



FUME HOODS

STEEL CABINETS

LABORATORY FURNITURE

MOBILE CARTS

MODULAR FURNITURE

WOOD CABINETS

COMPUTER ENCLOSURES

WORKSURFACES

LAN WORKSTATIONS

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.



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FINANCIAL HIGHLIGHTS

KEWAUNEE SCIENTIFIC CORPORATION

\$ in thousands, except per share data	2002	2001	Percent Change
OPERATING DATA:			
Net sales	\$ 84,849	\$ 77,059	+10.1
Gross profit	\$ 14,706	\$ 14,516	+1.3
Operating expenses	\$ 11,801	\$ 12,156	-2.9
Operating earnings	\$ 2,905	\$ 2,360	+23.1
Net earnings	\$ 1,900	\$ 1,277	+48.8
Net earnings per share			
Basic	\$ 0.77	\$ 0.52	+48.1
Diluted	\$ 0.77	\$ 0.51	+51.0
Return on average equity	7.2%	5.0%	—
Cash dividends per share	\$ 0.28	\$ 0.28	—

YEAR-END DATA:

Cash and cash equivalents	\$ 1,747	\$ 488	+258.0
Net working capital	\$ 14,817	\$ 14,685	+0.9
Total borrowings/long-term debt	\$ 2,611	\$ 2,997	-12.9
Stockholders' equity	\$ 26,912	\$ 25,761	+4.5
Book value per share	\$ 10.90	\$ 10.42	+4.6
Closing market price per share	\$ 10.60	\$ 8.65	+22.5

LETTER TO STOCKHOLDERS

Fiscal year 2002 was a year of progress for Kewaunee Scientific in a number of important areas, despite an extremely challenging economy and business environment. We experienced improved earnings, healthy volume growth, and improved financial strength. Net earnings increased 49% to \$1,900,000, or \$.77 per diluted share, while sales increased 10% to \$84,849,000.

We were pleased with the improved financial results of our laboratory products business. This business rebounded strongly from the prior year, with earnings more than tripling, while sales increased 27% to \$78.7 million. Continuing cost improvement activities and improved manufacturing efficiencies allowed us to improve gross profit margins and earnings on these products. Sales for the year benefited from strong demand from our industrial research customers, as they continued to fund new research and development projects, and from our educational customers, as spending for new school construction continued at a healthy pace.

Our technical products business, after making significant contributions to sales and earnings in the two previous years, had a very disappointing year. Sales for the year declined 59% from the prior year, resulting in an operating loss, as a recovery of capital spending by customers in the high-tech electronics industry failed to materialize. The loss for this business was in sharp contrast to operating earnings of \$1.6 million and \$1.5 million in the two previous years, respectively. During the year, we continued to position this business for a recovery of the high-tech marketplace. We strengthened our relationships with a number of key customers and initiated several changes in our sales organization to better provide representation in key market areas.

Following the continuing success of our joint-venture sales company in Singapore, during the year, we began operation of a joint-venture sales company in Bangalore, India. Sales and profits of this new business have both exceeded our expectations, and we are excited about future growth opportunities in this market. To address the demand in this market, current and projected, we recently established Kewaunee Scientific Corporation India Pvt Ltd, a wholly-owned subsidiary of Kewaunee Scientific Corporation. This operation will allow us to provide locally-made Kewaunee products at a more competitive price.

We continue to emphasize the development of new products. Several new and innovative products for the laboratory market were introduced at our industry conference in New Orleans in March 2002. These included a full line of mobile adjustable workstations with modular utility manifolds. This increased flexibility concept is rapidly gaining global acceptance in research and development designs. We also introduced our new SturdiKwik bench system during the year. This product is designed to allow easy installation by the customer's maintenance group, therefore avoiding professional installation costs.

The Company's financial position continues to strengthen. Cash on hand increased to \$1.7 million at year-end, while total debt was reduced to \$2.6 million. We finished the year with no borrowings outstanding under our \$6 million credit facility. Stockholders' equity increased to \$26.9 million, resulting in a book value per share of \$10.90. Cash flow provided by operating activities increased to \$4.5 million for the year, assisted by reduced inventory levels and improved collections of receivables.

OUTLOOK

We are very optimistic about Kewaunee's future. The long-term market for our laboratory products looks bright, as capital spending by industrial customers for new research and development projects is projected to continue. In addition, federal funding for research and development is also expected to increase beginning in late calendar year 2002. Spending for new school construction is also projected to continue at a healthy pace for many years. Our successes to-date through joint ventures in Singapore and India, have made us aware of potential significant growth opportunities for our products and services in countries outside the United States. We are currently implementing several strategies and actions to pursue these opportunities.



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

The high-tech industry has been the driving force behind the huge productivity gains experienced in the United States, and we expect this trend to continue. As a result, we continue to consider the long-term opportunities in the technical furniture market excellent. However, our short-term outlook is for a gradual recovery of the business beginning in late calendar year 2002.

We regret to report the resignation of Kingman Douglass as a director of the Company due to health reasons, effective April 30, 2002. His association with Kewaunee dates back to 1968, when he participated as an underwriter in Kewaunee's initial public offering. He was elected a director in 1986 and has been a stalwart, steady, and knowledgeable member of the Board for the past 15 years. His thoughtful counsel and advice on financial and business matters has been of great value. We wish him good health and happiness in the years ahead.

We are very pleased to report that Silas Keehn has accepted the position of Chairman of the Company's Audit Committee, left vacant as a result of Mr. Douglass' retirement. Mr. Keehn's extensive financial background, including his experience as President of the Federal Reserve Bank of Chicago, makes him an excellent choice for this position.

Our success during the year would not have been possible without the continued support of our stockholders; our associates; our network of agencies and representatives; our national stocking distributor, VWR International; and our customers. To each and all of these groups, we are especially grateful.

Sincerely,

Eli Manchester, Jr.
Chairman of the Board

William A. Shumaker
President,
Chief Executive Officer

July 2002

LABORATORY PRODUCTS



THE LABORATORY

"...a workplace...in which containers used for reactions, transfers, and other handling of substances are designed to be easily and safely manipulated...and protective laboratory practices and equipment are available and in common use to minimize the potential for employee exposure to hazardous chemicals."

(OSHA Laboratory Standard 1910.1450)

Kewaunee Scientific Corporation's Laboratory Products Group provides products designed to allow lab personnel to pursue discovery safely in the modern laboratory, including:

- Furniture systems that go beyond mere cabinetry and storage.
 - Fume hoods designed to contain both the slightest odors from a counter top analyzer, and contaminants from a two-story distillation apparatus.
 - Worksurfaces that are equally at home in the wet laboratory or the support area.
 - Plumbing and electrical service distribution systems that provide accessibility and flexibility.
- Kewaunee engineers solutions for all aspects of the laboratory.

ENGINEERING SOLUTIONS

The sophistication of today's laboratory construction market requires a different approach than simply selecting part numbers from a catalog. Kewaunee and our distribution network become intimately involved in all aspects of laboratory planning, design, fabrication, and installation. Active participation with architects, designers, engineers, and contractors, in conjunction with the lab users, defines the process used today.

DOMESTIC

Our largest sales volume comes from a national group of dealers/agents with an average of over 15 years experience representing Kewaunee Scientific Corporation. This dedicated group provides full laboratory planning services, budgeting and estimating, project management, and installation. With offices located in all major US markets, the Kewaunee dealer organization is the finest in the industry.

VWR International is our national stocking distributor. They stock thousands of Kewaunee units to provide the market with readily available product. Their 400+ sales people and 17 lab furniture specialists work closely with end users to configure products into workable laboratories. While the quick turn marketplace is VWR's forte, they also utilize their in-house designers and project managers to solve the design requirements of larger projects.

In addition to independent sales representation, Kewaunee has an in-house team to manage large complex lab projects directly. The sales management group, designers, engineers, estimators, and project managers excel at the challenges presented by our most sophisticated customers. Our product engineers and manufacturing capabilities are second to none. Industry-wide recognition of these capabilities places us at the top of full service laboratory product and construction providers.

INTERNATIONAL

In 1998, Kewaunee formed a joint-venture sales company in Singapore, Kewaunee Labway Asia Pte Ltd. The company was established to better serve the international marketplace, with an emphasis on Asia. This strategy has now expanded to India, with the formation of a new joint-venture company in Bangalore. These two locations have first class capabilities in all aspects of lab design and construction. Their expertise with specialty gas and plumbing systems, and full service installation capabilities, make them unique in the international marketplace, providing a growth market opportunity for Kewaunee.



TECHNICAL FURNITURE

THE HIGH-TECH WORK ENVIRONMENT

These workplaces have a need for unusually configured or unique attributes, such as electrostatic dissipative (ESD) qualities and/or the ability to facilitate the use of a variety of tools, components or equipment.

Typical environments include engineering workstations or laboratories for development and testing of sensitive mechanical or electrical componentry and equipment, production and assembly of high-tech electronics such as computers or electronic equipment, and environments commonly known as network operation centers or data centers where large quantities of computers,

networking, and telecommunications equipment are housed and maintained for today's business infrastructure.

Kewaunee Scientific Corporation's Technical Furniture Group provides products designed to meet the rapid and continually evolving high-tech electronics industry. From storage intensive R&D labs, to the high-tech electronic production floor, to network and computer operations centers, the Technical Furniture Group excels in creating highly productive work environments that expertly meet each customer's unique needs.

INGENUITY @ WORK

Today's business climate requires continual improvements in productivity to keep a company competitive, and this has never been truer in the high-tech electronics industry. Simple assembly operations have moved to increasingly higher levels of sophistication, requiring their work areas to maximize storage, reduce square footage, interface with automation, and, at the same time, improve ergonomics. The Technical Furniture Group uses two different distribution networks to meet the needs of our varied customer base.

TECHNICAL FURNITURE

Kewaunee's Technical Furniture customers have vast and often complex requirements that are defined by industrial and process engineers, safety managers, ergonomics consultants, contractors, and the workers themselves. Kewaunee's sales representatives and nationwide dealer network respond to customer needs through collaboration with the Technical Furniture Group product development engineers. Dealers have in-house design, account management, project management, and installation services that provide customers a turn-key solution using the Sturdilite, Evolution, SturdiKwik, or Adjustabench product lines.

NETWORK STORAGE

Kewaunee's relatively new product lines of Enclosures and TekRak, along with the well established Evolution for LANs furniture line, are supported by the efforts of a specialized group of sales representatives who work with a nationwide network of value added resellers, regional distributors and dealers. This distribution network focuses on the unique equipment storage needs of public and private sector network managers and administrators who grapple with rapidly changing technology and the inevitable overload of wires and cables associated with those networks.

Kewaunee's ability to handle complex requirements and provide ingenious solutions was demonstrated during the year with Dell Computer Corporation. Kewaunee worked closely with Dell engineers, automation experts, and conveyor and controls suppliers in the design of the factory at Dell's Topfer Manufacturing Center, which includes technical furniture throughout manufactured and installed by Kewaunee. This facility was awarded *Industry Week* magazine's coveted **Best Plant Award** in 2001 (see opposite page photo).



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

CRITICAL ACCOUNTING POLICIES

In the ordinary course of business, the Company has made a number of estimates and assumptions relating to the reporting of results of operations and financial position in the preparation of its financial statements in conformity with generally accepted accounting principles. Actual results could differ significantly from those estimates under different assumptions and conditions. The Company believes that the following discussion addresses the Company's most critical accounting policies, which are those that are most important to the portrayal of the Company's financial condition and results of operations and require management's most difficult, subjective and complex judgments, often as a result of the need to make estimates about the effect of matters that are inherently uncertain.

PRINCIPLES OF CONSOLIDATION

In fiscal year 2002, the Company increased its ownership to 51% in Kewaunee Labway Asia Pte Ltd, a joint-venture company serving as a dealer for the Company's laboratory products in the Southeast Asia region. The consolidated financial statements for fiscal year 2002 include the results of this joint venture. All intercompany balances and transactions have been eliminated in consolidation. In fiscal years 2001 and 2000, the operating results of the joint venture were not material to the financial statements and were reported in accordance with the equity method of accounting. The Company's investment in the joint venture was reported in other assets with related net earnings reported in other income for the percentage of the joint venture owned by the Company at the end of each fiscal year.

REVENUE RECOGNITION

The Company generally recognizes product sales at the date of the shipment of its products, 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 product sales revenue allocated based on costs incurred for products completed and shipped to the customer. A provision for losses expected to be incurred on a fixed-price contract is made in the period such loss becomes known. A high degree of management judgment is required with respect to periodic estimates of profit and product costs on these contracts. Revenue for installation services is generally recognized as the service is performed.

MANAGEMENT'S DISCUSSION AND ANALYSIS CONTINUED

ALLOWANCE FOR DOUBTFUL ACCOUNTS

The Company evaluates the collectibility of its trade accounts receivable based on a number of factors. In circumstances where management is aware of a customer's inability to meet its financial obligations to the Company, a specific reserve for bad debts is estimated and recorded which reduces the recognized receivable to the estimated amount the Company believes will ultimately be collected. In addition to specific customer identification of potential bad debts, a general reserve for bad debts is estimated and recorded based on the Company's recent past loss history and an overall assessment of past due trade accounts receivable amounts outstanding.

PENSION BENEFITS

The Company sponsors pension plans covering all employees who meet eligibility requirements. Several statistical and other factors, which attempt to anticipate future events, are used in calculating the expense and liability related to these plans. These factors include assumptions about the discount rate, expected return on plan assets, and rate of future compensation increases as determined by the Company, within certain guidelines. The actuarial assumptions used by the Company may differ materially from actual results due to changing market and economic conditions, higher or lower withdrawal rates, or longer or shorter life spans of participants. These differences may significantly affect the amount of pension expense recorded by the Company in future periods.

RESULTS OF OPERATIONS

Sales for fiscal year 2002 were \$84.8 million, up 10.1% from fiscal year 2001 sales of \$77.1 million. Sales of laboratory products increased 27.0% to \$78.7 million, as spending for industrial research and new school construction remained robust during the year. Sales of technical products were adversely affected by the significant slowdown in capital spending by customers in the high-tech industry, declining 59.1% from the prior year.

Sales for fiscal year 2001 increased 3.0% from fiscal year 2000 sales of \$74.8 million. The sales increase for the 2001 fiscal year resulted from record sales of technical furniture products. Sales of laboratory products were relatively unchanged from the prior year. The Company's unfilled sales order backlog was \$34.2 million at April 30, 2002, as compared to \$35.5 million at April 30, 2001, and \$31.5 million at April 30, 2000.

Gross profit represented 17.3%, 18.8%, and 22.8% of sales in fiscal years 2002, 2001, and 2000, respectively. The decline in gross profit margin in fiscal year 2002 was due to an unfavorable sales mix resulting from the significant decline in sales of higher margin technical products during the year. As compared to fiscal year 2000, 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. Margins for fiscal year 2001 were also impacted by higher energy and healthcare costs.

Operating expenses were \$11.8 million, \$12.2 million, and \$12.4 million in fiscal years 2002, 2001, and 2000, respectively, and 13.9%, 15.8%, and 16.6% of sales, respectively. In fiscal year 2002, the decrease in operating expenses as a percentage of sales resulted primarily from lower sales commission expenses due to changes in product sales mix and the continuation of cost reduction activities, which assisted in maintaining marketing and administrative expenses at relatively flat levels with the prior year. The decrease in operating expenses as a percentage of sales in fiscal year 2001 was primarily attributable to the impact of cost reduction activities implemented during the year.

Net other expense was \$6,000 and \$276,000 in fiscal years 2002 and 2001, respectively, compared to net other income of \$326,000 in fiscal year 2000. Other expense for fiscal year 2001 included a charge of \$391,000 associated with the estimated settlement of an old dispute between the Company and a general contractor. Interest expense was \$206,000, \$246,000, and \$169,000 in fiscal years 2002, 2001, and 2000, respectively. The change in interest expense for fiscal year 2002 resulted primarily from changes in the levels of borrowing and lower interest rates. The change in interest expense for fiscal years 2001 and 2000 resulted primarily from changes in the levels of borrowings during each year.

The Company recorded income tax expense of \$793,000, \$561,000, and \$1.3 million in fiscal years 2002, 2001, and 2000, respectively. The effective rates were 29.4%, 30.5%, and 26.0% of pretax earnings in fiscal years 2002, 2001, and 2000, respectively. The effective rates for each year were reduced by state income tax credits available from investments in certain qualifying machinery and equipment, and, to a lesser degree, income tax credits for research and development activities.

Net earnings increased to \$1.9 million, or \$0.77 per diluted share, in fiscal year 2002, from \$1.3 million, or \$.51 per diluted share, in fiscal year 2001. Net earnings were \$3.6 million, or \$1.44 per diluted share, in fiscal year 2000.

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. At April 30, 2002, the Company had no advances outstanding under its \$6 million revolving credit loan.

The Company has entered into a bank note collateralized by certain machinery and equipment. The loan is repayable in 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. The Company has entered into an interest rate swap agreement whereby a substantial portion of the outstanding principal amount of the bank note effectively converts to a fixed rate on May 1, 2002. The notional amount of this cash flow hedge is reduced in the same proportion as the principal balance of the bank note over the remaining term of the bank note. The Company also 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. The following table summarizes the obligated cash payments for these commitments:

PAYMENTS DUE BY PERIOD

Contractual Obligations	Total	1 Year	2-3 Years	4-5 Years	After 5 Years
Long-term Debt (principal only)	\$2,611,000	\$ 681,000	\$1,362,000	\$ 568,000	\$ --
Operating Leases	1,947,000	506,000	844,000	511,000	86,000
Total Contractual Cash Obligations	\$4,558,000	\$1,187,000	\$2,206,000	\$1,079,000	\$86,000

Operating activities provided cash of \$4.5 million, \$2.4 million, and \$2.2 million in fiscal years 2002, 2001, and 2000, respectively, primarily from earnings in each of these years. Working capital increased to \$14.8 million at April 30, 2002, from \$14.7 million at April 30, 2001, and the ratio of current assets to current liabilities decreased to 2.4-to-1 at April 30, 2002, from 2.5-to-1 at April 30, 2001.

Capital expenditures of \$2.1 million, \$1.7 million, and \$3.4 million in fiscal years 2002, 2001, and 2000, respectively, were funded by cash primarily from operating activities and \$3.1 million borrowed in fiscal year 2001 under a five-year bank note. Fiscal year 2003 capital expenditures are anticipated to be approximately \$3 million and are expected to be funded primarily by operating activities.

The Company paid cash dividends of \$.28 per share, \$.28 per share, and \$.26 per share in fiscal years 2002, 2001, and 2000, respectively. 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 June 2001, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards No. 141, "Business Combinations" ("SFAS 141") and SFAS No. 142, "Goodwill and Other Intangible Assets." SFAS 141 requires the purchase method of accounting for business combinations initiated after June 30, 2001 and eliminated the pooling-of-interests method for business combinations. SFAS 142 requires that goodwill and certain intangibles will not be amortized, but instead be reviewed for impairment and written down to fair value. SFAS 142 is effective for fiscal years beginning after December 15, 2001. The Company does not expect the adoption of SFAS 141 and SFAS 142 to have a material effect on its financial condition or results of operations.

In August 2001, the FASB issued SFAS No. 143, "Accounting for Obligations Associated with the Retirement of Long-Lived Assets" and SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets." SFAS 143 establishes accounting standards for the recognition and measurement of an asset retirement obligation and its associated retirement cost. SFAS 143 is effective for fiscal years beginning after June 15, 2002, with early adoption permitted. The Company plans to adopt SFAS 143 effective May 1, 2003. SFAS 144 establishes a single accounting model for the impairment of long-lived assets. SFAS 144 supersedes SFAS 121, but retains the fundamental provisions for (a) measurement of impairment of long-lived assets to be held and used and (b) measurement of long-lived assets to be disposed of by sales. SFAS 144 is effective for fiscal years beginning after December 15, 2001. The Company does not expect the adoption of SFAS 143 and SFAS 144 to have a material effect on its financial condition or results of operations.

CONSOLIDATED STATEMENTS OF OPERATIONS

YEARS ENDED APRIL 30		KEWAUNEE SCIENTIFIC CORPORATION		
\$ and shares in thousands, except per share amounts	2002	2001	2000	
Net sales	\$84,849	\$77,059	\$74,798	
Costs of products sold	70,143	62,543	57,715	
Gross profit	14,706	14,516	17,083	
Operating expenses	11,801	12,156	12,429	
Operating earnings	2,905	2,360	4,654	
Other (expense) income	(6)	(276)	326	
Interest expense	(206)	(246)	(169)	
Earnings before income taxes	2,693	1,838	4,811	
Income tax expense	793	561	1,250	
Net earnings	\$ 1,900	\$ 1,277	\$ 3,561	
Net earnings per share				
Basic	\$ 0.77	\$ 0.52	\$ 1.45	
Diluted	\$ 0.77	\$ 0.51	\$ 1.44	
Weighted average number of common shares outstanding				
Basic	2,468	2,467	2,456	
Diluted	2,481	2,490	2,478	

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

YEARS ENDED APRIL 30		KEWAUNEE SCIENTIFIC CORPORATION				
\$ in thousands, except per share amounts	Common Stock	Additional Paid-in Capital	Retained Earnings	Treasury Stock	Total Stockholders' Equity	
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	
Net earnings	—	—	1,900	—	1,900	
Cash dividends declared, \$.28 per share	—	—	(692)	—	(692)	
Stock options exercised, 8,750 shares	—	(4)	—	54	50	
Purchase of treasury stock, 12,966 shares	—	—	—	(107)	(107)	
Balance at April 30, 2002	\$6,550	\$146	\$21,146	\$ (930)	\$26,912	

The accompanying Notes are an integral part of these Consolidated Financial Statements

CONSOLIDATED BALANCE SHEETS

APRIL 30		KEWAUNEE SCIENTIFIC CORPORATION	
\$ and shares in thousands, except per share amounts	2002	2001	
ASSETS			
Current Assets			
Cash and cash equivalents	\$ 1,747	\$ 488	
Receivables, less allowance: \$597 (2002); \$389 (2001)	18,979	17,629	
Inventories	3,309	4,370	
Deferred income taxes	581	915	
Prepaid income taxes	296	758	
Prepaid expenses and other current assets	514	498	
Total Current Assets	25,426	24,658	
Property, Plant and Equipment			
Land	454	98	
Buildings and improvements	14,197	13,857	
Machinery and equipment	22,040	20,789	
Property, plant and equipment	36,691	34,744	
Accumulated depreciation	(23,880)	(21,825)	
Net Property, Plant and Equipment	12,811	12,919	
Other Assets	3,953	3,292	
Total Assets	\$42,190	\$40,869	
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current Liabilities			
Current portion of long-term debt	\$ 681	\$ 620	
Accounts payable	6,648	5,334	
Employee compensation and amounts withheld	1,932	1,446	
Deferred revenue	481	1,024	
Other accrued expenses	867	1,549	
Total Current Liabilities	10,609	9,973	
Long-term Debt	1,930	2,377	
Deferred Income Taxes	925	1,063	
Accrued Employee Benefit Plan Costs	1,583	1,695	
Other Long-term Liabilities	231	—	
Total Liabilities	15,278	15,108	
Commitments and Contingencies (Note 7)			
Stockholders' Equity			
Common stock, \$2.50 par value	6,550	6,550	
Authorized—5,000 shares; Issued—2,620 shares			
Additional paid-in-capital	146	150	
Retained earnings	21,146	19,938	
Common stock in treasury, at cost: 151 shares (2002); 147 (2001)	(930)	(877)	
Total Stockholders' Equity	26,912	25,761	
Total Liabilities and Stockholders' Equity	\$42,190	\$40,869	

The accompanying Notes are an integral part of these Consolidated Financial Statements

CONSOLIDATED STATEMENTS OF CASH FLOWS

YEARS ENDED APRIL 30

KEWAUNEE SCIENTIFIC CORPORATION

\$ in thousands	2002	2001	2000
Cash Flows from Operating Activities			
Net earnings	\$1,900	\$1,277	\$3,561
Adjustments to reconcile net earnings to net cash provided by operating activities:			
Depreciation	2,173	2,168	1,968
Bad debt provision	155	144	123
Deferred income tax expense (benefit)	196	355	(255)
Decrease (increase) in prepaid income taxes	462	(758)	—
(Increase) decrease in receivables	(1,505)	220	(885)
Decrease (increase) in inventories	1,061	(871)	(559)
(Increase) decrease in prepaid pension cost	(896)	(387)	162
Increase (decrease) in accounts payables and accrued expenses	1,118	(168)	(1,728)
(Decrease) increase in deferred revenue	(543)	516	(62)
Other, net	338	(130)	(130)
Net cash provided by operating activities	4,459	2,366	2,195
Cash Flows from Investing Activities			
Capital expenditures	(2,065)	(1,678)	(3,352)
Net cash used in investing activities	(2,065)	(1,678)	(3,352)
Cash Flows from Financing Activities			
Dividends paid	(692)	(690)	(639)
Net (decrease) increase in short-term borrowings	—	(2,555)	1,616
Proceeds from long-term debt	250	3,100	—
Payments on long-term debt	(636)	(103)	—
Proceeds from exercise of stock options (including tax benefit)	50	40	184
Purchase of treasury stock	(107)	(1)	(3)
Net cash (used in) provided by financing activities	(1,135)	(209)	1,158
Increase in Cash and Cash Equivalents	1,259	479	1
Cash and Cash Equivalents at Beginning of Year	488	9	8
Cash and Cash Equivalents at End of Year	\$1,747	\$ 488	\$ 9
Supplemental Disclosure of Cash Flow Information			
Interest paid	\$ 205	\$ 266	\$ 159
Income taxes paid	\$ 115	\$1,196	\$1,080

The accompanying Notes are an integral part of these Consolidated Financial Statements

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Kewaunee Scientific Corporation (the "Company") is a manufacturer of scientific and technical furniture, including steel and wood 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 stocking 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, educational, 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 \$2,411,000 and \$1,796,000 at April 30, 2002 and April 30, 2001, 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, 2002, 2001, and 2000 were \$410,000, \$705,000, and \$714,000, 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.

Derivative Financial Instruments The Company adopted SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities," effective January 1, 2001. SFAS No. 133 requires that the Company record derivatives on the balance sheet at fair value and establishes criteria for designation and effectiveness of hedging relationships. The nature of the Company's business activities involves the management of various financial and market risks, including those related to changes in interest rates. The Company employs derivative financial instruments, such as interest rate swap contracts, to mitigate certain of those risks. The Company does not enter into derivative instruments for speculative purposes.

Recent Accounting Standards In June 2001, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards No. 141, "Business Combinations" ("SFAS 141") and SFAS No. 142, "Goodwill and Other Intangible Assets." SFAS 141 requires the purchase method of accounting for business combinations initiated after June 30, 2001 and eliminated the pooling-of-interests method for business combinations. SFAS 142 requires that goodwill and certain intangibles will not be amortized, but instead be reviewed for impairment and written down to fair value. SFAS 142 is effective for fiscal years beginning after December 15, 2001. The Company does not expect the adoption of SFAS 141 and SFAS 142 to have a material effect on its financial condition or results of operations.

In August 2001, the FASB issued SFAS No. 143, "Accounting for Obligations Associated with the Retirement of Long-Lived Assets" and SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets." SFAS 143 establishes accounting standards for the recognition and measurement of an asset retirement obligation and its associated retirement cost. SFAS 143 is effective for fiscal years beginning after June 15, 2002, with early adoption permitted. The Company plans to adopt SFAS 143 effective May 1, 2003. SFAS 144 establishes a single accounting model for the impairment of long-lived assets. SFAS 144 supersedes SFAS 121, but retains the fundamental provisions for (a) measurement of impairment of long-lived assets to be held and used and (b) measurement of long-lived assets to be disposed of by sales. SFAS 144 is effective for fiscal years beginning after December 15, 2001. The Company does not expect the adoption of SFAS 143 and SFAS 144 to have a material effect on its financial condition or results of operations.

NOTE 2—BUSINESS COMBINATIONS

In the first quarter of fiscal year 2002, the Company increased its ownership to 51% in Kewaunee Labway Asia Pte Ltd, a joint-venture company serving as a dealer for the Company's laboratory products in the Southeast Asia region. The consolidated financial statements for fiscal year 2002 include the operating results for this joint venture. All intercompany balances and transactions have been eliminated in consolidation. In fiscal years 2001 and 2000, the operating results of the joint venture are reported in the consolidated financial statements in accordance with the equity method of accounting. Proforma results for fiscal years 2001 and 2000 have not been presented because the operating results for this business were not material to the consolidated financial statements on either an individual or an aggregate basis.

NOTE 3—INVENTORIES

The Company's inventories at April 30 consisted of:

\$ in thousands	2002	2001
Finished goods	\$ 671	\$1,023
Work-in-process	1,007	1,455
Materials and components	1,631	1,892
Total inventories	\$3,309	\$4,370

If inventories had been determined using the first-in, first-out (FIFO) method at April 30, 2002 and 2001, reported inventories would have been \$2.2 million and \$2.3 million greater, respectively.

NOTE 4—LONG-TERM DEBT AND OTHER CREDIT ARRANGEMENTS

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

\$ in thousands	2002	2001
Notes payable, bank	\$2,611	\$2,997
Less - payable within 1 year	681	620
Long-term portion	\$1,930	\$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. In February 2002, the Company added \$250,000 to the bank note repayable in equal monthly installments over the remainder of the original term of the bank note. The note includes certain financial covenants as to tangible net worth, funds flow coverage, current ratio, and ratio of liabilities to tangible net worth.

The Company entered into an interest rate swap agreement in fiscal year 2002, whereby \$1.5 million of the outstanding principal amount of the bank note effectively converts to a fixed rate of 6.37%, beginning May 1, 2002. The notional amount of this interest rate hedge is reduced in the same proportion as the principal balance of the bank note over the remaining term of the bank note. The fair value of this cash flow hedge was not significant to the Company's consolidated financial statements as of April 30, 2002. The Company entered into this interest rate swap to mitigate future increases in interest rates. The Company does not enter into derivative instruments for speculative purposes.

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 3.59% at April 30, 2002.

The Company has an unsecured revolving credit facility for borrowings of up to \$6 million that matures in December 2002. There were no advances outstanding under this facility as of April 30, 2002.

NOTE 5—INCOME TAXES

The income tax expense consisted of the following:

\$ in thousands	2002	2001	2000
Current tax expense:			
Federal	\$585	\$188	\$1,320
State and local	54	18	185
Foreign tax credit	(42)	—	—
Total current tax expense	597	206	1,505
Deferred tax expense (benefit):			
Federal	173	310	42
State and local	23	45	(297)
Total deferred tax expense (benefit)	196	355	(255)
Net income tax expense	\$793	\$561	\$1,250

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	2002	2001	2000
Income tax expense at statutory rate	\$923	\$625	\$1,636
State and local taxes, net of federal income tax benefit	125	85	221
Tax credits	(301)	(232)	(654)
Other items, net	46	83	47
Net income tax expense	\$793	\$561	\$1,250

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

\$ in thousands	2002	2001
Deferred tax assets:		
Accrued employee benefit expenses	\$ 192	\$ 658
Allowance for doubtful accounts	203	160
Inventory reserves and capitalized costs	117	70
Other	69	27
Total deferred tax assets	581	915
Deferred tax liabilities:		
Book basis in excess of tax basis of property, plant and equipment	(918)	(1,063)
Other	(7)	—
Total deferred tax liabilities	(925)	(1,063)
Net deferred tax liabilities	\$(344)	\$ (148)

NOTE 6—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, 2002, 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 allowed the Company to grant options on 40,000 shares of the Company's common stock. Each non-employee director of the Company received 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 were granted at the fair market value at the date of grant. At April 30, 2002, no shares were available for future grants under the plan.

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, 2002, there were 59,250 shares available for future grants under the plan.

The Company utilized treasury stock to satisfy the stock options exercised during fiscal years 2002, 2001, and 2000. Stock option activity and weighted average exercise price is summarized as follows:

	2002		2001		2000	
	Options	Price	Options	Price	Options	Price
Outstanding at beginning of year	152,024	\$ 9.04	115,775	\$ 8.28	124,500	\$ 6.85
Granted	45,750	9.59	43,750	10.13	28,150	10.38
Canceled	(2,200)	10.16	—	—	(7,000)	10.34
Exercised	(8,750)	3.48	(7,501)	3.50	(29,875)	3.82
Outstanding at end of year	186,824	\$ 9.43	152,024	\$ 9.04	115,775	\$ 8.28
Exercisable at end of year	88,385	\$ 8.71	66,420	\$ 7.27	47,568	\$ 5.80

The options outstanding and weighted average exercise price within the following price ranges at April 30, 2002 are as follows:

Exercise price range	\$2.75 – \$3.87	\$4.25 – \$4.62	\$8.13 – \$12.00
Options outstanding	13,625	8,999	164,200
Weighted average exercise price	\$3.70	\$4.42	\$10.17
Weighted average remaining contractual life (years)	4.1	1.5	7.6

The options exercisable and weighted average exercise price within the following price ranges at April 30, 2002 are as follows:

Exercise price range	\$2.75 – \$3.87	\$4.25 – \$4.62	\$8.13 – \$12.00
Options exercisable	13,625	8,999	65,761
Weighted average exercise price	\$3.70	\$4.42	\$10.34

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 cost 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 2002, 2001, and 2000 would have been reduced to the pro forma amounts indicated as follows:

	2002	2001	2000
Net earnings (in thousands)			
As reported	\$ 1,900	\$ 1,277	\$ 3,561
Pro forma	1,789	1,212	3,488
Net earnings per share – Basic			
As reported	\$.77	\$.52	\$ 1.45
Pro forma	.72	.49	1.42
Net earnings per share – Diluted			
As reported	\$.77	\$.51	\$ 1.44
Pro forma	.72	.49	1.41

The estimated weighted average fair value of options granted under the Company's stock option plans was \$3.91 in 2002, \$4.70 in 2001, and \$4.74 in 2000. The options were valued using the Black-Scholes option-pricing model with the following assumptions used for 2002, 2001, and 2000: dividend yield of 3.0%, 2.5%, and 2.5%; expected volatility of 48%, 50%, and 49%; risk-free interest of 4.95%, 5.80%, and 5.81%; and an expected life of 7.25 years.

NOTE 7—COMMITMENTS AND CONTINGENCIES

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 for these leases was \$459,000, \$561,000, and \$578,000 in fiscal years 2002, 2001, and 2000, respectively.

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

\$ in thousands	Amount
2003	\$ 506
2004	490
2005	354
2006	322
2007	189
Thereafter	86
Total minimum lease payments	\$1,947

The Company is involved in a legal dispute with Bernards Bros. Inc., a former customer of the Company. The dispute is the subject of lengthy arbitration proceedings completed in December 2000. In fiscal year 2001, the Company recorded a charge of \$391,000, including an estimated liability of \$134,000 for final settlement of the matter, based on its interpretation of the Arbitrator's award. In fiscal year 2002, pursuant to a Petition to Confirm Arbitration Award in Los Angeles Superior Court, a judgment was issued against the Company in this matter for approximately \$1.3 million. The Company believes that the judgment entered by the trial court is inconsistent with the Arbitrator's award, and the Company intends to vigorously contest such judgment. The Company has filed an appeal with the Court of Appeals of the State of California (Bernards Bros. v. Kewaunee Scientific, et. al. Appellate Case No. B 152623) regarding this judgment. If appeal efforts are unsuccessful, the Company could be contingently liable up to the amount of the judgment issued.

The Company is involved in certain other 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.

NOTE 8—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 projected 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	2002	2001
Accumulated Benefit Obligation, April 30	\$ 7,868	\$ 7,070
Change in Projected Benefit Obligations		
Projected benefit obligations, beginning of year	\$ 8,593	\$ 7,585
Service cost	378	324
Interest cost	641	581
Actuarial loss	480	439
Actual benefits paid	(377)	(336)
Projected Benefit obligations, end of year	\$ 9,715	\$ 8,593
Change in Plan Assets		
Fair value of plan assets, beginning of year	\$ 7,176	\$ 7,084
Actual loss on plan assets	(122)	(259)
Actual company contributions	1,353	687
Actual benefits paid	(376)	(336)
Fair value of plan assets, end of year	\$ 8,031	\$ 7,176
Funded Status and Prepaid (Accrued)		
Funded status of plans	\$ (1,684)	\$ (1,417)
Unrecognized net transition obligation	—	—
Unrecognized prior service cost	62	73
Unrecognized net loss	2,955	1,781
Prepaid pension cost	\$ 1,333	\$ 437
Amounts Recognized in the Statement of Financial Position		
Prepaid pension cost	\$ 1,333	\$ 437
Weighted-Average Assumptions		
Discount rate, end of year	7.25%	7.50%
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	2002	2001	2000
Service cost	\$378	\$324	\$349
Interest cost	641	581	558
Expected return on plan assets	(642)	(640)	(623)
Amortization of transition asset	—	—	(32)
Amortization of prior service cost	11	11	11
Recognition of net loss	69	23	24
Net periodic pension cost	\$457	\$299	\$287

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 2002, 2001, and 2000 were \$277,000, \$267,000, and \$239,000, respectively.

NOTE 9—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 2.6% 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, 2002, 2001, and 2000:

\$ in thousands	Laboratory Products	Technical Products	Corporate	Total
Fiscal Year Ended April 30, 2002:				
Revenues from external customers	\$78,676	\$ 6,173	\$ —	\$84,849
Intersegment revenues	809	—	(809)	—
Depreciation	1,917	254	2	2,173
Segment profit	3,959	(613)	(653)	2,693
Segment assets	34,011	3,295	4,884	42,190
Expenditures for segment fixed assets	1,397	304	364	2,065
Net sales to customers in foreign countries	3,324	362	—	3,686
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

Revenues from one customer of the Company represented 12%, 13%, and 11% of the Company's total sales in fiscal years 2002, 2001, and 2000, respectively.

REPORT OF INDEPENDENT ACCOUNTANTS

TO THE STOCKHOLDERS AND BOARD OF DIRECTORS OF KEWAUNEE SCIENTIFIC CORPORATION

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of operations, of stockholders' equity and of cash flows present fairly, in all material respects, the financial position of Kewaunee Scientific Corporation and its subsidiaries (the "Company") at April 30, 2002 and 2001 and the results of its operations and its cash flows for each of the three years in the period ended April 30, 2002, 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 3, 2002

MANAGEMENT'S REPORT OF CONSOLIDATED FINANCIAL STATEMENTS

TO THE STOCKHOLDERS AND BOARD OF DIRECTORS OF KEWAUNEE SCIENTIFIC CORPORATION

The consolidated 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 consolidated 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

\$ and shares in thousands, except per share amounts	2002	2001	2000	1999	1998
OPERATING STATEMENT DATA:					
Net sales	\$84,849	\$77,059	\$74,798	\$77,478	\$73,037
Costs of products sold	70,143	62,543	57,715	59,782	55,600
Gross profit	14,706	14,516	17,083	17,696	17,437
Operating expenses	11,801	12,156	12,429	12,315	13,096
Operating earnings	2,905	2,360	4,654	5,381	4,341
Other (expense) income	(6)	(276)	326	325	45
Interest expense	(206)	(246)	(169)	(96)	(149)
Earnings before income taxes	2,693	1,838	4,811	5,610	4,237
Income tax expense	793	561	1,250	2,214	1,674
Net earnings	\$ 1,900	\$ 1,277	\$ 3,561	\$ 3,396	\$ 2,563
Weighted average shares outstanding:					
Basic	2,468	2,467	2,456	2,432	2,386
Diluted	2,481	2,490	2,478	2,464	2,423
PER SHARE DATA:					
Net earnings:					
Basic	\$ 0.77	\$ 0.52	\$ 1.45	\$ 1.40	\$ 1.07
Diluted	0.77	0.51	1.44	1.38	1.06
Cash dividends	0.28	0.28	0.26	0.22	0.18
Year-end book value	10.90	10.42	10.19	9.04	7.89
BALANCE SHEET DATA:					
Current assets	\$25,426	\$24,658	\$23,032	\$21,831	\$20,853
Current liabilities	10,609	9,973	11,560	11,672	11,287
Net working capital	14,817	14,685	11,472	10,159	9,566
Net property, plant and equipment	12,811	12,919	13,506	12,125	10,034
Total assets	42,190	40,869	39,316	36,035	31,866
Total borrowings/long-term debt	2,611	2,997	2,555	939	—
Stockholders' equity	26,912	25,761	25,135	22,032	19,039
OTHER DATA:					
Capital expenditures	\$ 2,065	\$ 1,678	\$ 3,352	\$ 3,678	\$ 1,520
Year-end stockholders of record	289	322	334	349	365
Year-end employees	609	593	606	643	619

QUARTERLY FINANCIAL DATA (UNAUDITED)

Selected quarterly financial data for fiscal years 2002 and 2001 were as follows:

\$ in thousands, except per share amounts	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
2002				
Net sales	\$19,740	\$22,525	\$20,798	\$21,786
Gross profit	3,207	3,934	3,685	3,880
Net earnings	293	638	416	553
Net earnings per share				
Basic	0.12	0.26	0.17	0.22
Diluted	0.12	0.26	0.17	0.22
Cash dividends per share	0.07	0.07	0.07	0.07
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

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
2002				
High	\$10.17	\$ 9.95	\$ 9.66	\$11.00
Low	\$ 8.90	\$ 7.00	\$ 7.81	\$ 9.55
Close	\$ 9.65	\$ 8.00	\$ 9.66	\$10.60
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

CORPORATE INFORMATION

BOARD OF DIRECTORS

Margaret Barr Bruemmer (1)(3)(4)
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

Silas Keehn (2)(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)(2)(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
and Product Development

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 28, 2002 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: marketing-tfg@kewaunee.com.

TRADEMARKS

ADJUSTABENCH, Advantage, Alpha, BasikBench, CFHS, Discovery, Evolution, Explorer, FlexTech, Kemresin, Kemrock, Kemshield, Kewaunee, Research Collection,

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