FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

(Mark One)

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 27, 1994

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from______________ to ______________

Commission file number 1-1370

BRIGGS & STRATTON CORPORATION
(Exact name of registrant as specified in its charter)

A Wisconsin Corporation	39-0182330
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

12301 West Wirth Street, Wauwatosa, Wisconsin 53222
(Address of Principal Executive Offices) (Zip Code)

414/259-5333
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
Yes X No_____.

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Outstanding at May 4, 1994
COMMON STOCK, par value $0.01 per share	14,463,500 Shares

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PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

CONSOLIDATED CONDENSED BALANCE SHEETS
(In thousands of dollars)

ASSETS

	March 27 1994 (Unaudited)	June 27 1993	March 28 1993 (Unaudited)
CURRENT ASSETS:			
Cash and cash equivalents	$ 92,576	$ 39,501	$ 7,283
Short-term investments	15,002	70,422	20,021
Receivables, net	237,359	124,981	229,326
Inventories -			
Finished products and parts	50,168	46,061	47,090
Work in process	19,705	25,320	19,967
Raw materials	3,636	2,684	1,788
Total inventories	$ 73,509	$ 74,065	$ 68,845
Future income tax benefits	29,590	27,457	24,958
Prepaid expenses	15,219	16,537	16,998
Total current assets	$463,255	$352,963	$367,431
PREPAID PENSION COST	$ 8,316	$ 7,602	$ 7,446
PLANT AND EQUIPMENT, at cost:	$667,961	$658,120	$662,211
Less - Accumulated depreciation and unamortized investment tax credit	379,366	362,578	358,706
Total plant and equipment, net	$288,595	$295,542	$303,505
	$760,166	$656,107	$678,382

LIABILITIES & SHAREHOLDERS' INVESTMENT

CURRENT LIABILITIES:			
Accounts payable	$ 49,717	$ 39,357	$ 37,410
Domestic notes payable	-	-	1,000
Foreign loans	23,706	15,927	29,472
Accrued liabilities	123,142	92,068	105,721
Dividends payable	6,653	-	6,075
Federal and state income taxes	11,285	10,592	11,792
Total current liabilities	$214,503	$157,944	$191,470
DEFERRED INCOME TAXES	$ 13,967	$ 49,900	$ 53,241
ACCRUED EMPLOYEE BENEFITS	$ 14,760	$ 13,305	$ 13,441
ACCRUED POSTRETIREMENT HEALTH CARE OBLIGATION	$ 63,434	$ -	$ -
LONG-TERM DEBT	$ 75,000	$ 75,000	$ 75,000
SHAREHOLDERS' INVESTMENT:			
Common stock-			
Authorized 30,000,000 shares, $.01 par value			
Issued and outstanding 14,463,500 shares	$ 145	$ 145	$ 145
Additional paid-in capital	42,404	42,883	42,883
Retained earnings	337,075	318,247	306,514
Cumulative translation adjustments	(1,122)	(1,317)	(4,312)
Total shareholders' investment	$378,502	$359,958	$345,230
	$760,166	$656,107	$678,382

The accompanying notes are an integral part of these statements.

BRIGGS & STRATTON CORPORATION AND SUBSIDIARIES
CONSOLIDATED CONDENSED STATEMENTS OF INCOME
(In thousands of dollars except amounts per share)
(Unaudited)

	Three Months Ended		Nine Months Ended	
	March 27 1994	March 28 1993	March 27 1994	March 28 1993
NET SALES	$386,196	$360,899	$913,705	$837,846
COST OF GOODS SOLD	303,223	285,878	730,155	683,768
Gross profit on sales	$ 82,973	$ 75,021	$183,550	$154,078
ENGINEERING, SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	24,169	22,141	67,808	62,066
Income from operations	$ 58,804	$ 52,880	$115,742	$ 92,012
INTEREST EXPENSE	(2,148)	(2,994)	(6,335)	(8,565)
OTHER INCOME(EXPENSE), net	1,863	(159)	6,600	301
Income before provision for income taxes	$ 58,519	$ 49,727	$116,007	$ 83,748
PROVISION FOR INCOME TAXES	22,810	18,910	45,240	31,500

Net income before cumulative effect of accounting changes	$ 35,709	$ 30,817	$ 70,767	$ 52,248
CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING FOR:				
Postretirement health care, net of income taxes	$ -	$ -	$(40,232)	$ -
Postemployment benefits, net of income taxes	-	-	(672)	-
Deferred income taxes	-	-	8,346	-
	$ -	$ -	$(32,558)	$ -
Net income	$ 35,709	$ 30,817	$ 38,209	$ 52,248
PER SHARE DATA*				
Net income before cumulative effect of accounting changes	$ 2.47	$ 2.13	$ 4.89	$ 3.61
Cumulative effect of accounting changes	-	-	(2.25)	-
Net income	$ 2.47	$ 2.13	$ 2.64	$ 3.61
Cash dividends	$ .46	$ .42	$ 1.34	$ 1.26

*Based on 14,463,500 shares outstanding.

The accompanying notes are an integral part of these statements.

BRIGGS & STRATTON CORPORATION AND SUBSIDIARIES
CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS
Increase(Decrease) in Cash and Cash Equivalents
(In thousands of dollars)
(Unaudited)

	Nine Months Ended	
CASH FLOWS FROM OPERATING ACTIVITIES:	March 27, 1994	March 28, 1993
Net income	$ 38,209	$ 52,248
Adjustments to reconcile net income to net cash provided by operating activities -		
Cumulative effect of accounting changes, net of taxes	32,558	-
Depreciation	31,489	31,075
(Gain)Loss on disposition of plant and equipment	(2,208)	2,352
(Increase)decrease in operating assets -		
Accounts receivable	(112,378)	(125,711)
Inventories	556	3,644
Other current assets	(1,986)	145
Other assets	(714)	(438)
Increase in liabilities -		
Accounts payable and accrued liabilities	43,508	32,712
Other liabilities	2,841	372
Net cash provided(used) by operating activities	$ 31,875	$ (3,601)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase(sale) of short-term investments	$ 55,420	$(20,021)

Additions to plant and equipment	(29,821)	(27,739)
Proceeds received on sale of plant and equipment	7,115	223
Net cash provided(used) in investing activities	$ 32,714	$(47,537)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net borrowings(repayments) on domestic and foreign loans	$ 7,779	$ (1,381)
Dividends	(19,381)	(18,224)
Purchase of common stock for treasury	(717)	(735)
Proceeds received on exercise of stock option	238	372
Net cash used in financing activities	$(12,081)	$(19,968)
EFFECT OF FOREIGN CURRENCY EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	$ 567	$ (553)
NET INCREASE(DECREASE) IN CASH AND CASH EQUIVALENTS	$ 53,075	$(71,659)
CASH AND CASH EQUIVALENTS, beginning	39,501	78,942
CASH AND CASH EQUIVALENTS, ending	$ 92,576	$ 7,283
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Interest paid	$ 6,335	$ 8,564
Income taxes paid	$ 48,169	$ 34,661

The accompanying notes are an integral part of these statements.

BRIGGS & STRATTON CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS
(Unaudited)

The accompanying unaudited consolidated condensed financial statements have been prepared in accordance with the rules and regulations of the Securities and Exchange Commission and therefore do not include all information and footnotes necessary for a fair presentation of financial position, results of operations and cash flows in conformity with generally accepted accounting principles. However, in the opinion of the Company, adequate disclosures have been presented to make the information not misleading, and all adjustments necessary to present fair statements of the results of operations and financial position have been included. It is suggested that these condensed financial statements be read in conjunction with the financial statements and the notes thereto included in the Company's latest annual report on Form 10-K.

At the beginning of fiscal year 1994, the Company adopted three Statements of Financial Accounting Standards (FAS) as follows:

FAS 106 - Postretirement Benefits Other Than Pensions -

This new standard requires that the Company record the expected cost of health care and life insurance benefits during the years that the employees render service--a significant change from the preceding method which recognized health care benefits on a cash basis. Postretirement life insurance benefits were previously being accounted for in a manner substantially emulating the new standards, so no adjustment was necessary. The cumulative effect of this change in accounting for postretirement health care benefits was a charge totaling $65,954,000 on a before tax basis or $40,232,000 on an after tax basis ($2.78 per share). The additional annual cost of accruing this cost over the former method will be approximately $2,000,000.

For measurement purposes, a 10.5% annual rate of increase in the per capita cost of covered health care claims was assumed for the years 1995 through 1997, decreasing gradually to 6% for the year 2007. The health care cost trend rate assumption has a significant effect on the amounts reported. The rates, if increased by 1%, would add $6,806,000 to the accumulated post retirement benefit at the beginning of the 1994 fiscal year. The discount rate used in determining the accumulated postretirement benefit obligation is 7.75% compounded annually. Both the health care and life insurance plans are unfunded.

The components of the postretirement health care benefit obligation at the beginning of the 1994 fiscal year are:

Retirees	$21,778,000
Fully Eligible Plan Participants	34,742,000
Other Active Participants	9,434,000
	$65,954,000

The actual health insurance benefit payments which are expected to be paid within the next twelve months are included in the caption Accrued Liabilities in the accompanying balance sheet. All amounts expected to be paid beyond one year are included in the caption Accrued Postretirement Health Care Obligation.

FAS 112 - Postemployment Benefits -

This new standard requires that the Company record the expected cost of postemployment benefits (not to be confused with the postretirement benefits described in the preceding paragraphs), also over the years that employees render service. These benefits are substantially smaller amounts because they apply only to employees who permanently terminate employment prior to retirement. The cumulative effect of this change was a charge totaling $1,102,000 or $672,000 after taxes ($.05 per share). There will be no significant increase in the annual costs of these plans.

The items included in this amount are disability payments, life insurance and medical benefits. These amounts are also discounted using a 7.75% interest rate.

FAS 109 - Accounting for Income Taxes -

The implementation of this standard results in the change in the recording of deferred income taxes from the former method which emphasized the provisions made in the income statement to a method which emphasizes the amounts to be paid out being recorded on the balance sheet. The adoption of this standard resulted in a cumulative adjustment which was recorded as income totaling $8,346,000 or $.58 per share.

The components of deferred tax assets (future income tax benefits) and liabilities (deferred income taxes) at the date of adoption at the beginning of the first quarter of fiscal 1994 were:

Future Income Tax Benefits:

Inventory	$ 2,425,000
Prepaid Expenses	2,032,000

Payroll Related Accruals	4,685,000
Warranty Reserves	10,761,000
Other Accrued Liabilities	4,291,000
Miscellaneous	2,092,000
	$26,286,000

BRIGGS & STRATTON CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS
(Unaudited - Continued)

Deferred Income Taxes:

Difference between book and tax methods applied to maintenance and supply inventories	$(3,220,000)
Prepaid Pension Cost	2,901,000
Accumulated Depreciation	44,931,000
Accrued Employee Benefits	(3,704,000)
Miscellaneous	(1,275,000)
	$39,633,000

The above amounts do not include the income tax effects arising from the adoption of FAS 106 and FAS 112 described in the preceding paragraphs.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

The following is Management's discussion and analysis of certain significant factors which have affected the Company's results of operations and financial condition during the periods included in the accompanying consolidated condensed financial statements.

RESULTS OF OPERATIONS

SALES

Net sales for the third quarter of fiscal 1994 increased 7% or $25,297,000 over the same quarter in the preceding year. This occurred even though the number of engines shipped showed no change in these same time periods. The increase in sales is due primarily to a shift to higher horsepower, higher selling price engines and the realization of small price increases between years. Engine service sales were up 9% between years for the third quarter, which makes up for the second quarter 8% decrease. There was also an increase in export sales. Lock unit shipments showed a 3% increase between years.

Sales for the nine months ended March 1994 increased 9% to $913,705,000. Engine unit shipments increased 3%, lock unit shipments were up 11%. The same factors described in the preceding paragraph affected the nine-month figures.

Demand for engines was strong throughout the third quarter as lawn and garden equipment manufacturers struggled to build inventory in expectation of good retail sales in the spring while trying to meet the current needs of retailers. The Company was unable to deliver all the engines its customers needed at the time they needed them. In this situation few customers were willing to admit that they didn't urgently need engines. Thus it was hard to judge the true strength of demand. However, rainfall has been adequate, and retail sales of lawn and garden equipment are reported to be strong. So Company management believes that if weather patterns continue to be favorable, sales in the fourth quarter will exceed those of last year's fourth quarter.

GROSS PROFIT

Gross profit (as a percent of net sales) increased from 20.8% in the previous year's third quarter to 21.5% in the current year's third quarter. This is a result of the change in sales mix to higher selling price engines, which have higher margins, and also small selling price increases.

The gross profit increase in the nine month amounts is due to the same factors described above and the change in year-to-date volume which spread fixed overhead over a larger number of engine units.

ENGINEERING, SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

This category of expenses showed a 9% increase between years--both in the three-month comparison and the nine-month comparison. The same factors affected all periods, namely increased manpower costs, provisions to the Company's projected Profit Sharing Plan and increases in professional services.

INTEREST EXPENSE

This category decreased in both the March quarter comparison and the year-to-date comparison. Both were due to the use of less debt by the Company to finance its working capital needs in the third quarter of the current fiscal year versus that used in the same period the previous fiscal year.

Company management expects the conditions described above will continue to exist in the fourth quarter.

OTHER INCOME(EXPENSE)

This category had a substantial change between years--both in the three-month comparison and the nine-month comparison. The three-month comparison reflected an improvement in investment income in the current fiscal year due to having more funds available for short-term investment. Also favorably effecting this comparison was an increase in the dividend received from the Company's joint venture in China and a decrease in the loss on disposition of plant and equipment between years. The nine-month comparison had this same benefit plus a $2,800,000 gain on the sale of the Company's German subsidiary facility in the first quarter of the year. Management believes investment income will continue at a higher level through the end of the current fiscal year.

PROVISION FOR INCOME TAXES

The effective tax rate of 39% is management's estimate of what this rate will be for the full fiscal year and includes a 1% increase in the federal statutory rate resulting from the Revenue Reconciliation Act of 1993.

CUMULATIVE EFFECT OF ACCOUNTING CHANGES

At the beginning of this first quarter of the fiscal year, the Company adopted the provisions of three accounting standards as prescribed by the Financial Accounting Standards Board. When adopting these standards, a cumulative catch-up adjustment must be made and must be reflected on the statement of income in the period of change. These provisions are referred to as Financial Accounting Standards (FAS) and are as follows:

FAS 106 - Employers' Accounting For Postretirement Benefits Other Than Pensions and
FAS 112 - Employers' Accounting For Postemployment Benefits:

The amounts recorded and a description of these items is in the accompanying notes. See that section.

FAS 109 - Accounting For Income Taxes:

The amount recorded and a description of this item is in the accompanying notes. This new method will have no significant effect on the Company's ongoing annual income tax provision unless there are changes in the statutory tax rates.

FINANCIAL CONDITION

The following comments apply to the change in the financial condition of the Company since the preceding fiscal year-end in June 1993.

Total cash, cash equivalents and short-term investments were $2,345,000 lower at the end of March 1994 than at the end of the preceding fiscal year in June 1993. The Company uses its cash items for normal working capital needs at this time of the year, but this reduction at the end of March 1994 is an abnormally small amount because of the retention of cash generated by profitable operations since the end of June 1993. This reflected itself in reduced interest expense and increased interest income in the current fiscal year.

The Company's investment in accounts receivable increased $112,378,000. This is a normal seasonal change in this asset. However, this increase is smaller than that of the preceding year because of increased sales volume late in the previous year's fourth quarter which resulted in an increase in the accounts receivable balance at the end of the 1993 fiscal year.

Inventories reflected no substantial change from the fiscal year-end balances. The current inventory levels are expected to remain the same until the end of the current fiscal year.

Current liabilities, excluding loans and notes payable, increased $43,508,000 since the end of the fiscal year. This also is a seasonal increase due to increased production activity since the end of the previous fiscal year, a dividend payable of $6,653,000 on the March 1994 balance sheet, but not on the fiscal year-end balance sheet, and an increase in unpaid profit sharing liabilities.

Additions to plant and equipment are slightly higher than the preceding year, and fourth quarter 1994 activity should be greater than the prior year.

The deferred income taxes are substantially reduced due to the income tax effects of the cumulative changes in accounting made in the first quarter of the current fiscal year.

The quarterly dividend rate was increased from $.44 per share to $.46 per share in the quarter ended in March 1994.

A comparison of the financial condition at the end of March 1994 to the same period in 1993 shows a large increase in the cash, cash equivalents and short-term investments. This is due to the retention of cash generated by profitable operations since that date.

BRIGGS & STRATTON CORPORATION AND SUBSIDIARIES

PART II - OTHER INFORMATION

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(b) Reports on Form 8-K.

There were no reports on Form 8-K for the third quarter ended March 27, 1994.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

BRIGGS & STRATTON CORPORATION
(Registrant)

Date: May 4, 1994

/s/ R. H. Eldridge
R. H. Eldridge
Secretary-Treasurer

Date: May 4, 1994

/s/ J. E. Brenn
J. E. Brenn
Vice President and Controller