

JOHNSON OUTDOORS INC  
Form 10-K  
December 11, 2009

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

FORM 10-K

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

For the fiscal year ended October 2, 2009

OR

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number 0-16255

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

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

555 Main Street, Racine, Wisconsin 53403  
(Address of principal executive offices, including zip code)

(262) 631-6600  
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Exchange on Which Registered
Class A Common Stock, \$.05 par value per share	NASDAQ Global MarketSM

Securities registered pursuant to section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes [ ] No [ X ]

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes [ ] No [ X ]

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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 whether the registrant has submitted electronically and posted on its corporate website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes [ ] No [ ]

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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. [ ]

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definition of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act (Check one):

Large Accelerated Filer [ ]  
Accelerated Filer [ ]  
Non-Accelerated Filer [ ]  
(do not check if a smaller  
reporting company)  
Smaller Reporting [ X ]  
Company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).  
Yes [ ] No [ X ]

As of December 8, 2009, 8,288,310 shares of Class A and 1,216,464 shares of Class B common stock of the registrant were outstanding. The aggregate market value of voting and non-voting Class A common stock of the registrant held by nonaffiliates of the registrant was approximately \$21,887,732 on April 3, 2009 (the last business day of the registrant's most recently completed second quarter) based on approximately 4,342,804 shares of Class A common stock held by nonaffiliates. For purposes of this calculation only, shares of all voting stock are deemed to have a market value of \$5.04 per share, the closing price of the Class A common stock as reported on the NASDAQ Global MarketSM on April 3, 2009. Shares of common stock held by any executive officer or director of the registrant (including all shares beneficially owned by the Johnson Family) have been excluded from this computation because such persons may be deemed to be affiliates. This determination of affiliate status is not a conclusive determination for other purposes.

#### DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Proxy Statement for the 2010 Annual Meeting of the Shareholders of the Registrant are incorporated by reference into Part III of this report.

As used in this report, the terms "we," "us," "our," "Johnson Outdoors" and the "Company" mean Johnson Outdoors Inc. and its subsidiaries, unless the context indicates another meaning.

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#### Forward Looking Statements

Certain matters discussed in this Form 10-K are “forward-looking statements,” and the Company intends these forward-looking statements to be covered by the safe harbor provisions for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995 and is including this statement for purposes of those safe harbor provisions. These forward-looking statements can generally be identified as such because they include phrases such as the Company “expects,” “believes,” “anticipates” or other words of similar meaning. Similarly, statements that describe the Company’s future plans, objectives or goals are also forward-looking statements. Such forward-looking statements are subject to certain risks and uncertainties which could cause actual results or outcomes to differ materially from those currently anticipated. Factors that could affect actual results or outcomes include the matters described under the caption "Risk Factors" in Item 1A of this report and the following: changes in consumer spending patterns; the Company’s success in implementing its strategic plan, including its focus on innovation and on cost-cutting and revenue enhancement initiatives; actions of and disputes with companies that compete with the Company; the Company’s success in managing inventory; the risk that the Company’s lenders may be unwilling to provide a waiver or amendment if the Company is in violation of its financial covenants and the cost to the Company of obtaining any waiver or amendment the lenders would be willing to provide; the risk of future writedowns of goodwill or other intangible assets; movements in foreign currencies or interest rates; fluctuations in the prices of raw materials or the availability of raw materials; the Company’s success in restructuring certain of its operations; the success of suppliers and customers; the ability of the Company to deploy its capital successfully; unanticipated outcomes related to outsourcing certain manufacturing processes; unanticipated outcomes related to outstanding litigation matters; and adverse weather conditions. Shareholders, potential investors and other readers are urged to consider these factors in

evaluating the forward-looking statements and are cautioned not to place undue reliance on such forward-looking statements. The forward-looking statements included herein are only made as of the date of this filing. The Company assumes no obligation, and disclaims any obligation, to update such forward-looking statements to reflect subsequent events or circumstances.

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#### Trademarks

We have registered the following trademarks, which are used in this report: Minn Kota®, Cannon®, Humminbird®, Fishin' Buddy®, Silva®, Eureka!®, Tech4O™, Geonav®, Old Town®, Ocean Kayak™, Necky®, Lendal™, Extrasport®, Carlisle®, Scubapro®, UWATEC® and Seemann™.

## PART I

### ITEM 1. BUSINESS

Johnson Outdoors Inc. (the Company) is a leading global manufacturer and marketer of branded seasonal, outdoor recreation products used primarily for fishing, diving, paddling and camping. The Company's portfolio of well-known consumer brands has attained leading market positions due to continuous innovation, marketing excellence, product performance and quality. Company values and culture support entrepreneurialism in all areas, promoting and leveraging best practices and synergies within and across its subsidiaries to advance the Company's strategic vision set by executive management and approved by the Board of Directors. The Company is controlled by Helen P. Johnson-Leipold (Chairman and Chief Executive Officer), members of her family and related entities.

The Company was incorporated in Wisconsin in 1987 as successor to various businesses. Significant subsidiaries of Johnson Outdoors Inc. include Johnson Outdoors Marine Electronics LLC, Johnson Outdoors Watercraft Inc., Johnson Outdoors Gear LLC, Techsonic Industries Inc, and Johnson Outdoors Canada Inc.

#### Marine Electronics

The Company's marine electronic segment brands are: Minn Kota battery-powered fishing motors for quiet trolling or primary propulsion; Humminbird sonar and GPS equipment for fishfinding and navigation; Cannon downriggers for controlled-depth fishing; Geonav chartplotters for navigation; and Navicontrol marine autopilot systems for large boats. The Company acquired the Navicontrol brand via acquisition of 100% of Navicontrol S.r.l. on February 6, 2009.

Marine Electronics brands and related accessories are sold throughout North America, South America, Europe and the Pacific Basin through large outdoor specialty retailers, such as Bass Pro Shops and Cabelas, large retail store chains, marine products distributors, international distributors and original equipment manufacturers, such as Ranger Boats, Skeeter Boats and Stratos Champion.

Marine Electronics has achieved market share gains by focusing on product innovation, quality products and effective marketing. Such consumer marketing and promotion activities include: product placements on fishing-related television shows; print advertising and editorial coverage in outdoor, general interest and sport magazines; professional angler and tournament sponsorships; packaging and point-of-purchase materials and offers to increase consumer appeal and sales; branded websites; and on-line promotions.

#### Outdoor Equipment

The Company's Outdoor Equipment segment brands are: Eureka! tents, sleeping bags and other recreational camping products; Silva field compasses and digital instruments; and Tech40 performance measurement instruments.

Eureka! consumer tents, sleeping bags and other recreational camping products are mid- to high-price range products sold in the U.S. and Canada through independent sales representatives, primarily to sporting goods stores, catalog and mail order houses, camping and backpacking specialty stores, and through internet retailers. Marketing of the Company's tents, sleeping bags and other recreational camping products is focused on building the Eureka! brand

name and establishing the Company as a leader in tent design and innovation. Although the Company's camping tents and sleeping bags are produced primarily by third-party manufacturing sources, product research, design and innovation are conducted at the Company's Binghamton, New York location. Eureka! camping products are sold under license in Japan, Australia and Europe.

Eureka! commercial tents include party tents, sold primarily to general rental stores, and other commercial tents sold directly to tent erectors. The Company's tent products range from 10'x10' canopies to 120' wide pole tents and other large scale frame structures and are manufactured by the Company at the Company's Binghamton, New York location.

Eureka! also designs and manufactures large, heavy-duty tents and lightweight backpacking tents for the military at its Binghamton, New York location. Tents produced for military use in the last twelve months include modular general purpose tents, and various lightweight one and two person tents. The Company manufactures military tent accessories like fabric floors and tent liners and is also a subcontract manufacturer for other providers of military tents.

Silva field compasses are manufactured by the Company and marketed exclusively in North America where the Company owns Silva trademark rights. Tech40 digital instruments and other branded products are manufactured by third parties and are primarily sold in the North American market.

#### Watercraft

The Company's Watercraft brands are: Old Town canoes and kayaks; Ocean Kayak; Necky kayaks; Carlisle and Lendal paddles; and Extrasport personal flotation devices.

In its Old Town, Maine facility, the Company produces high quality Old Town kayaks, canoes and accessories for family recreation, touring and tripping. The Company uses a rotational-molding process for manufacturing polyethylene kayaks and canoes to compete in the high volume, low and mid-priced range of the market. These kayaks and canoes feature stiffer and more durable hulls than higher priced boats. The Company also markets canoes built from fiberglass, Royalex (ABS) and wood.

On June 30, 2009, the Company announced plans to consolidate operations for its U.S. paddle sports brands in Old Town, Maine, which resulted in the closure of the Company's plant in Ferndale, Washington. Sit-on-top Ocean Kayaks and high-performance Necky sea touring kayaks which had formerly been produced in Ferndale are now manufactured at the Old Town, Maine facility.

The Company also manufactures Watercraft products in New Zealand and contracts for manufacturing of Watercraft products with third parties in Michigan, and Tunisia.

Watercraft accessory brands, including Extrasport personal flotation devices and wearable paddle gear, as well as Carlisle branded paddles, are produced primarily by third-party sources.

The Company's kayaks, canoes and accessories are sold primarily to specialty stores, marine dealers, sporting goods stores and catalog and mail order houses in the U.S., Europe and the Pacific Basin.

#### Diving

The Company manufactures and markets underwater diving products for technical and recreational divers, which it sells and distributes under the SCUBAPRO, UWATEC and Seemann brand names.

The Company markets a complete line of underwater diving and snorkeling equipment, including regulators, buoyancy compensators, dive computers and gauges, wetsuits, masks, fins, snorkels and accessories. SCUBAPRO and UWATEC diving equipment are marketed to the premium segment of the market for both diving enthusiasts and more technical, advanced divers. Seemann products are marketed to the recreational diver interested in owning quality equipment at an affordable price. Products are sold via selected distribution to independent specialty dive stores worldwide. These specialty dive stores generally provide a wide range of services to divers, including sales, service and repair, diving education and travel.





The Company focuses on maintaining SCUBAPRO and UWATEC as the market leaders in innovation. The Company maintains research and development functions in the U.S. and Europe and holds a number of patents on proprietary products. The Company's consumer communication focuses on building the brand and highlighting exclusive product features and consumer benefits of the SCUBAPRO and UWATEC product lines. The Company's communication and distribution reinforce the SCUBAPRO and UWATEC brands' position as the industry's quality and innovation leader. The Company markets its equipment in diving magazines, via websites and through dive specialty stores. Seemann's full-line of dive equipment and accessories are marketed and sold primarily in Europe. Seemann products compete in the mid-market on the basis of quality at an affordable price.

The Company manufactures regulators, dive computers, gauges, and instruments at its Italian and Indonesian facilities. The Company sources buoyancy compensators, rubber goods, plastic products, proprietary materials, and other components from third-parties.

### Financial Information for Business Segments

As noted above, the Company has four reportable business segments. See Note 14 to the consolidated financial statements included elsewhere in this report for financial information concerning each business segment.

### International Operations

See Note 14 to the consolidated financial statements included elsewhere in this report for financial information regarding the Company's domestic and international operations. See Note 1, subheading "Foreign Operations and Related Derivative Financial Instruments," to the consolidated financial statements included elsewhere in this report for information regarding risks related to the Company's foreign operations.

### Research and Development

The Company commits significant resources to new product research and development. Marine Electronics conducts all of its product research and design activities at its locations in Mankato, Alpharetta and Eufaula (see Item 2 – "Properties" included elsewhere in this report for additional information on the Company's properties). Engineering and software development for Humminbird products are done in Atlanta and a research and development facility in Shanghai, China. Diving maintains research and development facilities in Hallwil, Switzerland; Casarza Ligure, Italy; and El Cajon, California in the United States.

The Company expenses research and development costs as incurred, except for software development for new electronics products which are capitalized once technological feasibility is established and then amortized over the expected life of the software. The amounts expensed by the Company in connection with research and development activities for each of the last three fiscal years are set forth in the Company's Consolidated Statements of Operations included elsewhere in this report.

### Competition

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

**Marine Electronics:** The Company's main competitors in the electric trolling motors business are Motor Guide, owned by Brunswick Corporation, and private label branded motors sourced primarily from manufacturers in Asia. Motor Guide manufactures and sells a full range of trolling motors and accessories. Competition in this business is focused on product quality and durability as well as product benefits and features for fishing. The main competitors in the fishfinder market are Lowrance, Garmin, Navman, and Raymarine. Competition in this business is primarily focused

on the quality of sonar imaging and display as well as the integration of mapping and GPS technology. The main competitors in the downrigger market are Big Jon, Walker and Scotty. Competition in this business primarily focuses on ease of operation, speed and durability. The Company's main competitors in the marine navigation business are Raymarine, Garmin, Simrad, and Furuno. Competition in this business is primarily focused on innovative and sleek designs, ease of use, resolution of display imaging, leading edge processing power and integration with related marine electronics devices.

**Outdoor Equipment:** The Company's brands and products compete in the sporting goods and specialty segments of the outdoor equipment market. Competitive brands with a strong position in the sporting goods channel include Coleman and private label brands. The Company also competes with specialty companies such as The North Face and Kelty on the basis of materials and innovative designs for consumers who want performance products priced at a value. Commercial tent market competitors include Anchor Industries and Aztec for tension and frame tents along with canopies based on structure and styling. The Company sells military tents to prime vendors who hold supply contracts from the U.S. Government. Competitors in the military tent business include Base-X, DHS Systems, Alaska Structures, Camel, Outdoor Venture, and Diamond Brand.

**Watercraft:** The Company primarily competes in the paddle boat segment of kayaks and canoes. The Company's main competitors in this segment are Confluence Watersports, Pelican, Wenonah Canoe and Legacy Paddlesports, each of which primarily competes on the basis of their design, performance and quality.

**Diving:** The main competitors in Diving include Aqualung/U.S. Divers, Oceanic, Mares, Cressi-sub, and Suunto, each of which primarily competes on the basis of product innovation, performance, quality and safety.

#### Employees

At October 2, 2009, the Company had approximately 1,280 regular, full-time employees. The Company considers its employee relations to be excellent. Temporary employees are utilized primarily to manage peaks in the seasonal manufacturing of products.

#### Backlog

Unfilled orders for future delivery of products totaled approximately \$46.3 million at October 2, 2009 and \$38.2 million at October 3, 2008. For the majority of its products, the Company's businesses do not receive significant orders in advance of expected shipment dates, with the exception of the military tent business which has orders outstanding based on contractual agreements.

#### Patents, Trademarks and Proprietary Rights

The Company owns no single patent that is material to its business as a whole. However, the Company holds various patents, principally for diving products, electric motors and fishfinders and regularly files applications for patents. The Company has numerous trademarks and trade names which it considers important to its business, many of which are noted in this report. Historically, the Company has vigorously defended its intellectual property rights and the Company expects to continue to do so.

#### Supply Chain and Sourcing of Materials

The Company manufactures some products that use materials requiring long order lead times or that are only available in a cost effective manner from a single vendor. The Company mitigates product availability and supply chain risks through safety stocks and forecast-based supply contracts, and to a lesser extent with just in time inventory deliveries or supplier-owned inventory located close to the Company's manufacturing locations. The Company strives to balance the imperative of holding adequate inventories with the need to maintain flexibility by building inventories to forecast for high-volume products, utilizing build to order strategies wherever possible, and by having products delivered to customers directly from suppliers.

The Company has key vendors for materials used in its military tent business. Interruption or loss in the availability of these materials could have a material adverse impact on the sales and operating results of the Company's Outdoor Equipment business.

Most of the Company's products are made using materials that are generally in adequate supply and are available from a variety of third-party suppliers.

#### Seasonality

The Company's products are outdoor recreation related which results in seasonal variations in sales and profitability. This seasonal variability is due to customers' increasing their inventories in the quarters ending March and June, the primary selling season for the Company's outdoor recreation products, with lower inventory volumes during the quarters ending September and December. The following table shows, for the past three fiscal years, the total net sales and operating profit or loss of the Company for each quarter, as a percentage of the total year.

Quarter Ended	Year Ended 2009		2008		2007	
	Net Sales	Operating Profit	Net Sales	Operating Profit	Net Sales	Operating Profit
December	20 %	-1918 %	18 %	-12 %	17 %	-11 %
March	30 %	2127 %	29 %	10 %	28 %	23 %
June	32 %	3888 %	34 %	38 %	35 %	74 %
September	18 %	-3997 %	19 %	-136 %	20 %	14 %
	100 %	100 %	100 %	100 %	100 %	100 %

#### Available Information

The Company maintains a website at [www.johnsonoutdoors.com](http://www.johnsonoutdoors.com). On its website, the Company makes available, free of charge, its Annual Report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to those reports, as soon as reasonably practical after the reports have been electronically filed or furnished to the Securities and Exchange Commission. In addition, the Company makes available on its website, free of charge, its (a) Code of Business Conduct; (b) Code of Ethics for its Chief Executive Officer and Senior Financial and Accounting Officers; (c) the charters for the following committees of the Board of Directors: Audit; Compensation; Executive; and Nominating and Corporate Governance and (d) Policy and Procedures with respect to Related Party Transactions. The Company is not including the information contained on or available through its website as a part of, or incorporating such information by reference into, this Annual Report on Form 10-K. This report includes all material information about the Company that is included on the Company's website and is otherwise required to be included in this report.

#### ITEM 1A. RISK FACTORS

The risks described below are not the only risks we face. Additional risks that we do not yet know of or that we currently think are immaterial may also impair our future business operations. If any of the events or circumstances described in the following risks actually occur, our business, financial condition or results of operations could be materially adversely affected. In such cases, the trading price of our common stock could decline.

Our net sales and profitability depend on our ability to continue to conceive, design and market products that appeal to our consumers.

The introduction of new products is critical in our industry and to our growth strategy. Our business depends on our ability to continue to conceive, design, manufacture and market new products and upon continued market acceptance of our product offering. Rapidly changing consumer preferences and trends make it difficult to predict how long consumer demand for our existing products will continue or what new products will be successful. Our current products may not continue to be popular or new products that we may introduce may not achieve adequate consumer acceptance for us to recover development, manufacturing, marketing and other costs. A decline in consumer demand for our products, our failure to develop new products on a timely basis in anticipation of changing consumer preferences or the failure of our new products to achieve and sustain consumer acceptance could reduce our net sales and profitability.

Competition in our markets could reduce our net sales and profitability.

We operate in highly competitive markets. We compete with several large domestic and foreign companies such as Brunswick, Lowrance, Confluence and Aqualung/U.S. Divers, with private label products sold by many of our retail customers and with other producers of outdoor recreation products. Some of our competitors have longer operating histories, stronger brand recognition and greater financial, technical, marketing and other resources than us. In addition, we may face competition from new participants in our markets because the outdoor recreation product industries have limited barriers to entry. We experience price competition for our products, and competition for shelf space at retailers, all of which may increase in the future. If we cannot compete successfully in the future, our net sales and profitability will likely decline.

General economic conditions affect the Company's results.

Our revenues are affected by economic conditions and consumer confidence worldwide, but especially in the United States and Europe. In times of economic uncertainty, consumers tend to defer expenditures for discretionary items, which affects demand for our products. Moreover, our businesses are cyclical in nature, and their success is dependent upon favorable economic conditions, the overall level of consumer confidence and discretionary income levels. Any substantial deterioration in general economic conditions that diminish consumer confidence or discretionary income can reduce our sales and adversely affect our financial results including the potential for future impairments of goodwill and other intangible assets. The impact of weak consumer credit markets; corporate restructurings; layoffs; declines in the value of investments and residential real estate; higher fuel prices and increases in federal and state taxation all can negatively affect our operating results.

Trademark infringement or other intellectual property claims relating to our products could increase our costs.

Our industry is susceptible to litigation regarding trademark and patent infringement and other intellectual property rights. We could be either a plaintiff or defendant in trademark and patent infringement claims and claims of breach of license from time to time. The prosecution or defense of intellectual property litigation is both costly and disruptive of the time and resources of our management even if the claim or defense against us is without merit. We could also be required to pay substantial damages or settlement costs to resolve intellectual property litigation.

Furthermore, we may rely on trade secret law to protect technologies and proprietary information that we cannot or have chosen not to patent. Trade secrets, however, are difficult to protect. Although we attempt to maintain protection through confidentiality agreements with necessary personnel, contractors and consultants, we cannot guarantee that such contracts will not be breached. Further, confidentiality agreements may conflict with other agreements which personnel, contractors and consultants signed with prior employers or clients. In the event of a breach of a confidentiality agreement or divulgence of proprietary information, we may not have adequate legal remedies to maintain our trade secret protection. Litigation to determine the scope of intellectual property rights, even if ultimately successful, could be costly and could divert management's attention away from business.

Impairment charges could reduce our profitability.

We test our goodwill and other intangible assets with indefinite useful lives for impairment on an annual basis during the fourth quarter of our fiscal year or on an interim basis if an event occurs that might reduce the fair value of the reporting unit below its carrying value. Various uncertainties, including changes in consumer preferences, deterioration in the political environment, continued adverse conditions in the capital markets or changes in general economic conditions could impact the expected cash flows to be generated by an intangible asset or group of intangible assets, and may result in an impairment of those assets. Although any such impairment charge would be a non-cash expense, any impairment of our intangible assets could materially increase our expenses and reduce our profitability.

Sales of our products are seasonal, which causes our operating results to vary from quarter to quarter.

Sales of our products are seasonal. Historically, our net sales and profitability have peaked in the second and third fiscal quarters due to the buying patterns of our customers. Seasonal variations in operating results may cause our results to fluctuate significantly in the first and fourth quarters and may depress our stock price during the first and fourth quarters.

The trading price of shares of our common stock fluctuates and investors in our common stock may experience substantial losses.

The trading price of our common stock has been volatile and may continue to be volatile in the future. The trading price of our common stock could decline or fluctuate in response to a variety of factors, including:

- the timing of our announcements or those of our competitors concerning significant product developments, acquisitions or financial performance;
- fluctuation in our quarterly operating results;
- substantial sales of our common stock;
- general stock market conditions; or
- other economic or external factors.

You may be unable to sell your stock at or above your purchase price.

A limited number of our shareholders can exert significant influence over the Company.

As of December 1, 2009, Helen P. Johnson-Leipold, members of her family and related entities (hereinafter the Johnson Family), held approximately 78% of the voting power of both classes of our common stock taken as a whole. This voting power would permit these shareholders, if they chose to act together, to exert significant influence over the outcome of shareholder votes, including votes concerning the election of directors, by-law amendments, possible mergers, corporate control contests and other significant corporate transactions. Moreover, certain members of the Johnson Family have entered into a voting trust agreement covering approximately 85% of outstanding class B shares. This voting trust agreement would permit these shareholders, if they continue to choose to act together, to exert significant influence over the outcome of shareholder votes, including votes concerning the election of directors, by-law amendments, possible mergers, corporate control contests and other significant corporate transactions.

We may experience difficulties in integrating strategic acquisitions.

As part of our growth strategy, we intend to pursue acquisitions that are consistent with our mission and that will enable us to leverage our competitive strengths. Over the past three fiscal years we have acquired:



Seemann Sub GmbH & Co. KG on April 2, 2007, including, without limitation, certain intellectual property used in its business;

Geonav S.r.l. on November 16, 2007, including, without limitation, certain intellectual property used in its business; and

Navicontrol S.r.l. on February 6, 2009, including, without limitation, certain intellectual property used in its business.

Risks associated with integrating strategic acquisitions include:

- the acquired business may experience losses which could adversely affect our profitability;
- unanticipated costs relating to the integration of acquired businesses may increase our expenses;
- possible failure to obtain any necessary consents to the transfer of licenses or other agreements of the acquired company;
- possible failure to maintain customer, licensor and other relationships after the closing of the transaction of the acquired company;
- difficulties in achieving planned cost-savings and synergies may increase our expenses;
- diversion of our management's attention could impair their ability to effectively manage our other business operations; and
- unanticipated management or operational problems or liabilities may adversely affect our profitability and financial condition.

We are dependent upon certain key members of management.

Our success will depend to a significant degree on the abilities and efforts of our senior management. Moreover, our success depends on our ability to attract, retain and motivate qualified management, marketing, technical and sales personnel. These people are in high demand and often have competing employment opportunities. The labor market for skilled employees is highly competitive and we may lose key employees or be forced to increase their compensation to retain these people. Employee turnover could significantly increase our training and other related employee costs. The loss of key personnel, or the failure to attract qualified personnel, could have a material adverse effect on our business, financial condition or results of operations.

Sources of and fluctuations in market prices of raw materials can affect our operating results.

The primary raw materials we use are metals, resins and packaging materials. These materials are generally available from a number of suppliers, but we have chosen to concentrate our sourcing with a limited number of vendors for each commodity or purchased component. We believe our sources of raw materials are reliable and adequate for our needs. However, the development of future sourcing issues related to the availability of these materials as well as significant fluctuations in the market prices of these materials may have an adverse affect on our financial results.

Currency exchange rate fluctuations could increase our expenses.

We have significant foreign operations, for which the functional currencies are denominated primarily in euros, Swiss francs, Japanese yen and Canadian dollars. As the values of the currencies of the foreign countries in which we have operations increase or decrease relative to the U.S. dollar, the sales, expenses, profits, losses, assets and liabilities of our foreign operations, as reported in our consolidated financial statements, increase or decrease, accordingly. Approximately 27% of our revenues for the year ended October 2, 2009 were denominated in currencies other than the U.S. dollar. Approximately 16% were denominated in euros, with the remaining 11% denominated in various other foreign currencies. We may mitigate 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 or to reduce the risk of changes in foreign currency exchange rates on foreign currency borrowings.

We are subject to environmental and safety regulations.

We are subject to federal, state, local and foreign laws and other legal requirements related to the generation, storage, transport, treatment and disposal of materials as a result of our manufacturing and assembly operations. These laws include the Resource Conservation and Recovery Act (as amended), the Clean Air Act (as amended) and the Comprehensive Environmental Response, Compensation and Liability Act (as amended). We believe that our existing environmental management system is adequate and we have no current plans for substantial capital expenditures in the environmental area. We do not currently anticipate any material adverse impact on our results of operations, financial condition or competitive position as a result of compliance with federal, state, local and foreign environmental laws or other legal requirements. However, risk of environmental liability and changes associated with maintaining compliance with environmental laws is inherent in the nature of our business and there is no assurance that material liabilities or changes would not arise.

We rely on our credit facility to provide us with sufficient working capital to operate our business.

Historically, we have relied upon our existing credit facilities to provide us with adequate working capital to operate our business. The availability of borrowing amounts under our credit facilities are dependent upon our compliance with the debt covenants set forth in the facilities. Violation of those covenants, whether as a result of incurring operating losses or otherwise, could result in our lenders restricting or terminating our borrowing ability under our credit facilities. The availability of borrowing amounts under our revolving credit facility is dependent upon the amount and quality of the accounts receivable and inventory collateralizing the revolving credit facility. The bankruptcy of a major customer could have a significant negative impact on the availability of borrowing amounts under our revolving credit facility. If our lenders reduce or terminate our access to amounts under our credit facilities, we may not have sufficient capital to fund our working capital needs and/or we may need to secure additional capital or financing to fund our working capital requirements or to repay outstanding debt under our credit facilities. We can make no assurance that we will be successful in ensuring our availability to amounts under our credit facilities or in connection with raising additional capital and that any amount, if raised, will be sufficient to meet our cash requirements. If we are not able to maintain our borrowing availability under our credit facilities and/or raise additional capital when needed, we may be forced to sharply curtail our efforts to manufacture and promote the sale of our products or to curtail our operations. Ultimately, we may be forced to cease operations.

Our debt covenants may limit our ability to complete acquisitions, incur debt, make investments, sell assets, merge or complete other significant transactions.

Our credit facilities and certain other of our debt instruments include limitations on a number of our activities, including our ability to:

- incur additional debt;
- create liens on our assets or make guarantees;
- make certain investments or loans;
- pay dividends; or
- dispose of or sell assets or enter into a merger or similar transaction.

These debt covenants could restrict our ability to pursue opportunities to expand our business operations, including engaging in strategic acquisitions.

Our shares of common stock are thinly traded and our stock price may be more volatile.

Because our common stock is thinly traded, its market price may fluctuate significantly more than the stock market in general or the stock prices of similar companies, which are exchanged, listed or quoted on NASDAQ. We believe there are 4,466,961 shares of our Class A common stock held by nonaffiliates as of December 8, 2009. Thus, our common stock will be less liquid than the stock of companies with broader public ownership, and as a result, the trading prices for our shares of common stock may be more volatile. Among other things, trading of a relatively small volume of our common stock may have a greater impact on the trading price for our stock than would be the case if our public float were larger.

#### ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

## ITEM 2. PROPERTIES

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

See Note 5 to the consolidated financial statements included elsewhere in this report for a discussion of the Company's lease obligations.

As of October 2, 2009, the Company's principal manufacturing (identified with an asterisk) and other locations are:

Alpharetta, Georgia (Marine Electronics)  
Antibes, France (Diving)  
Barcelona, Spain (Diving)  
Basingstoke, Hampshire, England (Diving)  
Batam, Indonesia\* (Diving and Outdoor Equipment)  
Binghamton, New York\* (Outdoor Equipment)  
Brignais, France (Watercraft)  
Brussels, Belgium (Diving)  
Burlington, Ontario, Canada (Marine Electronics, Outdoor Equipment, Watercraft)  
Chai Wan, Hong Kong (Diving)  
Chatswood, Australia (Diving)  
El Cajon, California (Diving)  
Eufaula, Alabama\* (Marine Electronics)  
Ferndale, Washington (Watercraft)  
Casarza Ligure, Italy\* (Diving)  
Great Yarmouth, Norfolk, United Kingdom (Watercraft)  
Hallwil, Switzerland (Diving)  
Henggart, Switzerland (Diving)  
Mankato, Minnesota\* (Marine Electronics)  
Napier, New Zealand\* (Watercraft)  
Old Town, Maine\* (Watercraft)  
Shanghai, China (Marine Electronics)  
Silverdale, New Zealand\* (Watercraft)  
Viareggio, Italy (Marine Electronics)  
Wendelstein, Germany (Diving)  
Yokohama, Japan (Diving)

The Company's corporate headquarters is located in a leased facility in Racine, Wisconsin.

## ITEM 3. LEGAL PROCEEDINGS

See Note 16 to the consolidated financial statements included elsewhere in this report for a discussion of legal proceedings.

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

No matters were submitted to a vote of security holders during the fourth quarter of the fiscal year ended October 2, 2009.

PART II

ITEM MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND  
5. ISSUER PURCHASES OF EQUITY SECURITIES

Certain information with respect to this item is included in Notes 11 and 12 to the Company's consolidated financial statements included elsewhere in this report. The Company's Class A common stock is traded on the NASDAQ Global Market<sup>SM</sup> under the symbol: JOUT. There is no public market for the Company's Class B common stock. However, the Class B common stock is convertible at all times at the option of the holder into shares of Class A common stock on a share for share basis. As of December 8, 2009, the Company had 719 holders of record of its Class A common stock and 35 holders of record of its Class B common stock. We believe the number of beneficial owners of our Class A common stock on that date was substantially greater.

A summary of the high and low closing prices for the Company's Class A common stock during each quarter of the years ended October 2, 2009 and October 3, 2008 is as follows:

	First Quarter		Second Quarter		Third Quarter		Fourth Quarter	
	2009	2008	2009	2008	2009	2008	2009	2008
Stock prices:								
High	\$11.93	\$23.50	\$7.59	\$22.50	\$7.80	\$17.77	\$9.89	\$16.06
Low	5.10	21.44	4.68	16.00	5.00	15.40	5.30	12.40

On December 4, 2008, the Company's Board of Directors voted to suspend quarterly dividends to shareholders.

In fiscal 2008, the Company declared the following dividends:

A cash dividend declared on December 7, 2007, with a record date of January 10, 2008, payable on January 25, 2008 of \$0.055 per share to Class A common stockholders and \$0.05 per share to Class B common stockholders.

A cash dividend declared on February 28, 2008, with a record date of April 10, 2008, payable on April 24, 2008 of \$0.055 per share to Class A common stockholders and \$0.05 per share to Class B common stockholders.

A cash dividend declared on May 28, 2008, with a record date of July 10, 2008, payable on July 24, 2008 of \$0.055 per share to Class A common stockholders and \$0.05 per share to Class B common stockholders.

A cash dividend declared on October 1, 2008, with a record date of October 16, 2008, payable on October 30, 2008 of \$0.055 per share to Class A common stockholders and \$0.05 per share to Class B common stockholders.

The following limitations apply to the ability of the Company to pay dividends:

Pursuant to the Company's revolving credit and security agreement, dated September 29, 2009, by and among the Company, the subsidiary borrowers, PNC Bank, National Association and the other lenders named therein, the Company is limited in the amount of restricted payments (primarily dividends and repurchases of common stock) made during each fiscal year. The Company may declare, and pay, dividends in accordance with historical practices, but in no event may the aggregate amount of all dividends for any fiscal year exceed 25% of the Company's net income for that fiscal year.

The Company's Articles of Incorporation provide that no dividend, other than a dividend payable in shares of the Company's common stock, may be declared or paid upon the Class B common stock unless such dividend is declared or paid upon both classes of common stock. Whenever a dividend (other than a dividend payable in shares of Company common stock) is declared or paid upon any shares of Class B common stock, at the same time there must be declared and paid a dividend on shares of Class A common stock equal in value to 110% of the amount per share of the dividend declared and paid on shares of Class B common stock. Whenever a dividend is payable in shares of Company common stock, such dividend must be declared or paid at the same rate on the Class A common stock and the Class B common stock.

## Total Shareholder Return

The graph below compares on a cumulative basis the yearly percentage change since October 1, 2004 in the total return (assuming reinvestment of dividends) to shareholders on the Class A common stock with (a) the total return (assuming reinvestment of dividends) on The NASDAQ Stock Market-U.S. Index; (b) the total return (assuming reinvestment of dividends) on the Russell 2000 Index; and (c) the total return (assuming reinvestment of dividends) on a self-constructed peer group index. The peer group consists of Arctic Cat Inc., Brunswick Corporation, Callaway Golf Company, Escalade Inc., Marine Products Corporation and Nautilus, Inc. The graph assumes \$100 was invested on October 1, 2004 in the Company's Class A common stock, The NASDAQ Stock Market-U.S. Index, the Russell 2000 Index and the peer group indices.

\* \$100 invested on 10/1/04 in stock or the applicable index or peer group, including reinvestment of dividends.  
Indexes calculated on month-end basis.

	10/1/2004	9/30/2005	9/29/2006	9/28/2007	10/3/2008	10/2/2009
Johnson Outdoors Inc.	\$100.0	\$86.3	\$89.6	\$112.5	\$65.2	\$48.1
NASDAQ Composite	100.0	113.8	121.5	143.4	109.2	112.6
Russell 2000 Index	100.0	118.0	129.7	145.7	124.6	112.7
Peer Group	100.0	92.3	76.2	65.3	39.6	30.2

The information in this section titled "Total Shareholder Return" shall not be deemed to be "soliciting material" or "filed" with the Securities and Exchange Commission or subject to Regulation 14A or 14C promulgated by the Securities and Exchange Commission or subject to the liabilities of section 18 of the Securities Exchange Act of 1934, as amended, and this information shall not be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended.



ITEM 6. SELECTED CONSOLIDATED FINANCIAL DATA

The following table presents selected consolidated financial data, which should be read along with the Company's consolidated financial statements and the notes to those statements and with "Item 7 – Management's Discussion and Analysis of Financial Condition and Results of Operations" included or referred to elsewhere in this report. The consolidated statements of operations for the years ended October 2, 2009, October 3, 2008 and September 28, 2007, and the consolidated balance sheet data as of October 2, 2009 and October 3, 2008 are derived from the Company's audited consolidated financial statements included elsewhere herein. The consolidated statements of operations for the years ended September 29, 2006 and September 30, 2005, and the consolidated balance sheet data as of September 28, 2007, September 29, 2006 and September 30, 2005, are derived from the Company's audited consolidated financial statements which are not included herein.

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(thousands, except per share data)	October 2 2009	October 3 2008 <sup>(5)</sup>	September 28 2007 <sup>(6)</sup>	September 29 2006 <sup>(7)</sup>	September 30 2005
<b>OPERATING RESULTS</b>					
Net sales	\$356,523	\$420,789	\$430,604	\$393,950	\$377,146
Gross profit	132,782	159,551	175,496	165,277	155,678
Operating expenses (1)	132,510	197,604	155,470	141,918	137,216
Operating profit (loss)	272	(38,053 )	20,026	23,359	18,462
Interest expense	9,949	5,695	5,162	4,989	4,792
Other expense (income)	442	549	(931 )	(128 )	(1,250 )
(Loss) Income before income taxes	(10,119 )	(44,297 )	15,795	18,498	14,920
Income tax (benefit) expense (2)	(407 )	24,178	5,246	8,061	6,044
(Loss) Income from continuing operations	(9,712 )	(68,475 )	10,549	10,437	8,876
Income (Loss) from discontinued operations	41	(2,559 )	(1,315 )	(1,722 )	(1,775 )
Net (loss) income	\$(9,671 )	\$(71,034 )	\$9,234	\$8,715	\$7,101
<b>BALANCE SHEET DATA</b>					
Current assets (3)	\$142,355	\$189,714	\$205,221	\$185,290	\$186,591
Total assets	210,282	255,069	319,679	284,227	283,326
Current liabilities (4)	45,367	55,386	66,260	57,651	55,457
Long-term debt, less current maturities	16,089	60,000	10,006	20,807	37,800
Total debt	31,563	60,003	42,806	37,807	50,800
Shareholders' equity	115,825	122,284	200,165	180,881	166,434
<b>COMMON SHARE SUMMARY</b>					
Earnings (Loss) per share, continuing operations – Dilutive:					
Class A	\$(1.06 )	\$(7.53 )	\$1.14	\$1.14	\$1.01
Class B	\$(1.06 )	\$(7.53 )	\$1.14	\$1.14	\$1.01
Net earnings (loss) per share – Dilutive:					
Class A	\$(1.06 )	\$(7.81 )	\$1.00	\$0.95	\$0.81
Class B	\$(1.06 )	\$(7.81 )	\$1.00	\$0.95	\$0.81
Cash dividends per share:					
Class A	\$0.00	\$0.22	\$0.11	\$0.00	\$0.00
Class B	\$0.00	\$0.20	\$0.10	\$0.00	\$0.00

- (1) The year ended October 3, 2008 includes goodwill and other impairment charges of \$41.0 million.
- (2) The year ended October 3, 2008 includes a deferred tax asset valuation allowance of \$29.5 million.
- (3) Includes cash and cash equivalents of \$27,895, \$41,791, \$39,232, \$51,689, and \$72,111 as of the years ended 2009, 2008, 2007, 2006, and 2005, respectively.
- (4) Excludes short-term debt and current maturities of long-term debt.
- (5) The results in 2008 contain approximately ten months of operating results of the acquired Geonav business and a full year of operating results of the acquired Seemann business.
- (6) The results in 2007 contain a full year of operating results of the acquired Lendal Products Ltd. business and six months of operating results of the acquired Seeman business.
- (7) The results in 2006 contain a full year of operating results of the acquired Cannon/Bottom Line business, which was acquired on October 3, 2005.



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

### Executive Overview

The Company designs, manufactures and markets top quality recreational products for the outdoor enthusiast. Through a combination of innovative products, strong marketing, a talented and passionate workforce and efficient distribution, the Company sets itself apart from the competition. Its subsidiaries operate as a network that promotes entrepreneurialism and leverages best practices and synergies, following the strategic vision set by executive management and approved by the Company's Board of Directors.

### Recent Developments

#### Debt Agreements

On September 29, 2009, the Company and certain of its subsidiaries entered into new credit facilities. The credit facilities consisted of five separate Term Loan Agreements, each dated as of September 29, 2009 (the "Term Loan Agreements" or "Term Loans"), between certain of the Company's subsidiaries and Ridgestone Bank ("Ridgestone"), and a Revolving Credit and Security Agreement dated as of September 29, 2009 among the Company, certain of the its subsidiaries, PNC Bank, National Association, as lender, as administrative agent and collateral agent, and the other lenders named therein (the "Revolving Credit Agreement" or "Revolver" and collectively, with the Term Loans, the "Debt Agreements").

The Debt Agreements replace the Company's Amended and Restated Credit Agreement (Term) and the Amended and Restated Credit Agreement (Revolving) which were effective as of January 2, 2009 with JPMorgan Chase Bank N.A., as lender and administrative agent, and the other lenders named therein.

The new Term Loan Agreements provide for aggregate term loan borrowings of \$15.9 million with maturity dates ranging from 15 to 25 years from the date of the Term Loan Agreement. Each Term Loan requires monthly payments of principal and interest. Interest on \$9.3 million of the aggregate outstanding amount of the Term Loans is based on the prime rate plus 2.0 percent, and the remainder on the prime rate plus 2.75 percent. The Term Loans are guaranteed in part under the United States Department of Agriculture Rural Development program and are secured by certain real and tangible properties of certain of the Company's subsidiaries.

The new Revolving Credit Agreement, maturing in September 2012, provides for funding of up to \$69.0 million. Borrowing availability under the Revolver is based on certain eligible working capital assets, primarily account receivables and inventory. The Revolver is secured by working capital assets and other intangible assets of the Company and its subsidiaries. The interest rate on the Revolver is based primarily on LIBOR plus 3.25 percent with a minimum LIBOR floor of 2.0 percent.

The Company incurred approximately \$1.5 million of financing fees in conjunction with the execution of the Debt Agreements.

#### Ferndale Facility Closure

On June 30, 2009, the Company announced plans to consolidate operations for its U.S. paddle sports brands in Old Town, Maine, resulting in the closure of the Company's plant in Ferndale, Washington. The closure of the plant resulted in the reduction of approximately 90 positions located there. The Ferndale facility was closed and all production ceased as of September 4, 2009.

### Swap Termination

The amendment of the Company's former debt agreements entered into on January 2, 2009 and the related imposition of a LIBOR floor in the amended debt terms caused the Company's \$60.0 million LIBOR-based interest rate swap to become a less than highly-effective hedge against the impact on interest payments of changes in the three-month LIBOR benchmark rate. The Company entered into offsetting interest rate swap contracts to neutralize its exposure to potential further losses from the less than highly-effective hedge. During the second and third quarters of fiscal 2009, the Company terminated all of its interest rate swap contracts and paid \$6.2 million in final cash settlements of those instruments.

## Pension Curtailment

In 2009, the Company elected to freeze its U.S. defined benefit pension plans as of September 30, 2009. The effect of this action is a cessation of benefit accruals related to service performed after September 30, 2009, which, in turn, reduces the Company's projected benefit obligation under the plans.

## Results of Operations

Summary consolidated financial results from continuing operations for the fiscal years presented were as follows:

(millions, except per share data)	2009	2008 <sup>(1)</sup>	2007 <sup>(2)</sup>
Net sales	\$ 356.5	\$ 420.8	\$ 430.6
Gross profit	132.8	159.6	175.5
Impairment charges	0.7	41.0	-
Other operating expenses	131.8	156.7	155.5
Operating profit (loss)	0.3	(38.1 )	20.0
Interest expense	9.9	5.7	5.2
(Loss) income from continuing operations	(9.7 )	(68.5 )	10.5
Net (loss) income	(9.7 )	(71.0 )	9.2

(1) The results of 2008 contain a deferred tax asset valuation allowance of \$29.5 million and a full year of operating results of the acquired Seemann business and approximately ten months of operating results of the acquired Geonav business.

(2) The results in 2007 contain a full year of operating results of the acquired Lendal Products Ltd. business and six months of operating results of the acquired Seemann business.

The Company's sales and operating profit (loss) by business segment are summarized as follows:

(millions)	2009	2008	2007
Net sales:			
Marine Electronics	\$ 165.3	\$ 186.7	\$ 198.0
Outdoor Equipment	41.4	48.3	55.9
Watercraft	69.4	88.1	88.8
Diving	80.8	98.2	88.7
Other/corporate/eliminations	(0.4 )	(0.5 )	(0.8 )
	\$ 356.5	\$ 420.8	\$ 430.6
Operating profit (loss):			
Marine Electronics	\$ 9.3	\$ 0.4	\$ 22.9
Outdoor Equipment	3.4	2.0	8.5
Watercraft	(6.2 )	(8.3 )	(4.2 )
Diving	1.6	(21.5 )	6.9
Other/corporate/eliminations	(7.8 )	(10.7 )	(14.1 )
	\$ 0.3	\$ (38.1 )	\$ 20.0

See Note 14 in the notes to the consolidated financial statements included elsewhere in this report for the definition of segment net sales and operating profit.

## Fiscal 2009 vs Fiscal 2008

### Net Sales

All of the Company's business segments were adversely impacted in 2009 by the state of the global economy. During the current fiscal year, sales were negatively affected by a weak retail environment which the Company believes is due to a number of factors including, but not limited to, continued weakness in the global economy, high unemployment, volatile capital markets, depressed housing prices and tight consumer lending practices, all of which drove consumer confidence down to, or near, historical lows and resulted in considerable negative pressure on spending by individual consumers. The Company is continuing to adjust its infrastructure to match its sales volumes as it works through these difficult times. Net sales totaled \$356.5 million in 2009 compared to \$420.8 million in 2008, a decrease of 15.3% or \$64.3 million. Sales declined in all of the Company's business units. Foreign currency translations unfavorably impacted 2009 net sales by \$12.5 million in comparison to 2008.

Net sales for the Marine Electronics business decreased \$21.4 million, or 11.5% during 2009. The decline was primarily the result of general economic conditions and weakness in the boat market which reduced demand for all of Marine Electronics' product lines.

Outdoor Equipment net sales declined \$6.9 million in 2009, or 14.3%, primarily due to the expected \$3.1 million decline in military tent sales. Commercial tent sales were also down from the prior year by \$3.2 million due to softness in the U.S. economy driving cautious spending by tent rental companies.

Net sales for the Watercraft business decreased \$18.7 million, or 21.2%, primarily as a result of economic uncertainty in the retail marketplace and scaled-back distribution in non-core channels.

The Diving business saw a decline in sales of \$17.4 million, or 17.7%, due largely to weak economic conditions worldwide and \$5.2 million of unfavorable currency translations.

### Gross Profit

Gross profit of \$132.8 million was 37.2% of net sales on a consolidated basis for the year ended October 2, 2009 compared to \$159.6 million or 37.9% of net sales in the prior year. The gross profit decline of \$26.8 million was primarily attributable to the 15.3% decline in sales volume during 2009 as compared to 2008. As a result of reduced sales, and in order to reduce inventories, manufacturing plants were operated at reduced capacity at certain points during the year. This resulted in higher unabsorbed costs in our manufacturing plants which were expensed during the period.

Gross profit in the Marine Electronics business declined \$4.5 million from the prior year due to a decline in volume, but improved as a percent of net sales from 33.8% in 2008 to 35.5% in the current year.

Gross profit in the Outdoor Equipment business declined \$1.2 million from 2008, but improved as a percent of net sales from 31.3% in the prior year to 33.6% in 2009.

Gross profit in the Watercraft segment was 30.5% of net sales in 2009 and was \$9.1 million less than 2008 levels, which were equal to 34.4% of net sales. The reduction in gross profit was due primarily to lower volume and related operating inefficiencies and closeout pricing. In addition, the Company recorded an additional inventory reserve of \$1.7 million as a result of the Company's efforts to simplify its product offerings.

Gross profit for the Diving segment decreased by \$11.7 million from 51.6% of net sales in 2008 to 48.2% of net sales in 2009 primarily as a result of pricing programs designed to lower inventory levels and gain market share combined

with operating inefficiencies due to lower volumes.

#### Operating Expenses

Operating expenses decreased from the prior year by \$65.1 million. During fiscal 2008, the Company recorded impairment charges of \$41.0 million related to goodwill and other indefinite lived intangible assets. Excluding the impairment charge, the improvement in operating expenses over 2008 was \$24.1 million. The improvement was mainly attributable to lower sales volume, reduced salary and related expenses due to reduced headcount and other cost cutting efforts taken by the Company.



Operating expenses for the Marine Electronics segment decreased by \$13.4 million from 2008 levels. Excluding goodwill impairment charges of \$7.2 million recognized in the prior year, operating expenses decreased \$6.2 million. This decrease was due mainly to the decline in direct expenses as result of lower sales volumes and reductions in discretionary spending.

Outdoor Equipment operating expenses decreased by \$2.6 million from 2008 due to a goodwill impairment charge of \$0.6 million in the prior year and reductions in discretionary spending in 2009.

The Watercraft business saw a decline in operating expenses of \$11.3 million from the prior year due in part to a goodwill impairment charge of \$6.2 million in 2008. Other operating expenses in the Watercraft business decreased by \$5.1 million despite the recognition of \$2.6 million of restructuring costs in 2009 related to the closure of the Ferndale manufacturing location and \$1.3 million of accelerated depreciation related to consolidating production facilities into Old Town. Cost savings were driven by reductions in direct expenses related to volume and fuel costs as well as reductions in discretionary spending.

Operating expenses for the Diving business decreased by \$34.9 million due primarily to a goodwill impairment charge of \$27.0 million recognized in 2008. Decreases in other operating expenses were driven by reductions in restructuring expense related to the relocation of dive computer manufacturing in fiscal 2008, \$2.2 million of favorable currency impacts, declines in direct expenses related to reduced sales volumes and discretionary spending cuts.

#### Operating Results

The Company recognized an operating profit of \$0.3 million in 2009 compared to an operating loss of \$38.1 million in fiscal 2008. Primary factors driving the increase in operating profit margins were the goodwill impairment loss recognized in the prior year offset by significantly lower production volumes in 2009. Marine Electronics operating profit increased by \$8.9 million from the prior year. Outdoor Equipment operating profit increased \$1.4 million over the prior year. Watercraft operating loss improved by \$2.1 million from the prior year and Diving operating profit increased \$23.1 million from a prior year loss.

#### Other Income and Expenses

Interest income decreased from the prior year by \$0.6 million. Interest expense increased from the prior year by \$4.3 million, due largely to interest rate increases during 2009 and charges associated with terminating the Company's former debt agreements incurred during 2009. The Company realized currency losses of \$0.8 million in fiscal 2009 compared to \$1.9 million in fiscal 2008. The improvement was primarily due to strengthening of the U.S. dollar against the Swiss franc and the euro.

#### Pretax Income (Loss) and Income Taxes

The Company recognized a pretax loss of \$10.1 million in fiscal 2009, compared to a pretax loss of \$44.3 million in fiscal 2008. The Company recorded an income tax benefit of \$0.4, an effective rate of 4.0%, compared to \$24.2 million of income tax expense in fiscal 2008, an effective rate of (54.6%). The 2008 expense included a valuation allowance of \$29.5 million in respect of deferred tax assets in the U.S. and certain foreign tax jurisdictions.

#### Loss from Continuing Operations

The loss from continuing operations was \$9.7 million for the year compared to a loss of \$68.5 million in the prior year as a result of the factors discussed above.



### Loss from Discontinued Operations

On December 17, 2007, the Company's management committed to a plan to divest the Company's Escape business. The results of operations of the Escape business have been reported as discontinued operations in the consolidated statements of operations and in the consolidated balance sheets. The Company recorded after tax losses related to the discontinued Escape business of \$0 and \$2.6 million for 2009 and 2008, respectively.

### Net Loss

The Company recognized a net loss of \$9.7 million in fiscal 2009, or \$1.06 per diluted share, compared to a net loss of \$71.0 million in fiscal 2008, or \$7.81 per diluted share.

### Fiscal 2008 vs Fiscal 2007

#### Net Sales

Net sales totaled \$420.8 million in 2008 compared to \$430.6 million in 2007, a decrease of 2.3% or \$9.8 million. Sales declined in all but the Company's Diving business unit. Foreign currency translations favorably impacted 2008 net sales by \$9.6 million in comparison to 2007.

Net sales for the Marine Electronics business decreased \$11.3 million, or 5.7%, despite incremental sales from the Geonav business, acquired in November, 2007, which added \$12.4 million in sales for 2008. The decline was primarily the result of general economic conditions and weakness in the domestic boat market which reduced demand for trolling motors and downriggers, and unfavorable volume comparisons due to high levels of new product purchases by customers in the prior year. This weakness was partially offset by higher sales of Humminbird fishfinder/GPS combo units.

Outdoor Equipment net sales declined \$7.6 million, or 13.6%, primarily due to the expected \$6.6 million decline in military tent sales. Commercial tent sales were also down from the prior year by \$1.2 million due to softness in the U.S. economy driving cautious spending by tent rental companies.

Net sales for the Watercraft business decreased \$0.7 million, or 0.8%, as a result of a decline in sales to big-box retailers in light of unfavorable weather conditions and economic uncertainty in the retail marketplace. This decline was partially offset by an increase in sales to outdoor specialty stores driven mainly by the timing of orders in the prior year.

The Diving business saw increased sales of \$9.5 million, or 10.7%, due mainly to \$4 million of incremental sales related to the Seemann business acquired in April, 2007, and \$6.7 million of favorable currency translations.

#### Gross Profit

Gross profit of \$159.6 million was 37.9% of net sales on a consolidated basis for the year ended October 3, 2008 compared to \$175.5 million or 40.8% of net sales in 2007.

Gross profit in the Marine Electronics business declined \$11.2 million, from 37.5% of net sales in 2007 to 33.8% of net sales in 2008. The incremental Geonav gross profit of \$2.8 million was more than offset by the effects of unfavorable overhead expense absorption due to lower production volumes for electric motors and downriggers and an unfavorable product mix. In addition, as a result of the weak consumer demand, reserves for excess and obsolete inventory increased by \$1.8 million over 2007.

Gross profit in the Outdoor Equipment business declined \$3.9 million from 34.0% of net sales in 2007 to 31.3% of net sales in 2008 due largely to unfavorable product mix and lower production volumes of government and commercial tents.

Gross profit in the Watercraft segment of 34.4% of net sales in 2008 was \$3.9 million less than 2007 levels at 38.5% of net sales due primarily to lower volume and related operating inefficiencies, closeout pricing, and \$1.2 million of increased material costs. In addition, the Company recorded an additional reserve of \$1.0 million for excess and obsolete inventory in 2008 compared to 2007 as a result of lower sales and the Company's efforts to reduce the number of unique inventory items.

Gross profit for the Diving segment increased by \$3.1 million but decreased as a percent of net sales from 53.6% in 2007 to 51.6% in 2008 due largely to currency impacts on purchased product and close out sales on end-of-life products.

#### Operating Expenses

During fiscal 2008, the Company recorded an impairment charge of \$41.0 million related to goodwill and other indefinite lived intangible assets. Excluding the impairment charge, operating expenses in 2008 would have been \$156.6 million as compared to \$155.5 million in 2007.

In 2008, the Marine Electronics segment recognized \$7.4 million of operating expenses generated by the newly acquired Geonav business as well as goodwill impairment charges of \$7.2 million. All other operating expenses decreased \$3.2 million from 2007. This decrease was due mainly to the decrease in bonus, profit sharing and other incentive compensation of \$2.7 million, partially offset by increased warranty expense.

Outdoor Equipment operating expenses increased by \$2.7 million from 2007 due primarily to a goodwill impairment charge of \$0.6 million in 2008 and the favorable impact in 2007 of \$2.9 million of insurance recoveries related to the flood at the Company's facility in Binghamton, New York in 2006.

The Company recorded a goodwill impairment charge of \$6.2 million in 2008 related to the Watercraft business. Other operating expenses in the Watercraft business decreased by \$6.0 million due primarily to the impact of a \$4.4 million legal settlement recorded in 2007 and the reduction of bonus, profit sharing and other incentive compensation expense in 2008.

An impairment charge of \$27.0 million was included in the Diving business operating expenses for 2008. Other Diving operating expenses increased \$4.6 million from 2007 due to \$2.5 million of restructuring costs incurred related to the relocation of dive computer manufacturing and \$3.4 million due to currency impacts, offset by decreased bonus, profit sharing and other incentive compensation expenses.

#### Operating Results

The Company recognized an operating loss of \$38.1 million in 2008 compared to an operating profit of \$20 million in fiscal 2007. Primary factors driving the decrease in operating profit margins were the goodwill impairment loss, the underabsorption of overhead expenses due to significantly lower production volumes as well as higher raw material costs, close out pricing and additional inventory reserves on slow moving inventory. Operating expenses totaled \$197.6 million, or 47.0% of net sales in fiscal 2008 compared to \$155.5 million or 36.1% of net sales in fiscal 2007. Marine Electronics operating profit decreased by \$22.5 million, or 98.2%, in fiscal 2008 from the prior year. Outdoor Equipment operating profit decreased \$6.5 million, or 76.5%. Watercraft operating loss worsened by \$4.1 million from the prior year. Diving operating profit turned into a loss of \$21.5 million, a decrease from prior year income of \$28.4 million.

#### Other Income and Expenses

Interest income remained consistent with 2007 at \$0.8 million in fiscal 2008. Interest expense increased \$0.5 million from 2007 to \$5.7 million in 2008, due largely to higher long term borrowings incurred to fund higher working capital needs. The Company realized currency losses of \$1.9 million in fiscal 2008 as compared to \$0.6 million in fiscal 2007. The increase was primarily due to significant weakening of the U.S. dollar against the Swiss franc and the euro.

#### Pretax Income and Income Taxes

The Company recognized a pretax loss of \$44.3 million in fiscal 2008, compared to pretax income of \$15.8 million in fiscal 2007. The Company recorded income tax expense of \$24.2 million in fiscal 2008, an effective rate of (54.6%), compared to \$5.2 million in fiscal 2007, an effective rate of 33.2%. The 2008 expense includes a valuation allowance of \$29.5 million in respect of deferred tax assets in the U.S. and certain foreign tax jurisdictions. The effective tax rate for 2007 benefited from a German tax law change, an increased tax rate used to record federal deferred tax assets and research and development tax credits.

### Loss from Continuing Operations

The loss from continuing operations was \$68.5 million for 2008 compared to income of \$10.5 million in the prior year as a result of the fluctuations discussed above.

### Loss from Discontinued Operations

On December 17, 2007, the Company's management committed to a plan to divest the Company's Escape business. The results of operations of the Escape business have been reported as discontinued operations in the consolidated statements of operations and in the consolidated balance sheets. The Company recorded after tax losses related to the discontinued Escape business of \$2.6 million and \$1.3 million for 2008 and 2007, respectively.

### Net Loss

The Company recognized a net loss of \$71.0 million in fiscal 2008, or \$7.81 per diluted share, compared to net income of \$9.2 million in fiscal 2007, or \$1.00 per diluted share.

### Financial Condition, Liquidity and Capital Resources

The Company's cash flow from operating, investing and financing activities, as reflected in the consolidated statements of cash flows, is summarized in the following table:

(millions)	2009	2008	2007
Cash provided by (used for):			
Operating activities	\$ 30.6	\$ 5.3	\$ 0.6
Investing activities	(15.9 )	(18.2 )	(22.0 )
Financing activities	(32.7 )	15.1	5.3
Effect of exchange rate changes on cash and cash equivalents	4.1	0.4	3.6
Increase (decrease) in cash and cash equivalents	\$ (13.9 )	\$ 2.6	\$ (12.5 )

### Operating Activities

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

(millions)	2009	2008	2007
Current assets (1)	\$ 142.4	\$ 189.7	\$ 205.2
Current liabilities (2)	45.4	55.4	66.3
Working capital (2)	\$ 97.0	\$ 134.3	\$ 138.9
Current ratio (2)	3.1:1	3.4:1	3.1:1

(1) 2009, 2008 and 2007 information includes cash and cash equivalents of \$27.9, \$41.8, and \$39.2, respectively.

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

Cash flows provided by operations totaled \$30.6 million, \$5.3 million, and \$0.6 million in fiscal 2009, 2008 and 2007, respectively. The most significant driver in the increase in cash flows from operations in fiscal 2009 was a \$23.3 million decrease in inventory levels. In addition, a decline in accounts receivable due to lower sales in fiscal 2009 also contributed to the increase in cash from operations.





The major driver in the increase in cash flows from operations in fiscal 2008 from fiscal 2007 was a decline in accounts receivable due to collections of prior year receivables and lower sales in fiscal 2008 partially offset by fiscal 2007 incentive compensation paid out in fiscal 2008 and income tax payments in 2008.

Depreciation and amortization charges were \$12.9 million in fiscal 2009, \$10.1 million in fiscal 2008 and \$9.4 million in fiscal 2007.

#### Investing Activities

Cash flows used for investing activities were \$15.9 million, \$18.2 million and \$22.0 million in fiscal 2009, 2008 and 2007, respectively. The acquisition of Navicontrol used \$1.0 million of cash in fiscal 2009. The acquisition of Geonav used \$5.6 million of cash in fiscal 2008. The acquisition of Lendal used \$1.5 million of cash in fiscal 2007. The acquisition of Seemann used \$0.7 million and \$7.9 million of cash in fiscal 2008 and 2007, respectively. Expenditures for property, plant and equipment were \$8.3 million, \$12.4 million and \$13.4 million in fiscal 2009, 2008 and 2007, respectively. In general, the Company's ongoing capital expenditures are primarily related to tooling for new products and facilities and information systems improvements.

#### Financing Activities

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

(millions)	2009	2008	2007
Current debt	\$ 15.5	\$-	\$32.8
Long-term debt	16.1	60.0	10.0
Total debt	31.6	60.0	42.8
Shareholders' equity	115.8	122.3	200.2
Total capitalization	\$ 147.4	\$ 182.3	\$ 243.0
Total debt to total capitalization	21.4	% 32.9	% 17.6

Cash flows used for financing activities totaled \$32.7 million in fiscal 2009. Financing activities provided \$15.1 million and \$5.3 million in fiscal 2008 and 2007, respectively. Payments on long-term debt were \$60.0, \$20.8 million and \$17.0 in fiscal 2009, 2008 and 2007, respectively.

On February 12, 2008 the Company entered into a Term Loan Agreement with JPMorgan Chase Bank N.A., as lender and agent and the other lenders named therein. The Term Loan Agreement consisted of a \$60.0 million term loan maturing on February 12, 2013. The term loan bore interest at LIBOR plus an applicable margin of between 1.25% and 2.00%. At October 3, 2008, the margin in effect was 2.0%. On October 13, 2008, the Company entered into an Omnibus Amendment of its Term Loan Agreement and revolving credit facility effective as of October 3, 2008 with the lending group, including JPMorgan Chase Bank. On the same date, the Company also entered into a Security Agreement with the lending group. The Omnibus Amendment temporarily modified certain provisions of the Company's Term Loan and revolving credit facility. The Security Agreement was granted in favor of the lending group and covered certain inventory and accounts receivable. The Omnibus Amendment reset the applicable margin on the LIBOR based debt at 3.25% and modified certain financial and non-financial covenants. The Omnibus Amendment did not reset the net worth covenant and the Company was in non-compliance with this covenant as of October 3, 2008. On December 31, 2008, the Company entered into an amended term loan and revolving credit facility agreement with the lending group which were both effective as of January 2, 2009. Changes to the term loan included shortening the maturity date to October 7, 2010, and adjusting financial covenants and adjusting interest rates. The revised term loan bore interest at a LIBOR rate plus 5.00% with a LIBOR floor of 3.50%. The revolving credit facility was reduced from \$75.0 million to \$30.0 million. The maturity of the revolving credit facility remained unchanged at October 7, 2010 and bore interest at LIBOR plus 4.50%.



On September 29, 2009, the Company and certain of its subsidiaries entered into new credit facilities. The credit facilities consisted of five separate Term Loan Agreements, each dated as of September 29, 2009 (the "Term Loan Agreements" or "Term Loans"), between the Company or one of its subsidiaries and Ridgestone Bank ("Ridgestone"), and a Revolving Credit and Security Agreement dated as of September 29, 2009 among the Company, certain of its subsidiaries, PNC Bank, National Association, as lender, as administrative agent and collateral agent, and the other lenders named therein (the "Revolving Credit Agreement" or "Revolver" and collectively, with the Term Loans, the "Debt Agreements").

The Debt Agreements replaced the Company's amended term loan and revolving credit facility agreement which were effective as of January 2, 2009 with JPMorgan Chase Bank N.A., as lender and administrative agent, and the other lenders named therein.

The new Term Loan Agreements provide for aggregate term loan borrowings of \$15.9 million with maturity dates ranging from 15 to 25 years from the date of the Term Loan Agreement. Each Term Loan requires monthly payments of principal and interest. Interest on \$9.3 million of the aggregate outstanding amount of the Term Loans is based on the prime rate plus 2.0 percent, and the remainder on the prime rate plus 2.75 percent. The Term Loans are guaranteed in part under the United States Department of Agriculture Rural Development program and are secured by certain real and tangible properties of the Company's subsidiaries.

The new Revolving Credit Agreement, maturing in September 2012, provides for funding of up to \$69.0 million. Borrowing availability under the Revolver is based on certain eligible working capital assets, primarily account receivables and inventory. The Revolver is secured by working capital assets and other intangible assets of the Company and its subsidiaries. The interest rate on the Revolver is based primarily on LIBOR plus 3.25 percent with a minimum LIBOR floor of 2.0 percent.

The Company incurred approximately \$1.5 million of financing fees in conjunction with the execution of the Debt Agreements. The Company also incurred approximately \$1.3 million of financing fees related to amending the Company's previous debt agreements. See "Note 4 Indebtedness" for additional information.

See "Note 19 Subsequent Events" regarding the Company's Canadian asset backed credit facility.

On October 29, 2007 the Company entered into a forward starting interest rate swap (the "Swap") with a notional amount of \$60.0 million receiving a floating three month LIBOR interest rate while paying at a fixed rate of 4.685% over a five year period beginning on December 14, 2007. Interest on the Swap was settled quarterly, starting on March 14, 2008. The purpose of entering into the Swap transaction was to lock the interest rate the Company's \$60.0 million of three-month floating rate LIBOR debt at 4.685%, before applying the applicable margin. As a result of the amendment and restatement of the Company's then-existing debt agreements on January 2, 2009 and the related imposition of a LIBOR floor in the terms of those restated debt agreements, the Swap was no longer an effective economic hedge against the impact on interest payments of changes in the three-month LIBOR benchmark rate. On January 8, 2009 the Company paid \$1.2 million under an agreement to shorten the term of the Swap and on the same date entered into two additional interest rate swap contracts in order to neutralize its exposure to potential further losses under the Swap. In the third quarter of fiscal 2009, the Company terminated all of its interest rate swap contracts and paid \$4.9 million in final cash settlements of those instruments. Please see "Note 5 Derivative Instruments and Hedging Activities" for additional information.

## Contractual Obligations and Off Balance Sheet Arrangements

The Company has contractual obligations and commitments to make future payments under its existing credit facility, including interest, operating leases and open purchase orders. The following schedule details these significant contractual obligations at October 2, 2009.

(millions)	Payment Due by Period				
	Total	Less than 1 year	2 - 3 years	4 - 5 years	After 5 years
Long-term debt	\$ 15.9	\$ 0.4	\$ 1.0	\$ 1.0	\$ 13.5
Short-term debt	14.9	14.9	-	-	-
Operating lease obligations	24.7	6.5	7.7	5.0	5.5
Capital lease obligations	0.8	0.2	0.3	0.3	-
Open purchase orders	55.4	55.4	-	-	-
Contractually obligated interest payments	11.4	1.0	1.7	1.6	7.1
Total contractual obligations	\$ 123.1	\$ 78.4	\$ 10.7	\$ 7.9	\$ 26.1

Interest obligations on short-term debt are included in the category "contractually obligated interest payments" noted above only to the extent accrued as of October 2, 2009. Future interest costs on the revolving credit facility cannot be estimated due to the variability of the amount of borrowings and the interest rates on that facility. Estimated future interest payments on the \$15.9 million floating rate bank term debt and the \$12.0 million revolving credit facility were calculated under the terms of the debt agreements in place at October 2, 2009 using the market rates applicable in the current period and assuming that this rate would not change over the life of the term loan.

The Company also utilizes letters of credit primarily as security for the payment of future claims under its workers compensation insurance. Letters of credit outstanding at October 2, 2009 were less than \$0.1 million compared to \$2.2 million at October 3, 2008, as the Company collateralized \$2.2 million of its potential future workers compensation claims with cash in order to facilitate the closing of the its debt agreements at year end.

The Company anticipates making contributions to its defined benefit pension plans of \$1.3 million through October 1, 2010.

The Company has no other off-balance sheet arrangements.

## Market Risk Management

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

## Foreign Operations

The Company has significant foreign operations for which the functional currencies are denominated primarily in euros, Swiss francs, 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, losses, assets and liabilities of the Company's foreign operations, as reported in the Company's consolidated financial statements, increase or decrease, accordingly. Approximately 27% of the Company's revenues for the year ended

October 2, 2009 were denominated in currencies other than the U.S. dollar. Approximately 16% were denominated in euros, with the remaining 11% denominated in various other foreign currencies.

The Company may mitigate 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 or to reduce the risk of changes in foreign currency exchange rates on foreign currency borrowings. In 2009, the Company used foreign currency forward contracts to reduce the risk of changes in foreign currency exchange rates on foreign currency borrowings. There were no foreign currency derivative contracts utilized in 2008.

#### Interest Rates

The Company may use interest rate swaps, caps or collars in order to maintain a mix of floating rate and fixed rate debt such that permanent working capital needs are largely funded with fixed rate debt and seasonal working capital needs are funded with floating rate debt. The Company's primary exposure is to U.S. interest rates. See "Note 5 Derivative Instruments and Hedging Activities" for additional information.

#### Commodities

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

#### Sensitivity to Changes in Value

The estimated maximum potential loss from a 100 basis point movement in interest rates on the Company's term loan and short term borrowings outstanding at October 2, 2009 is \$0 in fair value and \$0.3 million in annual income before income taxes. These estimates are intended to measure the maximum potential fair value or earnings the Company could lose in one year from adverse changes in market interest rates. The calculations are not intended to represent actual losses in fair value or earnings that the Company expects to incur. The estimates do not consider favorable changes in market rates or the effect of interest rate floors.

The Company had \$15.9 million outstanding in Prime based term loans, with maturities ranging from 15 to 25 years, with interest and principal payable monthly. The term loans bear interest at the Prime rate, which is reset each quarter at the prevailing rate. The fair market value of these term loans was \$15.9 million as of October 2, 2009.

#### Other Factors

The Company anticipates that changing costs of basic raw materials may impact future operating costs and, accordingly, the prices of its products. The Company is involved in continuing programs to mitigate the impact of cost increases through changes in product design and identification of sourcing and manufacturing efficiencies. Price increases and, in certain situations, price decreases are implemented for individual products, when appropriate.

#### Critical Accounting Policies and Estimates

The Company's management discussion and analysis of its financial condition and results of operations are based upon the Company's consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the U.S. The preparation of these financial statements requires the Company to make estimates and judgments that affect the reported amounts of its assets, liabilities, sales and expenses, and related footnote disclosures. On an on-going basis, the Company evaluates its estimates for product returns, bad debts, inventories, intangible assets, income taxes, warranty obligations, pensions and other post-retirement benefits, and litigation. The Company bases its estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying

values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

The Company believes the following critical accounting policies affect its more significant judgments and estimates used in the preparation of its consolidated financial statements. Management has discussed these policies with the Audit Committee of the Company's Board of Directors.

#### Allowance for Doubtful Accounts

The Company recognizes revenue when title and risk of ownership have passed to the buyer. Allowances for doubtful accounts are estimated by the individual operating companies based on estimates of losses related to customer accounts receivable balances. Estimates are developed by using standard quantitative measures based on historical losses, adjusting for current economic conditions and, in some cases, evaluating specific customer accounts for risk of loss. The establishment of reserves requires the use of judgment and assumptions regarding the potential for losses on receivable balances. Though the Company considers these balances adequate and proper, changes in economic conditions in specific markets in which the Company operates and any specific customer collection issues the Company identifies could have a favorable or unfavorable effect on required reserve balances.

#### Inventories

The Company values inventory at the lower of cost (determined using the first-in first-out method) or market. Management's judgment is required to determine the reserve for obsolete or excess inventory. Inventory on hand may exceed future demand either because the product is outdated or because the amount on hand is more than will be used to meet future needs. Inventory reserves are estimated by the individual operating companies using standard quantitative measures based on criteria established by the Company. The Company also considers current forecast plans, as well as market and industry conditions in establishing reserve levels. Though the Company considers these balances to be adequate, changes in economic conditions, customer inventory levels or competitive conditions could have a favorable or unfavorable effect on required reserve balances.

#### Deferred Taxes

The Company records a valuation allowance to reduce its deferred tax assets to the amount that is more likely than not to be realized. While the Company has considered future taxable income and ongoing prudent and feasible tax planning strategies in assessing the need for the valuation allowance, in the event the Company were to determine that it would not be able to realize all or part of its net deferred tax assets in the future, an adjustment to the deferred tax assets would be charged to income in the period such determination was made. Likewise, should the Company determine that it would be able to realize its deferred tax assets in the future in excess of its net recorded amount, an adjustment to the deferred tax assets would increase income in the period such determination was made.

#### Goodwill and Other Intangible Assets Impairment

Goodwill and indefinite-lived intangible assets are tested for impairment annually or more frequently if events or changes in circumstances indicate that the assets might be impaired. Annual impairment tests are performed by the Company in the fourth quarter of each fiscal year. During 2009, the Company elected to change the measurement date of its annual assessment of goodwill impairment to one month earlier- from the end of the fiscal year to the last day of fiscal August.

The Company completed its annual goodwill impairment test under ASC 350, Intangibles – Goodwill and Other, in the fourth quarter of 2009. In assessing the recoverability of the Company's goodwill and other intangible assets, the Company estimates the fair value of the businesses to which the goodwill relates. Fair value is estimated using a discounted cash flow analysis. If the fair value of a reporting unit exceeds its net book value, no impairment exists. When fair value is less than the carrying value of the net assets and related goodwill, an impairment test is performed to measure and recognize the amount of the impairment loss, if any. The Company has three reporting units that have recorded goodwill and other indefinite lived intangibles that were tested for impairment. The Canadian Watercraft



reporting unit had a fair value that was 78% below its net book value and was determined to be fully impaired resulting in an impairment charge of \$0.3 million. The Global Diving reporting unit and the Marine Electronics reporting unit had fair values that were above their respective net book values and carried goodwill of approximately \$4.0 million and \$10.7 million respectively. The estimate of fair value for the reporting units are calculated using a discounted cash flow analysis, which requires a number of key estimates and assumptions. We estimated the future cash flows of the reporting units based on historical and forecasted revenues and operating costs. We applied a discount rate to the estimated future cash flows for purposes of the valuation. This discount rate is based on the estimated weighted average cost of capital, which includes certain assumptions such as market capital structure, market betas, risk-free rate of return and estimated costs of borrowing. Changes in these key estimates and assumptions, or in other assumptions used in this process, could materially affect our impairment analysis in a given year. At the Company's annual impairment testing date, the measurement of the Global Diving reporting unit indicated that Global Diving is at risk for failing its impairment test in future periods in the event significant assumptions such as an increase to the discount rate or reduction in estimated earnings were to occur in the future period.

The Company recognized a \$0.3 million and \$41.0 million impairment charge in fiscal 2009 and 2008, respectively. The Company's remaining goodwill and indefinite lived intangibles could be further impaired in future periods. A number of factors, many of which the Company has no ability to control, could affect its financial condition, operating results and business prospects and could cause actual results to differ from the estimates and assumptions that the Company used in its calculation. These factors include: prolonged global economic crisis, a significant decrease in demand for the Company's products, a significant adverse change in legal factors or in the business climate, an adverse action or assessment by a regulator and successful efforts by the Company's competitors to gain market share.

The Company's cash flow assumptions are based on historical and forecasted revenue, operating costs and other relevant factors. If management's estimates of future operating results change or if there are changes to other assumptions, the estimated fair value of the Company's reporting units may change significantly. Such changes could result in impairment charges in future periods, which could have a significant impact on the Company's operating results and financial condition.

#### Warranties

The Company accrues a warranty reserve for estimated costs to provide warranty services. Warranty reserves are estimated by the individual operating companies using standard quantitative measures based on criteria established by the Company. Estimates of costs to service its warranty obligations are based on historical experience, expectation of future conditions and known product issues. To the extent the Company experiences increased warranty claim activity or increased costs associated with servicing those claims, revisions to the estimated warranty reserve would be required. The Company engages in product quality programs and processes, including monitoring and evaluating the quality of its suppliers, to help minimize warranty obligations.

#### New Accounting Pronouncements

Effective October 4, 2008, the Company adopted the provisions of a new accounting pronouncement regarding fair value measurements (formerly Statement of Financial Accounting Standards ("SFAS") No. 157 Fair Value Measurements). This accounting pronouncement, codified under Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 820, defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. It also clarifies the definition of exchange price as the price between market participants in an orderly transaction to sell an asset or transfer a liability in the market in which the reporting entity would transact for the asset or liability, which market is the principal or most advantageous market for the asset or liability. In February 2008, the FASB granted a one year deferral of the effective date of this pronouncement for non-financial assets and non-financial liabilities, except those that are recognized or disclosed in the financial statements at fair value at least annually. Therefore, the Company has adopted the provisions of this accounting pronouncement with respect to its financial assets and financial liabilities only effective as of October 4, 2008. The adoption of this pronouncement did not have a material impact on the Company's consolidated results of operations and financial condition. See Note 6 – Fair Value Measurements for additional disclosures. The Company does not expect application of this pronouncement with respect to its non-financial assets and non-financial liabilities to have a material impact on its consolidated financial statements.

In December 2007, the FASB issued a new accounting pronouncement regarding business combinations (formerly SFAS No. 141(R) Business Combinations). The purpose of this accounting pronouncement, codified under FASB ASC Topic 805, is to improve the information provided in financial reports about a business combination and its effects. The pronouncement requires an acquirer to recognize the assets acquired, the liabilities assumed, and any noncontrolling interest in the acquiree at the acquisition date, measured at their fair values as of that date. The pronouncement also requires the acquirer to recognize and measure the goodwill acquired in a business combination or a gain from a bargain purchase. The pronouncement will be applied on a prospective basis for business

combinations where the acquisition date is on or after the beginning of the Company's 2010 fiscal year.

In December 2007, the FASB issued a new accounting pronouncement concerning noncontrolling interests in consolidated financial statements (formerly SFAS No. 160, Noncontrolling Interests in Consolidated Financial Statements-an amendment of ARB No. 51). The objective of the pronouncement, codified under FASB ASC Topic 810, is to improve the financial information provided in consolidated financial statements. The pronouncement amends previous guidance to establish accounting and reporting standards for the noncontrolling interest in a subsidiary and for the deconsolidation of a subsidiary. The pronouncement also changes the way the consolidated income statement is presented, establishes a single method of accounting for changes in a parent's ownership interest in a subsidiary that do not result in deconsolidation, requires that a parent recognize a gain or loss in net income when a subsidiary is deconsolidated, and expands disclosures in the consolidated financial statements in order to clearly identify and distinguish between the interests of the parent's owners and the interest of the noncontrolling owners of a subsidiary. The pronouncement is effective for the Company's 2010 fiscal year. The Company does not anticipate that the pronouncement will have a material impact on the Company's consolidated financial statements.

In February 2007, the FASB issued a new accounting pronouncement about the fair value option (formerly SFAS No. 159, The Fair Value Option for Financial Assets and Financial Liabilities – Including an Amendment of FASB Statement No. 115). This pronouncement, codified under FASB ASC Topic 820, permits an entity to elect to measure many financial instruments and certain other items at fair value. The fair value option permits an entity to choose to measure eligible items at fair value at specified election dates. Entities electing the fair value option would be required to report unrealized gains and losses on items for which the fair value option has been elected in earnings after adoption. Entities electing the fair value option would be required to distinguish, on the face of the balance sheet, the fair value of assets and liabilities for which the fair value option has been elected and similar assets and liabilities measured using another measurement attribute. This pronouncement became effective for the Company on October 4, 2008. The Company elected not to measure any eligible items using the fair value option and, therefore, the pronouncement did not have an impact on the Company’s consolidated balance sheets, consolidated statements of operations, or consolidated statements of cash flows.

Effective October 4, 2008, the Company adopted the provisions of a new accounting pronouncement regarding disclosures about derivative instruments and hedging activities (formerly SFAS No. 161, Disclosures about Derivative Instruments and Hedging Activities, an amendment of SFAS No. 133). The adoption of this statement, codified under FASB ASC Topic 815, did not have a material impact on the Company’s consolidated results of operations and financial condition. See “Note 5 – Derivative Instruments and Hedging Activities” for additional disclosures.

Effective July 3, 2009, the Company adopted the provisions of a new accounting pronouncement about subsequent events (formerly SFAS No. 165, Subsequent Events). This pronouncement, found under FASB ASC Topic 855, requires additional disclosures regarding a company’s subsequent events occurring after the balance sheet date. The adoption of this statement did not have a material impact on the Company’s consolidated results of operations and financial condition. See “Note 19 – Subsequent Events” for additional disclosures.

Effective July 3, 2009, the Company adopted the provisions of a new accounting pronouncement regarding interim disclosures about the fair value of financial instruments (formerly SFAS No. 107-1 Interim Disclosures about Fair Value of Financial Instruments). The adoption of this pronouncement, codified under FASB ASC topic 820, did not have a material impact on the Company’s consolidated results of operations and financial condition.

#### ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

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

#### ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Information with respect to this item is included in the Company’s consolidated financial statements attached to this report on pages F-1 to F-40.

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

None.

ITEM 9A(T). CONTROLS AND PROCEDURES

(a) Evaluation of Disclosure Controls and Procedures

The Company maintains disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934) designed to ensure that information required to be disclosed by the Company in the reports that it files or submits under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the Security and Exchange Commission's rules and forms, and that the information required to be disclosed by the Company in reports that it files or submits under the Securities Exchange Act of 1934 is accumulated and communicated to its management, including its Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure. The Company carried out an evaluation as of October 2, 2009, under the supervision and with the participation of the Company's management, including its Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures. Based on such evaluation, the Company's Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures were effective as of October 2, 2009 at reaching a level of reasonable assurance. In designing and evaluating the disclosure controls and procedures, management recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures. The Company has designed its disclosure controls and procedures to reach a level of reasonable assurance of achieving the desired control objectives.

(b) Changes in Internal Control over Financial Reporting

There was no change in the Company's internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934, as amended) during the Company's most recently completed fiscal quarter that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

(c) Management's Annual Report on Internal Control over Financial Reporting

The annual report of management required under this Item 9A(T) is contained in the section titled "Item 8. Financial Statements and Supplementary Data" under the heading "Management's Report on Internal Control over Financial Reporting."

(d) Attestation Report of Independent Registered Public Accounting Firm

This Annual Report on Form 10-K does not include an attestation report of the Company's registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by the Company's registered public accounting firm pursuant to temporary rules of the Securities and Exchange Commission that permit the Company to provide only management's report in this Annual Report on Form 10-K.

ITEM 9B. OTHER INFORMATION

None.



## PART III

## ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Information with respect to this item is incorporated herein by reference to the discussion under the heading “Election of Directors,” “Executive Officers,” “Section 16(a) Beneficial Ownership Reporting Compliance” and “Audit Committee Matters – Audit Committee Financial Expert” in the Company's Proxy Statement for the 2010 Annual Meeting of Shareholders, which will be filed with the Commission on or before January 30, 2010. Information regarding the Company's Code of Business Ethics is incorporated herein by reference to the discussion under “Corporate Governance Matters – Employee Code of Conduct and Code of Ethics and Procedures for Reporting of Accounting Concerns” in the Company's Proxy Statement for the 2010 Annual Meeting of Shareholders.

The Audit Committee of the Company's Board of Directors is an “audit committee” for purposes of Section 3(a)(58)(A) of the Securities Exchange Act of 1934. The members of the Audit Committee are Terry E. London (Chairman), Thomas F. Pyle, Jr. and John M. Fahey, Jr.

## ITEM 11. EXECUTIVE COMPENSATION

Information with respect to this item is incorporated herein by reference to the discussion under the headings “Compensation of Directors” and “Executive Compensation” in the Company's Proxy Statement for the 2010 Annual Meeting of Shareholders, which will be filed with the Commission on or before January 30, 2010.

## ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

Information with respect to this item is incorporated herein by reference to the discussion under the heading “Stock Ownership of Management and Others” in the Company's Proxy Statement for the 2010 Annual Meeting of Shareholders, which will be filed with the Commission on or before January 30, 2010.

## Equity Compensation Plan Information

The following table summarizes share information, as of October 2, 2009, for the Company's equity compensation plans, including the Johnson Outdoors Inc. 2003 Non-Employee Director Stock Ownership Plan and the Johnson Outdoors Inc. 2000 Long-Term Stock Incentive Plan. All of these plans have been approved by the Company's shareholders.

Plan Category	Number of Common Shares to Be Issued Upon Exercise of Outstanding Options, Warrants and Rights	Weighted-average Exercise Price of Outstanding Options, Warrants and Rights	Number of Common Shares Available for Future Issuance Under Equity Compensation Plans
Equity compensation plans approved	180,288	\$8.23	436,745(1)

by shareholders

- (1) All of the available shares under the 2003 Non-Employee Director Stock Ownership Plan (78,937) and under the 2000 Long-Term Stock Incentive Plan (353,554) may be issued upon the exercise of stock options or granted as non-vested stock, and, in the case of the 2000 Long-Term Stock Incentive Plan, as share units.

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ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS AND DIRECTOR INDEPENDENCE

Information with respect to this item is incorporated herein by reference to the discussion under the heading "Certain Relationships and Related Transactions" in the Company's Proxy Statement for the 2010 Annual Meeting of Shareholders, which will be filed with the Commission on or before January 30, 2010. Information regarding director independence is incorporated by reference to the discussions under "Corporate Governance Matters-Director Independence" in the Company's Proxy Statement for the 2010 Annual Meeting of Shareholders, which will be filed with the Commission on or before January 30, 2010.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Information with respect to this item is incorporated herein by reference to the discussion under the heading "Audit Committee Matters – Fees of Independent Registered Public Accounting Firm" in the Company's Proxy Statement for the 2010 Annual Meeting of Shareholders, which will be filed with the Commission on or before January 30, 2010.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

The following documents are filed as a part of this report:

Financial Statements

Included in Item 8 of Part II of this report are the following:

Management's Report on Internal Control over Financial Reporting  
Report of Independent Registered Public Accounting Firm  
Consolidated Balance Sheets – October 2, 2009 and October 3, 2008

Consolidated Statements of Operations – Years ended October 2, 2009, October 3, 2008 and September 28, 2007  
Consolidated Statements of Shareholders' Equity – Years ended October 2, 2009, October 3, 2008 and September 28, 2007

Consolidated Statements of Cash Flows – Years ended October 2, 2009, October 3, 2008 and September 28, 2007  
Notes to Consolidated Financial Statements

Financial Statement Schedules

All schedules are omitted because they are not applicable, are not required or the required information has been included in the consolidated financial statements or notes thereto.

Exhibits

See Exhibit Index.

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 City of Racine and State of Wisconsin, on the 11th day of December 2009.

JOHNSON OUTDOORS INC.

(Registrant)

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

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed by the following persons on behalf of the registrant and in the capacities indicated on the 11th day of December 2009.

/s/ Helen P. Johnson-Leipold (Helen P. Johnson-Leipold)	Chairman and Chief Executive Officer and Director (Principal Executive Officer)
/s/ Thomas F. Pyle, Jr. (Thomas F. Pyle, Jr.)	Vice Chairman of the Board and Director
/s/ Terry E. London (Terry E. London)	Director
/s/ John M. Fahey, Jr. (John M. Fahey, Jr.)	Director
/s/ W. Lee McCollum (W. Lee McCollum)	Director
/s/ Edward F. Lang, III (Edward F. Lang, III)	Director
/s/ David W. Johnson (David W. Johnson)	Vice President and Chief Financial Officer (Principal Financial and Accounting Officer)

EXHIBIT INDEX

Exhibit Title

- 2 Agreement and Plan of Merger, dated October 28, 2004, by and between JO Acquisition Corp. and Johnson Outdoors Inc (Filed as Exhibit 2 to the Company's Form 8-K dated October 28, 2004 and incorporated herein by reference.)
- 3.1 Articles of Incorporation of the Company as amended through February 17, 2000. (Filed as Exhibit 3.1(a) to the Company's Form 10-Q for the quarter ended March 31, 2000 and incorporated herein by reference.)
- 3.2 Bylaws of the Company as amended and restated through September 23, 2008. (Filed as Exhibit 3.2 to the Company's Form 10-K for the year ended October 3, 2008 and incorporated herein by reference.)
- 4.1 Note Agreement dated October 1, 1995. (Filed as Exhibit 4.1 to the Company's Form 10-Q for the quarter ended December 29, 1995 and incorporated herein by reference.)
- 4.2 First Amendment dated October 11, 1996 to Note Agreement dated October 1, 1995. (Filed as Exhibit 4.3 to the Company's Form 10-Q for the quarter ended December 27, 1996 and incorporated herein by reference.)
- 4.3 Second Amendment dated September 30, 1997 to Note Agreement dated October 1, 1995. (Filed as Exhibit 4.8 to the Company's Form 10-K for the year ended October 1, 1997 and incorporated herein by reference.)
- 4.4 Third Amendment dated October 1, 1997 to Note Agreement dated October 1, 1995. (Filed as Exhibit 4.9 to the Company's Form 10-K for the year ended October 1, 1997 and incorporated herein by reference.)
- 4.5 Fourth Amendment dated January 10, 2000 to Note Agreement dated October 1, 1995. (Filed as Exhibit 4.9 to the Company's Form 10-Q for the quarter ended March 31, 2000 and incorporated herein by reference.)
- 4.6 Fifth Amendment dated December 13, 2001 to Note Agreement dated October 1, 1995. (Filed as Exhibit 4.6 to the Company's Form 10-K for the year ended October 3, 2003 and incorporated herein by reference.)
- 4.7 Consent and Amendment dated September 6, 2002 to Note Agreement dated October 1, 1995. (Filed as Exhibit 4.7 to the Company's Form 10-K for the year ended October 3, 2003 and incorporated herein by reference.)
- 4.8 Note Agreement dated as of September 15, 1997. (Filed as Exhibit 4.15 to the Company's Form 10-K for the year ended October 1, 1997 and incorporated herein by reference.)
- 4.9 First Amendment dated January 10, 2000 to Note Agreement dated September 15, 1997. (Filed as Exhibit 4.10 to the Company's Form 10-Q for the quarter ended

March 31, 2000 and incorporated herein by reference.)

- 4.10 Second Amendment dated December 13, 2001 to Note Agreement dated September 15, 1997. (Filed as Exhibit 4.9 to the Company's Form 10-K for the year ended October 3, 2003 and incorporated herein by reference.)
- 4.11 Consent and Amendment dated as of September 6, 2002 to Note Agreement dated September 15, 1997. (Filed as Exhibit 4.11 to the Company's Form 10-K for the year ended October 3, 2003 and incorporated herein by reference.)
- 4.12 Note Agreement dated as of December 13, 2001. (Filed as Exhibit 4.12 to the Company's Form 10-K for the year ended October 3, 2003 and incorporated herein by reference.)
- 4.13 Consent and Amendment dated of September 6, 2002 to Note Agreement dated as of December 13, 2001. (Filed as Exhibit 4.15 to the Company's Form 10-K for the year ended October 3, 2003 and incorporated herein by reference.)
- 9.1 Johnson Outdoors Inc. Class B common stock Amended and Restated Voting Trust Agreement, dated December 10, 2007 (Filed as Exhibit 99.54 to Amendment No. 11 to the Schedule 13D filed by Helen P. Johnson-Leipold on December 10, 2007 and incorporated herein by reference.)

- 9.2 Johnson Outdoors Inc. Class B common stock Amended and Restated Voting Trust Agreement, dated December 10, 2007. (Filed as Exhibit 99.54 to Amendment No. 12 to the Schedule 13D filed by Helen P. Johnson-Leipold on December 12, 2007 and incorporated herein by reference.)
- 10.1 Stock Purchase Agreement, dated as of January 12, 2000, by and between Johnson Outdoors Inc. and Berkley Inc. (Filed as Exhibit 2.1 to the Company's Form 8-K dated March 31, 2000 and incorporated herein by reference.)
- 10.2 Amendment to Stock Purchase Agreement, dated as of February 28, 2000, by and between Johnson Outdoors Inc. and Berkley Inc. (Filed as Exhibit 2.2 to the Company's Form 8-K dated March 31, 2000 and incorporated herein by reference.)
- 10.3+ Johnson Outdoors Inc. Amended and Restated 1986 Stock Option Plan. (Filed as Exhibit 10 to the Company's Form 10-Q for the quarter ended July 2, 1993 and incorporated herein by reference.)
- 10.4 Registration Rights Agreement regarding Johnson Outdoors Inc. common stock issued to the Johnson family prior to the acquisition of Johnson Diversified, Inc. (Filed as Exhibit 10.6 to the Company's Form S-1 Registration Statement No. 33-16998 and incorporated herein by reference.)
- 10.5 Registration Rights Agreement regarding Johnson Outdoors Inc. Class A common stock held by Mr. Samuel C. Johnson. (Filed as Exhibit 28 to the Company's Form 10-Q for the quarter ended March 29, 1991 and incorporated herein by reference.)
- 10.6+ Form of Restricted Stock Agreement. (Filed as Exhibit 10.8 to the Company's Form S-1 Registration Statement No. 33-23299 and incorporated herein by reference.)
- 10.7+ Form of Supplemental Retirement Agreement of Johnson Diversified, Inc. (Filed as Exhibit 10.9 to the Company's Form S-1 Registration Statement No. 33-16998 and incorporated herein by reference.)
- 10.8+ Johnson Outdoors Retirement and Savings Plan. (Filed as Exhibit 10.9 to the Company's Form 10-K for the year ended September 29, 1989 and incorporated herein by reference.)
- 10.9+ Form of Agreement of Indemnity and Exoneration with Directors and Officers. (Filed as Exhibit 10.11 to the Company's Form S-1 Registration Statement No. 33-16998 and incorporated herein by reference.)
- 10.10 Consulting and administrative agreements with S. C. Johnson & Son, Inc. (Filed as Exhibit 10.12 to the Company's Form S-1 Registration Statement No. 33-16998 and incorporated herein by reference.)
- 10.11+ Johnson Outdoors Inc. 1994 Long-Term Stock Incentive Plan. (Filed as Exhibit 4 to the Company's Form S-8 Registration Statement No. 333-88091 and incorporated herein by reference.)
- 10.12+

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Johnson Outdoors Inc. 1994 Non-Employee Director Stock Ownership Plan. (Filed as Exhibit 4 to the Company's Form S-8 Registration Statement No. 333-88089 and incorporated herein by reference.)

- 10.13+ Johnson Outdoors Economic Value Added Bonus Plan (Filed as Exhibit 10.15 to the Company's Form 10-K for the year ended October 1, 1997 and incorporated herein by reference.)
- 10.14+ Johnson Outdoors Inc. 2000 Long-Term Stock Incentive Plan. (Filed as Exhibit 99.1 to the Company's Current Report on Form 8-K dated July 29, 2005 and incorporated herein by reference.)
- 10.15+ Share Purchase and Transfer Agreement, dated as of August 28, 2002, by and between, among others, Johnson Outdoors Inc. and an affiliate of Bain Capital Fund VII-E (UK), Limited Partnership. (Filed as Exhibit 2.1 to the Company's Form 8-K dated September 9, 2002 and incorporated herein by reference.)
- 10.16+ Johnson Outdoors Inc. Worldwide Key Executive Phantom Share Long-Term Incentive Plan (Filed as Exhibit 10.1 to the Company's Form 10-Q dated March 28, 2003 and incorporated herein by reference.)

- 10.17+ Johnson Outdoors Inc. Worldwide Key Executives' Discretionary Bonus Plan. (Filed as Exhibit 99.3 to the Company's Current Report on Form 8-K dated July 29, 2005 and incorporated herein by reference.)
- 10.18 Stock Purchase Agreement by and between Johnson Outdoors Inc. and TFX Equities Incorporated. (Filed as Exhibit 2.1 to the Company's Form 10-Q dated April 2, 2004 and incorporated herein by reference.)
- 10.19 Intellectual Property Purchase Agreement by and among Johnson Outdoors Inc., Technology Holding Company II and Teleflex Incorporated. (Filed as Exhibit 2.2 to the Company's Form 10-Q dated April 2, 2004 and incorporated herein by reference.)
- 10.20+ Johnson Outdoors Inc. 1987 Employees' Stock Purchase Plan as amended. (Filed as Exhibit 99.2 to the Company's Current Report on Form 8-K dated July 29, 2005 and incorporated herein by reference.)
- 10.21+ Johnson Outdoors Inc. 2003 Non-Employee Director Stock Ownership Plan. (Filed as Exhibit 10.2 to the Company's Form 10-Q dated April 2, 2004 and incorporated herein by reference.)
- 10.22+ Form of Restricted Stock Agreement under Johnson Outdoors Inc. 2003 Non-Employee Director Stock Ownership Plan. (Filed as Exhibit 4.2 to the Company's Form S-8 Registration Statement No. 333-115298 and incorporated herein by reference.)
- 10.23+ Form of Stock Option Agreement under Johnson Outdoors Inc. 2003 Non-Employee Director Stock Ownership Plan. (Filed as Exhibit 10.2 to the Company's Form S-8 Registration Statement No. 333-115298 and incorporated herein by reference.)
- 10.24 Revolving Credit and Security Agreement dated as of September 29, 2009 among Johnson Outdoors Inc., certain subsidiaries of Johnson Outdoors Inc., PNC Bank, National Association, as lender, as administrative agent and collateral agent, and the other lenders named therein (filed as Exhibit 99.2 to the current report on Form 8-K dated and filed with the Securities and Exchange Commission on September 30, 2009).
- 10.25 Term Loan Agreement (loan number 15613) dated as of September 29, 2009 among Techsonic Industries Inc., Johnson Outdoors Marine Electronics LLC and Ridgestone Bank (filed as Exhibit 99.3 to the current report on Form 8-K dated and filed with the Securities and Exchange Commission on September 30, 2009).
- 10.26 Term Loan Agreement (loan number 15612) dated as of September 29, 2009 between Johnson Outdoors Gear LLC and Ridgestone Bank (filed as Exhibit 99.4 to the current report on Form 8-K dated and filed with the Securities and Exchange Commission on September 30, 2009).
- 10.27 Term Loan Agreement (loan number 15628) dated as of September 29, 2009 between Johnson Outdoors Watercraft Inc. and Ridgestone Bank (filed as Exhibit



99.5 to the current report on Form 8-K dated and filed with the Securities and Exchange Commission on September 30, 2009).

- 10.28 Term Loan Agreement (loan number 15614) dated as of September 29, 2009 between Johnson Outdoors Watercraft Inc. and Ridgestone Bank (filed as Exhibit 99.6 to the current report on Form 8-K dated and filed with the Securities and Exchange Commission on September 30, 2009).
- 10.29 Term Loan Agreement (loan number 15627) dated as of September 29, 2009 between Johnson Outdoors Watercraft Inc. and Ridgestone Bank (filed as Exhibit 99.7 to the current report on Form 8-K dated and filed with the Securities and Exchange Commission on September 30, 2009).
- 10.30 Revolving Credit and Security Agreement dated as of November 4, 2009 among Johnson Outdoors Canada Inc., National City Bank, Canada branch, as administrative agent and collateral agent and the other lenders named therein.
- 18 Letter regarding Change in Accounting Principle.
- 21 Subsidiaries of the Company as of October 2, 2009.
- 23 Consent of Independent Registered Public Accounting Firm.
- 31.1 Certification of Chief Executive Officer pursuant to Rule 13a-14(a) or 15d-14(a).
- 31.2 Certification of Chief Financial Officer pursuant to Rule 13a-14(a) or 15d-14(a).

32.1(1) Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350.

32.2(1) Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350.

+ A management contract or compensatory plan or arrangement.

(1) This certification is not “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended.

CONSOLIDATED FINANCIAL STATEMENTS

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## MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

The management of Johnson Outdoors Inc. is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Rule 13a-15(f) of the Securities Exchange Act of 1934. The Company's internal control over financial reporting is designed to provide reasonable assurance to the Company's management and board of directors regarding the preparation and fair presentation of published financial statements. The Company's internal control over financial reporting includes those policies and procedures that:

- (a) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
- (b) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and
- (c) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management assessed the effectiveness of the Company's internal control over financial reporting as of October 2, 2009. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control-Integrated Framework. Based on our assessment, management believes that, as of October 2, 2009, the Company's internal control over financial reporting was effective based on those criteria.

This annual report does not include an attestation report of the Company's registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by the Company's registered public accounting firm pursuant to temporary rules of the Securities and Exchange Commission that permit the Company to provide only management's report in its annual report.

/s/ Helen P.  
Johnson-Leipold

/s/ David W.  
Johnson

Helen P. Johnson-Leipold  
Chairman and Chief Executive Officer

David W. Johnson  
Vice President and Chief Financial  
Officer

Report of Independent Registered Public Accounting Firm

Shareholders and Board of Directors of Johnson Outdoors, Inc.

We have audited the accompanying consolidated balance sheets of Johnson Outdoors, Inc. as of October 2, 2009 and October 3, 2008, and the related consolidated statements of operations, shareholders' equity, and cash flows for each of the three years in the period ended October 2, 2009. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Company's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Johnson Outdoors, Inc. at October 2, 2009 and October 3, 2008, and the consolidated results of its operations and its cash flows for each of the three years in the period ended October 2, 2009 in conformity with U.S. generally accepted accounting principles.

As discussed in Note 1 of the financial statements, in the year ended October 2, 2009, the Company changed the timing of its annual goodwill assessment. In the year ended October 3, 2008, the Company changed its method of accounting for uncertain tax positions to conform with the guidance originally issued in FASB Interpretation No. 48, "Accounting for Uncertainty in Income Taxes" (codified in FASB Topic 740 – Income Taxes). In the year ended September 29, 2007, the Company changed its method of accounting for pensions and other post retirement benefits to conform with the guidance originally issued in FASB statement No. 158 Employers' Accounting for Defined Pension and Other Postretirement Plans (codified in FASB Topic 715 Compensation - Retirement Benefits).

/s/ Ernst & Young LLP

Milwaukee, Wisconsin

December 11, 2009

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## CONSOLIDATED BALANCE SHEETS

(thousands, except share data)	October 2 2009	October 3 2008
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 27,895	\$ 41,791
Accounts receivable, less allowance for doubtful accounts of \$2,695 and \$2,577, respectively	43,459	52,710
Inventories, net	61,085	85,999
Deferred income taxes	2,168	