

## **BRIGGS & STRATTON CORPORATION REPORTS RESULTS FOR THE SECOND QUARTER OF FISCAL 2001**

MILWAUKEE, January 18/PR Newswire/—Briggs & Stratton Corporation (NYSE:BGG)

Briggs & Stratton today announced second quarter net income of \$19.9 million or \$.92 per diluted share. Second quarter net income from the prior year was \$41.1 million or \$1.77 per share.

The impact of a strong dollar on exports to Europe, a shift in sales mix to smaller engines which contribute less gross profit dollars, lower production levels and greater interest expense contributed to lower net income by \$21.2 million or 52% less than the previous year's second quarter. Net sales for the second quarter were \$367.8 million or 13% lower than last year's second quarter net sales of \$422.2 million.

For the first six months of fiscal 2001, net sales were \$548.6 million or \$172.5 million less than in the comparable prior year period. Net income during the same period was \$13.6 million or \$.63 per diluted share compared to \$56.4 million or \$2.43 per share in fiscal 2000, excluding a \$10.4 million gain on a foundry disposition.

The net income decrease for six months was the result of the same factors identified for the second quarter in addition to an engine unit sales decrease of 12%.

We presently estimate that net sales in the third fiscal quarter will be similar to those of the same period last year. However, we anticipate that earnings will be 15-20% lower. The primary reasons for our expectation of lower earnings are the continued weakness of the Euro compared to last year, higher interest expense and the projected lower utilization of production facilities this year as we try to reduce finished goods inventory by year end to a level less than the prior year end.

We believe equipment manufacturers and lawn and garden retailers remain confident about the upcoming lawn and garden spring selling season, however, general economic trends make us cautious about how strong the results for the last six months of the year will be. We anticipate that the current Euro weakness along with the need to produce fewer engines to meet demand will cause our earnings to be in the \$70 to \$75 million range for the full fiscal year.

The Company will host a conference call today at 10:00 AM (EST) to go over this information. A live web cast of the conference call will be available on its corporate website: <http://www.briggsandstratton.com>. Also available is a dial-in number to access the call real-time at (877) 679-9049. A replay will be offered beginning approximately two hours after the call ends and will be available for one week. Dial (800) 615-3210 to access the replay. The pass code will be 4893873.

(In Thousands)

	<u>Second Quarter</u>		<u>Six Months</u>	
	<u>2000</u>	<u>1999</u>	<u>2000</u>	<u>1999</u>
NET SALES	\$ 367,803	\$ 422,238	\$ 548,636	\$ 721,171
COST OF GOODS SOLD	<u>298,197</u>	<u>322,515</u>	<u>453,232</u>	<u>566,066</u>
Gross Profit on Sales	<b>69,606</b>	99,723	<b>95,404</b>	155,105
ENGINEERING, SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	<u>32,756</u>	<u>33,196</u>	<u>66,368</u>	<u>62,836</u>
Income from Operations	<b>36,850</b>	66,527	<b>29,036</b>	92,269
INTEREST EXPENSE	<b>(8,317)</b>	(5,208)	<b>(12,885)</b>	(8,335)
GAIN ON DISPOSITION OF ASSETS	-	-	-	16,545
OTHER INCOME, Net	<u>3,100</u>	<u>3,985</u>	<u>5,473</u>	<u>5,618</u>
Income Before Provision for Income Taxes	<b>31,633</b>	65,304	<b>21,624</b>	106,097
PROVISION FOR INCOME TAXES	<u>11,705</u>	<u>24,160</u>	<u>8,000</u>	<u>39,250</u>
Net Income	<u>\$ 19,928</u>	<u>\$ 41,144</u>	<u>\$ 13,624</u>	<u>\$ 66,847</u>
Average Shares Outstanding	<u>21,597</u>	<u>23,092</u>	<u>21,602</u>	<u>23,120</u>
BASIC EARNINGS PER SHARE	<u>\$ 0.92</u>	<u>\$ 1.78</u>	<u>\$ 0.63</u>	<u>\$ 2.89</u>
Diluted Average Shares Outstanding	<u>21,608</u>	<u>23,190</u>	<u>21,617</u>	<u>23,219</u>
DILUTED EARNINGS PER SHARE	<u>\$ 0.92</u>	<u>\$ 1.77</u>	<u>\$ 0.63</u>	<u>\$ 2.88</u>

*This release contains certain forward-looking statements that involve risks and uncertainties that could cause actual results to differ materially from those projected in the forward-looking statements. The words "anticipate", "believe", "estimate", "expect", "objective", and "think" or similar expressions are intended to identify forward-looking statements. The forward-looking statements are based on the Company's current views and assumptions and involve risks and uncertainties that include, among other things, the effects of weather on the purchasing patterns of the Company's customers and end use purchasers of the Company's engines; the seasonal nature of the Company's business; actions of competitors; changes in laws and regulations, including accounting standards; employee relations; customer demand; prices of purchased raw materials and parts; domestic economic conditions, including housing starts and changes in consumer disposable income; foreign economic conditions, including currency rate fluctuations; and other factors that may be disclosed from time to time in SEC filings or otherwise. Some or all of the factors may be beyond the Company's control.*

**BRIGGS & STRATTON CORPORATION AND SUBSIDIARIES**  
**Consolidated Balance Sheets as of the End of Fiscal December 2000 and 1999**

(In Thousands)

CURRENT ASSETS:		<u>2000</u>	<u>1999</u>	CURRENT LIABILITIES:		<u>2000</u>	<u>1999</u>
Cash and Cash Equivalents	\$	20,839	\$ 10,282	Accounts Payable	\$	125,945	\$ 109,108
Accounts Receivable		380,240	395,033	Domestic Notes Payable		372,580	229,967
Inventories		341,348	254,168	Foreign Loans		17,035	17,445
Other		52,592	56,915	Current Maturities on Long-Term Debt		-	15,000
Total Current Assets		<u>795,019</u>	<u>716,398</u>	Accrued Liabilities		140,814	160,003
				Total Current Liabilities		<u>656,374</u>	<u>531,523</u>
OTHER ASSETS:				OTHER LIABILITIES:			
Investments		49,413	44,528	Deferred Revenue on Sale of Plant & Equipment		15,611	15,742
Deferred Income Tax Assets		-	647	Deferred Income Tax Liability		8,451	-
Prepaid Pension		19,391	-	Accrued Pension Cost		12,079	11,620
Capitalized Software		6,986	6,873	Accrued Employee Benefits		12,947	13,653
Total Other Assets		<u>75,790</u>	<u>52,048</u>	Postretirement Health Care Obligation		64,203	67,286
				Long-Term Debt		98,615	113,410
PLANT AND EQUIPMENT, at Cost				Total Other Liabilities		<u>211,906</u>	<u>221,711</u>
		849,910	812,392	SHAREHOLDERS' INVESTMENT:			
Less - Accumulated Depreciation		<u>452,069</u>	<u>420,527</u>	Common Stock and Additional Paid-in Capital		36,342	37,235
Net Plant and Equipment		<u>397,841</u>	<u>391,865</u>	Retained Earnings		722,224	665,797
				Accumulated Other Comprehensive Loss		(7,477)	(1,211)
		<u>\$ 1,268,650</u>	<u>\$ 1,160,311</u>	Unearned Compensation on Restricted Stock		(358)	(261)
				Treasury Stock, at Cost		(350,361)	(294,483)
				Total Shareholders' Investment		<u>400,370</u>	<u>407,077</u>
						<u>\$ 1,268,650</u>	<u>\$ 1,160,311</u>

**Consolidated Statements of Cash Flows**  
(In Thousands)

	<u>Six Months Ended Fiscal December</u>	
	<u>2000</u>	<u>1999</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Income	\$ 13,624	\$ 66,847
Depreciation and Amortization	27,305	25,052
(Gain) Loss on Disposition of Plant and Equipment	279	(16,236)
Provision (Credit) for Deferred Income Taxes	3,092	(2,913)
Increase in Accounts Receivable	(236,511)	(200,916)
Increase in Inventories	(83,574)	(118,079)
(Increase) Decrease in Other Current Assets	401	(3,356)
Increase in Accounts Payable and Accrued Liabilities	17,118	19,768
Other, Net	(18,361)	(9,786)
Net Cash Used in Operating Activities	<u>(276,627)</u>	<u>(239,619)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Additions to Plant and Equipment	(32,364)	(39,440)
Proceeds Received on Disposition of Plant and Equipment	2,599	23,509
Other, Net	2,933	2,641
Net Cash Used in Investing Activities	<u>(26,832)</u>	<u>(13,290)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net Borrowings on Loans and Notes Payable	327,450	229,253
Dividends	(13,380)	(13,857)
Purchase of Common Stock for Treasury	(6,118)	(17,661)
Proceeds from Exercise of Stock Options	275	5,248
Net Cash Provided by Financing Activities	<u>308,227</u>	<u>202,983</u>
EFFECT OF EXCHANGE RATE CHANGES	<u>(918)</u>	<u>(598)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	3,850	(50,524)
CASH AND CASH EQUIVALENTS, Beginning	16,989	60,806
CASH AND CASH EQUIVALENTS, Ending	<u>\$ 20,839</u>	<u>\$ 10,282</u>