

BRIGGS & STRATTON CORPORATION REPORTS RESULTS FOR THE FOURTH QUARTER AND TWELVE MONTHS OF FISCAL 2001

MILWAUKEE, August 2/PR Newswire/—Briggs & Stratton Corporation (NYSE:BGG)

Briggs & Stratton today announced fourth quarter net income of \$4.5 million or \$.21 per diluted share. Fourth quarter net income in the prior year was \$27.6 million or \$1.24 per share.

Major factors contributing to the 84% decrease in net income between years were engine production levels, down 34%, an 18% decrease in engine sales volume and a shift in sales mix to smaller engines which contribute less gross profit dollars. A significant offset to these decreases was the lowering of the effective tax rate for the year to 33.2% from the planned 37.0%. The change was primarily the result of a Federal tax refund that received final approval during the fourth quarter.

For the full fiscal year, net income was \$48.0 million or \$2.21 per diluted share compared to \$126.1 million or \$5.52 per share, excluding a \$10.4 million gain on the disposition of our foundry business in fiscal 2000. Net sales were \$1,312.4 million or 18% lower than the \$1,592.6 million in fiscal 2000.

The net income decrease between fiscal years was primarily the result of a 10% engine sales volume decrease, a 15% reduction in plant utilization, the impact of a strong dollar on exports to Europe, the shift in sales mix to smaller engines and higher interest expense.

On July 31, 2001, we were notified of the bankruptcy filing of a customer. At this time we believe our receivable will not be collectible and therefore have lowered net income from \$6.8 million to \$4.5 million for the quarter and from \$50.3 million to \$48.0 million for the year to reflect the asset impairment.

The fourth quarter and the full fiscal year ended below the projections we provided at the end of the third quarter because inventories of both retailers and original equipment manufacturers were adequate to cover softer retail demand. Consequently, anticipated engine sales did not materialize.

The acquisition of Generac Portable Products, Inc. was completed on May 15, 2001. The acquisition added \$30.1 million of sales in the fourth quarter, but as anticipated, had no significant impact on operating income.

Our current estimates for fiscal 2002 anticipate that net income will be between \$58 and \$62 million. Sales are estimated to be up 30% between years with three quarters of that increase attributable to the Generac Portable Products, Inc. acquisition. The engine sales portion of the increase is based on our current projection of a 3-4% increase in unit volume and a small improvement in sales mix.

Gross profit margin for the year is anticipated to be 17.5%. This rate is a result of projected lower engine plant utilization to allow for a reduction of finished engine inventory by next year-end. In addition, the rate reflects the fact that Generac gross margins are projected to be lower than those experienced in the engine business.

Operating expenses are estimated to be up 18% between years. Approximately 90% of this increase is caused by the addition of Generac. Interest expense is estimated to be \$45 million and we are assuming an effective tax rate of 35%.

The estimates for depreciation and capital expenditures are \$60 million and \$67 million, respectively.

We anticipate that the results in the first and second quarters of fiscal 2002 will be significantly lower than those for comparable periods in fiscal 2001. In years like fiscal 2001, where there have been adequate supplies of engines and finished product to satisfy retail demand, the original equipment manufacturers who buy our products have a tendency to take engines later in the fiscal year, i.e., closer to retail demand. This tendency will lower both our engine sales and plant utilization in the first two quarters of fiscal 2002.

First quarter sales are projected to be \$215 million, \$150 million for engines and \$65 million for consumer products. Gross margins for engines are estimated to be negative 8% because of low sales and plant utilization.

Consumer product margins are estimated at 17%. Operating expenses are anticipated to come in at \$41 million and interest expense at \$10 million. Using a 35% effective tax rate results in a net loss of approximately \$32 million for the first quarter.

The Company will host a conference call today at 10:00 AM (EDT) to review this information. A live web cast of the conference call will be available on its corporate website: <http://www.briggsandstratton.com/shareholders>. Also available is a dial-in number to access the call real-time at (877) 679-9051. 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 5353604.

BRIGGS & STRATTON CORPORATION AND SUBSIDIARIES
Consolidated Statements of Earnings for the Fiscal Periods Ended June
(In Thousands, Except Per Share Data)

	<u>Fourth Quarter</u>		<u>Twelve Months</u>	
	<u>2001</u>	<u>2000</u>	<u>2001</u>	<u>2000</u>
NET SALES	\$ 332,305	\$ 400,992	\$1,312,446	\$1,592,564
COST OF GOODS SOLD	<u>275,041</u>	<u>318,483</u>	<u>1,073,383</u>	<u>1,253,110</u>
Gross Profit on Sales	57,264	82,509	239,063	339,454
ENGINEERING, SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	<u>39,940</u>	<u>38,104</u>	<u>139,957</u>	<u>134,225</u>
Income from Operations	17,324	44,405	99,106	205,229
INTEREST EXPENSE	(8,976)	(6,116)	(30,665)	(21,267)
GAIN ON DISPOSITION OF ASSETS	-	-	-	16,545
OTHER INCOME (EXPENSE), Net	<u>(5,538)</u>	<u>5,471</u>	<u>3,432</u>	<u>16,116</u>
Income Before Provision for Income Taxes	2,810	43,760	71,873	216,623
PROVISION (CREDIT) FOR INCOME TAXES	<u>(1,690)</u>	<u>16,190</u>	<u>23,860</u>	<u>80,150</u>
NET INCOME	<u>\$ 4,500</u>	<u>\$ 27,570</u>	<u>\$ 48,013</u>	<u>\$ 136,473</u>
Average Shares Outstanding	<u>21,599</u>	<u>22,138</u>	<u>21,598</u>	<u>22,788</u>
BASIC EARNINGS PER SHARE	<u>\$ 0.21</u>	<u>\$ 1.25</u>	<u>\$ 2.22</u>	<u>\$ 5.99</u>
Diluted Average Shares Outstanding	<u>21,966</u>	<u>22,156</u>	<u>21,966</u>	<u>22,842</u>
DILUTED EARNINGS PER SHARE	<u>\$ 0.21</u>	<u>\$ 1.24</u>	<u>\$ 2.21</u>	<u>\$ 5.97</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", "intend", "may", "objective", "plan", "seek", "think", "will" and 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, our ability to successfully forecast demand for our products and appropriately adjust our manufacturing and inventory levels; changes in our operating expenses; our ability to successfully integrate the acquisition of Generac Portable Products, Inc. into our operations; changes in interest rates; the effects of weather on the purchasing patterns of consumers and original equipment manufacturers ("OEMs"); actions of engine manufacturers and OEMs with whom we compete; the seasonal nature of our business; changes in laws and regulations, including accounting standards; work stoppages or other consequences of any deterioration in our employee relations; changes in consumer and OEM demand; changes in prices of raw materials and parts that we purchase; changes in domestic economic conditions, including housing starts and changes in consumer disposable income; changes in foreign economic conditions, including currency rate fluctuations; and other factors that may be disclosed from time to time in our SEC filings or otherwise. Some or all of the factors may be beyond our control. We caution you that any forward-looking statement reflects only our belief at the time the statement is made. We undertake no obligation to update any forward-looking statement to reflect events or circumstances after the date on which the statement is made.

BRIGGS & STRATTON CORPORATION AND SUBSIDIARIES
Consolidated Balance Sheets as of the End of Fiscal June 2001 and 2000

(In Thousands)

CURRENT ASSETS:		<u>2001</u>	<u>2000</u>	CURRENT LIABILITIES:		<u>2001</u>	<u>2000</u>
Cash and Cash Equivalents	\$	88,743	\$ 16,989	Accounts Payable	\$	102,559	\$ 117,556
Accounts Receivable		145,138	140,097	Domestic Notes Payable		3,300	48,809
Inventories		321,700	257,774	Foreign Loans		16,291	13,356
Other		57,849	56,434	Accrued Liabilities		120,032	133,057
Total Current Assets		<u>613,430</u>	<u>471,294</u>	Total Current Liabilities		<u>242,182</u>	<u>312,778</u>
OTHER ASSETS:				OTHER LIABILITIES:			
Investments		46,071	50,228	Deferred Revenue on Sale of Plant & Equipment		15,536	15,679
Prepaid Pension		36,275	5,506	Deferred Income Tax Liability		18,351	4,011
Deferred Loan Costs		10,429	703	Accrued Pension Cost		14,494	11,428
Capitalized Software		6,552	6,934	Accrued Employee Benefits		12,979	12,607
Goodwill		167,077	—	Postretirement Health Care Obligation		61,767	65,765
Total Other Assets		<u>266,404</u>	<u>63,371</u>	Long-Term Debt		508,134	98,512
PLANT AND EQUIPMENT, at Cost				Total Other Liabilities		<u>631,261</u>	<u>208,002</u>
		890,191	838,655	SHAREHOLDERS' INVESTMENT:			
Less - Accumulated Depreciation		<u>473,830</u>	<u>443,075</u>	Common Stock and Additional Paid-in Capital		36,332	36,767
Net Plant and Equipment		<u>416,361</u>	<u>395,580</u>	Retained Earnings		743,230	721,980
		<u>\$1,296,195</u>	<u>\$ 930,245</u>	Accumulated Other Comprehensive Loss		(6,182)	(3,931)
				Unearned Compensation on Restricted Stock		(305)	(226)
				Treasury Stock, at Cost		(350,323)	(345,125)
				Total Shareholders' Investment		<u>422,752</u>	<u>409,465</u>
						<u>\$ 1,296,195</u>	<u>\$ 930,245</u>

Consolidated Statements of Cash Flows

(In Thousands)

	<u>Twelve Months Ended Fiscal June</u>	
	<u>2001</u>	<u>2000</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Income	\$ 48,013	\$ 136,473
Depreciation and Amortization	57,752	51,467
(Gain) Loss on Disposition of Plant and Equipment	1,493	(14,167)
Provision for Deferred Income Taxes	17,691	1,542
Increase in Prepaid Pension	(30,769)	(5,506)
Decrease in Accounts Receivable	34,606	51,837
Increase in Inventories	(7,389)	(121,685)
(Increase) in Other Current Assets	(55)	(2,488)
Increase (Decrease) in Accounts Payable and Accrued Liabilities	(46,388)	1,413
Other, Net	(7,139)	(21,404)
Net Cash Provided by Operating Activities	<u>67,815</u>	<u>77,482</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Additions to Plant and Equipment	(61,327)	(71,441)
Proceeds Received on Disposition of Plant and Equipment	4,152	23,511
Cash Paid for Acquisition, Net of Cash Acquired	(267,174)	—
Other, Net	6,296	5,142
Net Cash Used in Investing Activities	<u>(318,053)</u>	<u>(42,788)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net Borrowings (Repayments) on Loans and Notes Payable	(42,614)	44,005
Proceeds from Issuance of Long-Term Debt	399,415	—
Repayments on Long-Term Debt	—	(30,000)
Dividends	(26,763)	(27,300)
Purchase of Common Stock for Treasury	(6,118)	(69,083)
Proceeds from Exercise of Stock Options	275	5,561
Net Cash Provided by (Used in) Financing Activities	<u>324,195</u>	<u>(76,817)</u>
EFFECT OF EXCHANGE RATE CHANGES	<u>(2,203)</u>	<u>(1,694)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	71,754	(43,817)
CASH AND CASH EQUIVALENTS, Beginning	<u>16,989</u>	<u>60,806</u>
CASH AND CASH EQUIVALENTS, Ending	<u>\$ 88,743</u>	<u>\$ 16,989</u>