FORM 10-K405

ESCALADE INC - ESCA

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Annual report filed under Regulation S-K Item 405 (Discontinued)

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934
FOR THE FISCAL YEAR ENDED DECEMBER 29, 2001
COMMISSION FILE NUMBER 0-6966

ESCALADE, INCORPORATED

(Exact name of registrant as specified in its charter)

Indiana	13-2739290
(State of incorporation)	(IRS EIN)

817 Maxwell Avenue, Evansville, Indiana 47711

(Address of principal executive office)

(812) 467-1200

(Registrant's telephone number)

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

Securities registered pursuant to Section 12(g) of the Act
Common Stock, No Par Value

(Title of class)

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. X

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. X

Aggregate market value of voting stock held by nonaffiliates of the registrant as of March 1, 2002: $78,731,884

The number of shares of Registrant's common stock (no par value) outstanding as of March 1, 2002: 2,141,364

Documents Incorporated by Reference

Certain portions of the registrant's Proxy Statement relating to its annual meeting of stockholders scheduled to be held on April 27, 2002 are incorporated by reference into Part III of this Report.

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ESCALADE, INCORPORATED AND SUBSIDIARIES

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PART I

ITEM 1--BUSINESS

GENERAL

Escalade, Incorporated (Escalade or Company) is a diversified company engaged in the manufacture and sale of sporting goods products and office and graphic arts products. Escalade and its predecessors have produced sporting goods products for over 70 years and have produced office and graphic arts products for over 60 years.

Escalade is the successor to The Williams Manufacturing Company, an Ohio-based manufacturer and retailer of women's and children's footwear formed in 1922. Through a series of acquisitions commencing in the 1970's, the Company has diversified its business. The Company currently manufactures sporting goods products in Evansville, Indiana, Olney, Illinois and Tijuana, Mexico and manufactures office and graphic arts products in Wabash, Indiana and Tijuana, Mexico.

In 1972, the Company merged with Martin Yale Industries, Inc. (Martin Yale), an Illinois manufacturer of office and graphic arts products and leisure time items such as toys and hobby and craft items. In 1973, the Company acquired both Indian Industries, Inc. (Indian), an Indiana manufacturer of archery equipment and table tennis tables, and Harvard Table Tennis, Inc., a Massachusetts manufacturer of table tennis accessories. Escalade discontinued the Williams Manufacturing footwear operations in 1976 and sold Martin Yale's leisure time product line to an unaffiliated party in 1979. In 1980, the Company purchased Harvard Sports, Inc. (formerly Crown Recreation (West), Inc.), a California manufacturer of table tennis tables and home pool tables. In 1983, the Company closed Harvard Table Tennis, Inc. and consolidated it with Harvard Sports, Inc. (Harvard).

Escalade has diversified within both the sporting goods products and office and graphic arts products industries, principally through the introduction of new product lines and acquisitions of related assets and businesses. Escalade expanded its sporting goods business in 1982 with the introduction of basketball backboards, goals and poles. In 1988, the Company acquired the business machine division assets of Swingline, Inc., further expanding the range of products offered within the office machine and equipment product lines. In 1989, the Company started limited manufacturing in Tijuana, Mexico under a shelter program known as "maquiladora". In 1990, the Company built a new manufacturing and office facility in Wabash, Indiana and consolidated the manufacturing of office and graphic arts products into the new facility. In 1992, the Company established a European distribution office and warehouse based in the United Kingdom under the name of Escalade International, Limited and then in 1999 the Company sold 50% of the stock of Escalade International to an investment group who assumed responsibility for running the day-to-day operations. In 1994, the Company purchased certain assets of Data-Link Corporation which manufactured products to apply postage and other stamps. In 1997, the Company purchased Master Products Manufacturing Company, Inc. (Master Products), a manufacturer of paper punches and catalog rack systems. In 1999, the Company acquired certain assets of Mead Hatcher which manufactured keyboard drawers, computer storage, copyholders, media retention systems and posting trays. Also, in 1999, the Company purchased the assets of Zue Corporation which manufactured high quality basketball systems. In 2000, the Company purchased the table tennis table assets of Lifetime Products, Inc. In 2001, the Company acquired substantially all of the assets of Accudart, a leading name in darts. Winmau(R), a leading name in dartboards, will be distributed in the U.S.A. exclusively by Escalade Sports as part of the purchase agreement. Also, in 2001, the Company acquired substantially all of the assets of U. S. Weight, Inc., the only U. S. manufacturer of filled vinyl weights and sets. While U. S. Weight's somewhat unique manufacturing operations will remain in Olney, Illinois, its target customer base is the same as Escalade Sports. This will allow Escalade Sports to achieve sales and marketing consolidation. In 2002, the Company acquired all assets relating to The Step(R) product line from Bollinger Industries. The Step(R) is America's original aerobic step fitness system and should compliment the U. S. Weight acquisition.

Escalade's sporting goods products are produced by Indian, Harvard and U. S. Weight and are sold through a single consolidated sales and marketing group, Escalade Sports. Escalade's office and graphic arts products are produced by Martin Yale and Master Products and are sold through a single consolidated sales and marketing group, Martin Yale.

In 2000, the Company established a new subsidiary, Indian-Martin AG, a Swiss Corporation. The sole operation of Indian-Martin AG is to purchase accounts receivable from the Company's manufacturing subsidiaries on a periodic basis. Such purchases are funded by proceeds from the collection of the accounts receivable and through borrowings under a $30 million line of credit provided to Indian-Martin AG by Bank One, Indianapolis, National Association. This accounts receivable purchase program enhances the Company's cash flow and results in certain tax savings to the Company. As of December 29, 2001, Indian-Martin AG owned and held approximately $27.7 million of accounts receivable purchased from the Company's manufacturing subsidiaries.

The following table presents the percentages contributed to Escalade's net sales by each of its business segments:

FISCAL YEAR	2001	2000	1999
Sporting goods	80%	69%	61%
Office and graphic arts products	20	31	39
Total net sales	100%	100%	100%

For additional segment information, see the notes to consolidated financial statements.

SPORTING GOODS

Escalade manufactures and sells a variety of sporting goods such as table tennis tables and accessories, archery equipment, home pool tables and accessories, combination bumper pool and card tables, game tables, basketball backboards, goals, poles and portables, darts, dart cabinets, vinyl weight sets and workout benches and aerobic Step products. Some of Escalade's domestic sporting goods shipments are made from National City, California, which primarily services the Company's U. S. Western marketing region, but most of such shipments are made from Evansville, Indiana, which primarily serves the rest of the United States. The majority of foreign shipments were made through Escalade FSC Inc., a foreign sales corporation established by the Company in 1994. This corporation was terminated on December 27, 2001 due to changes in legislation eliminating the tax benefit.

Escalade produces and sells sporting goods under the Indian Archery(R), Harvard(R), Xi(R), Ping Pong(R), STIGA(R), Goalrilla(TM), Goaliath(R), Silverback(TM), Rhino Play(TM), Accudart(R), Winmau(R), U. S. Weight(TM), The Step(R) and PSE(R) brand names. Escalade also manufactures various sporting goods under private label for Sears Roebuck & Co. (Sears) and various other customers. Many of Escalade's products are sold to Sears, Escalade's largest customer, which accounted for approximately 46% of Escalade's sporting goods items net sales in 2001. No other customer accounted for more than 10% of Escalade's sporting goods net sales in 2001.

Certain of the Company's sporting goods products are subject to the regulation of the Consumer Product Safety Commission. The Company believes that it is in compliance with such regulations.

On July 8, 1999, the Company completed a transaction to sell 50% of the stock of Escalade International to an investment group who assumed responsibility for running the day-to-day operations. The sale was for $500,000 with $50,000 cash paid and notes receivable of $450,000. The estimated loss on the disposal of Escalade International, Limited was $1,222,279 including a provision of $250,000 for operating losses during phaseout. The actual loss on the sale was $1,118,892 which included $213,057 in operating losses up to the time of sale. 1999 shows a profit of $103,387 which was the amount by which the reserve for loss on this transaction exceeded actual losses. Since only 50% was sold, the operations are not considered discontinued and the financial statements have been revised to eliminate discontinued operations. Going forward, the Company's ownership value in Escalade International will be shown as an investment and will be accounted for under the equity method.

In December 1999, the Company purchased the assets of Zue Corporation which manufactured high quality basketball systems.

In January 2000, the Company purchased the table tennis table assets of Lifetime Products, Inc.

In January 2001, the Company purchased substantially all of the assets of Accudart, a leading name in darts.

In September 2001, the Company purchased substantially all of the assets of U. S. Weight, Inc., the only U. S. manufacturer of filled vinyl weights and sets.

In January 2002, the Company purchased all assets relating to the Step(R) product line from Bollinger Industries. The Step(R) is America's original step fitness system.

OFFICE AND GRAPHIC ARTS PRODUCTS

Escalade's office and graphic arts products include paper trimmers, paper folding machines, paper drills, collators, decollators, bursting machines, letter openers, paper joggers, checksigners, stamp affixers, paper punches, paper cutters, catalog rack systems, bindery carts, business card slitters, thermography machines, keyboard drawers, computer storage, copyholders, media retention systems, posting trays and related accessories. Escalade's office and graphic arts products business is conducted through Martin Yale and Master Products.

The Company diversified its office equipment product lines by its August 1988 purchase of the business machine division assets of Swingline, Inc. consisting primarily of a line of forms handling equipment including decollators, bursters, checksigners and other products by its 1994 purchase of certain assets of Data-Link Corporation consisting primarily of products which apply postage and other stamps, by its 1997 purchase of Master Products, a manufacturer of paper punches and catalog rack systems, by its 1998 purchase of certain assets of Steele Industries consisting primarily of its line of business card slitters and thermography machines and by its 1999 purchase of certain assets of Mead Hatcher consisting of keyboard drawers, computer storage, copyholders, media retention systems and posting trays.

Escalade produces and sells office and graphic arts products under the Martin Yale(TM), Premier(R), Master(TM) and Mead Hatcher(TM) brand names. The Company also manufactures various office and graphic arts products under private label for original equipment manufacturers. Three customers individually accounted for more than 10% of Escalade's office and graphic arts products net sales but not more than 10% of consolidated net sales.

RELATIONSHIP WITH SEARS

The Company has supplied sporting goods to Sears for over 30 years beginning with sales of archery equipment by Indian to Sears. Sears currently purchases for resale a wide variety of Escalade's sporting goods. Sales to Sears accounted for approximately 37% in 2001, 31% in 2000 and 28% in 1999 of Escalade's consolidated sales. Even though the Company has no long-term contracts with Sears, the Company believes that sales to Sears will continue and that relations with Sears are good.

Escalade has been nominated for the coveted Sears "Partners in Progress Award" for 2001 and has been recognized by Sears for its outstanding service in 21 of the last 28 years. Sears has awarded Escalade the Sears "Partners in Progress Award" during those years based upon quality, service and product innovation. Sears makes this award to less than 80 suppliers each year. During this period, Sears had more than 10,000 suppliers. In 1987, Sears further recognized the Company by awarding Escalade the Sears 1986 "Source of the Year Award" in the recreation-automotive group.

MARKETING AND PRODUCT DEVELOPMENT

Escalade has developed its existing product lines to adapt to changing conditions. Escalade believes that it is prepared to react to changing market and economic developments primarily by continuing the quality/price structure of the Company's product lines and by conducting ongoing research and development of new products. Escalade is committed to being customer focused.

For many of its sporting goods products, Escalade offers its customers a choice, based on quality and price, of its line of "good, better and best" items. Such products are priced in relation to their quality which enables the Company to sell its goods through a variety of department stores, mass merchandisers, wholesale clubs, catalog showrooms, discount houses, general sporting goods stores, specialty sporting goods stores and hardware chains. As a result of such quality/price structure, Escalade is able to meet the quality/price objectives of the consumers served by such retail channels.

Escalade sells its office and graphic arts products through office machine dealers, office supply houses and office product catalogs. Certain of Escalade's office products, such as paper trimmers and paper folders, are marketed in a quality/price range designed to accommodate customer needs. Lower cost items are generally intended for light duty office applications, whereas higher cost items are more rugged or more sophisticated, and are intended for use in heavy duty or commercial applications.

Escalade conducts much of its marketing efforts through a network of independent sales representatives in the office and graphic arts industries. Marketing efforts in the sporting goods business are coordinated through a marketing department as well as through a network of Company and independent sales representatives.

The Company engaged in ongoing research and development activities for new products in each of its business segments. Escalade spent approximately $2,150,000 in 2001, $1,700,000 in 2000 and $1,450,000 in 1999 for research and development activities.

COMPETITION

Escalade is subject to competition with various manufacturers of each product line produced or sold by Escalade. The Company is not aware of any other single company that is engaged in both the same industries as Escalade or that produces the same range of products as Escalade within such industries. Nonetheless, competition exists for many Escalade products within both the sporting goods and office and graphic arts industries and some competitors are larger and have substantially greater resources than the Company. Escalade believes that its long-term success depends on its ability to strengthen its relationship with existing customers, to attract new customers and to develop new products that satisfy the quality and price requirements of sporting goods and office and graphic arts customers.

LICENSES, TRADEMARKS AND BRAND NAMES

Escalade Sports has an agreement and contract with Sweden Table Tennis AB for the exclusive right and license to distribute and produce table tennis equipment under the brand name STIGA(R) for the United States and Canada. Escalade Sports is also the exclusive distributor of Winmau Products and brand names for the United States.

Escalade is the owner of several registered trademarks and brand names. For its sporting goods, the Company holds the Ping-Pong(R), Harvard(R), Accudart(R), Indian Archery(R), XI(R) Archery and Goaliath(R), registered trademarks and utilizes the Goalrilla(TM), Silverback(TM), Rhino Play(TM), U. S. Weight(TM), The Step(R) and PSE(R) brand names. The Company permits limited uses of the Ping-Pong(R) trademark by other manufacturers pursuant to various licensing agreements. The Company also owns the Premier(R) registered trademark for its office and graphic arts products, in addition to manufacturing such products under the Martin Yale(TM), Master Products(TM) and Mead Hatcher(TM) brand names.

SEASONALITY

The backlog of unshipped orders by industry segment is shown below at the Company's 2001, 2000 and 1999 fiscal year end. All orders in backlog at year end are generally shipped during the following year. The backlog includes all orders received but not shipped. Escalade's sporting goods business is seasonal and, therefore, the backlog is subject to fluctuations. Due to the heavy Christmas season demand for the Company's sporting goods products, approximately 75% of the sporting goods sales are made in the last two quarters of the year. The office products and graphic arts products business is generally consistent and does not have significant seasonality fluctuations.

YEARS ENDED DECEMBER 29, DECEMBER 30 AND DECEMBER 25	2001	2000	1999
Orders received but not shipped			
Sporting goods	$2,697,100	$1,566,800	$1,912,800
Office and graphic arts products	398,800	558,400	632,000

EMPLOYEES

The Company employs between 650 and 765 employees, consisting of between 250 and 300 people at Indian's Evansville, Indiana facilities, between 25 and 40 at U. S. Weight's Olney, Illinois facility, between 100 and 150 at Harvard's National City, California and Tijuana, Mexico facilities, approximately 125 employees at Martin Yale's Wabash, Indiana facilities and approximately 150 at Master Products' Los Angeles, California and Tijuana, Mexico facilities. The number of employees at the Company's Evansville, Indiana, Olney, Illinois, National City, California and Tijuana, Mexico sporting goods facilities increases in the last half of the year to handle the higher Christmas season demand for the Company's sporting goods products. All hourly rated employees at Evansville are represented by the International Union of Electronic, Electrical, Salaried, Machine and Furniture Workers AFL-CIO, whose contract expires April 27, 2003.

Escalade believes that its employee relations are satisfactory.

SOURCES OF SUPPLIES

Raw materials for Escalade's various product lines consist of wood, particle board, slate, standard grades of steel, steel tubing, plastic, vinyl, steel cables, fiberglass and packaging. Escalade relies upon suppliers in Europe and Brazil for its requirement of billiard balls and slate utilized in the production of home pool tables and upon various Asian manufacturers for certain of its table tennis needs and other items.

The Company believes that these sources will continue to provide adequate supplies as needed. All other materials needed for the Company's various operations are available in adequate quantities from a variety of domestic and foreign sources.

ITEM 2--PROPERTIES

The Company operates the following facilities:

LOCATION	SIZE	LEASED OR OWNED
Evansville, Indiana (1)	346,000 sq. ft.	Owned
Olney, Illinois (1)	40,000 sq. ft.	Leased
National City, California (1)	51,024 sq. ft.	Leased
Tijuana, Mexico (1)	50,000 sq. ft.	Owned
Wabash, Indiana (2)	141,000 sq. ft.	Owned
Los Angeles, California (2)	72,312 sq. ft.	Owned
Tijuana, Mexico (2)	57,000 sq. ft.	Leased

(1) Sporting goods facilities
(2) Office products facilities

The Company leases warehousing and office space at its National City, California facilities and the term of the lease is five years. The lease rate ranges from $223,736 in year one to $272,971 in year five. The Company also shares in common area expenses not to exceed 8(cent) per sq. ft. per month. The lease expires January 31, 2006.

The Company's Wabash facilities are held subject to a mortgage financed by Economic Development Revenue Bonds. The 141,000 square foot facility is a pre-engineered metal building supported by structured steel and concrete block consisting of 21,000 square feet warehousing, 6,000 square feet office and 114,000 square feet manufacturing.

The Company also leases warehousing space next to its Evansville facility for $18,142 per month. The lease expires on October 31, 2002. The Company has two two-year renewal options followed by two five-year renewal options.

The Company leases space in Tijuana, Mexico for its office products operations for $17,326 per month. The lease expires on May 31, 2004. All production from Los Angeles, California is being transferred to this location.

The Company rents additional space in Tijuana, Mexico for its sporting goods operations for $10,000 per month. The lease expires December 31, 2005.

The Company leases space in Olney, Illinois for the production of its vinyl weight sets for $5,200 per month. The lease expires on May 31, 2002.

The Company will be closing and selling its Los Angeles, California facilities in 2002.

The Company believes that its facilities are in excellent condition and suitable for their respective operations. The Evansville, Wabash and Tijuana sites also contain several undeveloped acres which could be utilized for expansion.

The Company believes that all of its facilities are in compliance with applicable environment regulations and is not subject to any proceeding by any federal, state or local authorities regarding such matter. The Company provides regular maintenance and service on its plants and machinery as required.

ITEM 3--LEGAL PROCEEDINGS

The Company is involved in litigation arising in the normal course of its business. The Company does not believe that the disposition or ultimate resolution of such claims or lawsuits will have a material adverse affect on the business or financial condition of the Company.

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

None.

PART II

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

The Company's common stock is traded under the symbol "ESCA" on the Nasdaq National Market. The following table sets forth, for the calendar periods indicated, the high and low sales prices of the Common Stock as reported by the Nasdaq National Market:

PRICES (1)	HIGH	LOW
2001		
First quarter ended March 24, 2001	$ 8.46	$ 6.58
Second quarter ended July 14, 2001	7.98	7.33
Third quarter ended October 6, 2001	12.17	7.65
Fourth quarter ended December 29, 2001	17.33	10.34
2000		
First quarter ended March 18, 2000	$ 5.92	$ 3.25
Second quarter ended July 8, 2000	6.08	4.98
Third quarter ended September 30, 2000	6.77	5.71
Fourth quarter ended December 30, 2000	8.25	6.21

(1) Adjusted to reflect the Company's 3 for 1 stock split declared February 23, 2002, payable to stockholders of record on March 15, 2002, to be distributed on March 28, 2002.

The closing market price on March 1, 2002 was $61.60 per share (or $20.53 as adjusted for the stock split).

On February 24, 2000, the Company announced an offer to purchase up to 700,000 shares of its common stock at a price of $14.50 to $18 per share through a Dutch Auction tender offer. Pursuant to such offer, the Company purchased 758,312 shares of its common stock at $18.00 per share. Both the number of shares and price per share amounts, in this paragraph, have not been restated for the stock split.

In the fourth quarter of 1998, on December 21, 1998, the Company announced that Escalade's Board of Directors declared a special cash dividend of $1.00 per share to stockholders of record January 8, 1999. The dividend was declared at Escalade's Regular Board Meeting, December 19, 1998. The dividend was paid on January 22, 1999.

There were approximately 240 holders of record of the Company's Common Stock at March 1, 2002. The approximate number of stockholders, including those held by depository companies for certain beneficial owners, was 700.

On February 23, 2002, the Board of Directors declared a 3 for 1 stock split payable to stockholders of record on March 15, 2002, which is to be distributed on March 28, 2002. The stock prices have been adjusted to reflect the 3 for 1 stock split.

ITEM 6--SELECTED FINANCIAL DATA (In thousands, except per share data)

AT AND FOR YEARS ENDED	DECEMBER 29, 2001	December 30, 2000	December 25, 1999	December 26, 1998	December 27, 1997
INCOME STATEMENT DATA					
Net sales					
Sporting goods	$118,867	$79,948	$52,767	$63,072	$66,666
Office and graphic arts products	29,986	36,133	33,407	30,486	24,836
Total net sales	148,853	116,081	86,174	93,558	91,502
Net income	11,139	8,100	6,100	6,136	6,361
Weighted-average shares (1)	6,447	7,083	9,114	9,285	9,330
PER SHARE DATA (1)					
Basic earnings per share	$1.73	$1.14	$.67	$.66	$.68
Cash dividends	0	0	0	.33	0
BALANCE SHEET DATA					
Working capital	13,574	12,485	14,899	15,763	15,478
Total assets	76,111	69,476	66,850	63,489	66,145
Short-term bank debt	9,770	13,267	11,570	10,100	14,075
Long-term bank debt	6,800	12,700	10,700	6,400	10,700
Total stockholders' equity	34,396	23,960	29,438	26,702	23,501

(1) Adjusted to reflect the Company's 3 for 1 stock split declared February 23, 2002, payable to stockholders of record on March 15, 2002, to be distributed on March 28, 2002.

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

RESULTS OF OPERATIONS

2001 COMPARED TO 2000

2001 was another excellent year for the Company. Net sales of $148,853,000, net income of $11,139,000 and basic earnings per share of $5.18 were all time highs. On February 26, 2002, the Company announced that at its regular meeting on February 23, 2002, the Board of Directors declared a 3 for 1 stock split of Escalade common stock, no par value, to be distributed on March 28, 2002 to stockholders of record on March 15, 2002. Based on the current 2,141,364 shares outstanding, there would be 6,424,092 shares outstanding after the stock split. Using the after split outstanding shares, the basic earnings per share for 2001 would be $1.73.

In February 2001, Escalade Sports acquired substantially all of the assets of Accudart, a leading name in darts. Winmau(R), a leading name in dartboards, will be distributed in the USA exclusively by Escalade Sports as part of the purchase agreement. In September 2001, Escalade Sports acquired substantially all the assets of U. S. Weight, Inc., the only U. S. manufacturer of filled vinyl weights and sets. The manufacturing operations remained in Olney, Illinois while the sales and marketing was consolidated in Evansville. In January 2002, Escalade Sports acquired all assets relating to The Step(R) product line from Bollinger Industries. The Step(R) is America's original aerobic step fitness system and is widely used by individuals and at over 18,000 health clubs. Sales of the product acquired in the Zue Corp. (Goalrilla), Accudart, Lifetime Table Tennis business and U. S. Weight acquisitions totaled $20,000,000 in 2001. Escalade Sports will continue to look for acquisitions that would increase revenues, work on improving current product margins and quality and continue to concentrate on increasing import product sales during 2002.

Martin Yale's sales were negatively impacted in 2001 by the overall slowdown in the U. S. economy, which adversely impacted orders for Martin Yale's products. Inventory reduction and distribution center consolidation in the industry also adversely impacted sales. During the year 2001, Martin Yale started to move its Los Angeles, California manufacturing operations to Tijuana, Mexico. This move was completed in February 2002. The cost of this move resulted in approximately $700,000 pre-tax expense in the year 2001. Distribution for the West Coast will also be relocated to Mexico by the end of April 2002. It is uncertain at this time if and when the slowdown in the economy and the adverse affect on Martin Yale's orders will end. In addition to our cost reduction efforts, Martin Yale will continue to focus on increasing sales.

In 2001, net sales increased 28.2% or $32,772,000 to $148,853,000 from $116,081,000 in 2000.

Sporting goods net sales increased by $38,919,000, or 48.7% from $79,948,000 to $118,867,000. 74% of this increase was in game parlor which includes table tennis, pool and game tables and accessories and was due to an increase in units sold. 17% was in archery, basketball, darts and dartboards. 9% was in fitness.

Office and graphic arts products net sales decreased by $6,147,000, or 17% to $29,986,000 from $36,133,000. This decrease was due to the poor economic environment, customer inventory reductions and distribution center consolidations.

Cost of sales of $106,921,000 as a percentage of net sales was 71.8% in 2001 as compared to $79,320,000, or 68.3% in 2000. This increase in cost of sales was in office and graphic arts products and was due to higher factory expense as a percentage of net sales. The primary reasons for the increase in factory expense as percentage of the net sales were an increase in product development expense and the lower sales volume.

Selling, administrative and general expenses in 2001 were $21,850,000, or 14.7% of net sales as compared to $20,253,000, or 17.5% in 2000. This decrease in selling, general and administrative expense as a percentage of net sales was in the sporting goods products segment and was due to the higher sales volume and a decrease in marketing expense.

Interest expense in 2001 was $1,359,000 as compared to $2,092,000 in 2000, a decrease of $733,000, or 35%. This decrease in interest expense was due to lower borrowing levels and lower interest rates.

The income tax provision for 2001 was $6,292,000 for an effective rate of 36%.

Net income for the year was $11,139,000 as compared to $8,100,000 in 2000, an increase of 38% or $3,039,000. Sporting goods net income was up 91% or $3,201,000 due to increased sales and office and graphic arts net income was down 29% or $1,488,000 due to decreased sales and corporate interest expense decreased 83% or $950,000.

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

RESULTS OF OPERATIONS

2000 COMPARED TO 1999

2000 was an excellent year for the Company. Net sales, net income and basic earnings per shre were at an all time high. The Company's successful repurchase of its shares through its Dutch Auction tender offer in the first quarter of 2000 reduced the number of outstanding shares by over 25%.

Escalade Sports successfully integrated the acquisition of substantially all of the assets of Zue Corporation, a manufacturer of high quality basketball systems and certain assets of the table tennis business of Lifetime Products, Inc. In February 2001, Escalade Sports also acquired substantially all of the assets of Accudart Corporation, America's leading name in darts. Escalade Sports is currently experiencing a significant sales growth in its game parlor products, including table tennis, pool and game tables and accessories, and its high quality basketball systems. The game tables and accessories are imported products and are becoming a bigger portion of sporting goods sales. These imports carry lower gross profit margins than many of the products manufactured in the United States. The Company expects the sales of imported products to continue to increase.

Martin Yale completed the integration of the acquisition of certain assets of Mead Hatcher and experienced an increase in office and graphic arts products net sales in 2000. However in the fourth quarter there was a reduction in the incoming order rate which is expected to continue into 2001. The Company believes that the overall slowdown in the U. S. economy may be adversely impacting orders for Martin Yale's products. The magnitude of any such impact is uncertain at this time. The Company also expects that Martin Yale will actively explore ways to reduce operating costs during 2001 in order to improve profit margins. The Company has not yet seen any signs that the economy is impacting the Escalade Sports business, although the credit worthiness of customers could be affected in the future.

In 2000, net sales increased 34.7%, or $29,907,000 to $116,081,000 from $86,174,000 in 1999.

Sporting goods net sales increased by $27,181,000, or 51.5% from $52,767,000 to $79,948,000. 79% of this increase was in game parlor which includes table tennis, pool and game tables and accessories and was due to an increase in units sold. 21% was in high quality basketball systems from the Zue Corporation acquisition.

Office and graphic arts products net sales increased by $2,726,000, or 8.2% to $36,133,000 from $33,407,000. Most of this increase was due to the Mead Hatcher acquisition.

Cost of sales of $79,320,000 as a percentage of net sales was 68.3% in 2000 as compared to $60,038,000, or 69.7% in 1999. This decrease in cost of sales was in sporting goods and office and graphic arts products and was due to lower factory expense as a percentage of net sales. The two primary reasons for the decreases in factory expense as percentage of the net sales were that while net sales increased 34.7%, factory expenses did not increase as much and secondly, the product mix was different in 2000 then in 1999. In 2000, the Escalade Sports sold more imported products that did not require any manufacturing, which caused the factory expense to sales percentage to decrease.

Selling, administrative and general expenses in 2000 were $20,253,000, or 17.5% of net sales as compared to $15,524,000, or 18% in 1999. This decrease in selling, general and administrative expense as a percentage of net sales was in the office and graphic arts products segment and was due to the higher sales volume and not having the Y2K costs in 2000 that were increased in 1999.

Interest expense in 2000 was $2,092,000 as compared to $616,000 in 1999, an increase of $1,476,000, or 239.6%. This increase in interest expense was due to higher borrowing levels and higher interest rates.

The income tax provision for 2000 was $5,174,000 for an effective rate of 39%.

Net income for the year was $8,100,000 as compared to $6,100,000 in 1999. Both segment's net income was up over $1,400,000 in 2000 which was offset by increased interest expense at corporate for a net increase of $2,000,000.

LIQUIDITY AND CAPITAL RESOURCES

OPERATING ACTIVITIES

The Company's net cash provided by operating activities was $19,617,833, $11,533,587 and $14,908,085 in 2001, 2000 and 1999. Inventory management provided (used) cash of $860,521, $(3,156,221) and $1,655,781 in 2001, 2000 and 1999. Accounts receivable provided (used) cash of $(521,450), $(1,775,023) and $5,971,315 in 2001, 2000 and 1999.

INVESTING ACTIVITIES

The Company's net cash used by investing activities was $10,649,698, $2,266,008 and $12,816,722 in 2001, 2000 and 1999. The Company used $2,738,548, $915,667,

$1,104,897 in 2001, 2000 and 1999 to purchase property and equipment. In 2001, the Company used $1,966,341 to purchase certain assets of Accudart and $5,889,194 to purchase certain assets of U. S. Weight. The Company expects that it will continue to explore additional acquisition opportunities.

FINANCING ACTIVITIES

Net cash used by financing activities in 2001, 2000 and 1999 was $9,194,635, $9,876,849 and $675,720. In 1999, the Company paid $6,000,000 on long-term debt and borrowed $10,000,000 additional long-term debt for acquisitions. In 2000, the Company paid $10,500,000 and borrowed $10,500,000 of long-term debt and also used $13,687,908 to purchase its common stock. In 2001, the Company paid $8,600,000 and borrowed $8,600,000 of long-term debt.

The Company's short term working capital requirements are funded by cash flow and a $30,000,000 revolving line of credit used to finance the purchase of trade receivables by the Company's Swiss subsidiary from the Company's manufacturing subsidiaries. The Company utilizes a borrowing base formula which defines and identifies eligible accounts receivable in order to calculate the maximum amount that could be borrowed under this revolving line of credit. At December 29, 2001, the maximum amount that could be drawn under this line of credit was $22,205,002 of which $9,770,142 was used.

The $30,000,000 revolving line of credit had an initial scheduled maturity date of May 14, 2001, which date can be extended upon the agreement of the parties. The maturity date has been extended until May 13, 2002. Indian-Martin AG's borrowings under this line of credit are not guaranteed by, and are without recourse to, the Company or any of the Company's subsidiaries. This line of credit replaced the Company's prior $12,000,000 short term revolving line of credit.

The Company's long term financing requirements are currently funded by a $25,000,000 revolving term loan which expires March 31, 2005. Under the terms of the credit agreement, which was amended in October 2001, the maximum borrowing available to the Company under this revolving term loan is reduced by $5,000,000 on March 31 of each year until the line expires. The October 2001 amendment increased the amount of available borrowing from the prior maximum amount of $20,500,000. The Company uses this revolving term loan from time to time to finance acquisitions, stock buy backs and other material obligations that may arise. The Company believes that future long term funding for acquisitions, stock buy backs or other material obligations deemed appropriate by the Company's Board of Directors is available from similar credit vehicles and/or other financial institutions.

The Company declared no cash dividends during 1999, 2000 and 2001.

EFFECT OF INFLATION

The Company cannot accurately determine the precise effects of inflation; however, there were some increases in sales and costs due to inflation in 2001. The Company attempts to pass on increased costs and expenses through price increases when necessary. The Company is working on reducing expense levels, improving manufacturing technologies and redesigning products to keep these costs under control.

CAPITAL EXPENDITURES

As of December 29, 2001, the Company had no material commitments for capital expenditures.

FORWARD-LOOKING STATEMENTS

The report contains forward-looking statements relating to present or future trends or factors that are subject to risks and uncertainties. These risks include, but are not limited to, the impact of competitive products and pricing, product demand and market acceptance, new product development, the continuation and development of key customer and supplier relationships, Escalade's ability to control costs, general economic conditions, fluctuation in operating results, changes in the securities market and other risks detailed from time to time in Escalade's filings with the Securities and Exchange Commission. Escalade's future financial performance could differ materially from the expectations of management contained herein. Escalade undertakes no obligation to release revisions to these forward-looking statements after the date of this report.

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

None.

ITEM 8--FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The financial statements and supplementary data required by Item 8 are set forth in Part IV, Item 14.

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

None.

PART III

ITEM 10--DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

Information required under this item with respect to Directors and Executive Officers is contained in the registrant's Proxy Statement relating to its annual meeting of stockholders scheduled to be held on April 27, 2002 under the captions "Certain Beneficial Owners" and "Election of Directors" and is incorporated herein by reference.

ITEM 11--EXECUTIVE COMPENSATION

Information required under this item is contained in the registrant's Proxy Statement relating to its annual meeting of stockholders scheduled to be held on April 27, 2002 under the caption "Executive Compensation" and is incorporated herein by reference, except that the information required by Items 402(k) and (l) of Regulation S-K which appear within such caption under the sub-headings "Compensation and Stock Option Committees", "Report of Audit Committee" and "Financial Performance" are specifically not incorporated by reference into this Form 10-K or into any other filing by the registrant under the Securities Act of 1933 or the Securities Exchange Act of 1934.

ITEM 12--SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Information required under this item is contained in the Registrant's Proxy Statement relating to its annual meeting of stockholders scheduled to be held on April 27, 2002 under the caption "Certain Beneficial Owners" and is incorporated herein by reference.

ITEM 13--CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

None.

PART IV

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

(A) Documents filed as a part of this report:

(1) FINANCIAL STATEMENTS

Independent Auditor's Report
Consolidated financial statements of Escalade, Incorporated and subsidiaries:
Consolidated balance sheets--December 29, 2001 and December 30, 2000
Consolidated statements of income--fiscal years ended December 29, 2001, December 30, 2000 and December 25, 1999
Consolidated statements of stockholders' equity--fiscal years ended December 29 2001, December 30, 2000 and December 25, 1999
Consolidated statements of cash flows--fiscal years ended December 29, 2001, December 30, 2000 and December 25, 1999
Notes to consolidated financial statements

(2) FINANCIAL STATEMENT SCHEDULES

Independent Auditor's Report on financial statement schedule
For the three-year period ended December 29, 2001:
Schedule II--Valuation and qualifying accounts

All other schedules are omitted because of the absence of conditions under which they are required or because the required information is given in the consolidated financial statements or notes thereto.

(3) EXHIBITS

3.1 Articles of incorporation of Escalade, Incorporated (a)
3.2 By-Laws of Escalade, Incorporated (a) 4.1 Form of Escalade, Incorporated's common stock certificate (a)
10.1 Licensing agreement between Sweden Table Tennis AB and Indian Industries, Inc. dated January 1, 1995 (e) 10.2 Federal trademark registration 283,766 for Ping-Pong(R) bats and rackets (a)
10.3 Federal trademark registration 283,767 for Ping-Pong(R) balls (a)
10.4 Federal trademark registration 294,408 for Ping-Pong(R) tables and parts (a)
10.5 Federal trademark registration 520,270 for Ping-Pong(R) game (a)
10.6 Federal trademark registration 1,003,289 for Mr. Table Tennis(R) table tennis equipment (a)
10.7 Federal trademark registration 1,187,832 for Harvard(R)table tennis equipment (a)
10.8 Federal trademark registration 1,442,274 for Mini Court(R)(a)
10.9 Federal trademark registration 1,292,167 for Premier(R)table tennis tables and accessories (a)
10.10 Federal trademark registration 1,456,647 for Mini Pool(R)(a)

(3) EXHIBITS (continued)

10.11 Trademark Assignment--Federal trademark registration 1,348,890 for Sandmar(R) office machines (b)
10.12 Agreement dated May 1, 2000 between Indian Industries, Inc. d/b/a Escalade Sports and International Union of Electronic, Electrical, Salaried, Machine and Furniture Workers, AFL-CIO, and Local 848 (h)
10.13 Amended and Restated Credit Agreement dated October 24, 2001 between Escalade, Incorporated and Bank One, Indiana, N.A. (j)

10.14 First Amendment to Credit Agreement dated as of May 15, 2000 by and between Indian-Martin AG and Bank One, Indiana, National Association (excluding exhibits and schedules not deemed to be material dated May 14, 2001 (i)

10.15 Revolving Note dated as of May 14, 2001 in principal amount of $30,000,000 executed by Indian-Martin AG in favor of Bank One, Indiana, National Association (i)

10.16 Pledge Agreement dated as of May 15, 2000 by Indian-Martin AG in favor of Bank One, Indiana, National Association (h)

10.17 Collateral Agreement and Security Agreement dated as of May 15, 2000 by Indian-Martin AG in favor of Bank One, Indiana, National Association (h)

10.18 Receivables Purchase Agreement dated as of May 15, 2000 between Indian-Martin AG and Indian Industries, Inc. Substantially similar Receivables Purchase Agreements were also entered into by each of the Registrant's other domestic operating subsidiaries, Harvard Sports, Inc., Martin Yale Industries, Inc. and Master Products Manufacturing Company, Inc., with Indian-Martin AG (h)

10.19 Services Agreement dated as of May 15, 2000 between Indian-Martin AG and Indian Industries, Inc. Substantially similar Services Agreements were also entered into by each of the Registrant's other domestic operating subsidiaries, Harvard Sports, Inc., Martin Yale Industries, Inc. and Master Products Manufacturing Company, Inc., with Indian-Martin AG (h)

10.20 Subordinated Promissory Note dated as of May 15, 2000 in principal amount of $5,086,501 executed by Indian Industries, Inc. in favor of Indian-Martin AG. Substantially similar Subordinated Promissory Notes were also entered into by each of the Registrant's other domestic operating subsidiaries, Harvard Sports, Inc., Martin Yale Industries, Inc. and Master Products Manufacturing Company, Inc., with Indian-Martin AG in the respective principal amounts of $1,343,202, $3,130,191 and $3,593,149 (h)

10.21 Standby and Subordination Agreement dated as of May 15, 2000 among Bank One, Indiana, National Association, Indian-Martin AG and Indian Industries, Inc. Substantially similar Standby and Subordination Agreements were also entered into by each of the Registrant's other domestic operating subsidiaries, Harvard Sports, Inc., Martin Yale Industries, Inc. and Master Products Manufacturing Company, Inc. with Indian-Martin AG and Bank One, Indiana, National Association (h)

10.22 Promissory Note dated as of May 15, 2000 in principal amount of $13,153,045 executed by Escalade, Incorporated in favor of Indian-Martin AG (h)

10.23 Escalade Subordination Agreement dated as of May 15, 2000 between Escalade, Incorporated and Bank One, Indiana, National Association (h)

10.24 Offset Waiver Agreement dated as of May 15, 2000 among Escalade, Incorporated and Bank One, Indiana, National Association, Indian-Martin AG, Indian Industries, Inc., Harvard Sports, Inc., Martin Yale Industries, Inc. and Master Products Manufacturing Company, Inc. (h)

10.25 Loan Agreement dated September 1, 1998 between Martin Yale Industries, Inc. and City of Wabash, Indiana (g)

(3) EXHIBITS (continued)

	10.26	Trust Indenture between the City of Wabash, Indiana and Bank One Trust Company, NA as Trustee dated September 1, 1998 relating to the Adjustable Rate Economic Development Revenue Refunding Bonds, Series 1998 (Martin Yale Industries, Inc. Project) (g)
	10.27	Real Estate Sales Contract dated September 17, 1990 between Martin Yale Industries, Inc. and Fritkin-Jones Design Group, Inc. (c)

EXECUTIVE COMPENSATION PLANS AND ARRANGEMENTS

	10.28	The Harvard Sports/Indian Industries, Inc. 401(k) Plan as amended and merged in 1993 (d)
	10.29	Martin Yale Industries, Inc. 401(k) Retirement Plan as amended in 1993 (d)
	10.30	Incentive Compensation Plan for Escalade, Incorporated and its subsidiaries (a)
	10.31	Example of contributory deferred compensation agreement between Escalade, Incorporated and certain management employees allowing for deferral of compensation (a)
	10.32	1997 Director Stock Compensation and Option Plan (f)
	10.33	1997 Incentive Stock Option Plan (f)
*************	21	Subsidiaries of the Registrant
*************	23	Consent of BKD, LLP

(a) Incorporated by reference from the Company's Form S-2 Registration Statement, File No. 33-16279, as declared effective by the Securities and Exchange Commission on September 2, 1987
(b) Incorporated by reference from the Company's 1988 Annual Report on Form 10-K
(c) Incorporated by reference from the Company's 1990 Annual Report on Form 10-K
(d) Incorporated by reference from the Company's 1993 Annual Report on Form 10-K
(e) Incorporated by reference from the Company's 1995 Annual Report on Form 10-K
(f) Incorporated by reference from the Company's 1997 Proxy Statement
(g) Incorporated by reference from the Company's 1998 Third Quarter Report on Form 10-Q
(h) Incorporated by reference from the Company's 2000 Second Quarter Report on Form 10-Q
(i) Incorporated by reference from the Company's 2001 Second Quarter Report on Form 10-Q
(j) Incorporated by reference from the Company's 2001 Third Quarter Report on Form 10-Q

(B) No reports on Form 8-K for the fourth quarter ended December 29, 2001 were required to be filed.

[BKD LOGO]

INDEPENDENT AUDITOR'S REPORT

To the Stockholders and Board of Directors
Escalade, Incorporated
Evansville, Indiana

We have audited the accompanying consolidated balance sheets of Escalade, Incorporated and subsidiaries as of December 29, 2001 and December 30, 2000 and the related consolidated statements of income, stockholders' equity and cash flows for each of the three years in the period ended December 29, 2001. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Escalade, Incorporated and subsidiaries at December 29, 2001 and December 30, 2000 and the results of their operations and their cash flows for each of the three years in the period ended December 29, 2001 in conformity with accounting principles generally accepted in the United States of America.

BKD, LLP

Evansville, Indiana
February 1, 2002

ESCALADE, INCORPORATED AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET

DECEMBER 29 AND DECEMBER 30	2001	2000
ASSETS		
Current assets		
Cash and cash equivalents	$ 920,271	$ 1,146,771
Receivables, less allowances of $513,998 and $611,052	27,267,675	26,406,471
Inventories	17,292,841	15,588,575
Prepaid expenses	164,260	136,853
Deferred income tax benefit	901,589	824,095
Total current assets	46,546,636	44,102,765
Property, plant and equipment	10,205,808	9,055,992
Other assets	6,597,379	5,417,956
Goodwill, net of accumulated amortization of $2,776,350 and $1,914,305	12,760,707	10,899,032
	$76,110,530	$69,475,745
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Notes payable--bank	$ 9,770,142	$13,267,135
Current portion of long-term debt	166,667	
Trade accounts payable	2,605,744	2,093,151
Accrued liabilities	18,748,421	14,281,958
Income tax payable	1,682,089	1,975,352
Total current liabilities	32,973,063	31,617,596
Other liabilities		
Long-term debt	7,466,668	12,700,000
Deferred compensation	1,274,991	1,198,125
	8,741,659	13,898,125
Stockholders' equity		
Preferred stock		
Authorized--1,000,000 shares, no par value, none issued		
Common stock		
Authorized--10,000,000 shares, no par value		
Issued and outstanding--2001--6,424,092 shares, 2000--2,165,862 shares	6,424,092	2,165,862

Retained earnings	27,847,040	21,597,413
Accumulated other comprehensive income	124,676	196,749
	34,395,808	23,960,024
	$76,110,530	$69,475,745

See notes to consolidated financial statements.

ESCALADE, INCORPORATED AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF INCOME

YEARS ENDED DECEMBER 29, DECEMBER 30 AND DECEMBER 25	2001	2000	1999
Net Sales	$148,853,164	$116,081,388	$86,174,390
Costs, Expenses and Other Income			
Cost of products sold	106,921,336	79,319,747	60,037,740
Selling, administrative and general expenses	21,849,920	20,253,094	15,524,377
Amortization of goodwill	862,045	829,675	469,121
Interest	1,359,194	2,092,438	615,564
Other (income) expense	430,318	312,130	(114,873)
	131,422,813	102,807,084	76,531,929
Income Before Income Taxes	17,430,351	13,274,304	9,642,461
Provision for Income Taxes	6,291,517	5,173,720	3,542,525
NET INCOME	$ 11,138,834	$ 8,100,584	$ 6,099,936
Per Share Data			
Basic earnings per share	$1.73	$1.14	$.67
Diluted earnings per share	$1.70	$1.14	$.67

See notes to consolidated financial statements.

ESCALADE, INCORPORATED AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY

	COMMON STOCK					
	SHARES	AMOUNT	COMPREHENSIVE INCOME	RETAINED EARNINGS	ACCUMULATED OTHER COMPREHENSIVE INCOME	TOTAL
BALANCES AT DECEMBER 27, 1998	3,097,357	$6,072,824		$20,387,917	$241,425	$26,702,166
Comprehensive income						
Net income			$ 6,099,936	6,099,936		6,099,936
Unrealized losses on securities, net of tax			(40,424)		(40,424)	(40,424)
Comprehensive income			$ 6,059,512			
Exercise of stock options	25,768	189,958				189,958
Stock issued under the Director Stock Option Plan	4,256	89,376				89,376
Purchase of stock	(209,203)	(3,433,980)		(169,028)		(3,603,008)
BALANCES AT DECEMBER 25, 1999	2,918,178	2,918,178		26,318,825	201,001	29,438,004
Comprehensive income						
Net income			$ 8,100,584	8,100,584		8,100,584

Unrealized losses on securities, net of tax			(4,252)		(4,252)	(4,252)
Comprehensive income			$ 8,096,332			
Exercise of stock options	1,743	1,743		15,469		17,212
Stock issued under the Director Stock Option Plan	6,144	6,144		90,240		96,384
Purchase of stock	(760,203)	(760,203)		(12,927,705)		(13,687,908)
BALANCES AT DECEMBER 30, 2000	2,165,862	2,165,862		21,597,413	196,749	23,960,024
Comprehensive income						
Net income			$11,138,834	11,138,834		11,138,834
Unrealized losses on securities, net of tax			(72,073)		(72,073)	(72,073)
Comprehensive income			$11,066,761			
Exercise of stock options	5,150	5,150		69,319		74,469
Stock issued under the Director Stock Option Plan	6,586	6,586		101,534		108,120
Purchase of stock	(36,234)	(36,234)		(777,332)		(813,566)
Stock split	4,282,728					
Restatement of common stock to $1 per share		4,282,728		(4,282,728)		
BALANCES AT DECEMBER 29, 2001	6,424,092	$6,424,092		$27,847,040	$124,676	$34,395,808

See notes to consolidated financial statements.

ESCALADE, INCORPORATED AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS

YEARS ENDED DECEMBER 29, DECEMBER 30 AND DECEMBER 25	2001	2000	1999
OPERATING ACTIVITIES			
Net income	$11,138,834	$ 8,100,584	$ 6,099,936
Adjustments to reconcile net income to net cash provided by operating activities			
Depreciation and amortization	3,592,622	3,178,721	2,757,986
Provision for doubtful accounts	40,705	141,136	577,150
Deferred income taxes	(314,460)	(285,590)	(591,379)
Provision for deferred compensation	111,866	109,972	109,376
Deferred compensation paid	(35,000)	(187,192)	
Loss on disposals of assets	134,724	25,651	64,287
Changes in			
Accounts receivable	(521,450)	(1,775,023)	5,971,315
Inventories	860,521	(3,156,221)	1,655,781
Prepaids	(27,407)	(10,548)	3,430
Other assets	(48,915)	933,576	(377,312)
Income tax payable	(293,263)	665,859	(14,923)
Accounts payable and accrued expenses	4,979,056	3,792,662	(1,347,562)
Net cash provided by operating activities	19,617,833	11,533,587	14,908,085
INVESTING ACTIVITIES			
Premiums paid for life insurance	(32,500)	(150,000)	(150,000)
Change in cash surrender value, net of loans and premiums	36,385	267,129	(36,186)
Purchase of property and equipment	(2,738,548)	(915,667)	(1,104,897)
Purchase of long-term investments	(59,500)	(67,470)	(74,797)
Purchase of certain Lifetime Products assets		(1,400,000)	
Purchase of certain Zue Corporation assets			(7,969,672)
Purchase of certain Mead Hatcher assets			(3,481,170)
Purchase of Accudart	(1,966,341)		
Purchase of U. S. Weight	(5,889,194)		
Net cash used by investing activities	(10,649,698)	(2,266,008)	(12,816,722)
FINANCING ACTIVITIES			
Net increase (decrease) in notes payable--bank	(3,496,993)	3,697,463	1,769,672
Proceeds from exercise of stock options	182,589	113,596	279,334
Reduction of long-term debt	(5,900,000)	(10,500,000)	(6,000,000)
Purchase of stock	(813,566)	(13,687,908)	(3,603,008)
Proceeds from long-term debt	833,335	10,500,000	10,000,000
Cash dividends paid			(3,121,718)
Net cash used by financing activities	(9,194,635)	(9,876,849)	(675,720)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(226,500)	(609,270)	1,415,643

CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	1,146,771	1,756,041	340,398
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 920,271	$ 1,146,771	$ 1,756,041
SUPPLEMENTAL CASH FLOWS INFORMATION			
Interest paid	$ 1,480,140	$ 2,067,494	$ 627,904
Income taxes paid, net	7,121,546	3,190,000	4,256,320
Fixed assets in accounts payable		25,000	

See notes to consolidated financial statements.

ESCALADE, INCORPORATED AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 -- NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NATURE OF OPERATIONS

Escalade, Incorporated (Company) is primarily engaged in the manufacture and sale of sporting goods and office and graphic arts products. The Company is located in Evansville, Indiana and has five manufacturing facilities, one in Evansville, Indiana; Wabash, Indiana; Olney, Illinois and two in Tijuana, Mexico. The Company sells products to customers throughout the world. The consolidated financial statements include the accounts of all significant subsidiaries. Intercompany transactions have been eliminated.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of bank deposits in federally insured accounts.

For purposes of the statement of cash flows, the Company considers all highly liquid debt instruments; if any, purchased with an original maturity of three months or less to be cash equivalents.

INVENTORIES

Inventories are valued at the lower of cost or market. Cost is based on the first-in, first-out (FIFO) method.

INVESTMENTS

The Company has long-term marketable equity securities, which are included in other assets on the consolidated balance sheet and are recorded at fair value with unrealized gains and losses reported, net of tax, in accumulated other comprehensive income.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are recorded at cost. Depreciation and amortization are computed by the straight-line and double declining balance methods.

The estimated useful lives used in computing depreciation are as follows:

	YEARS
Buildings	20-30
Leasehold improvements	4-8
Machinery and equipment	5-15

Tooling, dies and molds	2-4

FINANCIAL INSTRUMENTS

The carrying values of all of the Company's financial instruments approximate their fair values.

EARNINGS PER SHARE

Earnings per share have been computed based upon the weighted average-common shares outstanding during each year.

FISCAL YEAR END

The Company's fiscal year ends on the Saturday nearest December 31, within the calendar year.

BAD DEBTS

The Company uses the reserve method of accounting for bad debts on receivables.

PRODUCT WARRANTY

The Company provides for the estimated cost of its warranty obligations at the time of the sale.

EMPLOYEE BENEFITS

The Company has an employee profit-sharing salary reduction plan, pursuant to the provisions of Section 401(k) of the Internal Revenue Code, for non-union employees. It is the Company's policy to fund costs accrued on a current basis.

INCOME TAXES

Income tax in the consolidated statement of income includes deferred income tax provisions or benefits for all significant temporary differences in recognizing income and expenses for financial reporting and income tax purposes.

RESEARCH AND DEVELOPMENT

Research and development costs are charged to expense as incurred. The research and development costs incurred during 2001, 2000 and 1999 were approximately $2,150,000, $1,700,000 and $1,450,000.

INTANGIBLE ASSETS

The Company has various intangible assets including consulting and noncompetition agreements and goodwill. Amortization is computed using the straight-line method over the following lives:

	YEARS
Consulting agreements	1
Non-compete agreements	5
Goodwill	15

REVENUE RECOGNITION

Revenue from the sale of the Company's products is recognized as products are shipped to customers.

SELF INSURANCE

The Company has elected to act as a self-insurer for certain costs related to employee health and accident benefit programs. Costs resulting from non-insured losses are charged to income when incurred. The Company has purchased insurance which limits its exposure for individual claims and which limits its aggregate exposure to $1,100,000.

NOTE 2 -- INVENTORIES

Inventories consist of the following:

DECEMBER 29 AND DECEMBER 30	2001	2000
Finished products	$ 8,713,656	$ 6,970,249
Work in process	4,110,376	3,747,427
Raw materials and supplies	4,468,809	4,870,899
	$ 17,292,841	$ 15,588,575

NOTE 3 -- PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consist of the following:

DECEMBER 29 AND DECEMBER 30	2001	2000
Land	$ 712,705	$ 712,705
Buildings and leasehold improvements	10,630,847	10,381,117
Machinery and equipment	22,641,560	23,039,234
Total cost	33,985,112	34,133,056
Accumulated depreciation and amortization	(23,779,304)	(25,077,064)
	$10,205,808	$ 9,055,992

NOTE 4 -- LINE OF CREDIT

The Company's directly owned subsidiary, Indian-Martin AG, has a revolving line of credit under which it will borrow funds from time to time to purchase eligible accounts receivable from Escalade's operating subsidiaries which accounts are and will be pledged to secure those borrowings. At December 29, 2001, this line of credit aggregated $25,000,000, of which $9,770,142 was borrowed. The interest rate on the line of credit is at the Bank One Indianapolis, N.A. prime rate minus 1.25%. A LIBOR option is also available for the interest rate. At December 29, 2001, $5,000,000 of this line of credit was at a LIBOR option rate of 3.295%.

NOTE 5 -- LONG-TERM DEBT

DECEMBER 29 AND DECEMBER 30	2001	2000
Contract payable for Accudart acquisition, due $166,667 annually beginning February 1, 2002 through February 1, 2006, non-interest bearing, secured by a stand-by letter of credit	$ 833,335	
Mortgage payable (Wabash, Indiana Adjustable Rate Economic Development Revenue Refunding Bonds), annual installments are optional, interest varies with short-term rates and is adjustable weekly based on market conditions, maximum rate is 10.00%, current rate is 1.74%, due September 2028, secured by plant facility, machinery and equipment, and stand-by letter of credit	2,700,000	$ 2,700,000
Revolving term loan of $25,000,000, the amount available under this revolving term loan shall reduce by $5,000,000 annually starting March 31, 2002, balance due March 31, 2006. Current interest varies from prime minus 1.125% to London Interbank Offered Rate (LIBOR) plus 1.25%, unsecured	4,100,000	10,000,000
	7,633,335	12,700,000
Portion classified as current	(166,667)	
	$7,466,668	$12,700,000

Maturities of long-term indebtedness for the ensuing five years are: 2002, $166,667; 2003, $166,667; 2004, $166,667; 2005, $166,667; 2006, $4,266,667 and thereafter, $2,700,000.

The mortgages payable and term loan agreements contain certain restrictive covenants, of which the more significant include maintenance of specified net worth and maintenance of specified ranges of debt service and leverage ratios.

NOTE 6 -- INVESTMENTS

	AMORTIZED COST	GROSS UNREALIZED GAINS	APPROXIMATE MARKET VALUE
DECEMBER 29, 2001			
Available for sale			
Marketable equity securities (included in other assets)	$1,257,706	$207,793	$1,465,499
DECEMBER 30, 2000			
Available for sale			
Marketable equity securities (included in other assets)	$1,084,628	$327,915	$1,412,543

NOTE 7 -- STOCK OPTIONS

At the Company's 1997 annual meeting, the stockholders approved two Stock Option Plans reserving 900,000 common shares for issuance under an Incentive Stock Option Plan (ISO) and 300,000 common shares for issuance under a Director Stock Option Plan (DSO). As noted in Note 24, the shares and per share information have been adjusted for the 3 for 1 stock split. During 2001, 2000 and 1999, there were 81,600, 49,500 and 111,000 options granted under the ISO and there were 310,761, 264,783 and 224,358 options outstanding at each respective year end under this plan. During 2001, 2000 and 1999, there were 6,207, 9,216 and 6,384 options granted and 18,585, 24,078 and 16,341 options outstanding at each respective year end under the DSO.

Under the Company's ISO, which is accounted for in accordance with Accounting Principles Board (APB) Opinion No. 25, Accounting for Stock Issued to Employees, and related interpretations, the Company grants selected executives and other key employees' stock option awards which vest over four years of continued employment. The exercise price of each option, which has a five-year life, was equal to the market price of the Company's stock on the date of grant; therefore, no compensation expense was recognized. Options are exercisable commencing one year from the date of issuance to the extent vested.

Although the Company has elected to follow APB Opinion No. 25, Statement of Financial Accounting Standards (SFAS) No. 123 requires pro forma disclosures of net income and earnings per share as if the Company had accounted for its employee stock options under that statement. The fair value of each option grant was estimated on the grant date using an option pricing model with the following assumptions:

	2001	2000	1999
Risk-free interest rates	4.76%	6.26%	5.00%
Dividend yields	0%	0%	0%
Volatility factors of expected market price of common stock	95%	45%	36%
Weighted average expected life of the options	5 YEARS	5 years	5 years

Under SFAS No. 123, compensation cost is recognized in the amount of the estimated fair value of the options and amortized to expense over the options' vesting period. The pro forma effect on net income and earnings per share of this statement is as follows:

		2001	2000	1999
Net income	As reported	$11,138,834	$8,100,584	$6,099,936
	Pro forma	10,930,618	7,963,644	5,982,255
Basic earnings per share	As reported	$1.73	$1.14	$.67
	Pro forma	1.70	1.12	.66
Diluted earnings per share	As reported	$1.70	$1.14	.67
	Pro forma	1.67	1.12	.66

Stock option transactions are summarized as follows:

	2001		2000		1999	
	SHARES	OPTION PRICE	Shares	Option Price	Shares	Option Price
Outstanding at beginning of year	288,861	$3.29 TO 7.00	240,699	$3.29 to 7.00	211,350	$1.83 to 6.25
Issued during year	89,907	$7.19 TO 7.59	58,716	$4.83 to 5.23	117,384	$5.90 to 7.00
Canceled or expired	(10,572)		(4,950)		(10,731)	
Exercised during year	(38,850)	$3.29 TO 7.00	(5,604)	$3.29	(77,304)	$1.83 to 3.29
Outstanding at end of year	329,346	$3.29 TO 7.59	288,861	$3.29 to 7.00	240,699	$3.29 to 7.00
Exercisable at end of year	143,805		106,515		50,670	
Weighted-average fair value of options granted during the year	$7.22		$2.52		$2.37	

The following table summarizes information about fixed stock options outstanding at December 29, 2001:

OPTIONS OUTSTANDING				OPTIONS EXERCISABLE	
RANGE OF EXERCISE PRICES	NUMBER OUTSTANDING AT 12/29/01	WEIGHTED-AVERAGE REMAINING CONTRACTUAL LIFE	WEIGHTED-AVERAGE EXERCISE PRICE	NUMBER EXERCISABLE AT 12/29/01	WEIGHTED-AVERAGE EXERCISE PRICE
$3.29	48,738	.6 years	$3.29	48,738	$ 3.29
6.25	49,725	1.2 years	6.25	36,366	6.25
5.90	89,250	2.2 years	5.90	39,750	5.90

7.00	3,531	1.3 years	7.00	3,531	7.00
4.83	45,375	3.2 years	4.83	10,500	4.83
5.23	4,920	2.3 years	5.23	4,920	5.23
7.19	81,600	4.2 years	7.19		7.19
7.59	6,207	3.3 years	7.59		7.59
$3.29 to 7.59	329,346			143,805	

The incentive stock options granted in 2001 and 2000 are exercisable at the rate of 25% over each of the four years beginning in 2001 and 2000.

6,207 Director Stock Options were issued during the year 2001 at an option price of $7.59 and can be exercised after April 29, 2002 with an expiration date of April 28, 2005.

NOTE 8 -- STOCKHOLDERS' EQUITY TRANSACTIONS

During 2000, the Company conducted a Dutch Auction self-tender offer whereby it purchased 758,312 shares of its common stock at $18.00 per share. Both the number of shares and price per share amounts in this paragraph have not been restated for the 3 for 1 stock split.

The Company paid no cash dividends during 2000 and 2001.

NOTE 9 -- EARNINGS PER SHARE

As noted in Note 24, earnings per share have been restated to reflect the 3 for 1 stock split. Earnings per share (EPS) were computed as follows:

YEAR ENDED DECEMBER 29, 2001	INCOME	WEIGHTED-AVERAGE SHARES	PER SHARE AMOUNT
Net Income	$11,138,834		
Basic Earnings per Share Income available to common stockholders	11,138,834	6,446,706	$1.73
Effect of Dilutive Securities Stock options		101,694	
Diluted Earnings Per Share Income available to common stockholders and assumed conversions	$11,138,834	6,548,400	$1.70
YEAR ENDED DECEMBER 30, 2000 Net Income	$ 8,100,584		
Basic Earnings per Share Income available to common stockholders	8,100,584	7,082,712	$1.14
Effect of Dilutive Securities Stock options		30,549	
Diluted Earnings Per Share Income available to common stockholders and assumed conversions	$ 8,100,584	7,113,261	$1.14
YEAR ENDED DECEMBER 25, 1999 Net Income	$ 6,099,936		
Basic Earnings per Share Income available to common stockholders	6,099,936	9,114,846	$.67
Effect of Dilutive Securities Stock options		15,540	
Diluted Earnings Per Share Income available to common stockholders and assumed conversions	$ 6,099,936	9,130,386	$.67

ESCALADE, INCORPORATED AND SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS

NOTE 10 -- OPERATING LEASES

The Company leases warehousing and office space at its National City, California facilities and the term of the lease is five years. The lease rate ranges from $223,736 in year one to $272,971 in year five. The Company also shares in common area expenses not to exceed 8 (cents) per sq. ft. per month. The lease expires January 31, 2006.

The Company leases warehousing space next to its Evansville facility for $18,142 per month. The lease expires on October 31, 2002. The Company has two two-year renewal options followed by two five-year renewal options.

The Company leases manufacturing space in Tijuana, Mexico for its office products operations for $207,912 per year. The lease expires on May 31, 2004.

The Company leases additional space in Tijuana, Mexico for its sporting goods operations for $120,000 per year. The lease expires on December 31, 2005.

The Company leases manufacturing space in Olney, Illinois for its sporting goods operations for $62,400 per year. The lease expires on May 31, 2002.

At December 29, 2001, the minimum rental payments under noncancelable leases with terms of more than one year are as follows:

YEARS ENDING	AMOUNT
2002	$ 762,737
2003	577,352
2004	495,548
2005	392,971
2006	24,981
	$2,253,589

The following schedule shows the composition of total rental expense for operating leases except those with terms of a month or less:

	2001	2000	1999
Rentals	$714,560	$441,601	$448,516

NOTE 11 -- INCOME TAXES

Provision for income taxes consists of the following:

YEARS ENDED DECEMBER 29, DECEMBER 30 AND DECEMBER 25	2001	2000	1999
Current			
Federal	$5,383,564	$4,456,013	$3,255,081
State	549,165	855,217	878,823
International	673,248	148,080	
	6,605,977	5,459,310	4,133,904
Deferred			
Federal	(250,185)	(226,759)	(497,779)
State	(64,275)	(58,831)	(93,600)

	(314,460)	(285,590)	(591,379)
	$6,291,517	$5,173,720	$3,542,525

The provision for income taxes was computed based on financial statement income. A reconciliation of the provision for income taxes to the amount computed using the statutory rate follows:

YEARS ENDED DECEMBER 29, DECEMBER 30 AND DECEMBER 25	2001	2000	1999
Income tax at statutory rate	$5,926,319	$4,513,263	$3,278,437
Increase (decrease) in income tax resulting from			
Recurring permanent differences (goodwill amortization, dividend exclusion and non-deductible officers' life insurance expense)	75,979	188,314	55,662
State tax expense, net of federal effect	320,027	525,615	518,247
International taxes	673,248	148,080	
Foreign tax credit	(673,248)	(148,080)	
Other	(30,808)	(53,472)	(309,821)
Provision for income taxes recorded	$6,291,517	$5,173,720	$3,542,525

At December 29, 2001, a cumulative deferred tax asset of $2,168,895 is included in current assets and other assets. At December 30, 2000, a cumulative deferred tax asset of $1,806,386 is included in current assets and other assets.

The components of the net deferred tax asset are as follows:

DECEMBER 29 AND DECEMBER 30	2001	2000
ASSETS		
Employee benefits	$ 812,828	$ 841,765
Valuation reserves	664,566	550,603
Goodwill and intangible assets	216,405	172,903
Deferred compensation	472,587	442,294
Depreciation	85,627	
Total assets	2,252,013	2,007,565
LIABILITIES		
Depreciation		(70,012)
Unrealized gain on securities available for sale	(83,118)	(131,167)
Total liabilities	(83,118)	(201,179)
	$2,168,895	$1,806,386

NOTE 12 -- EMPLOYEE BENEFIT PLANS

The Company has an employee profit-sharing salary reduction plan, pursuant to the provisions of Section 401(k) of the Internal Revenue Code, for non-union employees. The Company's contribution is a matching percentage of the employee contribution as determined by the Board of Directors annually. The Company's expense for the plan was $375,848, $403,235 and $273,763 for 2001, 2000 and 1999.

NOTE 13 -- VOLUNTARY EMPLOYEE BENEFITS ASSOCIATION TRUST (VEBA)

The Company established a VEBA as a tax-exempt organization to provide life, medical, disability and other similar welfare benefits permitted pursuant to Internal Revenue Code Section 501(c)(9) for its employees.

ESCALADE, INCORPORATED AND SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS

NOTE 14 -- SEGMENT INFORMATION AND CONCENTRATIONS

YEARS ENDED DECEMBER 29, DECEMBER 30 AND DECEMBER 25	2001	2000	1999
		(In Thousands)	
Sales to unaffiliated customers			
Sporting goods	$118,867	$ 79,948	$52,767
Office and graphic arts products	29,986	36,133	33,407
Total consolidated	$148,853	$ 116,081	$86,174
Segment profit			
Sporting goods	$ 6,721	$ 3,520	$ 2,096
Office and graphic arts products	3,534	5,022	3,534
Corporate	884	(442)	470
Total consolidated	$ 11,139	$ 8,100	$ 6,100
Interest expense			
Sporting goods	$ 1,078	$ 890	$ 34
Office and graphic arts products	84	55	222
Corporate	197	1,147	360
Total consolidated	$ 1,359	$ 2,092	$ 616
Loss on disposal of assets			
Sporting goods		$ 20	
Office and graphic arts products		6	$ 64
Total consolidated		$ 26	$ 64
Gain on disposal of Escalade International			
Corporate			$ (103)
Total consolidated			$ (103)
Identifiable assets			
Sporting goods	$ 47,762	$ 41,119	$37,208
Office and graphic arts products	22,793	22,892	23,971
Corporate	5,556	5,465	5,671
Total assets	$ 76,111	$69,476	$66,850
Depreciation and amortization (including goodwill)			
Sporting goods	$ 2,115	$ 1,715	$ 1,154
Office and graphic arts products	1,477	1,464	1,604
Total consolidated	$ 3,592	$ 3,179	$ 2,758
Capital expenditures			
Sporting goods	$ 1,132	$ 754	$ 862
Office and graphic arts products	1,607	187	276
	$ 2,739	$ 941	$ 1,138

ESCALADE, INCORPORATED AND SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS

The Company operates principally in two industries, sporting goods and office and graphic arts products. The Company sells its products primarily to retailers and wholesalers located throughout the United States. Operations in the sporting goods industry consist of production and sale of table tennis tables and accessories, archery equipment, home pool tables and accessories, combination bumper pool and card tables, game tables, basketball backboards, goals, poles and portables, darts, dart cabinets, vinyl weight sets and workout benches and aerobic Step products. Operations in the office and graphic arts products industry consist of production and sale of paper trimmers, paper folding machines, paper drills, collators, decollators, bursting machines, letter openers, paper joggers, checksigners, stamp affixers, paper punches, paper cutters, catalog rack systems, bindery carts, business card slitters, thermography machines, keyboard drawers, computer storage, copyholders, media retention systems, posting trays and related accessories.

Identifiable assets are principally those assets used in each industry. Corporate assets are principally cash and cash equivalents, deferred taxes, marketable equity securities and the cash surrender value of life insurance.

In 2001, 2000 and 1999, approximately 46% (37% of consolidated sales), 45% (31% of consolidated sales) and 46% (28% of consolidated sales) of the sporting goods were sold to Sears, Roebuck & Co. At December 29, 2001, December 30, 2000 and December 25, 1999, accounts receivable included $5,839,366, $11,323,174 and $9,117,867 due from Sears, Roebuck & Co.

Approximately 30% of the Company's labor force is covered by a collective bargaining agreement. Management acknowledges that there usually will be differences between Company offers and union demands during negotiations. However, management has no reason to expect such differences to result in protracted conflict. The current contract expires on April 27, 2003.

Consolidated assets include approximately $2.4 million of assets located in Mexico, which includes equipment and inventory and $27.7 million of assets located in Switzerland, which includes accounts receivable.

NOTE 15 -- CERTAIN SIGNIFICANT ESTIMATES

Management's estimates that influence the financial statements are normally based on knowledge and experience about past and current events and assumptions about future events. The following estimates affecting the financial statements are particularly sensitive because of their significance, and it is at least reasonably possible that a change in these estimates will occur in the near term:

Product warranty reserves--based on an analysis of customers' product return histories, current status, sales volume and management's expectations from new products introduced into the market.

Customer allowance reserves--based on agreements for customer purchase rebates and shared advertising, and prior year's shipments.

Inventory valuation reserves--based on estimates of costs of inventory amounts overstocked or obsolete in excess of realizable value.

NOTE 16 -- ADDITIONAL INFORMATION

DECEMBER 29 AND DECEMBER 30	2001	2000
Accrued Liabilities		
Employees' compensation	$ 6,083,390	$ 4,563,533
Payroll taxes and taxes withheld from employees' compensation	335,376	309,488
Taxes other than taxes on income	375,170	396,674
Accrued interest	43,582	173,694
Customer volume discounts payable	8,277,224	7,178,735
Other accrued items	3,633,679	1,659,834
	$18,748,421	$14,281,958

NOTE 17 -- DEFERRED COMPENSATION PLAN

In October 1985, the Board of Directors approved the adoption of a Contributory Deferred Compensation Plan pursuant to which some recipients of incentive compensation could elect to defer receipt thereof. For each dollar of deferred compensation, the Company provided a 75% matching amount. Amounts deferred earn interest at the rate of 9%. Such amounts are not intended to be recognized for tax purposes until receipt. All deferrals allowed under this plan have been made. Participants have no vested rights in deferred amounts credited to their accounts and are general creditors of the Company until such amounts are actually paid.

NOTE 18 -- COMMITMENTS AND CONTINGENCIES

At December 29, 2001, standby letters of credit aggregated $883,335.

Additionally, the Company has obtained a letter of credit for the benefit of the mortgage holders. At December 29, 2001, the balance of the letter of credit was $2,733,750. It is to be used in the event of a default in either interest or principal payments.

The Company is involved in litigation arising in the normal course of its business. The Company does not believe that the disposition or ultimate resolution of existing claims or lawsuits will have a material adverse effect on the business or financial condition of the Company.

NOTE 19 -- SUMMARY OF QUARTERLY RESULTS

(IN THOUSANDS, EXCEPT PER SHARE DATA)
(UNAUDITED)

	MARCH 24	JULY 14	OCTOBER 6	DECEMBER 30
2001				
Net sales	$18,496	$27,759	$54,423	$48,175
Gross profit	5,786	8,960	14,691	12,495
Net income	634	1,578	4,040	4,887
Basic earnings per share	.10	.24	.63	.76
2000				
Net sales	$17,575	$24,035	$31,560	$42,911
Gross profit	5,997	8,189	9,478	13,097
Net income	919	1,173	2,359	3,649
Basic earnings per share	.10	.17	.36	.56

On March 31, 2000, the Company reduced its outstanding shares by 758,312 shares through a Dutch Auction tender offer. Consequently, if the four quarters earnings per share are added together, they are different than the actual earnings per weighted-average share for the year.

As noted in Note 24, on February 26, 2002, the Company announced a 3 for 1 stock split. The basic earnings per share have been restated to reflect the stock split.

NOTE 20 -- ACQUISITIONS

ACQUISITION OF MEAD HATCHER

On June 21, 1999, Martin Yale, the Company's office and graphic arts products subsidiary, acquired certain assets of Mead Hatcher for cash. The purchased assets include all of Mead Hatcher's manufactured products consisting of keyboard drawers, computer storage, copyholders, media retention systems, and posting trays along with all associated tooling and production machinery necessary to manufacture the products. The purchase price was $3,481,170. The acquisition was accounted for as a purchase and the excess of cost over the fair value of net assets acquired was $1,417,594, which was being amortized over 15 years on the straight-line method. Martin Yale relocated the manufacturing of these products to its Los Angeles, California facility.

ACQUISITION OF ZUE CORPORATION

On December 8, 1999, Indian Industries, the Company's sporting goods subsidiary, acquired substantially all of the assets of Zue Corporation for cash. Zue was a manufacturer of high quality basketball systems located in Noblesville, Indiana. The Zue product line will complement Indian's product line and the manufacturing operations were relocated to Indian's Evansville, Indiana facility. The cost of the purchase was $7,969,672. The acquisition was accounted for as a purchase and the excess of cost over the fair value of net assets acquired was $5,150,172, which was being amortized over 15 years on the straight-line method.

ACQUISITION OF LIFETIME PRODUCTS, INC.

On January 5, 2000, Indian Industries acquired certain assets of the table tennis business of Lifetime Products, Inc., a Utah corporation, who wished to discontinue its table tennis business. Those assets consisted mainly of machinery, equipment and tooling and are being relocated to Indian's Evansville Indiana facility. The cost of the purchase was $1,400,000, which was paid on January 5, 2000.

ACQUISITION OF ACCUDART CORPORATION

On February 5, 2001, Escalade Sports acquired substantially all of the assets of Accudart Corporation for cash. The purchased assets, included inventory, equipment and intellectual property. Accudart is a leading name in darts. The cost of the purchase was $1,966,341. Winmau(R), a leading name in dartboards, will be distributed in the U.S.A. exclusively by Escalade Sports as part of the purchase agreement.

ACQUISITION OF U. S. WEIGHT

On September 18, 2001, Escalade Sports acquired substantially all of the assets of U. S. Weight, Inc., the only U. S. manufacturer of filled vinyl weights and weight sets. The assets purchased were accounts receivable, inventory and machinery and equipment. The cost of the purchase was $5,889,194. The acquisition was accounted for as a purchase and the excess of cost over the fair value of net assets acquired was $2,723,720.

NOTE 21 -- OTHER COMPREHENSIVE INCOME

	2001		
YEAR ENDED DECEMBER 29	BEFORE-TAX AMOUNT	TAX BENEFIT	NET-OF-TAX AMOUNT
Unrealized holding losses arising during the year	$(120,122)	$48,049	$(72,073)

	2000		
YEAR ENDED DECEMBER 30	BEFORE-TAX AMOUNT	TAX BENEFIT	NET-OF-TAX AMOUNT
Unrealized holding losses arising during the year	$(7,086)	$2,834	$(4,252)

	1999		
YEAR ENDED DECEMBER 25	BEFORE-TAX AMOUNT	TAX BENEFIT	NET-OF-TAX AMOUNT
Unrealized holding losses arising during the year	$(67,374)	$26,950	$(40,424)

NOTE 22 -- FUTURE ACCOUNTING STANDARDS

In July 2001, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standard (SFAS) No. 141, Business Combinations, which requires that the purchase method of accounting be used for all business combinations completed after June 30, 2001. SFAS No. 141 specifies that certain acquired intangible assets in a business combination be recognized as assets separately from goodwill. Additionally, it requires the Company to evaluate its existing intangible assets and goodwill and to make any necessary reclassifications in order to conform with the new separation requirements at the date of adoption. Goodwill and intangible assets determined to have indefinite useful lives that are acquired in a business combination completed after June 30, 2001 will not be amortized. Goodwill and intangible assets acquired in business combinations completed before July 1, 2001 will continue to be amortized until December 29, 2001. With the exception of the immediate requirement to use the purchase method of accounting for all future business combinations completed after June 30, 2001, the Company is required to adopt the provision of SFAS No. 141 on December 30, 2001.

In July 2001, the FASB issued SFAS No. 142, Goodwill and Other Intangible Assets. SFAS No. 142 required that goodwill no longer be amortized but instead be tested for impairment at least annually, and that intangible assets other than goodwill should be amortized over their useful lives. The Company is required to adopt the provisions on December 30, 2001. Upon adoption, the Company will be required to reassess the useful lives and residual values of all intangible assets and make any necessary amortization period adjustments by March 31, 2002. The impact of adopting SFAS No. 142 has not yet been determined.

NOTE 23 -- SUBSEQUENT EVENT

On January 25, 2002, Escalade acquired substantially all of the assets relating to The Step(R) product line from Bollinger Industries for cash. The Step(R) is America's original aerobic step fitness system and is widely used by individuals and at over 18,000 health clubs. The purchase price was $4,840,000.

NOTE 24 -- EVENT SUBSEQUENT TO THE BALANCE SHEET DATE

On February 23, 2002, the Company declared a 3 for 1 stock split payable to shareholders of record on March 15, 2002 to be distributed on March 28, 2002. All earnings per share data in these consolidated financial statements and notes to the consolidated financial statements have been restated retroactively to reflect the stock split. Based on the current 2,141,364 shares outstanding, there would be 6,424,092 shares outstanding after the stock split. The Company has capitalized this transaction by recording a transfer from retained earnings to common stock, which allows common stock to remain at $1 per share.

[BKD LOGO]

INDEPENDENT AUDITOR'S REPORT

Stockholders and Board of Directors
Escalade, Incorporated
Evansville, Indiana

We have audited the consolidated financial statements of Escalade, Incorporated as of December 29, 2001 and December 30, 2000 and for each of the three years in the period ended December 29, 2001 and have issued our report thereon dated

February 1, 2002; such consolidated financial statements and report are included elsewhere in this Form 10-K. Our audits also included the consolidated financial statement schedules of Escalade, Incorporated listed in Item 14. These consolidated financial statement schedules are the responsibility of the Company's management. Our responsibility is to express an opinion based on our audits. In our opinion, such consolidated financial statement schedules, when considered in relation to the basic consolidated financial statements taken as a whole, present fairly in all material respects the information set forth therein.

BKD, LLP

Evansville, Indiana
February 1, 2002

ESCALADE, INCORPORATED AND SUBSIDIARIES

SCHEDULE II -- VALUATION AND QUALIFYING ACCOUNTS

COL. A	COL. B	COL. C		COL. D	COL. E
		ADDITIONS			
DESCRIPTION	BALANCE AT BEGINNING OF PERIOD	CHARGED TO COSTS AND EXPENSES	CHARGED TO OTHER ACCOUNTS-- DESCRIBE	DEDUCTIONS-- DESCRIBE (2)	BALANCE AT END OF PERIOD
Allowance for doubtful accounts and discounts (1)					
Fiscal year ended December 29, 2001	$ 611,052	$ 40,705		$ 137,759	$ 513,998
Fiscal year ended December 30, 2000	761,363	141,136		291,447	611,052
Fiscal year ended December 25, 1999	581,830	577,150		397,617	761,363
Product warranty reserves					
Fiscal year ended December 29, 2001	1,704,556	1,473,300		1,871,256	1,306,600
Fiscal year ended December 30, 2000	707,633	2,075,288		1,708,265	1,704,556
Fiscal year ended December 25, 1999	650,100	780,228		722,795	707,533
Customer allowance reserves					
Fiscal year ended December 29, 2001	6,250,203	9,724,595		8,800,999	7,173,799
Fiscal year ended December 30, 2000	4,712,522	6,356,023		4,818,342	6,250,203
Fiscal year ended December 25, 1999	3,633,005	4,918,206		3,838,689	4,712,522
Inventory valuation reserves					
Fiscal year ended December 29, 2001	800,022	1,940,910		1,620,785	1,120,147
Fiscal year ended December 30, 2000	759,050	904,787		863,815	800,022
Fiscal year ended December 25, 1999	846,513	594,066		681,229	759,050

(1) Deducted from related assets
(2) Accounts charged off, less recoveries

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.

ESCALADE, INCORPORATED

By: \s\C. W. "Bill" Reed March 8, 2002

C. W. "Bill" Reed
President and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

\s\C. W. Reed C. W. Reed	Chief Executive Officer and Director (Principal Executive Officer)	March 8, 2002
\s\Robert E. Griffin Robert E. Griffin	Chairman and Director	March 8, 2002
\s\John R. Wilson John R. Wilson	Secretary and Treasurer (Principal Financial and Accounting Officer)	March 8, 2002
\s\Blaine E. Matthews, Jr. Blaine E. Matthews, Jr.	Director	March 8, 2002
\s\A. Graves Williams, Jr. A. Graves Williams, Jr.	Director	March 8, 2002
\s\Keith P. Williams Keith P. Williams	Director	March 8, 2002
\s\Yale Blanc Yale Blanc	Director	March 8, 2002
\s\Robert D. Orr Robert D. Orr	Director	March 8, 2002

Exhibit 21

ESCALADE, INCORPORATED AND SUBSIDIARIES
LIST OF SUBSIDIARIES AT DECEMBER 29, 2001

PARENT	STATE OF OTHER JURISDICTION OF INCORPORATION	PERCENT OF VOTING SECURITIES OWNED BY PARENT
Escalade, Incorporated	Indiana	
Subsidiaries		
Indian Industries, Inc. (1)	Indiana	100%
Martin Yale Industries, Inc. (1)	Indiana	100%
Harvard Sports, Inc. (1)	California	100%
Master Products Manufacturing Company, Inc. (1)	California	100%
Indian-Martin AG (1)	Switzerland	100%
EIM Company, Inc. (1)	Nevada	100%
SOP Services, Inc. (1)	Nevada	100%
U. S. Weight, Inc. (1)	Illinois	100%

(1) Each subsidiary company so designated has been included in Consolidated Financial Statements for all periods following its acquisition. See Notes to Consolidated Financial Statements.

Exhibit 23

INDEPENDENT AUDITOR'S CONSENT

We consent to the incorporation by reference in Registration Statement Nos. 33-16279, 333-52475 and 333-52477 of Escalade, Incorporated (Company) on Form S-8 of our report dated February 1, 2002 on the consolidated financial statements of the Company appearing in the Company's Annual Report on Form 10-K for the year ended December 29, 2001.

BKD, LLP

Evansville, Indiana
March 8, 2002