UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D. C. 20549
FORM 10-K

(Mark One) Annual Report / X / or
Transition Report / /
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

For the Fiscal Year Ended April 30, 2001 Commission File No. 1-5865

GERBER SCIENTIFIC, INC.
(Exact name of Registrant as specified in its charter)

Connecticut	06-0640743
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)
83 Gerber Road West South Windsor, CT	06074
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: (860) 644-1551

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Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each Exchange on which registered
Common Stock, par value $1.00 per share	New York Stock Exchange

At June 13, 2001, 22,043,632 shares of common stock of the registrant were outstanding. On such date the aggregate market value of the voting stock held by non-affiliates of the registrant was approximately $185,550,000. Excluded from this amount is voting stock having an aggregate market value of approximately $25,187,000 (representing 12.0% of the outstanding voting stock), which is owned, directly or in trust, by the family of H. Joseph Gerber, the Company's founder, and by the other members of the Company's Board of Directors, who are deemed affiliates for purposes of this computation.

Securities registered pursuant to Section 12(g) of the Act: None

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Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K.__X__.

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

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the documents listed below have been incorporated by reference into the indicated parts of this report, as specified in the responses to the item numbers involved.

(1) 2001 Annual Meeting Proxy Statement (Parts I, III, and IV)

GERBER SCIENTIFIC, INC.

Index to Annual Report
on Form 10-K
Year Ended April 30, 2001

GERBER SCIENTIFIC, INC.

PART I

ITEM 1. BUSINESS.

Gerber Scientific, Inc., a Connecticut corporation incorporated in 1948, is a holding company providing corporate management services and financial resources to its subsidiaries. As used herein, the term "Company" means Gerber Scientific, Inc. and, unless the context indicates otherwise, its subsidiaries. The Company's principal subsidiaries are Gerber Scientific Products, Inc. (GSP); Spandex PLC (Spandex); Gerber Technology, Inc. (GT); and Gerber Coburn Optical, Inc. (GC).

Gerber Scientific, Inc. is a leading global supplier of intelligent manufacturing systems. The Company provides diverse industries with innovative computer-based systems, equipment, software, and aftermarket supplies that generate high-quality, mass-customized products at a competitive cost. As a result, the Company is a market leader in each of its three operating segments: Sign Making and Specialty Graphics; Apparel and Flexible Materials; and Ophthalmic Lens Processing.

The Company's principal manufacturing and administrative facilities are located in Connecticut. The Company also has foreign subsidiaries in numerous locations that provide marketing and field service support for the Company's products.

As of April 30, 2001, the Company had approximately 2,539 regular, full-time employees.

Acquisitions and Divestiture

The Company continually evaluates acquisition opportunities to strengthen its market leadership positions. Over the last five years, the Company has completed several acquisitions, which it believes increases its potential for additional growth. Also, in 1998, the Company sold its Imaging and Inspection Systems business to focus on its leadership positions in its other businesses. A summary of these acquisitions and divestiture follows.

In 2000, the Company acquired five distribution businesses included in its Sign Making and Specialty Graphics operating segment. These businesses were located in Australia, New Zealand, and Scandinavia. For further discussion of these acquisitions, see Part II, Item 8, Note 2, "Business Acquisitions" of the "Notes to Consolidated Financial Statements" appearing on page 43 of this Form 10-K.

On May 5, 1998, the Company acquired the outstanding capital stock of Spandex PLC (Spandex) of Bristol, UK. Spandex was the largest distributor of equipment and related materials to the sign making industry in Europe. The purchase price was approximately $173,000,000. In addition, Spandex had approximately $11,600,000 in outstanding debt that was assumed.

As of March 31, 1998, the Company sold its Imaging and Inspection Systems product class to the BARCO Group of Belgium for $25,000,000 in cash. This product class developed, manufactured, marketed, and serviced interactive imaging and inspection systems for the electronics and commercial printing industries.

On February 27, 1998, Gerber Optical, Inc., a wholly owned subsidiary of the Company, acquired the outstanding stock of Coburn Optical Industries, Inc. (Coburn) of Muskogee, Oklahoma, and subsequently merged with Coburn. The company was renamed Gerber Coburn Optical, Inc. The purchase price, including the costs of acquisition and the repayment of Coburn's outstanding debt, was approximately $63,000,000. Coburn is a leading manufacturer and international distributor of a broad range of ophthalmic lens processing equipment and related supplies used in the production of eyeglass lenses. GC has continued to develop, manufacture, market, and support the Coburn product lines.

On February 12, 1997, the Company's GT subsidiary acquired the outstanding stock of Cutting Edge Inc. (Cutting Edge) of Marblehead, Massachusetts, for a total cost of approximately $7,800,000 and subsequently merged that company into GT. Cutting Edge manufactures high-performance single layer fabric cutting systems for the industrial fabric, automotive, furniture, apparel, and composite materials industries. GT has continued to develop, manufacture, market, and support the Cutting Edge product lines.

Operating Segments

The Company conducts its business through three principal operating segments. These operating segments, their principal products and services, and a description of their principal methods of distribution follows. Other relevant information regarding the Company's measurement of segment profit or loss and segment assets, factors used to identify reportable segments, and the financial information required by Item 1 relating to the reportable segments are included in Part II, Item 8, Note 15, "Segment Reporting" of the "Notes to Consolidated Financial Statements" appearing on page 56 of this Form 10-K.

SIGN MAKING AND SPECIALTY GRAPHICS

Gerber Scientific Products (GSP) and Spandex PLC comprise the Company's Sign Making and Specialty Graphics operating segment.

GSP is a world leader in the development and manufacture of computerized sign making and specialty graphics systems, software, materials, and accessories. Digital design, printing, and production products are integrated to provide customers with comprehensive engineered solutions for color printing and dimensional signage. GSP also develops and supplies quality state-of-the-art aftermarket materials to maximize equipment performance and output.

GSP produces a full range of color digital imaging systems, automated lettering systems, software, plotters, and routers for the design and production of signs and graphic arts on adhesive-backed vinyls and other materials. The company's color digital imaging systems create continuous length, durable, professional-quality text and graphics, including complicated halftones, multiple colors, and process four color images directly on sign vinyl. GSP's aftermarket supplies include a wide variety of adhesive-backed vinyls, translucent vinyl films, color foil cartridges, reflective sheeting, masking film, sandblast stencil, heat transfer flock, and specialty and screenprinting films.

The end market for GSP's products includes sign shops and graphic arts professionals. GSP distributes its products to independent distributors for resale by them to the end market, except for sales to the Company's wholly-owned subsidiary Spandex, which sells directly to end users. The acquisition of Spandex added to the Company the leading global distributor of high-performance software, equipment, and related materials and components to the sign making and specialty graphics industry. The largest company of its kind in the world, Spandex is responsible for the sales, marketing, and support of GSP's sign making software, systems, and accessories in Europe, Canada, Australia, and New Zealand. In addition to GSP products, Spandex offers a broad inventory of specialty sign making materials. These include self-adhesive vinyl, banner materials, specialist sign making films, application tapes, and sign blanks and substrates, as well as extruded aluminum sign systems and plastic components. Additionally, a subsidiary of Spandex produces self-adhesive vinyl films for the sign and allied industries and labels films for the packaging markets.

Revenues generated by the international operations of GSP and Spandex were 72.0 percent and 68.9 percent of total segment revenues in fiscal 2001 and 2000, respectively. These revenues can be impacted by various economic factors, including fluctuations in interest rates and foreign currency exchange rates.

APPAREL AND FLEXIBLE MATERIALS

Gerber Technology (GT) comprises the Company's Apparel and Flexible Materials operating segment. GT is a world leader in advanced computer-aided design and manufacturing systems for producing industrial, commercial, and retail sewn goods. GT produces computer-aided design, pattern-making, and marker-making systems; computer-controlled material spreading and cutting systems; and several related hardware and software systems. GT also provides maintenance services for a substantial portion of the systems it produces. These integrated hardware and software systems significantly improve the efficiency of information data management, product and pattern design, grading and marker making, fabric spreading and cutting, and material handling processes. They also are used to manufacture products formed by flexible materials, such as luggage, toys, marine products, and composites.

GT's computer-aided design, pattern-making, and marker-making (nesting) systems automate the design, pattern-making, pattern-grading (sizing), and marker-making functions. This improves the efficiency of material usage in the apparel, furniture, luggage, automotive, aerospace, sheet metal, composites, and other industries. Among the software products GT produces is a product data management system that provides a powerful tool for developing product specifications, controlling and managing data, and documenting the product development process, along with production and quality requirements. GT's material spreading systems enhance cutting room efficiency by automating the preparation of multiple layers of material for the cutting table. GT's computer-controlled cutting systems accurately cut parts out of single and multiple layers of flexible materials, such as textiles, leathers, vinyls, plastics, fiberglass, and advanced composite materials, quickly, efficiently, and with more precision than the traditional methods of hand cutting or die cutting.

The market for GT's products include the apparel, aerospace, automotive, furniture, and other industries. GT products are sold through its worldwide distribution network and through independent sales representatives and agents.

Revenues generated by GT's international operations were 69.1 percent and 61.8 percent of total segment revenues in fiscal 2001 and 2000, respectively. These revenues can be impacted by fluctuations in interest rates and foreign currency exchange rates and by significant competition, particularly in Europe.

OPHTHALMIC LENS PROCESSING

Gerber Coburn Optical, Inc. (GC) comprises the Company's Ophthalmic Lens Processing operating segment. The company's equipment, software, systems, and accessories are utilized in all aspects of surfacing and coating prescription eyewear lenses, and in the machining of eyeglass lens blanks to fit patient frames. GC also provides maintenance services for a substantial portion of the systems it produces. As a world leader in ophthalmic lens processing systems, GC develops, manufactures, and distributes a wide range of fully integrated, computer-based laboratory production solutions to ophthalmic professionals around the world.

GC's production solutions replace a set of related manual tasks with computer-controlled automation, reducing operator skill levels required and increasing productivity. The company's product offerings include the components required to process an entire prescription, including computerized frame tracing, lens blocking, surface generating, and lens edging. The individual systems can be used with other manufacturing equipment or can be combined in a complete system managed by the company's processing software.

The markets for GC's products include independent wholesale eyeglass processing laboratories, "super-optical" retail stores with on-site processing facilities, retail chains with central processing laboratories, and independent ophthalmologists, optometrists, and opticians. Market consolidation in both the wholesale and retail market segments have adversely impacted GC's revenues in fiscal 2001 and 2000. GC products are sold through its direct worldwide distribution network.

The Coburn acquisition in February 1998 broadened the Company's product markets to include manufacturers of both plastic and glass lenses. Also gained through Coburn was a significant consumables and spare parts business, a direct worldwide distribution network, which extended the Company's geographic reach, and an established field service organization. The consumable and spare parts business includes lens polishing pads, tinting chemicals, coatings, and miscellaneous tools.

Revenues generated by GC's international operations were 36.8 percent and 38.9 percent of total segment revenues in fiscal 2001 and 2000, respectively.

On August 31, 2000, the Company announced its Board of Directors had authorized the Company to pursue strategic alternatives for its Ophthalmic Lens Processing operating segment including the potential divestiture of the business. The Company had retained the investment banking firm of C.E. Unterberg, Towbin to assist in the sale. On May 2, 2001, the Company reported it had completed its previously announced review of strategic alternatives and determined that the Ophthalmic Lens Processing operating segment would remain a segment of the Company. This conclusion was based on an extensive review and discussions with potential strategic and financial parties.

Other Matters Relating to the Company's Business as a Whole

RESEARCH AND DEVELOPMENT

The Company continues to emphasize technological development with research and development programs designed to create new software and hardware products, improve existing products, and modify products to meet specific customer needs. The Company's research and development expenses for the years ended April 30, 2001, 2000, and 1999 were $29,272,000, $33,022,000, and $31,468,000, respectively, and were charged to income as incurred.

MARKETING

Most of the Company's product sales are to end users and are sold through the Company's direct sales force in the United States, subsidiaries in Europe, Canada, Mexico, Morocco, Australia, New Zealand, Singapore, Hong Kong, and China, and independent sales representatives and agents in various parts of the world. The Company's Sign Making and Specialty Graphics systems are sold principally to independent distributors for resale by them, except for sales to Spandex, which are resold by Spandex directly to end users. Domestic sales personnel are located in a number of cities, including Hartford, New York, Atlanta, Chicago, Dallas, Los Angeles, and Miami. The Company has foreign subsidiaries that provide marketing and field service support for the Company's products. These are located in Austria, Belgium, the Czech Republic, Finland, France, Germany, Holland, Hungary, Italy, Portugal, Slovakia, Spain, Sweden, Switzerland, the United Kingdom, Canada, Mexico, Morocco, Australia, China, Hong Kong, New Zealand, and Singapore. The Company's foreign subsidiaries act both as sales representatives on a commission basis and as distributors, depending upon the product and the territory involved.

RAW MATERIALS

The Company purchases materials, such as computers, computer peripherals, electronic parts, hardware, and aftermarket supplies from numerous suppliers. Many of these materials are incorporated directly into the Company's manufactured products, while others require additional processing. In some cases the Company uses only one source of supply for certain materials, but to date the Company has not experienced significant difficulties in obtaining timely deliveries. Increased demand for these materials or future unavailability could result in production delays that might adversely affect the Company's business. The Company believes that, if required, it could develop alternative sources of supply for the materials that it uses. In the near term, the Company does not foresee the unavailability of materials, components, or supplies that would have any material adverse effect on its overall business, or on any of its operating segments.

PATENTS AND TRADEMARKS

The Company owns and has applications pending for a large number of patents in the United States and other countries, which expire from time to time, and cover many of its products and systems. While the Company considers that such patents and patent applications as a group are important to its operations, it does not consider that any patent or group of them related to a specific product or system is of such importance that the loss or expiration thereof would have a materially adverse effect on its overall business or the segments thereof.

The Company believes that its success depends, to a significant extent, on the innovative skills, technical competence, and marketing abilities of its personnel.

The Company also has registered trademarks for a number of its products. Trademarks do not expire when continued in use and properly protected.

SEASONALITY

No segment of the Company's business is subject to significant seasonal fluctuation. Sales of aftermarket supplies in the Sign Making and Specialty Graphics operating segment can be affected by the weather in the winter months (the Company's third quarter) as many of these supplies are used for production of outdoor signage.

WORKING CAPITAL

The Company's business generally does not require unusually large amounts of working capital. The Company receives advance payments on customer orders for some of its products. The Company also sells certain of its products through leasing programs that are financed by third-party financial institutions. These leases are generally for three- to five-year terms. The Company has recourse obligations for leases that are financed under these leasing programs and these obligations are secured and collateralized by the underlying equipment.

CUSTOMERS

The Company's customers are primarily end users, except in the Sign Making and Specialty Graphics segment, for which the Company's customers in the U.S. are independent distributors. Spandex, which is included in this segment, sells directly to end users in other geographic markets. No single customer accounted for 10 percent or more of the Company's consolidated revenue in 2001, 2000, or 1999. Customer purchases of capital goods often vary from year to year, and it is normal for the Company's customer base to change accordingly. The Company believes that the loss of any single customer or small group of customers would not have a materially adverse impact on the Company's overall business or segments thereof.

BACKLOG

The Company's backlog of orders considered firm was approximately $40,500,000 at April 30, 2001, compared with $45,200,000 at April 30, 2000. Substantially all the backlog at April 30, 2001, is scheduled for delivery in 2002. The Company records as backlog firm orders from customers for delivery at specified dates. The Company's backlog at April 30, 2001 and 2000 by operating segment follows (in thousands):

Operating Segment:	4/30/01	4/30/00
Sign Making and Specialty Graphics	$ 1,400	$ 4,500
Apparel and Flexible Materials	35,600	34,900
Ophthalmic Lens Processing	3,500	5,800
Total	$40,500	$45,200

COMPETITION

The Company competes in a variety of markets and with a variety of other companies. In the markets the Company serves, the principal competitive factors are product performance, price, customer support, and company reputation.

The Company holds a leading market position in the marketplace for computer-controlled sign making and specialty graphics systems. The Company pioneered the development of these technologies. While there has been an increase in the number of companies marketing competing products, the Company believes that none have been able to match the combined product, marketing, selling/distribution channels, and support strength of the Company.

The Company believes that it is the largest worldwide supplier to the apparel and flexible materials industries of computer-controlled material cutting systems and pattern-making, grading, and nesting systems. There is worldwide competition in these markets, and certain competing companies have become significant suppliers. Certain of these competitors have marketed cutting equipment in the past that infringed the Company's patents, and the Company has received favorable settlements from such competitors.

The Company is the largest worldwide supplier of ophthalmic manufacturing systems used in the manufacture of eyeglass lenses. The Company believes that its leadership in technology and ability to make strategic alliances and acquisitions has enabled it to become the major supplier of computerized surface blocking systems, lens generating systems, and lens edging and polishing systems.

The Company could be adversely affected if it were unable to respond with competitive products, in a timely manner, to pricing changes or significant new product announcements affecting its product lines.

OTHER RISK FACTORS

The Company's businesses and operations worldwide can be affected by changes in economic, industrial, political, and international conditions, including changes in interest rates (which can affect demand for capital equipment as well as the Company's financing costs); changes in legislation and in government regulations (including regulations relating to capital contributions, currency conversion, and repatriation of earnings); changes in technology; and changes in currency exchange rates. The Company's export sales have generally been made in U.S. dollars, except for certain products and territories (principally in Western Europe), where the Company has made sales in local currencies. The Company has a program to hedge certain local currency sales through the use of forward foreign currency exchange contracts.

The Company was party to approximately $9,400,000 in forward exchange contracts at April 30, 2001 providing for the delivery by the Company of various foreign currencies in exchange for others over the succeeding months. The counterparties to these contracts were major international commercial banks. The Company continually monitors its open forward exchange contract position and does not anticipate nonperformance by the counterparties.

To hedge the variability in future cash flows attributable to interest rate fluctuations associated with a portion of the U.S. dollar borrowings under its multi-currency revolving credit facility, the Company entered into a four-year interest rate swap contract. The notional amount of this swap contract at April 30, 2001 was $46,000,000, and this will decrease ratably to $32,000,000 over the remainder of the contract's term (January 2003). The market value of this swap contract was approximately $(560,000) at April 30, 2001.

Management believes that the diversification of the Company's businesses across multiple industries and geographically throughout the world has helped, and should continue to help, limit the effect of adverse conditions in any one industry or the economy of any country or region on the consolidated results of the Company. There can be no assurance, however, that the effect of adverse conditions in one or more industries or regions will be limited or offset in the future.

A discussion of the impact on the Company of the introduction of the "euro" as a common currency of the member countries of the European Economic and Monetary Union is included in Management's Discussion and Analysis of Financial Condition and Results of Operations under the heading "Euro Conversion" on page 28 of this Form 10-K.

Cautionary Note Concerning Factors That May Affect Future Results

This report contains statements which, to the extent they are not statements of historical or present fact, constitute "forward-looking statements" under the securities laws. From time to time, oral or written forward-looking statements may also be included in other materials released to the public. These forward-looking statements are intended to provide management's current expectations or plans for the future operating and financial performance of the Company, based on assumptions currently believed to be valid. Forward-looking statements can be identified by the use of words such as "believe," "expect," "plans," "strategy," "prospects," "estimate," "project," "anticipate," and other words of similar meaning in connection with a discussion of future operating or financial performance. These include, among others, statements relating to:

- future earnings and other measurements of financial performance,
- future cash flow and uses of cash,
- the effect of economic downturns or growth in particular regions,
- the effect of changes in the level of activity in particular industries or markets,
- the scope or nature of acquisition activity,
- prospective product developments and new business opportunities,
- restructuring costs and savings,
- the outcome of contingencies, and
- the transition to the use of the euro as a currency.

All forward-looking statements involve risks and uncertainties that may cause actual results to differ materially from those expressed or implied in the forward-looking statements. For additional information identifying factors that may cause actual results to vary materially from those stated in the forward-looking statements, see the Company's reports on Forms 10-K, 10-Q, and 8-K filed with the Securities and Exchange Commission from time to time. The Company's Annual Report on Form 10-K for fiscal 2001 includes important information as to risk factors in the "Business" section under the headings "Operating Segments" and "Other Matters Relating to the Company's Business as a Whole." Additional important information as to risk factors is included in the Company's Annual Report on form 10-K for fiscal 2001 in the "Management's Discussion and Analysis of Financial Condition and Results of Operations" section.

ITEM 2. PROPERTIES.

The Company's principal operations are conducted in the following facilities:

Type of Facility	Location	Square Footage
Manufacturing/office (O) (1,3)	South Windsor, CT	246,000
Manufacturing/office (O) (4)	South Windsor, CT	98,000
Manufacturing/office (O) (2)	Tolland, CT	252,000
Manufacturing/office (O) (1)	Manchester, CT	118,000
Manufacturing/office (O) (3)	Muskogee, OK	157,000
Manufacturing/office (O) (1)	Lancaster, England	55,000
Manufacturing/office (L) (2)	Ikast, Denmark	64,000
Manufacturing/office (L) (2)	Marblehead, MA	32,000
Service/office (O) (2)	Richardson, TX	68,000
Warehouse/sales and service office (L) (1)	Bristol, England	120,000
Warehouses/sales and service offices (O)	Various	80,000
Warehouses/sales and service offices (L)	Various	588,000

(O) Company-owned

(L) Leased

(1) Sign Making & Specialty Graphics
(2) Apparel & Flexible Materials
(3) Ophthalmic Lens Processing
(4) Unoccupied

The Company plans to either sell outright or sell and lease back several of the above properties, including both properties in South Windsor, CT, the property in Manchester, the property in Richardson, TX, and a parcel of land in Manchester, CT. The proceeds from these transactions will be used to reduce the Company's debt. These properties have a carrying value of $21,369,000 as of April 30, 2001 and are included in the caption "Net assets held for sale" in the Company's balance sheet.

In the third quarter of fiscal 2001, the Company sold and leased back the Bristol, UK facility of its Spandex PLC subsidiary. The Company realized gross receipts of $12,600,000 on the sale and entered into a 15 year leaseback of the facility with average annual rental payments of approximately $1,200,000. The gain on the sale of the facility of $3,500,000 was deferred and will be amortized over the lease term against the rental payments. The lease was accounted for as an operating lease.

Management believes that the Company's facilities, which are utilized primarily on a single-shift basis with overtime, are well maintained and are adequate to meet the Company's immediate requirements.

The Company's leases for warehouse and sales and service office space are generally on short-term bases. Rentals for leased facilities aggregated $3,115,000 in the fiscal year ended April 30, 2001.

The Company owns certain machinery and equipment used in its operations and leases the remainder. In the fiscal year ended April 30, 2001, the aggregate rental under such leases was $2,510,000. The Company fully utilizes such machinery and equipment.

ITEM 3. LEGAL PROCEEDINGS.

Various lawsuits, claims, and governmental proceedings are pending against the Company. Management of the Company believes that the ultimate resolution of these matters will not have a materially adverse effect on the Company's consolidated financial position or the results of its operations.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

No matters were submitted to a vote of the security holders during the fourth quarter of the Company's fiscal year ended April 30, 2001.

EXECUTIVE OFFICERS OF THE REGISTRANT.

Included in Part III, Item 10, "Directors and Executive Officers of the Registrant," appearing on page 62 of this Form 10-K.

PART II

ITEM 5. MARKET FOR THE REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS.

The Company's common stock is listed on the New York Stock Exchange under the symbol "GRB." Shareholders of record totaled 1,286 at April 30, 2001. The other information required by Item 5 is included in Part II, Item 8, Note 19, "Quarterly Results (Unaudited)" of the "Notes to Consolidated Financial Statements" appearing on page 61 of this Form 10-K.

ITEM 6. SELECTED FINANCIAL DATA.

	For years ended April 30				
In thousands except per share amounts	**2001**	2000	1999	1998	1997
Sales and service revenue	**$552,960**	$610,726	$594,618	$430,480	$380,917
Net earnings (loss) before charges [1,5]	**(2,521)**	25,875	29,580	23,685	16,009
Per common share					
Basic	**(.11)**	1.17	1.31	1.04	.69
Diluted	**(.11)**	1.16	1.29	1.02	.69
Net earnings (loss) [2-4]	**(23,631)**	25,875	29,580	7,385	16,009
Per common share					
Basic	**(1.07)**	1.17	1.31	.32	.69
Diluted	**(1.07)**	1.16	1.29	.32	.69
Cash dividends per common share	**.32**	.32	.32	.32	.32
Total assets	**501,193**	572,836	542,260	338,767	325,215
Long-term debt	**169,914**	194,892	173,338	6,953	7,145
Shareholders' equity	**$223,743**	$256,912	$243,331	$230,914	$248,021
Weighted average common shares outstanding					
Basic	**22,017**	22,140	22,590	22,800	23,250
Diluted	**22,017**	22,390	23,011	23,331	23,365

See "Summary of Significant Accounting Policies and Notes to Consolidated Financial Statements" appearing on pages 41 through 62 of the Company's fiscal year 2001 Annual Report to Shareholders for a description of any acquisitions or sales of businesses materially affecting the comparability of the information reflected in the "Selected Financial Data" required by Item 6.

[1] Fiscal year 1998 excludes a non-recurring special charge of $16,300,000 ($.70 diluted earnings per share) from the write-down of certain assets on the sale of the Company's Gerber Systems unit. Gerber Systems represented the Company's Imaging and Inspection Systems product class.

[2] Net earnings for the year ended April 30, 1998 included the non-recurring special charge discussed in Note 1 above and a gain of approximately $1,000,000 ($.04 diluted earnings per share) from the final settlement of the Company's UK patent litigation with Lectra Systemes S.A. of France.

[3] Net earnings for the year ended April 30, 1997 included a gain of $1,032,000 ($.04 diluted earnings per share) from life insurance benefits the Company received upon the death of Mr. H. Joseph Gerber.

[4] Net earnings for the year ended April 30, 2000 included $6,200,000 ($.18 diluted earnings per share) in excess costs on initial production of certain new products in the Company's Sign Making and Specialty Graphics operating segment.

[5] Fiscal year 2001 excludes restructuring and other special charges of $21,110,000 ($.96 diluted earnings per share) relating to reductions in workforce, provisions for losses on sales of facilities, inventory write-downs, impairments of long-lived assets, and other charges. See further discussion of these charges in Note 14, "Restructuring and Other Special Charges and Net Assets Held for Sale", of the "Notes to Consolidated Financial Statements" appearing on page 54 of this Form 10-K.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

For years ended April 30, 2001, 2000, and 1999

RESULTS OF OPERATIONS

Changes in the Consolidated Entity

During fiscal 2000, the Company purchased five distribution businesses included in its Sign Making and Specialty Graphics operating segment. Accordingly, these acquisitions were included in the Company's consolidated balance sheets at April 30, 2001 and 2000, and in the Company's results from operations and cash flows since their respective acquisition dates.

In May 1998, the Company acquired the outstanding capital stock of Spandex PLC (Spandex). Accordingly, Spandex was included in the Company's consolidated balance sheets at April 30, 2001 and 2000, and in the Company's results from operations and cash flows for the twelve-month periods ended April 30, 2001, 2000, and 1999.

Revenue - 2001 vs. 2000

Consolidated revenue in 2001 was $553.0 million, a decrease of $57.8 million or 9.5 percent from $610.7 million in 2000. The decrease in 2001 reflected both lower product sales and service revenue. Each of the Company's operating segments experienced sales declines in 2001, with the most significant decline in the Apparel and Flexible Materials operating segment.

Weaker foreign currency translation rates, especially in Europe, lowered revenue approximately $32.5 million (5.5 percent) in 2001 and affected each of the Company's operating segments. Holding exchange rates constant, revenue was effectively the same in both the Sign Making and Specialty Graphics and Ophthalmic Lens Processing operating segments, but significantly lower in the Apparel and Flexible Materials operating segment. Foreign currency effects on competitive pricing in European markets, which is not measurable, further reduced revenue (and profitability) in that segment.

Weaker demand for capital equipment in North American markets due to deterioration in economic conditions pressured product sales in each of the Company's operating segments. Sales of aftermarket supplies also fell in North America, but the economic softening had a more profound impact on equipment sales, resulting in the significant product sales shortfall from the prior year. This impact was most notable in the Apparel and Flexible Materials segment.

Also affecting product sales comparability was the introduction last year of a new digital imaging system (MAXX) in the Sign Making and Specialty Graphics segment. MAXX was subsequently placed on technical hold and is expected to be re-introduced early in fiscal 2002. Businesses acquired in the Sign Making and Specialty Graphics operating segment in fiscal 2000 generated $10.6 million in incremental sales from the prior year, and were partial offsets to the sales decreases noted above. The Company's marketing initiative in the packaging industry launched last year also provided fiscal 2001 sales gains. This business added $2.3 million to the combined sales and service revenue and was included in the Sign Making and Specialty Graphics operating segment.

Service revenue in 2001 was $48.6 million, a decrease of $5.2 million or 9.6 percent from $53.7 million in 2000. The decrease occurred primarily in the Apparel and Flexible Materials operating segment, and resulted from the translation effect on service revenue earned in weaker European currencies and some loss of service business in North America. The decline in North American service is coincident with the continuing migration of the apparel industry to offshore locales.

On a geographic basis, fiscal 2001 sales to North American and European customers were $40.0 million and $22.8 million lower than the prior year, respectively. Sales to customers in all other international markets were $5.0 million higher than the prior year. The North American sales decline occurred in the Apparel and Flexible Materials and Sign Making and Specialty Graphics operating segments and reflected the weakening economic conditions and resulting decreased capital spending. North American sales in the Ophthalmic Lens Processing segment were comparable with the prior year.

The European sales decline occurred in each of the Company's operating segments, but most notably in the Apparel and Flexible Materials and Sign Making and Specialty Graphics operating segments. These declines reflected the weakening foreign currency translation rates, which resulted in local currency sales being translated into fewer U.S. dollars. Also, since the Company's manufacturing costs are in U.S. dollars, which have become relatively more expensive than European-based currencies, the Company must increasingly discount sales prices to European customers to remain competitive.

Sales gains in other international markets provided some offset to North American and European declines. Improving economic conditions earlier in the year, a noticeable migration of the apparel industry to these markets (Apparel and Flexible Materials operating segment), and the full year impact of fiscal 2000 business acquisitions in these markets (Sign Making and Specialty Graphics operating segment) were the causes. However, international markets, particularly in the Apparel and Flexible Materials operating segment, were decidedly slower in the fourth quarter of fiscal 2001 where currencies were under pressure (e.g., Turkey, Brazil, and Australia).

Revenue - 2000 vs. 1999

Consolidated revenue in 2000 was $610.7 million, an increase of $16.1 million or 2.7 percent from $594.6 million in 1999. The increase in 2000 reflected both higher product sales and service revenue. Each of the Company's operating segments experienced sales growth in 2000, except for the anticipated decline in revenue in the Company's Ophthalmic Lens Processing segment.

The 2000 increase reflected higher revenue from the distributor business acquisitions in the Sign Making and Specialty Graphics operating segment. These acquisitions, which had annualized sales of approximately $25 million, added incremental revenue of $13.5 million for the periods included in the April 30, 2000 results of operations. The sale of certain distribution operations in this segment in fiscal 1999's second quarter was an offsetting factor ($2.5 million in sales in 1999).

Adjusting for the acquisitions and divestiture, combined sales and service revenue was slightly higher in 2000 than in 1999, despite significantly weaker European currencies. Lower translation rates depressed year-to-year sales by $17.3 million. The Sign Making and Specialty Graphics operating segment, adjusted for the acquisitions and divestiture and relatively weaker foreign currencies, grew $17.0 million (6.2 percent) over fiscal 1999, largely reflecting the on-going strength of the European economy. After adjusting for the impact of the weaker foreign currencies, sales and service revenue was higher in the Apparel and Flexible Materials operating segment than in fiscal 1999. This was largely the result of a rebound in international markets for this segment's automated cutting equipment products. Sales of products introduced during the year (a new single-ply cutting system and a leather cutting system) added to the sales increase. Overall sales were also bolstered by the Company's new marketing initiative in the packaging industry. This business added $2.3 million to combined sales and service revenue, and was included in the Sign Making and Specialty Graphics operating segment. The anticipated lower shipments of Ophthalmic Lens Processing equipment ($7.0 million) and some disruption in fiscal 2000's first quarter from the implementation of an enterprise resource planning (ERP) system in the Apparel and Flexible Materials operating segment were offsets to the sales gains.

Service revenue increased $4.7 million (9.6 percent) in 2000 versus 1999. The largest increase came from the Apparel and Flexible Materials operating segment, and was partly the result of incentives used to enhance that segment's service business.

On a geographic basis, sales gains were realized in 2000 in international markets, particularly in Pacific and Far East countries ($20.0 million higher), Latin America ($4.0 million higher), and Africa and the Middle East ($8.6 million higher). These gains were reflected principally in the Apparel and Flexible Materials operating segment and also as a result of business acquisitions. Fiscal 2000 sales to North American and European customers were $5.4 million and $11.1 million lower than the prior year, respectively. The North American sales decline was mostly due to the anticipated lower shipments of ophthalmic lens processing equipment. In Europe, the weakness of the currencies had a financial statement translation effect on revenue and caused price competitiveness issues, and these factors led to the lower sales.

Revenue - 1999 vs. 1998

Consolidated revenue in 1999 was $594.6 million, an increase of $164.1 million or 38.1 percent from $430.5 million in 1998. The increase in 1999 reflected both higher product sales and service revenue. Each of the Company's operating segments experienced sales growth in 1999, except for the Company's Apparel and Flexible Materials segment.

The higher revenue reflected the acquisitions of Spandex and Coburn (incremental increases of $155.0 million and $50.7 million, respectively, for the twelve-month period ended April 30, 1999, net of intercompany eliminations). The sale of the Company's Imaging and Inspection Systems product class in fiscal 1998's fourth quarter was an offsetting factor ($37.4 million in sales in fiscal year 1998).

Adjusting for the acquisitions and divestiture, combined sales and service revenue was lower in 1999 than in 1998. The decrease in revenue in the Apparel and Flexible Materials operating segment was caused predominately by lower sales as a result of economic weakness in certain international markets, particularly Southeast Asia, Turkey, and Brazil. Strong sales into Mexico was an offsetting factor for this segment.

The Company also experienced weakness in its Ophthalmic Lens Processing operating segment in the second half of 1999. This was caused by softness in end sales of prescription optical lenses, consolidation in both the retail and wholesale segments of the industry, and, to a lesser extent, the economic weakness in Brazil. The Company's management took actions to reduce costs in the Optical Lens Manufacturing business to account for the lower volume, which included reducing the workforce and other initiatives.

Combined sales and service revenue for the Sign Making and Specialty Graphics operating segment was slightly higher in 1999 than in 1998. Sales of the Company's aftermarket supplies increased in 1999, notably the demand for consumables for the GERBER EDGE, a digital imaging system for color printing directly onto sign vinyl.

Service revenue increased $8.6 million (21.3 percent) in 1999, after adjusting for the elimination of service revenue from the sale of the Imaging and Inspection Systems product class. This increase was caused principally by management initiatives to grow the Company's service business and also by the acquisitions of Spandex and Coburn.

On a geographic basis, sales gains were realized in 1999 in the North American, Latin American, and European markets. Acquisitions were a major factor - the gains came predominantly from Spandex' sales in Europe and Canada, and Coburn's sales in North America, Latin America, and Europe. After adjusting for the business acquisitions and divestiture, sales to European and Latin American customers were higher, due to an increase in demand for the Company's Apparel and Flexible Materials systems. These increases were somewhat offset by lower sales of Apparel and Flexible Materials systems in certain depressed international markets, including Southeast Asia and Turkey.

Gross Margins - 2001 vs. 2000

The overall gross profit margin in 2001 was 33.1 percent, which was lower than the prior year margin of 39.6 percent. Gross profit margins on both product sales and service revenue were lower in the current year. The decrease in the product gross profit margin (33.3 percent in 2001 compared with 38.9 percent in 2000) was the result of the lower product sales, a shift in sales mix on both a product and geographic basis, and the gross margin impact of lower European currency values, which pressured sales and impacted price competitiveness. From a relative business mix perspective, the weaker demand for capital equipment has resulted in a proportional shift from higher margin equipment sales (hardware and software) to lower margin aftermarket sales (consumables and spare parts). Furthermore, within the equipment sales category the Company had lower volume of higher margin computer aided design systems and software. These relative shifts had an adverse impact on gross margins. On a geographic basis, the increase in sales in international markets and weakness in the North American market also had negative gross margin implications. Sales in North America have generally been more profitable for the Company than in international markets, where many sales go through independent distribution and agency networks. The continued deterioration of foreign currency valuations further eroded gross margins from the prior year, particularly in the Apparel and Flexible Materials operating segment. This margin impact resulted from sales of products manufactured with a U.S. dollar cost-base and sold in Europe in weaker foreign currencies and against European-based competition and decreased gross profit margins by approximately $7.2 million. The lower product sales have also hurt the gross profit margin because there is less equipment production to absorb fixed factory overhead costs.

The decrease in service gross product margins in 2001 resulted from improved classification of expenses as a result of implementation of an enterprise resource planning system. The new system distinguishes more clearly between warranty, installation, and training and the fulfillment of service contract obligations. The decrease in the North American service business noted above was also a factor in the margin decline.

The overall gross profit margin in 2000 was 39.6 percent, which was lower than the 1999 margin of 41.3 percent. Gross profit margins on product sales were lower, while service margins were higher. The decrease in product gross profit margins (38.9 percent in 2000 compared with 41.4 percent in 1999) occurred primarily in the Sign Making and Specialty Graphics and Apparel and Flexible Materials operating segments. The continued deterioration of European currency valuations was a significant cause of the margin erosion in both of these segments in 2000, reducing gross profit margins by approximately $4.0 million. Also reducing the overall gross profit margin in 2000 were excess costs of $6.2 million on initial production of certain new products in the Company's Sign Making and Specialty Graphics operating segment (see Note 17 of the Notes to Consolidated Financial Statements).

Service gross profit margins were higher in 2000 than in 1999. The increase was realized primarily in the Apparel and Flexible Materials operating segment, and was caused by the service revenue increases noted above.

The overall gross profit margin in 1999 was 41.3 percent, which was lower than the 1998 margin of 44.8 percent. Gross profit margins on product sales were lower, while service margins were higher. The decrease in product gross profit margins (41.4 percent in 1999 compared with 45.9 percent in 1998) was related primarily to the inclusion of Spandex in the Company's financial statements in 1999. As a distributor, Spandex historically had gross profit margins substantially lower than the Company's. However, Spandex' historical operating margins were incrementally higher than the Company's recent operating margins, owing in part to the absence of spending on research and development. Also reducing the comparative product gross profit margins in 1999 was the inclusion of Coburn. A larger percentage of Coburn's product mix has historically come from sales of aftermarket products (e.g., consumables), which generally have gross profit margins lower than equipment sales. Compared with 1998, lower margins were also earned by the Company's Apparel and Flexible Materials segment in 1999, caused in part by price discounting on sales of cutting and marker-making systems to the apparel industry, and in part by the weakening European currencies that occurred later in the year.

Service gross profit margins were higher in 1999 than in 1998. The increase was caused primarily by the elimination in 1999 of the low service margins of the Company's Imaging and Inspection Systems product class, which was included in 1998's results.

Selling, General & Administrative Expenses

Selling, general and administrative (SG&A) expenses, including goodwill amortization, were $155.3 million (28.1 percent of revenue) in 2001. This compared with $160.3 million (26.3 percent of revenue) in 2000 and $158.9 million (26.7 percent of revenue) in 1999.

The dollar decrease in 2001 was the result of cost reductions taken to reduce employment levels (see Restructuring and Other Special Charges), lower incentive compensation and pension expenses, lower commissions paid due to the lower sales volume, and weaker foreign currency exchange rates for the translation of foreign subsidiary expenses. Higher expenses associated with the continued implementation of an enterprise resource planning system, incremental expenses associated with the distribution businesses acquired in 2000, and additional warranty provisions provided as part of the special charges taken were partial offsets. The increased S,G,&A percentage of revenues was the result of significantly lower sales levels this fiscal year.

Dollar increases in 2000 versus 1999 came from higher marketing expenses related to new product introductions and from including the SG&A expenses of the businesses acquired in 2000. Depreciation of capitalized costs associated with the implementation of a new enterprise resource planning (ERP) system also contributed to the increase in SG&A expenses. These increases were partially offset by cost reduction actions taken in 1999 to resize the Ophthalmic Lens Processing operating segment.

The Spandex and Coburn acquisitions were the principal reasons for the dollar increase in 1999 SG&A over 1998. In addition, the amortization of the Spandex and Coburn acquisition goodwill ($5.6 million and $1.9 million, respectively) contributed to the increase in 1999. The elimination of the SG&A associated with the Imaging and Inspection Systems product class was an offsetting factor.

Research and Development (R&D) Expenses

R&D expense of $29.3 million in 2001 decreased by $3.7 million compared with 2000 R&D expense of $33.0 million. However, the ratio of R&D to revenue of 5.3 percent was substantially unchanged from 5.4 percent in the prior year. R&D expense by operating segment was $14.0 million for the Apparel and Flexible Materials segment, $10.2 million for the Sign Making and Specialty Graphics segment, and $5.1 million for the Ophthalmic Lens Processing segment. As discussed below, there were comparatively higher levels of expenses related to new product introductions last year in each of the Company's operating segments. Also, new product introductions slowed somewhat in 2001 as the Company concentrated on marketing the new products introduced in 2000.

R&D expense of $33.0 million in 2000 was $1.6 million higher than in 1999 because of new products introduced in each of the Company's operating segments in 2000. By operating segment, the overall increases included the development of new sign making plotters, wide-format digital imaging systems, software, and a new die tool routing system for packaging industry applications in the Sign Making and Specialty Graphics segment ($1.6 million); new automated cutting systems and plotters in the Apparel and Flexible Materials segment ($2.0 million); and lens surface generation and finishing systems in the Ophthalmic Lens Processing segment. Cost reductions implemented in this segment as a result of industry softness offset R&D spending for new product development and resulted in a $1.0 million overall decrease. The ratio of R&D to revenue of 5.4 percent in 2000 was roughly the same as 1999's ratio of 5.3 percent.

R&D expense of $31.5 million in 1999 was substantially unchanged from 1998. However, the ratio of R&D to revenue declined to 5.3 percent in 1999 from 7.4 percent in 1998. The lower 1999 ratio was caused by growth in the revenue base from the Spandex acquisition without commensurate R&D expense. Spandex is predominantly a distribution company and does not incur R&D expenses. In addition to the incremental expenses of Coburn, R&D increases in 1999 were also related to the development of new sign making plotters and output devices ($0.8 million) and automated cutting systems ($1.8 million). These increases were offset by the elimination of the Company's Imaging and Inspection System product class.

Restructuring and Other Special Charges

In fiscal 2001, the Company implemented plans to reduce worldwide employment by 418 employees, discontinue product lines, and consolidate facilities as part of its overall strategic initiative to reduce costs. These plans were the result of extremely difficult U.S. economic conditions, the continued weak Euro, and problems experienced in the rollout of new products. As a result of these plans, the Company recorded pre-tax charges of $4.4 million and $26.9 million in the first and fourth quarters of fiscal 2001, respectively. Of the aggregate pre-tax charge of $31.3 million, $1.1 million was included in revenue (as a write-off of receivables); $10.8 million in the cost of sales; $1.9 million in selling, general, and administrative expenses; and $17.5 million as a separate line in the consolidated statements of earnings. The aggregate $31.3 million is comprised of $8.5 million in employee separation costs, $0.7 million in exit costs, $10.8 million in inventory write-downs, $7.9 million in asset impairments, and $3.4 million in other related costs. For further information concerning these charges, see Note 14 of the Notes to Consolidated Financial Statements.

Interest Expense

Interest expense in 2001 amounted to $13.3 million and was $2.6 million higher than interest expense in 2000 of $10.6 million. The increase in interest expense was the result of higher average interest rates and, to a lesser extent, higher average debt balances. Substantially all of the borrowings were against the Company's multi-currency revolving credit facility. The interest rate on these borrowings is based on LIBOR for the relevant currency and term plus a margin based on the relationship of the Company's consolidated total debt to EBITDA over the trailing four quarters. The lower EBITDA realized by the Company over the last five quarters has caused the debt to EBITDA relationship to rise and, accordingly, the interest margin over LIBOR to rise. In addition, the Company was required to renegotiate certain debt covenants in the credit facility, the effect of which increased the interest margin over LIBOR.

In addition to the credit facility, the Company's debt obligations included Industrial Revenue Bonds with short-term variable tax-exempt interest rates in each of the years 2001, 2000, and 1999.

Taxes

For information concerning the provision (benefit) for income taxes as well as information regarding differences between effective tax rates and statutory rates, see Note 9 of the Notes to Consolidated Financial Statements.

Net Earnings (Loss)

As a result of the above, the Company reported a net loss of $23.6 million, or $1.07 diluted earnings per share, for 2001. This included restructuring and other special charges of $21.1 million net of taxes, or $0.96 diluted earnings per share. If these charges were excluded, the net loss in 2001 would have been $2.5 million, or $0.11 diluted earnings per share. In 2000, net earnings were $25.9 million, or $1.16 diluted earnings per share. In 1999, net earnings were $29.6 million, or $1.29 diluted earnings per share.

Reporting

In June 1998, the Financial Accounting Standards Board (FASB) issued Statement No. 133, "Accounting for Derivative Instruments and Hedging Activities" (SFAS 133) and, as amended, became effective May 1, 2001 for the Company. The Statement establishes accounting and reporting standards requiring that derivative instruments be recorded in the balance sheet as either an asset or liability measured at fair value, and that changes in fair value be recognized currently in earnings, unless specific hedge accounting criteria are met. Management believes adoption of this standard and related transition adjustments will not have a material impact on the Company's consolidated financial position, results of operations, or cash flows.

FINANCIAL CONDITION

Liquidity

The Company's short-term liquidity at April 30, 2001 was adequate for the Company's requirements. Cash and short-term cash investments totaled $20.9 million at April 30, 2001 compared with $23.0 million at April 30, 2000. Net working capital was $121.3 million at April 30, 2001 compared with $139.5 million at April 30, 2000. The working capital ratio at April 30, 2001 was 2.1 to 1 compared with 2.2 to 1 at April 30, 2000.

The $18.2 million working capital decrease was the result of increased efforts to convert working capital, principally receivables and inventory, into cash and reduce the Company's long-term debt. The inventory decreased because of concerted management efforts, the lower sales volume, and the fourth quarter special charge. Accounts receivable decreased because of the lower sales volume and strong cash collections in this year's fourth quarter. These trends are expected to continue as further reductions in working capital, particularly inventory, are planned. The impact of the lower receivables and inventory balances was partially offset by certain properties designated as held for sale in 2001. As market conditions warrant, the Company intends to either sell outright or sell and lease back these properties to reduce the Company's long-term debt.

The further reductions in working capital, contemplated property sales, other asset sales, and suspension of the Company's dividend are intended to enable the Company to maintain flexibility in financing interim needs. Current financial resources (working capital and the Company's credit facility) and anticipated cash from operations are expected to be adequate to meet cash requirements next year.

Cash Flows

Cash provided by operations is a principal source of funds to finance working capital needs, capital expenditures, and debt reduction. Operating activities provided $36.7 million in cash in 2001. Cash in 2001 was generated despite a net loss for the year by the working capital decreases and the non-cash charges for depreciation and amortization.

The principal non-operating uses of cash in 2001 were for net repayments of long-term debt of $25.0 million, additions to property, plant and equipment of $14.8 million, and dividends of $7.0 million. The Company anticipates that capital expenditures for fiscal 2002 will be in the range of $12-$13 million, with no major capital projects planned. Funding for these capital expenditures is expected to come from cash on hand and cash from operations. In February 2001, the Company's Board of Directors voted to suspend the Company's $.08 quarterly dividend subsequent to the February 2001 payment. This action is consistent with the terms of the Company's amended bank credit facility discussed below and will support the Company's debt reduction goals.

The principal non-operating source of cash was proceeds of $13.7 million from the outright sale of an idle facility in Connecticut and a sale-leaseback transaction for the Bristol, UK facility of its Spandex PLC subsidiary. These proceeds were used to reduce the Company's long-term debt, as would be the case for future proceeds that are intended to be generated with asset sales.

The Company's total long-term debt at April 30, 2001 was $169.9 million, which was $25.0 million lower than the April 30, 2000 balance of $194.9 million. Net debt (total debt less cash and investments) was $149.0 million at April 30, 2001 versus $171.9 million at April 30, 2000, as cash generated from the lower working capital and the proceeds from the buildings noted above were used to reduce debt. The ratio of net debt to total capital decreased to 40.0 percent at April 30, 2001 from 40.1 percent at April 30, 2000.

Operating activities provided $27.1 million in cash in 2000. Cash in 2000 was generated by earnings and the non-cash charges for depreciation and amortization. Higher accounts receivable and inventory balances were a significant offset and were caused by record fourth quarter sales, the delayed introduction of certain new products in the Sign Making and Specialty Graphics segment, and business acquisitions in that segment. Cash generated from operations was also reduced by lower accounts payable and accrued liabilities balances due largely to the timing of vendor payments.

The principal non-operating uses of cash in 2000 were for the additions to property, plant, and equipment of $22.3 million, and the business acquisitions in the Sign Making and Specialty Graphics operating segment of $14.7 million. Another significant non-operating use of cash was for the Company's common stock repurchase program. In November 1998, the Board of Directors authorized a stock repurchase program for up to 3,000,000 shares, or approximately 13 percent, of the Company's then-issued and outstanding common stock. In the year ended April 30, 2000, the Company repurchased 286,600 shares under the new authorization. The cost of these shares was $4.7 million. At April 30, 2001, 1,976,200 shares remained available for repurchase under the authorization. Other non-operating uses of cash in 2000 included payment of dividends of $7.1 million.

The Company's total long-term debt at April 30, 2000 was $194.9 million, which was higher than the April 30, 1999 balance of $173.5 million. Net debt was $171.9 million at April 30, 2000 versus $147.0 million at April 30, 1999, as cash was required in 2000 for acquisition funding, additions to property, plant, and equipment, and to finance the growth in working capital. As a result, the ratio of net debt to total capital increased to 40.1 percent at April 30, 2000 from 37.7 percent at April 30, 1999.

Operating activities provided $65.3 million in cash in 1999. Cash in 1999 was generated by earnings and the non-cash charges for depreciation and amortization and lower inventory balances. Cash generated from operations was slightly offset by lower accounts payable and accrued liabilities balances due largely to the timing of vendor payments.

The principal non-operating use of cash in 1999 was for the purchase of Spandex for $187.6 million, which included the repayment of its outstanding debt. The financing for the acquisition was provided primarily by the Company's multi-currency revolving credit facility. Another significant non-operating use of cash in 1999 was for the repurchase of the Company's common stock. In the year ended April 30, 1999, the Company repurchased 868,400 shares at a cost of $16.8 million. Other non-operating uses of cash in 1999 were additions to property, plant, and equipment of $22.6 million and payment of dividends of $7.2 million.

The Company's total debt at April 30, 1999 was $173.5 million, which increased substantially from the April 30, 1998 balance of $7.5 million as a result of the acquisition of Spandex. Strong cash flow generation in 1999 enabled the Company to reduce its total debt outstanding at April 30, 1999 from a peak of $189.1 million immediately after the Spandex acquisition. Net debt was $147 million at April 30, 1999 versus a net cash position of $19.5 million at April 30, 1998. The ratio of net debt to total capital was 37.7 percent at April 30, 1999.

Debt

In May 1998, the Company obtained a five-year $235 million multi-currency revolving credit facility from a group of major U.S. and international commercial banks. The purpose of the facility was to finance the acquisition of the capital stock of Spandex and the refinancing of its debt, and for other general corporate purposes. The interest rate on borrowings under this facility is variable and is based on LIBOR (London Interbank Offered Rate) plus an applicable margin, based on the relationship of the Company's consolidated total debt to EBITDA (earnings before interest, taxes, depreciation, and amortization).

In March 2001, the Company amended this credit facility under which the banks' aggregate commitment was reduced from $235 million to $195 million. Borrowings under this facility were $163.9 million at April 30, 2001 and $188.9 million at April 30, 2000 and weighted average interest rates on those borrowings were 6.9 percent and 6.2 percent as of those dates, respectively. The interest rate on borrowings under this amended facility is variable and is based on LIBOR plus an applicable margin, which ranges from 1.175 percent to 2.75 percent based on the Company's consolidated total debt to EBITDA. The credit line also has a facility fee, which under the amendment ranges from .20 percent to .50 percent of the credit line. The Company plans to use this credit facility to finance interim needs in the coming year. However, the Company does not plan to increase average borrowings over 2001 levels.

Covenants in the credit facility require the Company to maintain certain levels of net worth, certain ratios of total debt to EBITDA, and a minimum fixed charge coverage amount, as defined therein. At April 30, 2001, the Company was in compliance with the amended covenants. As long as debt exceeds two times EBITDA, the amended facility will place restrictions on dividends and investments and require the net cash proceeds from asset sales to be used to reduce debt and the banks' aggregate commitment. Borrowings under the amended credit facility are secured by domestic accounts receivable and inventories and by the capital stock of certain of the Company's foreign subsidiaries.

Should the Company not be in compliance with the covenants in the credit facility, the Company would have to further amend this facility. Although the Company believes that it could execute such an amendment, it is likely that it would have a significant effect on both the Company's earnings and cash flows in the form of higher interest rate margins and fees.

In addition to the $195 million revolving credit facility, the Company has a $15 million multi-currency line of credit from a major European commercial bank. This line of credit is available in various sub-limits to certain of the Company's European subsidiaries, and repayment is guaranteed by the parent Company. There were no borrowings against this line of credit at April 30, 2001. Borrowings under this line of credit bear interest at 1/4 percent above LIBOR for the relevant currency and term with a commitment fee of 1/8 percent of the unused amount.

At April 30, 2001 and 2000, the Company's long-term debt also included tax-exempt Industrial Revenue Bonds amounting to $6.0 million. The weighted average interest rate on this debt was 4.5 percent at April 30, 2001 and 4.9 percent at April 30, 2000.

MARKET RISK FACTORS

The Company's earnings and cash flows are subject to fluctuations caused by changes in foreign currency exchange rates. The Company manages its exposures to changes in foreign currency exchange rates on certain projected sales by entering into foreign currency forward exchange contracts. The Company's risk management objective is to reduce its exposure to the effects of changes in exchange rates on sales revenues over quarterly time horizons. Foreign currency exchange rate movements also affect the Company's competitive position, as exchange rates may affect business practices, pricing strategies, or both, of non-U.S. based competitors. The Company's foreign currency risk policies entail entering into foreign currency derivative instruments only to manage risk, not for speculative investments.

As of April 30, 2001, the Company was party to approximately $9.4 million in forward exchange contracts providing for the delivery by the Company of various currencies in exchange for others over the succeeding eleven months. The counterparties to the forward exchange contracts were major international commercial banks. The Company continually monitors its open forward exchange contract position, and does not anticipate non-performance by the counterparties. In management's opinion, these financial instruments do not represent a material off-balance sheet risk in relation to the consolidated financial statements. Based upon market prices at April 30, 2001 for future deliveries of the various currencies, the hedging loss deferred at that date amounted to approximately $0.2 million.

The Company also is exposed to changes in interest rates from its multi-currency revolving credit facility. In April 1999, the Company entered into an interest rate swap contract with a major international commercial bank to manage this exposure. The contract fixed the three-month LIBOR interest rate at 5.474 percent on an initial notional amount of $62 million that reduces ratably to $32 million over a four-year term. As of April 30, 2001, the notional amount of this swap was $46 million. The Company designated this swap as a hedge of its exposure to variability in future cash flows attributable to the LIBOR plus applicable margin interest payments due on a portion of the U.S. dollar denominated borrowings under its multi-currency revolving credit facility. The interest differential paid or received under this contract is recognized as an adjustment to the effective interest expense of the underlying borrowing hedged. The market value of this contract at April 30, 2001 was approximately $(0.6) million.

LEASE FINANCING ARRANGEMENTS

The Company has an agreement with a major financial services institution to provide lease financing to purchasers of the Company's equipment. The present value of the lease receivables financed under this agreement amounted to approximately $63.2 million at April 30, 2001 and $62.2 million at April 30, 2000. The underlying equipment collateralizes the lease receivables. In the event of default by the lessee, the Company has liability to the financial services institution under recourse provisions. The Company's liability for uncollected amounts financed in excess of the estimated resale value of the equipment is limited to the extent of loss pools. These loss pools are established as percentages of each associated group of transactions financed in a calendar year, and range from five to ten percent of the amount financed. Management believes the allowance it has established for losses under the recourse provisions is adequate to cover the Company's obligations.

EURO CONVERSION

On January 1, 1999, the European Economic and Monetary Union (EMU) entered a three-year transition phase during which a common currency, the "euro," was introduced in participating countries. The euro is currently being used for wholesale financial transactions and it will replace the legacy currencies that will be withdrawn between January 1, 2002 and July 1, 2002. The Company is in the process of identifying and ensuring that all euro conversion compliance issues are addressed. The Company has identified certain issues and developed implementation plans associated with the conversion, including technical adaptation of information technology systems, foreign currency considerations, and long-term competitive implications of the conversions. These implementation plans are expected to be completed within a timetable that is consistent with the transition phases of the euro.

Based on its evaluation to date, management believes the introduction of the euro, including the total costs for the conversion, will not have a material adverse impact on the Company's financial position, results of operations, or cash flows. However, uncertainty exists as to the effects the euro will have on the marketplace, and there is no guarantee that all issues will be foreseen and corrected or that third parties will address the conversion successfully. Unrelated to the euro conversion, the Company's financial results remain subject to the adverse effects of weaker euro translation rates.

FORWARD-LOOKING STATEMENTS

This report contains statements which, to the extent they are not statements of historical or present fact, constitute "forward-looking statements" under the securities laws. From time to time, oral or written forward-looking statements may also be included in other materials released to the public. These forward-looking statements are intended to provide management's current expectations or plans for the future operating and financial performance of the Company, based on assumptions currently believed to be valid. Forward-looking statements can be identified by the use of words such as "believe," "expect," "plans," "strategy," "prospects," "estimate," "project," "anticipate," and other words of similar meaning in connection with a discussion of future operating or financial performance. These include, among others, statements relating to:

- future earnings and other measurements of financial performance,
- future cash flow and uses of cash,
- the effect of economic downturns or growth in particular regions,
- the effect of changes in the level of activity in particular industries or markets,
- the scope or nature of acquisition activity,
- prospective product developments and new business opportunities,
- restructuring and cost savings,
- the outcome of contingencies, and
- the transition to the use of the euro as a currency.

All forward-looking statements involve risks and uncertainties that may cause actual results to differ materially from those expressed or implied in the forward-looking statements. Management wishes to caution the reader that the following important business risks and factors could cause the Company's actual results to differ materially from those stated in the forward looking statements.

Impact of the Slowing Economy

The overall economy is in the midst of a sharp slowdown that could have a significant impact in the Company's near-term financial results as the Company's customers buy fewer products and services from the Company.

Uncertainty of Current Economic Conditions

Current conditions in the domestic and global economies are extremely uncertain. As a result, it is difficult to estimate the level of growth for the economy as a whole. It is even more difficult to estimate growth in various parts of the economy, including markets in which the Company participates. Because all the components of the Company's budgeting and forecasting are dependent on estimates of growth in the markets it serves, the prevailing economic uncertainty renders estimates of future revenues and expenditures even more difficult than usual to make. The future direction of the overall domestic and international economies will have a significant impact on the Company's overall performance.

Impact of Cost-Reduction Efforts

In fiscal 2001, the Company implemented plans to reduce worldwide employment, discontinue product lines, and consolidate facilities as part of its overall strategic initiative to reduce costs. The impact of these cost-reduction efforts on the Company's profitability will be influenced by:

- The Company's ability to successfully complete its ongoing efforts.

- The possibility that these efforts may not generate the level of cost savings the Company expects or enable the Company to effectively compete and return to profitability.

Since these cost-reduction efforts involve many aspects of the Company's business, they could adversely impact productivity to an extent the Company does not anticipate. Even if the Company successfully completes its efforts and generates the anticipated cost savings, there may be other factors that adversely impact the Company's profitability.

Financial Flexibility

The Company expects that its current multi-currency credit facility may be replaced with short- or long-term borrowings in fiscal 2002. Although the Company believes it can continue to access the capital markets in 2002, its flexibility with regard to long-term financial activity could be limited by the Company's credit rating. In addition, many of the factors that affect the Company's ability to access capital markets, such as liquidity of the overall capital markets and the current state of the economy, are outside the Company's control. There can be no assurances that the Company will continue to have access to the capital markets on favorable terms.

Ability to Draw Under Credit Facility

The Company views its existing multi-currency revolving credit facility as a source of available liquidity. This facility contains various conditions, covenants, and representations with which the Company must be in compliance to borrow funds. There can be no assurance that the Company will be in compliance with these conditions, covenants, and representations at such time as it may desire to borrow under this facility or renew it.

Technological Change

The Company's success is expected to depend on the timely and successful introduction of new products and upgrades of current products to address competing technological and product development carried out by the Company's competitors. The development of new, technologically advanced products is a complex and uncertain process requiring high levels of innovation, as well as the accurate anticipation of technological and market trends.

Impact of Foreign Currency Fluctuations

A significant change in the value of the U.S. dollar against the currency of one or more countries where the Company sells products to local customers may adversely affect the Company's results. The Company attempts to mitigate such effects through use of foreign currency forward exchange contracts, but there is no assurance that such attempts will be successful.

Economic Conditions in Parts of Asia, Including China

During fiscal 2001, 11.9 percent of the Company's sales were in Asia-Pacific (including China). An economic downturn in these economies could adversely impact the Company.

For additional information identifying factors that may cause actual results to vary materially from those stated in the forward-looking statements, see the Company's reports on Forms 10-K, 10-Q, and 8-K filed with the Securities and Exchange Commission from time to time. Form 10-K for fiscal 2001 includes important information as to risk factors in the "Business" section under the headings "Operating Segments" and "Other Matters Relating to the Company's Business as a Whole."

ITEM 7a. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

See discussion under the heading "Market Risk Factors" on page 27 and Note 4 and Note 16 on pages 44 and 59, respectively, of this Form 10-K concerning market risk sensitive instruments.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

Consolidated Statements of Earnings

In thousands except per share amounts	For years ended April 30 **2001**	2000	1999
Revenue:			
Product sales	**$504,391**	$556,985	$545,598
Service	**48,569**	53,741	49,020
	552,960	610,726	594,618
Costs and Expenses:			
Cost of product sales	**336,406**	340,143	319,688
Cost of service	**33,761**	28,719	29,113
Selling, general and administrative expenses	**146,399**	151,701	150,221
Research and development expenses	**29,272**	33,022	31,468
Goodwill amortization	**8,943**	8,639	8,699
Restructuring charges (Note 14)	**17,539**	--	--
	572,320	562,224	539,189
Operating income (loss)	**(19,360)**	48,502	55,429
Other income	**194**	1,090	2,152
Interest expense	**(13,265)**	(10,617)	(11,501)
Earnings (loss) before income taxes	**(32,431)**	38,975	46,080
Provision (benefit) for income taxes	**(8,800)**	13,100	16,500
Net Earnings (Loss)	**$ (23,631)**	$ 25,875	$ 29,580
Net Earnings (Loss) Per Common Share:			
Basic	**$ (1.07)**	$ 1.17	$ 1.31
Diluted	**$ (1.07)**	$ 1.16	$ 1.29

See summary of significant accounting policies and notes to consolidated financial statements.

Consolidated Balance Sheets

In thousands except per share amounts	April 30 2001	April 30 2000
Assets		
Current Assets:		
Cash and short-term cash investments	**$ 20,866**	$ 22,954
Accounts receivable	**98,159**	121,494
Inventories	**69,441**	86,472
Prepaid expenses	**18,965**	21,042
Net assets held for sale	**21,369**	--
	228,800	251,962
Property, Plant and Equipment	**112,572**	165,341
Less accumulated depreciation	**53,022**	66,121
	59,550	99,220
Intangible Assets	**243,669**	245,797
Less accumulated amortization	**36,112**	27,419
	207,557	218,378
Deferred Income Taxes	**793**	--
Other Assets	**4,493**	3,276
	$501,193	$572,836
	=======	=======
Liabilities and Shareholders' Equity		
Current Liabilities:		
Notes payable	**$ --**	$ --
Accounts payable	**48,520**	58,043
Accrued compensation and benefits	**18,576**	16,646
Other accrued liabilities	**25,749**	26,689
Deferred revenue	**13,129**	8,436
Advances on sales contracts	**1,562**	2,610
	107,536	112,424
Noncurrent Liabilities:		
Deferred income taxes	**--**	8,608
Long-term debt	**169,914**	194,892
	169,914	203,500

Contingencies and Commitments (Notes 4 and 16)

Shareholders' Equity:		
Preferred stock, no par value; authorized 10,000,000 shares; no shares issued	**--**	--
Common stock, $1 par value; authorized 65,000,000 shares; issued 22,828,742 and 22,779,651 shares	**22,829**	22,780
Paid-in capital	**43,835**	43,615
Retained earnings	**180,082**	210,749
Treasury stock, at cost (784,837 shares in 2001 and 797,444 shares in 2000)	**(16,138)**	(16,397)
Unamortized value of restricted stock grants	**(439)**	(557)
Accumulated other comprehensive income (loss)	**(6,426)**	(3,278)
	223,743	256,912
	$501,193	$572,836
	=======	=======

See summary of significant accounting policies and notes to consolidated financial statements.

Consolidated Statements of Changes in Shareholders' Equity

In thousands except per share amounts	Common Stock, $1 Par Value	Paid-in Capital	Retained Earnings	Treasury Stock	Unamort. Value of Restric. Stock Grants	Accum. Other Comp. Inc./ (Loss)	Total
April 30, 1998	$23,437	$37,779	$187,981	$(16,450)	$ --	$(1,833)	$230,914
Net earnings	--	--	29,580	--	--	--	29,580
Foreign currency translation adjustment	--	--	--	--	--	3,046	3,046
Comprehensive income							32,626
Dividends ($.32 per share)	--	--	(7,244)	--	--	--	(7,244)
Options exercised and related tax benefit	264	3,333	--	--	--	--	3,597
Common stock issued for directors' fees	4	104	--	--	--	--	108
Purchase and retirement of common stock	(869)	(1,503)	(14,446)	--	--	--	(16,818)
Restricted stock grants and cancellations, net of amortization	23	542	--	--	(417)	--	148
April 30, 1999	22,859	40,255	195,871	(16,450)	(417)	1,213	243,331
Net earnings	--	--	25,875	--	--	--	25,875
Foreign currency translation adjustment	--	--	--	--	--	(4,491)	(4,491)
Comprehensive income							21,384
Dividends ($.32 per share)	--	--	(7,089)	--	--	--	(7,089)
Options exercised and related tax benefit	183	3,362	(18)	--	--	--	3,527
Common stock issued for directors' fees	6	115	--	--	--	--	121
Treasury stock issued for directors' fees	--	--	--	53	--	--	53
Purchase and retirement of common stock	(287)	(533)	(3,881)	--	--	--	(4,701)
Restricted stock grants and cancellations, net of amortization	19	416	(9)	--	(140)	--	286

April 30, 2000	22,780	43,615	210,749	(16,397)	(557)	(3,278)	256,912
Net earnings (loss)	**--**	**--**	**(23,631)**	**--**	**--**	**--**	**(23,631)**
Foreign currency translation adjustment	**--**	**--**	**--**	**--**	**--**	**(3,148)**	**(3,148)**
Comprehensive income (loss)							**(26,779)**
Dividends ($.32 per share)	**--**	**--**	**(7,036)**	**--**	**--**	**--**	**(7,036)**
Common stock issued for directors' fees	**14**	**108**	**--**	**--**	**--**	**--**	**122**
Treasury stock issued for directors' fees	**--**	**(152)**	**--**	**259**	**--**	**--**	**107**
Other common stock issuances	**5**	**61**	**--**	**--**	**--**	**--**	**66**
Restricted stock grants and cancellations, net of amortization	**30**	**203**	**--**	**--**	**118**	**--**	**351**
April 30, 2001	**$22,829**	**$43,835**	**$180,082**	**$(16,138)**	**$ (439)**	**$(6,426)**	**$223,743**
	======	======	=======	======	======	======	=======

See summary of significant accounting policies and notes to consolidated financial statements.

Consolidated Statements of Cash Flows

In thousands	**2001**	2000	1999
	For years ended April 30		
Cash Provided by (Used for) Operating Activities:			
Net earnings (loss)	**$ (23,631)**	$ 25,875	$ 29,580
Adjustments to reconcile net earnings (loss) to cash provided by operating activities:			
Depreciation and amortization	**27,228**	25,622	24,220
Restructuring and other special charges	**31,310**	--	--
Deferred income taxes	**(9,401)**	(1,613)	(824)
Other non-cash items	**533**	460	256
Changes in operating accounts, net of effects of business acquisitions:			
Receivables	**22,319**	(13,980)	(809)
Inventories	**6,205**	(8,463)	15,559
Prepaid expenses	**1,963**	6,044	(656)
Accounts payable and accrued expenses	**(19,796)**	(6,855)	(2,069)
Provided by Operating Activities	**36,730**	27,090	65,257
Investing Activities:			
Additions to property, plant and equipment	**(14,757)**	(22,313)	(22,619)
Proceeds from sale of assets	**13,721**	--	--
Business acquisitions	**--**	(14,744)	(175,952)
Intangible and other assets	**(1,982)**	(189)	(3,330)
Other, net	**(3,148)**	(4,491)	(484)
(Used for) Investing Activities	**(6,166)**	(41,737)	(202,385)

Financing Activities:			
Purchase of common stock	**--**	(4,701)	(16,818)
Additions of long-term debt	**47,000**	74,566	217,095
Repayments of long-term debt	**(71,978)**	(53,205)	(47,223)
Net short-term financing	**--**	(1,798)	(11,963)
Debt issue costs	**(751)**	--	(800)
Proceeds from issuance of stock	**113**	3,305	3,597
Dividends on common stock	**(7,036)**	(7,089)	(7,244)
Provided by (Used for) Financing Activities	**(32,652)**	11,078	136,644
Increase (Decrease) in Cash and Short-Term Cash Investments	**(2,088)**	(3,569)	(484)
Cash and Short-Term Cash Investments, Beginning of Year	**22,954**	26,523	27,007
Cash and Short-Term Cash Investments, End of Year	**$ 20,866**	$ 22,954	$ 26,523

See summary of significant accounting policies and notes to consolidated financial statements.

To the Shareholders of Gerber Scientific, Inc.:

The financial statements of Gerber Scientific, Inc. included in this Annual Report have been prepared by the Company's management, who are responsible for the integrity and objectivity of the data presented. The financial statements have been prepared in conformity with generally accepted accounting principles appropriate in the circumstances and include amounts based on management's best estimates and judgments. Financial information elsewhere in this Annual Report is consistent with the financial statements.

Management maintains a system of internal accounting controls and procedures, supported by a program of internal auditing. This system is intended to provide reasonable assurance, in relation to reasonable cost, that transactions are executed in accordance with management's authorization and are recorded properly and accurately, that accountability for assets is maintained, and that the financial records are reliable for preparing financial statements.

The financial statements have been audited by KPMG LLP, independent auditors, in accordance with auditing standards generally accepted in the United States of America. Their role is to assess the accounting principles used and the estimates made by management and to form an independent opinion as to the fairness with which the financial statements present the financial condition of the Company, the results of its operations, and its cash flows in accordance with accounting principles generally accepted in the United States of America. They obtain and maintain an understanding of the Company's accounting policies and controls and conduct such tests and related procedures as they consider necessary to arrive at an opinion on the fairness of the financial statements.

The Board of Directors has appointed an Audit and Finance Committee composed of outside directors who are not employees of the Company. The Audit and Finance Committee meets periodically with representatives of management, the internal auditors, and the independent auditors for the purpose of monitoring their activities to ensure that each is properly discharging its responsibilities. The Audit and Finance Committee reports to the Board of Directors on its activities and findings.

Independent Auditors' Report **KPMG LLP**

To the Board of Directors and Shareholders of Gerber Scientific, Inc.:

We have audited the accompanying consolidated balance sheets of Gerber Scientific, Inc. and subsidiaries as of April 30, 2001 and 2000, and the related consolidated statements of earnings, changes in shareholders' equity, and cash flows for each of the years in the three-year period ended April 30, 2001. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards 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. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Gerber Scientific, Inc. and subsidiaries as of April 30, 2001 and 2000, and the results of their operations and their cash flows for each of the years in the three-year period ended April 30, 2001 in conformity with accounting principles generally accepted in the United States of America.

/s/KPMG LLP

May 30, 2001

Summary of Significant Accounting Policies and
Notes to Consolidated Financial Statements

Note 1. Accounting Policies

Basis of Consolidation

The consolidated financial statements include the accounts of the Company and its subsidiaries. Intercompany accounts and transactions are eliminated.

Cash and Short-Term Cash Investments

Cash and short-term cash investments include cash on hand, demand deposits, and short-term cash investments that are highly liquid in nature and have original maturities of three months or less. Short-term cash investments are stated at cost plus accrued interest, which approximates market value.

Inventories

Inventories are stated at the lower of cost or estimated realizable value. Inventory costs of raw materials and purchased parts have been determined primarily by the average cost method (which approximates first-in, first-out or FIFO). Work in process inventory includes materials, direct labor, and manufacturing overhead costs, less the portion of such costs allocated to products delivered.

Manufacturing tooling costs are charged to inventories or to fixed assets depending on their nature, general applicability, and useful lives. Tooling costs included in inventory are charged to cost of sales based on usage.

Property, Plant, Equipment, and Depreciation

Property, plant and equipment are stated at cost. Major improvements and betterments to existing plant and equipment are capitalized. Expenditures for maintenance and repairs that do not extend the life of the applicable asset are charged to expense as incurred. The cost and related accumulated depreciation of properties sold or otherwise disposed of are removed from the accounts, and any gain or loss is included in other income.

Depreciation is provided generally on a straight-line basis over the assets' useful lives. Estimated useful lives used for calculating depreciation are 45 years for buildings and 3 to 10 years for machinery, tools, and other equipment.

In fiscal 1999, the Company began capitalizing certain costs of enterprise resource planning (ERP) software obtained and developed for internal use. The amount capitalized as of April 30, 2001 and 2000, was $14,800,000 and $10,000,000, respectively. If such costs were capitalized in prior years, the effect would not have been material. Software assets are depreciated over periods ranging from 5 to 10 years. Accumulated depreciation of capitalized software was $2,300,000 and $900,000 as of April 30, 2001 and 2000, respectively.

Goodwill and Other Long-Lived Assets
The excess of acquisition cost over the fair values of the net assets of businesses acquired (goodwill) is included in intangible assets, and is amortized over periods ranging from 20 to 25 years on a straight-line basis. Impairment of goodwill, if any, is assessed periodically on the basis of whether anticipated undiscounted operating cash flows generated by the acquired business will recover the recorded net goodwill balances over the remaining amortization period.

Long-lived assets include patents, which are stated at cost and amortized on a straight-line basis over the life of the patent. Patents and other long-lived assets are reviewed for possible impairment whenever events or changes in circumstances indicate their carrying value may not be recoverable. If the carrying amount of an asset exceeds the sum of its undiscounted expected future cash flows, the asset's carrying value is written down to its fair value.

Revenue Recognition
Product sales are recognized upon shipment. Service revenue is recognized ratably over the contractual period or as services are performed. Royalties are accounted for as other income as received. Software revenue is recognized when earned in compliance with American Institute of Certified Public Accountants' Statements of Position 97-2 and 98-4, "Software Revenue Recognition." Revenue from packaged product sales is recorded when related products are shipped. Maintenance and subscription revenue is recognized ratably over the contract period.

Foreign Currency Translation
Assets and liabilities of foreign subsidiaries are translated to U.S. dollars at year-end exchange rates, and related revenue and expenses are translated at average exchange rates during the year. Translation adjustments and gains and losses on intercompany foreign currency balances of a long-term investment nature are deferred and accumulated in a separate component of shareholders' equity, as are gains and losses on foreign currency denominated balances that are designated as, and are effective as, economic hedges of a net investment in a foreign entity. Transaction gains and losses are included in earnings.

Hedging Activity
The Company uses derivative instruments, including swaps and forward contracts, to manage certain foreign currency and interest rate exposures. Derivative instruments are viewed by the Company as risk management tools and are not used for trading or speculative purposes. Derivatives used for hedging purposes must be designated as, and effective as, a hedge of the identified risk exposure at the inception of the contract. Accordingly, changes in the market value of the derivative contract must be highly correlated with changes in the market value of the underlying hedged item at inception and over the life of the contract. Derivative instruments designated but no longer effective as a hedge would be reported at market value, and the related gains and losses would be recognized in earnings.

Gains and losses from instruments that are hedges of variability of cash flows are deferred and recognized when the associated hedged transaction occurs. Gains and losses from instruments that are effective hedges of variability of cash flows are reported in earnings, and offset the effects of gains and losses from the associated hedged transactions. Cash flows from derivative instruments designated as hedges are classified consistent with the items being hedged.

Statement of Financial Accounting Standards ("SFAS") No. 133, "Accounting for Derivative Instruments and Hedging Activities", as amended, became effective May 1, 2001 for the Company. The Statement establishes accounting and reporting standards requiring that derivative instruments be recorded in the balance sheet as either an asset or liability measured at fair value and that changes in fair value be recognized currently in earnings, unless specific hedge accounting criteria are met. Management believes adoption of this standard and related transition adjustments will not have a material impact on the Company's consolidated financial position, results of operations, or cash flows.

Earnings Per Share

Basic and diluted earnings per share are calculated in accordance with Statement of Financial Accounting Standards No. 128, "Earnings Per Share."

Use of Estimates

The preparation of the Company's 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 the related disclosures. Actual results could differ from those estimates.

Reclassifications

Certain reclassifications have been made to the prior year amounts to conform with current year presentation.

Note 2. Business Acquisitions

In fiscal 2000, the Company purchased five distribution businesses included in its Sign Making and Specialty Graphics operating segment. The cost of the acquisitions totaled $14,700,000 and they were made utilizing cash on hand and the Company's multi-currency revolving credit facility. These businesses have annual sales of approximately $25,000,000 and earnings that do not significantly impact the Company's consolidated statement of earnings. The acquisitions included the Graphi-cal Group (Australia) in September 1999, R&D Marketing Aktiebolag (Sweden) in November 1999, SD Trading OY (Finland) in January 2000, and Technograf Group (Australia) and Lars Lindqvist Trading AB (Sweden) in February 2000.

On May 5, 1998, the Company acquired the outstanding capital stock of Spandex PLC (Spandex) of Bristol, UK. Spandex was the largest distributor of equipment and related materials to the sign making industry in Europe. The purchase price was approximately $173,000,000. In addition, Spandex had approximately $11,600,000 in outstanding bank debt that was assumed. The acquisition of the stock and refinancing of the assumed debt was accomplished through a syndicated bank credit facility (see Note 10).

Each acquisition was accounted for as a purchase, and the results of operations of the acquired companies have been included in the Company's consolidated statements of earnings from the respective dates of acquisition. The acquisition costs were allocated to the assets and liabilities acquired based upon their fair values. The excess of acquisition costs over the fair values of the net assets acquired was included in intangible assets as goodwill and is being amortized on straight-line bases ranging from 20 to 25 years from the date of acquisition.

Note 3. Cash and Short-Term Cash Investments
Cash and short-term cash investments at the end of each year were as follows:

In thousands	**2001**	2000
Cash	**$19,726**	$18,817
Money market funds	**704**	4,084
Time deposits	**436**	53
	$20,866	$22,954

The Company's short-term cash investments are in high-quality instruments placed with major U.S. and international financial institutions. Due to the relatively short maturity of these financial instruments, their cost at April 30, 2001 was a reasonable estimate of their fair value.

Note 4. Accounts Receivable
The Company sells products and services to customers in a variety of industries and geographic areas and, accordingly, does not have significant concentrations of credit risk. The Company evaluates the creditworthiness of its customers prior to extending credit and, in some instances, requires bank letters of credit to support customer obligations. In addition, the Company's lease receivables and its recourse obligations for leases that are financed by third parties are secured and collateralized by the underlying equipment.

Note 5. Inventories
The classification of inventories at the end of each year was as follows:

In thousands	**2001**	2000
Raw materials and purchased parts	**$42,576**	$52,847
Work in process	**26,865**	33,625
	$69,441	$86,472

Note 6. Property, Plant and Equipment
The components of property, plant and equipment at the end of each year were as follows:

In Thousands	**2001**	2000
Land	**$ 977**	$ 9,199
Buildings	**25,665**	68,609
Machinery, tools, and equipment	**83,652**	84,099
Construction in progress	**2,278**	3,434
	$112,572	$165,341

Note 7. Intangible Assets
The components of net intangible assets at April 30, 2001 and 2000 were as follows:

In thousands	2001	2000
Goodwill, net of accumulated amortization	**$183,451**	$193,476
Prepaid pension cost	**16,762**	16,313
Patents, net of accumulated amortization	**6,202**	7,147
Other	**1,142**	1,442
	$207,557	$218,378

Note 8. Notes Payable
The Company had short-term bank lines of credit that totaled approximately $24,700,000 at April 30, 2001 based upon year-end foreign exchange rates. As of April 30, 2001, no amounts were borrowed under these credit lines.

Included in these bank lines was a $15,000,000 multi-currency line of credit from a major European commercial bank. The multi-currency line of credit is available in various sub-limits to certain of the Company's European subsidiaries, and repayment is guaranteed by the parent Company. Borrowings under this line of credit bear interest at 1/4 percent above the London Interbank Offered Rate (LIBOR) for the relevant currency and term with a commitment fee of 1/8 percent of the unused amount.

Note 9. Income Taxes
The components of the provision for income taxes for the years ended April 30, 2001, 2000, and 1999 were as follows:

In thousands	2001	2000	1999
Currently payable:			
Federal	**$ 200**	$ 2,900	$ 3,600
State and local	**100**	400	400
Foreign	**2,400**	7,300	7,300
	2,700	10,600	11,300
Deferred	**(11,500)**	2,500	5,200
	$(8,800)	$13,100	$16,500

Income tax payments (refunds) totaled $(3,005,000), $7,949,000, and $12,899,000 in the years ended April 30, 2001, 2000, and 1999, respectively. Reconciliations of the statutory U.S. Federal income tax rate to the effective income tax rate for each year were as follows:

	2001	2000	1999
Statutory U.S. federal income tax rate	**(35.0)%**	35.0%	35.0%
State income taxes, net of U.S. federal tax benefit	**(1.0)**	.9	.9
Foreign tax rate differences	**.3**	(4.6)	(2.1)
Foreign Sales Corporation	**(1.1)**	(3.3)	(2.2)
Research and development tax credits	**(1.0)**	(2.1)	(2.8)
Goodwill amortization	**9.5**	7.4	6.4
Other, net	**1.2**	.3	.6
Effective income tax rate	**(27.1)%**	33.6%	35.8%

As of April 30, 2001, the Company had a valuation allowance of $1,400,000 to reduce its deferred tax assets to estimated realizable value. The net change in the total valuation allowance for the year ended April 30, 2001 was principally due to the potential expiration of state tax credit carry forwards. The Company's deferred income tax balances related principally to differing depreciation methods for property, plant, and equipment, differing book and tax treatment of patent costs, the timing of employee benefit plan funding versus expense recognition, differing valuations of inventories, accounts receivable, and other assets for book and tax purposes, expense provisions not deductible until paid, and tax operating loss carryforwards. At April 30, 2001 and 2000, current deferred tax assets of approximately $12,000,000 and $6,000,000, respectively, were included in prepaid expenses in the consolidated balance sheet. Deferred tax assets and deferred tax liabilities as of April 30, 2001 and 2000 were as follows:

	2001		2000	
In thousands	**Deferred Tax Assets**	**Deferred Tax Liabilities**	Deferred Tax Assets	Deferred Tax Liabilities
Depreciation	**$ --**	**$ 1,600**	$ --	$ 2,600
Patents	**--**	**2,400**	--	2,900
Employee benefit plans	**2,900**	**6,200**	2,400	7,100
Asset valuations	**10,900**	**2,900**	8,300	3,100
Provisions for estimated expenses	**6,300**	**4,200**	5,400	4,600
Foreign exchange gains and losses	**--**	**500**	--	800
Tax carryforwards	**11,500**	**--**	4,000	--
Other	**900**	**400**	--	800
	32,500	**18,200**	20,100	21,900
Valuation allowance	**(1,400)**	**--**	(700)	--
	$31,100	**$18,200**	$19,400	$21,900

Consolidated earnings (loss) before income taxes included foreign pre-tax earnings (loss) of $(2,128,000), $22,056,000, and $22,698,000 for 2001, 2000, and 1999, respectively. At April 30, 2001, the unremitted earnings of foreign subsidiaries were approximately $25,000,000. The

Company has not provided U.S. income taxes on the unremitted earnings of foreign subsidiaries because such earnings are considered to be indefinitely reinvested in those operations. Foreign tax credits would be available to substantially reduce or eliminate any amount of additional U.S. income tax that might be payable on these foreign earnings if remitted. For income tax reporting purposes, the Company has U.S. and foreign net operating loss carryforwards of approximately $20,000,000 at April 30, 2001. Such carryforwards have various expiration dates and begin to expire in the 2006 fiscal year. The $700,000 increase in the valuation allowance relates to state tax carryforwards and, accordingly, has been included in state income tax expense.

Note 10. Long-Term Debt

The composition of long-term debt at the end of each year was as follows:

In thousands	**2001**	2000
Multi-currency revolving credit facility	**$163,914**	$188,892
Industrial Revenue Bonds	**6,000**	6,000
	$169,914	$194,892
	=======	=======

The variable interest rate feature of the Company's long-term debt allows its repricing at current market interest rates and, accordingly, the carrying amount of debt at April 30, 2001 was a reasonable estimate of its fair value.

Interest payments totaled $13,145,000, $10,627,000, and $11,396,000 in the years ended April 30, 2001, 2000, and 1999, respectively.

Multi-Currency Revolving Credit Facility

In May 1998, the Company obtained a five-year $235,000,000 multi-currency revolving credit facility from a group of major U.S. and international commercial banks. The purpose of the facility was to finance the acquisition of the capital stock of Spandex and the refinancing of its debt, and for other general corporate purposes. The interest rate on borrowings under this facility is variable and is based on LIBOR plus an applicable margin, based on the relationship of the Company's consolidated total debt to EBITDA (earnings before interest, taxes, depreciation, and amortization).

In March 2001, the Company amended this credit facility under which the banks' aggregate commitment was reduced from $235,000,000 to $195,000,000. The interest rate on borrowings under this amended facility is variable and is based on LIBOR plus an applicable margin, which ranges from 1.175 percent to 2.75 percent based on the Company's consolidated total debt to EBITDA. The credit line also has a facility fee, which under the amendment ranges from .20 percent to .50 percent of the credit line.

Covenants in the amended credit facility require the Company to maintain certain levels of net worth, certain ratios of total debt to EBITDA, and a minimum fixed charge coverage amount, as defined therein. At April 30, 2001, the Company was in compliance with the amended covenants. As long as debt exceeds two times EBITDA, the amended facility will place restrictions on dividends and investments and require the net cash proceeds from asset sales to be used to reduce debt and the banks' aggregate commitment. Borrowings under the amended credit facility are secured by domestic accounts receivable and inventories and by the capital stock of certain of the Company's foreign subsidiaries.

The weighted average interest rate of the borrowings under this facility as of April 30, 2001 was 6.9 percent.

Industrial Revenue Bonds
The Company has outstanding $6,000,000 of Variable Rate Demand Industrial Development Bonds (VRDBs). The interest rate payable on the VRDBs is adjusted weekly to maintain their market value at par. During 2001 and 2000, the average interest rate on the VRDBs was 4.0 percent and 3.4 percent, respectively, and at April 30, 2001, the interest rate was 4.5 percent. The VRDBs are collateralized by certain property, plant and equipment and are payable in 2014. The Company repaid its other outstanding Industrial Revenue Bonds in 2000.

The demand feature of the VRDBs is supported by a letter of credit from a major U.S. commercial bank. The letter of credit has a provision for automatic extension of an 18-month term and carries a fee of 1.325 percent of the face amount. Any advances under the letter of credit in support of the demand feature would be repayable over the remaining letter of credit term at the bank's prime interest rate. The bank providing the letter of credit was also granted a mortgage and security interest in the project property. The covenants in the Industrial Revenue Bond agreement were conformed to the covenants in the multi-currency revolving credit facility described above.

Note 11. Preferred Stock, Common Stock, Restricted Stock, Stock Option Plans, and Incentive Bonus Plans

Preferred Stock
The Company's Certificate of Incorporation authorizes 10,000,000 shares of preferred stock, without par value, issuable in series. The Board of Directors is authorized to fix and determine the terms, limitations, and relative rights and preferences of the preferred stock, including voting rights (if any), the amount of liquidation preference over the common stock, and to establish series of preferred stock and fix and determine the various terms among the series. As of April 30, 2001, no preferred stock had been issued.

Common Stock
Pursuant to a November 1998 Board of Directors' resolution, the Company was authorized to purchase up to 3,000,000 shares of its outstanding common stock over an indeterminate period of time as, in the opinion of management, market conditions warrant. Under this authorization, the Company has cumulatively purchased 1,023,800 shares. The reacquired shares have been retired and under Connecticut law constitute authorized but unissued shares. As of April 30, 2001, the Company could purchase up to an additional 1,976,200 shares under the November 1998 Board of Directors' resolution.

Pursuant to a separate Board of Directors' resolution, the Company repurchased 800,000 shares of its common stock from the estate of the Company's founder in the year ended April 30, 1998. These reacquired shares were accounted for as treasury stock. When treasury shares are reissued, any difference between the original repurchase cost and proceeds from reissuance is treated as an adjustment to paid-in capital.

The Company's Non-Employee Director's Stock Grant (the "Plan"), approved by the Company's Board of Directors, provides an annual grant of the Company's common stock to non-employee members of the Board of Directors equal to $15,000 per year. The shares are issued from treasury stock.

Restricted Stock

The Company's 1992 Employee Stock Plan (the 1992 Plan), as amended by shareholders in September 1998, permits the granting of restricted stock awards. Restricted stock grants vest one-third each year for the three-year period following the date of grant. During the restriction period, restricted stock awards entitle the holder to all rights of a holder of common shares, including dividend and voting rights. Unvested shares are restricted as to disposition and subject to forfeiture under certain circumstances. The amount of compensation expense recognized for restricted stock awarded was $304,000, $286,000, and $148,000 in 2001, 2000, and 1999, respectively. Restricted stock award activity was as follows:

	2001	2000	1999
Restricted stock awarded (shares)	**39,154**	21,330	22,986
Weighted average market value on date of grant	**$9.06**	$22.20	$25.06

Stock Option Plans

The 1992 Plan also provides for incentive and non-qualified stock option grants to officers and key employees. Stock options under the 1992 Plan are for a ten-year term and are granted at the market price of the common stock on the date of grant.

In 1995, shareholders approved amendments to the 1992 Plan permitting the grant of performance units in conjunction with stock option grants. The performance units became payable in cash in the event certain pre-established performance goals were attained and the grantee simultaneously exercised related stock options with the cash award.

In September 1998, shareholders approved further amendments to the 1992 Plan that disallowed future grants of performance units and made certain other changes including: increasing the cumulative number of shares of common stock available for grant as stock options from 3,000,000 to 5,000,000, limiting the number of restricted shares that may be granted, and disallowing "re-pricing" of previously issued options.

The 1992 Non-Employee Director Stock Option Plan (the 1992 Director Plan) provides for non-qualified stock option grants to eligible members of the Board of Directors who are not also employees of the Company. Options are granted with a ten-year term at the market price of the common stock on the date of grant and are immediately exercisable.

In June 1998, shareholders approved amendments to the 1992 Director Plan that increased the automatic award each May 1 of options from 1,000 to 3,000, and increased the maximum number of shares of common stock available for grant as stock options from 75,000 to 175,000 shares.

A summary of the stock option activity under all plans for the three years ended April 30, 2001 is set forth below:

	2001		2000		1999	
	Options	**Weighted -Average Exercise Price**	Options	Weighted -Average Exercise Price	Options	Weighted -Average Exercise Price
Outstanding- beginning of year	**2,701,467**	**$18.81**	2,456,259	$18.72	2,574,595	$17.23
Granted	**1,542,600**	**11.15**	492,053	18.67	420,604	24.71
Exercised	**--**	**--**	(172,279)	15.28	(264,450)	14.18
Cancelled	**(464,919)**	**16.92**	(74,566)	23.03	(274,490)	18.28
Outstanding-end of year	**3,779,148**	**$15.92**	2,701,467	$18.81	2,456,259	$18.72
	========	=====	========	=====	========	=====
Exercisable at end of year	**1,864,342**	**$18.31**	1,447,170	$17.83	942,142	$16.88
	========	=====	========	=====	========	=====
Reserved for future grants	**1,017,065**		2,118,101		2,552,777	
	========		========		========	

The exercise prices for options outstanding as of April 30, 2001 ranged from $7.06 to $28.25. The weighted-average remaining contractual life of options outstanding at April 30, 2001 is 7.0 years. In the event of a change in control of the Company, all outstanding stock options become immediately exercisable.

The following is a summary of outstanding options under all plans at April 30, 2001:

Exercise Price Range	Outstanding Options Number	Weighted-Average Remaining Contractual Life	Weighted-Average Exercise Price	Exercisable Options Number	Weighted-Average Exercise Price
$ 7.06-$10.59	556,168	9.4 years	$ 7.50	12,500	$10.12
$10.60-$15.89	1,389,985	6.9 years	14.10	412,166	14.81
$15.90-$23.83	1,579,879	6.3 years	18.86	1,312,843	18.80
$23.84-$28.25	253,116	6.8 years	25.98	126,833	25.47
	3,779,148	7.0 years	$15.92	1,864,342	$18.31

The Company applies APB Opinion No. 25, "Accounting for Stock Issued to Employees," and related interpretations in accounting for stock options. Accordingly, no compensation cost has been recognized in the Company's consolidated statement of earnings for the stock option plans. Had compensation cost for the Company's stock option plans been determined based on the fair value at the grant date for awards under those plans, consistent with the requirements of Statement of Financial Accounting Standards No. 123, "Accounting for Stock-Based Compensation," the Company's pro forma net earnings and earnings per share would have been as follows:

In thousands (except per share amounts)	**2001**	2000	1999
Net earnings (loss)			
As reported	**$(23,631)**	$25,875	$29,580
Pro forma	**(26,331)**	23,074	27,227
Net earnings (loss) per common share-basic			
As reported	**(1.07)**	1.17	1.31
Pro forma	**(1.20)**	1.04	1.21
Net earnings (loss) per common share-diluted			
As reported	**(1.07)**	1.16	1.29
Pro forma	**(1.20)**	1.03	1.18

To arrive at the pro forma amounts shown above, the fair value of each stock option grant was estimated on the date of grant using the Black-Scholes option pricing model with the following weighted-average assumptions:

	2001	2000	1999
Risk-free interest rate	**4.9%**	6.6%	5.2%
Expected life of option	**4.60 years**	4.75 years	4.50 years
Expected volatility	**44%**	38%	34%
Expected dividend yield	**--%**	2%	2%

The weighted-average fair values at date of grant for options granted during 2001, 2000, and 1999 were $4.86, $7.09, and $7.57, respectively, and were estimated using the above weighted-average assumptions.

Incentive Bonus Plans
The Management Development and Compensation Committee of the Board of Directors approved cash profit incentive bonus plans for each of the years ended April 30, 2001, 2000, and 1999. The plans covered substantially all employees in the United States and were based upon performance goals, as defined in the plans, for the Company's operating subsidiaries and the consolidated group. The amounts charged to expense under these plans totaled $540,000, $2,510,000, and $3,167,000 for the years ended April 30, 2001, 2000, and 1999, respectively.

Note 12. Employee Benefit Plans
Pension Plans
The Company has a noncontributory defined benefit pension plan covering substantially all employees in the United States. Plan benefits are based on years of service and an average of an employee's highest five consecutive years of compensation, as defined, in the last ten years of service.

The Company's general policy is to fund the Plan's normal cost plus amounts required to amortize actuarial gains and losses and prior service costs over periods ranging from 5 to 30 years. Amounts funded totaled $2,343,000 for the year ended April 30, 1999.

Plan assets were invested in a portfolio consisting primarily of common stocks, fixed income securities, money market instruments, and mutual and collective trust funds consisting of these instruments. Pension plan assets included 103,000 shares of the Company's common stock at April 30, 2001 and 2000. Pension arrangements for employees of foreign subsidiaries were provided generally through defined contribution plans and through local insurance contracts, the costs of which were funded currently.

The Company also maintains a non-qualified supplemental pension plan for employees in the United States. The supplemental pension plan provides for the pension benefits earned under the Company's primary pension plan benefit formula that cannot be paid from such plan because of limitations imposed by income tax regulations. The Company has established a trust to provide funding for the benefits payable under the supplemental pension plan. The trust is irrevocable and assets contributed to the trust can only be used to pay such benefits, with certain exceptions. The trust assets were invested in mutual funds whose portfolios consisted primarily of common stocks, fixed income securities, and money market instruments.

The following table summarizes the funded status of the pension plans and the related amounts recognized in the consolidated balance sheet at April 30, 2001 and 2000:

In thousands	Qualified Pension Plan 2001	Qualified Pension Plan 2000	Non-qualified Pension Plan 2001	Non-qualified Pension Plan 2000
Change in benefit obligation:				
Beginning balance	**$56,796**	$65,108	**$ 6,657**	$ 5,474
Service cost	**2,990**	4,059	**273**	265
Interest cost	**4,728**	4,173	**561**	476
Curtailments	**(357)**	--	**(72)**	--
Actuarial (gain)/loss	**2,372**	(14,329)	**348**	852
Plan amendments	**4,406**	--	**578**	--
Benefits paid	**(2,826)**	(2,215)	**(447)**	(410)
Ending balance	**68,109**	56,796	**7,898**	6,657
Change in plan assets:				
Beginning balance	**82,794**	73,846	**5,451**	5,264
Actual return on plan assets	**(10,518)**	11,163	**(145)**	197
Employer contributions	**--**	--	**2,000**	400
Benefits paid from plan assets	**(2,826)**	(2,215)	**(447)**	(410)
Ending balance	**69,450**	82,794	**6,859**	5,451
Funded status	**1,341**	25,998	**(1,039)**	(1,206)
Unrecognized net actuarial (gain)/loss	**937**	(20,032)	**1,814**	868
Unrecognized net transition liability	**181**	279	**--**	--
Unrecognized prior service cost	**11,857**	8,914	**1,671**	1,492
Prepaid pension cost	**$14,316**	$15,159	**$ 2,446**	$ 1,154

The following weighted-average assumptions were used in the accounting for the pension plans:

	Qualified Pension Plan 2001	Qualified Pension Plan 2000	Qualified Pension Plan 1999	Non-qualified Pension Plan 2001	Non-qualified Pension Plan 2000	Non-qualified Pension Plan 1999
Discount rate	**7.50%**	8.00%	6.75%	**7.50%**	8.00%	6.75%
Expected return on plan assets	**9.00**	9.00	9.00	**9.00**	9.00	9.00
Rate of compensation increase	**4.00**	4.50	4.50	**4.00**	4.50	4.50

The following table summarizes the components of the net periodic cost of the pension plans for the years ended April 30, 2001, 2000, and 1999:

In thousands	Qualified Pension Plan **2001**	2000	1999	Non-qualified Pension Plan **2001**	2000	1999
Service cost	**$2,990**	$4,059	$4,127	**$ 273**	$ 265	$ 210
Interest cost	**4,728**	4,173	3,734	**561**	476	259
Expected return on plan assets	**(7,340)**	(6,546)	(6,042)	**(490)**	(454)	(289)
Amortization of prior service cost	**1,236**	987	987	**379**	347	347
Amortization of transition obligation	**91**	93	93	**--**	--	--
Amortization of actuarial gain	**(738)**	--	--	**36**	55	--
Curtailments	**(124)**	--	--	**(50)**	--	--
Net periodic benefit cost	**$ 843**	$2,766	$2,899	**$ 709**	$ 689	$ 527

During the first quarter of 2001, the Company amended its non contributory defined benefit pension plan to make an early retirement window available to eligible employees who terminated on or before December 31, 2001. Any participant whose sum of his or her attained age and vested service with the Company equaled or exceeded seventy was eligible. The Company recognized a $174,000 curtailment gain in 2001 due to the loss of expected future service.

401(k)Plan

Under the Company's 401(k) Maximum Advantage Program, employees in the United States may contribute a portion of their compensation to a tax-deferred 401(k) plan. The Company contributes an amount equal to a specified percentage of each employee's contribution up to an annual maximum. The Company's expense for matching contributions under this Plan was $1,231,000, $1,323,000, and $973,000 for the years ended April 30, 2001, 2000, and 1999, respectively.

Note 13. Other Income

The components of other income for each year were as follows:

In thousands	**2001**	2000	1999
Interest income from investments	**$1,034**	$1,144	$1,110
Royalty income	**586**	776	1,383
Foreign exchange (losses)	**(315)**	(1,091)	(339)
Other, net	**(1,111)**	261	(2)
	$ 194	$1,090	$2,152

Note 14. Restructuring and Other Special Charges and Net Assets Held for Sale

In fiscal 2001, the Company implemented plans to reduce worldwide employment by 418 employees, discontinue product lines, and consolidate facilities as part of its overall strategic initiative to reduce costs. These plans were the result of extremely difficult U.S. economic conditions, the continued weak Euro, and problems experienced in the rollout of new products. As a result of these plans, the Company recorded pre-tax charges of $4.4 million and $26.9 million in the first and fourth quarters of fiscal 2001, respectively. Of the aggregate pre-tax charge of $31.3 million, $1.1 million was included in revenue (as a write-off of receivables); $10.8 million in the cost of sales; $1.9 million in selling, general, and administrative expenses; and $17.5 million as a separate line in the consolidated statements of earnings. The aggregate $31.3 million is comprised of $8.5 million in employee separation costs, $0.7 million in exit costs, $10.8 million in inventory write-downs, $7.9 million in asset impairments, and $3.4 million in other related costs. The following table displays these costs by segment (in millions):

Segment	Employee Separations	Exit Costs	Inventory Write-downs	Asset Impairments	Other Charges	Total
Sign Making & Specialty Graphics	$2.0	$0.2	$ 5.0	$1.8	$1.7	$10.7
Apparel & Flexible Materials	5.9	0.5	4.4	2.6	1.1	14.5
Ophthalmic Lens Processing	0.2	--	1.4	0.3	0.6	2.5
General Corporate	0.4	--	--	3.2	--	3.6
Totals	$8.5	$0.7	$10.8	$7.9	$3.4	$31.3
	===	===	====	===	===	====

The following tables display roll forwards of the accruals established during the first and fourth quarters of fiscal 2001 ($ in millions):

	Employee Separations						
	Number of Employees	Reserve	Exit Costs	Inventory Write-downs	Asset Impairments	Other Charges	Total
Fiscal 2001 charges	418	$8.5	$0.7	$10.8	$7.9	$3.4	$31.3
Fiscal 2001 utilization	(293)	(4.3)	(0.6)	(2.4)	(4.9)	(1.0)	(13.2)
Ending balance at April 30, 2001	125	$4.2	$0.1	$ 8.4	$3.0	$2.4	$18.1
	===	===	===	====	===	===	====

The aggregate fiscal 2001 amount used of $13.2 million reflects approximately $4.3 million in cash payments and $8.9 million in write-offs.

Employee separation charges were the costs for involuntary severance benefits for the 418 identified subject to severance under the plans. As of April 30, 2001, 293 employees had separated from the Company under these plans and approximately $4.3 million (51 percent) of the accruals had been paid.

Exit costs were primarily focused in the Apparel and Flexible Materials and Sign Making and Specialty Graphics operating segments. The Company discontinued product lines that no longer fit its strategic direction. The loss of operating income from these product lines was not significant to the Company's results of operations. The cost of facility consolidations of $1.6

million included the shut-down and consolidation of six facilities primarily in Europe and the United States, consisting of a distribution center and sales and administrative offices. The majority of the facility consolidation exit costs related to lease termination costs.

The difficult economic conditions in the United States and related weakness in the global economic environment, as well as the shift of the Company's apparel business to offshore locales, have subjected the Company to additional inventory valuation risk. Accordingly, the Company wrote down its inventory to estimated fair value based on revised estimates for excess and obsolete inventory and used equipment. Inventory was also written down in accordance with the Company's plans to discontinue certain product lines. The total write down of $10.8 million was recorded as a charge to cost of sales.

As a result of the current and projected business conditions, the Company wrote down operating assets that became impaired to fair values based on estimated selling prices less costs to sell. All impaired asset write-downs were reflected as contra-assets in the consolidated balance sheet at April 30, 2001. The write-downs reduced the carrying value of the related asset balances by $7.9 million. The affected assets were primarily buildings and were written down to levels that provided for anticipated losses on the sale of those buildings. Other assets written down were those relating to the discontinuation of product lines, patents, and fixed assets. Each of the Company's operating segments were impacted by these asset write-downs. Assets held for sale, which consisted of buildings and related leasehold improvements that the Company plans to sell outright or sell and leaseback, are included in the April 30, 2001 balance sheet in the caption "Net Assets Held for Sale" and had a carrying value of $21.4 million. Management expects to complete these sales during the fiscal year ending April 30, 2002.

The other charges of $3.4 million were primarily comprised of excess costs relating to new product roll-outs and provisions for potentially uncollectible receivables.

Note 15. Segment Reporting

The Company's subsidiaries design, develop, manufacture, market, and provide service on products classified in three operating segments. These operating segments are Sign Making and Specialty Graphics, Apparel and Flexible Materials, and Ophthalmic Lens Processing, and were determined on the basis of the nature of management's evaluation of the business units.

The Sign Making and Specialty Graphics segment includes the manufacture of computer-controlled production systems, software, and aftermarket supplies sold to a diversified international customer base. The market is comprised of the sign making and specialty graphics industries. The Apparel and Flexible Materials segment includes the manufacture of computer-controlled production systems and software for product design, marker-making (nesting), spreading, labeling, cutting, and handling of flexible materials such as fabrics and composites sold to a diversified international customer base. The market is comprised of the apparel, aerospace, automotive, furniture, and other industries. The Ophthalmic Lens Processing segment includes the manufacture of computer-controlled production systems and aftermarket supplies sold to a diversified international customer base. The market is comprised of the ophthalmic industry.

No individual customer accounted for more than 10 percent of consolidated revenue in fiscal years 2001, 2000, or 1999.

In the first quarter of fiscal year 2000, the Company changed its measurement of segment profit. In the Company's segment disclosures on Form 10-K for the year ended April 30, 1999, an allocation of general corporate expenses was included in the measure of segment profit. Segment profit is now reported as earnings before taxes, interest, and the allocation of general corporate expenses. Segment profit for the year ended April 30, 1999 has been restated to reflect this change.

Financial data for the past three fiscal years for the Company's operating segments are shown in the following tables. The accounting policies of the segments are identical to those described in the summary of significant accounting policies. The effects of intersegment transactions, which are not material in amount, have been eliminated.

In thousands	Sign Making & Specialty Graphics	Apparel & Flexible Materials	Ophthalmic Lens Processing	**Total**
(As of and for the year ended April 30, 2001)				
Revenue	**$273,765**	**$187,135**	**$92,060**	**$552,960**
Segment profit (loss)[4]	**2,336**	**(11,806)**	**2,813**	**(6,657)**
Segment assets [1]	**259,101**	**83,702**	**82,492**	**425,295**
Capital expenditures [2]	**2,712**	**4,146**	**1,810**	**8,668**
Depreciation and amortization [2]	**11,393**	**8,376**	**4,017**	**23,786**
(As of and for the year ended April 30, 2000)				
Revenue	$295,412	$221,540	$93,774	$610,726
Segment profit [3]	25,909	24,286	6,444	56,639
Segment assets [1]	289,712	114,223	90,348	494,283
Capital expenditures [2]	9,412	4,077	2,658	16,147
Depreciation and amortization [2]	11,516	7,808	3,568	22,892
(As of and for the year ended April 30, 1999)				
Revenue	$278,466	$215,411	$100,741	$594,618
Segment profit	36,162	25,895	3,634	65,691
Segment assets [1]	259,126	102,960	93,599	455,685
Capital expenditures [2]	8,832	11,601	1,577	22,010
Depreciation and amortization [2]	11,106	7,803	3,387	22,296

[1] Assets exclude $75,898,000, $78,553,000, and $86,575,000 of corporate amounts in 2001, 2000, and 1999, respectively.

[2] Capital expenditures and depreciation and amortization exclude $6,089,000 and $3,442,000, $6,166,000 and $2,730,000, and $609,000 and $1,924,000 of corporate amounts in 2001, 2000, and 1999, respectively.

[3] Includes $6,200,000 for excess costs on initial production of certain new products from the Company's Sign Making and Specialty Graphics operating segment (see Note 17).

[4] Includes restructuring and other special charges of $10,697,000 included in the Sign Making and Specialty Graphics operating segment, $14,547,000 included in the Apparel and Flexible Materials operating segment, and $2,470,000 included in the Ophthalmic Lens Processing operating segment (See Note 14).

A reconciliation of the totals reported for the operating segments to the applicable line item in the consolidated financial statements was as follows:

In thousands	**2001**	2000	1999
Segment profit (loss)	**$(6,657)**	$56,639	$65,691
Corporate expenses, net of other income	**(12,509)**	(7,047)	(8,110)
Earnings (loss) before interest and taxes	**(19,166)**	49,592	57,581
Interest expense	**(13,265)**	(10,617)	(11,501)
Earnings (loss) before income taxes	**$(32,431)**	$38,975	$46,080
	======	======	======

Revenue and net property, plant and equipment by country where located were as follows:

In thousands	United States	Continental Europe	United Kingdom	All Other	Total
(As of and for the year ended April 30, 2001)					
Revenue [1]	**$192,693**	**$ 160,282**	**$53,267**	**$146,718**	**$552,960**
Property, plant and equipment, net	**38,325**	**8,940**	**9,925**	**2,360**	**59,550**
(As of and for the year ended April 30, 2000)					
Revenue [1]	$233,762	$ 176,938	$59,413	$140,613	$610,726
Property, plant and equipment, net	68,762	9,020	19,157	2,281	99,220

(As of and for the year ended April 30, 1999)					
Revenue [1]	$241,269	$ 180,631	$66,806	$105,912	$594,618
Property, plant and equipment, net	63,493	8,461	17,005	1,626	90,585

[1] Revenues are attributed to specific countries based on the destination of the shipment.

Note 16. Contingencies and Commitments

Various lawsuits, claims, and governmental proceedings are pending against the Company. Management believes that the ultimate resolution of these matters will not have a materially adverse effect on the Company's consolidated financial position or the results of its operations.

The Company occupies space and uses certain equipment under operating lease arrangements. The Company is not the lessee under any significant capital leases. Rental expense under lease arrangements was $5,625,000, $6,605,000, and $6,200,000 for the years ended April 30, 2001, 2000, and 1999, respectively. Minimum annual rental commitments at April 30, 2001 under long-term non-cancelable operating leases were as follows:

In thousands	Building and Office Space	Machinery and Equipment	Total
2002	$ 4,496	$ 493	$ 4,989
2003	3,646	377	4,023
2004	2,982	218	3,200
2005	2,529	66	2,595
2006	2,065	--	2,065
After 2006	11,713	--	11,713
	$27,431	$1,154	$28,585
	======	=====	======

In fiscal 2001, the Company sold and leased back the Bristol, UK facility of its Spandex PLC subsidiary. The Company realized gross receipts of $12,600,000 on the sale and entered into a 15 year leaseback of the facility with average annual rental payments of approximately $1,200,000. The gain on the sale of the facility of $3,500,000 was deferred and will be amortized over the lease term against the rental payments. The lease was accounted for as an operating lease and is included in the schedule above.

As of April 30, 2001, the Company was party to approximately $9,400,000 in forward exchange contracts providing for the delivery by the Company of various currencies in exchange for others over the succeeding eleven months. The counterparties to the forward exchange contracts were major international commercial banks. The Company continually monitors its open forward exchange contract position and does not anticipate non-performance by the counterparties. In management's opinion, these financial instruments do not represent a material off-balance sheet risk in relation to the consolidated financial statements. Based upon market prices at April 30, 2001 for future deliveries of the various currencies, the hedging loss deferred at that date amounted to approximately $196,000.

In April 1999, the Company entered into a four-year interest rate swap contract with an initial notional amount of $62,000,000 that decreases ratably to $32,000,000 over the term. The Company designated this swap as a hedge of its exposure to variability in future cash flows attributable to the LIBOR, plus applicable margin interest payments due on the U.S. dollar denominated portion of its multi-currency revolving credit facility (Note 10). The interest differential paid or received under this contract will be recognized as an adjustment to the effective yield of the underlying credit facility hedged. The market value of this contract was approximately $(560,000) at April 30, 2001.

The Company has an agreement with a major financial services institution to provide lease financing to purchasers of the Company's equipment. The present value of the lease receivables financed under this agreement amounted to approximately $63,200,000 at April 30, 2001 and $62,200,000 at April 30, 2000. The underlying equipment collateralizes the lease receivables. In the event of default by the lessee, the Company has liability to the financial services institution under recourse provisions. The Company's liability for uncollected amounts financed in excess of the estimated resale value of the equipment is limited to the extent of loss pools. These loss pools are established as percentages of each associated group of transactions that are financed in a calendar year, and range from five to ten percent of the amount financed. Management believes the allowance it has established for losses under the recourse provisions is adequate to cover the Company's obligations.

Note 17. Fourth Quarter 2000 Adjustments

In the fiscal 2000 fourth quarter, the Company recorded $6,200,000 for excess costs in the Company's Sign Making and Specialty Graphics operating segment caused by cost overruns and inefficiencies realized in the initial production runs of products recently introduced. The charge was included in the cost of product sales and amounted to $.18 per diluted share.

Note 18. Earnings Per Share

The following table sets forth the computation of basic and diluted net earnings per common share:

	2001	2000	1999
Numerator:			
Net earnings (loss)	**$(23,631,000)**	$25,875,000	$29,580,000
	=========	=========	=========
Denominators:			
Denominator for basic earnings per share - weighted-average shares outstanding	**22,016,981**	22,140,127	22,590,428
Effect of dilutive securities:			
Stock options	**--**	250,101	420,252
Denominator for diluted earnings per share - adjusted weighted-average shares outstanding	**22,016,981**	22,390,228	23,010,680

	=========	=========	=========
Net earnings (loss) per common share-basic	**$ (1.07)**	$ 1.17	$ 1.31
	=========	=========	=========
Net earnings (loss) per common share-diluted	**$ (1.07)**	$ 1.16	$ 1.29
	=========	=========	=========

The diluted share base for the twelve months ended April 30, 2001 excludes incremental shares of 45,313 related to stock options. The shares are excluded due to their antidilutive effect as a result of the company's loss from continuing operations during 2001.

Note 19. Quarterly Results (Unaudited)

The quarterly results of operations, the dividends paid per share, and the market price range of the Company's common stock as reported on the New York Stock Exchange for each quarterly period of the past three fiscal years are set forth below.

In thousands (except per share amounts)	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Year
2001					
Sales and service revenue [1]	**$138,390**	**$142,854**	**$134,245**	**$137,471**	**$552,960**
Gross profit [1]	**48,889**	**52,325**	**46,609**	**34,970**	**182,793**
Net earnings (loss) [1], [2]	**(2,695)**	**1,845**	**(3,640)**	**(19,141)**	**(23,631)**
Net earnings (loss) per common share [1],[2]					
Basic [4]	**(.12)**	**.08**	**(.17)**	**(.87)**	**(1.07)**
Diluted [4]	**(.12)**	**.08**	**(.17)**	**(.87)**	**(1.07)**
Dividends paid per share	**.08**	**.08**	**.08**	**.08**	**.32**
Stock price- High	**14.63**	**10.88**	**9.63**	**11.40**	**14.63**
- Low	**9.00**	**6.75**	**6.38**	**6.01**	**6.01**
2000					
Sales and service revenue	$139,476	$152,853	$155,543	$162,854	$610,726
Gross profit [3]	59,550	63,253	63,547	55,514	241,864
Net earnings [3]	7,553	8,330	8,274	1,718	25,875
Net earnings per common share[3]					
Basic	.34	.38	.37	.08	1.17
Diluted	.34	.37	.37	.08	1.16
Dividends paid per share	.08	.08	.08	.08	.32
Stock price- High	24 7/8	24 3/8	21 15/16	22 7/16	24 7/8
- Low	18 9/16	18 1/2	18	10 1/4	10 1/4
1999					
Sales and service revenue	$153,659	$150,590	$140,799	$149,570	$594,618
Gross profit	63,104	61,988	59,390	61,335	245,817
Net earnings	6,722	7,735	7,045	8,078	29,580

Net earnings per common share					
Basic	.30	.34	.31	.36	1.31
Diluted	.29	.33	.31	.36	1.29
Dividends paid per share	.08	.08	.08	.08	.32
Stock price- High	29 15/16	28 7/8	26 1/16	20 15/16	29 15/16
- Low	22 5/16	19	19 1/8	17 3/8	17 3/8

(1) Sales and service revenue, gross profit, and net loss for the fourth quarter of 2001 included restructuring and other special charge amounts of $1,092,000, $11,927,000, and $26,891,000 ($18,291,000 after taxes, or $.83 per diluted share), respectively, relating to reductions in workforce, provisions for losses on sales of facilities, inventory write-downs, impairments of long-lived assets, and other charges.

(2) Net loss for the first quarter of 2001 included a special charge of $4,419,000 ($2,819,000 after taxes, or $.13 per diluted share) related to a reduction in workforce, provisions for losses on the sale of facilities, and other asset impairments.

(3) Gross profit and net earnings for the fourth quarter of 2000 included excess costs on new products in the Company's Sign Making and Specialty Graphics operating segment of approximately $6,200,000 ($.18 per diluted share).

(4) The quarterly earnings per share information was computed separately for each period. Accordingly, the sum of such quarterly earnings per share amounts may differ from the total for the year.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH AUDITORS ON ACCOUNTING AND FINANCIAL DISCLOSURE.

None.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT.

The information required by Item 10 relating to identification of directors is incorporated herein by reference to the information contained under the caption "Election of Directors" in the Company's 2001 Annual Meeting Proxy Statement, which will be filed within 120 days of the Company's April 30, 2001 fiscal year-end.

Identification of executive officers appears below. All officers serve at the pleasure of the Board of Directors. The following table presents the name and age of each of the Company's executive officers, their present positions with the Company and date of initial appointment thereto, and other positions held during the past five years, including positions held with other companies and with subsidiaries of the Company.

Name and Age	Present Position and Date of Initial Appointment	Other Positions Held During Last Five Years
Michael J. Cheshire (52)	Chairman (September 25, 1998), Chief Executive Officer (June 1, 1998), President (February 17, 1997), Chief Operating Officer (February 17, 1997), and Acting Chief Financial Officer (June 14, 2001); Acting President, Gerber Scientific Products, Inc. (May 14, 2001)	President, General Signal Electrical Group
Shawn M. Harrington (47)	Senior Vice President (March 20, 1997); President and Chief Operating Officer, Gerber Coburn Optical, Inc. (June 10, 1996)	None
Marc T. Giles (45)	Senior Vice President (November 29, 2000); President, Gerber Technology, Inc. (November 29, 2000)	Division Manager, Food Systems & Handling, and Director, Business Development Food Machinery Group, FMC Corporation
F. David Jones (54)	Senior Vice President (August 31, 2000); Group Managing Director, Spandex PLC (October 26, 1998)	President, Gerber Scientific Products, Inc.; President, Russia/CIS, and President, Eastern Europe/Central Asia, Pepsico, Inc.
Richard F. Treacy, Jr. (56)	Senior Vice President, General Counsel (September 9, 1994), and Secretary (September 27, 1996)	None
David J. Gerber (40)	Vice President, Business Development and Technology Strategy	Director, New Business Development and Technology Strategy; Secretary and Attorney

	(March 19, 1998)	
Becket Q. McNab (42)	Vice President, Human Resources (May 10, 1999)	Director, Human Resources, Nabisco International
Anthony L. Mattacchione (38)	Acting Principal Accounting Officer (June 14, 2001) and Corporate Controller (December 21, 2000)	Assistant Corporate Controller; Manager, Internal Audit

ITEM 11. EXECUTIVE COMPENSATION.

The information required by Item 11 is incorporated herein by reference to the information contained under the caption "Executive Compensation and Transactions" in the Company's 2001 Annual Meeting Proxy Statement, which will be filed within 120 days of the Company's April 30, 2001 fiscal year-end.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT.

The information required by Item 12 is incorporated herein by reference to the information contained under the captions "Principal Shareholders" and "Election of Directors" in the Company's 2001 Annual Meeting Proxy Statement, which will be filed within 120 days of the Company's April 30, 2001 fiscal year-end.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS.

The information required by Item 13 is incorporated herein by reference to the information contained under the caption "Certain Relationships and Related Transactions" in the Company's 2001 Annual Meeting Proxy Statement, which will be filed within 120 days of the Company's April 30, 2001 fiscal year-end.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K.

(a) The following documents are filed as part of this report:

1.	Financial Statements:	Page
	Consolidated Statements of Earnings for the years ended April 30, 2001, 2000, and 1999.	32
	Consolidated Balance Sheets at April 30, 2001 and 2000	33-34

2. Financial Statement Schedules:

All financial statement schedules are omitted because they are not applicable or the required information is shown in the consolidated financial statements or notes thereto.

3. Exhibits

2.1 Stock Purchase Agreement among Gerber Optical, Inc., Coburn Optical Industries, Inc. and The Other Parties Hereto, dated as of February 27, 1998.

2.2 Recommended Cash Offers by Schroders on behalf of Gerber Scientific, Inc. for Spandex PLC.

3.1 Restated Certificate of Incorporation of the Company.

3.2 Restated By-laws of the Company.

4.1* Agreement pursuant to S-K Item 601(b) (4) (iii) (A) to provide to the Commission, upon request, copies of certain other instruments with respect to long-term debt where the amount of securities authorized under each such instrument does not exceed 10 percent of the total assets of the Registrant and its subsidiaries on a consolidated basis.

10.1 Gerber Scientific, Inc. 1982 Employee Stock Plan.

10.2 Gerber Scientific, Inc. 1992 Employee Stock Plan, As Amended.

10.3 Gerber Scientific, Inc. 1992 Non-Employee Director Stock Option Plan.

10.4 Gerber Scientific, Inc. and Participating Subsidiaries Deferred Compensation Plan.

10.5 Gerber Scientific, Inc. and Participating Subsidiaries Supplemental Pension Benefit Plan.

10.6 Employment Agreement dated as of January 29, 1997 between the Company and Michael J. Cheshire.

10.7 Amendment to the Employment Agreement dated as of January 29, 1997 between the Company and Michael J. Cheshire effective June 1, 1998.

10.8 Amendment to the Employment Agreement dated as of January 29, 1997 between the Company and Michael J. Cheshire effective June 29, 1999.

10.9 Consulting Agreement between the Company and David J. Logan commencing August 10, 1999.

10.10 Gerber Scientific, Inc. 1999-2001 Annual Incentive Bonus Plan.

10.11 $235,000,000 Credit Agreement Dated as of May 15, 1998 between Gerber Scientific, Inc. and the Banks Listed Herein and Wachovia Bank, N.A.

10.12 Change in Control Agreement, dated July 14, 1999, between the Company and Michael J. Cheshire.

10.13 Form of Change in Control Agreement, dated July 14, 1999, between the Company and its Senior Vice Presidents including Shawn M. Harrington, Marc T. Giles, F. David Jones, Gary K. Bennett, and Richard F. Treacy, Jr. and between the Company and Bernard J. Demko, Executive Vice President and Chief Operating Officer of Gerber Technology.

10.14 Form of Change of Control Agreement, dated July 14, 1999, between each of the Company's three domestic subsidiaries and their respective Presidents including Shawn M. Harrington, Marc T. Giles, and F. David Jones and between Gerber Technology and Bernard J. Demko, Executive Vice President and Chief Operating Officer of Gerber Technology.

10.15 Change in Control Agreement, dated July 14, 1999, between the Company and David J. Gerber.

10.16 Severance Policy for Senior Officers of Gerber Scientific, Inc. and its domestic subsidiaries.

10.17 Gerber Scientific, Inc. 2000-2004 Executive Annual Incentive Bonus Plan.

10.18 First Amendment to $235,000,000 Credit Agreement Dated as of May 15, 1998, between Gerber Scientific, Inc., and the Banks Listed Herein and Wachovia Bank, N.A.

10.19 Employment Agreement dated as of October 20, 2000, between the Company, Gerber Technology, and Marc T. Giles.

10.20 Letter Agreement dated as of November 6, 2000, between the Company, Gerber Technology, and Fredric K. Rosen

10.21 Amended and Restated Credit Agreement between Gerber Scientific, Inc., the

Banks Listed Herein, and Wachovia Bank, N.A., as the Agent dated as of March 14, 2001.

10.22 Letter Agreement dated as of November 30, 2000, between the Company and Shawn M. Harrington.

10.23 Agreement and Lease between Spandex PLC and IM Properties Finance Limited for the sale and leaseback of property in Bristol, UK.

10.24* Gerber Scientific, Inc. Non-Employee Director's Stock Grant (the "Plan").

10.25* Gerber Scientific, Inc. Agreement for Deferment of Director Fees, As Amended (the "Agreement").

10.26* Amendment to the Employment Agreement dated as of January 29, 1997 between the Company and Michael J. Cheshire effective March 28, 2001.

10.27* Retention Agreement dated as of March 16, 2001 between the Company and Gary K. Bennett.

10.28* Service Agreement dated as of July 18, 2001 by and between Spandex PLC and F. David Jones.

10.29* Letter Agreement dated as of August 18, 2000 between the Company, Gerber Scientific Products, Inc., and Charles M. Hevenor.

10.30* Letter Agreement dated as of September 15, 2000 between the Company and Bernard J. Demko.

21.1* Subsidiaries of the Registrant.

23.1* Consent of Independent Auditors.

99.1* Supplemental Segment Information.

(b) Two Form 8-K's were filed in the fourth quarter of fiscal year 2001. The first 8-K, dated February 23, 2001, contained a press release announcing the Company was lowering its outlook for the fiscal year 2001 third and fourth quarters and was also suspending its dividend. The second 8-K, dated March 1, 2001, contained a press release announcing the Company's financial results for the quarter and nine months ended January 31, 2001.

(c) See Item 14(a) 3. above.

(d) See Item 14(a) 2. above.

*Filed herewith.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

GERBER SCIENTIFIC, INC.
(Registrant)

Date: July 25, 2001

By: /s/ Michael J. Cheshire
Michael J. Cheshire
Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated:

Date	Signature	Title
July 25, 2001	/s/ Michael J. Cheshire (Michael J. Cheshire)	Chairman, Chief Executive Officer, President, and Acting Chief Financial Officer (Principal Executive and Financial Officer)
July 25, 2001	/s/ George M. Gentile (George M. Gentile)	Director
July 25, 2001	/s/ W. Jerome Vereen (W. Jerome Vereen)	Director
July 25, 2001	/s/ A. Robert Towbin (A. Robert Towbin)	Director
July 25, 2001	/s/ David J. Gerber (David J. Gerber)	Director, Vice President, Business Development and Technology Strategy
July 25, 2001	/s/ Edward E. Hood, Jr. (Edward E. Hood, Jr.)	Director
July 25, 2001	/s/ David J. Logan (David J. Logan)	Director
July 25, 2001	/s/ Donald P. Aiken (Donald P. Aiken)	Director

July 25, 2001	/s/ Carole F. St. Mark (Carole F. St. Mark)	Director
July 25, 2001	/s/ Anthony L. Mattacchione (Anthony L. Mattacchione)	Corporate Controller, Acting Principal Accounting Officer (Principal Accounting Officer)

EXHIBIT INDEX

Exhibit Index Number	Exhibit	Page
2.1	Stock Purchase Agreement among Gerber Optical, Inc., Coburn Optical Industries, Inc. and The Other Parties Hereto, dated as of February 27, 1998 (incorporated herein by reference to Exhibit 2 to the Company's Current Report on Form 8-K dated March 9, 1998).	
2.2	Recommended Cash Offers by Schroders on behalf of Gerber Scientific, Inc. for Spandex PLC (incorporated herein by reference to Exhibit 2 to the Company's Current Report on Form 8-K dated May 20, 1998).	
3.1	Restated Certificate of Incorporation of the Company (incorporated herein by reference to Exhibit 3.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended January 31, 1999).	
3.2	Restated By-laws of the Company (incorporated herein by reference to Exhibit 3.2 to the Company's Quarterly Report on Form 10-Q for the quarter ended January 31, 1999).	
4.1*	Agreement pursuant to S-K Item 601(b) (4) (iii) (A) to provide to the Commission, upon request, copies of certain other instruments with respect to long-term debt where the amount of securities authorized under each such instrument does not exceed 10 percent of the total assets of the Registrant and its subsidiaries on a consolidated basis.	
10.1	Gerber Scientific, Inc. 1982 Employee Stock Plan (incorporated herein by reference to the Company's Registration Statement on Form S-8, File No.2-93695 and Post-Effective Amendment No. 1 to the Registration Statement).	
10.2	Gerber Scientific, Inc. 1992 Employee Stock Plan, as Amended (incorporated herein by reference to Exhibit A to the Company's Proxy Statement filed in connection with the Annual Meeting of Shareholders held October 13, 1995, File No. 1-5865, and by reference to the Company's Registration Statement on Form S-8, File No. 1-5865).	
10.3	Gerber Scientific, Inc. 1992 Non-Employee Director Stock Option Plan (incorporated herein by reference to Exhibit 10.2 to the Company's Annual Report on Form 10-K for the year ended April 30, 1999).	
10.4	Gerber Scientific, Inc. and Participating Subsidiaries Deferred Compensation Plan (incorporated herein by reference to Exhibit 4.2 to the Company's Registration Statement on Form S-8, File No. 333-42879).	

10.5	Gerber Scientific, Inc. and Participating Subsidiaries Supplemental Pension Benefit Plan (incorporated herein by reference to Exhibit 10.5 to the Company's Annual Report on Form 10-K for the year ended April 30, 1999).
10.6	Employment Agreement dated as of January 29, 1997 between the Company and Michael J. Cheshire (incorporated herein by reference to Exhibit 10 to the Company's quarterly report on Form 10-Q for the quarter ended January 31, 1997).
10.7	Amendment to the Employment Agreement dated as of January 29, 1997 between the Company and Michael J. Cheshire effective June 1, 1998 (incorporated herein by reference to Exhibit 10.7 to the Company's Annual Report on Form 10-K for the year ended April 30, 1999).
10.8	Amendment to the Employment Agreement dated as of January 29, 1997 between the Company and Michael J. Cheshire effective June 29, 1999 (incorporated herein by reference to Exhibit 10.8 to the Company's Annual Report on Form 10-K for the year ended April 30, 1999).
10.9	Consulting Agreement between the Company and David J. Logan commencing August 10, 1999 (incorporated herein by reference to Exhibit 10.6 to the Company's Quarterly Report on Form 10-Q for the quarter ended July 31, 1999).
10.10	Gerber Scientific, Inc. 1999-2001 Annual Incentive Bonus Plan (incorporated herein by reference to Appendix A to the Company's Definitive Proxy Statement filed in connection with the Annual Meeting of Shareholders held September 25, 1998, File No. 1-5865).
10.11	$235,000,000 Credit Agreement Dated as of May 15, 1998 between Gerber Scientific, Inc. and the Banks Listed Herein and Wachovia Bank, N.A. (incorporated herein by reference to Exhibit 10.11 to the Company's Annual Report on Form 10-K for the year ended April 30, 1999).
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quarterly report on Form 10-Q for the quarter ended July 31, 1999).

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10.21	Amended and Restated Credit Agreement between Gerber Scientific, Inc., the Banks Listed Herein, and Wachovia Bank, N.A., as the Agent dated as of March 14, 2001 (incorporated herein by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended January 31, 2001).

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