

BRIGGS & STRATTON CORPORATION REPORTS THIRD QUARTER RESULTS

MILWAUKEE, April 18, 2002/PR Newswire/—Briggs & Stratton Corporation (NYSE:BGG)

Briggs & Stratton Corporation today announced fiscal 2002 third quarter net income of \$37.6 million or \$1.74 per basic share and \$1.58 per diluted share. Net income for the fiscal 2001 third quarter was \$29.9 million or \$1.38 per basic and diluted share. Improved net income between third quarter periods was primarily due to lower engine manufacturing costs and an increase in the volume of engine units sold.

For the first nine months of fiscal 2002, the Company experienced net income of \$22.6 million, \$1.04 per basic and diluted share; for the same period in fiscal 2001 net income was \$43.5 million or \$2.01 per basic and diluted share. Lower earnings for the nine month period were primarily the result of lower gross profit margins driven by lower production quantities, the mix of engines produced and higher interest expense resulting from debt incurred in the May, 2001 acquisition of Generac Portable Products.

Engines:

Fiscal 2002 third quarter net sales of engines were \$468.9 million versus \$430.2 million in the prior year. This 9% increase is primarily the result of a 14% increase in unit sales offset by a sales mix of engines weighted toward lower priced units. Net sales for nine months in fiscal 2002 were \$954.7 million, \$23.9 million or 2% lower than the first nine months of fiscal 2001. Year over year, unit shipments were up approximately 2% but the volume increase was offset by a sales mix trending toward lower priced engines in several of the product lines.

Income from operations for the third quarter of fiscal 2002 was \$65.4 million compared to \$52.7 million in the third quarter last year. The majority of this improvement came from cost reductions in manufacturing. For nine months of fiscal 2002, income from operations was \$64.5 million, down \$17.2 million or 21% from the same period a year ago. For the nine months, the cost reductions in manufacturing were offset by 12% lower unit production between years. The production decline reflects the impact of the Company's planned reduction of finished goods inventory. Since the start of the fiscal year we have reduced inventory units by approximately 49%.

Generac Portable Products:

Net sales of Generac products were \$58.6 million in the third quarter of fiscal 2002, and \$151.2 million for the first nine months of fiscal 2002. Sales for the comparable periods a year ago, before Briggs & Stratton acquired Generac, were \$51.3 million and \$136.0 million, respectively.

Third quarter 2002 net sales were up, primarily due to increased generator and pressure washer unit shipments in the U.S. market. The majority of the generator sales improvement was the result of the ice storm activity in early February. The pressure washer sales improvement was due to the combination of retailers deferring some demand from the second quarter to the third quarter and an element of retailer new store growth. Nine month net sales improvements were also the result of improvements in the U.S. market. The Company believes that its overall market share for generators has improved slightly. Our pressure washer revenues have improved from a sales mix shift away from electric units to gas powered units which carry higher price points.

Income from operations in the third quarter and first nine months of fiscal 2002 were \$0.6 million and \$0.3 million, respectively. Amounts for the comparable periods last year, before the acquisition, were losses of \$1.9 million and \$4.1 million, respectively. The improvement in the third quarter reflects the

elimination of goodwill amortization and cost reductions from integration. Year to date results are impacted by the lower gross margins experienced in the first half of the year.

General:

Interest expense is up in the third quarter and year to date due to the long term debt issued in May 2001, to fund the acquisition of Generac. Borrowings for seasonal working capital needs have been lower for most of fiscal 2002 reflecting our planned inventory investment reduction.

The effective tax rate changed in the third quarter to reflect a refund of prior year Federal taxes. Our estimated effective tax rate for the remainder of the year is 34%.

Outlook For The Fourth Quarter:

We believe that the fourth quarter of fiscal 2002 will outperform revenue and earnings levels of the comparable period from a year ago. As we look forward into the fourth quarter we project that the engine mix issues discussed for the third quarter may persist. We believe we will not only have an engine sales mix that favors lower horsepower, lower priced engines, but a continuation of the trend we saw through nine months to purchase engines that are lower priced because they have fewer features. We have also reduced our engine and service parts sales forecasts for the European market due to the continued weakness in the European economy. Consequently, we now project consolidated net sales for the fourth quarter and full fiscal year to be \$390 million and \$1.46 billion, respectively. Generac is projected to end the year with \$210 million in net sales. Gross margins are projected to be approximately 20% for the fourth quarter and Engineering, Selling, General and Administrative expenses are forecast at \$36 million. Interest expense should be approximately \$10 million in the quarter and, as indicated above, we will use a 34% effective tax rate. The result of the above estimates is a net income for the fourth quarter of approximately \$23 million and \$45 million for the full fiscal year.

We project strong cash flows, which will allow us to repay all borrowings under our revolving credit facility by the end of April 2002. Free cash flow for the full year is projected to benefit from lower working capital requirements of \$35 to \$40 million and a reduced capital expenditure forecast level of \$55 million. EBITDA for the year is projected to be in the \$170 to \$175 million range.

Finally, an engine competitor filed a case in Federal court in early April alleging an infringement on a design patent. We have reviewed this complaint and believe their claim is without merit. We intend to vigorously defend our position.

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 our corporate website: <http://www.briggsandstratton.com/shareholders>. Also available is a dial-in number to access the call real-time at (877) 679-9045. 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 5894393.

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; new facts that come to light in the future course of litigation proceedings discussed herein which could affect our assessment of those matters; 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 March
(In Thousands)

	<u>Third Quarter</u>		<u>Nine Months</u>	
	<u>2002</u>	<u>2001</u>	<u>2002</u>	<u>2001</u>
NET SALES	\$ 516,758	\$430,188	\$1,070,076	\$ 978,670
COST OF GOODS SOLD	<u>414,263</u>	<u>344,289</u>	<u>892,766</u>	<u>798,342</u>
Gross Profit on Sales	102,495	85,899	177,310	180,328
ENGINEERING, SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	<u>35,429</u>	<u>33,153</u>	<u>112,613</u>	<u>98,546</u>
Income from Operations	67,066	52,746	64,697	81,782
INTEREST EXPENSE	<u>(12,400)</u>	<u>(8,804)</u>	<u>(33,923)</u>	<u>(21,689)</u>
OTHER INCOME (EXPENSE), Net	<u>2,688</u>	<u>3,497</u>	<u>3,431</u>	<u>8,970</u>
Income Before Provision for Income Taxes	57,354	47,439	34,205	69,063
PROVISION FOR INCOME TAXES	<u>19,740</u>	<u>17,550</u>	<u>11,636</u>	<u>25,550</u>
Net Income	<u>\$ 37,614</u>	<u>\$ 29,889</u>	<u>\$ 22,569</u>	<u>\$ 43,513</u>
Average Shares Outstanding	<u>21,620</u>	<u>21,599</u>	<u>21,608</u>	<u>21,600</u>
BASIC EARNINGS PER SHARE	<u>\$ 1.74</u>	<u>\$ 1.38</u>	<u>\$ 1.04</u>	<u>\$ 2.01</u>
Diluted Average Shares Outstanding	<u>24,456</u>	<u>21,612</u>	<u>21,620</u>	<u>21,614</u>
DILUTED EARNINGS PER SHARE	<u>\$ 1.58</u>	<u>\$ 1.38</u>	<u>\$ 1.04</u>	<u>\$ 2.01</u>

Segment Information
(In Thousands)

	<u>Third Quarter</u>		<u>Nine Months</u>	
	<u>2002</u>	<u>2001</u>	<u>2002</u>	<u>2001</u>
NET SALES:				

Engines	\$ 468,948	\$ 430,188	\$ 954,746	\$ 978,670
Generac Portable Products	58,560	–	151,194	–
Eliminations	(10,750)	–	(35,864)	–
Total*	<u>\$ 516,758</u>	<u>\$ 430,188</u>	<u>\$ 1,070,076</u>	<u>\$ 978,670</u>
*Includes sales to international customers	<u>\$ 132,037</u>	<u>\$ 122,405</u>	<u>\$ 273,542</u>	<u>\$ 258,664</u>

GROSS PROFIT ON SALES:

Engines	\$ 96,205	\$ 85,899	\$ 163,465	\$ 180,328
Generac Portable Products	5,251	–	13,997	–
Eliminations	1,039	–	(152)	–
Total	<u>\$ 102,495</u>	<u>\$ 85,899</u>	<u>\$ 177,310</u>	<u>\$ 180,328</u>

INCOME FROM OPERATIONS:

Engines	\$ 65,432	\$ 52,746	\$ 64,534	\$ 81,782
Generac Portable Products	595	–	315	–
Eliminations	1,039	–	(152)	–
Total	<u>\$ 67,066</u>	<u>\$ 52,746</u>	<u>\$ 64,697</u>	<u>\$ 81,782</u>

BRIGGS & STRATTON CORPORATION AND SUBSIDIARIES
Consolidated Balance Sheets as of the End of Fiscal March 2002 and 2001
(In Thousands)

CURRENT ASSETS:	<u>2002</u>	<u>2001</u>	CURRENT LIABILITIES:	<u>2002</u>	<u>2001</u>
Cash and Cash Equivalents	\$ 65,434	\$ 30,126	Accounts Payable	\$ 101,785	\$ 106,030
Accounts Receivable	402,493	386,617	Domestic Notes Payable	112,778	336,770
Inventories	233,490	294,901	Foreign Loans	15,630	13,908
Other	<u>64,249</u>	<u>60,691</u>	Accrued Liabilities	<u>149,481</u>	<u>156,037</u>
Total Current Assets	<u>765,666</u>	<u>772,335</u>	Total Current Liabilities	<u>379,674</u>	<u>612,745</u>
OTHER ASSETS:			OTHER LIABILITIES:		
Investments	43,674	49,631	Deferred Revenue on Sale of Plant & Equipment	15,409	15,574
Prepaid Pension	55,385	27,018	Deferred Income Tax Liability	20,795	12,226
Deferred Loan Costs	9,881	631	Accrued Pension Cost	15,920	12,557
Capitalized Software	6,383	6,808	Accrued Employee Benefits	13,281	13,180
Intangible Assets	<u>155,631</u>	<u>—</u>	Postretirement Health Care Obligation	63,300	65,584
Total Other Assets	<u>270,954</u>	<u>84,088</u>	Long-Term Debt	<u>508,572</u>	<u>98,666</u>
PLANT AND EQUIPMENT, at Cost	891,319	863,549	Total Other Liabilities	<u>637,277</u>	<u>217,787</u>
Less - Accumulated Depreciation	<u>485,606</u>	<u>464,031</u>	SHAREHOLDERS' INVESTMENT:		
Net Plant and Equipment	<u>405,713</u>	<u>399,518</u>	Common Stock and Additional Paid-in Capital	35,884	36,332
	<u>\$ 1,442,333</u>	<u>\$ 1,255,941</u>	Retained Earnings	745,500	745,421
			Accumulated Other Comprehensive Loss	(7,048)	(5,690)
			Unearned Compensation on Restricted Stock	(225)	(331)
			Treasury Stock, at Cost	<u>(348,729)</u>	<u>(350,323)</u>
			Total Shareholders' Investment	<u>425,382</u>	<u>425,409</u>
				<u>\$ 1,442,333</u>	<u>\$ 1,255,941</u>

Consolidated Statements of Cash Flows
(In Thousands)

	<u>Nine Months Ended Fiscal March</u>	
	<u>2002</u>	<u>2001</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Income	\$ 22,569	\$ 43,513
Depreciation and Amortization	42,417	41,685
Loss on Disposition of Plant and Equipment	1,903	371
Pension Income, Net	(17,880)	(21,512)
Provision for Deferred Income Taxes	8,773	6,611
Increase in Accounts Receivable	(257,137)	(249,365)
(Increase) Decrease in Inventories	88,210	(37,128)
(Increase) Decrease in Other Current Assets	(90)	2,341
Increase in Accounts Payable and Accrued Liabilities	29,359	12,457
Other, Net	<u>(1,443)</u>	<u>(3,521)</u>
Net Cash Used in Operating Activities	<u>(83,319)</u>	<u>(204,548)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Additions to Plant and Equipment	(34,565)	(48,645)
Proceeds Received on Disposition of Plant and Equipment	620	2,770
Other, Net	<u>4,412</u>	<u>2,933</u>
Net Cash Used in Investing Activities	<u>(29,533)</u>	<u>(42,942)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net Borrowings on Loans and Notes Payable	108,817	288,513
Issuance Costs of Long-Term Debt	(346)	—
Dividends	(20,299)	(20,072)
Purchase of Common Stock for Treasury	—	(6,118)
Proceeds from Exercise of Stock Options	<u>943</u>	<u>275</u>
Net Cash Provided by Financing Activities	<u>89,115</u>	<u>262,598</u>
EFFECT OF EXCHANGE RATE CHANGES	<u>427</u>	<u>(1,971)</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	<u>(23,310)</u>	<u>13,137</u>

CASH AND CASH EQUIVALENTS, Beginning	<u>88,743</u>	<u>16,989</u>
CASH AND CASH EQUIVALENTS, Ending	<u>\$ 65,433</u>	<u>\$ 30,126</u>