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Huffy Corporation Announces 2000 Annual Earnings

Fourth Quarter Sets Record for Earnings From Continuing Operations

MIAMISBURG, OHIO, FEBRUARY 15, 2001 – HUFFY CORPORATION (NYSE-HUF) today announced that net earnings for the fourth quarter were \$26.4 million or \$2.54 per common share, versus a loss of \$15.1 million or \$1.49 per common share for the fourth quarter of 1999. Earnings from continuing operations for the fourth quarter, before charges for the bicycle reconfiguration and refinancing costs were \$5.8 million or \$0.56 per common share, compared to a loss for the same period last year of \$8.0 million or \$0.79 per common share. Earnings from discontinued operations and the gain on sale related to Washington Inventory Service contributed \$1.97 per common share to net earnings for the quarter. Reconfiguration, refinancing, and extraordinary items contributed another \$0.01 per common share during the fourth quarter.

For the year ended December 31, 2000 net earnings were \$35.0 million or \$3.39 per common share versus a loss of \$33.3 million or \$3.13 per common share for the year ended December 31, 1999. Earnings from continuing operations for the period ended December 31, 2000, before charges for the bicycle reconfiguration and refinancing costs, were \$11.6 million or \$1.12 per common share, compared to a loss of \$14.1 million or \$1.33 per common share. Earnings from discontinued operations and the gain on sale related to Washington Inventory Service contributed \$2.45 per common share to net earnings for the year. Reconfiguration, refinancing, and extraordinary charges for the twelve month period resulted in a charge to earnings of \$0.18 per common share.

Net sales from continuing operations for the fourth quarter of 2000 were \$142.2 million compared to sales of \$107.3 million for the fourth quarter of 1999, an increase of 32.5%. For the full year 2000, sales were \$488.2 million compared to sales of \$422.9 million in 1999, an increase of 15.4%. Gross margins for the fourth quarter were 19.5%, significantly improved from the gross margin reported for the fourth quarter of 1999. Overall, gross margins were up 17.2 points during the fourth quarter versus the same period last year, with the majority of this improvement coming from the bicycle business. Margins in the bicycle business in the fourth quarter were up by 29.6 points compared to the fourth quarter of 1999 and for the full year margins improved by 16.1 points versus 1999. For the year 2000, corporate wide gross margins for continuing operations were 16.7%, an 8.0 point increase when compared to gross margins for the full year 1999.

In commenting on results, Don Graber, President and CEO said, " Although we did see some softness in retail sales in the fourth quarter, particularly during the last six weeks due to weakness in the economy and retail sector, this has been a good year for Huffy. The quarter set an all time record for earnings from continuing operations in the fourth quarter, fueled primarily by the Huffy bicycle business. The transformation of the bicycle business from a single-brand domestic manufacturing company to a multi-brand, product design, sourcing and distribution company has been a success – witness the Micro™ scooter, which emerged as a successful new product with sales approaching \$100 million for 2000. The success of X-Games® bicycles and excellent placement of other bicycle lines in the second half of 2000 have been major contributors to Huffy's strong earnings performance this year. The sale of Washington Inventory Service allowed Huffy to restructure its balance sheet, eliminating fixed-term, high-cost debt and giving us the strongest balance sheet we've had in many years. Although softness in the basketball segment continues to impact Huffy Sports Company, the basketball business had stronger sales in the third quarter and the recently introduced line of Twilight™ basketballs and footballs sold well during the holiday season. Huffy Service First had record revenues this year, fueled by strong growth in the merchandising business, although due to infrastructure costs, earnings fell below expectations. The steps taken during 2000 to restructure the in-home operations and to streamline field operations have positioned Huffy Service First to improve earnings going forward."

Graber concluded saying, "Given recent economic forecasts, we believe that the first quarter will be a challenging quarter, with some softness in sales compared to the first quarter of 2000. Although there continues to be evidence of softer bicycle sales at retail in the first few weeks of the year, we have been pleased with the continued sell through of the Micro™ scooter at retail. With the restructuring of the bicycle business behind us, continued margin improvement, a focus on reducing operating costs, and a substantial reduction in interest expense, we are confident that Huffy will deliver another year of solid financial performance in 2001, with earnings per share from continuing operations in the \$1.00 to \$1.10 per common share range as previously announced. Finally, our focus on strategic alternatives with UBS Warburg continues to be a key corporate priority."

Huffy Corporation is a leading provider of consumer and retail services and the leading supplier of bicycles and home basketball equipment.

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The discussion in this press release contains forward-looking statements and is qualified by the cautionary statements contained in the Company's report on Form 8-K, dated April 27, 2000.

- tables to follow -

HUFFY CORPORATION						
CONSOLIDATED STATEMENTS OF EARNINGS						
(Dollars in thousands, except per share data)						
	Quarter Ended				Year Ended	
	December 31,				December 31,	
	2000		1999		2000	1999
Net sales	\$142,209		\$107,338		\$488,181	\$422,866
Gross profit	27,675		2,470		81,342	36,723
% to net sales	19.5%		2.3%		16.7%	8.7%
Selling, general and administrative expenses	16,731		13,907		53,763	56,158
Plant closure & manufacturing reconfiguration	(797)		5,112		714	38,559
Operating income	11,741		(16,549)		26,865	(57,994)
Other expense						
Interest expense, net	1,207		441		8,428	1,816
Other	114		198		1,342	333
	1,321		638		9,770	2,149
Earnings (loss) before income taxes	10,420		(17,188)		17,095	(60,143)
Income tax expense (benefit)	4,138		(5,784)		6,429	(20,788)
Net earnings(loss) from continuing operations	6,282		(11,404)		10,666	(39,355)

Discontinued operations:							
	Income (loss) from discontinued operations, net of income tax expense (benefit) of \$898, \$(1,816), \$3,439, and \$(145).	(327)		(3,711)		4,537	(193)
	Gain on disposal of discontinued operations, net of income tax expense of \$16,082, \$0, \$16,082, and \$4,078.	20,781		-		20,781	6,260
	Net earnings (loss) before extraordinary item	\$26,736		(\$15,115)		\$35,984	(\$33,288)
	Extraordinary (loss) net of income tax benefit \$186 and \$575	(\$363)		-		(\$998)	-
	Net earnings (loss)	\$26,373		(\$15,115)		\$34,986	(\$33,288)

Earnings per common share:							
	Weighted average number of common shares	10,387,667		10,159,782		10,320,362	10,642,257
DILUTED:							
	Earnings (loss) from operations	\$0.56		(\$0.79)		\$1.12	(\$1.33)
	Earnings (loss) from reorganization and refinancing	\$0.05		(\$0.33)		(\$0.09)	(\$2.37)
	Earnings (loss) from continuing operations	\$0.61		(\$1.12)		\$1.03	(\$3.70)
	Earnings (loss) from discontinued operations	\$1.97		(\$0.37)		\$2.45	\$0.57
	(Loss) from extraordinary charges	(\$0.04)		\$0.00		(\$0.09)	\$0.00
	Net earnings (loss) per common share	\$2.54		(\$1.49)		\$3.39	(\$3.13)

BALANCE SHEET HIGHLIGHTS (Dollars in thousands, except per share data)

	December 31,		December 31,	
	2000		1999	
Cash and cash equivalents	\$4,334		\$20,190	
Receivables, net	79,811		56,797	
Inventories	43,324		23,354	
Prepaid expenses and other expenses	28,344		32,262	
Net assets of discontinued operations	0		35,584	
Total current assets	155,813		168,187	
Property, plant and equipment, net	12,680		19,028	
Intangibles and others	12,000		27,068	
Total assets	\$180,493		\$214,283	

Notes payable and current portion				
of long-term debt	\$17,656		\$31,021	
Accounts payable and accruals	63,736		64,885	
Income taxes and other	8,278		8,197	
Total current liabilities	89,670		104,103	
Long-term debt	0		51,348	
Other liabilities	17,692		21,350	
Shareholders' equity	73,131		37,482	
Total liabilities and shareholders' equity	\$180,493		\$214,283	

Equity per common share outstanding	\$7.15		\$3.68	
Working capital ratio	1.7		1.6	

HUFFY CORPORATION
CONSOLIDATED QUARTERLY STATEMENTS OF EARNINGS
(Dollars in thousands)

	1 st Quarter	2 nd Quarter	3 rd Quarter	4 th Quarter	Total
2000					
Net sales	\$100,068	\$122,029	\$123,875	\$142,209	\$488,181
Gross profit	14,762	17,064	21,841	27,675	81,342
% to net sales	14.8%	14.0%	17.6%	19.5%	16.7%
Selling, general and administrative expenses	12,895	11,601	12,536	16,731	53,763
Plant closure and manufacturing reconfiguration	1,718	1,610	(1,817)	(797)	714
Operating Income	149	3,853	11,122	11,741	26,865
Other expense					
Interest expense, net	1,969	2,538	2,714	1,207	8,428
Other	(12)	(124)	1,364	1,614	1,342
Earnings (loss) before income taxes	(1,808)	1,439	7,044	10,420	17,095
Income tax expense (benefit)	(687)	803	2,175	4,138	6,429
Earnings (loss) from continuing operations	(1,121)	636	4,869	6,282	10,666
Discontinued operations	829	3,875	160	(327)	4,537

Gain on disposal of discontinued operations	—	—	—	20,781	20,781
Extraordinary gain (loss)	(848)	—	213	(363)	(998)
Net earnings (loss)	(\$1,140)	\$4,511	\$5,242	\$26,373	\$34,986
1999					
Net sales	\$107,922	\$131,256	\$76,350	\$107,338	\$422,866
Gross profit	16,021	19,750	(1,518)	2,470	36,723
% to net sales	14.8%	15.0%	(2.0%)	2.3%	8.7%
Selling, general and administrative expenses	14,186	13,943	14,122	13,907	56,158
Plant closure and manufacturing reconfiguration	2,087	621	30,739	5,112	38,559
Operating Income	(252)	5,186	(46,379)	(16,549)	(57,994)
Other expense					
Interest expense, net	919	318	138	441	1,816
Other	186	60	(111)	198	333
Earnings (loss) before income taxes	(1,357)	4,808	(46,406)	(17,188)	(60,143)
Income tax expense (benefit)	(503)	1,993	(16,494)	(5,784)	(20,788)
Earnings (loss) from continuing operations	(854)	2,815	(29,912)	(11,404)	(39,355)
Discontinued operations	(23)	2,476	1,065	(3,711)	(193)

