

Annual Report 2001



Fume Hoods

LAN Workstations

Modular Furniture

Computer Enclosures

Wood Cabinetry

Laboratory Furniture

Worksurfaces

Network Storage Racks

Steel Cabinetry

...encouraging new discovery



Corporate Profile

Kewaunee Scientific Corporation is a recognized leader in the design, manufacture, and installation of scientific and technical furniture. The Company's Corporate headquarters are located in Statesville, North Carolina. The manufacturing facilities located in Statesville produce steel and wood laboratory furniture, fume hoods, network storage systems, and worksurfaces. The manufacturing facility located in Lockhart, Texas, produces technical furniture, including workstations, workbenches, computer enclosures, and related accessories, all to support local area computer networks and for the storage and assembly of computers and light electronics.



Financial Highlights

Kewaunee Scientific Corporation

\$ in thousands, except per share data	2001	2000	Percent Change
Operating Data:			
Net sales	\$77,059	\$74,798	+3.0
Gross profit	\$14,516	\$17,083	-15.0
Operating expenses	\$12,156	\$12,429	-2.2
Operating earnings	\$ 2,360	\$ 4,654	-49.3
Net earnings	\$ 1,277	\$ 3,561	-64.1
Net earnings per share			
Basic	\$ 0.52	\$ 1.45	-64.1
Diluted	\$ 0.51	\$ 1.44	-64.6
Return on average equity	5.0%	15.1%	—
Cash dividends per share	\$ 0.28	\$ 0.26	+7.7

Year-End Data:

Cash and cash equivalents	\$ 488	\$ 9	+5,322.2
Net working capital	\$14,685	\$11,472	+28.0
Total borrowings/long-term debt	\$ 2,997	\$ 2,555	+17.3
Stockholders' equity	\$25,761	\$25,135	+2.5
Book value per share	\$ 10.42	\$ 10.19	+2.3
Closing market price per share	\$ 8.650	\$13.438	-35.6

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Letter to our Stockholders

Fiscal year 2001 was an especially challenging year for Kewaunee, as it was for many businesses and investors.

Sales for the year were \$77,059,000, an increase of 3.0% over sales of \$74,798,000 in the prior year. Net earnings for the year were \$1,277,000, or \$.51 per diluted share, as compared to net earnings of \$3,561,000, or \$1.44 per diluted share, in the prior year.

Sales of laboratory products were relatively unchanged from the prior year, as lower sales to our industrial research customers were offset by increased demand from our educational customers. We entered the year in a soft industrial research market that had begun in the previous year. This market improved during our second quarter, before retreating further in the second half of the year. The slowing economy and political uncertainty prior to the resolution of the presidential election greatly reduced demand from our pharmaceutical customers, as they placed a number of significant projects on hold during this time.

Rising student enrollments and anticipated future student growth continued to fuel school construction and demand for our products. Despite the strength of this market, profit margins in this business, which are traditionally lower than those in the industrial research market, declined further during the year due to competitive pricing pressures.

Assisted by strong demand for our new network storage system products in the first half of the year, our technical products business achieved record sales and earnings for the year. This was accomplished despite a progressively weakening high-tech marketplace.

We made progress on a number of fronts during the year. One of our important goals for the year was to increase our sales order backlog. We were successful in increasing the backlog to \$35.5 million at year end, up from \$31.5 million at the end of the prior year. The sales backlog for laboratory products increased by \$4.9 million, while the sales backlog for technical products declined by \$900,000. The year was made more challenging as we experienced much higher energy costs and the continued escalation of healthcare costs.

Our new energy-efficient, Dynamic Barrier fume hood introduced late last year continues to be well received in the marketplace. Customers find this product appealing because of the energy saving and environmentally "green" features of its design. This fume hood requires over 70% less exhaust air volume than a traditional by-pass fume hood. Our new innovative network storage system for hardware components used by the Internet and telecommunications markets was also well accepted in the marketplace.

Our joint venture in Singapore, Kewaunee Labway Asia, had another successful year. One of the highlights of the year was being awarded a contract from General Electric to furnish our Dynamic Barrier fume hoods for the prestigious John F. Welch Technology Centre in Bangalore, India. Our successful completion of this project has provided us valuable recognition in the growing India research market.

We continued the modernization of our Statesville, North Carolina factories. Investments were made to upgrade our resin facility and related manufacturing processes, providing significant improvements in manufacturing efficiencies and reduced costs. This increased capacity now allows us to provide our unique Kemresin product with its superior gloss finish for all Kewaunee projects.

Thomas F. Pyle resigned in February 2001, due to conflicts in his business schedule, after serving as a Director of the Company since 1987. He made many valuable contributions to the Company during his tenure, and he will be missed. We are pleased to report that your Board has elected Silas Keehn to fill Mr. Pyle's seat. Mr. Keehn, a resident of Winnetka, Illinois, is retired President of the Federal Reserve Bank of Chicago.



Corporate Officers (left to right):
(Seated) Eli Manchester, Jr., William A. Shumaker
(Standing) D. Michael Parker, Roger L. Eggena, James J. Rossi, Kenneth E. Sparks, Kurt P. Rindoks

Outlook

We are optimistic about Kewaunee's long-term success and profitability.

The industrial research market, which has been soft for the past several years, has recently shown signs of improvement, with pharmaceutical and chemical companies moving forward on projects previously placed on hold. The future for this market looks bright, as pharmaceutical companies are expected to increase capital spending to fund new projects for research and development to meet the needs of an aging population. School construction spending is expected to remain strong for many years. We have developed several strategies and initiated a number of actions to improve our profit margins and increase our market share in this growth market.

Although the market for our technical products is expected to remain weak until capital spending by high-tech companies improves, we feel we are well positioned to take advantage of the growth projected in this area when the market rebounds. We have recently introduced a new computer enclosure cabinet line, a superior slotted-post workstation for component assembly, and a cost-effective TekRak storage system for computer servers. We believe these new products should contribute to our success next year.

In closing, we would like to thank our stockholders; our associates; our dealers and direct sales representatives; and our national stocking distributor of laboratory products, VWR International, for your continued support and contributions.

Sincerely,

Eli Manchester, Jr.
Chairman of the Board

William A. Shumaker
President,
Chief Executive Officer

July 2001

Laboratory Products

“Kewaunee Engineers Solutions”



2001 Pittsburgh Conference – Kewaunee displays at the largest exhibition for scientific advancement in the United States



With innovative products and services, Kewaunee’s Laboratory Products Group serves the needs of diverse markets, including:

- Pharmaceutical & Biotechnology
- Chemical & Industrial
- International
- Government
- Health Care
- University & Secondary School

Each of these unique laboratory environments requires sophisticated product solutions, design and engineering expertise, and a timely installation. “Kewaunee engineers solutions” by creatively utilizing our Casework Systems, Fume Hoods, and Worksurfaces.

At the 2001 Pittsburgh Conference, *R & D Magazine* recognized two Kewaunee projects in their 2001 Lab of the Year Awards. In the renovation category, the University of Washington Rosen Building in Seattle took the top award. The Pharmacia project in Skokie, Illinois received honorable mention in the new construction category. These projects epitomize current trends in modern laboratory design and reflect how unique applications of Kewaunee products met the individual requirements of both clients.

Casework Systems



Pharmacia – Alpha System and carts with Discovery casework in light neutral and driftwood



CTL, Inc. – Alpha System, Trademark casework in light neutral and dutch blue; Supreme Air fume hoods

Research needs are changing very rapidly, requiring flexible laboratory furniture. Architects, lab designers, and facility engineers, along with the ultimate users, are all part of the dynamic process of designing laboratories for current and future needs. Kewaunee meets this challenge with a comprehensive offering of high quality products and a sales organization fully prepared to guide our customers through the design and product selection process.

Our Alpha System of reconfigurable casework, mobile carts, and workstations incorporates innovative approaches for plumbing, electrical, and data needs of the modern laboratory. The Research Collection of steel casework features five distinctive design styles. Signature Series wood casework is available in oak or maple and offers four design style options.

Fume Hoods



PharmaCore, Inc. – Dynamic Barrier fume hoods, light neutral Contour casework and black Kemresin tops



University of Washington – Supreme Air fume hoods, maple Style 5 casework and Kemresin tops

In today's laboratory construction, the fume hood is a very sophisticated piece of equipment. Fume hoods integrate with all of the major building systems: ventilation, plumbing, and electrical. With the high cost of energy and a national focus on environmental issues, energy conservation in the lab is an important design challenge. Kewaunee's Dynamic Barrier fume hood leads the way in energy conservation with a 70% savings over traditional fume hoods.

Our Supreme Air Series fume hoods are comprised of a variety of models and comprehensive option packages, enabling a hood to be tailored to the specific application needs of any laboratory.

Worksurfaces



Sherando High School – Black Kemresin tops and Silhouette oak casework, fawn finish



Construction Technology Laboratories, Inc. – Kemresin Lite tops and Trademark casework in light neutral and dutch blue

The durability required for worksurfaces is unique at every facility. Whether it is to withstand student experimentation found in an educational institution, or the harsh chemical usage in industrial environments, our high-gloss Kemresin tops meet the challenge.

Kemresin and Kemresin Lite work tops are manufactured exclusively by Kewaunee. Each top is custom made and installed according to configurations and applications required for each assembly. These worksurfaces have excellent resistance to acids, alkalis, and solvents throughout, and feature an ultra smooth, non-porous surface.

Technical Furniture

“Ingenuity @ Work”



Evolution storage, shelving, lighting, and utilities can be configured for many applications

The flexibility of Evolution for LANs provides for efficient management of equipment in computer intensive environments



Pedestal Based Systems



The Peter Kiewit Institute at the University of Nebraska, Omaha chose Sturdilite to meet their various needs

Sturdilite technical workstations combine functionality and durability. EDS control options add to their versatility



The Technical Furniture Group serves a diverse and rapidly changing high-tech marketplace. “Ingenuity @ Work” aptly describes our ability to serve the needs of many markets, including:

- High-Tech Electronic Research and Development
- High-Tech Electronics Manufacturing
- Computer and Data Network Centers (LAN/WAN/Broadband/Internet)
- Telecommunications Network Centers
- Engineering and Ergonomic Environments

Our product development and manufacturing capabilities allow for effective utilization and customization of our modular product lines. We can readily react to these evolving technologies and markets.

Panja Inc. is one of the many customers who has benefited from our ingenious solutions that address the requirements of technically sophisticated facilities. We designed dual-purpose workstations in a vertical configuration, which allows for increased productivity with less floor space.

Designing, engineering, creating, and testing the sophisticated electronics that are essential to today's high-tech business and consumer oriented products require robust and technically advanced work areas. The time-proven durability and quality offered by the Sturdilite product line meet the needs of equipment intensive environments that require a variety of storage options. In many applications, the electro-static discharge (ESD) capabilities of our furniture are integral to creating successful work environments. Our products meet the stringent national standards for ESD control.

The ability to modify our product to meet a customer's specific requirements is often employed to accommodate varied electrical power needs at the same workstation. We can customize placement of data ports to optimize the networking capabilities of sophisticated equipment. Importantly, as technology changes and increases, we help customers maximize their productivity and ergonomics within virtually any working environment.

Modular Systems



Panja Inc. – Evolution workstations provide a unique answer to cable management

Evolution's modular flexibility is ideal for arranging power outlets, cable raceways, storage provisions, and overhead lighting



Requirements for rapid mobilization or reconfiguration within engineering, testing, and production lead customers to the new slotted-post workstation product line or the highly adaptable Evolution product line.

The modular nature of these products provides a flexible approach to creating ideal working environments because they can accommodate a wide host of options and accessories from workstation to workstation. When the application calls for sophisticated designs to interface with robotic automation and automated conveyors, our sales and engineering staff team up with project managers, production engineers, contractors, other equipment providers, and the ultimate users to meet their needs.

Enclosures



The enclosure offering includes options such as double doors for co-location data centers, easy-to-open side panels, cooling fans, and comprehensive wire management



The power of Kewaunee ingenuity is very apparent to those involved in creating and maintaining the rapidly growing data network infrastructure. Our 300 Series and 500 Series enclosure cabinets incorporate best-of-class features that provide extraordinary flexibility in organizing storage solutions for technology. The Evolution for LANs enclosure provides an air-cooled, contamination-free, secured housing for confidential computer files.

When open racking is the desired approach to housing servers and networking equipment, Kewaunee's Network Storage Rack System offers unparalleled installation advantages and built-in seismic qualities to protect vital network equipment.

Special Note Regarding Forward-Looking Statements

Certain statements in this annual report, including the Letter to Stockholders, narrative text, captions and Management's Discussion and Analysis of Financial Condition and Results of Operations, constitute "forward-looking" statements within the meaning of the Private Securities Litigation Reform Act of 1995 (the "Reform Act"). Such forward-looking statements involve known and unknown risks, uncertainties and other factors that could significantly impact results or achievements expressed or implied by such forward-looking statements. These factors include, but are not limited to, economic, competitive, governmental, and technological factors, affecting the

Company's operations, markets, products, services, and prices. The cautionary statements made pursuant to the Reform Act herein and elsewhere by the Company should not be construed as exhaustive. The Company cannot always predict what factors would cause actual results to differ materially from those indicated by the forward-looking statements. In addition, readers are urged to consider statements that include the terms "believes," "belief," "expects," "plans," "objectives," "anticipates," "intends," or the like to be uncertain and forward-looking.

Management's Discussion and Analysis

Results of Operations

Sales for fiscal year 2001 were \$77.1 million, up 3.0% from fiscal year 2000 sales of \$74.8 million. Sales of laboratory products were relatively unchanged from the prior year, as sales were adversely impacted when industrial research customers rescheduled delivery dates beyond the current year for a number of large orders due to construction delays. The Company experienced record sales during the year for its technical products, as demand for these, including the new network storage system products, was particularly strong in the first half of the year. The slowdown in spending in the high-tech industry significantly reduced demand for the Company's technical products late in the year.

Sales for fiscal year 2000 decreased 3.5% from fiscal year 1999 sales of \$77.5 million. The sales decrease for the 2000 fiscal year resulted from a softer research market for laboratory products, partially offset by strong sales of technical furniture products and increased sales of laboratory products to educational customers. The Company's unfilled sales order backlog increased to \$35.5 million at April 30, 2001, up from \$31.5 million at April 30, 2000, and \$27.0 million at April 30, 1999.

Gross profit represented 18.8%, 22.8%, and 22.8% of sales in fiscal years 2001, 2000, and 1999, respectively. The gross profit margin in fiscal year 2001 was adversely affected by lower selling prices of laboratory products and an unfavorable sales mix between higher margin industrial research projects and lower margin educational projects. Prices in the educational laboratory market declined further during the year, as companies pursued this business to offset the impact of the continuing weakness in the industrial research market. Margins for the year were also impacted by higher energy costs and the continued escalation of healthcare costs. As compared to fiscal year 1999, the gross profit margin in fiscal year 2000 was favorably affected by improved manufacturing efficiencies and reduced manufacturing costs at the Company's Statesville, North Carolina facility, as well as increased sales of technical products. The impact of these factors was offset by lower sales volumes and a change in the product sales mix of laboratory products.

Operating expenses were \$12.2 million, \$12.4 million, and \$12.3 million in fiscal years 2001, 2000, and 1999, respectively, and 15.8%, 16.6%, and 15.9% of sales, respectively. In fiscal year 2001, the decline in operating

expenses resulted primarily from the impact of cost reduction activities implemented during the year. The modest increase in operating expenses in fiscal year 2000 was primarily attributable to inflationary factors.

Other expense and income was an expense of \$276,000 in fiscal year 2001, compared to income of \$326,000 and \$325,000 in fiscal years 2000 and 1999, respectively. Other expense in fiscal year 2001 included a charge of \$391,000 associated with a resolution of a dispute between the Company and a general contractor on a construction project completed in 1990. Other income in fiscal years 2000 and 1999 included income of \$244,000 and \$295,000, respectively, from collections associated with a litigation settlement with certain suppliers for overcharges in earlier years. Interest expense was \$246,000, \$169,000, and \$96,000 in fiscal years 2001, 2000, and 1999, respectively. The change in interest expense for fiscal years 2001, 2000, and 1999 resulted primarily from changes in the levels of borrowings during each year.

The Company recorded income tax expense of \$561,000 in fiscal year 2001, as compared to income tax expense of \$1.3 million and \$2.2 million in fiscal years 2000 and 1999, respectively. The effective rate was 30.5%, 26.0%, and 39.5% of pretax earnings in fiscal years 2001, 2000, and 1999, respectively. The fiscal years 2001 and 2000 effective tax rates were reduced by federal and state tax credits for research and development activities, as well as state tax credits available for purchases of machinery and equipment. Net earnings decreased to \$1.3 million, or \$0.51 per diluted share, in fiscal year 2001, from \$3.6 million, or \$1.44 per diluted share, in fiscal year 2000. Net earnings were \$3.4 million, or \$1.38 per diluted share, in fiscal year 1999.

Liquidity and Capital Resources

The Company's principal sources of liquidity have been funds generated from operating activities, supplemented as needed by the Company's credit facility. The Company believes that these sources will be sufficient to support ongoing business levels, including capital expenditures.

Operating activities provided cash of \$2.4 million, \$2.2 million, and \$1.3 million in fiscal years 2001, 2000, and 1999, respectively, primarily from earnings in each of these years. Working capital increased to \$14.7 million

at April 30, 2001, from \$11.5 million at April 30, 2000, and the ratio of current assets to current liabilities increased to 2.5-to-1 at April 30, 2001 from 2.0-to-1 at April 30, 2000.

At April 30, 2001, the Company had no advances outstanding under its \$6 million revolving credit loan.

Capital expenditures of \$1.7 million, \$3.4 million, and \$3.7 million in fiscal years 2001, 2000, and 1999, respectively, were funded by cash provided by operating activities and \$3.1 million borrowed in February 2001 under a 5-year bank note. Fiscal year 2002 capital expenditures are not expected to differ significantly from expenditures in fiscal year 2001 and are expected to be funded primarily by operating activities.

The Company paid cash dividends of \$.28 per share, \$.26 per share, and \$.22 per share in fiscal years 2001, 2000, and 1999, respectively. In the third quarter of fiscal year 2000, the Company increased its quarterly cash dividend to seven cents per share from six cents per share. The Company expects to pay dividends in the future in line with the Company's actual and anticipated future operating results.

Recent Accounting Standards

In fiscal year 2001, the Company adopted Statement of Financial Accounting Standards ("SFAS") No. 133, "Accounting for Derivative Instruments and Hedging Activities," which established new standards of accounting and reporting for derivative instruments and hedging activities. The adoption of SFAS No. 133 had no significant effect on the Company's financial condition or results of operations. In December 1999, the Securities and Exchange Commission issued Staff Accounting Bulletin No. 101, "Revenue Recognition in Financial Statements" ("SAB 101"). SAB 101 summarizes certain areas of the Staff's views in applying generally accepted accounting principles to revenue recognition in financial statements. The Company believes that its current revenue recognition policies comply with SAB 101.

Statements of Operations

Years Ended April 30

Kewaunee Scientific Corporation

\$ and shares in thousands, except share amounts	2001	2000	1999
Net sales	\$77,059	\$74,798	\$77,478
Costs of products sold	62,543	57,715	59,782
Gross profit	14,516	17,083	17,696
Operating expenses	12,156	12,429	12,315
Operating earnings	2,360	4,654	5,381
Other (expense) income	(276)	326	325
Interest expense	(246)	(169)	(96)
Earnings before income taxes	1,838	4,811	5,610
Income tax expense	561	1,250	2,214
Net earnings	\$ 1,277	\$ 3,561	\$ 3,396
Net earnings per share			
Basic	\$ 0.52	\$ 1.45	\$ 1.40
Diluted	\$ 0.51	\$ 1.44	\$ 1.38
Weighted average number of common shares outstanding			
Basic	2,467	2,456	2,432
Diluted	2,490	2,478	2,464

Statements of Stockholders' Equity

Years Ended April 30

Kewaunee Scientific Corporation

\$ in thousands, except share amounts	Common Stock	Additional Paid-in Capital	Retained Earnings	Treasury Stock	Total Stockholders' Equity
Balance at April 30, 1998	\$6,550	\$144	\$13,568	\$(1,223)	\$19,039
Net Earnings	—	—	3,396	—	3,396
Cash dividends declared, \$.22 per share	—	—	(535)	—	(535)
Stock options exercised, 21,500 shares	—	4	—	128	132
Balance at April 30, 1999	6,550	148	16,429	(1,095)	22,032
Net Earnings	—	—	3,561	—	3,561
Cash dividends declared, \$.26 per share	—	—	(639)	—	(639)
Stock options exercised, 29,875 shares	—	6	—	178	184
Purchase of treasury stock, 300 shares	—	—	—	(3)	(3)
Balance at April 30, 2000	6,550	154	19,351	(920)	25,135
Net earnings	—	—	1,277	—	1,277
Cash dividends declared, \$.28 per share	—	—	(690)	—	(690)
Stock options exercised, 7,501 shares	—	(4)	—	44	40
Purchase of treasury stock, 130 shares	—	—	—	(1)	(1)
Balance at April 30, 2001	\$6,550	\$150	\$19,938	\$ (877)	\$25,761

The accompanying Notes are an integral part of these Financial Statements

Balance Sheets

April 30

Kewaunee Scientific Corporation

ASSETS \$ and shares in thousands, except share amounts	2001	2000
Current Assets		
Cash and cash equivalents	\$ 488	\$ 9
Receivables, less allowance \$389 (2001); \$490 (2000)	17,629	17,993
Inventories	4,370	3,499
Deferred income taxes	915	1,151
Prepaid income taxes	758	—
Prepaid expenses and other current assets	498	380
Total Current Assets	24,658	23,032
Property, Plant and Equipment		
Land	98	109
Buildings and improvements	13,857	13,846
Machinery and equipment	20,789	19,287
Property, plant and equipment Accumulated depreciation	34,744 (21,825)	33,242 (19,736)
Net Property, Plant and Equipment	12,919	13,506
Other Assets	3,292	2,778
Total Assets	\$ 40,869	\$39,316
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Short-term borrowings	\$ —	\$ 2,555
Current portion of long-term debt	620	—
Accounts payable	5,334	5,412
Employee compensation and amounts withheld	1,446	1,352
Deferred revenue	1,024	508
Other accrued expenses	1,549	1,733
Total Current Liabilities	9,973	11,560
Long Term Debt	2,377	—
Deferred Income Taxes	1,063	944
Accrued Employee Benefit Plan Costs	1,695	1,677
Total Liabilities	15,108	14,181
Commitments and Contingencies (Note 6)		
Stockholders' Equity		
Common stock, \$2.50 par value Authorized—5,000 shares; Issued—2,620 shares	6,550	6,550
Additional paid-in-capital	150	154
Retained earnings	19,938	19,351
Common stock in treasury, at cost 147 shares (2001); 154 (2000)	(877)	(920)
Total Stockholders' Equity	25,761	25,135
Total Liabilities and Stockholders' Equity	\$ 40,869	\$39,316

The accompanying Notes are an integral part of these Financial Statements

Statements of Cash Flows

Years Ended April 30

Kewaunee Scientific Corporation

\$ in thousands	2001	2000	1999
Cash Flows from Operating Activities			
Net earnings	\$1,277	\$3,561	\$3,396
Adjustments to reconcile net earnings to net cash provided by operating activities:			
Depreciation	2,168	1,968	1,565
Bad debt provision	144	123	16
Deferred income tax expense (benefit)	355	(255)	479
Increase in prepaid income taxes	(758)	—	—
Decrease (increase) in receivables	220	(885)	(3,428)
(Increase) decrease in inventories	(871)	(559)	770
Decrease in accounts payables and accrued expenses	(168)	(1,728)	(554)
Other, net	(1)	(30)	(903)
Net cash provided by operating activities	2,366	2,195	1,341
Cash Flows from Investing Activities			
Capital expenditures	(1,678)	(3,352)	(3,678)
Net cash used in investing activities	(1,678)	(3,352)	(3,678)
Cash Flows from Financing Activities			
Dividends paid	(690)	(639)	(535)
Net (decrease) increase in short-term borrowings	(2,555)	1,616	939
Proceeds from long-term debt	3,100	—	—
Payments on long-term debt	(103)	—	—
Proceeds from exercise of stock options (including tax benefit)	40	184	132
Purchase of treasury stock	(1)	(3)	—
Net cash (used in) provided by financing activities	(209)	1,158	536
Increase (Decrease) in Cash and Cash Equivalents	479	1	(1,801)
Cash and Cash Equivalents at Beginning of Year	9	8	1,809
Cash and Cash Equivalents at End of Year	\$ 488	\$ 9	\$ 8
Supplemental Disclosure of Cash Flow Information			
Interest paid	\$ 266	\$ 159	\$ 82
Income taxes paid	\$1,196	\$1,080	\$2,321

The accompanying Notes are an integral part of these Financial Statements

Notes to Financial Statements

Note 1—Summary of Significant Accounting Policies

Kewaunee Scientific Corporation (the “Company”) is a manufacturer of scientific and technical furniture, including wood and steel laboratory furniture, fume hoods, network storage systems, worksurfaces, workstations, workbenches, computer enclosures, and other related accessories. Sales are made through purchase orders and contracts submitted by customers, the Company’s dealers and agents, a national distributor, and competitive bids submitted by the Company. The majority of the Company’s products are sold to customers located in North America, primarily within the United States. The Company’s laboratory products are used in chemistry, physics, biology, and other general science laboratories in the pharmaceutical, biotechnology, industrial, chemical, commercial, education, government, and health care markets. Technical products are used in manufacturing facilities of computers and light electronics and by users of computer and networking furniture.

Cash and Cash Equivalents Cash and cash equivalents consist of cash on hand and highly liquid investments with original maturities of three months or less.

Inventories Inventories are valued at the lower of cost or market. Cost has been determined using the last-in, first-out (LIFO) method for all inventories.

Property, Plant and Equipment Property, plant and equipment are stated at cost less accumulated depreciation. Depreciation is determined for financial reporting purposes, principally on the straight-line method over the estimated useful lives of the individual assets or, for leaseholds, over the terms of the related leases, if shorter. Straight-line and accelerated methods of depreciation have been used for income tax purposes. The lives, by category, generally are as follows: buildings and improvements, 10-40 years; leasehold improvements, 10 years; furniture, fixtures, and office equipment, 3-5 years; computer equipment, 3-5 years; factory machinery and vehicles, 5-10 years. Management reviews the carrying value of property, plant and equipment for impairment whenever changes in circumstances or events indicate that such carrying value may not be recoverable.

Use of Estimates The presentation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from these estimates. Significant estimates impacting the accompanying financial statements include the allowance for uncollectible accounts receivable, inventory valuation, and pension liabilities.

Fair Value of Financial Instruments The Company’s financial instruments include cash and cash equivalents, cash surrender value of life insurance policies, long-term debt, and short-term borrowings. Management believes the carrying value of these assets and liabilities approximate fair value.

Sales Recognition Product sales are generally recognized at the date of shipment, or when customers have purchased and accepted title of the goods, but requested the Company to store the finished goods on the customer’s behalf. Product sales for fixed-price construction contracts are recognized under the percentage-of-completion method of accounting, with sales revenue allocated based on costs incurred for products completed and shipped to the customer. Service revenue for installation of product sold is recognized as the work is performed. Accounts receivable includes retainage in the amounts of \$1,796,000 and \$1,971,000 at April 30, 2001 and April 30, 2000, respectively, on certain sales made under contractual agreements. Warranty costs are expensed as incurred.

Credit Concentration The Company’s credit risk is generally not concentrated with any one customer or industry, although the Company does enter into large contracts with individual customers from time to time. The Company performs credit evaluations of its customers.

Income Taxes Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes.

Advertising Costs The Company expenses advertising costs as incurred, including trade shows, training materials, sales samples, catalogs, and other related expenses. Advertising costs for the years ended April 30, 2001, 2000, and 1999 were \$705,000, \$714,000, and \$913,000, respectively.

Earnings Per Share Basic earnings per share is based on the weighted average number of common shares outstanding during the year. Diluted earnings per share reflects the assumed exercise and conversion of outstanding options under the Company's stock option plans, except when options have an antidilutive effect.

Reclassifications Certain prior year accounts have been reclassified to conform with current year presentation.

Recent Accounting Standards In fiscal year 2001, the Company adopted Statement of Financial Accounting Standards ("SFAS") No. 133, "Accounting for Derivative Instruments and Hedging Activities," which established new standards of accounting and reporting for derivative instruments and hedging activities. The adoption of SFAS No. 133 had no significant effect on the Company's financial condition or results of operations. In December 1999, the Securities and Exchange Commission issued Staff Accounting Bulletin No. 101, "Revenue Recognition in Financial Statements" ("SAB 101"). SAB 101 summarizes certain areas of the Staff's views in applying generally accepted accounting principles to revenue recognition in financial statements. The Company believes that its current revenue recognition policies comply with SAB 101.

Note 2—Inventories

The Company's inventories at April 30 consisted of:

\$ in thousands	2001	2000
Finished goods	\$1,023	\$ 673
Work-in-process	1,455	932
Materials and components	1,892	1,894
Total inventories	\$4,370	\$3,499

If inventories had been determined using the first-in, first-out (FIFO) method at April 30, 2001 and 2000, reported inventories would have been \$2.3 million and \$2.2 million greater, respectively.

Note 3—Long-term Debt and Other Credit Arrangements

Long-term debt consisted of the following at April 30:

\$ in thousands	2001	2000
Notes payable, bank	\$2,997	—
Less - current portion	620	—
Long-term portion	\$2,377	—

In February 2001, the Company borrowed \$3.1 million under a bank note collateralized by certain machinery and equipment. The loan is repayable in 60 equal monthly installments plus interest. The note includes certain financial covenants as to tangible net worth, funds flow coverage, current ratio, and ratio of liabilities to tangible net worth.

In January 2001, the Company amended its bank unsecured revolving credit loan from \$3 million to \$6 million and extended it through December 2002. At April 30, 2001, no advances were outstanding under this loan.

Monthly interest payments are payable under the bank note and revolving credit loan calculated at the lower of (1) the LIBOR Market Index Rate plus 1.75%, or (2) the lender's Prime Rate minus .75%. The borrowing rate was 6.2% at April 30, 2001.

Note 4—Income Taxes

The income tax expense consisted of the following:

\$ in thousands	2001	2000	1999
Current tax expense:			
Federal	\$188	\$1,320	\$1,417
State and local	18	185	318
Total current tax expense	206	1,505	1,735
Deferred tax expense (benefit):			
Federal	310	42	395
State and local	45	(297)	84
Total deferred tax expense (benefit)	355	(255)	479
Net income tax expense	\$561	\$1,250	\$2,214

The reasons for the differences between the above net income tax expense and the amounts computed by applying the statutory federal income tax rates to earnings before income taxes are as follows:

\$ in thousands	2001	2000	1999
Income tax expense at statutory rate	\$625	\$1,636	\$1,907
State and local taxes, net of federal income tax benefit	85	221	266
Tax credits	(232)	(654)	—
Other items, net	83	47	41
Net income tax expense	\$561	\$1,250	\$2,214

Significant items comprising the Company's deferred tax assets and liabilities as of April 30 were as follows:

\$ in thousands	2001	2000
Deferred tax assets:		
Accrued employee benefit expenses	\$ 658	\$ 800
Allowance for doubtful accounts	160	208
Inventory reserves and capitalized costs	70	135
Other	27	8
Total deferred tax assets	915	1,151
Deferred tax liabilities:		
Book basis in excess of tax basis of property, plant and equipment	(1,063)	(944)
Total deferred tax liabilities	(1,063)	(944)
Net deferred tax assets (liabilities)	\$ (148)	\$ 207

Note 5—Stock Options

During fiscal year 1992, stockholders approved the 1991 Key Employee Stock Option Plan, and the plan was subsequently amended to increase the number of shares available for options under the plan to 230,000. Options were granted at not less than the fair market value at the date of grant. Options are exercisable in such installments, for such terms (up to 10 years), and at such times, as the Board of Directors may determine at the time of the grant. At April 30, 2001, no shares were available for future grants under the plan.

During fiscal year 1994, the stockholders approved the 1993 Stock Option Plan for Directors. This plan allows the Company to grant options on 40,000 shares of the Company's common stock. Each non-employee director of the Company is eligible to receive an option to purchase 5,000 shares of the Company's common stock on the effective date of the plan or on the date of commencement of service as a director. Options are exercisable in four equal, annual installments and expire five years from the date of grant. Options are granted at the fair market value at the date of grant. At April 30, 2001, there were 10,000 shares available for future grants under the plan. No shares may be granted under the plan after August 25, 2001.

During fiscal year 2001, stockholders approved the 2000 Key Employee Stock Option Plan. This plan allows the Company to grant options on 100,000 shares of the Company's common stock. Options are granted at not less than the fair market value at the date of grant. Options are exercisable in such installments, for such terms (up to 10 years), and at such times, as the Board of Directors may determine at the time of the grant. At April 30, 2001, there were 100,000 shares available for future grants under the plan.

The Company utilized treasury stock to satisfy the stock options exercised during fiscal years 2001, 2000, and 1999. Stock option activity and weighted average exercise price is summarized as follows:

	2001		2000		1999	
	Options	Price	Options	Price	Options	Price
Outstanding at beginning of year	115,775	\$ 8.28	124,500	\$ 6.85	110,250	\$ 4.48
Granted	43,750	10.13	28,150	10.38	35,750	12.00
Canceled	—	—	(7,000)	10.34	—	—
Exercised	(7,501)	3.50	(29,875)	3.82	(21,500)	3.25
Outstanding at end of year	152,024	\$ 9.04	115,775	\$ 8.28	124,500	\$ 6.85
Exercisable at end of year	66,420	\$ 7.27	47,568	\$ 5.80	46,304	\$ 4.34

The options outstanding and weighted average exercise price within the following price ranges at April 30, 2001 are as follows:

Exercise price range	\$2.31 – \$3.25	\$3.87 – \$4.62	\$8.13 – \$12.00
Options outstanding	6,125	25,249	120,650
Weighted average exercise price	\$2.62	\$4.14	\$10.39
Weighted average remaining contractual life (years)	4.1	3.8	8.2

The options exercisable and weighted average exercise price within the following price ranges at April 30, 2001 are as follows:

Exercise price range	\$2.31 – \$3.25	\$3.87 – \$4.62	\$8.13 – \$12.00
Options exercisable	6,125	25,249	35,046
Weighted average exercise price	\$2.62	\$4.14	\$10.33

Fair Value Disclosures The Company applies APB Opinion No. 25 and its related interpretations in accounting for its stock option plans. Accordingly, no compensation cost has been recognized for these plans. Had compensation costs for these plans been determined based on the fair value at the grant dates for awards under the plans consistent with the method of SFAS No. 123, the Company's net earnings and net earnings per share for fiscal years 2001, 2000, and 1999 would have been reduced to the pro forma amounts indicated as follows:

	2001	2000	1999
Net earnings (in thousands)			
As reported	\$1,277	\$3,561	\$3,396
Pro forma	1,212	3,488	3,332
Net earnings per share – Basic			
As reported	\$.52	\$ 1.45	\$ 1.40
Pro forma	.49	1.42	1.37
Net earnings per share – Diluted			
As reported	\$.51	\$ 1.44	\$ 1.38
Pro forma	.49	1.41	1.35

The estimated weighted average fair value of options granted under the Company's stock option plans was \$4.70 in 2001, \$4.74 in 2000, and \$5.91 in 1999. The options were valued using the Black-Scholes option-pricing model with the following assumptions used for 2001, 2000, and 1999: dividend yield of 2.5%, 2.5%, and 2.0%; expected volatility of 50%, 49%, and 52%; risk-free interest of 5.80%, 5.81%, and 5.20%; and an expected life of 7.25 years.

Note 6—Commitments and Contingencies

The Company is involved in certain claims and legal proceedings in the normal course of business which management believes will not have a material adverse effect on the financial condition or results of operations of the Company.

The Company has entered into various operating lease agreements for machinery and equipment. Most leases provide the Company with certain early cancellation rights, as well as renewal and purchase options. Rent expense was \$561,000, \$578,000, and \$577,000 in fiscal years 2001, 2000, and 1999, respectively.

Under the terms of these agreements, future minimum lease payments for the years ended April 30 are as follows:

\$ in thousands	Amount
2002	\$ 486
2003	444
2004	432
2005	298
2006	268
Thereafter	271
Total minimum lease payments	\$2,199

Note 7—Retirement Benefits

The Company has non-contributory defined benefit pension plans covering substantially all salaried and hourly employees. The defined benefit plan for salaried employees provides pension benefits that are based on each employee's years of service and average annual compensation during the last 10 consecutive calendar years of employment. The benefit plan for hourly employees provides benefits at stated amounts based on years of service. The Company's funding policy is to make regular contributions to fund the plans during the participant's working lifetime, which have met ERISA's funding requirements. Plan assets consist primarily of mutual funds.

The change in benefit obligations and the change in fair value of plan assets for the non-contributory defined pension plans for each of the years ended April 30 are summarized as follows:

\$ in thousands	2001	2000
Change in Benefit Obligations		
Benefit obligations, beginning of year	\$ 7,585	\$7,774
Service cost	324	349
Interest cost	581	558
Actuarial loss (gain)	439	(791)
Actual benefits paid	(336)	(305)
Benefit obligations, end of year	\$ 8,593	\$7,585
Change in Plan Assets		
Fair value of plan assets, beginning of year	\$ 7,084	\$7,007
Actual (loss) return on plan assets	(259)	258
Actual company contributions	687	124
Actual benefits paid	(336)	(305)
Fair value of plan assets, end of year	\$ 7,176	\$7,084
Funded Status and Prepaid (Accrued)		
Funded status of plans	\$(1,417)	\$ (501)
Unrecognized net transition obligation	—	—
Unrecognized prior service cost	73	84
Unrecognized net loss	1,781	467
Prepaid pension cost	\$437	\$ 50
Amounts Recognized in the Statement of Financial Position		
Prepaid pension cost	\$ 437	\$ 50
Weighted-Average Assumptions		
Discount rate, end of year	7.50%	8.00%
Expected return on plan assets	9.00%	9.00%
Rate of compensation increase	5.00%	5.00%

The components of the net periodic pension costs for each of the three years ended April 30 are as follows:

\$ in thousands	2001	2000	1999
Service cost	\$324	\$349	\$340
Interest cost	581	558	512
Expected return on plan assets	(640)	(623)	(582)
Amortization of transition asset	—	(32)	(32)
Amortization of prior service cost	11	11	11
Recognition of net loss	23	24	19
Net periodic pension cost	\$299	\$287	\$268

The Company has a defined contribution plan covering substantially all salaried and hourly employees. The plan provides benefits to all employees who have attained age 21, completed six months of service, and who elect to participate. The Company makes matching contributions equal to 50% of the qualifying employee contribution, up to a maximum employer contribution of 2% of the participant's compensation. Contributions by the Company in fiscal years 2001, 2000, and 1999 were \$267,000, \$239,000, and \$213,000, respectively.

Note 8—Segment Information

The Company's operations are classified into two business segments: laboratory products and technical products. The laboratory products segment principally designs, manufactures, and installs steel and wood laboratory furniture, worksurfaces, and fume hoods. The technical products segment principally manufactures and sells technical furniture including network storage systems, workstations, workbenches, computer enclosures, and related accessories. Sales to individual foreign countries did not exceed 2% of any segment sales.

Profits by business segment represent net revenues, less costs associated with goods sold and operating expenses. Intersegment transactions are recorded at normal profit margins with appropriate eliminations of intercompany profits. Portions of corporate expenses are included in each segment. Unallocated corporate expenses are included in the corporate column below. Corporate assets include LIFO inventory reserve, fixed assets, prepaid and deferred tax assets, prepaid expenses, and cash surrender value of life insurance policies.

The following table shows net sales, profits, and other financial information by business segment for the fiscal years ended April 30, 2001, 2000, and 1999:

\$ in thousands	Laboratory Products	Technical Products	Corporate	Total
Fiscal Year Ended April 30, 2001:				
Revenues from external customers	\$61,964	\$15,095	\$ —	\$77,059
Intersegment revenues	—	262	(262)	—
Depreciation	1,896	268	4	2,168
Segment profit	1,160	1,598	(920)	1,838
Segment assets	32,695	4,756	3,418	40,869
Expenditures for segment fixed assets	1,608	68	2	1,678
Net sales to customers in foreign countries	1,790	498	—	2,288
Fiscal Year Ended April 30, 2000:				
Revenues from external customers	\$61,678	\$13,120	\$ —	\$74,798
Intersegment revenues	—	319	(319)	—
Depreciation	1,699	263	6	1,968
Segment profit	3,541	1,451	(181)	4,811
Segment assets	30,867	6,320	2,129	39,316
Expenditures for segment fixed assets	3,210	139	3	3,352
Net sales to customers in foreign countries	2,399	277	—	2,676
Fiscal Year Ended April 30, 1999:				
Revenues from external customers	\$67,633	\$ 9,845	\$ —	\$77,478
Intersegment revenues	—	424	(424)	—
Depreciation	1,322	236	7	1,565
Segment profit	5,239	567	(196)	5,610
Segment assets	29,243	5,237	1,555	36,035
Expenditures for segment fixed assets	3,524	154	—	3,678
Net sales to customers in foreign countries	1,897	1,115	—	3,012

Revenues from one customer of the Company represented 13%, 11%, and 12% of the Company's total sales in fiscal years 2001, 2000, and 1999, respectively.

Report of Independent Accountants

To the Stockholders and Board of Directors of Kewaunee Scientific Corporation

In our opinion, the accompanying balance sheets and the related statements of operations, of stockholders' equity and of cash flows present fairly, in all material respects, the financial position of Kewaunee Scientific Corporation (the "Company") at April 30, 2001 and 2000 and the results of its operations and its cash flows for each of the three years in the period ended April 30, 2001, in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

PRICEWATERHOUSECOOPERS LLP

Charlotte, North Carolina

June 1, 2001

Management's Report on Financial Statements

To the Stockholders and Board of Directors of Kewaunee Scientific Corporation

The financial statements and accompanying notes were prepared by management, which is responsible for their integrity and objectivity. Management believes the financial statements, which include amounts based on judgments and estimates, fairly reflect the Company's financial position and operating results, in accordance with generally accepted accounting principles. All financial information in this annual report is consistent with the financial statements.

Management maintains internal accounting control systems and related policies and procedures designed to provide reasonable assurance that assets are safeguarded, that transactions are properly recorded and executed in accordance with management's authorization, and that accounting records may be relied upon for the preparation of financial statements and other financial information. The design, monitoring, and revision of internal accounting control systems involve, among other things, management's judgment with respect to the relative cost and expected benefits of specific control measures.

The Company's financial statements have been audited by independent accountants who have expressed their opinion with respect to the fairness of those statements. Their audits included consideration of the Company's internal accounting control systems and related policies and procedures. They advise management and the Audit Committee of significant matters resulting from their audits.

D. Michael Parker

Senior Vice President, Finance

Chief Financial Officer

Summary of Selected Financial Data

Kewaunee Scientific Corporation

<i>\$ and shares in thousands, except share amounts</i>	2001	2000	1999	1998	1997
Operating Statement Data:					
Net sales	\$77,059	\$74,798	\$77,478	\$73,037	\$61,961
Costs of products sold	62,543	57,715	59,782	55,600	47,996
Gross profit	14,516	17,083	17,696	17,437	13,965
Operating expenses	12,156	12,429	12,315	13,096	11,496
Operating earnings	2,360	4,654	5,381	4,341	2,469
Other (expense) income	(276)	326	325	45	41
Interest expense	(246)	(169)	(96)	(149)	(344)
Earnings before income taxes	1,838	4,811	5,610	4,237	2,166
Income tax expense (benefit)	561	1,250	2,214	1,674	(97)
Net earnings	\$ 1,277	\$ 3,561	\$ 3,396	\$ 2,563	\$ 2,263
Weighted average shares outstanding:					
Basic	2,467	2,456	2,432	2,386	2,366
Diluted	2,490	2,478	2,464	2,423	2,391
Per Share Data:					
Net earnings:					
Basic	\$ 0.52	\$ 1.45	\$ 1.40	\$ 1.07	\$ 0.96
Diluted	0.51	1.44	1.38	1.06	0.95
Cash dividends	0.28	0.26	0.22	0.18	0.08
Year-end book value	10.42	10.19	9.04	7.89	7.01
Balance Sheet Data:					
Current assets	\$24,658	\$23,032	\$21,831	\$20,853	\$16,465
Current liabilities	9,973	11,560	11,672	11,287	9,460
Net working capital	14,685	11,472	10,159	9,566	7,005
Net property, plant and equipment	12,919	13,506	12,125	10,034	9,826
Total assets	40,869	39,316	36,035	31,866	26,991
Total borrowings/long-term debt	2,997	2,555	939	—	—
Stockholders' equity	25,761	25,135	22,032	19,039	16,586
Other Data:					
Capital expenditures	\$ 1,678	\$ 3,352	\$ 3,678	\$ 1,520	\$ 1,163
Year-end stockholders of record	322	334	349	365	392
Year-end employees	593	606	643	619	560

Quarterly Financial Data (Unaudited)

Selected quarterly financial data for fiscal years 2001 and 2000 were as follows:

<i>\$ in thousands, except per share data</i>	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
2001				
Net sales	\$19,370	\$21,416	\$17,632	\$18,641
Gross profit	3,678	4,316	3,005	3,517
Net earnings (loss)	214	782	(198)	479
Net earnings (loss) per share				
Basic	0.09	0.32	(0.08)	0.19
Diluted	0.09	0.31	(0.08)	0.19
Cash dividends per share	0.07	0.07	0.07	0.07
2000				
Net sales	\$20,065	\$19,551	\$16,945	\$18,237
Gross profit	4,630	4,345	4,177	3,931
Net earnings	904	740	879	1,038
Net earnings per share				
Basic	0.37	0.30	0.36	0.42
Diluted	0.37	0.30	0.35	0.42
Cash dividends per share	0.06	0.06	0.07	0.07

Range of Market Prices

Kewaunee's common stock is traded in the NASDAQ National Market System, under the symbol KEQU. The following table sets forth the quarterly high and low prices reported on the NASDAQ National Market System.

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
2001				
High	\$15.50	\$15.00	\$13.31	\$10.50
Low	\$11.13	\$ 9.50	\$10.00	\$ 7.75
Close	\$12.75	\$11.06	\$10.50	\$ 8.65
2000				
High	\$11.50	\$11.75	\$11.88	\$13.75
Low	\$ 9.38	\$ 9.25	\$10.00	\$10.00
Close	\$10.63	\$11.38	\$10.13	\$13.44

Corporate Information

Board of Directors

Margaret Barr Bruemmer (1)(2)(3)

Attorney
Milwaukee, WI

Wiley N. Caldwell (3)(4)

Retired President
W. W. Grainger, Inc.
Kenilworth, IL

John C. Campbell, Jr. (1)(2)

Private Consultant
Arlington, TX

Kingman Douglass (2)(3)(4)

Retired Corporate Counselor
Santa Barbara, CA

Silas Keehn (3)(4)

Retired President
Federal Reserve Bank of Chicago
Winnetka, IL

Eli Manchester, Jr. (1)(3)

Chairman of the Board
Kewaunee Scientific Corporation
Statesville, NC

James T. Rhind (1)(4)

Counsel to Bell, Boyd & Lloyd LLC
Attorneys
Chicago, IL

William A. Shumaker (1)(3)

President/CEO
Kewaunee Scientific Corporation
Statesville, NC

(1) Executive Committee

(2) Audit Committee

(3) Financial/Planning Committee

(4) Compensation Committee

Executive Officers

William A. Shumaker

President,
Chief Executive Officer

D. Michael Parker

Senior Vice President, Finance,
Chief Financial Officer,
Treasurer, Secretary

Roger L. Eggena

Vice President, Manufacturing

Kurt P. Rindoks

Vice President, Engineering,
General Manager Resin Materials Division

James J. Rossi

Vice President, Human Resources

Kenneth E. Sparks

Vice President, General Manager
Technical Furniture Group

Corporate Offices

2700 West Front Street
Statesville, NC 28677-2927
P.O. Box 1842, Statesville, NC 28687-1842
Telephone: 704-873-7202
Facsimile: 704-873-1275

Employment Opportunities

Individuals interested in employment with Kewaunee Scientific Corporation should contact the Vice President of Human Resources, Kewaunee Scientific Corporation, P.O. Box 1842, Statesville, NC 28687-1842. Employment opportunities are also listed on the Internet at <http://www.kewaunee.com>. Kewaunee Scientific Corporation is an equal opportunity employer.



Stockholder Information

Financial Information

The Company's Form 10-K financial report, filed annually with the Securities and Exchange Commission, may be obtained by stockholders without charge by writing the Secretary of the Company, Kewaunee Scientific Corporation, P.O. Box 1842, Statesville, NC 28687-1842.

Recent financial information is available on the Internet at <http://www.kewaunee.com>.

Independent Accountants

PricewaterhouseCoopers LLP
Charlotte, NC

Notice of Annual Meeting

The Annual Meeting of Stockholders of Kewaunee Scientific Corporation will be held in the 37th floor Annual Meeting Room at Harris Trust & Savings Bank, Chicago, IL on August 22, 2001 at 10:00 a.m. Central Daylight Time.

Transfer Agent and Registrar

All stockholder inquiries, including transfer-related matters, should be directed to:

Mellon Investor Services, LLC
Overpeck Centre
85 Challenger Road
Ridgefield Park, NJ 07660
Telephone: 800-288-9541
Internet at <http://www.melloninvestor.com>

Product Information

Kewaunee Scientific Corporation products are available through a network of sales representatives and a national stocking distributor.

For more information on the Company's laboratory furniture, contact the Marketing Services Department in Statesville, NC; telephone: 704-873-7202; on the Internet at <http://www.kewaunee.com>; e-mail: marketing@kewaunee.com.

For more information on the Company's technical furniture, contact the Customer Service Department in Lockhart, TX; telephone: 512-398-5292; on the Internet at <http://www.kewaunee.com>; e-mail: custsvc@kewaunee-tpg.com.

Trademarks

Advantage, Alpha, BasikBench, CFHS, Discovery, Evolution, Explorer, FlexTech, Kemresin, Kemrock, Kemshield, Kewaunee, Research Collection, Signature, Silhouette, Sturdilite, Supreme Air, TechStat, Trademark, Versalab, and Visionaire are registered trademarks of Kewaunee Scientific Corporation. *ADJUSTABENCH* is a pending trademark of Kewaunee Scientific Corporation.

