and all other documents and agreements executed by the Company in connection with

the Note Agreements in favor of the Noteholders are ratified and confirmed and shall remain in full force and effect and that it has no set-off, counterclaim or defense with respect to any of the foregoing.

Section 2.3. Successors and Assigns. This Fourth 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 2.4. Requisite Approval; Expenses. This Fourth Amendment to Note Agreements shall not be effective until (a) the Company and the holders of 66-2/3% in aggregate principal amount of all Notes outstanding on the date hereof shall have executed this Fourth Amendment to Note Agreements, and (b) 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 Fourth 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 Fourth Amendment to Note Agreements.

Section 2.5. Counterparts. This Fourth Amendment to Note Agreements may be executed in any number of counterparts, each executed counterpart constituting an original but all together only one agreement.

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

JOHNSON WORLDWIDE ASSOCIATES, INC.

By_____
Its

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

CONNECTICUT GENERAL LIFE INSURANCE COMPANY

BY: CIGNA Investments, Inc.

By_____
Its

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

LIFE INSURANCE COMPANY OF NORTH AMERICA

BY: CIGNA Investments, Inc.

By_____
Its

SCHEDULE I

| | OUTSTANDING PRINCIPAL AMOUNT OF NOTES |
|---|---|
| Connecticut General Life Insurance Company | $12,000,000 |
| Life Insurance Company of North America | $3,000,000 |
| TOTAL | $15,000,000 |

JOHNSON WORLDWIDE ASSOCIATES, INC.

SECOND AMENDMENT TO NOTE AGREEMENTS

Dated as of September 30, 1997

Re:

Note Agreements Dated as of October 1, 1995

and

$30,000,000 7.77% Senior Notes, Series A
Due October 15, 2005
and
$15,000,000 6.98% Senior Notes, Series B
Due October 15, 2005

JOHNSON WORLDWIDE ASSOCIATES
1326 Willow Road
Sturtevant, Wisconsin 53177

SECOND AMENDMENT TO NOTE AGREEMENTS

Dated as of September 30, 1997

Re:Note Agreements Dated as of October 1, 1995
and
$30,000,000 7.77% Senior Notes, Series A
Due October 15, 2005
and
$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 Second Amendment
to Note Agreement.

Ladies and Gentlemen:

Reference is made to the separate Note Agreements each dated as of October 1, 1995, as amended by the First Amendment dated as of October 31, 1996 (the "Note Agreements"), between Johnson Worldwide Associates, Inc., a Wisconsin corporation (the "Company"), and the Purchasers named therein, under and pursuant to which $30,000,000 aggregate principal amount of 7.77% Senior Notes, Series A, due October 15, 2005 and $15,000,000 6.98% Senior Notes, Series B, due October 15, 2005 (collectively, 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 each of the amendments set forth below in the manner herein provided:

ARTICLE 1. AMENDMENTS OF NOTE AGREEMENTS

Section 1.1. Amendment of Section 8.1. Section 8.1 of the Note Agreements shall be amended by amending the definition of "Consolidated Net Worth" in its entirety so that the same shall read as follows:

> "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 foreign currency translation adjustments and contingent compensation adjustments determined on a consolidated basis in accordance with GAAP; provided that for the fiscal quarters ending October 3, 1997 and January 2, 1998, the cumulative foreign currency translation account of the Company shall be excluded in calculating Consolidated Net Worth.

ARTICLE 2. MISCELLANEOUS

Section 2.1. 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 2.2. Effect of Amendment. Except as expressly amended hereby, the Company agrees that the Note Agreements, the Notes and all other documents and agreements executed by the Company in connection with the Note Agreements in favor of the Noteholders are ratified and confirmed and shall remain in full force and effect and that it has no set-off, counterclaim or defense with respect to any of the foregoing.

Section 2.3. Successors and Assigns. This Second 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 2.4. Requisite Approval; Expenses. This Second Amendment to Note Agreements shall not be effective until (a) the Company and the holders of 66-2/3% in aggregate principal amount of all Notes outstanding on the date hereof shall have executed this Second Amendment to Note Agreements, and (b) 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 Second 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 Second Amendment to Note Agreements.

Section 2.5. Counterparts. This Second Amendment to Note Agreements may be executed in any number of counterparts, each executed counterpart constituting an original but all together only one agreement.

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

JOHNSON WORLDWIDE ASSOCIATES, INC.

By_____
Its

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

NATIONWIDE LIFE INSURANCE COMPANY

By_____
Its

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

EMPLOYERS LIFE INSURANCE COMPANY OF WAUSAU

By_____
Its

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

GREAT-WEST LIFE & ANNUITY INSURANCE COMPANY

By_____
Its

By_____
Its

SCHEDULE I

| | OUTSTANDING PRINCIPAL AMOUNT OF NOTES |
|---|---|
| Nationwide Life Insurance Company | $27,000,000 |
| Employers Life Insurance Company of Wausau | $3,000,000 |
| Great-West Life & Annuity Insurance Company | $15,000,000 |
| TOTAL | $45,000,000 |

JOHNSON WORLDWIDE ASSOCIATES, INC.

THIRD AMENDMENT TO NOTE AGREEMENTS

Dated as of October 3, 1997

Re:

Note Agreements Dated as of October 1, 1995

and

$30,000,000 7.77% Senior Notes, Series A
Due October 15, 2005
and
$15,000,000 6.98% Senior Notes, Series B
Due October 15, 2005

JOHNSON WORLDWIDE ASSOCIATES
1326 Willow Road
Sturtevant, Wisconsin 53177

THIRD AMENDMENT TO NOTE AGREEMENTS

Dated as of October 3, 1997
Re:Note Agreements Dated as of October 1, 1995
and
$30,000,000 7.77% Senior Notes, Series A
Due October 15, 2005
and
$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 Third Amendment
to Note Agreement.

Ladies and Gentlemen:

Reference is made to the separate Note Agreements each dated as of October 1, 1995, as amended by the First Amendment dated as of October 31, 1996 and the Second Amendment to Note Agreement dated as of September 30, 1997, (the "Note Agreements"), between Johnson Worldwide Associates, Inc., a Wisconsin corporation (the "Company"), and the Purchasers named therein, under and pursuant to which $30,000,000 aggregate principal amount of 7.77% Senior Notes, Series A, due October 15, 2005 and $15,000,000 6.98% Senior Notes, Series B, due October 15, 2005 (collectively, 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 each of the amendments set forth below in the manner herein provided:

ARTICLE 1. AMENDMENTS OF NOTE AGREEMENTS

Section 1.1. Section 5.6(a)(3) of the Note Agreements shall be amended in its entirety to read as follows:

(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 Section 5.6(a)(3), the Average Outstanding Balance of Consolidated Current Debt (as defined in Section 5.6(e) below) computed for the Compliance Period (as defined in Section 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

Section 1.2. Section 5.9 of the Note Agreements shall be amended in its entirety to read as follows:

Section 5.9. Consolidated Net Worth. The Company will at all times keep and maintain Consolidated Net Worth at an amount not less than $100,000,000; provided that Charges for Identified Dispositions shall not be taken into account for purposes of determining the amount of Consolidated Net Worth maintained by the Company for purposes of calculations pursuant to this Section 5.9. As used in this Section 5.9, "Charges for Identified Dispositions" shall mean charges taken by the Company on or prior to October 2, 1998 in an aggregate amount not in excess of $5,000,000 and relating to (i) the closing of certain distribution centers and other facilities owned or operated by Uwatec AG and its subsidiaries, and (ii) the disposition of the Airguide Instrument Company.

Section 1.3. Section 5.16 of the Note Agreements shall be amended in its entirety to read as follows:

5.16. 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 four occasions (including the quarter ending October 3, 1997) the Fixed Charge Coverage Ratio can be less than 1.5 to 1 so long as it is greater than 1.2 to 1. As used in this Section 5.16, "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).

ARTICLE 2. MISCELLANEOUS

Section 2.1. 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 2.2. Effect of Amendment. Except as expressly amended hereby, the Company agrees that the Note Agreements, the Notes and all other documents and agreements executed by the Company in connection with the Note Agreements in favor of the Noteholders are ratified and confirmed and shall remain in full force and effect and that it has no set-off, counterclaim or defense with respect to any of the foregoing.

Section 2.3. Successors and Assigns. This Third 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 2.4. Requisite Approval; Expenses. This Third Amendment to Note Agreements shall not be effective until (a) the Company and the holders of 70% in aggregate principal amount of all Notes outstanding on the date hereof shall have executed this Third Amendment to Note Agreements, (b) the Company shall have paid a fee in the aggregate amount of $225,000 (pro rata based on the unpaid principal amount of the Notes held by each holder) to the holders of the Notes, and (c) 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 Third 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 Third Amendment to Note Agreements.

Section 2.5. Counterparts. This Third Amendment to Note Agreements may be executed in any number of counterparts, each executed counterpart constituting an original but all together only one agreement.

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

JOHNSON WORLDWIDE ASSOCIATES, INC.

By_____
Its

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

NATIONWIDE LIFE INSURANCE COMPANY

By_____
Its

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

EMPLOYERS LIFE INSURANCE COMPANY OF WAUSAU

By_____
Its

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

GREAT-WEST LIFE & ANNUITY INSURANCE COMPANY

By _____
Its

By _____
Its

SCHEDULE I

| | OUTSTANDING PRINCIPAL AMOUNT OF NOTES |
|---|---|
| Nationwide Life Insurance Company | $27,000,000 |
| Employers Life Insurance Company of Wausau | $3,000,000 |
| Great-West Life & Annuity Insurance Company | $15,000,000 |
| TOTAL | $45,000,000 |

EXHIBIT 4.12

WAIVER AND AMENDMENT NO. 2

THIS WAIVER AND AMENDMENT NO. 2 (the "Amendment") is entered into as of November 6, 1996 by and among JOHNSON WORLDWIDE ASSOCIATES, INC. (the "Company"), the undersigned Banks and THE FIRST NATIONAL BANK OF CHICAGO, as Agent.

W I T N E S S E T H :

WHEREAS, the Company, the Banks and the Agent are parties to that certain Revolving Credit Agreement dated as of November 29, 1995, as amended prior to the date hereof (as so amended, the "Agreement");

WHEREAS, the Company is in default under Section 6.03 of the Agreement due to the Company's failure to maintain, for the four fiscal quarters ending September 27, 1996, the ratio of Net Income Available for Fixed Charges to Fixed Charges required to be maintained pursuant to said Section;

WHEREAS, the Company is in default under certain agreements (collectively, the "1991 and 1993 Note Agreements") under which the Company has incurred Indebtedness in excess of $5,000,000 ("Other Specified Indebtedness") due, in each case, to the Company's failure to maintain, for the period of four consecutive fiscal quarters ending September 27, 1996, a certain minimum fixed charge coverage ratio ("Fixed Charge Coverage Defaults"), and such Fixed Charge Coverage Defaults permit the maturity of such Other Specified Indebtedness to be accelerated by the holders thereof;

WHEREAS, Events of Default have occurred under the terms of the Agreement due to the default under Section 6.03 of the Agreement and the Fixed Charge Coverage Defaults and the Company has requested that the Banks waive such Events of Default;

WHEREAS, subject to the terms and conditions hereof, the undersigned Banks have agreed to grant such waiver; and

WHEREAS, the Company and the undersigned Banks also desire to amend the Agreement in certain respects more fully described hereinafter;

NOW, THEREFORE, in consideration of the premises herein contained, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. Defined Terms. Capitalized terms used herein and not otherwise defined herein shall have the meanings attributed to such terms in the Agreement.

2. Waiver. The undersigned Banks hereby waive the Events of Default arising under clauses (d) and (e) of Article VII of the Agreement to the extent that such Events of Default result solely from the Company's default under Section 6.03 of the Agreement and the Fixed Charge Coverage Defaults, respectively, in each case as at September 27, 1996; provided, however, that the foregoing waiver shall be effective only until the occurrence of any acceleration of the maturity of any of the Other Specified Indebtedness.

3. Amendments to the Agreement.

3.1. The definition of "Net Income Available for Fixed Charges" set forth in Section 1.01 of the Agreement is hereby amended by deleting the period at the end thereof and inserting the following in lieu thereof:

"plus (d) (to the extent taken into account in determining Consolidated Net Income) in the case of the period of time prior to October 2, 1998, special charges not to exceed $5,000,000 taken in respect of certain distribution center closings and, if Uwatec A.G. is acquired, certain plant closings, in each case during such period."

3.2. Section 1.01 of the Agreement is hereby amended by inserting in proper alphabetical order the following definition:

"Quarterly Date" shall mean the last day of each fiscal quarter of the Company."

3.3. Section 6.03 of the Agreement is hereby amended to read in its entirety as follows:

"SECTION 6.03. Fixed Charges Coverage Ratio. The Company will, as at each Quarterly Date set forth below, have kept and maintained for the immediately preceding four (or, as at December 27, 1996, one, or as at March 28, 1997, two, or as at June 27, 1997, three) fiscal quarters ending on such Quarterly Date, a ratio of Net Income Available for Fixed Charges to Fixed

Charges of not less than the ratio set forth below opposite such Quarterly Date:

| Quarterly Date | Ratio |
|---|---|
| December 27, 1996 | (1.25):1.00 |
| March 28, 1997 | 1.00:1.00 |
| June 27, 1997 and each Quarterly Date thereafter | 1.50:1.00; |

provided that on any four (but only four) Quarterly Dates occurring during the period from June 27, 1997 to but excluding the Expiration Date, the ratio of Net Income Available for Fixed Charges to Fixed Charges for the immediately preceding four fiscal quarters ending on such Quarterly Dates may be less than 1.5 to 1.0, but must be greater than 1.2 to 1.0."

4. Effective Date. This Amendment shall become effective as of the date first above written (the "Effective Date") upon receipt by the Agent of the following:

(i) Counterparts of this Amendment duly executed by the Company and the Majority Banks.

(ii) For the account of each Bank, an amendment fee in the amount of 0.10% of the sum of such Bank's Eurocurrency Commitment and Revolving Loan Commitment.

(iii) Such other documents, in each case in form and substance satisfactory to the Agent, as the Agent may reasonably request.

5. Ratification. The Agreement (including, without limitation, Article XI thereof), as modified and amended hereby, shall remain in full force and effect and is hereby ratified, approved and confirmed in all respects.

6. Reference to Agreement. From and after the Effective Date, each reference in the Agreement to "this Agreement", "hereof", or "hereunder" or words of like import, and all references to the Agreement in any and all agreements, instruments, documents, notes, certificates and other writings of every kind and nature shall be deemed to mean the Agreement, as modified and amended by this Amendment.

7. Costs and Expenses. The Company agrees to pay all reasonable costs, fees and out-of-pocket expenses (including attorneys' fees and time charges of attorneys for the Agent, which attorneys may be employees of the Agent) incurred by the Agent in connection with the preparation, execution and enforcement of this Amendment.

8. CHOICE OF LAW. THIS AMENDMENT SHALL BE CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS (AND NOT THE LAWS OF CONFLICTS) OF THE STATE OF ILLINOIS, BUT GIVING EFFECT TO FEDERAL LAWS APPLICABLE TO NATIONAL BANKS.

9. Execution in Counterparts. This Amendment may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement.

IN WITNESS WHEREOF, the Company, the undersigned Banks and the Agent have executed this Amendment as of the date first above written.

JOHNSON WORLDWIDE ASSOCIATES, INC.

By: _____
Title: _____

THE FIRST NATIONAL BANK OF CHICAGO, Individually and as Agent

By: _____
Title: _____

FIRSTAR BANK MILWAUKEE, N.A.

By: _____
Title: _____

SOCIETE GENERALE

By: _____
Title: _____

WACHOVIA BANK OF GEORGIA, N.A.

By: _____
Title: _____

M&I MARSHALL & ILSLEY BANK

By: _____
Title: _____

THE NORTHERN TRUST COMPANY

By: _____
Title: _____

AMENDMENT NO. 3 TO CREDIT AGREEMENT
Dated as of July 9, 1997

THIS AMENDMENT NO. 3 TO CREDIT AGREEMENT ("Amendment") is made as of July 9, 1997 by and among JOHNSON WORLDWIDE ASSOCIATES, INC., a Wisconsin corporation (the "Company"), the financial institutions listed on the signature pages hereof (the "Banks") and THE FIRST NATIONAL BANK OF CHICAGO, in its individual capacity as a Bank and as agent (the "Agent") on behalf of the Banks under that certain Credit Agreement dated as of November 29, 1995 by and among the Company, the Banks and the Agent (as amended, the "Credit Agreement"). Defined terms used herein and not otherwise defined herein shall have the meaning given to them in the Credit Agreement.

W I T N E S S E T H :

WHEREAS, the Company, the Banks and the Agent are parties to the Credit Agreement;

WHEREAS, the Company has requested that the Banks amend the Credit Agreement to provide for the issuance of letters of credit thereunder and in certain other respects; and

WHEREAS, the Banks and the Agent are willing 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 Company, the Banks and the Agent have agreed to the following amendments to the Credit Agreement.

1. Amendments to Credit Agreement. Effective as of July 9, 1997 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. Article I of the Credit Agreement is hereby amended to add alphabetically the following defined terms:

"Issuance Date" means, with respect to any Letter of Credit, the date on which such Letter of Credit is issued hereunder.

"Issuer" means any Bank which has issued a Letter of Credit pursuant to the Letter of Credit Facility, and its successors and assigns.

"Issuer's Fee" is defined in Section 2.18(g).

"Letter of Credit" means any standby letter of credit denominated in Dollars issued for the account of the Company under the Letter of Credit Facility.

"Letter of Credit Facility" means the Letter of Credit Facility provided in Section 2.18.

"Letter of Credit Fee" is defined in Section 2.18(g).

"Letter of Credit Obligations" means, at any date of determination thereof, all liabilities, whether actual or contingent, of the Company in respect of the Letters of Credit, including without limitation, the sum of (a) the Dollar Amount of the Reimbursement Obligations; and (b) the Dollar Amount of the aggregate undrawn face amount of the outstanding Letters of Credit.

"Letter of Credit Request" is defined in Section 2.18(c).

"Purchase Agreement" means that certain Share Purchase Agreement dated as of March 17/26, 1997 by and among the Company, Uwatec AG, Heinze Ruchti and Karl Leemann.

"Reimbursement Obligations" means, at any time, the aggregate of the obligations of the Company to the Issuers and the Banks in respect of all unreimbursed payments or disbursements made by an Issuer and the Banks under or in respect of the Letters of Credit.

1.2. Article I of the Credit Agreement is hereby amended by amending the definition of "Dollar Amount" to add the following at the end thereof:

"Dollar Amount shall mean in relation to any Letter of Credit Obligation, the equivalent in Dollars of any such Letter of Credit Obligation denominated in an Alternative Currency computed as prescribed in Section 2.18(d)(i), or, if such methods are for any reason inapplicable, in the manner deemed most appropriate and customary by the Agent."

1.3. Article I of the Credit Agreement is hereby amended by amending the definition of "Funded Debt" to insert immediately after the phrase "shall mean" the following: ", without duplication,", to insert

immediately after "the date of origin)," the following: "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", and to add the following at the end thereof: "and (e) all obligations of such Person with respect to Letters of Credit with an expiry date more than one year from the Issuance Date (or which can be extended at the option of the account party to an expiry date more than one year from the Issuance Date)".

1.4. Article I of the Credit Agreement is hereby amended by amending the definition of "Indebtedness" to insert immediately after the phrase "shall mean and include" the following: ", without duplication,", to insert immediately after "and similar agreements)," the following: "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", and to add the following at the end thereof: "and (g) all obligations of such Person with respect to the Letter of Credit Obligations."

1.5. Article I of the Credit Agreement is hereby amended by amending the definition of "Majority Banks" to add the following at the end thereof: "and Letter of Credit Obligations".

1.6. Section 2.01(a) of the Credit Agreement is hereby amended to insert immediately after the phrase "Absolute Rate Loans to" in the seventh line, the following: "and Letter of Credit Obligations of" and to add immediately after the phrase "pursuant to Section 2.01(a)" in the ninth line, the following: "and Letter of Credit Obligations of the Company".

1.7. Section 2.01(b) of the Credit Agreement is hereby amended to insert immediately after the phrase "all Eligible Subsidiaries" in the eighth line, the following: "and Letter of Credit Obligations of the Company".

1.8. Section 2.11 of the Credit Agreement is hereby amended to add a new subsection (e) at the end thereof:

(e) If, as of the last Business Day of any fiscal quarter,the sum of (i) the aggregate outstanding principal amount of Revolving Loans made pursuant to Section 2.01(a) and (ii) the Letter of Credit Obligations exceeds the Aggregate Revolving Commitment, then the Company shall make a mandatory prepayment of the Revolving Loans in an amount sufficient to eliminate such excess.

1.9. Section 2.13(a)(i) of the Credit Agreement is hereby amended to insert immediately after the phrase "its Loans or Notes" the following: "or its Letters of Credit".

1.10. Section 2.13(a)(iv) of the Credit Agreement is hereby amended to insert the following immediately after the phrase "its Loan or Loans", the following: "or its Letters of Credit".

1.11. Section 2.13(c) of the Credit Agreement is hereby amended to insert immediately after the phrase "its Loans" the following: "or its Letters of Credit".

1.12. Section 2.15(a) of the Credit Agreement is hereby amended to insert immediately after the phrase "and the Aggregate Eurocurrency Commitment", the following: "(treating the Dollar Amount of the Letter of Credit Obligations as usage of the Aggregate Revolving Commitment)".

1.13. The Credit Agreement is hereby amended to insert immediately after Section 2.17, the following new Section 2.18:

2.18. Letters of Credit. Subject to the terms and conditions of this Agreement, the Company may obtain Letters of Credit, from time to time during the period commencing on the date hereof and ending on the Business Day prior to the Expiration Date. The Company may request any Bank to issue a Letter of Credit and such Bank may, but is not required to, issue a Letter of Credit. If no other Bank is willing to issue a Letter of Credit, First Chicago shall issue such Letter of Credit. Any Bank issuing a Letter of Credit shall be an Issuer. Nothing herein contained shall prohibit the Company from obtaining letters of credit outside of this Credit Agreement.

(a) Types and Amounts. No Issuer (including First Chicago) shall:

(i) issue any letter of Credit if the aggregate maximum amount then available for drawing under Letters of Credit, after giving effect to the Letter of Credit requested hereunder, shall exceed any limit imposed by law or regulation upon the Issuer;

(ii) issue any Letter of Credit if, after giving effect thereto, the sum of (a) the Dollar Amount of the Letter of Credit Obligations and (b) the aggregate unpaid principal balance of the Revolving Loans would exceed the Revolving Loan Commitment;

(iii) issue any Letter of Credit if, after giving effect thereto, the sum of (a) the Dollar Amount of the Letter of Credit Obligations and (b) the aggregate unpaid principal balance of the Revolving Loans, Eurocurrency Loans and Absolute Rate Loans would exceed the Aggregate Commitment;

(iv) issue any Letter of Credit which has an expiration date on or after the Expiration Date; or

(v) issue any Letter of Credit if the Dollar Amount of the Letter of Credit Obligations, after giving effect to the Letter of Credit requested hereunder, shall exceed $20,000,000.

(b) Conditions. In addition to being subject to the satisfaction of the conditions contained in Article IV, the obligation of the Issuer to issue any Letter of Credit is subject to the satisfaction in full of the following conditions:

(i) the Company shall have delivered to the Issuer, with a copy to the Agent, at such times and in such manner as the Issuer may reasonably prescribe such documents and materials as may be required pursuant to the terms of the proposed Letter of Credit and the proposed Letter of Credit shall be reasonably satisfactory to the Issuer as to form and content; and

(ii) as of the Issuance Date, no order, judgment or decree of any court, arbitrator or Governmental Authority shall purport by its terms to enjoin or restrain the Issuer from issuing the proposed Letter of Credit and no law, rule or regulation applicable to the Issuer and no request or directive (whether or not having the force of law) from any Governmental Authority with jurisdiction over the Issuer shall prohibit or request that the Issuer refrain from the issuance of Letters of Credit generally or the issuance of such proposed Letter of Credit in particular.

(c) Procedure for Issuance of Letters of Credit.

(i) The Company shall give the Issuer and the Agent three (3) Business Days' prior written notice of any requested issuance of a Letter of Credit (except that, in lieu of such written notice, the Company may give the Issuer (x) notice of such request by tested telex or other tested arrangement satisfactory to the Issuer or (y) telephonic notice of such request if confirmed in writing by delivery to the Issuer (i) immediately (A) of a telecopy of the written notice required hereunder which has been signed by an authorized signatory of the Company or (B) of a telex containing all information required to be contained in such written notice and (ii) promptly (but in no event later than the requested time of issuance) of a copy of the written notice required hereunder containing the original signature of an authorized signatory of the Company). Each such notice (each a "Letter of Credit Request") shall be irrevocable once the relevant Letter of Credit is issued and shall specify the stated amount of the Letter of Credit requested, the Issuance Date (which day shall be a Business Day) of such requested Letter of Credit, the date on which such requested Letter of Credit is to expire (which date shall be a Business Day and shall in no event be on or after the Expiration Date), the purpose for which such Letter of Credit is to be issued, and the Person for whose benefit the requested Letter of Credit is to be issued. Promptly after receipt thereof, the Agent shall notify each Bank of the contents of each Letter of Credit Request. At the time such Letter of Credit Request is made, the Company shall also provide the Issuer and the Agent with a copy of the form of the Letter of Credit it is requesting be issued. Such Letter of Credit Request, to be effective, must be received by the Issuer and the Agent not later than 2:00 p.m. (Chicago time) on the last Business Day on which notice can be given under this Section 2.18(c).

(ii) Subject to the terms and conditions of this Section 2.18(c) and provided that the applicable conditions set forth in Section 4.01(c), Section 4.01(d) and Section 2.18(b) have been satisfied, the Issuer shall, on the requested Issuance Date, issue the requested Letter of Credit for the account of the Company in accordance with the Issuer's usual and customary business practices.

(iii) An Issuer shall not amend, renew, extend, or permit an extension of any Letter of Credit unless the requirements of this Section 2.18(c) are met as if a new Letter of Credit were being requested and issued.

(d) Reimbursement Obligations.

(i) The Issuer shall promptly notify the Company and the Agent and each Bank of any draw under a Letter of Credit. The Company shall reimburse the Agent for the account of the Issuer, in immediately available funds, for draws under a Letter of Credit no later than the Business Day next succeeding the date of the payment by the Issuer. In the case of any draw under a

Letter of Credit in an Alternative Currency, the Company shall reimburse the Agent for the account of the Issuer on demand at the Agent's head office (or at such other place as may be specified by the Agent) the amount in such Alternative Currency drawn under such Letter of Credit or the equivalent of the amount in Dollars at the rate of exchange then quoted by the Agent for the electronic transfer to the place of payment in the currency in which such draw was made or, if so required by the Agent, to pay the Agent at its head office in advance, following a documentary presentation, in Dollars the equivalent of the amount required to pay the same. If, for any cause whatsoever, there exists at the time in question no rate of exchange generally available to the Agent for effective electronic transfers of the sort provided for above, the Company agrees to pay the Agent on demand an amount in Dollars equivalent to the actual cost of settlement of the Issuer's obligation to the person presenting the applicable draft under the applicable Letter of Credit, however and whenever such settlement may be made by the Issuer.

(ii) Any Reimbursement Obligation with respect to any Letter of Credit shall bear interest form the date of the relevant draws under the relevant Letter of Credit at the interest rate for Borrowings not paid at maturity as calculated in accordance with Section 2.07(a).

(iii) Any action taken or omitted to be taken by the Issuer under or in connection with any Letter of Credit, if taken or omitted in the absence of willful misconduct or gross negligence, shall not put the Issuer under any resulting liability to any Bank or, assuming that the Issuer has complied with the procedures specified in Section 2.18(c) and such Bank has not given a notice contemplated by Section 2.18(e) that continues in full force and effect, relieve such Bank of its obligations hereunder to the Issuer. In determining whether to pay under any Letter of Credit, the Issuer shall have no obligation relative to the Banks, the Agent or the Company other than to confirm that any documents required to be delivered under such Letter of Credit appear to comply on their face with the requirements of such Letter of Credit.

(e) Participation; Receipt of Payments.

(i) Immediately upon issuance or extension or renewal by an Issuer of any Letter of Credit in accordance with the procedures set forth in Section 2.18(c), each Bank shall be deemed to have irrevocably and unconditionally purchased and received from the Issuer, without recourse or warranty, an undivided interest and participation equal to its Applicable Percentage in such Letter of Credit (including, without limitation, all obligations of the Company with respect thereto) and any security therefor or guaranty pertaining thereto, if any; provided, that a Letter of Credit issued by the Issuer shall not be deemed to be a Letter of Credit for purposes of this Section 2.18(e) if the Issuer and the Agent shall have received written notice from any Bank on or before one Business Day prior to the date of its issuance of such Letter of Credit that one or more of the conditions contained in Article IV is not then satisfied, and, in the event the Issuer and the Agent receive such a notice, there shall be no further obligation on the part of First Chicago or any Issuer to issue any Letter of Credit until such notice is withdrawn by that Bank or such condition has been effectively waived in accordance with the provisions of this Agreement.

(ii) In the event that an Issuer makes any payment under any Letter of Credit and the Company shall not have repaid such amount to the Issuer pursuant to Section 2.18(d), the Issuer shall promptly notify the Agent and each Bank of such failure, and each Bank shall promptly and unconditionally pay to the Agent for the account of the Issuer the Dollar Amount of such Bank's Applicable Percentage of the unreimbursed amount of any such payment, and the Company's obligations to repay the Banks with respect to such amounts shall be deemed to be, and treated as, a Revolving Loan or Loans which shall bear interest at the interest rate for Borrowings not paid at maturity as calculated in accordance with Section 2.07(a) unless and until such amounts are repaid or refinanced pursuant to Section 2.08. The failure of any Bank to make available to the Agent, in immediately available funds, its Applicable Percentage of the unreimbursed amount of any such payment shall not relieve any other Bank of its obligation hereunder to make available to the Agent, in immediately available funds, its Applicable Percentage of the unreimbursed amount of any payment on the date such payment is to be made, but no Bank shall be responsible for the failure of any other Bank to make available to the Agent its Applicable Percentage of the unreimbursed amount of any payment on the date such payment is to be made.

(iii) Whenever the Agent or an Issuer receives a payment on account of a Reimbursement Obligation, including any interest thereon, it shall promptly pay to each Bank which has funded its participating interest therein, in immediately

available funds, an amount equal to such Bank's Applicable Percentage thereof.

(iv) The obligations of a Bank to make payments to the Agent for the account of an Issuer with respect to a Letter of Credit shall be absolute, unconditional and irrevocable, shall not be subject to any counterclaim, set-off, qualification or exception whatsoever and shall be made without any requirement that the Company satisfy the conditions set forth in Section 4.01.

(f) Payment of Reimbursement Obligations.

(i) The Company agrees to pay to the Agent for the account of the Issuer the amount of all Reimbursement Obligations, interest and other amounts payable to the Issuer under or in connection with any Letter of Credit immediately when due, irrespective of any claim, set-off, defense or other right which the Company or any Subsidiary may have at any time against the Issuer or any other Person, under all circumstances, including without limitation, any of the following circumstances:

(A) any lack of validity or enforceability of this Agreement or any of the other documents, instruments or agreements executed by the Company in connection therewith;

(B) the existence of any claim, setoff, defense or other right which the Company or any Subsidiary may have at any time against a beneficiary named in a Letter of Credit or any transferee of any Letter of Credit (or any Person for whom any such transferee may be acting), any Issuer, any Bank, or any other Person, whether in connection with this Agreement, any Letter of Credit, the transactions contemplated herein or any unrelated transactions (including any underlying transactions between the Company or any Subsidiary and the beneficiary named in any Letter of Credit);

(C) any draft, certificate or any other document presented under the Letter of Credit proving to be forged, fraudulent, invalid or insufficient in any respect or any statement therein being untrue or inaccurate in any respect (provided any such draft, certificate or other document appeared valid on its face when presented to the Issuer);

(D) the surrender or impairment of any security for the performance or observance of any of the terms of this Agreement or any of the documents, instruments or agreements executed by the Company in connection therewith; or

(E) the occurrence of any Default or Event of Default.

(ii) In the event any payment by the Company received by the Agent or an Issuer with respect to a Letter of Credit and distributed to the Banks on account of their participations is thereafter set aside, avoided or recovered from the Agent or an Issuer in connection with any receivership, liquidation, reorganization or bankruptcy proceeding, each Bank which received such distribution shall, upon demand by the Agent, contribute to the Agent or such Issuer such Bank's Applicable Percentage of the amount set aside, avoided or recovered together with interest at the ate required to be paid by the Agent or such Issuer upon the amount required to be repaid by it.

(g) Compensation for Letters of Credit. The Company shall pay to the Agent, for the ratable account of each Bank, a Letter of Credit Fee ("Letter of Credit Fee") in respect of the Letter of Credit then being issued equal to the LIBOR Margin on such day times the Dollar Amount on such day (and recalculated on the first Business Day of each quarter for such quarter) of the maximum face amount of such Letter of Credit from the Issuance Date thereof until such Letter of Credit expires or is terminated. Promptly upon its receipt of such Letter of Credit Fee, the Agent shall pay to each Bank, in immediately available funds, an amount equal to such Bank's Applicable Percentage thereof. Any Issuer shall have the right to receive, for its own account (i) in respect of each Letter of Credit issued by it, a fee in the amount of 1/8 of 1% per annum of the Dollar Amount of the maximum face amount of such Letter of Credit ("Issuer's Fee"), and (ii) all of its reasonable and customary costs of issuing and servicing the Letters of Credit. The Letter of Credit Fee and the Issuer's Fee shall begin to accrue on the Issuance Date and shall be payable quarterly in arrears.

1.14. Article IV of the Credit Agreement is hereby amended to insert immediately after the phrase "to make Loans" in the first sentence thereof, the following: "or to issue Letters of Credit".

1.15. Section 4.01 of the Credit Agreement is hereby amended to insert immediately after the phrase "on the date of each Borrowing", the following: "or the Issuance Date of each Letter of Credit".

1.16. Section 4.01(d) is hereby amended to insert immediately after the phrase "or refinancing", the following: "or the Issuance Date of each Letter of Credit".

1.17. Article V of the Credit Agreement is hereby amended to insert immediately after the phrase "or the Loans," in the first sentence thereof, the following: "Letter of Credit Obligations,".

1.18. Section 5.08 of the Credit Agreement is hereby amended to insert immediately after the phrase "of the Loans", the following: "and Letters of Credit".

1.19. Article VI of the Credit Agreement is hereby amended to insert immediately after the phrase "of the Loans" in the first sentence thereof, the following: "Letter of Credit Obligations,".

1.20. Section 6.01(a) of the Credit Agreement is hereby amended by adding the following language at the end thereof:

> "except to the extent 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".

1.21. Article VII(b) of the Credit Agreement is hereby amended to insert immediately after the phrase "of the Notes", the following: "or the Reimbursement Obligations".

1.22. Article VII(c) of the Credit Agreement is hereby amended to insert immediately after the phrase "of the Commitment Fee", the following: ", the Letter of Credit Fee, the Issuer's Fee"; and to insert immediately after the phrase "(other than principal payments on the Notes", the following: "or the Reimbursement Obligations."

1.23. Article VII of the Credit Agreement is hereby amended to add immediately following the phrase in the final paragraph thereof "terminate forthwith the Revolving Loan Commitments and the Eurocurrency Commitments", the following "and the obligations to issue Letters of Credit"; and to insert immediately after the phrase "whereupon the Revolving Loan Notes, the Eurocurrency Notes and the Competitive Bid Notes", the following: "and the Letter of Credit Obligations"; and to insert immediately after the phrase "shall automatically terminate, and the Revolving Loan Notes, the Eurocurrency Notes and the Competitive Bid Notes", the following: "and the Letter of Credit Obligations".

1.24. Section 8.04 of the Credit Agreement is hereby amended to insert immediately after the phrase "the principal of or interest on any Note", the following: "or with respect to any Letter of Credit Obligation"; and to insert immediately after the phrase "or the Commitment Fee" in the third sentence, the following: "the Letter of Credit Fee or the Issuer's Fee".

1.25. Section 8.05 of the Credit Agreement is hereby amended to insert immediately after the phrase "of the Notes", the following: "and the Letter of Credit Obligations"; and to insert immediately after the phrase "arising out of this Agreement, the Notes," the following: "the Letters of Credit".

1.26. Section 8.06 of the Credit Agreement is hereby amended to insert immediately after the phrase "the Notes evidencing such Loans", the following: "and the Letters of Credit".

1.27. Article IX of the Credit Agreement is hereby amended to inset immediately after the phrase "of this Agreement or any Note", the following: "or Letter of Credit"; and to insert immediately after the phrase "any Revolving Note or Eurocurrency Note", the following: "or Letter of Credit"; and to insert immediately after the phrase "payment of any Commitment Fee", the following: "or other fee" and to add the following at the end thereof: "No amendment of any provision of this Agreement relating in any way to any Issuing Banks or any or all of the Letters of Credit shall be effective without the written consent of each Issuing Bank affected thereby".

1.28. Section 10.02 of the Credit Agreement is hereby amended to insert immediately after the phrase "obtain payment in respect of any Note held by it as a result of which the unpaid portion of such Note is proportionately less than the unpaid portion of the Notes held by each of the other Banks", the following: "or obtain payment in respect of any Reimbursement Obligations owed to it as a result of which the unpaid portion of such Reimbursement Obligations is proportionately less than the unpaid portion of the Reimbursement Obligations held by each of the other Banks"; and to insert immediately after the phrase "so that the aggregate unpaid principal amount of the Notes", the following: "and Reimbursement Obligations"; and to insert immediately after the phrase "shall be in the same proportion to the aggregate unpaid principal amount of the Notes", the following: "and Reimbursement Obligations"; and to insert immediately after the phrase "then outstanding as the principal amount of the Note", the following: "and Reimbursement Obligations"; and to insert immediately after the phrase "to the principal amount of all the Notes", the following: "and Reimbursement Obligations"; and to insert immediately after the phrase "agrees that any holder of a participation in any Loan or Note", the following: "and Reimbursement Obligations".

1.29. Section 10.10 of the Credit Agreement is hereby amended by inserting immediately after the phrase "the proceeds of any Loan" in the next to the last sentence thereof, the following: "or Letter of Credit".

2. Conditions of Effectiveness. This Amendment shall become effective and be deemed effective as of the date hereof, if, and only if, the Agent shall have received each of the following:

(a) duly executed originals of this Amendment from the Company and each of the Banks; and

(b) such other documents, instruments and agreements as the Agent may reasonably request.

3. Representations and Warranties of the Company. The Company hereby represents and warrants as follows:

(a) This Amendment and the Credit Agreement as previously executed and as amended hereby, constitute legal, valid and binding obligations of the Company and are enforceable against the Company in accordance with their terms.

(b) Upon the effectiveness of this Amendment, the Company hereby reaffirms all covenants, representations and warranties made in the Credit Agreement, to the extent the same are not amended hereby, and agrees that all such covenants, representations and warranties shall be deemed to have been remade as of the effective date of this Agreement.

4. Reference to the Effect on the Credit Agreement.

(a) Upon the effectiveness of Section 1 hereof, on and after the date hereof, each reference in the Credit Agreement to "this Agreement," "hereunder," "hereof," "herein" or words of like import shall mean and be a reference to the Credit Agreement dated as of November 29, 1995, as amended previously and as amended hereby.

(b) Except as specifically amended above, the Credit Agreement dated as of November 29, 1995 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 wavier of any right, power or remedy of the Agent or any of the Banks, 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. Costs and Expenses. The Company agrees to pay all reasonable costs, fees and out-of-pocket expenses (including attorneys' fees and expenses charged to the Agent) incurred by the Agent in connection with the preparation, execution and enforcement of this Amendment.

6. Governing Law. This Amendment shall be governed by and construed in accordance with the internal laws (as opposed to the conflict of law provisions) of the State of Illinois.

7. 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.

8. Counterparts. This Amendment may be executed by one or more of the parties to the Amendment on any number of separate counterparts and all of said counterparts taken together shall be deemed to constitute one and the same instrument.

IN WITNESS WHEREOF, this Amendment has been duly executed as of the day and year first above written.

JOHNSON WORLDWIDE ASSOCIATES, INC.

By: _____
Title: SENIOR VICE PRESIDENT & CFO

THE FIRST NATIONAL BANK OF
CHICAGO, Individually and as Agent

By: _____
Title:_____

FIRSTAR BANK MILWAUKEE, N.A.

By: _____
Title: _____

SOCIETE GENERALE

By: _____
Title: _____

WACHOVIA BANK OF GEORGIA, N.A.

By: _____
Title: Vice President

M&I MARSHALL & ILSLEY BANK

By: _____
Title: _____

THE NORTHERN TRUST COMPANY

By: _____
Title: _____

# AMENDMENT NO. 4 TO CREDIT AGREEMENT
Dated as of September 30, 1997

THIS AMENDMENT NO. 4 TO CREDIT AGREEMENT ("Amendment") is made as of September 30, 1997 by and among JOHNSON WORLDWIDE ASSOCIATES, INC., a Wisconsin corporation (the "Company"), the financial institutions listed on the signature pages hereof (the "Banks") and THE FIRST NATIONAL BANK OF CHICAGO, in its individual capacity as a Bank and as agent (the "Agent") on behalf of the Banks under that certain Credit Agreement dated as of November 29, 1995 by and among the Company, the Banks and the Agent (as amended, 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 Banks and the Agent are parties to the Credit Agreement;

WHEREAS, the Company has requested that the Banks amend the Credit Agreement in certain respects; and

WHEREAS, the Banks and the Agent are willing 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 Company, the Banks and the Agent have agreed to the following amendments to the Credit Agreement.

1. Amendment to Credit Agreement. Effective as of September 30, 1997 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 6.01(a) of the Credit Agreement is hereby amended by adding the following language at the end thereof:

> "and provided further that for purposes of calculating compliance with this Section 6.01 for the fiscal quarters ending October 3, 1997 and January 2, 1998, the cumulative foreign currency translation account of the Company shall be excluded in calculating Consolidated Total Capitalization."

2. Conditions of Effectiveness. This Amendment shall become effective and be deemed effective as of the date hereof, if, and only if, the Agent shall have received each of the following:

(a) duly executed originals of this Amendment from the Company and the Majority Banks; and

(b) such other documents, instruments and agreements as the Agent may reasonably request.

3. Representations and Warranties of the Company. The Company hereby represents and warrants as follows:

(a) This Amendment and the Credit Agreement as previously executed and amended and as amended hereby, constitute legal, valid and binding obligations of the Company and are enforceable against the Company in accordance with their terms.

(b) Upon the effectiveness of this Amendment, the Company hereby reaffirms all covenants, representations and warranties made in the Credit Agreement, to the extent the same are not amended hereby, and agrees that all such covenants, representations and warranties shall be deemed to have been remade as of the effective date of this Amendment.

4. Reference to the Effect on the Credit Agreement.

(a) Upon the effectiveness of Section 1 hereof, on and after the date hereof, each reference in the Credit Agreement to "this Agreement," "hereunder," "hereof," "herein" or words of like import shall mean and be a reference to the Credit Agreement dated as of November 29, 1995, as amended previously and as amended hereby.

(b) Except as specifically amended above, the Credit Agreement dated as of November 29, 1995 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 Agent or any of the Banks, 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. Costs and Expenses. The Company agrees to pay all reasonable costs, fees and out-of-pocket expenses (including attorneys' fees and expenses charged to the Agent) incurred by the Agent in connection with the preparation, execution and enforcement of this Amendment.

6. Governing Law. This Amendment shall be governed by and construed in accordance with the internal laws (as opposed to the conflict of law provisions) of the State of Illinois.

7. 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.

8. Counterparts. This Amendment may be executed by one or more of the parties to the Amendment on any number of separate counterparts and all of said counterparts taken together shall be deemed to constitute one and the same instrument.

IN WITNESS WHEREOF, this Amendment has been duly executed as of the day and year first above written.

JOHNSON WORLDWIDE ASSOCIATES, INC.

By: /s/
Title: SENIOR VICE PRESIDENT & CFO

THE FIRST NATIONAL BANK OF
CHICAGO, Individually and as Agent

By:
Title:

FIRSTAR BANK MILWAUKEE, N.A.

By:
Title:

SOCIETE GENERALE

By:
Title:

WACHOVIA BANK OF GEORGIA, N.A.

By:
Title:

M & I MARSHALL & ILSLEY BANK

By:
Title:

THE NORTHERN TRUST COMPANY

By:
Title:

Johnson Worldwide Associates, Inc.

Note Agreement

Dated as of September 15, 1997

Re: $25,000,000 7.15% Senior Notes
Due October 15, 2007

Table of Contents

Attachments to Note Agreement:

Johnson Worldwide Associates, Inc.
1326 Willow Road
P.O. Box 901
Sturtevant, Wisconsin 53177

Note Agreement

Re: $25,000,000 7.15% Senior Notes
Due October 15, 2007

Dated as of September 15, 1997

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

Ladies and Gentlemen:

The undersigned, Johnson Worldwide Associates, Inc., a Wisconsin corporation, its successors and assigns (the "Company"), agrees with you (the "Purchaser") as follows:

Section 1. Description of Notes and Commitment.

Section 1.1. Description of Notes. The Company will authorize the issue and sale of $25,000,000 aggregate principal amount 7.15% Senior Notes due October 15, 2007 (the "Notes") to be dated the date of issue, to bear interest from such date at the rate of 7.15% per annum, payable semiannually on the fifteenth day of October and April in each year (commencing April 15, 1998) 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 October 15, 2007, 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 Section 2 of this Agreement. The terms which are capitalized herein shall have the meanings set forth in Section 8.l hereof unless the context shall otherwise require.

Section 1.2. 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 and sell to the Purchaser, and the Purchaser agrees to purchase from the Company, on the Closing Date mentioned below, Notes in the aggregate principal amount of $25,000,000 at a price of 100% of the principal amount thereof.

Delivery of the Notes to be purchased by the Purchaser will be made at the offices of Chapman and Cutler, 111 West Monroe, Chicago, Illinois 60603, against payment therefor by wire transfer of Federal or other funds current and immediately available at the principal office of Huntington National Bank, ABA #044000024 for Account No._0189-170494-1, in the amount of the purchase price, at or about 10:00 a.m., on October 15, 1997 (the "Closing Date"). The Notes delivered to the Purchaser on the Closing Date will be delivered to the Purchaser in the form of a single registered Note in the form attached hereto as Exhibit A (unless different denominations are specified by the Purchaser), registered in the Purchaser's name or in the name of the Purchaser's nominee, all as the 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 the following sums in respect of the aggregate principal indebtedness evidenced by the Notes:

| Required Payment Date | Applicable Amount of Required Principal Payment |
|---|---|
| October 15, 2001 | $2,000,000 |
| October 15, 2002 | $2,000,000 |
| October 15, 2003 | $2,000,000 |
| October 15, 2004 | $2,000,000 |
| October 15, 2005 | $3,000,000 |
| October 15, 2006 | $7,000,000 |

(b) Effects of Required Prepayments.

No Make-Whole Amount shall be payable in connection with any required prepayment made pursuant to Section 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 Section 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 Section 2.1(a).

In the event the Company shall prepay less than all of the Notes pursuant to Section 2.2 or repurchase any Notes in accordance with Section 5.12, the amount of the prepayments required by Section 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 Section 2.1(a) and Section 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 $100,000 in the aggregate or an integral multiple of $10,000 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 Section 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 Section 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 Section 2.3 and the right of the holders of the Notes to require payment on the terms and conditions provided for in this Section 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 Section 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 Section 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 Section 2.3. If the holder of any Note gives any notice pursuant to this second paragraph of Section 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 Section 2.3; provided only that any date for prepayment of such holder's Notes shall be the Delayed Prepayment Date.

As used in this Section 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 Section 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 the Purchaser or the 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 Section 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 the Purchaser, the 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 the Purchaser, the 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 the Purchaser or the Purchaser's nominee on Schedule I hereto or in any written notice to the Company from the Purchaser, the 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 the Purchaser, the 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. Representations of the Purchaser. (a) The Purchaser represents, and in entering into this Agreement the Company understands, that the Purchaser is acquiring the Notes for the purpose of investment and not with a view to the distribution thereof; provided that the disposition of the Purchaser's property shall at all times be and remain within its control. The 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.

(b) The Purchaser represents that the source of funds to be used by the Purchaser to pay the purchase price of the Notes to be purchased hereunder is an "insurance company general account" within the meaning of Department of Labor Prohibited Transaction Exemption 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, exceed 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 filed with the state of Wisconsin.

As used in this Section 3.2(b), the terms "employee benefit plan" and "separate account" shall have the respective meanings assigned to such terms in Section 3 of ERISA.

Section 4. Closing Conditions.

The obligation of the 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 the Purchaser on the Closing Date, the 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 the Purchaser's obligation to purchase the Notes proposed to be purchased by the Purchaser.

Section 4.2. Legal Opinions. Concurrently with the delivery of Notes to the Purchaser on the Closing Date, the Purchaser shall have received from Chapman and Cutler, who are 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 the 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, the Purchaser shall have received, in form and substance reasonably satisfactory to the Purchaser, such documents and evidence with respect to the Company as the 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 the Purchaser.

Section 4.5. Legality of Investment. The Notes to be purchased by the Purchaser shall be a legal investment for the Purchaser under the laws of each jurisdiction to which the 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 the Purchaser, and the 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 the Purchaser the Notes to be issued to the Purchaser on such date or if the conditions specified in this Section 4 have not been fulfilled, the Purchaser may thereupon elect to be relieved of all further obligations under this Agreement. Without limiting the foregoing, if the conditions specified in this Section 4 have not been fulfilled, the Purchaser may waive compliance by the Company with any such condition to such extent as the Purchaser may in its sole discretion determine. Nothing in this Section 4.7 shall operate to relieve the Company of any of its obligations hereunder or to waive the 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. Payment of Closing Costs. The Company shall have paid the costs, expenses and disbursements of the Purchaser's special counsel which are reflected in statements of such counsel rendered prior to the Closing pursuant to Section 9.4; and thereafter (without limiting the provisions of Section 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 Purchaser's 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 Section 5.1 shall not, however, prevent any transaction not prohibited by Section 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 Section 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 Section 5.6(a)(3), the Average Outstanding Balance of Consolidated Current Debt (as defined in Section 5.6(e) below) computed for the Compliance Period (as defined in Section 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), plus (ii) Funded Debt of the Company and Restricted

Subsidiaries secured by Liens permitted by Section 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 Section 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 Section 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 Section 5.6.

(e) For the purposes of Section 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.

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 Section 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 Section 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 Section 5.6; and

(10) any extension, renewal or replacement of any Lien permitted by the preceding clauses (6), (7) and (8) of this Section 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 Section 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 Section 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 Section 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 Section 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 Section 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 Section 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 Section 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 Section 5.6(a)(3).

Computations made pursuant to Section 5.8(b)(1) shall include dispositions made pursuant to Section Section 5.8(c)(3) and 5.8(c)(4) and computations pursuant to Section Section 5.8(c)(3) and 5.8(c)(4) shall include dispositions made pursuant to Section 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 Section 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 Section 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 Section 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 Section 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 Section Section 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 Section Section 5.8(c)(3) and 5.8(c)(4) as contemplated by this Section 5.8(c) shall include dispositions made within the provisions of Section Section 5.8(b)(1) and computations made pursuant to Section Section 5.8(b)(1) shall include dispositions made pursuant to Section Section 5.8(c)(3) and 5.8(c)(4).

(d) Notwithstanding any other provision of this Section 5.8, the Company may sell stock or assets of Airguide Instrument Co. Sales of stock or assets permitted by this Section 5.8(d) shall not be taken into account for purposes of calculating the limitations on permitted sales of assets and stock set forth in Section 5.8(b)(1) and the proviso at the end of Section 5.8(c).

Section 5.9. Consolidated Net Worth. The Company will at all times keep and maintain Consolidated Net Worth at an amount not less than

$90,000,000; provided that Charges for Identified Dispositions shall not be taken into account for purposes of determining the amount of Consolidated Net Worth maintained by the Company for purposes of calculations pursuant to this Section 5.9.

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 four occasions 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 Section Section 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 June 14, 1991 to and including the date of the making of the Distributions in question would not exceed the sum of (1) $5,000,000, 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 Section 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 Section 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 Section 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 Corporation, 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. $l00,000,000; 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 Corporation 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 Section 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 Section 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 Section 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 Section 5.16 and concurred in by the independent public accountants referred to in Section 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 Section 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 Section Section 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 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;

(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 Section 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 Section Section 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 the 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 the Purchaser, so long as the Purchaser is the holder of a Note, and each Institutional Holder of the then outstanding Notes (or such agent(s) as either the 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 the 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 the Purchaser or any such Institutional Holder for reasonable expenses which the 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 Section 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 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 Section 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 Section 5.6 through Section 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) 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

(j) 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

(k) 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 Section 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 Section 6.1 has happened and is continuing, any holder of any Note may, and when any Event of Default described in paragraphs (d) through (i), inclusive, of Section 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 Section 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 (j) or (k) of Section 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 Section 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 (i), inclusive, of Section 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 Section 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 Section 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 Section 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 Section 7 or Section 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 Section 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.

"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.

"Charges for Identified Dispositions" shall mean charges taken by the Company on or prior to October 2, 1998 in an aggregate amount not in excess of $5,000,000 and relating to (i) the closing of certain distribution centers and other facilities owned or operated by Uwatec AG and its subsidiaries, and (ii) the disposition of the Airguide Instrument Company.

"Company" shall mean Johnson Worldwide Associates, Inc., a Wisconsin corporation, and any Person who succeeds to all, or substantially all, of the assets and business of Johnson Worldwide Associates, Inc.

"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 Section 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 Section 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 Section 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 Section 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 Internal Revenue Code of 1986, as amended or Section 4001 of ERISA.

"Event of Default" is defined in Section 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).

"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 Section 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.

"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 Section 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.

"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 with respect to any amounts to be paid pursuant to the provisions of Section Section 2.2 or 2.3 hereof or upon acceleration of the Notes the excess, if any, of (1) the aggregate present value as of the date of such prepayment or payment of each dollar of principal being prepaid or paid (taking into account the application of such prepayment required by Section 2.1) and the amount of interest (exclusive of interest accrued to the date of prepayment or payment) that would have been payable in respect of such dollar if such prepayment or payment had not been made, determined by discounting such amounts at the Reinvestment Rate from the respective dates on which they would have been payable, over (2) 100% of the principal amount of the outstanding Notes being prepaid or paid. If the Reinvestment Rate with respect to prepayment of the Notes is equal to or higher than 7.15%, the Make-Whole Amount shall be zero. For purposes of any determination of the Make-Whole Amount:

"Reinvestment Rate" shall mean as of the time of any determination thereof .50% plus the yield on actively traded U.S. Treasury Securities with a maturity corresponding to the Weighted Average Life to Maturity of the principal then being prepaid or paid (taking into account the application of any such prepayment required by Section 2.1) as set forth on page Government C4 (or any successor page) of the Bloomberg screen or, if such page or screen is not available at the time of any determination hereunder, then such other reasonably comparable index which shall be designated by the holders of 66-2/3% in aggregate principal amount of the outstanding Notes. If no maturity exactly corresponds to such Weighted Average Life to Maturity, yields for the two published maturities most closely corresponding to such Weighted Average Life to Maturity shall be calculated pursuant to the immediately preceding sentence and the Reinvestment Rate shall be interpolated or extrapolated from such yields on a straight-line basis, rounding in each of such relevant periods to the nearest month.

"Weighted Average Life to Maturity" of the principal amount of the Notes being prepaid or paid shall mean, as of the time of any determination thereof, the number of years obtained by dividing the then Remaining Dollar-Years of such principal by the aggregate amount of such principal. The term "Remaining Dollar-Years" of such principal shall mean the amount obtained by (a) multiplying (1) the remainder of (i) the amount of principal that would have become due on each scheduled prepayment or payment date if such prepayment or payment had not been made less (ii) the amount of principal on the Notes scheduled to become due on such date after giving effect to such prepayment or payment and the application thereof in accordance with the provisions of Section 2.1, by (2) the number of years (calculated to the nearest one-twelfth) which will elapse between the date of determination and such scheduled prepayment or payment date,

and (b) totaling the products obtained in (a).

"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, (iii) Fixed Charges of the Company and its Restricted Subsidiaries during such period, and (iv) Charges for Identified Dispositions.

"Overdue Rate" shall mean as of the date of any determination thereof the lesser of (a) the maximum rate permitted by law and (b) 9.15% 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(l) 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.

"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 Section 9.1, this Section 9.2 or Section 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.

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 the 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 Purchaser, duplicating and printing costs and charges for shipping the Notes, adequately insured to the Purchaser's home office or at such other place as the 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 the 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 the 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 the Purchaser. The 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 Section 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 Purchaser, delivered or mailed by overnight courier or by facsimile communication, in each case addressed to the Purchaser at the Purchaser's address appearing on Schedule I to this Agreement or such other address as the Purchaser or the subsequent holder of any Note initially issued to the 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 Purchaser or to a subsequent holder of the Note initially issued to the Purchaser; provided, however, that a notice to you by overnight courier shall only be effective if delivered to you at a street address designated for such purpose in Schedule I attached hereto, and a notice to the Purchaser by facsimile communication shall only be effective if confirmed by prepaid overnight courier, or, in either case, as the Purchaser or a subsequent holder of any Note initially issued to the 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 the 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 Purchaser 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 Purchaser, may be reproduced by the Purchaser by any photographic, photostatic, microfilm, micro-card, miniature photographic or other similar process and the 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 the 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 Purchaser 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 Purchaser shall constitute a contract between us 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 Worldwide Associates, Inc.

By: /s/
Its: Senior Vice President & CFO

Accepted as of the first date written above.

The Northwestern Mutual Life Insurance Company

By: /s/ Richard A. Strait
Its: Vice President

Name and Address of Purchaser

| Name and Address of Purchaser | Principal Amount of Notes to Be Purchased |
|---|---|
| The Northwestern Mutual Life Insurance Company<br>720 East Wisconsin Avenue<br>Milwaukee, Wisconsin 53202<br>Attention: Securities Department<br>Telecopier Number: (414) 299-7124 | $25,000,000 |

Payments

All payments on or in respect of the Notes to be by bank wire transfer of Federal or other immediately available funds (identifying each payment as "Johnson Worldwide Associates, Inc., 7.15% Senior Notes Due October 15, 2007, PPN 479254 B @ 2, principal, premium or interest") to:

Bankers Trust Company (ABA #0210-01033)
16 Wall Street
Insurance Unit, 4th Floor
New York, New York 10005

for credit to: The Northwestern Mutual Life Insurance Company
Account Number 00-000-027

Notices

All notices and communications to be addressed as first provided above, except notices with respect to payments and written confirmation of each such payment to be addressed, Attention: Investment Operations.

Name of Nominee in which Notes are to be issued: None

Taxpayer I.D. Number: 39-0509570

Subsidiaries of the Company

The following lists the direct and indirect subsidiaries of Johnson Worldwide Associates, Inc. as of August 1, 1997:

| Name of Subsidiary(1)(2) | Jurisdiction in Which Incorporated |
|---|---|
| Airguide Instruments Company | Illinois |
| America Outdoors, Inc.(3) | Alabama |
| Johnson Fishing, Inc.(3) | Delaware |
| Johnson Leisure Incentives, Inc.(3) | Delaware |
| Johnson Worldwide Associates Australia Pty. Ltd. | Australia |
| Johnson Worldwide Associates Canada Inc. | Canada |
| Mitchell Sports, S.A. | France |
| Old Town Canoe Company | Delaware |
| Porelon, Inc.(3) | Delaware |
| Microfoam, Inc.(3) | New York |
| Scubapro Sweden AB | Sweden |
| Seaco/Elliot, Inc.(3) | Delaware |
| Under Sea Industries, Inc. | Delaware |
| JWA Holding B.V. | Netherlands |
| Johnson Beteiligungsgesellschaft GmbH | Germany |
| Jack Wolfskin Ausrustung fur Draussen GmbH | Germany |
| Johnson Outdoors V GmbH | Germany |
| Scubapro Taucherauser GmbH | Germany |
| Uwatec AG | Switzerland |
| Uwatec Instruments Deutschland | Germany |
| Uwatec USA, Inc. | Maine |
| Uwatec Espana, S.A. | Spain |
| Uwatec U.K., Ltd. | United Kingdom |
| Uwatec Asia, Ltd.(4) | Hong Kong |
| Uwatec Batam | Indonesia |
| Uwatec France | France |
| Uwaplast AG | Switzerland |
| Scubapro Asia, Ltd. | Japan |
| Scubapro Espana, S.A.(5) | Spain |
| Scubapro Eu AG | Switzerland |
| Scubapro Europe Benelux, S.A. | Belgium |
| Scubapro Europe S.R.L. | Italy |
| Scubapro Italy S.R.L. | Italy |
| Scubapro Norge AS | Norway |
| Scubapro Taucherausrustungen Gesellschaft GmbH | Austria |
| Scubapro (UK) Ltd.(6) | United Kingdom |

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

Description of Debt and Leases
as of August 1, 1997

($000's omitted, U.S. Dollars)

1. Current Debt for borrowed money of the Company and its Restricted Subsidiaries is as follows:

| | |
|---|---|
| Johnson Worldwide Associates, Inc. | $9,482 |
| Jack Wolfskin Ausrustung fur Draussen GmbH | 2,668 |
| Johnson Worldwide Associates Canada Inc. | 2,150 |
| Mitchell Sports, S.A. | 1,632 |
| Old Town Canoe Company | 357 |
| Scubapro Taucherauser GmbH | 280 |
| Scubapro Asia, Ltd. | 760 |
| Johnson Worldwide Associates Australia Pty. Ltd. | 15 |
| Scubapro Italy S.R.L. | 2,105 |
| Scubapro Sweden AB | 187 |
| Scubapro (UK) Ltd. | 245 |
| Uwatec AG (and certain subsidiaries) | 994 |
| Uwatec USA, Inc. | 900 |
| Other | (29) |
| Total Current Debt for borrowed money | 21,746 |

2. Funded Debt for borrowed money (including Capitalized Leases and Guarantees relating to the obligations of persons other than the Company and its Restricted Subsidiaries) of the Company and its Restricted Subsidiaries is as follows:

| | |
|---|---|
| Johnson Worldwide Associates, Inc. | 92,000* |
| Mitchell Sports, S.A. | 1,247 |
| Uwatec AG | 1,609 |
| Scubapro Europe Benelux | 264 |
| Johnson Beteiligugsquesellscheft GmbH | 10,000 |
| Total Funded Debt for borrowed money | $105,120 |

3. Capitalized Leases of the Company and its Restricted Subsidiaries outstanding on the Closing Date are as follows:

None

4. Guaranties of the Company and its Restricted Subsidiaries relating to the obligations of Persons other than the Company and its Restricted Subsidiaries outstanding on the Closing Date are as follows:

None

5. Liens existing as of the date of this Agreement securing Indebtedness of the Company or any Restricted Subsidiary outstanding on such date:

None

Johnson Worldwide Associates, Inc.

7.15% Senior Note
Due October 15, 2007
PPN 479254 B@ 2

No. R-

_____, 1997

$

Johnson Worldwide Associates, Inc., a Wisconsin corporation (the "Company"), for value received, hereby promises to pay to

or registered assigns
on the fifteenth day of October, 2007
the principal amount of

Dollars ($_____)

and to pay interest (computed on the basis of a 360-day year of twelve 30-day months) on the principal amount from time to time remaining unpaid hereon at the rate of 7.15% per annum from the date hereof until maturity, payable semiannually on the fifteenth day of each October and April in each year commencing April 15, 1998, and at maturity. The Company agrees to pay interest on overdue principal (including any overdue 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 after the due date thereof, whether by acceleration or otherwise, until paid. "Overdue Rate" means the lesser of (a) the maximum rate permitted by law or (b) 9.15%.

Except as provided in Section 2.6 of the Note Agreement (as hereinafter defined), both the principal hereof and interest hereon are payable at the principal office of the Company in Racine, Wisconsin, in coin or currency of the United States of America which at the time of payment shall be legal tender for the payment of public and private debts. If any amount of principal, Make-Whole Amount, if any, or interest on or in respect of this Note becomes due and payable on any date which is not a business day in New York, New York, Chicago, Illinois and Racine, Wisconsin, such amount shall be payable on the next preceding business day.

This Note is one of the 7.15% Senior Notes due October 15, 2007 (the "Notes") of the Company in the aggregate principal amount of $25,000,000 issued under and pursuant to the terms and provisions of the Note Agreement dated as of, September 15, 1997 (the "Note Agreement"), entered into by the Company with the original purchaser therein referred to, and this Note and the holder hereof are entitled equally and ratably with all other Notes outstanding under the Note Agreement and the holders thereof to all the benefits provided for thereby or referred to therein, to which Note Agreement reference is hereby made for a statement thereof.

This Note and the other Notes outstanding under the Note Agreement may be declared due prior to their expressed maturity dates and certain prepayments are required to be made thereon, all in the events, on the terms and in the manner and amounts as provided in the Note Agreement.

The Notes are not subject to prepayment or redemption at the option of the Company prior to their expressed maturity dates except on the terms and conditions and in the amounts and with the Make-Whole Amount, if any, set forth in Section 2 of the Note Agreement.

This Note is registered on the books of the Company and is transferable only by surrender thereof at the principal office of the Company duly endorsed or accompanied by a written instrument of transfer duly executed by the registered holder of this Note or its attorney duly authorized in writing. Payment of or on account of principal, Make-Whole Amount, if any, and interest on this Note shall be made only to or upon the order in writing of the registered holder.

This Note and said Note Agreement are governed by and construed in accordance with the laws of Wisconsin.

Johnson Worldwide Associates, Inc.

By:
Its

Johnson Worldwide Associates, Inc.

Closing Certificate

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

Gentlemen:

This certificate is delivered to you in compliance with the requirements of the Note Agreement dated as of October 15, 1997 (the "Agreement"), entered into by the undersigned, Johnson Worldwide Associates, Inc., a Wisconsin corporation (the "Company"), with you, and as an inducement to and as part of the consideration for your purchase on this date of $25,000,000 aggregate principal amount of its 7.15% Senior Notes due October 15, 2007 (the "Notes") of the Company, pursuant to the Agreement.

The terms which are capitalized herein shall have the same meanings as in the Agreement.

The Company represents and warrants to each of you as follows:

1. Subsidiaries. Schedule II to the Agreement, states the name of each of the Company's Subsidiaries, its jurisdiction of incorporation and the percentage of its Voting Stock owned by the Company and/or its Subsidiaries. Those Subsidiaries listed in Section 1 of said Schedule II constitute all of the Subsidiaries of the Company. The Company and each Subsidiary has good and marketable title to all of the shares it purports to own of the stock of each Subsidiary, free and clear in each case of any Lien. All such shares have been duly issued and are fully paid and non-assessable, except (in the case of a Wisconsin corporation) as provided by Section 180.0622(2)(b) of the Wisconsin Statutes.

2. Corporate Organization and Authority. The Company, and each Restricted Subsidiary,

(a) is a corporation duly organized, validly existing and in good standing under the laws of its jurisdiction of incorporation;

(b) has all requisite power and authority and all necessary licenses and permits to own and operate its properties and to carry on its business as now conducted and as presently proposed to be conducted except where the failure to obtain such licenses or permits would not have a material adverse effect on the condition (financial or otherwise) of the Company and its Restricted Subsidiaries taken as a whole or on the ability of the Company to perform its obligations under this Agreement or the Notes; and

(c) is duly licensed or qualified and is in good standing as a foreign corporation in each jurisdiction wherein the nature of the business transacted by it or the nature of the property owned or leased by it makes such licensing or qualification necessary except where the failure to be so licensed or qualified would not have a material adverse effect on the condition (financial or otherwise) of the Company and its Restricted Subsidiaries taken as a whole or on the ability of the Company to perform its obligations under this Agreement or the Notes.

3. Business and Property. You have heretofore been furnished with a copy of the Confidential Offering Memorandum dated July, 1997 (the "Memorandum") prepared by Cleary Gull Reiland & McDevitt Inc. which generally sets forth the business conducted and proposed to be conducted by the Company and its Subsidiaries and the principal properties of the Company and its Subsidiaries.

4. Financial Statements. (a) The consolidated balance sheets of the Company and its consolidated Subsidiaries as of the last day of the fiscal year in each of the fiscal years ended 1992 through 1996 and the statements of operations and cash flows for the fiscal years ended on said dates, each accompanied by a report thereon containing an opinion unqualified as to scope or limitations imposed by the Company and otherwise without qualification except as therein noted, by KPMG Peat Marwick LLP, have been prepared in accordance with GAAP except as therein noted, and present fairly the financial position of the Company and its Subsidiaries as of such dates and the results of their operations and cash flows for such periods, except to the extent modified pursuant to a restatement thereof in a subsequent financial statement. The unaudited consolidated balance sheet of the Company and its consolidated Subsidiaries as of June 27, 1997, and the unaudited statements of operations and cash flows for the nine-month period ended on said date prepared by the Company have been prepared in accordance with GAAP, and present fairly the financial position of the Company and its consolidated Subsidiaries as of said date and the results of their operations and their cash flows for such period subject to normal, recurring year-end audit adjustments

(b) Since June 27, 1997, there has been no change in the condition, financial or otherwise, of the Company and its consolidated Subsidiaries as shown on the consolidated balance sheet as of such date except changes in the ordinary course of business, none of which individually or in the aggregate has been materially adverse except as disclosed in a footnote in the Company's third quarter Form 10-Q ended on such date.

5. Indebtedness. Schedule II attached to the Agreement correctly describes all Current Debt for borrowed money and Funded Debt for borrowed money (including Capitalized Leases and Guaranties relating to the obligations of Persons other than the Company and its Restricted Subsidiaries) of the Company and its Restricted Subsidiaries outstanding on August 1, 1997 and there have been no material increases in such Current Debt, Funded Debt and Guarantees since such date.

6. Full Disclosure. The financial statements referred to in paragraph 4 hereof, the Agreement, the Memorandum and all other written documents and statements furnished by the Company to you in connection with the negotiation of the sale of the Notes, taken together, do not contain any untrue statement of a material fact or omit a material fact necessary to make the statements contained therein or herein not misleading.

7. Pending Litigation. There are no proceedings pending or, to the knowledge of the Company, threatened against or affecting the Company or any Restricted Subsidiary in any court or before any governmental authority or arbitration board or tribunal which could reasonably be expected to have a material adverse effect on the condition (financial or otherwise) of the Company and its Restricted Subsidiaries taken as a whole or on the ability of the Company to perform its obligations under this Agreement or the Notes.

8. Title to Property. The Company and each Restricted Subsidiary has good and marketable title in fee simple (or its equivalent under applicable law) to all material parcels of real property and has good title to all the other material items of property it purports to own, including that reflected in the most recent balance sheet referred to in paragraph 4 hereof, except as sold or otherwise disposed of in the ordinary course of business and except for Liens permitted by the Agreement.

9. Patents and Trademarks. The Company and each Restricted Subsidiary owns or possesses adequate licenses for the use of all the patents, trademarks, trade names, service marks, copyright, licenses and rights with respect to the foregoing necessary for the present conduct of its business, without any known conflict with the rights of others.

10. Sale is Legal and Authorized. The sale of the Notes and compliance by the Company with all of the provisions of the Agreement and the Notes--

(a) are within the corporate powers of the Company;

(b) 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; and

(c) have 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), executed and delivered by the Company and the Agreement and the Notes constitute the legal, valid and binding obligations, contracts and agreements of the Company enforceable in accordance with their respective terms.

11. No Defaults. No Default or Event of Default has occurred and is continuing. The Company is not in default in the payment of principal or interest on any Funded Debt or Current Debt and is not in default under any instrument or instruments or agreements under and subject to which any Funded Debt or Current Debt has been issued and no event has occurred and is continuing under the provisions of any such instrument or agreement which with the lapse of time or the giving of notice, or both, would constitute an event of default thereunder.

12. Governmental Consent. No approval, consent or withholding of objection on the part of any regulatory body, state, Federal or local, is necessary in connection with the execution and delivery by the Company of the Agreement or the Notes or compliance by the Company with any of the provisions of the Agreement or the Notes.

13. Taxes. All tax returns required to be filed by the Company or any Restricted Subsidiary in any jurisdiction have, in fact, been filed, and all taxes, assessments, fees and other governmental charges upon the Company or any Restricted Subsidiary or upon any of their respective properties, income or franchises, which are shown to be due and payable in such returns have been paid. For all taxable years ending on or before September 30, 1994, the Federal income tax liability of the Company and

its Restricted Subsidiaries has been satisfied and either the period of limitations on assessment of additional Federal income tax has expired or the Company and its Restricted Subsidiaries have entered into an agreement with the Internal Revenue Service closing conclusively the total tax liability for the taxable year. The Company does not know of any proposed additional tax assessment against it for which adequate provision has not been made on its accounts, and no material controversy in respect of additional Federal or state income taxes due since said date is pending or to the knowledge of the Company threatened. The provisions for taxes on the books of the Company and each Restricted Subsidiary are adequate for all open years, and for its current fiscal period.

14. Use of Proceeds. The net proceeds from the sale of the Notes will be used to refinance existing bank debt and for other corporate purposes. None of the transactions contemplated in the Agreement (including, without limitation thereof, the use of proceeds from the issuance of the Notes) will violate or result in a violation of Section 7 of the Securities Exchange Act of 1934, as amended, or any regulation issued pursuant thereto, including, without limitation, Regulations G, T and X of the Board of Governors of the Federal Reserve System, 12 C.F.R., Chapter 11. Neither the Company nor any Subsidiary owns or intends to carry or purchase any "margin stock" within the meaning of said Regulation G.

15. Private Offering. Neither the Company, directly or indirectly, nor any agent on its behalf has offered or will offer the Notes or any similar Security or has solicited or will solicit an offer to acquire the Notes or any similar Security from or has otherwise approached or negotiated or will approach or negotiate in respect of the Notes or any similar Security with any Person other than the Purchaser and not more than twenty other institutional investors, each of whom was offered a portion of the Notes at private sale for investment. Neither the Company, directly or indirectly, nor any agent on its behalf has offered or will offer the Notes or any similar Security or has solicited or will solicit an offer to acquire the Notes or any similar Security from any Person so as to bring the issuance and sale of the Notes within the provisions of Section 5 of the Securities Act of 1933, as amended.

16. ERISA. The consummation of the transactions provided for in the Agreement and compliance by the Company with the provisions thereof and the Notes issued thereunder will not involve any prohibited transaction within the meaning of ERISA or Section 4975 of the Internal Revenue Code of 1986, as amended. Each Plan complies in all material respects with all applicable statutes and governmental rules and regulations, and (a) no Reportable Event has occurred and is continuing with respect to any Plan, (b) neither the Company nor any ERISA Affiliate has withdrawn from any Plan or Multiemployer Plan or instituted steps to do so, and (c) no steps have been instituted to terminate any Plan. No condition exists or event or transaction has occurred in connection with any Plan which could result in the incurrence by the Company or any ERISA Affiliate of any material liability, fine or penalty. No Plan maintained by the Company or any ERISA Affiliate, nor any trust created thereunder, has incurred any "accumulated funding deficiency" as defined in Section 302 of ERISA nor does the present value of all benefits vested under all Plans exceed, as of the last annual valuation date, the value of the assets of the Plans allocable to such vested benefits by an amount greater than $1,000,000 in the aggregate. Neither the company nor any ERISA Affiliate has any contingent liability with respect to any post-retirement "welfare benefit plan" (as such term is defined in ERISA) except as has been disclosed to the Purchaser.

17. Compliance with Law. Neither the Company nor any Restricted Subsidiary (a) is in violation of any law, ordinance, franchise, governmental rule or regulation to which it is subject; or (b) has failed to obtain any license, permit, franchise or other governmental authorization necessary to the ownership of its property or to the conduct of its business, which violation or failure to obtain would materially adversely affect the business, prospects, profits, properties or condition (financial or otherwise) of the Company and its Restricted Subsidiaries, taken as a whole, or impair the ability of the Company to perform its obligations contained in the Agreement or the Notes. Neither the Company nor any Restricted Subsidiary is in default with respect to any order of any court or governmental authority or arbitration board or tribunal.

18. Compliance with Environmental Laws. The Company is not in violation of any applicable Federal, state, or local laws, statutes, rules, regulations or ordinances relating to public health, safety or the environment, including, without limitation, relating to releases, discharges, emissions or disposals to air, water land or ground water, to the withdrawal or use of ground water, to the use, handling or disposal of polychlorinated biphenyls (PCB's), asbestos or urea formaldehyde, to the treatment, storage, disposal or management of hazardous substances (including, without limitation, petroleum, crude oil or any fraction thereof, or other hydrocarbons), pollutants or contaminants, to exposure to toxic, hazardous or other controlled, prohibited or regulated substances which violation could have a material adverse effect on the business, prospects, profits, properties or condition (financial or otherwise) of the Company and its Restricted Subsidiaries, taken as a whole. The Company does not know of any liability or class of liability of the Company or any Restricted Subsidiary under the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended (42 U.S.C. Section 9601 et seq.), or the Resource Conservation and Recovery Act of 1976, as amended (42 U.S.C. Section 6901 et seq.).

Dated:

Johnson Worldwide Associates, Inc.

By:
Its

Description of Special Counsel's Closing Opinion

The closing opinion of Chapman and Cutler, special counsel to the Purchaser, called for by Section 4.1 of the Note Agreement, shall be dated the Closing Date and addressed to the Purchaser, shall be satisfactory in form and substance to the Purchaser and shall be to the effect that:

1. The Company is a corporation, validly existing under the laws of the State of Wisconsin and has the corporate power and the corporate authority to execute and deliver the Note Agreement and to issue the Notes.

2. The Note Agreement has been duly authorized by all necessary corporate action on the part of the Company, has been duly executed and delivered by the Company and constitutes the legal, valid and binding contract of the Company enforceable in accordance with its terms, subject to bankruptcy, insolvency, fraudulent conveyance and similar laws affecting creditors' rights generally, and general principles of equity (regardless of whether the application of such principles is considered in a proceeding in equity or at law).

3. The Notes have been duly authorized by all necessary corporate action on the part of the Company, and the Notes being delivered on the date hereof have been duly executed and delivered by the Company and constitute the legal, valid and binding obligations of the Company enforceable in accordance with their terms, subject to bankruptcy, insolvency, fraudulent conveyance and similar laws affecting creditors' rights generally, and general principles of equity (regardless of whether the application of such principles is considered in a proceeding in equity or at law).

4. The issuance, sale and delivery of the Notes under the circumstances contemplated by the Note Agreement do not, under existing law, require the registration of the Notes under the Securities Act of 1933, as amended, or the qualification of an indenture under the Trust Indenture Act of 1939, as amended.

The opinion of Chapman and Cutler shall also state that the opinion of Foley & Lardner is satisfactory in scope and form to Chapman and Cutler and that, in their opinion, the Purchaser is justified in relying thereon.

In rendering the opinion set forth in paragraph 1 above, Chapman and Cutler may rely, as to matters referred to in paragraph 1, solely upon an examination of the Articles of Incorporation certified by, and a certificate of good standing of the Company from, the Secretary of State of the State of Wisconsin, the By-laws of the Company and the general business corporation law of the State of Wisconsin. The opinion of Chapman and Cutler is limited to the laws of the State of Illinois, the general business corporation law of the State of Wisconsin and the Federal laws of the United States.

With respect to matters of fact upon which such opinion is based, Chapman and Cutler may rely on appropriate certificates of public officials and officers of the Company and upon representations of the Company and the Purchaser delivered in connection with the issuance and sale of the Notes.

Description of Closing Opinion of
Independent Counsel to the Company

The closing opinion of Foley & Lardner, independent counsel for the Company, which is called for by Section 4.2 of the Note Agreement, shall be dated the Closing Date and addressed to the Purchaser, shall be satisfactory in scope and form to the Purchaser and shall be to the effect that:

(1) The Company is a corporation legally existing under the laws of the State of Wisconsin, has corporate power and authority and is duly authorized to enter into and perform the Note Agreement and to issue the Notes and incur the Indebtedness to be evidenced thereby and has full corporate power and authority to conduct the activities in which it is now engaged and is duly licensed or qualified and is in good standing as a foreign corporation in each jurisdiction in which the character of the properties owned or leased by it or the nature of the business transacted by it makes such licensing or qualification necessary;

(2) The Note Agreement has been duly authorized by proper corporate action on the part of the Company, have been duly executed and delivered by an authorized officer of the Company and constitutes the legal, valid and binding contract and agreement of the Company enforceable in accordance with its terms, except as enforceability thereof may be limited by (a) bankruptcy, insolvency or similar laws, affecting the enforcement of creditors' rights generally and (b) equitable principles of general applicability (regardless of whether such enforceability is considered in a proceeding in equity or at law);

(3) The Notes have been duly authorized by proper corporate action on the part of the Company, have been duly executed by an authorized officer of the Company and delivered and constitute the legal, valid and binding obligations of the Company enforceable in accordance with their terms, except as enforceability thereof may be limited by (a) bankruptcy, insolvency or similar laws affecting the enforcement of creditors' rights generally and (b) equitable principles of general applicability (regardless of whether such enforceability is considered in a proceeding in equity or at law);

(4) The issuance and sale of the Notes and the execution, delivery and performance by the Company of the Note Agreement do not conflict with or result in any breach of any of the provisions of or constitute a default under or result in the creation or imposition of any lien or encumbrance upon any of the property of the Company pursuant to the provisions of the Articles of Incorporation or By-laws of the Company or any agreement or other instrument known to such counsel to which the Company or any Subsidiary is a party or by which the Company or any Subsidiary may be bound;

(5) No approval, consent or withholding of objection of or on the part of, or filing registration or qualification with, any governmental body, Federal, state or local, is necessary in connection with the execution and delivery of the Note Agreement by the Company or the issuance, sale and delivery of the Notes by the Company;

(6) The issuance, sale and delivery of the Notes under the circumstances contemplated by the Note Agreement is an exempt transaction under the Securities Act of 1933, as amended, and does not under existing law require the registration of the Notes under the Securities Act of 1933, as amended, or the qualification of an indenture in respect thereof under the Trust Indenture Act of 1939 as amended;

(7) There are no proceedings pending or threatened, against or affecting the Company or any Principal Subsidiary in any court or before any governmental authority or arbitration board or tribunal which involve the reasonable possibility of materially and adversely affecting the properties, business, prospects, profits or condition (financial or otherwise) of the Company and its Subsidiaries; and

(8) None of the transactions contemplated in the Note Agreement (including, without limitation thereof, the use of the proceeds from the sale of the Notes) will violate or result in a violation of Section 7 of the Securities Exchange Act of 1934, as amended, or any regulations issued pursuant thereto, including, without limitation, Regulations G, T or X of the Board of Governors of the Federal Reserve System (12 C.F.R., Chapter II).

The opinion of Foley & Lardner may also set forth such qualifications and assumptions which are acceptable to the Purchaser and shall cover such other matters relating to the sale of the Notes as the Purchaser may reasonably request. With respect to matters of fact on which such opinion is based, such counsel shall be entitled to rely on appropriate certificates of public officials and officers of the Company. With respect to matters of laws of any foreign jurisdiction, such counsel shall be entitled to rely upon the opinion of local counsel for such

jurisdiction.

JOHNSON WORLDWIDE ASSOCIATES, INC.
ECONOMIC VALUE ADDED
BONUS PLAN

PLAN SUMMARY

The following is a summary of the terms and conditions of Johnson Worldwide Associates Economic Value Added Bonus Plan ("the Plan").

A. 1. Purpose of the EVA Bonus Plan

To provide incentive compensation to executives and key managers of JWA employees in a Plan which directly relates the financial reward to an increase in the value of the Company to our shareholders. The key philosophy behind the Plan is that value must continue to be created overtime in order for bonuses to be paid.

2. Eligibility

Eligibility for the Plan is limited to designated eligible executive and key management employees within Johnson Worldwide Associates. Selection of such employees, if any, for any fiscal year will be subject to nomination by the Chief Executive Officer to the Compensation Committee of the Board of Directors.

Eligibility of executive positions or current incumbents for inclusion in the Plan does not guarantee their participation in any future year.

3. Performance Versus Targets

The Plan has unlimited upside and downside performance potential. Your incentive earnings are based on EVA improvement. If you achieve your targeted level of EVA improvement, you will achieve your target bonus, i.e. a 1.0 x EVA Bonus Multiple.

Given these assumptions, the EVA improvement required to double your bonus (achieve 2.0 bonus multiple) would be $3.5 million.

Your upside potential is limited only by your ability to drive EVA performance upward. EVA performance and incentive earnings are directly linked: the better your EVA performance, the more you earn.

The leverage factor works the same on the downside. If you underperform versus your EVA target, you will fall short of your target incentive.

Does this mean that base pay could be taken away from you?

incentive payouts could be reduced to account for the negative bonus earned in the current year.

4. EVA Bonus Declaration

A participants EVA Bonus Declaration for a plan year (JWA's fiscal year) will be determined by a combination of Company, geographic area, and/or business unit(s) performance, a determined for each individual based upon their responsibilities.

A participant's initial declared EVA bonus will be computed as follows:

| EVA Bonus Declaration | = | Base Salary | X | Target Incentive | X | Bonus Multiple |
|---|---|---|---|---|---|---|

The Bonus Multiple will be determined based on EVA improvement.

The Bonus Multiple is determined as follows:

$$\text{Bonus Multiple} = 1 + \frac{\text{Actual EVA} - \text{Target EVA}}{\text{EVA Leverage Amount}}$$

The leverage amount is the change in EVA over and above the target required to double your target Bonus (i.e., a 2.0 Bonus Multiple). The leverage factor varies by business based on the historic volatility of operating results. For example, assume the following:

- Target EVA = $1,000,000
- Leverage Factor = $400,000

Based upon these parameters, an EVA Bonus Multiple of 2.0x (two times target bonus) would be declared for actual EVA performance of $1,400,000 ( Target EVA plus the Leverage

Factor). Likewise, an EVA Bonus Multiple of 0.0x ( a zero bonus) would be declared for actual EVA performance of $600,000.

The target EVA for subsequent plan years shall be the average of the target EVA and actual EVA for the prior Plan year, plus the expected improvement.

Expected improvement in EVA and leverage amounts will be determined at the inception of the Plan and adjusted periodically based on actual results of the businesses.

5. Payment of Bonus and Banking

The amount of any positive Bonus shall be paid in cash to the participant subject to a banking system for two thirds of the amount in excess of the target. The total Bonus payment for each Plan year will be determined as follows:

Beginning Balance
+ Bonus Declared
= Available Balance

- Bank Payout (Target plus 33 1/3% of balance)

= Ending Balance (Annual payment)

The banking of bonuses serves to smooth Bonus payouts over the business cycle. This banking system also ensures that performance is sustained by making the payout of bank balances contingent on sustained performance.

The payment will be made (net of tax withholding) on or before the end of the third month following the end of the relevant Plan year.

EVA Bonus Declaration & Payout
Bonus Bank Example

| (Thousands) | 1996 | 1997 | 1998 | 1999 | 2000 |
|---|---|---|---|---|---|
| Annual Salary | 100 | 100 | 150 | 150 | 200 |
| x Percentage Target Bonus | 15% | 15% | 15% | 15% | 15% |
| = EVA Target Bonus | 15.0 | 15.0 | 22.5 | 22.5 | 30.0 |
| x EVA Bonus Multiple | 1.24x | 1.61x | (0.19x) | 0.10x | 1.13x |
| = EVA Bonus Declaration | 18.7 | 24.1 | (4.3) | 2.3 | 33.9 |
| Payout Threshold Multiple | 1.00x | 1.00x | 1.00x | 1.00x | 1.00x |
| Payout Threshold | 15.0 | 15.0 | 22.5 | 22.5 | 30.0 |
| EVA Bonus Payout: Threshold [1] | 15.0 | 15.0 | 0.0 | 2.3 | 30.0 |
| Beginning Bank Balance | 0.0 | 2.5 | 7.7 | 2.3 | 1.5 |
| + Addition to the Bank | 3.7 | 9.1 | (4.3) | 0.0 | 3.9 |
| = Bank Balance Available for Payout | 3.7 | 11.5 | 3.5 | 2.3 | 5.4 |
| x Payout Percentage | 33% | 33% | 33% | 33% | 33% |
| = Bonus Bank Payout: Reserve [2] | 1.2 | 3.8 | 1.1 | 0.8 | 1.8 |
| Ending Bank Balance | 2.5 | 7.7 | 2.3 | 1.5 | 3.7 |
| Total EVA Bonus Payout [1] + [2] | 16.2 | 18.8 | 1.1 | 3.1 | 31.8 |

B. Administration and Guidelines of the Plan

Administration of the Plan is the sole province of the Compensation Committee of the Board of Directors. Guidelines for its administration are:

1. Determination of Targeted Bonus Exposure Under the Bonus Plan

In each year the Compensation Committee of the Board of Directors will establish a targeted bonus level for participants in the Plan ranging from 10% to 100% of the eligible executive's base salary as defined in this Plan.

| Participant | Tier | Target Bonus % |
|---|---|---|
| Chief Executive Officer | 1 | 70% |
| Executive Officers | 2 | 55% |
| Vice Presidents & Business Unit Managers | 3 | 30% - 40% |
| Directors & Managers | 4 | 10% - 20% |

2. Individual Awards

Individual awards shall be based on the total base salary received by an incumbent in an eligible executive position during the fiscal year. For this purpose, the term "base salary" shall not include allowances or any other payments or benefits, whether legally required or not. At the time of selection of eligible positions the target bonus for the upcoming year shall be recommended by the Chief Executive Officer of JWA to the Board of Directors.

The only factor to be considered in determining the individual awards is results against all annual EVA objectives.

3. Determination of EVA Objectives

All EVA objectives used for purposes of this Plan must be finally determined by the Chief Executive Officer of JWA and approved prior to the beginning of the fiscal year (or as soon thereafter as possible), and may only be changed in the event of a significant change in the business, such as a significant acquisition, divestiture or other major event. Guidelines for alteration of objectives are set forth in Exhibit A.

4. Determination of Bonus Awards

After the close of the fiscal year each eligible executive's performance against EVA objectives will be evaluated by the Chief Executive Officer of JWA.

The Chief Executive Officer of JWA will then submit these evaluations of performance against objectives along with his bonus recommendations to the Compensation Committee of the JWA Board of Directors for review and final approval. The JWA Compensation Committee shall have the final authority to approve individual bonuses and may, at its sole discretion, reduce or eliminate the recommended bonuses.

5. New Hires/Promotion

An individual who is hired/promoted into a position that participates in the Bonus Plan may be eligible for a bonus award on a pro-rata basis in the year of entry.

6. Transfers

A participant who transfers his or her employment from one business to another shall have his or her EVA Bonus Bank transferred to the new unit. At the time of transfer, the participant will have his or her bonus award based on time spent in each particular operation/unit on a pro-rata basis for the portion of year the individual worked in each unit. The participant's pro-rata share will be based on the operation's/unit's full year EVA performance.

7. Death or Disability

A participant who dies or becomes disabled while in the employment of Johnson Worldwide Associates, Inc. shall receive full payment of his or her Bonus Bank balance net of the impact of a pro-rata bonus for the year in which he or she dies or becomes disabled. Such payment shall be made at the regular time for making bonus payments in respect to the year of such death or disability, and shall be paid to the designated beneficiary or estate in the case of death.

8. Retirement

A participant who retires from Johnson Worldwide Associates, Inc. shall receive full payment of his or her Bonus Bank balance and may be eligible for a pro-rata bonus for the year in which he or she retires. Such payment shall be made in a lump sum at the regular time for making bonus payments or over two years as he or she so chooses. Negative Bonus Bank balances are waived. An individual whose age and full years of service total 70 will be considered to meet the definition of retirement.

9. Involuntary Termination without Cause

A participant who is involuntarily terminated without cause and who has a positive Bonus Bank balance shall become vested with respect to such balance and shall be paid in full at the regular time for making bonus payments net of the impact of a pro-rata bonus for the year in which he or she is terminated. Negative Bonus Bank balances are waived.

10. Voluntary Resignation or Termination with Cause

Except as provided for above, voluntary termination of employment with Johnson Worldwide Associates, Inc. or termination with cause shall result in forfeiture of the

participant's Bonus Bank balance and pro-rata bonus for the year of voluntary termination or termination with cause.

11. No Guarantee

Participation in the Plan provides no guarantee that a bonus under the Plan will be paid. The success of Johnson Worldwide Associates, Inc., its business units and individual employees, as measured by the achievement of EVA and individual contribution, shall determine the extent to which Participants shall be entitled to receive bonuses thereunder.

12. General Provisions

a) Withholding of Taxes

Johnson Worldwide Associates, Inc. shall have the right to withhold the amount of taxes, which in the determination of Johnson Worldwide Associates, Inc., are required to be withheld under law with respect to any amount due or paid under the Plan.

b) Expenses

All expenses and costs in connection with the adoption and administration of the Plan shall be borne by Johnson Worldwide Associates, Inc.

c) No Prior Right or Offer

Except and until expressly granted pursuant to the Plan, nothing in the Plan shall be deemed to give any employee any contractual or other right to participate in the benefits of the Plan. No award to any such participant in any Plan Period shall be deemed to create a right to receive any award or to participate in the benefits of the Plan in any subsequent Plan Period.

13. Limitations

a) No Continued Employment

Neither the establishment of the Plan or the grant of an award thereunder shall be deemed to constitute an express or implied contract of employment of any participant for any period of time or in any way abridge the rights of Johnson Worldwide Associates, Inc. to determine the terms and conditions of employment or to terminate the employment of any employee with or without cause at any time.

b) Not Part of Other Benefits

The benefits provided in this Plan shall not be deemed a part of any other benefit provided by Johnson Worldwide Associates, Inc. to its employees. Johnson Worldwide Associates, Inc. assumes and shall have no obligation to participants except as expressly provided in the Plan.

c) Other Plans

Nothing contained herein shall limit Johnson Worldwide Associates, Inc.'s power to grant bonuses to employees of Johnson Worldwide Associates, Inc., whether or not they are participants in this Plan.

14. a) Bonus Payments

Bonus payments shall be excluded from the computation of other parts of the eligible executive's personal benefit and compensation packages, such as, for example, that executive's retirement contributions and life insurance.

b) Deferral of Bonus Payments

i) Election to Defer - An incumbent in an eligible executive position may elect to defer all or part of any bonus that may be awarded to that executive by action of the Chief Executive Officer of JWA. Such election shall be irrevocable during the full period of deferral unless the Chief Executive Officer of JWA, in his sole discretion, decides to modify it upon a clear showing of financial hardship suffered or likely to be suffered by that executive.

ii) Period of Deferral - Normally, all deferrals shall be for the full term of employment, e.g., until termination or death. However, each executive may elect to defer his bonus award for a set period of years subject to the approval of the Chief Executive Officer of JWA. If the executive who chose deferral for a specific period terminates employment before the end of such period, the Deferred Bonus Account of that executive shall, upon

termination, be distributed in accordance with the Distribution Provisions in paragraph (iv) below.

iii) Interest Rate - Deferred Bonus awards shall increase in value during the years prior to deferral at a rate to be established at the discretion of the Chief Executive Officer of JWA. Such increase in value shall be credited to such executive's Deferred Bonus Account as of the end of each quarter and shall thereafter become part of that executive's Deferred Bonus Account.

iv) Distribution from Deferred Bonus Accounts - Upon termination of the executive's employment or the end of the set period of deferral, the Deferred Bonus Account of that executive shall be paid to that executive in full in a single cash payment or in installments over a period of up to ten (10) years, as detailed below.

If the executive's employment with JWA terminates for any reason other than death or retirement, the entire unpaid balance of the Bonus, plus any added value or accrued interest, shall be paid within ninety (90) days following the effective date of termination of employment.

If the executive's employment with JWA terminates due to this retirement, payment of the Deferred Bonus awarded, if any, plus any added value or accrued interest, for the fiscal year to which this Plan applies, shall be made, or continue to be made, as indicated by the executive in his "Request for Payment" form and as previously approved by the Chief Executive Officer of JWA.

If the executive dies before he receives the entire bonus, the entire unpaid balance of the bonus, plus any added value or accrued interest, shall be paid either within one hundred twenty (120) days following receipt of notice of his death by the Director-Human Resources of JWA, or in such installments over a period of not more than ten (10) years following his death, as determined by the Chief Executive Officer of JWA. Bonuses paid in installments shall bear interest on the unpaid amount during the installment payment period at a rate to be established at the discretion of the Chief Executive Officer of JWA.

Bonuses awarded to an executive may not be assigned, transferred or pledged by the executive either voluntarily or involuntarily.

The executive may, however, submit a written designation of beneficiary of the Deferred Bonus Account to the Director-Human Resources of JWA at any time. In the absence of a properly designated beneficiary, payment shall be made to the executive's estate.

15. Board of Directors' Actions

Prior to the beginning of each fiscal year the JWA Board shall in a meeting or by written consent:

a. Select the eligible positions in the Plan, if any, for the next fiscal year;

b. Establish the targeted bonus objective for the next fiscal year; and

c. Establish the tentative allocation (if any) between specific EVA objectives and JWA total EVA performance for the next year. Within 90 days after the close of the fiscal year, the Compensation Committee of the JWA Board of Directors will, by resolution at a meeting, or by consent establish the awards, if any, to be given for performance in the preceding year.

16. Plan Terms

In all cases the terms as set forth in the Plan document shall have control over this summary.

EXHIBIT A

GUIDELINES FOR AMENDMENT TO EVA TARGET PERFORMANCE LEVELS AND CAPITALIZATION OF EXPENSES

AMENDMENT TO EVA TARGET PERFORMANCE LEVELS

The EVA performance targets established in the Bonus Plan are intended to achieve long term improvements in shareholder value. These targets have been objectively determined based on the historical performance of the

operating units and allocated appropriately to achieve overall corporate objectives. Changes to these targets are expected to be infrequent. Nonetheless, situations will arise in which it is appropriate to revise such objectives. Generally, a target may be revised only in the event of a significant acquisition or divestiture. All such revisions are at the discretion of the Chief Executive Officer and the Compensation Committee of the Board of Directors.

CAPITALIZATION OF EXPENSES

Similarly, certain expenses should not be considered annual expenses due to their nature. These expenses should be "capitalized" so as to not distort operating results calculated under EVA in any given year. These expenses are to be added to the capital base of the business and thus required to earn a return as long as these capitalized expenses remain a part of the capital base. The criteria for capitalization of expenses are as follows:

- Material to the business
- Unusual
- Nonrecurring
- Result in tangible, measurable, long-term benefit to the business.

Some examples of expenses that might be capitalized are as follows:

- Expenses related to consolidation of operating units following an acquisition
- Expenses related to a plant closing where closing the plant is expected to lead to operating cost reductions

Some examples of costs that should not be capitalized are as follows:

- Significant advertising campaigns
- Research and development expenses
- Recruiting expenses

All requests for capitalization of expenses will be reviewed by the Chief Financial Officer. Any revisions to EVA calculations are at the discretion of the Chief Executive Officer and the Compensation Committee of the Board of Directors.

1997 Annual Report
Johnson Worldwide Associates, Inc.

Special note regarding forward-looking statements

Certain matters discussed in this 1997 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 "we expect" or other words of similar import. Similarly, statements that describe the Company's future plans, objectives or goals are also forward-looking statements. Such forward-looking statements are subject to certain risks and uncertainties which could cause actual results or outcomes to differ materially from those currently anticipated. Factors that could affect actual results or outcomes include adverse weather conditions, changes in consumer spending patterns, the success of the Company's acquisitions and EVA and JWAction programs, actions of companies that compete with JWA and the Company's success in managing inventory.

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 1997 Annual Report and the Company undertakes no obligation to publicly update such forward-looking statements to reflect subsequent events or circumstances.

Management's Discussion and Analysis
Johnson Worldwide Associates, Inc. and Subsidiaries

The following discussion includes comments and analysis relating to the Company's results of operations and financial condition for the three years ended October 3, 1997. This discussion should be read in conjunction with the consolidated financial statements and related notes that immediately follow this section.

FOREIGN OPERATIONS
The Company has significant foreign operations, for which the functional currencies are denominated primarily in Swiss and French francs, German marks, Italian lire, Japanese yen and Canadian dollars. As the values of the currencies of the foreign countries in which the Company has operations increase or decrease relative to the U.S. dollar, the sales, expenses, profits, assets and liabilities of the Company's foreign operations, as reported in the Company's consolidated financial statements, increase or decrease, accordingly. The Company mitigates a portion of the fluctuations in certain foreign currencies through the purchase of foreign currency swaps, forward contracts and options to hedge known commitments, primarily for purchases of inventory and other assets denominated in foreign currencies. The significant appreciation of the U.S. dollar and the sale of the Plastimo business reduced the cumulative translation component of shareholders' equity by $10.5 million in 1997.

RESULTS OF OPERATIONS
Summary consolidated financial results are as follows:

| [millions, except per share data] | 1997 | 1996 | 1995 |
|---|---|---|---|
| Net sales | $303.1 | $344.4 | $347.2 |
| Gross profit | 111.3 | 119.7 | 138.2 |
| Operating expenses(1) | 99.3 | 121.2 | 114.4 |
| Operating profit (loss) | 12.0 | (1.5) | 23.7 |
| Interest expense | 8.8 | 10.2 | 7.6 |
| Net income (loss) | 2.1 | (11.4) | 10.1 |
| Per common share | 0.25 | (1.40) | 1.25 |

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

1997 vs 1996

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

Operating Results
The Company recognized an operating profit of $12 million in 1997 compared to an operating loss of $1.5 million in 1996. Several factors accounted for the turnaround. Gross profit margins increased from 34.8% in 1996 to 36.7% in 1997. Unusual charges related to reduction of inventories to their net realizable value reduced the 1996 gross profit by $10.5 million,

or 3.1%. Underabsorption of overhead expenses due to lower sales volume and sales of excess inventory at lower than normal margins mitigated the increase in gross margins in 1997. The Company also continues to experience margin pressure in all of its businesses due to competition from other businesses.

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

The Company recognized nonrecurring charges totaling $0.3 million in 1997. These charges resulted primarily from severance and other costs related to the integration of acquired businesses. The Company anticipates additional nonrecurring charges of $3 to $4 million will be incurred over the next two years to integrate recent acquisitions into its business.

Other Income and Expenses
Interest expense decreased $1.4 million in 1997, reflecting lower debt levels resulting from the sale of the Plastimo marine business and due to lower levels of working capital, primarily inventory and accounts receivable. Offsetting the decline was additional interest expense from debt used to consummate acquisitions.

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

1996 vs 1995

Net Sales
Net sales were $344.4 million in 1996 compared to $347.2 million in 1995, a decrease of 1%. Sales as measured in U.S. dollars were negatively impacted by the effect of weaker foreign currencies relative to the U.S. dollar in comparison to 1995. Excluding the effects of foreign currency movements, worldwide sales increased nominally over 1995.

Poor spring weather in North America contributed to a decline in sales of 4% in that region in 1996. Both the fishing and outdoor equipment businesses were impacted. The delay, until February 1996, in the introduction of a new fishing line product due to production problems encountered by the supplier also negatively impacted revenue in 1996.

European sales as measured in U.S. dollars increased 6% in 1996, led by strong growth in the outdoor equipment and diving businesses. Excluding currency effects, European sales increased 7% in 1996.

The Company's Asian business, which is concentrated in Japan and Australia, recognized a decline in sales of 11% in 1996 due to the significant decline in the Japanese yen relative to the U.S. dollar. Excluding the impact of foreign currencies, sales in Asia increased 2% as the Australian business generated significant sales growth.

Operating Results
The Company recognized an operating loss of $1.5 million in 1996 compared to operating profit of $23.7 million in 1995. Several factors accounted for the operating loss. Gross profit margins declined from 39.8% in 1995 to 34.8% in 1996. Unusual charges related to reduction of inventories to their net realizable value reduced gross profit by $10.3 million, or 3%. Most significantly impacted was the North American fishing business, which had the most significant buildup of inventory and recognized the bulk of the losses. Changes in management and the end of the peak selling season contributed to the timing of the loss, which was recognized in the fourth quarter.

Operating expenses, excluding nonrecurring charges, totaled $114.4 million, or 33% of sales in both 1996 and 1995. While overall operating expenses remained level, financial and administrative management expenses increased $0.8 million. Amortization expense increased $0.5 million in 1996 due to a full year of amortization of intangible assets related to acquisitions completed in 1995.

The Company recognized nonrecurring charges totaling $6.8 million in 1996. These charges resulted from writedowns of long-lived assets totaling $2.9 million, the expected loss of $2 million on the sale of the Company's Plastimo marine business, and charges totaling $1.9 million related to the relocation of one of its manufacturing locations and the outsourcing of the distribution function of another business.

Other Income and Expenses
Interest expense increased $2.6 million in 1996, reflecting higher debt levels resulting from the full year impact of acquisitions consummated in

1995 and due to higher levels of working capital, primarily inventory. The issuance of long-term senior notes in October 1995 increased the average interest rate of the Company's indebtedness, as this debt was used to repay short-term debt which generally carried lower interest rates.

Overall Results

The Company recognized a net loss of $11.4 million in 1996, or $1.40 per share, compared to earnings of $10.1 million, or $1.25 per share, in 1995. The Company recognized income tax expense of $0.2 million in 1996, despite a pretax loss, due to earnings in foreign jurisdictions that are taxed at higher rates than in the U.S. The tax benefit of operating losses generated in the U.S. did not fully offset the taxes in these foreign jurisdictions. In addition, the Company recognized income tax expense totaling $0.5 million on the expected disposition of the Plastimo business, despite a pretax loss of $2 million, due to differences between the tax basis and financial statement carrying values of the related assets. The disproportionate contribution of earnings from foreign businesses is attributable to the inventory writedowns and nonrecurring charges noted above, which are largely being recognized in the United States.

FINANCIAL CONDITION

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

OPERATIONS

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

| [millions] | 1997 | 1996 | 1995 |
|---|---|---|---|
| Current assets | $152.7 | $189.7 | $185.4 |
| Current liabilities | 66.1 | 88.4 | 63.9 |
| Working capital | $86.6 | $101.3 | $121.5 |
| Current ratio | 2.3 to 1 | 2.1 to 1 | 2.9 to 1 |

Cash flows provided by operations totaled $20 million in 1997 versus usage of $6.5 million of cash in 1996. Proactive management efforts, which led to reduction of inventories of $13.1 million in 1997 versus growth of $17.6 million in 1996, accounted for a significant amount of the net change in cash flows. The Company's profitability in 1997 also contributed to the positive cash flow. Sales below expectations contributed to the growth in inventory in 1996.

Accounts receivable increased $2.7 million in 1997, offsetting the net increase in cash, and decreased $2.4 million in 1996. Accounts payable and accrued liabilities decreased $3.7 million in 1997 and $1.1 million in 1996, negatively impacting the net flow of cash from operations.

Depreciation and amortization charges were $11.9 million in 1997, $10.6 million in 1996 and $8.3 million in 1995. Amortization of intangible assets arising from the Company's 1997 and 1995 acquisitions and increased depreciation from capital spending in 1997, 1996 and 1995 accounted for the increases in these charges.

INVESTING ACTIVITIES

Expenditures for property, plant and equipment were $10.8 million in 1997, $10.7 million in 1996 and $15.5 million in 1995. The Company's recurring investments are made primarily for tooling for new products and information systems improvements. In 1998, capital expenditures are anticipated to total approximately $9 million. These expenditures are expected to be funded by working capital or existing bank lines of credit. A portion of the Company's 1998 capital expenditures is designated for information systems improvements to comply with Year 2000 issues. The Company anticipates no disruption of its business related to these issues.

The Company completed the acquisitions of two businesses in 1997, which increased tangible and intangible assets and debt by $37 million. The sale of the Company's Plastimo business in January 1997 provided $13.9 million of cash, which was used to reduce short-term debt.

FINANCING ACTIVITIES

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

| [millions] | 1997 | 1996 | 1995 |
|---|---|---|---|
| Current debt | $ 26.1 | $ 43.1 | $ 18.6 |
| Long-term debt | 88.7 | 61.5 | 68.9 |
| Total debt | 114.8 | 104.6 | 87.5 |
| Shareholders' equity | 117.7 | 126.4 | 141.3 |
| Total capitalization | $232.5 | $231.0 | $228.8 |
| Total debt to total capital ratio | 49.4% | 45.3% | 38.2% |

Cash flows from financing activities totaled $6.9 million in 1997 and $17.6 million in 1996. In October 1997, the Company consummated a private placement of long-term debt totaling $25 million. In anticipation of this financing, short-term debt to be repaid totaling $25 million at October 3, 1997 was classified as long-term. Payments on long-term debt required to be made in 1998 total $8 million. At October 3, 1997, the Company had available unused credit facilities in excess of $93 million, which is

believed to be adequate for its needs.

OTHER FACTORS

The Company has not been significantly impacted by inflationary pressures over the last several years. However, from time to time the Company faces changes in the prices of commodities. Price increases and, in certain situations, price decreases are implemented for individual products, when appropriate. The Company anticipates that rising costs of basic raw materials may impact 1998 operating costs and, accordingly, the prices of its products. Fluctuations in foreign currencies may also impact the cost of the Company's products. The Company is involved in continuing programs to mitigate the impact of cost increases through changes in product design, identification of sourcing and manufacturing efficiencies and foreign currency hedges.

PENDING ACCOUNTING CHANGES

In 1997, the FASB issued Statement 128, Earnings Per Share, which requires changes in the current method of computation of, and disclosures with regard to, earnings per share. The Company will adopt Statement 128 in 1998, as required. The calculation of basic earnings per share required under Statement 128 will be substantially the same as the amounts of earnings per common share currently being reported by the Company. The amounts calculated as diluted earnings per share under Statement 128 will be nominally lower than the related basic earnings per share.

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

Consolidated Balance Sheets
Johnson Worldwide Associates, Inc. and Subsidiaries

| [thousands, except share data] | October 3, 1997 | September 27, 1996 |
|---|---|---|
| ASSETS | | |
| Current assets: | | |
| Cash and temporary cash investments | $7,130 | $12,697 |
| Accounts receivable, less allowance for doubtful accounts of $2,693 and $2,235, respectively | 51,168 | 55,847 |
| Inventories | 78,694 | 101,903 |
| Deferred income taxes | 7,976 | 8,896 |
| Other current assets | 7,781 | 10,336 |
| Total current assets | 152,749 | 189,679 |
| Property, plant and equipment | 31,360 | 30,154 |
| Deferred income taxes | 10,221 | 5,844 |
| Intangible assets | 82,127 | 54,422 |
| Other assets | 562 | 669 |
| Total assets | $277,019 | $280,768 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| Current liabilities: | | |
| Short-term debt and current maturities of long-term debt | $26,082 | $43,118 |
| Accounts payable | 10,672 | 11,086 |
| Accrued liabilities: | | |
| Salaries and wages | 4,974 | 6,260 |
| Income taxes | 2,076 | 4,283 |
| Other | 22,305 | 23,659 |
| Total current liabilities | 66,109 | 88,406 |
| Long-term debt, less current maturities | 88,753 | 61,501 |
| Other liabilities | 4,426 | 4,437 |
| Total liabilities | 159,288 | 154,344 |
| Shareholders' equity: | | |
| Preferred stock: none issued | - | - |
| Common stock: | | |
| Class A shares issued: October 3, 1997, 6,905,523; September 27, 1996, 6,901,801 | 345 | 345 |
| Class B shares issued (convertible into Class A): October 3, 1997, 1,227,915; September 27, 1996, 1,228,137 | 61 | 61 |
| Capital in excess of par value | 44,186 | 44,084 |
| Retained earnings | 79,882 | 77,940 |
| Contingent compensation | (85) | (121) |
| Cumulative translation adjustment | (6,356) | 4,115 |

| | | |
|---|---|---|
| Treasury stock, at cost: October 3, 1997: 23,600 Class A shares | (302) | - |
| Total shareholders' equity | 117,731 | 126,424 |
| Total liabilities and shareholders' equity | $277,019 | $280,768 |

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

Consolidated Statements of Operations
Johnson Worldwide Associates, Inc. and Subsidiaries

| [thousands, except per share data] | October 3, 1997 | Year Ended September 27, 1996 | September 29, 1995 |
|---|---|---|---|
| Net sales | $303,121 | $344,373 | $347,190 |
| Cost of sales | 191,789 | 224,649 | 209,035 |
| Gross profit | 111,332 | 119,724 | 138,155 |
| Operating expenses: | | | |
| Marketing and selling | 66,259 | 78,348 | 78,743 |
| Financial and administrative management | 23,031 | 26,139 | 25,304 |
| Research and development | 5,453 | 6,537 | 6,531 |
| Amortization of acquisition costs | 2,631 | 2,500 | 2,003 |
| Profit sharing | 1,612 | 908 | 1,830 |
| Nonrecurring charges | 335 | 6,768 | - |
| Total operating expenses | 99,321 | 121,200 | 114,411 |
| Operating profit (loss) | 12,011 | (1,476) | 23,744 |
| Interest income | (471) | (612) | (774) |
| Interest expense | 8,780 | 10,181 | 7,613 |
| Other (income) expenses, net | (257) | 116 | (87) |
| Income (loss) before income taxes | 3,959 | (11,161) | 16,992 |
| Income tax expense | 1,903 | 194 | 6,903 |
| Net income (loss) | $2,056 | $(11,355) | $10,089 |
| EARNINGS (LOSS) PER COMMON SHARE | $0.25 | $(1.40) | $1.25 |

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

Consolidated Statements of Shareholders' Equity
Johnson Worldwide Associates, Inc. and Subsidiaries

| [thousands] | Common Stock | Capital in Excess of Par Value | Retained Earnings | Contingent Compensation | Cumulative Translation Adjustment | Treasury Stock |
|---|---|---|---|---|---|---|
| BALANCE AT SEPTEMBER 30, 1994 | $ 405 | $43,330 | $79,538 | $ (242) | $5,166 | $ - |
| Net income | - | - | 10,089 | - | - | - |
| Exercise of stock options | 1 | 384 | (95) | - | - | 910 |
| Tax benefit of stock options exercised | - | 118 | - | - | - | - |
| Issuance of restricted stock | - | - | (7) | (222) | - | 229 |
| Issuance of stock under employee stock purchase plan | - | 136 | - | - | - | - |
| Amortization of contingent compensation | - | - | - | 200 | - | - |
| Other treasury stock transactions | - | - | - | - | - | (1,381) |
| Translation adjustment | - | - | - | - | 2,703 | - |
| BALANCE AT SEPTEMBER 29, 1995 | 406 | 43,968 | 89,525 | (264) | 7,869 | (242) |
| Net loss | - | - | (11,355) | - | - | - |
| Exercise of stock options | - | - | (98) | - | - | 295 |
| Tax benefit of stock options exercised | - | 61 | - | - | - | - |
| Issuance of restricted | | | | | | |

| | | | | | | |
|---|---|---|---|---|---|---|
| stock | - | - | - | (67) | - | 67 |
| Issuance of stock under employee stock purchase plan | - | 55 | (132) | - | - | 291 |
| Amortization of contingent compensation | - | - | - | 210 | - | - |
| Other treasury stock transactions | - | - | - | - | - | (411) |
| Translation adjustment | - | - | - | - | (3,754) | - |
| BALANCE AT SEPTEMBER 27, 1996 | 406 | 44,084 | 77,940 | (121) | 4,115 | - |
| Net income | - | - | 2,056 | - | - | - |
| Exercise of stock options | - | - | (114) | - | - | 284 |
| Tax benefit of stock options exercised | - | 58 | - | - | - | - |
| Issuance of restricted stock | - | 44 | - | (67) | - | 23 |
| Amortization of contingent compensation | - | - | - | 103 | - | - |
| Other treasury stock transactions | - | - | - | - | - | (609) |
| Translation adjustment | - | - | - | - | (10,471) | - |
| BALANCE AT OCTOBER 3, 1997 | $ 406 | $44,186 | $79,882 | $ (85) | $(6,356) | $ (302) |

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

Consolidated Statements of Cash Flows
Johnson Worldwide Associates, Inc. and Subsidiaries

| [thousands] | October 3, 1997 | Year Ended September 27, 1996 | September 29, 1995 |
|---|---|---|---|
| CASH PROVIDED BY (USED FOR) OPERATIONS | | | |
| Net income (loss) | $ 2,056 | $ (11,355) | $ 10,089 |
| Noncash items: | | | |
| Depreciation and amortization | 11,949 | 10,561 | 8,314 |
| Provision for doubtful accounts receivable | 1,604 | 1,662 | 1,567 |
| Provision for inventory reserves | 445 | 12,202 | 1,561 |
| Deferred income taxes | (4,127) | (6,842) | 179 |
| Writedown of property, plant and equipment | - | 1,846 | - |
| Writedown of intangible assets | - | 1,070 | - |
| Loss on sale of business | - | 2,000 | - |
| Change in assets and liabilities, net of effect of businesses acquired or sold: | | | |
| Accounts receivable | (2,747) | 2,412 | (6,637) |
| Inventories | 13,071 | (17,571) | (23,386) |
| Accounts payable and other accrued liabilities | (3,749) | (1,128) | 7,256 |
| Restructuring accrual | - | - | (1,077) |
| Other, net | 1,489 | (1,332) | (4,147) |
| | 19,991 | (6,475) | (6,281) |
| CASH USED FOR INVESTING ACTIVITIES | | | |
| Net assets of businesses acquired, net of cash | (37,169) | - | (28,070) |
| Proceeds from sale of business, net of cash | 13,937 | - | - |
| Additions to property, plant and equipment | (10,816) | (10,685) | (15,501) |
| Sales of property, plant and equipment | 2,596 | 3,583 | 3,403 |
| | (31,452) | (7,102) | (40,168) |
| CASH PROVIDED BY FINANCING ACTIVITIES | | | |
| Issuance of senior notes | - | 45,000 | - |
| Issuance of other long-term notes | 10,543 | - | - |
| Principal payments on | | | |

| | | | |
|---|---|---|---|
| senior notes and other long-term notes | (7,358) | (7,341) | (6,662) |
| Proceeds from revolving credit facilities | - | - | 13,172 |
| Repayment of revolving credit facilities | - | (13,412) | - |
| Net change in short-term debt | 4,085 | (6,717) | 32,928 |
| Common stock transactions | (382) | 61 | 73 |
| | 6,888 | 17,591 | 39,511 |
| Effect of foreign currency fluctuations on cash | (994) | (261) | 294 |
| Increase (decrease) in cash and temporary cash investments | (5,567) | 3,753 | (6,644) |
| CASH AND TEMPORARY CASH INVESTMENTS | | | |
| Beginning of year | 12,697 | 8,944 | 15,588 |
| End of year | $ 7,130 | $12,697 | $ 8,944 |

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

Notes to Consolidated Statements
Johnson Worldwide Associates, Inc. and Subsidiaries

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

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Principles of Consolidation
The consolidated financial statements include the accounts of Johnson Worldwide Associates, Inc. and all majority owned subsidiaries (the Company). Significant intercompany accounts and transactions have been eliminated in consolidation.

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

The Company's fiscal year ends on the Friday nearest September 30. The fiscal year ended October 3, 1997 (hereinafter 1997) comprises 53 weeks. The fiscal years ended September 27, 1996 and September 29, 1995 (hereinafter 1996 and 1995, respectively) 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.

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

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

| | 1997 | 1996 |
|---|---|---|
| Raw materials | $27,032 | $ 30,102 |
| Work in process | 5,036 | 6,167 |
| Finished goods | 56,846 | 79,299 |
| | 88,914 | 115,568 |
| Less reserves | 10,220 | 13,665 |
| | $78,694 | $101,903 |

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

Property, Plant and Equipment
Property, plant and equipment are stated at cost less accumulated depreciation. Depreciation of plant and equipment is determined by

straight-line and accelerated methods over estimated useful lives, which range from 3 to 30 years.

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

Property, plant and equipment at the end of the respective years consist of the following:

| | 1997 | 1996 |
|---|---|---|
| Property and improvements | $ 956 | $ 987 |
| Buildings and improvements | 16,086 | 15,685 |
| Furniture, fixtures and equipment | 63,853 | 61,009 |
| | 80,895 | 77,681 |
| Less accumulated depreciation | 49,535 | 47,527 |
| | $31,360 | $30,154 |

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

The Company annually assesses the recoverability of intangible assets, primarily by determining whether the amortization of the balance over its remaining life can be recovered through projected undiscounted future operating cash flows of the acquired operation. The amount of impairment, if any, is measured primarily based on the deficiency of projected discounted future operating cash flows relative to the value of the asset, using a discount rate reflecting the Company's cost of capital, which is currently approximately 11%.

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

| | 1997 | 1996 |
|---|---|---|
| Goodwill | $94,274 | $66,260 |
| Patents, trademarks and other | 4,113 | 4,357 |
| | 98,387 | 70,617 |
| Less accumulated amortization | 16,260 | 16,195 |
| | $82,127 | $54,422 |

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

Federal and state income taxes are provided on foreign subsidiary income distributed to or taxable in the United States during the year. At October 3, 1997, net undistributed earnings of foreign subsidiaries total approximately $42,123. 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. U.S. pension obligations, which are generally based on compensation and years of service, are funded by payments to pension fund trustees. Other foreign pensions are funded as expenses are incurred. The Company's policy is generally to fund the minimum amount required under the Employee Retirement Income Security Act of 1974 for plans subject thereto. Profit sharing costs are funded at least annually.

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

At October 3, 1997, foreign currency forward contracts and options with a notional value of approximately $4,499 are in place, hedging existing and anticipated transactions. Substantially all of these contracts mature in 1998. Failure of the counterparties to perform their obligations under these contracts would expose the Company to the risk of foreign currency

rate movements for those contracts. The Company does not believe the risk is significant. At October 3, 1997, the fair value of these instruments is not significant.

Foreign currency swaps effectively denominate, in foreign currencies, existing U.S. dollar denominated debt of the Company. This foreign currency debt serves as a hedge of foreign assets. Accordingly, gains and losses on such swaps are recorded in shareholders' equity.

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

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

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

Advertising expense in 1997, 1996 and 1995 totals $21,512, $26,657 and $26,151, respectively. Capitalized costs at October 3, 1997 and September 27, 1996 total $1,947 and $2,036, respectively, and primarily include catalogs and costs of advertising which has not yet run for the first time.

Research and Development
Research and development costs are expensed as incurred.

Stock-Based Compensation
The Company adopted FASB Statement 123, Accounting for Stock-Based Compensation, in 1997. Statement 123 allows the Company to continue to account for stock options using the intrinsic value based method. The fair value of restricted shares awarded in excess of the amount paid for such shares is recognized as contingent compensation and is being amortized over 1-3 years from the date of award, the period after which all restrictions lapse.

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

Pending Accounting Changes
In 1997, the FASB issued Statement 128, Earnings Per Share, which requires changes in the current method of computation of, and disclosures with regard to, earnings per share. The Company will adopt Statement 128 in 1998, as required. The calculation of basic earnings per share required under Statement 128 will be substantially the same as the amounts of earnings per common share currently being reported by the Company. The amounts calculated as diluted earnings per share under Statement 128 will be nominally lower than the related basic earnings per share.

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

## 2 NONRECURRING CHARGES

In 1997, the Company recorded severance and other exit costs totaling $335 related to the integration of acquired businesses.

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

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

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

## 3 ACQUISITIONS

In October 1997, subsequent to the end of the 1997 fiscal year, the Company completed the acquisition of certain assets of Soniform, Inc., a manufacturer of diving buoyancy compensators, and the common stock of Plastiques L.P.A. Limite, a privately held Canadian manufacturer of kayaks. The purchase prices for the acquisitions total approximately $3,256.

In July 1997, the Company completed the acquisition of the common stock of Uwatec AG (Uwatec), a privately held manufacturer and marketer of diving computers and other electronic instruments. The initial purchase price, including direct expenses, for the acquisition was approximately $33,448, of which $32,800 was recorded as intangible assets and is being amortized over 25 years. Additional payments in 1998 through 2000 are dependent upon achievement of specified levels of profitability of the acquired business. In connection with the acquisition, the Company entered into a long-term product development and intellectual property agreement with an unaffiliated party with which Uwatec conducts business and an employment agreement with a key employee and former shareholder of Uwatec.

In July 1997, the Company completed the acquisition of substantially all of the assets of Ocean Kayak, Inc., a privately held manufacturer and marketer of kayaks. The initial purchase price, including direct expenses, for the acquisition was approximately $4,961, of which $2,704 was recorded as intangible assets and is being amortized over 25 years. Additional payments in 1998 and 1999 are dependent upon achievement of specified levels of sales of the acquired business.

The following pro forma operating results are unaudited and reflect purchase accounting adjustments assuming the acquisition of Uwatec and sale of Plastimo had been consummated at the beginning of each year presented:

| | 1997 | 1996 |
|---|---|---|
| Net sales | $312,081 | $332,700 |
| Net loss | (1,018) | (12,526) |
| Loss per common share | (0.13) | (1.54) |

In 1995, the Company acquired substantially all the assets of a line of fishing tackle products. The initial purchase price, including direct expenses, of the acquisition was $25,470, of which $22,042 was recorded as intangible assets and is being amortized over 25 years. Additional payments in the years 1998 through 2001 are dependent upon the achievement of specified levels of sales and profitability of certain of the acquired products. No additional payments were required in either 1997 or 1996.

In 1995, the Company acquired substantially all the assets of a line of electric motors and marine accessories. The purchase price of the acquisition was $2,600 of which $2,231 was recorded as intangible assets and is being amortized over 15 years. Additional payments in the years 1998 through 2000 are dependent upon achievement of specified levels of sales of the acquired product line. No additional payments were required in either 1997 or 1996.

All acquisitions were accounted for using the purchase method and, accordingly, the consolidated financial statements include the results of operations since the respective dates of acquisition. Additional payments, if required, will increase intangible assets in future years.

## 4 INDEBTEDNESS

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

| | 1997 | 1996 |
|---|---|---|
| Commercial paper and bank loans | $43,118 | $35,599 |
| Current maturities of long-term debt | 7,964 | 7,519 |
| | 51,082 | 43,118 |
| Less short-term debt to be refinanced | 25,000 | - |
| | $26,082 | $43,118 |

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 5.6% and 5.8% at October 3, 1997 and September 27, 1996, respectively. The Company's primary facility is a $100,000 revolving credit agreement expiring in 2001, which includes $70,000 in support of commercial paper issuance. The Company has lines of credit, both foreign and domestic, totaling $136,324, of which $93,430 is available at October 3, 1997. 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:

| | 1997 | 1996 |
|---|---|---|
| 1996 Senior notes | $45,000 | $45,000 |
| 1993 Senior notes | 15,000 | 15,000 |

| | | |
|---|---|---|
| 1991 Senior notes | - | 7,000 |
| Short-term debt to be refinanced | 25,000 | - |
| Other long-term notes, 4.6% to 10.9%, maturing through December 2005 | 11,717 | 2,020 |
| | 96,717 | 69,020 |
| Less current maturities | 7,964 | 7,519 |
| | $88,753 | $61,501 |

In October 1997, subsequent to the end of the 1997 fiscal year, the Company issued unsecured senior notes totaling $25,000 with an interest rate of 7.15%. The funding commitment for the senior notes was received in July 1997. The senior notes have annual principal payments of $2,000 to $7,000 beginning October 2001 with a final payment due October 2007. Simultaneous with the commitment of the senior notes, the Company executed a foreign currency swap, denominating in Swiss francs all of the principal and interest payments required under the senior notes. The fixed, effective interest rate to be paid on the senior notes as a result of the currency swap is 4.32%. Proceeds from issuance of the senior notes were used to reduce outstanding indebtedness under the Company's primary revolving credit facility. Outstanding short-term debt totaling $25,000 at October 3, 1997 is classified as long-term in anticipation of refinancing with the proceeds of the senior notes.

$10,020 of the initial purchase price of Uwatec was deferred with principal payments of $2,004 and $8,016 due in 2000 and 2002, respectively. Interest on the deferred amount is payable annually at 6%. This obligation is denominated in Swiss francs. $10,020 of the Company's revolving credit agreement is reserved in support of this obligation through issuance of a letter of credit.

In 1996, the Company issued unsecured senior notes totaling $30,000 with an interest rate of 7.77% and $15,000 with an interest rate of 6.98%. Total annual principal payments ranging from $5,500 to $7,500 are due beginning in 2000 through 2006.

In 1993, the Company issued unsecured senior notes totaling $15,000 with an interest rate of 6.58%. Equal annual principal payments of $7,500 are due in 1998 and 1999.

Aggregate scheduled maturities of long-term debt in each of the five years ending September 2002 are as follows:

| Year | |
|---|---|
| 1998 | $7,964 |
| 1999 | 7,730 |
| 2000 | 7,945 |
| 2001 | 6,197 |
| 2002 | 16,175 |

Interest paid was $9,046, $8,853 and $6,775 for 1997, 1996 and 1995, respectively.

Based on the borrowing rates currently available to the Company for debt with similar terms and average maturities, the fair value of the Company's long-term debt as of October 3, 1997 and September 27, 1996 is $98,691 and $69,151, 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 (Johnson Family) continue to own stock having votes sufficient to elect a 51% majority of the directors. At October 3, 1997, the Johnson Family held approximately 2,477,000 shares or 36% of the Class A common stock, approximately 1,168,000 shares or 95% of the Class B common stock and approximately 74% 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, tangible net worth, indebtedness, fixed charge coverage and distribution of earnings. The Company is in compliance with the restrictive covenants of such agreements, as amended from time to time.

## 5 LEASES AND OTHER COMMITMENTS

The Company leases certain operating facilities and machinery and equipment under long-term, noncancelable operating leases. Future minimum rental commitments under noncancelable operating leases having an initial term in excess of one year at October 3, 1997 are as follows:

| Year | |
|---|---|
| 1998 | $3,826 |
| 1999 | 3,151 |
| 2000 | 2,402 |
| 2001 | 1,918 |
| 2002 | 1,551 |
| Thereafter | 1,022 |

Rental expense under all leases was approximately $4,338, $5,309 and $5,141 for 1997, 1996 and 1995, 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.

## 6 INCOME TAXES

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

| | 1997 | 1996 | 1995 |
|---|---|---|---|
| Current: | | | |
| Federal | $ 242 | $ 518 | $ 309 |
| State | (11) | 346 | (100) |
| Foreign | 5,847 | 6,239 | 6,489 |
| Deferred | (4,175) | (6,909) | 205 |
| | $1,903 | $ 194 | $6,903 |

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

| | 1997 | 1996 | 1995 |
|---|---|---|---|
| Deferred tax expense (benefit) (exclusive of effects of other components listed below) | $(4,121) | $(7,304) | $ 325 |
| Adjustments to deferred tax assets and liabilities for enacted changes in tax laws or rates | - | - | 10 |
| Increase (decrease) in beginning of the year balance of the valuation allowance for deferred tax assets | (54) | 395 | (130) |
| | $(4,175) | $(6,909) | $ 205 |

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

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

| | 1997 | 1996 | 1995 |
|---|---|---|---|
| Deferred tax assets: | | | |
| Inventories | $ 4,773 | $ 6,126 | $ 1,867 |
| Compensation | 2,555 | 2,240 | 1,782 |
| Foreign income taxes | 1,100 | 595 | 988 |
| Foreign tax credit carryforwards | 4,211 | 2,681 | 1,129 |
| Net operating loss carryforwards | 9,487 | 2,996 | 407 |
| Other | 3,645 | 5,250 | 4,607 |
| Total gross deferred tax assets | 25,771 | 19,888 | 10,780 |
| Less valuation allowance | 4,417 | 2,941 | 1,107 |
| | 21,354 | 16,947 | 9,673 |
| Deferred tax liabilities: | | | |
| Foreign statutory reserves | 2,041 | 1,371 | 1,204 |
| Acquisition accounting | 1,116 | 836 | 638 |
| Total deferred tax liabilities | 3,157 | 2,207 | 1,842 |
| Net deferred tax asset | $18,197 | $14,740 | $ 7,831 |

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

| | 1997 | 1996 | 1995 |
|---|---|---|---|
| United States | $(6,998) | $(25,276) | $ 1,164 |
| Foreign | 10,957 | 14,115 | 15,828 |
| | $ 3,959 | $(11,161) | $16,992 |

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

| | 1997 | 1996 | 1995 |
|---|---|---|---|
| Statutory U.S. federal income tax rate | 34.0% | (34.0)% | 34.0% |
| State income taxes, net of federal income tax benefit | (6.2) | (3.4) | (0.9) |
| Foreign rate differential | 23.9 | 22.8 | 7.9 |
| Basis difference on divestiture of business | - | 7.5 | - |
| Change in beginning of year valuation allowance for foreign tax credits | - | 3.9 | - |
| Foreign operating losses (benefit) | (2.0) | 1.2 | 0.9 |
| Tax credits | - | - | (1.6) |
| Other | (1.6) | 3.7 | 0.3 |
| | 48.1% | 1.7% | 40.6% |

At October 3, 1997, the Company has $4,211 of foreign tax credit carryforwards available to be offset against future U.S. tax liability. The credits begin expiring in 1999 if not utilized.

During 1997, 1996 and 1995, foreign net operating loss carryforwards were utilized, resulting in a reduction in income tax expense of $54, $34 and $130, respectively. At October 3, 1997, the Company has a U.S. federal operating loss carryforward of $23,495. In addition, certain of the Company's foreign subsidiaries have net operating loss carryforwards totaling $650. These amounts are available to offset future taxable income over the next 14 to 20 years and are anticipated to be utilized during this period.

Taxes paid were $8,328, $6,816 and $7,318 for 1997, 1996 and 1995, respectively.

## 7 EMPLOYEE BENEFITS

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

| | 1997 | 1996 | 1995 |
|---|---|---|---|
| Service cost | $ 292 | $ 282 | $ 254 |
| Interest on projected benefit obligation | 638 | 599 | 582 |
| Return on plan assets | (1,075) | (436) | (457) |
| Net amortization and deferral | 547 | (72) | (19) |
| | $ 402 | $ 373 | $ 360 |

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

| | 1997 | 1996 |
|---|---|---|
| Actuarial present value of benefit obligations: | | |
| Vested benefits | $ 6,962 | $ 7,031 |
| Non-vested benefits | 234 | 187 |
| Accumulated benefit obligation | 7,196 | 7,218 |
| Effect of projected compensation levels | 1,466 | 1,779 |
| Projected benefit obligation | 8,662 | 8,997 |
| Plan assets at fair value | 6,998 | 6,235 |
| Projected benefit obligation in excess of plan assets | (1,664) | (2,762) |
| Unrecognized net loss | 605 | 1,756 |
| Unrecognized prior service cost | 226 | 252 |
| Unrecognized net asset | (534) | (584) |
| Pension liability recognized in the consolidated balance sheets | $(1,367) | $(1,338) |

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

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

| | 1997 | 1996 | 1995 |
|---|---|---|---|
| Discount rate | 8% | 8% | 8% |
| Rate of increase in compensation levels | 5 | 5 | 5 |

| | | | |
|---|---|---|---|
| Expected long-term rate of return on plan assets | 8 | 8 | 8 |

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

## 8 PREFERRED STOCK

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

## 9 COMMON STOCK

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

| | 1997 | 1996 |
|---|---|---|
| Class A, $.05 par value: | | |
| Authorized | 20,000,000 | 20,000,000 |
| Outstanding | 6,881,923 | 6,901,801 |
| Class B, $.05 par value: | | |
| Authorized | 3,000,000 | 3,000,000 |
| Outstanding | 1,227,915 | 1,228,137 |

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 1997, 1996 and 1995, respectively, 222, 476, and 1,986 shares of Class B common stock were converted into Class A common stock.

## 10 STOCK OWNERSHIP PLANS

The Company's current stock ownership plans provide for issuance of options to acquire shares of Class A common stock by key executives and non-employee directors. 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. 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.

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

| | Shares | Weighted Average Exercise Price |
|---|---|---|
| Outstanding at September 30, 1994 | 587,609 | $19.76 |
| Granted | 119,000 | 18.76 |
| Exercised | (70,138) | 17.96 |
| Cancelled | (37,525) | 20.26 |
| Outstanding at September 29, 1995 | 598,946 | 19.74 |
| Granted | 162,000 | 22.88 |
| Exercised | (12,567) | 19.35 |
| Cancelled | (182,158) | 20.59 |
| Outstanding at September 27, 1996 | 566,221 | 20.37 |
| Granted | 256,000 | 12.09 |
| Exercised | (24,400) | 6.93 |
| Cancelled | (111,300) | 16.95 |
| Outstanding at October 3, 1997 | 686,521 | $18.32 |

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

| | 1997 | 1996 | 1995 |
|---|---|---|---|
| Options exercisable at end of year | 388,264 | 356,756 | 338,511 |
| Weighted average exercise price of exercisable options | $ 20.75 | $ 19.54 | $ 19.55 |
| Weighted average fair value of options granted during year | 4.87 | 8.85 | 8.61 |

At October 3, 1997, the weighted average remaining contractual lives of stock options outstanding and those currently exercisable are approximately 6.8 years and 5.3 years, respectively.

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:

| | 1997 | 1996 |
|---|---|---|
| Net income (loss) | $1,659 | $(11,608) |
| Earnings (loss) per common share | 0.20 | (1.43) |

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 in 1997 and 1996.

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. No shares were issued under this plan in 1997. During 1996 and 1995, 17,375 and 6,701 shares, respectively, were issued under this plan.

## 11 RELATED PARTY TRANSACTIONS

The Company and S.C. Johnson & Son, Inc. are controlled by the Johnson Family. Various transactions are conducted between the Company and organizations controlled by the Johnson Family. These include consulting services, office rental and certain administrative activities.

Total costs of these transactions are $489, $440 and $523 for 1997, 1996 and 1995, respectively, of which $67 and $106 are payable at October 3, 1997 and September 27, 1996, respectively.

## 12 GEOGRAPHIC SEGMENTS OF BUSINESS

The Company conducts its worldwide operations through separate geographic area organizations which represent major markets or combinations of markets. The operations are conducted in the United States and various foreign countries, primarily in Europe, Canada and the Pacific Basin.

Net sales and operating profit by geographic area include both sales to customers, as reported in the Company's consolidated statements of operations, and interarea 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 geographic area at the end of the years presented.

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

| | 1997 | 1996 | 1995 |
|---|---|---|---|
| Net sales: | | | |
| United States: | | | |
| Unaffiliated customers | $175,675 | $184,372 | $192,426 |
| Interarea transfers | 6,426 | 6,718 | 5,749 |
| Europe: | | | |
| Unaffiliated customers | 101,751 | 134,048 | 126,103 |
| Interarea transfers | 3,922 | 3,107 | 3,365 |
| Other | 25,701 | 25,976 | 28,674 |
| Eliminations | (10,354) | (9,848) | (9,127) |
| | $303,121 | $344,373 | $347,190 |
| Operating profit (loss): | | | |
| United States | $ (577) | $(17,347) | $ 6,004 |
| Europe | 11,796 | 13,013 | 14,409 |
| Other | 792 | 2,858 | 3,331 |
| | $ 12,011 | $ (1,476) | $ 23,744 |
| Identifiable assets: | | | |
| United States | $138,612 | $150,959 | |
| Europe | 118,577 | 109,026 | |
| Other | 19,830 | 20,783 | |
| | $277,019 | $280,768 | |

Export sales in each geographic area total less than 10% of sales to unaffiliated customers. Sales to a single customer and its affiliated entities totaled $33,799 and $34,902 in 1997 and 1995, respectively. No customer accounted for 10% or more of sales in 1996. Operating expenses of

the Company's headquarters are included in operating profit (loss) of the United States.

## 13 EARNINGS PER SHARE

Earnings (loss) per share of common stock are computed on the basis of the weighted average number of common shares outstanding. Primary and fully diluted earnings per share are the same.

The weighted average common shares used in the computation of earnings per common share are 8,111,322, 8,113,776 and 8,080,684 in 1997, 1996 and 1995, respectively. Common stock equivalents are not significant in any year presented.

## 14 LITIGATION

The Company is subject to various legal actions and proceedings in the normal course of business, including those related to environmental 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.

## Auditors' and Management's Reports
## Johnson Worldwide Associates, Inc. and Subsidiaries

### INDEPENDENT AUDITORS' REPORT

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

We have audited the consolidated balance sheets of Johnson Worldwide Associates, Inc. and subsidiaries as of October 3, 1997 and September 27, 1996, and the related consolidated statements of operations, shareholders' equity, and cash flows for each of the years in the three-year period ended October 3, 1997. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Johnson Worldwide Associates, Inc. and subsidiaries as of October 3, 1997 and September 27, 1996, and the results of their operations and their cash flows for each of the years in the three-year period ended October 3, 1997, in conformity with generally accepted accounting principles.

As discussed in note 2 to the consolidated financial statements, the Company adopted the provisions of the Financial Accounting Standards Board's Statement of Financial Accounting Standards No. 121 Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of during the year ended September 27, 1996.

KPMG Peat Marwick LLP
Milwaukee, Wisconsin
November 11, 1997

### REPORT OF MANAGEMENT

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

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

The Audit Committee of the Board of Directors, which is composed solely of directors who are not officers of the Company, meets with management and

the independent auditors to review the results of their work and to satisfy itself that their respective responsibilities are being properly discharged. The independent auditors have full and free access to the Audit Committee and have regular discussions with the Committee regarding appropriate auditing and financial reporting matters.

R. C. Whitaker
President and Chief Executive Officer

Carl G. Schmidt
Senior Vice President and Chief Financial Officer

Five Year Financial Summary
Johnson Worldwide Associates, Inc. and Subsidiaries

| [thousands, except per share data] | Year Ended October 3, 1997 | September 27, 1996 | September 29, 1995 | September 30, 1994 | October 1, 1993 |
|---|---|---|---|---|---|
| OPERATING RESULTS(1) | | | | | |
| Net sales | $ 303,121 | $ 344,373 | $ 347,190 | $ 284,343 | $ 280,292 |
| Gross profit | 111,332 | 119,724 | 138,155 | 110,474 | 114,780 |
| Operating expenses(2) | 99,321 | 121,200 | 114,411 | 91,536 | 103,587 |
| Operating profit (loss) | 12,011 | (1,476) | 23,744 | 18,938 | 11,193 |
| Interest expense | 8,780 | 10,181 | 7,613 | 6,845 | 8,309 |
| Other (income) expense, net | (728) | (496) | (861) | (391) | 189 |
| Income (loss) from continuing operations before income taxes | 3,959 | (11,161) | 16,992 | 12,484 | 2,695 |
| Income tax expense | 1,903 | 194 | 6,903 | 4,338 | 2,055 |
| Income (loss) from continuing operations | 2,056 | (11,355) | 10,089 | 8,146 | 640 |
| Income from discontinued operations | - | - | - | - | 1,169 |
| Gain (loss) on disposal of discontinued operations | - | - | - | 4,052 | (3,000) |
| Net income (loss) | $2,056 | $(11,355) | $10,089 | $12,198 | $(1,191) |
| Earnings (loss) per common share: | | | | | |
| Continuing operations | $0.25 | $(1.40) | $1.25 | $1.01 | $0.08 |
| Discontinued operations | - | - | - | 0.50 | (0.23) |
| Net income (loss) | $0.25 | $(1.40) | $1.25 | $1.51 | $(0.15) |
| Weighted average common shares outstanding | 8,111 | 8,114 | 8,081 | 8,068 | 7,974 |
| BALANCE SHEET DATA(1) | | | | | |
| Total assets | $277,019 | $280,768 | $278,353 | $219,681 | $239,121 |
| Long-term debt, less current maturities | 88,753 | 61,501 | 68,948 | 31,190 | 44,543 |
| Shareholders' equity | 117,731 | 126,424 | 141,262 | 128,197 | 110,818 |

(1) All periods have been reclassified to reflect the discontinuation of the Company's Marking Systems group.
(2) Includes nonrecurring charges of $335, $6,768 and $13,000 in 1997, 1996 and 1993, respectively.

Quarterly Financial Summary
Johnson Worldwide Associates, Inc. and Subsidiaries

| [thousands, except per share data] | First | | Second | | Third | | Fourth | |
|---|---|---|---|---|---|---|---|---|
| | 1997 | 1996 | 1997 | 1996 | 1997 | 1996 | 1997 | 1996 |
| Net sales | $51,817 | $56,405 | $96,111 | $111,229 | $86,894 | $110,705 | $68,299 | $66,034 |
| Gross profit | 18,129 | 21,321 | 37,133 | 44,332 | 32,472 | 42,423 | 23,598 | 11,648 |
| Net income (loss) | (3,866) | (2,793) | 4,328 | 4,090 | 3,286 | 4,202 | (1,692) | (16,854) |
| Earnings (loss) per common share | $ (0.48) | $ (0.34) | $ 0.53 | $ 0.50 | $ 0.41 | $ 0.52 | $(0.21) | $(2.08) |
| Stock prices: | | | | | | | | |
| High | $ 15.00 | $ 24.25 | $ 14.00 | $ 23.00 | $ 13.25 | $ 19.50 | $17.50 | $15.25 |
| Low | 10.75 | 21.75 | 12.00 | 17.50 | 10.50 | 13.50 | 12.25 | 13.75 |

Shareholders' Information

CORPORATE HEADQUARTERS
Johnson Worldwide Associates, Inc.
1326 Willow Road

Sturtevant, Wisconsin 53177 USA
[414] 884-1500

INTERNET ADDRESSES
http://www.jwa.com
http://www.eurekatents.com (Eureka! commercial tents)
http://www.mitchell-sports.com (Mitchell)
http://www.oceankayak.com (Ocean Kayak)
http://www.otccanoe.com (Old Town)
http://www.uwatec.com (Uwatec)
http://www.wolfskin.de (Jack Wolfskin)

COMMON STOCK
Nasdaq Symbol: JWAIA
Class A Common Stock is traded on the Nasdaq Over the Counter National Market System.

ANNUAL MEETING
The Annual Meeting of Shareholders will convene at 9:45 a.m. [CST] on January 28, 1998, at the Company's Headquarters.

FORM 10-K
You may receive a copy of the Johnson Worldwide Associates, Inc. Form 10-K filed with the Securities and Exchange Commission by writing to the Secretary at Corporate Headquarters or via the internet to: cschmidt@racine.jwa.com.

TRANSFER AGENT AND REGISTRAR
Firstar Trust Company
Corporate Trust Department
P.O. Box 2077
Milwaukee, Wisconsin 53201

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

Executive Officers

R. C. WHITAKER, 50
President and Chief Executive Officer.
1 year of service with JWA.

CARL G. SCHMIDT, 41
Senior Vice President and Chief Financial Officer, Secretary and Treasurer.
3 years of service with JWA.

Board of Directors

SAMUEL C. JOHNSON, 69
Chairman of the Board.
Director since 1970.
Chairman of S.C. Johnson & Son, Inc.
Also Director of Mobil Corporation, H.J. Heinz Company and Deere & Company.

THOMAS F. PYLE, JR., 56
Vice Chairman of the Board.
Director since 1987.
Chairman, The Pyle Group.
Also Director of Kewaunee Scientific Corporation, Riverside Paper Corporation and Sub Zero Corporation.

RAYMOND F. FARLEY, 73
Director since 1970.
Retired President and Chief Executive Officer of S.C. Johnson & Son, Inc.
Also Director of Hartmarx Corporation and Snap-on Incorporated.

DONALD W. BRINCKMAN, 66
Director since 1988.
Chairman, Chief Executive Officer and Founder of Safety-Kleen Corporation.

Also Director of Pay-Chex, Inc. and Snap-on Incorporated.

HELEN P. JOHNSON-LEIPOLD, 40
Director since 1994.
Vice President, Personal and Home Care Products of S.C. Johnson & Son, Inc.

R. C. WHITAKER, 50
President and Chief Executive Officer.
Director since 1996.

Also Director of Weirton Steel Corporation.

GREGORY E. LAWTON, 46
Director since 1997.
President and Chief Executive Officer of NuTone, Inc.

GLENN N. RUPP, 53
Director since 1997.
Chairman and Chief Executive Officer of Converse Inc.
Also Director of Consolidated Papers, Inc.

1326 Willow Road
Sturtevant, Wisconsin
53177 USA
[414] 884-1500

EXHIBIT 21

JOHNSON WORLDWIDE ASSOCIATES, INC. AND SUBSIDIARIES

The following lists the principal direct and indirect subsidiaries of Johnson Worldwide Associates, Inc. as of October 3, 1997. Inactive subsidiaries are not presented.

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

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

EXHIBIT 23

INDEPENDENT AUDITORS' CONSENT

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

We consent to incorporation by reference in the Registration Statements (No. 33-19804, 33-19805, 33-35309, 33-50680, 33-52073, 33-54899, 33-59325 and 33-61285) on Form S-8 of Johnson Worldwide Associates, Inc. of our reports dated November 11, 1997, relating to the consolidated balance sheets of Johnson Worldwide Associates, Inc. and subsidiaries as of October 3, 1997 and September 27, 1996, and the related consolidated statements of operations, shareholders' equity, and cash flows and related schedule for each of the years in the three-year period ended October 3, 1997, which reports appear or are incorporated by reference in the 1997 Annual Report on Form 10-K of Johnson Worldwide Associates, Inc.

KPMG Peat Marwick LLP

Milwaukee, Wisconsin
December 29, 1997

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THE SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE FINANCIAL STATEMENTS OF JOHNSON WORLDWIDE ASSOCIATES, INC. AS OF AND FOR THE YEAR ENDED OCTOBER 3, 1997 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

1,000

YEAR
OCT-03-1997
SEP-27-1996
OCT-03-1997
7,130
0
53,861
(2,693)
78,694
152,749
80,895
(49,535)
277,019
66,109
88,753
0
0
406
117,325
277,019
303,121
303,121
191,789
191,789
96,989
1,604
8,780
3,959
1,903
2,056
0
0
0
2,056
0.25
0.25