

## **BRIGGS & STRATTON CORPORATION REPORTS SECOND QUARTER RESULTS**

MILWAUKEE, January 17, 2002/PR Newswire/—Briggs & Stratton Corporation (NYSE:BGG)

Briggs & Stratton Corporation today announced fiscal 2002 second quarter net income of \$2.4 million or \$.11 per diluted share. These results included expenses of \$5.2 million on an after tax basis or \$.24 per diluted share representing the cost of the early retirement incentive program announced in November. The net income for the fiscal 2001 second quarter was \$19.9 million or \$.92 per diluted share. Lower engine sales, lower engine production levels and higher interest expense were the other major factors causing lower quarterly earnings between the years.

For the first six months of fiscal 2002, the Company incurred a \$15.0 million loss; for the same period in fiscal 2001, \$13.6 million of net income was reported. Lower earnings for the first six months were primarily the result of the same factors that affected the second quarter. The dollar magnitude of the impact of each of these factors on the first six month's results was similar.

Interest expense for both the second quarter and first six months of fiscal 2002 has increased over the comparable periods from a year ago as a result of the long-term debt issued to make the Generac Portable Products acquisition.

### **Engines:**

Second quarter sales were \$307.5 million versus \$368.2 million in the prior year. This 16% decrease is primarily the result of a 12% decrease in unit sales and a sales mix weighted to small horsepower engines. Six-month sales for fiscal 2002 were \$487.0 million versus \$549.5 million in the prior year. Causes of the decline in the sales between years were the same as for the second quarter. Year to date unit shipments are off 7% from the prior year and reflect original equipment manufacturers' efforts to move the assembly of lawn and garden equipment closer to the spring retail selling season.

Income from operations for the second quarter was \$16.7 million compared to \$36.9 million in the second quarter of fiscal 2001. For the first six months of fiscal 2002 we have experienced a \$0.9 million loss from operations compared to \$29.0 million of income from operations for the same period in fiscal 2001. The previously mentioned early retirement incentive program was responsible for \$7.7 million of the \$20.1 million decline between quarters and the \$29.9 million decline in the six month comparison. The remainder of the decreases essentially reflect declines in sales and production volumes between the respective periods.

### **Generac Portable Products:**

Net sales in the second quarter of fiscal 2002 were \$39.6 million and they were \$94.8 million for the first six months of fiscal 2002. Sales for the comparable periods a year ago when Briggs & Stratton did not own Generac were \$41.0 million and \$86.1 million, respectively.

The second quarter sales dollars are similar between years; however, they are the net result of an increase in generator unit volumes and a decrease in pressure washer unit volumes. Generator volume, while greater than last year, did not experience any incremental demand from storm related activity. Pressure washer volume decreased because last year's second quarter contained shipments to initially stock a new national account. This year only normal restocking has occurred.

Increased generator volume in the first six months of fiscal 2002 accounts for the increased sales between years.

Losses from operations in the second quarter of fiscal 2002 were \$1.9 million and \$0.3 million for the first six months of the current year. Amounts for the comparable periods last year when Briggs & Stratton did not own Generac were a loss of \$0.1 million and income of \$0.5 million, respectively. Sales of generators with lower margins created an unfavorable product mix, which negatively affected operating income in the second quarter and first six months of fiscal 2002.

**Outlook:**

The first half of fiscal 2002 is now completed, with results slightly better than what we anticipated they would be when we announced the early retirement incentive program. We continue to believe that the second half of the fiscal year will outperform revenue and earnings levels of the comparable period from a year ago because the results of the May 2001 Generac acquisition will be in the numbers and Engine sales and production levels are expected to exceed those of the comparable period a year ago.

We still expect that the Engine business will be up from last year based upon projections for the overall lawn and garden market and our current understanding of our customers' forecasted requirements. However, we feel Generac's business has continued to soften for both the generator and pressure washer product lines. Annual sales for Generac are currently projected for \$220 million, down from the \$260 million we had forecast. Consequently, our current estimate for consolidated net income for fiscal 2002 is now in a range between \$56 and \$60 million.

For the third quarter, sales are projected to be approximately \$510 million; \$460 million for Engines and \$50 million for Generac. Gross margins are estimated to be close to 21%. Engineering, selling and administrative expenses are anticipated to be \$38 million and interest expense is projected at \$12 million.

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) 679-9055. 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 5717584.

*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; 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 environmental and accounting standards; work stoppages or other consequences of any deterioration in our employee relations; changes in customer and OEM demand; changes in prices of purchased 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 Statements of Earnings for the Fiscal Periods Ended December**  
**(In Thousands)**

	<u>Second Quarter</u>		<u>Six Months</u>	
	<u>2001</u>	<u>2000</u>	<u>2001</u>	<u>2000</u>
NET SALES	\$ 335,315	\$ 368,207	\$ 556,644	\$ 549,458
COST OF GOODS SOLD	<u>278,695</u>	<u>298,601</u>	<u>478,502</u>	<u>454,054</u>
Gross Profit on Sales	56,620	69,606	78,142	95,404
ENGINEERING, SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	<u>42,286</u>	<u>32,756</u>	<u>80,510</u>	<u>66,368</u>
Income (Loss) from Operations	14,334	36,850	(2,368)	29,036
INTEREST EXPENSE	(11,101)	(8,317)	(21,523)	(12,885)
OTHER INCOME (EXPENSE), Net	<u>427</u>	<u>3,100</u>	<u>742</u>	<u>5,473</u>
Income (Loss) Before Provision (Credit) for Income Taxes	3,660	31,633	(23,149)	21,624
PROVISION (CREDIT) FOR INCOME TAXES	<u>1,281</u>	<u>11,705</u>	<u>(8,104)</u>	<u>8,000</u>
Net Income (Loss)	\$ 2,379	\$ 19,928	\$ (15,045)	\$ 13,624
Average Shares Outstanding	<u>21,603</u>	<u>21,597</u>	<u>21,602</u>	<u>21,602</u>
BASIC EARNINGS PER SHARE	\$ 0.11	\$ 0.92	\$ (0.70)	\$ 0.63
Diluted Average Shares Outstanding	<u>21,616</u>	<u>21,608</u>	<u>21,615</u>	<u>21,617</u>
DILUTED EARNINGS PER SHARE	\$ 0.11	\$ 0.92	\$ (0.70)	\$ 0.63

**Segment Information**  
**(In Thousands)**

	<u>Second Quarter</u>		<u>Six Months</u>	
	<u>2001</u>	<u>2000</u>	<u>2001</u>	<u>2000</u>
NET SALES:				
Engines	\$ 307,521	\$ 368,207	\$ 487,008	\$ 549,458
Generac Portable Products	39,622	-	94,750	-
Eliminations	<u>(11,828)</u>	<u>-</u>	<u>(25,114)</u>	<u>-</u>
Total*	\$ 335,315	\$ 368,207	\$ 556,644	\$ 549,458
*Includes sales to international customers	<u>\$ 87,570</u>	<u>\$ 88,561</u>	<u>\$ 142,277</u>	<u>\$ 136,331</u>
GROSS PROFIT ON SALES:				
Engines	\$ 53,884	\$ 69,606	\$ 68,471	\$ 95,404
Generac Portable Products	3,201	-	10,861	-
Eliminations	<u>(465)</u>	<u>-</u>	<u>(1,190)</u>	<u>-</u>
Total	\$ 56,620	\$ 69,606	\$ 78,142	\$ 95,404
INCOME (LOSS) FROM OPERATIONS:				
Engines	\$ 16,723	\$ 36,850	\$ (897)	\$ 29,036
Generac Portable Products	(1,924)	-	(281)	-
Eliminations	<u>(465)</u>	<u>-</u>	<u>(1,190)</u>	<u>-</u>
Total	\$ 14,334	\$ 36,850	\$ (2,368)	\$ 29,036

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

(In Thousands)

CURRENT ASSETS:		2001	2000	CURRENT LIABILITIES:		2001	2000
Cash and Cash Equivalents	\$	16,618	\$ 20,839	Accounts Payable	\$	94,733	\$ 125,945
Accounts Receivable		327,510	380,240	Domestic Notes Payable		149,560	372,580
Inventories		344,444	341,348	Foreign Loans		18,157	17,035
Other		60,676	51,937	Accrued Liabilities		141,406	140,814
Total Current Assets		<u>749,248</u>	<u>794,364</u>	Total Current Liabilities		<u>403,856</u>	<u>656,374</u>
OTHER ASSETS:				OTHER LIABILITIES:			
Investments		44,742	49,413	Deferred Revenue on Sale of Plant & Equipment		15,454	15,611
Prepaid Pension		47,011	19,391	Deferred Income Tax Liability		9,591	8,451
Deferred Loan Costs		10,159	655	Accrued Pension Cost		15,533	12,079
Capitalized Software		6,292	6,986	Accrued Employee Benefits		13,216	12,947
Intangible Assets		152,449	—	Postretirement Health Care Obligation		63,137	64,203
Total Other Assets		<u>260,653</u>	<u>76,445</u>	Long-Term Debt		508,426	98,615
PLANT AND EQUIPMENT, at Cost				Total Other Liabilities		<u>625,357</u>	<u>211,906</u>
		889,478	849,910	SHAREHOLDERS' INVESTMENT:			
Less - Accumulated Depreciation		<u>476,665</u>	<u>452,069</u>	Common Stock and Additional Paid-in Capital		36,231	36,342
Net Plant and Equipment		<u>412,813</u>	<u>397,841</u>	Retained Earnings		714,802	722,224
		<u>\$ 1,422,714</u>	<u>\$ 1,268,650</u>	Accumulated Other Comprehensive Loss		(7,205)	(7,477)
				Unearned Compensation on Restricted Stock		(252)	(358)
				Treasury Stock, at Cost		(350,075)	(350,361)
				Total Shareholders' Investment		<u>393,501</u>	<u>400,370</u>
						<u>\$ 1,422,714</u>	<u>\$ 1,268,650</u>

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

	Six Months Ended Fiscal December	
	2001	2000
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Income (Loss)	\$ (15,045)	\$ 13,624
Depreciation and Amortization	30,245	27,368
Loss on Disposition of Plant and Equipment	1,141	279
Pension Income, Net	(9,542)	(12,834)
Provision for Deferred Income Taxes	1,529	3,092
Increase in Accounts Receivable	(182,211)	(236,511)
Increase in Inventories	(22,745)	(83,574)
(Increase) Decrease in Other Current Assets	(583)	119
Increase in Accounts Payable and Accrued Liabilities	14,079	17,118
Other, Net	(388)	(5,058)
Net Cash Used in Operating Activities	<u>(183,520)</u>	<u>(276,377)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Additions to Plant and Equipment	(26,657)	(32,364)
Proceeds Received on Disposition of Plant and Equipment	547	2,349
Other, Net	2,426	2,933
Net Cash Used in Investing Activities	<u>(23,684)</u>	<u>(27,082)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net Borrowings on Loans and Notes Payable	148,126	327,450
Issuance Costs of Long-Term Debt	(327)	—
Dividends	(13,384)	(13,380)
Purchase of Common Stock for Treasury	—	(6,118)
Proceeds from Exercise of Stock Options	95	275
Net Cash Provided by Financing Activities	<u>134,510</u>	<u>308,227</u>
EFFECT OF EXCHANGE RATE CHANGES	<u>569</u>	<u>(918)</u>
NET DECREASE (INCREASE) IN CASH AND CASH EQUIVALENTS	<u>(72,125)</u>	<u>3,850</u>
CASH AND CASH EQUIVALENTS, Beginning	<u>88,743</u>	<u>16,989</u>
CASH AND CASH EQUIVALENTS, Ending	<u>\$ 16,618</u>	<u>\$ 20,839</u>