

OPEESA'S

Outdoor Power Equipment and Engine Service Association

OPE-IN-THE-KNOW

Volume CXXXVII, May 8, 2009

“The Business of Outdoor Power Equipment”

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No product news please.

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1) EPA CONSIDERS HIGHER ETHANOL MIX

Allowing 15% Gasoline Blends Would Help Industry, but Poses Car-Warranty Issue

WASHINGTON – April 17 -- The U.S. Environmental Protection Agency has opened the door to allowing higher mixes of ethanol in gasoline, a potential boon to farmers and the struggling ethanol industry, but opposed by auto makers whose consumer warranties typically are tied to the current EPA standard.

The agency Thursday said it is seeking comment on whether to allow ordinary gasoline to consist of as much as 15% ethanol, an additive that has been heavily promoted by farm states. For decades, the EPA has allowed gasoline to include up to 10% ethanol.

The EPA's move came in response to a petition filed last month by the trade group Growth Energy to allow motor fuel ethanol blends of as much as 15%, citing an Energy Department study that found "no operability or driveability issues" with blends as high as 20% ethanol.

Most car warranties, however, have followed the 10% standard, which means consumers who use blends with greater than 10% ethanol could get stuck paying the bills if there's damage to fuel lines or other components unless auto makers agree to shoulder the costs.

Auto makers offer so-called flex-fuel vehicles designed to accept up to 85% ethanol fuels. But many current and older model cars aren't designed for ethanol concentrations above 10%.

Alan Adler, a spokesman for General Motors Corp., said if the EPA allows higher ethanol blends "we want to be sure that we're not on the hook for vehicles" that end up having problems with higher blends.

Earlier this year Toyota Motor Sales USA Inc. recalled 214,500 Lexus vehicles sold in the U.S. that were vulnerable to corrosion problems in their fuel-delivery pipes when some ethanol fuels were used.

Pushing against the auto industry's objections are farmers, investors in ethanol-fuel start-ups, big agricultural commodities companies and some environmental groups that argue the U.S. would be better off substituting home-grown biofuels for foreign oil.

Currently nearly a quarter of all corn produced in the U.S. is used to make ethanol. That's up from about 12% in 2004. A higher blend ratio would help support corn prices.

"If we don't move that regulatory cap, without question grain supplies are going to grow and the next group looking for a bailout will be the American farmer," said Jeff Broin, chief executive officer of POET, one of the nation's largest ethanol producers, based in Sioux Falls, S.D.

An oversupply of ethanol has prompted a wave of bankruptcies and made the ethanol industry eager to expand its market. Ethanol producers are being squeezed as corn prices stay relatively high and as ethanol prices stay relatively low. Todd Alexander, a partner at Chadbourne & Parke LLP, estimates that some ethanol producers are losing up to 10 cents on every gallon of ethanol.

Another big ethanol producer, Archer Daniels Midland Co., based in Decatur, Ill., recently reported a loss in its ethanol business for its second quarter, ended Dec. 31. VeraSun Energy Corp. and Aventine Renewable Energy Holdings Inc. have both filed for bankruptcy protection. Pacific Ethanol Inc., which has counted Bill Gates as one of its star-studded investors, said recently in federal filings that it could run out of cash by the end of April if it can't restructure its debt or raise additional financing.

In response, pro-ethanol lobbyists have stepped up efforts to win more support from the government. An ethanol trade group hired retired U.S. general and former 2004 Democratic presidential candidate Wesley Clark to make its case for a higher blend. The industry also has turned to Congress, where lawmakers such as Sen. John Thune (R., S.D.) have held meetings with EPA staffers, urging them to allow blends of 12% or 13% ethanol immediately - something he argues the EPA could do now without going through a public comment process.

By law, the EPA has until Dec. 1 to decide.

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2) THE SECRET OF A MORE THAN 80-YEAR OLD FAMILY BUSINESS- STIHL

Ziarul Financiar www.zf.ro

April 20 -- German billionaire Hans Peter Stihl, owner of Stihl producer of power tools, with annual turnover worth above 2bn euros, visits Romania every two years and says the evolution of the domestic business has gone beyond his initial estimates because "Romanians have chosen to develop in the right direction".

Stihl group has succeeded in staying a family business since 1926 despite the countless takeover bids received from investment funds and companies operating on the same market because it has not resorted to banking loans and developed a network of dealers as close to customers as possible.

"Three or four years ago, we used to be quite often contacted by companies interested in becoming shareholders of the company, but we declined their offers because Stihl has been and will be a family business. Since then, they've given up and we haven't been contacted any more," states H. P. Stihl, the son of Andreas Stihl, the founder of Stihl group, in an interview with ZF.

The group's Romanian subsidiary, Andreas Stihl Motounelte, last year saw turnover go up by 20%, to 28m euros, but for this year Stihl expects similar revenues as one cannot speak of growth amid the current crisis.

The German group entered the Romanian market in 1997 by opening a subsidiary in a rented space, and subsequently invested 3m euros to build its own logistics and sales centre in Otopeni, which has a 3,000-sqm area and is set to be expanded.

How has it succeeded in remaining a family group?

"Now, the reasons may seem simple: because we haven't resorted to loans and we've grown organically. The main idea has been for us to focus on quality products we should sell only through dealers, and not through distribution chains. We started developing this business philosophy shortly after WWII and we've kept this strategy so far," explains Stihl, 77. He says the group has enough cash flow to survive even in case the company's sales should fall.

Moreover, Stihl produces most parts in house and very rarely resorts to production outsourcing.

As its products are mainly used in rural areas, the company's strategy was to set up a distribution network as close to potential customers as possible and not resort to sales through DIY stores.

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3) KOHLER CEO PASSES TITLE OF PRESIDENT TO SON, 42

www.chicagotribune.com

KOHLER, Wis. – April 24 -- The chairman of Kohler Co. is relinquishing the title of president to his 42-year-old son.

Herbert Kohler Jr. will remain the chairman and chief executive of the privately held maker of kitchen and bath products. David Kohler will be the president and chief operating officer.

David Kohler was elected to the positions Friday at the company's annual meeting.

He had summer jobs with the company starting in 1983, then came back 10 years later as a marketing director. He was named an executive vice president in 2007.

Kohler has 6,300 employees at its Sheboygan County headquarters and 29,000 worldwide. It's the county's largest employer and one of the biggest nongovernment employers in Wisconsin.

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4) A TAX CREDIT FOR YOUR LAWN MOWER?

www.blogs.wsj.com

April 30 -- If you're thinking of buying a new mower, trimmer or garden tiller, it might be worth waiting. Yesterday, three congressional delegates from Vermont introduced legislation that, if passed, would offer consumers a 25% tax credit up to \$1,000 toward the purchase of environmentally-friendly lawn, garden or forestry power equipment.

The bill titled "Greener Gardens Act" (every pun intended presumably) is the brainchild of Sen. Patrick Leahy (D-Vt.), Sen. Bernie Sanders (I-Vt.) and Rep. Peter Welch (D-Vt.) and is designed to provide "immediate incentive for people to purchase clean, alternative fuel engines that...operate on little or no fossil fuel."

Qualifying equipment would include that powered by a motor drawing current from solar, electricity or rechargeable or replacement batteries, as well as equipment run off other alternatives to gasoline—such as propane or compressed natural gas. It would also include "hybrid" machines whose cutting systems are powered by a generator or electrical storage device combines with a small engine.

While such equipment is still not widely available compared to gas-operated machines, more well-known brands such as Troy-Bilt, Cub Cadet, Ariens, Husqvarna, and Black & Decker— among others—have been adding non-gasoline fueled products to their lineup in recent years. One notable constituent of the bill's authors is Neuton Inc. of Vergennes, Vt., which makes battery-powered mowers and yard tools.

The bill was endorsed by the Outdoor Power Equipment Institute, a trade association, which says it will push for any final legislation to include provisions for the commercial market as well as for homeowners.

Tax credits are gaining fast traction as a way to help fuel President Barack Obama's clean energy agenda. Right now, there are lucrative incentives in place for making energy-efficient home improvements. They include up to \$1,500 in tax credits for adding qualifying windows, doors, insulation, roofs, heating and cooling equipment, water heaters and even wood and pellet stoves to your house in 2009 and 2010. Perks for installing pricier solar technology, small wind-energy systems or a geothermal-well system include a tax credit of 30% of qualifying expenditures with no upper limit through 2016.

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5) BRIGGS TO HALT SEASONAL ASSEMBLY LINE MAY 2

Tom Berry www.murrayledger.com

MURRAY, KY – May 2 -- Briggs & Stratton in Murray has announced that the last day of production for one of its seasonal engine assembly lines will occur May 25.

According to a news release this morning from Laura Timm, director of corporate communications for the company, approximately 164 seasonal employees will be affected.

"This reduction is due to weaker seasonal demand for engines used on lawn and garden equipment. This seasonal cycle is not uncommon for our business. We supply most of our customer demand in a five month season" said Dave DeBaets, vice president of the company's North American operations.

"Our focus right now is understanding our customer's needs for next season," DeBaets added. " Once we have done that, we can then plan our production schedules accordingly to meet that demand."

Briggs & Stratton's Murray facility manufactures small engines for the outdoor power equipment industry.

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6) TAX INCENTIVE PROPOSED FOR ALTERNATIVE ENERGY POWERED NON-ROAD EQUIPMENT www.industryweek.com

Consumers receive 25% tax credit towards purchase of alternative energy powered lawn, garden, forestry power equipment

May 4 -- The Outdoor Power Equipment Institute last week today announced its support of legislation from Senators Leahy and Sanders and Congressman Welch that provides consumers with a 25% tax credit towards the purchase of alternative energy powered lawn, garden and forestry power equipment.

According to the Leahy, Sanders and Welch offices, this "tax credit to purchase clean lawn and garden equipment would give Americans a powerful incentive to operate clean, alternative energy power equipment that will reduce our dependence on imported oil."

The industry currently offer a range of alternative energy powered equipment from battery, electric, hybrids, propane and solar to compressed natural gas and diesel. It has been working on creating low emission products since it became regulated. The OPEI says that the industry has reduced emission by 95% in the past 15 years.

Manufacturers such as the Ariens Company welcome the legislation. CEO Daniel Ariens believes that the initiative that will not only spread the use of non-polluting equipment, but will also encourage manufacturers to continue to develop new, alternative technologies.

Product purchases that qualify for the 25% tax credit include equipment that:

- is powered by a motor drawing current from solar, electricity, or rechargeable or replacement batteries,
- has a hybrid-electric drive train and/or cutting system powered by a generator or electrical storage device combined with a small engine, or
- is powered by alternative power sources and regulated by the Environmental Protection Agency.

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(7) ON THE CUTTING EDGE

Jackie Sheckler Finch www.americanprofile.com

Century-Old Lawn Mower Company Led 'Green' Movement

May 5 -- More than a century after the American Lawn Mower Co. began building manual grass-cutting machines, the muscle-powered mowers today represent the cutting edge of the environmental movement: They require no gasoline, emit no loud noise or pollution, and coincidentally provide a great way to stay in shape.

"When you start talking about what is good about the push mowers, it's hard to stop," says Robert E. Kersey, 75, president of the Muncie, Ind.-based company. "A push mower has so many advantages and no disadvantages I can think of."

Founded in 1895 by Kersey's grandfather Robert B. Kersey, the company today builds 400 mowers daily at its factory in Shelbyville, Ind. (pop. 17,951), making it the last manufacturer of reel push mowers in the United States.

At the end of World War II-when gasoline-powered mowers began roaring around yards-about 60 domestic manufacturers built manual mowers. By the 1980s, however, that number had dwindled to four, and only about 50,000 push mowers were sold.

The old-fashioned machines are making a quiet comeback, however, thanks to the current emphasis on energy conservation and personal health.

"I actually look forward to mowing my yard," says Richard Overton, 68, of South Bend, Ind., who bought his first manual mower in 1973. "It's very relaxing and so peaceful that it allows me time to think."

Overton mows his lawn today with the same motorless mower and has no plans to stop. "Just push it and it cuts," he says.

Originally located in Richmond, Ind., American Lawn Mower Co. moved to Muncie in 1901. In 1936, the company purchased Great States Corp., another reel mower manufacturer in Shelbyville, Ind. Today, American Lawn Mower continues to build reel push mowers at the Shelbyville plant under the American, Great States, Scotts and Craftsman labels.

About 350,000 manual mowers are sold annually in the United States, many of them built by the 50 employees of American Lawn Mower Co. and carried by hardware stores and lawn care centers from coast to coast.

"We ship lawn mowers all over the United States, Canada and Mexico, and some around the world," Kersey says. "It's a product that is used everywhere."

The average cost of a reel mower is about \$100 and the machine seldom needs repairs other than blade sharpening every few years. Today's models weigh from 16 to 32 pounds, compared with the cast-iron mowers of yesteryear that ranged from 40 to 60 pounds.

"The mowers are much lighter than they used to be," Kersey says. "If you remember pushing one when you were a kid and it seemed heavy, it probably was. They were made out of cast-iron back then with a heavy wooden handle. Now it's lighter metal and plastic."

In addition to environmental and fitness concerns, smaller suburban yards are helping fuel the use of push mowers. "Most people with smaller lawns who try them, stay with them," Kersey says. "It's the green thing to do."

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(8) HOME IMPROVEMENT SPENDING REMAINS TIGHT

Spring Brings More Shoppers Into Do-It-Yourself Chain Stores but Outlook Is Modest for Big-Ticket Sales
Mary Ellen Lloyd www.wsjonline.com

May 6 -- It's the equivalent of Christmastime for home-improvement retailers as the spring yard and fix-up season kicks into full gear, but shoppers seem to be more focused on stocking-stuffer-like purchases than one-time splurges.

By all accounts, customer traffic at Home Depot Inc., Lowe's Cos. and other hardware or lawn and garden retail stores is picking up from the seasonally slow fourth quarter.

And many surveys indicate a high level of interest in home-related projects. Lowe's, for example, recently found eight out of 10 homeowners it surveyed are planning a do-it-yourself lawn or garden project or interior painting over the next 12 months.

ServiceMagic.com, which matches homeowners with home-service contractors, found that while 35% of surveyed homeowners postponed a home-improvement project last year, more than half of them intend to take on the project this year.

Even so, shoppers so far remain focused primarily on needs, not wants, based on comments by industry analysts, suppliers to Home Depot and Lowe's, and by other players in the space. During the current quarter, that means smaller-ticket items like fertilizer and paint are selling, but sales of bigger-ticket items carrying fatter profit margins, such as riding lawn mowers and kitchen cabinets, remain weak.

Some analysts expect the seasonal bump in sales could be enough for Home Depot and Lowe's to meet Wall Street's first-quarter expectations when they report results later this month. Lowe's reports fiscal first-quarter results May 18, while Home Depot reports on May. 19.

FBR Capital analyst Stephen Chick said recently that store visits in the Northeast left him hopeful sales trends at Home Depot and Lowe's would skew to the better end of the companies' plans and Wall Street's forecasts.

Neither Home Depot nor Lowe's would comment on recent sales trends, citing company policies against updating business trends ahead of earnings.

Others worry the shift in sales mix will have a negative impact on the top and bottom lines for several more quarters and may not ever return to levels seen during the boom years of the U.S. housing bubble.

"There's a mindshift away from tapping the line of credit to put in a new pool and outdoor patio with a gourmet kitchen," said Bryan Eshelman, a managing director in consulting firm Alix Partners' retail practice. "That sort of over-the-top and big-ticket project is going to be a long time coming back, if it ever does."

Harvard University's Leading Indicator of Remodeling Activity points to a 12% decline in homeowner spending on remodeling this year, to \$110.2 billion, following a 9.7% drop in 2008.

"What's holding back the housing market is the same as what's holding back remodeling," said Kermit Baker, a spokesman for the university's Joint Center for Housing Studies. Price declines and credit restrictions aren't incentives for homeowners to take on projects, he said. "I think there are probably even more households undertaking projects, but they're just smaller scale."

Craig Smith, CEO of ServiceMagic.com, said in a recent interview that his company is getting more requests for carpet cleaning services, furniture repairs and preventive maintenance on heating and air conditioning systems. Some of the steepest declines in requests, meanwhile, are for architects, engineers, designers and remodelers. ServiceMagic.com is owned by IAC/InterActiveCorp.

"People are more focused on the smaller projects that improve live-in value of their homes," rather than projects to ready a house for sale, Mr Smith said.

Even in areas of recent sales strength, product-mix trends aren't necessarily optimal for the home-improvement retailers.

Briggs & Stratton Corp., which supplies engines for mowers, tillers and tractors, recently noted consumers are shifting away from riding equipment to lower-horsepower equipment, a trend that holds implications not only for equipment makers but also the retailers, said Raymond James analyst Budd Bugatch. Higher horsepower riding equipment has a higher average selling price and margin "for everyone in the channel," he said.

Indeed, a recent survey by Information Research Inc., or IRI, found 38% of consumers are cutting back on their use of landscaping services, but they're sharing yard equipment as opposed to making big investments in new mowers.

Tractor Supply Co., a farm, feed and equipment retailer that targets farmers and homeowners in rural surroundings, in April said demand is weak for riding mowers, but sales of replacement and maintenance parts are stronger.

Whirlpool Corp., too, has reported that consumers continue to delay buying even replacement appliances, and some are trading down to lower-priced models when they finally make a purchase.

Fortune Brands, which makes MasterBrand and Diamond cabinets and Moen faucets, said it believes the cabinet business is performing worse than the entire repair and remodeling market.

These trends pose longer-term issues for Home Depot and Lowe's, which designed store formats during the housing boom to meet the growing demand for kitchen cabinets and fancy bathroom vanities. Both have substantial floor space devoted to big-ticket projects.

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9) MTD TO CLOSE BROWNSVILLE, TN CUB CADET PLANT

www.jacksonsun.com

May 7 -- MTD Consumer Products announced Wednesday that it will permanently close its plant at 1620 Welch St. in Brownsville on or about July 10.

The company that manufactures Cub Cadet lawn mowers is closing its Brownsville plant, eliminating 200 full-time jobs and an additional 280 seasonal jobs, according to company officials.

"The manufacturing operations in the Brownsville facility will be moved to other MTD plants," said Terry Hollister, general council for the company. MTD also will close its 290,000-square-foot Brownsville distribution center, Hollister said.

No closing date for the distribution center has been established. The number of employees at the distribution center will be cut from 15 to less than 10 before the closing.

"This is just really bad news," said Webb Banks, Brownsville's mayor for the past 15 years. "It is going to have a huge ripple effect."

Cleveland, Ohio-based MTD built the local plant inside the Brownsville Industrial Park in 1980, said Greg Usery, plant general manager. The original 15,000-square-foot plant was expanded to 250,000 square feet before 2002, during the nation's housing boom.

"For the first few years we actually grew, and the volume more than doubled," Usery said, "but over the last three years, it has fallen."

MTD is a privately held company, and neither Usery nor Hollister would release specific sales or production numbers.

Usery said the downturn in the nation's housing market crippled Cub Cadet and other lawn and garden product sales.

"The lawn and garden industry as a whole has taken a hit," he said.

Hollister did not know the extent of any severance package employees would receive but said the company "would comply with the collective bargaining agreement."

MTD's Brownsville employees are members of the United Food and Commercial Workers Union. The company ceased all of its manufacturing operations in Canada last year, Hollister said. The company still has eight plants in North America - including one in Martin - and manufacturing plants in Germany, Hungary and China.

At least a portion of Brownsville's manufacturing will be moved to the company's Martin plant. Neither Usery nor Hollister knew if any local employees would be transferred or allowed to work seasonally at that plant.

"We will let each facility determine the best place to find their employees," Hollister said.

MTD was founded in 1932 as a tool and die supplier, according to the company's Web site. The company produced its first lawn mower in 1958.

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10) BLOUNT INTERNATIONAL SEC FORM 10-Q EXCERPTS FOR 3 MONTHS ENDING MARCH 31, 2009

Sales in the three months ended March 31, 2009 decreased by \$16.7 million (12.5%) from the same period in 2008. This sales decrease was primarily due to decreased unit volume of \$21.7 million, notwithstanding the inclusion of \$10.4 million in sales from Carlton in the first quarter of 2009 compared to no Carlton sales in the first quarter of 2008 which was prior to the acquisition.

Partially offsetting this volume-related decrease in sales was \$7.9 million of selling price and mix improvements. The translation of foreign currency-denominated sales transactions, given the stronger U.S. Dollar in comparison to the first quarter of 2008, reduced sales by \$2.9 million in the comparative period.

The Outdoor Products segment, including Carlton in the first quarter of 2009, experienced a \$14.8 million (11.7%) decrease in sales during the first quarter of 2009 compared to 2008, while sales of gear components decreased \$1.9 million (26.9%) during the same period. International sales decreased by \$14.1 million (16.0%) and domestic sales decreased by \$2.6 million (5.8%).

The decrease in international sales reflected worldwide weakness in demand and poor market conditions, as well as the \$2.9 million unfavorable impact to reported sales compared to 2008. The stronger U.S. Dollar has also contributed to a slowdown in orders from our international customers.

The decrease in U.S. sales is attributed to poor economic conditions and weakness in demand for our products. We believe that most of our customers have reduced or delayed orders for our products, and reduced their

existing inventories of our products, over their concerns about the state of the economy and lower order rates from their customers.

Consolidated order backlog at March 31, 2009 was \$84.1 million compared to \$103.5 million at December 31, 2008. Backlog in the Outdoor Products segment decreased \$17.5 million, while the backlog for gear components decreased by \$1.9 million during the first quarter of 2009.

Gross profit decreased \$4.7 million (11%) from the first quarter of 2008 to the first quarter of 2009.

Much lower sales volumes and increases in product costs were partially offset by improved pricing and the net favorable effects of movement in foreign currency exchange rates. The higher product costs were attributable to higher steel costs, estimated at \$4.1 million, partially offset by other cost reductions.

Gross margin in 2009 was 32.4% of sales compared to 31.9% in 2008. Gross margin was favorably affected by improved pricing and mix, as well as the net favorable foreign exchange effects, which more than offset the negative gross margin impact of lower volumes and higher steel costs.

Fluctuations in currency exchange rates increased our gross profit in the first quarter of 2009 compared to 2008 by \$0.6 million on a consolidated basis. The translation of weaker foreign currencies into a stronger U.S. Dollar resulted in lower reported sales revenue from our sales in Europe, offset by lower manufacturing costs in Brazil and Canada.

SG&A was \$25.2 million in the first quarter of 2009, compared to \$24.9 million in the first quarter of 2008, representing an increase of \$0.3 million (1%). As a percentage of sales, SG&A increased from 18.7% in 2008 to 21.6% in 2009, largely due to the sharp decrease in sales revenue.

Professional services expense increased by \$1.6 million due primarily to higher legal costs. Employee benefit expenses increased by \$1.0 million, primarily due to higher costs for our U.S. and Canadian defined benefit pension plans. Expense for these plans is higher in 2009 than it was in 2008 due to increased amortization of actuarial losses and reduced return on plan assets following the significant market-related decrease in the value of the related pension assets. We expect 2009 pension expense to be from \$6.5 million to \$7.5 million higher in 2009 than it was in 2008.

Compensation expense decreased by \$1.8 million year-over-year, reflecting reductions in staffing levels implemented in the first quarter of 2009 and a \$1.4 million decrease in stock compensation expense because no awards were granted in the first quarter of 2009. Additionally, annual merit increases traditionally implemented in the first quarter of the fiscal year were deferred for most of our salaried employees. International operating expenses decreased \$1.2 million from the prior year due to the stronger U.S. Dollar and its effect on the translation of foreign expenses.

In January 2009, we announced our intent to close our manufacturing facility in Milan, Tennessee, during the second quarter of 2009. Products previously manufactured in that facility will be produced in our other manufacturing facilities after the closure. During the first quarter of 2009, we recognized a total of \$3.3 million in charges related to this plant closure, consisting of \$2.0 million in asset impairment charges, \$1.1 million in employee severance and benefit costs and \$0.2 million in other expenses. Of these charges, \$0.2 million are recognized in cost of goods sold on the Consolidated Statements of Income. The land and building are currently being marketed for sale, and are included in assets held for sale on the Consolidated Balance Sheets. The plant closure is expected to be consummated early in the second quarter of 2009, and we anticipate incurring additional charges of \$0.5 million to \$1.0 million related to the closure of our Milan facility.

We also took actions in early 2009 to reduce the number of employees at certain of our other locations. We recognized \$1.9 million in severance charges related to this reduction in force during the first quarter of 2009. Since December 31, 2008, the Company's number of employees has been reduced by approximately 400 positions, or 11% of our total workforce. Completion of the Milan plant closure in the second quarter of 2009 will eliminate approximately 80 additional positions. We recognized severance charges of \$1.0 million during the first quarter of 2008 for similar actions involving a fewer number of employees.

Operating income decreased by \$9.1 million from the first quarter of 2008 to the first quarter of 2009, resulting in an operating margin for 2009 of 6.5% of sales compared to 12.5% for 2008. The decrease was due to lower sales and gross profit as well as plant closure and severance costs incurred in 2009.

Interest expense was \$5.9 million in the first quarter of 2009 compared to \$6.8 million in the first quarter of 2008. The decrease was due to lower average interest rates on our variable rate debt, partially offset by higher average outstanding debt balances.

On May 2, 2008, we acquired all of the outstanding stock of Carlton, a manufacturer of cutting chain for chainsaws located near Portland, Oregon. We paid a total of \$66.2 million in cash for Carlton, including related acquisition costs of \$1.5 million, and also assumed liabilities totaling \$21.3 million. Carlton had \$1.8 million in cash on the date of acquisition, resulting in a net cash outflow of \$64.4 million for the acquisition. The acquisition was financed with a combination of cash on hand and \$58.5 million borrowed under the Company's revolving credit facility. The operating results of Carlton are included in the Company's consolidated financial statements from May 2, 2008 forward. The Company accounted for the acquisition in accordance with FAS No. 141. Accordingly, Carlton's assets and liabilities were recorded at their estimated fair values on the date of acquisition.

Outdoor Products Segment. Sales for the Outdoor Products segment decreased \$14.8 million (11.7%) in the first quarter of 2009 compared to the first quarter of 2008. Of the decrease, \$25.2 million was due to lower sales volume, excluding Carlton, reflecting weak market conditions and lower shipments for all product lines, geographic regions and sales channels. Improved price and product mix of \$7.1 million and \$10.4 million in sales from Carlton, acquired in May of 2008, partially offset the volume decline.

Fluctuations in foreign currency exchange rates further reduced reported segment sales revenue by \$2.9 million compared to the first quarter of 2008. Excluding Carlton, sales of wood-cutting chainsaw components were down 20.0% and sales of outdoor care products were down 14.1%. Sales of concrete-cutting products were down 35.8% due to continued weak market conditions in the construction equipment industry.

Excluding the effects of Carlton, sales to OEM customers decreased by 14.9%, while replacement market sales decreased by 21.4%. Excluding Carlton, international sales declined 25.9% for the three month comparable periods, while domestic sales decreased 6.3%. Order backlog decreased from year-end by \$17.5 million, to \$81.4 million, as of March 31, 2009.

Segment contribution to operating income decreased \$5.6 million (25.2%) in the first quarter of 2009 compared to the first quarter of 2008. The favorable effects of improved price and mix (\$7.1 million) and the positive effects of fluctuations in foreign currency translation rates (\$1.7 million) were offset by lower sales volume (\$10.0 million), higher product cost and mix (\$2.3 million) and higher SG&A expenses (\$2.0 million).

The higher product cost and mix, excluding the foreign currency exchange effect, includes \$4.1 million in higher steel costs on a year-over-year basis. The increase in SG&A expense is largely attributable to the addition of Carlton and increased costs for our defined benefit pension plans.

Other. The other category includes centralized administrative functions, the activity of our gear components manufacturing business, and plant closure and severance costs not allocated to the Outdoor Products segment. Sales of gear-related products decreased 26.9% from the first quarter of 2008 to the first quarter of 2009. Lower volume of \$2.7 million was partially offset by a \$0.8 million favorable effect of price increases.

The contribution to operating income from our gear components business decreased \$0.1 million (15.4%) year-over-year due to the lower sales volume and revenue. Central administrative expenses were down \$0.6 million for the comparable periods, largely due to lower compensation expense, partially offset by higher legal expenses. Plant closure and severance costs were \$5.0 million in the first quarter of 2009 compared to \$1.0 in the first quarter of 2008.

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STOCKHOLM – May 8 -- Magnus Yngen, President and CEO: "Market conditions were generally weaker than in the first quarter of 2008. Retailers were more cautious about building up inventories for the garden season.

Group sales declined by 9%, adjusted for changes in exchange rates and acquisitions, and as compared to a strong quarter in 2008. Apart from lower sales and production volumes, operating income was negatively affected by a less favorable product mix, particularly for Consumer Products outside North America and for Construction. Material costs were higher than in 2008, mainly for Consumer Products in North America.

On the positive side, pricing remained stable in both Europe and North America. Sales for Consumer Products in North America increased for the second consecutive quarter and we strengthened our market position. Operating cash flow improved substantially, mainly on the basis of measures taken to reduce working capital. The Group's financial position was also strengthened by the rights issue."

- Net sales rose by 11% to SEK 11,152m (10,043). Adjusted for acquisitions and changes in exchange rates, net sales declined by 9%.
- Operating income decreased by 35% to SEK 786m (1,202), corresponding to a margin of 7,0% (12,0). Income for the period was SEK 464m (753), corresponding to SEK 0.98 (1.65) per share.
- The decline in operating income refers mainly to Consumer Products outside North America and Construction products within Professional Products.
- Operating cash flow improved to SEK 714m (-3,169), mainly as a result of lower working capital including the sale of trade receivables.

NET SALES AND INCOME FIRST QUARTER

Net sales

Net sales rose by 11% to SEK 11,152m (10,043). The increase refers mainly to Consumer Products in North America and to exchange-rate effects resulting from the weaker SEK.

Adjusted for changes in exchange rates and acquisitions, net sales declined by 9%. Sales for Consumer Products in North America rose from the previous year, while sales decreased for all other product areas. The largest downturns were reported for Construction and Consumer Products outside North America.

Operating income

Operating income declined by 35% to SEK 786m (1,202), and operating margin decreased to 7.0% (12.0).

Operating income includes a charge of SEK 35m for costs related to personnel cutbacks in addition to the previously implemented cost-cutting measures that were announced in the autumn of 2008 (see below). Apart from these costs the decline in operating income referred to lower sales volumes, a less favorable product mix and higher costs for materials and components. Lower production levels aimed at reducing inventories resulted in lower absorption of fixed costs, primarily in the beginning of the quarter.

In terms of operations, the decline in operating income refers mainly to Consumer Products outside North America and to Construction products within Professional Products.

Changes in exchange rates, including both translation and transaction effects net of hedging, had a total positive effect on operating income of approximately SEK 90m (15). As a substantial part of the products for the European market are produced in North America, the stronger USD resulted in negative transaction effects. Hedging contracts had a positive effect of SEK 74m (-67).

Costs for personnel cut backs

Announced personnel cutbacks now involve a total reduction of approximately 1,250 employees, as against the previously stated 960. The total cost is estimated at approximately SEK 350m, of which SEK 316m was charged

against operating income in 2008. Annual savings are estimated at approximately SEK 440m, as against the previously stated SEK 350m, and are expected to take full effect as of the third quarter of 2009.

Financial net

Net financial items amounted to SEK -196m (-142). The difference from the previous year is primarily a result of the weaker SEK, as the greater part of the funding is denominated in foreign currencies. At the end of the quarter, the average interest rate on borrowings was 3.9% (4.9).

Income after financial items

Income after financial items amounted to SEK 590m (1,060) corresponding to a margin of 5.3% (10.6).

Taxes

Total taxes amounted to SEK -126m (-307), corresponding to 21% (29) of income after financial items. The lower tax rate is an effect of previously announced changes in the Group's structure.

Earnings per share

Income for the period was SEK 464m (753), corresponding to 0.98 SEK (1.65) per share after dilution.

Outlook for Second Quarter

Retailers

Retail inventories of the Group's garden products at the end of the first quarter are estimated to have been substantially lower than in the previous year, as retailers were more cautious than last year about building up inventories for the season.

Since consumer demand is likely to remain low and retailers are expected to continue focusing on maintaining inventories at low levels, the Group expects shipments in the second quarter of 2009 to be somewhat lower than in the second quarter of 2008. It is also expected that consumer products for the mass-market channels will account for a greater share of total sales, while the share of professional products for the construction market will be lower. Weather conditions will be important in this quarter as it represents the peak of the garden season.

Operating Cash Flow

Operating cash flow improved to SEK 714m (-3,169). Due to the seasonality of the Group's sales and income, operating cash flow is normally negative in the first quarter. The improvement over the previous year is mainly a result of lower sales and production volumes as retailers have been cautious about building up inventories for the garden season, as well as the sale of trade receivables in the amount of approximately SEK 2,000m.

Consumer Products

Sales of garden equipment in the first quarter comprise mainly shipments to retailers prior to the coming season. Due to anticipated weak consumer demand, retailers were more cautious about building up inventory than in the previous year.

Sales for the Consumer Products business area increased substantially in SEK, but declined after adjustment for changes in exchange rates and for acquisitions. Sales in North America rose in local currency, mainly as a result of higher volumes of handheld products such as chainsaws, as well as new listings with retailers. Industry shipments showed a significant downturn during the quarter for most product categories except chainsaws.

Sales for the operation outside North America declined, for products sold both through the mass-market channels and servicing dealers. Sales in Eastern Europe and Russia showed a particularly sharp downturn.

Operating income and margin for this business area decreased in comparison to a strong first quarter in the previous year. Operating income for the North American operation increased in SEK, but margin declined due to higher costs for materials and components as well as a less favorable product mix. Income for the operation outside North America showed a considerable downturn as a result of lower volumes and a less favorable product mix.

Professional Products

Sales for the Professional Products business area were lower than in the previous year. The decline refers to Construction and Lawn and Garden, while Forestry reported an increase. However, all product areas reported lower sales after adjustment for changes in exchange rates and for acquisitions. Sales of chainsaws rose in North America on the basis of higher demand, but decreased in other regions, particularly in Russia and Eastern Europe.

Operating income and margin for this business area decreased considerably both in SEK and after adjustment for changes in exchange rates and for acquisitions. The decline refers mainly to lower sales and production volumes for Construction, as well as to a less favorable product and country mix for both Forestry and Lawn and Garden. Operating income includes a charge of SEK 35m related to costs for personnel cutbacks in addition to the previously announced cost-cutting measures.

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12) CAUTION FLAGS RAISED OVER ETHANOL INDUSTRY'S 15% SOLUTION

Christopher Jensen www.nytimes.com

May 8 -- THE Environmental Protection Agency is preparing to make an important and far-reaching decision this year that will affect more than 500 million gasoline engines powering everything from large pickups to family cars to lawn mowers: whether to grant the ethanol industry's request to raise the maximum amount of ethanol that can be added to gasoline.

That request has engine manufacturers and consumer advocates worried about possible damage, service station owners in a tizzy over the financial and legal implications and a leading petroleum industry group saying the move is unwise and premature.

Specifically, ethanol producers are asking that the maximum ethanol content in the most common blend of gasoline be increased from 10 percent — a limit set about three decades ago — to as much as 15 percent. The blend the industry hopes will become common is known as E15, but the E.P.A. could approve a blend between E10 and E15.

Last year, nearly three-quarters of the gasoline sold in the United States contained some ethanol, according to the American Petroleum Institute. E10, which is 10 percent ethanol, is by far the most common fuel, though the E.P.A. has approved the use of ethanol blends up to 85 percent — but only for the limited number of new and late-model cars and trucks certified by manufacturers as “flexible fuel vehicles.” The ethanol industry wants E15 to replace E10 as the standard fuel found at most stations.

The issue came before the E.P.A. in early March when Growth Energy, an ethanol lobbying group, and 54 ethanol manufacturers asked the agency for a waiver of the Clean Air Act so that more ethanol could be added to gasoline.

Although the request went largely unnoticed by the public, it got the attention of anyone who makes or sells gasoline engines, as well as some environmentalists and consumer advocates.

Approving E15 would have a huge impact on consumers, said Clarence Ditlow, executive director of the Center for Auto Safety, and could cause problems including the voiding of car warranties. “There’s a lot to worry about,” he said. “All a consumer has to do is look at the fuels section of the owner’s manual, which says that the use of fuel above 10 percent ethanol may result in denial of warranty claims.”

Nearly 250 million cars and light trucks are registered in the United States, according to Experian Automotive. But the impact would be even broader. Kris Kiser, executive vice president of the Outdoor Power Equipment Institute,

a trade group, estimates that a change would affect 300 million engines in everything from chainsaws to weed trimmers.

The National Marine Manufacturers Association says 12 million boat engines would also be affected.

Growth Energy, whose co-chairman is Wesley K. Clark, the retired Army general and former Democratic presidential candidate, has told the E.P.A. that it has proof from several studies that E15 will not damage engines and will result in cleaner air while reducing the nation's reliance on oil.

The studies were done by groups including the federal Energy Department, the State of Minnesota, the Renewable Fuels Association, the Rochester Institute of Technology, the Minnesota Center for Automotive Research and Stockholm University in Sweden.

Michael Harrigan, a former Ford Motor Company fuel-system engineer who is now a consultant to Growth Energy, said automakers had been doing enough testing that there should be no problems using E15.

And Tom Buis, the chief executive of Growth Energy, said, "We are confident in the science we prepared."

But confident or not, Growth Energy has plenty of opposition from groups that say some of the studies it cites are inconclusive. The critics also say its assertions are unproved and in some cases misleading.

While automakers generally favor wider use of biofuels, Charles Territo, a spokesman for the Alliance of Automobile Manufacturers, a trade group representing 11 automakers, said Growth Energy had failed to prove that E15 would not damage vehicles engineered to run on a maximum of 10 percent ethanol. More testing is needed, he said.

"We are not asking for this to be delayed forever," Mr. Territo said. "We are asking for this to be delayed until the testing is complete."

Mr. Kiser, of the outdoor power equipment group, said some initial tests already indicated that E15 could cause serious problems — including safety issues — with some small engines.

At Honda, which makes a wide range of engines for products from minivans to power generators, the concern is that the effects of a big increase in an additive like ethanol are unknown, said Edward B. Cohen, vice president for government and industry relations at American Honda. "The impact can be on the emissions system, like the catalytic converter," he said. "It can be on the various tubes or couplings that are part of the fuel system, and it could affect the performance of the vehicle, particularly cold starting."

Honda can design engines to run well on new gasoline blends, Mr. Cohen said. The issue is the legacy fleet, whose engines were designed over two decades for varying requirements. There is no single answer, Mr. Cohen said, to the question of how E15 would affect them.

The American Petroleum Institute is also concerned, said Robert Greco, the group director of downstream and industry operations. He said more research was needed — probably several years' worth — before the institute would be convinced that E15 was safe for so many different kinds of engines.

"We think that the current waiver request is premature," Mr. Greco said. "The science isn't in yet."

And Jeremy Martin, a senior scientist at the Union of Concerned Scientists, an environmental advocacy group based in Cambridge, Mass., said there was simply not enough solid information on which to make a decision that would have such a broad impact.

"We shouldn't just look at a little data and extrapolate," he said. "There are rules here, and there are procedures. And there is a proper engineering way to come to this determination. One can guess about the most likely outcomes, but that is not sufficient to put all the fleet at risk."

Wendy Clark, group manager and principal researcher in the fuels performance group at the Energy Department's National Renewable Energy Laboratory, said a lot of credible organizations were studying E15. But she said it was too early to know for sure how engines would be affected. One question is how many of the studies will be done before Dec. 1, the date by which the E.P.A. is required by law to make its decision.

Mr. Ditlow of the Center for Auto Safety said: "What the ethanol people are asking the consumer to do is bear the risk. If only 1 percent of the vehicles on the road today had E15-related problems, that would be about 2.5 million vehicles."

Among those concerned about the proposed change are service station owners, many of whom fear that their pumps and fiberglass storage tanks would need to be replaced. They also fear legal problems including lawsuits from customers claiming their vehicles were damaged by the fuel.

"It is a horrible thing for our members," said Carl Boyett, president of the Society of Independent Gas Marketers of America. In their March request to the E.P.A., proponents of the waiver said E15 would provide "increased energy security, enhanced economic development, creation of American jobs, reduced transportation costs and environmental benefits."

The ethanol manufacturers contend that the increase is necessary because of the Energy Independence and Security Act of 2007. That act includes a renewable fuels standard that requires a steady increase in the use of biofuels in the United States — to 36 billion gallons in 2022 from 11 billion gallons this year. To meet the goals, refiners must add biofuels to gasoline.

The industry has been meeting the requirements. In 2007, it was required to use 4.7 billion gallons of ethanol and it actually used 6.85 billion, according to the petroleum institute. Last year, when the requirement was 9 billion gallons, the industry used 9.6 billion.

But Americans are now buying far less gasoline than was expected when the law passed. That decline has the industry worried that as early as 2011 or 2012 it will be impossible to meet the renewable fuels standard with a 10 percent limit, Mr. Greco said.

Mr. Buis of Growth Energy said: "We are up against a blend wall. That cap needs to be raised."

While adding more ethanol would help refiners meet the law, it would not improve fuel economy. An October 2008 study for the Energy Department tested 16 late-model cars and found, on average, that mileage dropped 5 percent with E15 compared with gasoline that contained no ethanol.

In deciding whether to raise the cap, the E.P.A. says it must consider not just emissions, but also vehicles' durability and drivability "over their useful lives." The agency has acknowledged that E15 is a complex issue, given that engines vary widely in their age and sophistication. Some might run fine on E15 while others might be susceptible to problems.

The E.P.A. says one possibility is that it could approve the use of E15 for some vehicles or engines but not for others.

Mr. Martin of the Union of Concerned Scientists says tests may show that vehicles produced starting with 2004 models could run safely on E15. That year, more sophisticated engine controls were required, making it more likely their systems could detect and compensate for fuel variations. About 79 million cars and light trucks have been produced since the 2004 model year, Experian Automotive says.

Mr. Buis of Growth Energy said that the advantages and safety of E15 were clear and that allowing higher ethanol content would help to make the nation less dependent on petroleum. He said there was no reason to delay.

"You know, some people don't want to do anything — they just want to test, test, test or study, study, study," Mr. Buis said. "You know, this nation has been stalling for 30-some years from becoming energy independent."

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13) INDUSTRY EVENTS AND MEETING CALENDAR

2009 - 2010 OPE INDUSTRY MEETING AND EVENTS CALENDAR	
January 19-21, 2010	BTME-BIGGA , British Turf Management and the British International Golf & Greenkeepers Association Show, Harrogate International Center, England
February 2-5, 2010	World of Concrete , Las Vegas Convention Center, Las Vegas, NV
February 8-11, 2010	The Rental Show , American Rental Association Conference and Trade Show, Georgia World Congress Center, Atlanta, Georgia
February 10-11, 2010	GIS , Golf Industry Show, San Diego Convention Center, San Diego, CA
February 13-16, 2010	OPEAA , Outdoor Power Equipment Aftermarket Association Annual Meeting, Fairmont Southampton Hotel, Bermuda
February 28 - March 3, 2010	OPEESA , Outdoor Power Equipment and Engine Service Association, Wigwam Resort, Phoenix, AZ
March 14, 2010	Daylight Savings Time Begins
	EETC , Equipment and Engine Training Council 14 th Annual Conference,
May 5-7, 2009	National Hardware Show , Las Vegas Convention Center and Sands Convention Center
June 21-26, 2009	Skills USA , National Leadership and Skills Conference, Kansas City, Missouri
June 25-27, 2009	OPEI , Outdoor Power Equipment Institute Annual Meeting, Ritz-Carlton Reynolds Plantation, Greensboro, GA.
GAFA not offered in 2009	GAFA (with SPOGA) , International Garden Trade Fair with the International Trade Fair for Sport, Camping and Garden Lifestyle, Cologne, Germany
September 8-10, 2009	IOG SALTEX , Grounds Care, Sports Facilities, Amenities, Landscaping And Estate Management Outdoor Trade Show, Windsor Race Track, Windsor, Berkshire, England
September 20-22, 2009	GLEE , International Garden and Leisure Show, NEC Birmingham, England
October 29-31, 2009	GIE+EXPO , Green Industry and Equipment Expo, Louisville, KY (combining EXPO and the GIE Show)
October 21-24, 2009	FFA , Future Farmers of America Annual Convention, Indianapolis, IN
November 1, 2009	Daylight Savings Time Ends

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14) OPEESA OFFICERS, BOARD, EXECUTIVE DIRECTOR CONTACT INFORMATION

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