

Contract amounts (*in thousands*) consist primarily of U.S. dollar – Swiss franc contracts.

	As of January 31,			
	2001		2000	
	Contract Amounts	Fair Values	Contract Amounts	Fair Values
Foreign Currency Forward Contracts	\$67,477	\$67,602	\$47,287	\$42,732
Purchased Options	\$27,202	\$1,340	\$94,105	\$1,638

The contract amounts of these foreign currency forward contracts and purchased options do not necessarily represent amounts exchanged by the parties and, therefore, are not a direct measure of the exposure of the Company through its use of these financial instruments. The amounts exchanged are calculated on the basis of the contract amounts and the other terms of the financial instruments, which relate to exchange rates. As of January 31, 2001 and 2000, the payable to banks recorded in current liabilities associated with closed contract positions was \$681,000 and \$1,795,000, respectively.

The estimated fair values of these foreign currency forward amounts and purchased options used to hedge the Company's risks will fluctuate over time. These fair value amounts should not be viewed in isolation, but rather in relation to the fair values of the underlying hedged transactions and investments and the Company's overall exposure to fluctuations in foreign exchange rates.

Gains and losses from and premiums paid for forward or option transactions that hedge inventory purchase commitments are included in the carrying cost of inventory and are recognized in cost of sales upon sale of the inventory. Net deferred charges from hedging amounted to \$0.6 million and \$2.7 million at January 31, 2001 and 2000, respectively. These amounts were included in other current assets on the accompanying balance sheets.

#### **Note 7. Fair Value of Other Financial Instruments**

The fair value of the Company's 6.56% Senior Notes and 6.9% Series A Senior Notes approximate 99% and 95% of the carrying value of the notes, respectively, as of January 31, 2001. The fair value was calculated based upon the present value of future cash flows discounted at estimated borrowing rates for similar debt instruments or upon estimated prices based on current yields for debt issues of similar quality and terms.