

BRIGGS & STRATTON CORPORATION REPORTS

SECOND QUARTER RESULTS FOR FISCAL 2003

MILWAUKEE, January 16, 2003/PR Newswire/-Briggs & Stratton Corporation (NYSE:BGG)

Briggs & Stratton today announced fiscal 2003 second quarter net income of \$11.7 million or \$.53 per diluted share. The net income for the second quarter of fiscal 2002 was \$2.4 million or \$.11 per diluted share. The majority of the net income improvement between years is attributable to the absence of an early retirement charge experienced in December 2001, increased utilization of production capacities, greater revenues from export sales due to a strengthening Euro and realization of cost reductions from planned initiatives offsetting increased employee benefits and certain other production costs.

For the first six months of fiscal 2003, the Company had net income of \$4.7 million or \$.22 per diluted share; for the same period in fiscal 2002, a \$15.0 million loss or \$.70 per diluted share was reported. Significantly higher earnings for the first six months were primarily the result of increased utilization of facilities in both reporting segments, in particular the Engine Segment in the first quarter and as previously discussed, the absence of an early retirement charge. The favorable impact of a strengthening Euro, lower expenses from planned cost reduction initiatives and increased sales volume also contributed to the improvement.

Engines:

Second quarter sales were \$306.2 million versus \$305.7 million in the prior year. Engine unit shipments were flat between years. Shipments of service components were down about \$7.5 million reflecting preseason shipping programs that are scheduled later this year, as compared to past years. The strengthening of the Euro and price increases experienced during the quarter offset the lower service component sales. Six-month sales for fiscal 2003 were \$501.5 million versus \$483.0 million in the prior year. This 4% increase in sales dollars was the result of an engine unit shipment increase of approximately 1.6%, a strengthening Euro and price increases that were again offset by lower service component sales of \$8.4 million.

Income from operations for the second quarter was \$23.5 million, up \$7.3 million or 45% from the prior year. The majority of the margin improvement resulted from the lack of an early retirement charge in the current year, better utilization of certain manufacturing facilities, higher prices resulting from planned increases and the strengthening of the Euro. Offsetting the improvements were higher manufacturing costs and loss of margin on lower service component sales.

Income from operations for the first six months of fiscal 2003 was \$21.3 million versus an operating loss of \$2.6 million in the same period a year ago. Better utilization of all plants through higher production, higher planned prices and the strengthening Euro, the lack of an early retirement charge in the current year, and the benefit of cost reduction programs more than offset cost increases experienced in some areas in the first six months.

Power Products:

Net sales in the second quarter of fiscal 2003 were \$59.9 million versus \$39.5 million in the same period a year ago. The increase resulted almost entirely from increased generator sales volume associated with power outages caused by hurricane and ice storm activity in the second quarter. The same period a year ago lacked significant storm related activity. Sales for the first six months were \$113.1 million versus \$93.2 million a year ago. The generator sales increase in the second quarter accounts for the six-month increase.

Income from operations was \$1.5 million in the second quarter of fiscal 2003, an improvement of \$3.0 million over the loss from operations of \$1.5 million in the same period a year ago. The increased sales volume in generators, increased utilization of the plant and operating cost reductions were the primary drivers of improvement. The six-month income from operations was \$3.3 million, an improvement of \$3.1 million over the \$.2 million operating income from a year ago. The same factors from the second quarter generated the six-month improvement.

Outlook:

Our forecast for fiscal 2003 continues to be consistent with the outlook we issued in October 2002. We are three months closer to the retail spring selling season, and while the actual demand for the spring still has to be realized, our position as supplier to the various original equipment manufacturers and retailers is clearer. Consequently, we continue to believe that our volume projections for both segments of our business remain valid. For the Engine Segment, we expect that the annual production volumes will be up and unit sales volume will be flat between years. For the Power Products Segment, the first six months had generator unit sales and production volume that were up over last year due to storm activity. Pressure washer unit sales in the second half of the year are projected to be greater than last year due to increased placement at retailers. Several cost categories, such as employee health benefits, have increased as projected, but active cost reduction programs in both segments of the business should offset the increase for the year and allow for margin improvement.

Net income for fiscal year 2003 is currently projected to be approximately \$72 million. We anticipate net sales for the year to be 4% higher than the prior fiscal year and gross profit margins to be close to 19.6%. Engineering, selling and administrative expenses are forecast to be approximately \$167 million, interest expense is estimated to be at the \$41 million level, and the effective tax rate is planned to be 34%. Our EBITDA estimate for fiscal 2003 is in the range of \$210-\$215 million. The full year projection for depreciation is \$60 million, and we are estimating capital expenditures to be in the \$50-\$55 million range.

We project that fiscal 2003 third quarter sales will be up from last year by 3% to 4%. Gross profit margins should be in the 20.5% to 21.0% range and engineering, selling and administrative expenses are projected to be approximately \$44 million. Our interest expense forecast is approximately \$11 million. Net income for the third quarter should increase over last year by approximately 5%.

The Company will host a conference call today at 10:00 AM (EST) 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) 679-9045. 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 6349479.

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", "project", "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; 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; work stoppages by other unions that affect the ability of suppliers or customers to manufacture; 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 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 December

(In Thousands)

	Second Quarter		Six Months	
	2002	2001	2002	2001
NET SALES	\$ 352,562	\$ 333,554	\$ 589,058	\$ 552,345
COST OF GOODS SOLD	285,470	278,695	484,274	478,502
Gross Profit on Sales	<u>67,092</u>	<u>54,859</u>	<u>104,784</u>	<u>73,843</u>
ENGINEERING, SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	<u>41,191</u>	40,660	<u>79,567</u>	77,184
Income (Loss) from Operations	<u>25,901</u>	14,199	<u>25,217</u>	(3,341)
INTEREST EXPENSE	<u>(10,171)</u>	(11,101)	<u>(20,260)</u>	(21,523)
OTHER INCOME (EXPENSE), Net	<u>2,064</u>	562	<u>2,190</u>	1,715
Income (Loss) Before Provision (Credit) for Income Taxes	<u>17,794</u>	3,660	<u>7,147</u>	(23,149)
PROVISION (CREDIT) FOR INCOME TAXES	<u>6,050</u>	1,281	<u>2,430</u>	(8,104)
Net Income (Loss)	<u>\$ 11,744</u>	<u>\$ 2,379</u>	<u>\$ 4,717</u>	<u>\$ (15,045)</u>
Average Shares Outstanding	<u>21,647</u>	21,603	<u>21,645</u>	21,602
BASIC EARNINGS (LOSS) PER SHARE	<u>\$ 0.54</u>	<u>\$ 0.11</u>	<u>\$ 0.22</u>	<u>\$ (0.70)</u>
Diluted Average Shares Outstanding	<u>21,656</u>	21,616	<u>21,654</u>	21,615
DILUTED EARNINGS (LOSS) PER SHARE	<u>\$ 0.53</u>	<u>\$ 0.11</u>	<u>\$ 0.22</u>	<u>\$ (0.70)</u>

Segment Information

(In Thousands)

	Second Quarter		Six Months	
	2002	2001	2002	2001
NET SALES:				
Engines	\$ 306,163	\$ 305,741	\$ 501,487	\$ 482,954
Power Products	59,906	39,500	113,148	93,237
Inter-Segment Eliminations	<u>(13,507)</u>	<u>(11,687)</u>	<u>(25,577)</u>	<u>(23,846)</u>
Total*	<u>\$ 352,562</u>	<u>\$ 333,554</u>	<u>\$ 589,058</u>	<u>\$ 552,345</u>
*International Sales (included in the above)	<u>\$ 90,554</u>	<u>\$ 87,230</u>	<u>\$ 150,125</u>	<u>\$ 140,842</u>
GROSS PROFIT ON SALES:				
Engines	\$ 60,446	\$ 52,729	\$ 92,129	\$ 65,570
Power Products	5,719	2,595	12,016	9,254
Inter-Segment Eliminations	<u>927</u>	<u>(465)</u>	<u>639</u>	<u>(981)</u>
Total	<u>\$ 67,092</u>	<u>\$ 54,859</u>	<u>\$ 104,784</u>	<u>\$ 73,843</u>
INCOME (LOSS) FROM OPERATIONS:				
Engines	\$ 23,489	\$ 16,178	\$ 21,260	\$ (2,587)
Power Products	1,485	(1,514)	3,318	227
Inter-Segment Eliminations	<u>927</u>	<u>(465)</u>	<u>639</u>	<u>(981)</u>
Total	<u>\$ 25,901</u>	<u>\$ 14,199</u>	<u>\$ 25,217</u>	<u>\$ (3,341)</u>

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

CURRENT ASSETS:	2002	2001	CURRENT LIABILITIES:	2002	2001
Cash and Cash Equivalents	\$ 22,222	\$ 16,618	Accounts Payable	\$ 73,026	\$ 94,733
Accounts Receivable, Net	321,174	327,510	Domestic Notes Payable	31,435	149,560
Inventories	283,765	344,444	Foreign Loans	10,383	18,157
Other	60,604	60,676	Accrued Liabilities	155,911	141,406
Total Current Assets	<u>687,765</u>	<u>749,248</u>	Total Current Liabilities	<u>270,755</u>	<u>403,856</u>
OTHER ASSETS:			OTHER LIABILITIES:		
Goodwill	161,030	152,134	Deferred Revenue on Sale of Plant & Equipment	15,267	15,454
Investments	42,660	44,742	Deferred Income Tax Liability	35,373	9,591
Prepaid Pension	67,501	47,011	Accrued Pension Liability	16,610	15,533
Deferred Loan Costs, Net	8,427	10,159	Accrued Employee Benefits	13,211	13,216
Other Long-Term Assets	7,542	6,607	Accrued Postretirement Health Care Obligation	59,488	63,137
Total Other Assets	<u>287,160</u>	<u>260,653</u>	Long-Term Debt	501,261	508,426
			Total Other Liabilities	<u>641,210</u>	<u>625,357</u>
PLANT AND EQUIPMENT:			SHAREHOLDERS' INVESTMENT:		
At Cost	881,313	889,478	Common Stock and Additional Paid-in Capital	35,650	36,231
Less - Accumulated Depreciation	500,014	476,665	Retained Earnings	760,008	714,802
Plant and Equipment, Net	<u>381,299</u>	<u>412,813</u>	Accumulated Other Comprehensive Loss	(2,962)	(7,205)
			Unearned Compensation on Restricted Stock	(364)	(252)
			Treasury Stock, at Cost	(348,073)	(350,075)
			Total Shareholders' Investment	444,259	393,501
	<u>\$ 1,356,224</u>	<u>\$ 1,422,714</u>		<u>\$ 1,356,224</u>	<u>\$ 1,422,714</u>

Consolidated Statements of Cash Flows
(In Thousands)

	<u>Six Months Ended Fiscal December</u>	
	2002	2001
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Income (Loss)	\$ 4,717	\$ (15,045)
Depreciation and Amortization	31,189	30,245
Loss on Disposition of Plant and Equipment, Net	1,912	1,141
Provision for Deferred Income Taxes	5,174	1,529
Increase in Accounts Receivable	(119,264)	(182,211)
Increase in Inventories	(92,805)	(22,745)
(Increase) Decrease in Other Current Assets	3,352	(583)
Increase (Decrease) in Accounts Payable and Accrued Liabilities	(24,068)	7,391
Increase in Prepaid Pension, Net	(6,298)	(9,697)
Other, Net	(5,857)	(233)
Net Cash Used in Operating Activities	<u>(201,948)</u>	<u>(190,208)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Additions to Plant and Equipment	(19,908)	(26,657)
Proceeds Received on Disposition of Plant and Equipment	3,232	547
Other, Net	6,330	2,426
Net Cash Used in Investing Activities	<u>(10,346)</u>	<u>(23,684)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net Borrowings on Loans and Notes Payable	23,923	148,126
Issuance Costs of Long-Term Debt	-	(327)
Dividends	(6,927)	(6,696)
Proceeds from Exercise of Stock Options	-	95
Net Cash Provided by Financing Activities	<u>16,996</u>	<u>141,198</u>
EFFECT OF EXCHANGE RATE CHANGES	<u>1,575</u>	<u>569</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	<u>(193,723)</u>	<u>(72,125)</u>
CASH AND CASH EQUIVALENTS, Beginning	<u>215,945</u>	<u>88,743</u>
CASH AND CASH EQUIVALENTS, Ending	<u>\$ 22,222</u>	<u>\$ 16,618</u>