

OPEESA'S

Outdoor Power Equipment and Engine Service Association

OPE-IN-THE-KNOW

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1) KIORITZ SHINDAIWA ALLIANCE

CHICAGO, IL. (May 21 2007) - Today it was announced in Japan that Kioritz Corporation (Kioritz), the parent company of ECHO Incorporated has entered into a business and shareholding alliance with Shindaiwa Corporation (Shindaiwa).

Kioritz and Shindaiwa, both publicly traded companies on the Tokyo Stock Exchange, are leading global manufacturers of premium outdoor power equipment including trimmers, chainsaws, power blowers, hedge clippers and related products.

In addition to initial mutual investments of approximately \$2 million in each other's common stock, the alliance will focus on working together to develop and implement future mutually beneficial product and operational programs.

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2) PARENT COMPANIES OF ECHO AND SHINDAIWA BUILD ALLIANCE FOR FUTURE

CHICAGO, IL. (May 29 2007) - Kioritz Corporation of Japan, parent company of ECHO Incorporated, and Shindaiwa Corporation, parent company of Shindaiwa Incorporated, have announced a business and shareholder alliance. The alliance provides the two international corporations the opportunity to investigate mutual means of addressing today's increasingly competitive global environment through product and operational synergies.

"Increased consolidation within the outdoor power equipment industry, the rising cost of product development, and the need to meet changing worldwide environmental standards all contributed to the formation of this alliance," explains Mr. Chuck Kitazume, Kioritz President and CEO.

"In recent years, the industry's competition has intensified, including the entry of low-priced products from China and other developing countries," adds Mr. Y. Asamoto, President and CEO of Shindaiwa Corporation. "Substantial investment and advanced technology will be required to meet these new competitive challenges."

"It is too early to say where this alliance will go long term," adds Mr. Kitazume. "We do know there are opportunities for cooperation in product development, sourcing, and manufacturing." Partnership between the two companies is not new. Kioritz has been supplying chain saws to Shindaiwa for the Japanese and European markets since 2001. This alliance formalizes and strengthens an ongoing partnership.

While working jointly on various projects, ECHO and Shindaiwa will maintain their unique identities in the marketplace and remain autonomous companies.

ECHO Incorporated, Lake Zurich, IL, is a subsidiary of Kioritz Corporation, Tokyo, Japan, a global manufacturer and seller of forestry, agricultural, and outdoor power equipment. Shindaiwa Incorporated, Portland, OR, is a wholly owned subsidiary of Shindaiwa Corporation, Hiroshima, Japan, a global manufacturer and seller of welding machines and generators, agricultural and forestry machinery, and outdoor power equipment. Both companies are publicly traded on the Tokyo Stock Exchange.

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3) 'GREEN' MACHINES GENERATE WEAK SALES

Small Engine Makers Turn To Alternative Energy Sources

USA Today -- May 31, 2007 -- From all-terrain vehicles to snow blowers, makers of powered outdoor equipment are joining the auto industry in looking at alternative energy to deal with increasingly tough environmental rules.

But early efforts haven't produced rousing results. Alternative-powered machines "are not economical to produce at this time," says James McNew, vice president of the Outdoor Power Equipment Institute, a trade group.

Plus, it's not clear that consumers are willing to pay more for greener equipment or change their fueling habits.

The response has been tepid for the propane-powered mower made by Dixie Chopper, a Coatesville, Ind.-based maker of high-end riding mowers. "It's like anything else. The first one that come out, everyone wants to shy away" from it, says media marketing manager Rick Judy.

To try to drum up sales, the company drove one of the mowers cross-country, arriving at the steps of California's state capitol in Sacramento earlier this month.

With some outdoor equipment potentially far dirtier than cars or trucks, the industry is under pressure to cut emissions. In April, the Environmental Protection Agency proposed new rules that would require 35 percent cuts in hydrocarbons and nitrogen oxide for lawn mowers, personal watercraft and other equipment powered by small engines. For gasoline engines, that could mean fitting them with catalytic converters like those in cars.

Costs of the changeover could add \$47 to the price of a lawn tractor, \$280 for an outboard engine and \$360 for a personal watercraft, the EPA estimates.

Environmentalists support fighting pollution by finding alternative-energy sources for small engines, not just focusing on cars and trucks. "If we're going to move ourselves off oil and have good air quality, we have to deal with everything," says Brendan Bell of the Sierra Club's Energy Program.

Some of the alternative-fuel equipment that manufacturers are trying out:

- Propane mower. Dixie Chopper wanted to set the standard for environmentalism, but it's been an uphill battle. In the past two years, it says it's sold only about 200 of the mowers, which are mostly intended for commercial or government use. They start at \$11,900, about \$1,000 more than for the gasoline-powered version. But propane costs less than gas, Judy says.
- Biodiesel ATV. Arctic Cat has just started selling a heavy-duty all-terrain vehicle that runs on biodiesel fuel. The ATV gets up to 50 percent better fuel economy than a comparable gasoline engine and actually runs better on biodiesel than regular diesel, says spokesman Kale Wainer. "A little better lubrication, I would assume." The \$9,299 ATV was tested on a biodiesel made from vegetable oil or animal fat. The fuel produced fewer carbon-dioxide, hydrocarbon, carbon-monoxide and particulate emissions. "The soybean growers came to us and asked if we would test biodiesel," Wainer says.
- Toro says all its diesel-powered golf course and grounds equipment will be capable of handling biodiesel by next year.
- Hydrogen-powered lawn carts. Toro is providing three hydrogen fuel-cell turf maintenance carts for a pilot project in New York state this year. The three carts will be used by the Niagara Falls and Beaver Island state parks to shuttle workers and grounds equipment, haul lawn equipment, and for snow removal and trash cleanup. They were built with the help of a \$380,000 state research grant.
- Hybrid lawn mower and snow blower. John Deere sells a riding mower for golf courses that couples electric power to either an 18-horsepower gasoline or diesel engine.

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4) LAWMOWER ENGINE MAKER ONCE HAD THE LEAD IN HYBRIDS

June 1, 2007 -- "We are all seeing our personal mobility threatened by rising petroleum prices and dwindling resources. The fundamental appeal of electric cars is that they allow us to use energy sources other than petroleum on the road."

A quote from a major auto maker rolling out a new hybrid concept at a recent auto show? No.

In November 1979, **Briggs & Stratton Corp.**, the Wauwatosa, Wis.-based maker of lawnmower engines, rolled out its sleek, futuristic plug-in hybrid-electric concept car with the very same motivations and goals as today's car makers. On Earth Day the following spring, the manufacturer hauled it to Washington, D.C. and demonstrated the car running on domestically produced ethanol.



Briggs & Stratton

Like today's Toyota Prius, the B&S Hybrid sported hump-backed styling for minimal aerodynamic drag. The forward-looking design was penned by the agency of famed industrial designer Brooks Stevens, who is credited with sketching the Willys Jeepster, Harley-Davidson Hydra-Glide, Evinrude outboard boat motor and the Oscar Mayer Weinermobile.

It used a parallel hybrid system, which, like the Prius, allowed the car to run on either gas power, electric power or both. Unlike the current U.S.-market Prius, the driver could select the mode. Toyota has noticed the desire of consumers to choose electric drive, and under the right circumstances, the next generation Highlander crossover SUV will permit that choice.

Motor Trend magazine's March 1980 test found that the car's plug-in, electric-only range was between 30 and 60 miles, enough for many people to commute to and from work without using the gas motor. In hybrid mode, the car's range was about 200 miles.

An unorthodox aspect of the B&S car is the use of six wheels. This wasn't because of some forgotten '70s fad -- though there were a few six-wheeled Formula One cars built at about the same time, so maybe it was. The extra pair of rear wheels were there to address a problem that plagues electric car designers to this day; the weight of the batteries needed to power the electric motor.

Powering this motor was a 1,000-pound pack of deep cycle lead-acid batteries, the kind you would use to run an electric boat motor. Putting this kind of weight in a car creates real problems, so in a time when the business cliché "think outside the box," had yet to be coined, much less flogged to meaninglessness, B&S engineers hit upon the idea of carrying the batteries on their own, separately sprung axle, in a captive trailer. This kept the car from feeling so heavy when driving over bumps or going around curves, even though the mass was still there to be accelerated and stopped.

"We had to use a lot of ingenuity to make it work," recalled Bob Mitchell, then Briggs & Stratton's manager of advanced research, and now a senior research analyst who consults for the company. While the trailer solution helped isolate the weight of the batteries from the rest of the car, the concept car was built with little consideration for crash safety, he said. "I wouldn't have wanted all those batteries to come thundering forward in a crash," Mitchell chuckled.

The B&S Hybrid employed a then-conventional drivetrain layout, with a gas engine at the front, sending the power to a four-speed manual transmission and then to a solid rear axle suspended by leaf springs. Rather than a traditional large, heavy car engine, though, the Hybrid used a Briggs & Stratton air-cooled twin-cylinder 18 horsepower industrial/commercial engine, with an 8-horsepower electric motor installed between the gas engine and the transmission.

Interestingly, B&S identified the traditional four-speed manual transmission as a shortcoming. The company's prescribed solution? A continuously variable transmission, exactly the transmission employed by Toyota when it introduced the Prius. The gas engine was designed for constant-speed industrial use, so the carburetor wasn't calibrated for the on-and-off-the-gas use seen in a car, which created a few hiccups. However driving the B&S Hybrid was little different from other cars of the day, reports Mr. Mitchell, though it was a bit slower.

"It was just like a normal car, except you could select whether you wanted to run on the electric motor or the gas engine," he said. "There was more acceleration with the electric motor because of its immediate torque, so you could even spin the wheels." But that hard launch quickly petered out. "It wouldn't have that sustainable acceleration when you got up to 20 or 30 miles per hour and it took a long long time to get to 60."

Richard Petty held the pedal to the metal long enough for the hybrid to reach its top speed of 68 miles per hour in a test at the now defunct Riverside International Raceway.

Briggs & Stratton toured the car around the U.S. in an effort to drum up interest in cars using its small engines at a time when concern about fuel economy was high enough that people commonly carpooled and even rode mopeds to work.

Today's advanced electronic controls make driving hybrids nearly seamless – and quiet. Without those electronics, the old B & S Hybrid produced buzzes and clicks from its controllers and mechanical relays. "That technology would certainly have helped our project," observed Mr. Mitchell.

Now, General Motors Corp. is trying a similar idea. In January, the auto maker unveiled a concept car, the Volt, that uses a small engine running at an optimal steady speed to generate electricity to maintain the charge on the car's battery pack. The Volt will likely avoid the hiccups that plagued Briggs & Stratton's effort, thanks to modern electronics, but GM has said current batteries would be too heavy. Perhaps two axles in the back would solve the problem?

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5) HUSQVARNA ACQUIRES SOFF-CUT, US PRODUCER OF CONCRETE SAWS

Husqvarna has acquired Soff-Cut International Inc., based in Corona, California.

Soff-Cut is the leading producer of concrete saws for early entry concrete sawing. This technology enables concrete to be cut before it is fully set, which minimizes the risk of random cracking and also simplifies the working process in comparison with conventional sawing.

In 2006 Soff-Cut reported sales of approximately USD 35.4 million (approximately SEK 240m) and had about 70 employees. The majority of sales are in the US.

The operation will be included in Husqvarna`s accounts as of 1 June 2007.

"Soff-Cut has developed a unique patented system for early entry concrete sawing". The acquisition enables us to continue strengthening our position as a supplier to the construction industry. We expect to achieve considerable synergies with our existing operation in administration, purchasing, production and distribution", says Anders Ströby, head of Husqvarna Construction Products.

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6) DEERE & COMPANY TO ACQUIRE CHINESE TRACTOR COMPANY

MOLINE, Ill., June 8 -- Deere & Company, the world's largest manufacturer of agricultural equipment, said today that it plans to expand small tractor manufacturing in China by acquiring the Ningbo Benye Tractor & Automobile Manufacture Co. Ltd. business, located in Ningbo in southern China.

Deere said it has signed a definitive agreement to purchase the Benye business and is seeking final review of the transaction by government approval authorities in China.

Through the acquisition, Deere will expand the product line offered to Chinese farmers and enhance its worldwide capacity to produce low horsepower tractors. Benye mainly builds tractors in the 20 to 50 horsepower range while Deere currently builds tractors in the 60 to 120 horsepower range at its current China joint venture tractor factory, located in Tianjin.

"Our objective is to distinctly serve those who work the land," said Robert W. Lane, chairman and chief executive officer of Deere & Company. "The acquisition of Benye will allow us to better serve customers in China with a more complete

product line, as well as to provide tractors from China to other locations in the world. This action is an example that John Deere continues to seek opportunities for global growth."

Deere has provided products and services to the China agricultural market since 1976 and has manufactured equipment in China since 1997, when it entered a joint venture to build combines at a factory at Jiamusi. The Jiamusi operation is now wholly-owned and the company also manufactures tractors at a joint venture, John Deere Tiantuo Co., Ltd.

Benye, which was started in 1955, is the largest tractor manufacturer in southern China. It has a new manufacturing facility that covers 200,000 square meters, which includes research and development, manufacturing, and marketing. While 95 percent of the company's current revenues come from sales within China, the company has exported tractors to 70 countries worldwide.

"We do have an ambition to grow both our domestic and export market in China," said David Everitt, president of Deere's Agricultural Division in North America, Australia, Asia, and for Global Tractor and Implement Sourcing. "Our decision to acquire Benye provides us an excellent opportunity to align with a high quality manufacturer of tractors in a horsepower range important to our customers."

Additionally, Everitt said, there is a growing demand for smaller tractors in China because of the increasing mechanization by rice farmers. Deere anticipates that farmers with less powerful equipment will be upgrading to machines in the 20 to 50 horsepower range built by Benye. Everitt said Deere expects to leverage Benye's product range and manufacturing capacity for sales into other Asian, African, and CIS markets.

Financial details of the expected acquisition were not made public. However, Deere did report that it will create a wholly-owned subsidiary named John Deere Ningbo Agricultural Machinery Co. Ltd. to manage the business. The transaction is expected to close later this year.

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7) DOES DEERE SEE CHINA AS THE ANSWER TO ITS PROBLEMS?

George Gutowski Seeking Alpha

June 11 – "Deere has announced a major acquisition of Ningbo Benye Tractor & Automobile Manufacture Co., China's leading manufacturer of low horse power tractors.

We are to believe that because the Chinese farmer, particularly the rice farmer, is interested in becoming more efficient, this is a really good idea. What does Deere add to the equation? The Chinese rice farmer will become more efficient with or without Deere.

One can say it provides access to the Chinese market, but Deere already has that. The financial details were not disclosed. The press release was silent on who was the seller.

Benye was started in 1955 when Mao was in charge, so I expect the state is still the shareholder. The press release indicates they have asked for the appropriate government review of the transaction. It's all quite fuzzy, but I expect Deere will be the owner in the end.

If Deere wanted to build in China, it probably could have. This way, it acquires the legacy issues. The entire release is silent about any potential business plan. Yes, the Chinese Rice Farmer is trying to modernize. But can the Chinese Rice Farmer afford the new equipment, or will it have to be financed in some fashion? Farm financing is a very political issue in any country. Who will run and capitalize the program?

Deere has its problems and probably sees China as the driver to many solutions. Deere needs to put some cards on the table..... Wide sweeping comments such as "we are expanding in China" do not cut it."

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8) HUSQVARNA CELEBRATES 318 YEARS OLD AND ONE YEAR 'YOUNG'

CHARLOTTE, N.C., June 12, 2007 -- As one of the world's oldest companies, Husqvarna AB celebrates its one-year anniversary tomorrow as a new chapter in its lengthy 318-year history.

Husqvarna AB was part of Electrolux AB for three decades. Following a decision at the Electrolux AGM in April 2006, Husqvarna AB was spun off from Electrolux and on June 13, 2006, the "new" company was listed on the Stockholm Stock Exchange.

In less than 12 months, the company has made six acquisitions including Gardena (garden and irrigation equipment - Germany), Dixon Industries USA (zero-turn mowers), Klippo (lawn mowers - Sweden), Jikai (diamond tools - China), Soff-Cut (concrete saws - US), and the outdoor power equipment operations of Komatsu Zenoah (forestry and landscape equipment - Japan). Husqvarna's portfolio already includes a number of world-renowned brands such as Husqvarna, Jonsered, Flymo, Weedeater, Poulan, and Diamant Boart.

From its inception and commission by the King of Sweden to build firearms in 1689, to making meat grinders, appliances, bicycles, motorcycles and now outdoor power and irrigation equipment, Husqvarna has a rich history in precision engineering. Today, the company is the world's largest manufacturer of chain saws, lawn mowers, trimmers and blowers as well as one of the world's largest producers of garden tractors. The company is also one of the world's largest producers of cutting equipment for the construction and stone industries.

"We are pleased to celebrate this momentous occasion today with our employees in more than 100 countries around the world, our shareholders and the end users of our comprehensive line of outdoor power and irrigation products. Husqvarna is well known for producing best in class products and our ambition is to continue this long standing tradition of quality, precision engineering," said Bengt Andersson, CEO of Husqvarna AB.

Husqvarna is marking the day with celebrations at its facilities across the globe.

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9) SPLENDOR IN THE GRASS

Big, Fast, 'Zero-Turn' Mowers Are Latest Status Symbol; Cruise Control and Cupholders

By Jonathan Welsh June 13, 2007 www.wsj.com

Three weeks ago, Rod Reams ditched his clunky old lawn mower. His new ride: a ZTR, or zero-turning-radius mower, which can spin around in place and cut a four-foot swath of grass at up to eight miles an hour. Mr. Reams, of Batavia, Ill., likes the way his John Deere Z445 cuts cleanly and trims his chore time to two hours from four.

He likes something else, too: "One of my neighbors uses a smaller lawn tractor, and he looks at mine with admiration," Mr. Reams says.

The zero-turning-radius riding mower is becoming the latest status symbol on suburban blocks. Shipments rose 7% last year -- even as shipments of outdoor power equipment in general fell 6.5%, according to the Outdoor Power Equipment Institute, a trade group. While zero-turning-radius mowers, from makers like John Deere, Cub Cadet, Ariens, Toro and Kubota, still account for just 12% of the 1.8 million consumer riding mowers and tractors shipped in 2006, they are quickly entering the consumer mainstream.

While these fast, powerful mowers are adapted from commercial lawn mowers, the latest models are smaller and easier to use -- much like the second generation of SUVs -- and many come with car-like features, such as adjustable seats, cruise control and cup holders.

Mower makers' target customers, men in or nearing middle age, are often moving into larger homes with more property. They are the type of well-to-do gadget-loving consumers who turned cooking into a semi-professional endeavor with professional-grade stoves and filled their garages with the latest lithium-ion-powered cordless hand tools. Now, they want to cultivate their roses and cut their grass with equally impressive equipment.

Enter the zero-turning-radius mower, which was built almost exclusively for commercial landscapers before the past two or three years. "You won't see a landscaping contractor who doesn't have one of these on his trailer, and that's the lead that people are following," says Gus Ottoson, president of Power Place, a seller of lawn tractors and other power equipment in Rockaway, N.J. With their increased speed and maneuverability, the new mowers are seen as the sports cars of lawn mowing. Company executives say they are actually fun to drive, making mowing less of a chore.

But the ZTR mowers have their drawbacks. Anyone who grew up pushing lawn mowers is likely to feel sticker shock when comparing a basic \$200 walk-behind model with a small riding version starting at \$2,000. More powerful and stronger-built models that cut paths 48 inches or 54 inches wide range up to \$5,000.

Perhaps the biggest disadvantage of ZTRs is that they are typically useful only for mowing grass and often can't operate the many attachments available for traditional tractor-style riding mowers, like snow plows, cultivators and thatching gear.

ZTRs can also look a bit odd, and many buyers still prefer the classic profile, familiar steering wheel and in-command feel of a traditional tractor-style riding mower. While older riding mowers are laid out like cars with a steering wheel, foot pedals and the engine in front, the zero-turn-radius mower is in many cases a low-slung metal platform with the engine and large drive wheels in back, smaller swiveling wheels in front and a driver's seat on top. It looks a bit like a wide go-cart and somewhat like a carnival bumper car.

Long levers that sprout from below the seat control fore and aft movement, as well as steering. Getting used to the ZTR's controls may take some buyers time, unless they have operated earth-moving equipment or certain military fighting vehicles.

Risk of Losing Control

Not only is steering with levers somewhat counterintuitive; the new ZTR mowers move so quickly that new drivers can have trouble keeping them under control. Turning too sharply can also damage the grass if the mower skids.

"You run the risk of turfing your lawn if you don't know what you're doing," says Matt Rechin, vice president of brand management for tractor and mower maker Cub Cadet.

The company, a unit of MTD Products Inc., recently rolled out the i1000, which is a hybrid that combines the look of a traditional tractor-style lawn mower with much of the maneuverability of a zero-turning-radius model. Cub also builds traditional zero-turn models with control levers.

Cub Cadet attributes the rush for commercial-style mowers to younger, post-baby-boom homeowners who are trading up to homes with big yards that make their push mowers impractical. Others attribute the trend to broader suburban sprawl.

An Earlier Attempt

It isn't the first time zero-turn models have been available to consumers. Mr. Ottoson at Power Place said a company called Wheel Horse offered them in the late 1980s, but his customers weren't interested, in part because the machines seemed wildly unfamiliar. "They were good-looking machines, but they just sat here and nobody looked at them," he says. "I guess they were ahead of their time."

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10) FORM 10-Q FOR TORO CO Excerpts

Quarterly Report

12-Jun-2007

Item 2 MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

NATURE OF OPERATIONS

The Toro Company is in the business of designing, manufacturing, and marketing professional turf maintenance equipment and services, turf and agricultural irrigation systems, landscaping equipment, and residential yard products worldwide. We sell our products through a network of distributors, dealers, hardware retailers, home centers, mass retailers, and over the Internet, mainly through Internet retailers.

Our businesses are organized into two segments: professional and residential. A third segment called "other" consists of domestic distribution companies and corporate activities. Our emphasis is to provide well-built, dependable, and innovative products supported by an extensive service network. A significant portion of our revenues has historically been attributable to new and enhanced products.

As part of our "GrowLean" initiative, we are focusing our efforts on revenue growth, profit improvement, and asset management, while maximizing our use of Lean methods to reduce costs and improve quality and efficiency in our manufacturing facilities and corporate offices. The goals of this initiative are to grow revenues at an average annual rate of 8 percent or more and achieve a consistent after-tax annual return on net sales of 7 percent or more over the three-year period ending October 31, 2009.

We have added a long-term asset management goal to reduce average net working capital as a percent of net sales below 20 percent, or in the "teens." We define average net working capital as accounts receivable plus inventory less trade payables.

RESULTS OF OPERATIONS

Overview

Our results for the second quarter of fiscal 2007 were positive with a net sales growth of 4.2 percent and a net earnings growth rate of 7.0 percent compared to the second quarter of fiscal 2006. Year-to-date net earnings rose 10.7 percent in fiscal 2007 compared to the same period last fiscal year on a year-to-date sales growth rate of 3.6 percent.

Continued strong international performance contributed to the sales increase along with strong shipments of new residential segment products, which more than offset a decline in sales of landscape contractor equipment products. International sales continued its growth momentum with an increase of 12.2 percent and 11.5 percent for the second quarter and year-to-date period of fiscal 2007, respectively, compared to the same periods last fiscal year.

Net earnings as a percentage of net sales rose from 8.8 percent and 8.2 percent in the second quarter and year-to-date period of fiscal 2006, respectively, to 10.9 percent and 10.6 percent in the second quarter and year-to-date period of fiscal 2007, respectively.

Higher gross margins and leveraging of selling, general, and administrative expenses contributed to the earnings improvement while a higher effective tax rate and increase in interest expense somewhat hampered the earnings growth rate. We also increased our second quarter cash dividend by 33 percent compared to the quarterly cash dividend paid in the second quarter of fiscal 2006.

In April 2007, we issued \$125 million in aggregate principal amount of 6.625% senior notes due in 2037. The proceeds will be used to retire \$75 million in debt due in June 2007 and for general corporate purposes.

Our fiscal 2007 second quarter financial results were solid, and we are optimistic that our results for the full fiscal year of 2007 will end strong. We continue to keep a cautionary eye on the weather, field inventory levels, retail demand, world economies, commodity prices, competitive actions, and other factors identified below under the heading "Forward-Looking Information," which could cause our actual results to differ from our outlook.

Net Earnings

Net earnings for the second quarter of fiscal 2007 were \$75.0 million or \$1.77 per diluted share compared to \$70.1 million or \$1.56 per diluted share for the second quarter of fiscal 2006, a net earnings per diluted share increase of 13.5 percent.

Year-to-date net earnings in fiscal 2007 were \$93.4 million or \$2.21 per diluted share compared to \$84.4 million or \$1.87 per diluted share last fiscal year, a net earnings per diluted share increase of 18.2 percent.

The primary factors contributing to these increases were higher sales volumes, an increase in gross margins, and leveraging of selling, general, and administrative costs, somewhat offset by a higher effective tax rate and an increase in interest expense. In addition, second quarter and year-to-date fiscal 2007 net earnings per diluted share were benefited by approximately \$0.10 per share and \$0.13 per share, respectively, compared to the same periods in fiscal 2006 as a result of reduced shares outstanding due to the repurchase of our common stock.

Net Sales

Worldwide consolidated net sales for the second quarter and year-to-date period of fiscal 2007 were up 4.2 percent and 3.6 percent, respectively, from the same periods in the prior fiscal year. Favorable currency exchange rates accounted for approximately 29 percent and 37 percent of the sales growth for the second quarter and year-to-date period of fiscal 2007, respectively. Disregarding currency exchange effects, international sales for the second quarter and year-to-date period of fiscal 2007 increased 7.5 percent and 6.7 percent, respectively, compared to the same periods in fiscal 2006.

Professional segment products worldwide were strong as a result of continued demand in international markets, particularly in the golf market, and the successful introduction of new products.

Residential segment net sales were also up for the second quarter and year-to-date periods of fiscal 2007 compared to the same periods in fiscal 2006 as a result of the introduction of our new innovative riding and walk power mower products. However, the year-to-date results were somewhat hampered by lower snow thrower product sales due to the lack of snowfall during the winter season of 2006-2007 in key markets.

In addition, worldwide sales of landscape contractor equipment products were down for the second quarter and year-to-date periods of fiscal 2007 compared to the same periods last fiscal year due mainly to our customers' efforts to reduce field inventory levels by ordering product closer to retail demand.

Other segment net sales were up for the second quarter of fiscal 2007 compared to the second quarter of fiscal 2006 but were down for the year-to-date period of fiscal 2007 compared to the year-to-date period of fiscal 2006 due to lower sales at a company-owned distributorship.

Gross Profit

Gross profit for the second quarter and year-to-date period of fiscal 2007 increased 6.3 percent compared to the same respective periods in the prior fiscal year due to increased sales. As a percentage of net sales, gross profit for the second quarter and year-to-date period of fiscal 2007 increased to 35.6 percent and 36.1 percent, respectively, compared to 34.9 percent and 35.2 percent for the second quarter and year-to-date period of fiscal 2006, respectively.

The increase in gross profit as a percentage of net sales was the result of the following factors: (i) increased sales of higher-margin products; (ii) cost reduction efforts, including benefits from past and continuing profit improvement initiatives; (iii) favorable foreign currency exchange rates compared to the U.S. dollar; and (iv) price increases on some products. Somewhat offsetting those positive factors were: (i) higher manufacturing costs from lower plant utilization as we curtailed production levels in an effort to lower inventory levels and (ii) higher commodity costs.

Professional

Net Sales. Worldwide net sales for the professional segment in the second quarter and year-to-date period of fiscal 2007 were up 2.0 percent and 3.9 percent, respectively, compared to the same periods last fiscal year. This increase was due primarily to strong international professional segment net sales, which were up 11.5 percent and 14.9 percent in the second quarter and year-to-date period of fiscal 2007, respectively, compared to the same periods last fiscal year due to continued demand and growth in international markets, particularly in the golf market, and the success of new products introduced within the past two years.

Domestic sales of most professional segment products were also up due mainly to the introduction of new products and strong early season stocking orders from our customers in anticipation of strong retail demand during fiscal 2007. This resulted in higher field inventory levels for some product lines in this segment as of the end of the second quarter of fiscal 2007 compared to the end of the second quarter of fiscal 2006. However, worldwide sales of landscape contractor equipment were down for the second quarter and year-to-date period of fiscal 2007 compared to the same periods last fiscal year due mainly to our customers' efforts to reduce field inventory levels by ordering product closer to retail demand.

Operating Earnings. Operating earnings for the professional segment in the second quarter and year-to-date period of fiscal 2007 increased 4.1 percent and 7.6 percent, respectively, compared to the same periods last fiscal year. Expressed as a percentage of net sales, professional segment operating margins increased to 24.2 percent compared to 23.7 percent in the second quarter of fiscal 2006, and the fiscal 2007 year-to-date professional segment operating margins

increased to 21.8 percent compared to 21.1 percent last fiscal year. This profit improvement was the result of higher gross margins in the fiscal 2007 periods compared to the fiscal 2006 periods due to the same factors discussed previously in the Gross Profit section above. However, higher SG&A expense as a percentage of net sales hampered the operating earnings growth, which was due mainly to increased warranty expense and engineering spending.

Residential

Net Sales. Worldwide net sales for the residential segment in the second quarter and year-to-date period of fiscal 2007 were up 8.5 percent and 3.6 percent, respectively, compared to the same periods last fiscal year. This increase was due primarily to strong worldwide demand for our new generation zero-turn radius riding mowers and the successful introduction of a new line of walk power mowers that resulted in strong early season retail demand. However, net sales growth for the year-to-date period of fiscal 2007 compared to the same period last fiscal year was not as strong because shipments of snow thrower products were down due to the lack of snowfall during the winter season of 2006-2007 in key markets.

Operating Earnings. Operating earnings for the residential segment in the second quarter of fiscal 2007 increased 51.2 percent compared to the second quarter of fiscal 2006, and fiscal 2007 year-to-date operating earnings were up by 36.6 percent compared to the same period last fiscal year. Expressed as a percentage of net sales, residential segment operating margin increased to 12.0 percent compared to 8.6 percent in the second quarter of fiscal 2006, and fiscal 2007 year-to-date residential segment operating margin increased to 9.6 percent compared to 7.3 percent last fiscal year. Those increases were primarily from lower SG&A expense as a percentage of net sales due to leveraging the fixed portion of SG&A costs over higher sales volumes, lower warranty costs as a result of the reversal of a special warranty provision, and lower spending for marketing.

Other

Net Sales. Net sales for the other segment include sales from our wholly owned domestic distribution companies less sales from the professional and residential segments to those distribution companies. In addition, elimination of the professional and residential segments' floor plan interest costs from Toro Credit Company are also included in this segment. Net sales for the other segment were up \$1.0 million for the second quarter of fiscal 2007 compared to the second quarter of fiscal 2006 due to a decline in the sales elimination as a result of lower sales from the professional and residential segments to the company-owned distribution companies. However, net sales for the year-to-date period of fiscal 2007 compared to the same period last fiscal year were down by 10.2 percent due mainly to lower sales at a company-owned distributorship.

Operating Losses. Operating losses for the other segment were up for the second quarter and year-to-date period of fiscal 2007 by \$2.3 million or 11.9 percent and \$3.8 million or 8.6 percent, respectively, compared to the same periods last fiscal year. The increased losses were due primarily to increased legal expenses, higher spending for investments in information systems, and higher interest expense.

FINANCIAL POSITION

Working Capital

As part of our GrowLean initiative, we have placed additional emphasis on asset management, with a focus on: (i) ensuring strong profitability of our products and services all the way through the retail sale; (ii) minimizing the amount of working capital in the supply chain; and (iii) maintaining or improving order replenishment and service levels to end users. Our long-term goal is to reduce average net working capital (accounts receivable plus inventory minus trade payables) as a percentage of net sales to below 20 percent, or "in the teens." The average net working capital for the twelve months ended May 4, 2007 was 29.8 percent compared to 29.4 percent for the twelve months ended May 5, 2006.

Average receivables for the first half of fiscal 2007 increased 4.5 percent compared to the first half of fiscal 2006 on a sales increase of 4.2 percent. Our average days sales outstanding for receivables were slightly up to 74.9 days based on sales for the last twelve months ended May 4, 2007, compared to 74.4 days for the twelve months ended May 5, 2006. This increase was due mainly to a higher proportion of international sales that have longer payment terms. Average inventory levels also increased by 8.2 percent for the first half of fiscal 2007 compared to the first half of fiscal 2006. However, inventory levels were slightly down by 0.1 percent as of May 4, 2007 compared to May 5, 2006, as we curtailed production levels in an effort to lower inventory levels.

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11) FLORIDA HOMEOWNERS TO LOSE OVER \$2M IN DEPOSITS ON STANDBY GENERATORS

Jeff Ostrowski, Palm Beach Post www.palmbeachpost.com

Friday, June 15, 2007

Genco Power Solutions, the troubled company that blanketed South Florida airwaves with ads for its pricey standby generators, has pulled the plug on its money-losing business.

The company this week filed for liquidation in Broward County Circuit Court, and it's unclear whether homeowners who put down deposits for generators will get their money back. Genco held more than \$2 million in deposits from more than 250 property owners from Port St. Lucie to Miami, according to a court filing.

In ads that appeared on cable TV, billboards on Interstate 95 and buses in Miami-Dade County, Genco touted propane-powered generators powerful enough to run an entire home. The equipment and installation cost as much as \$30,000.

Marvin Satsky, who gave Genco a \$15,000 deposit last year for a generator at his home west of Boca Raton, was upset to hear that the company was liquidating. He sued Genco and won a \$15,000 settlement only to learn this week that he's unlikely to get that amount back.

"It's just absolutely terrible," Satsky said. "So far, it's cost me \$3,500 in legal fees, and now I'm not going to get anything." Genco leaves behind other frustrated customers, including Billy Mays, the infomercial pitchman who last year recorded ads for Genco. Mays said Genco's former president, John Acunto of suburban Boca Raton, promised to pay him by installing a generator at his home north of Tampa.

Mays said this week that he had hired electricians to prepare his home for the generator and even cut down trees to make room for it. He criticized the new owners for closing the business.

"Basically, they screwed me in the end," Mays said. "I'm really bummed out about it, because hurricane season is here."

In December, investment firm HSK Funding of Vestal, N.Y., bought Genco from AdSouth Partners, a Boca Raton penny stock firm. HSK in April removed Acunto from his position as the company's president, although he continued to appear in ads pitching the company.

HSK Chief Executive Jeff Koffman said as recently as last month that the business could be saved, but he said Friday that he had little choice but to close the company.

"We feel horrible about it," Koffman said. "We've lost millions of dollars and feel we were misled by previous management."

HSK invested \$3 million in equipment such as diggers and trenchers in an attempt to turn the company around, Koffman said. "When we came in with our own people, we realized the extent to which the company had been poorly run."

Genco charged too little for generators, and nearly every installation had problems such as delayed permits or improper placement of the generator on the property, according to Koffman.

The Palm Beach Post in January reported that frustrated Genco customers had waited for months for generators to be installed. Genco in January moved its headquarters from Boca Raton to Pompano Beach.

Aside from customers, Genco's creditors include generator maker Generac Power Systems (owed \$466,375) and media companies Clear Channel (owed \$184,393) and Comcast (owed \$130,895).

Competitors and former employees likewise have criticized Genco's business practices, but Acunto already has struck back. He filed a suit this week in federal court charging HSK affiliate New Valu Inc. with fraud.

According to Acunto's suit, Acunto found a company willing to pay \$12 million for Genco. The buyer was WaterPure International, a money-losing penny stock firm based in Doylestown, Pa. Acunto's suit said New Valu "sabotaged" the deal.

In an interview today, Acunto blamed Koffman for Genco's failure.

"I can show you documents that demonstrate that Jeff Koffman was in full control of the company," Acunto said. "The CFO reported directly to him."

Acunto said Koffman rejected WaterPure's \$12 million offer and put Genco into receivership so he'd have losses to offset taxable gains in HSK's other ventures. Koffman countered that WaterPure's shaky finances killed the deal.

"WaterPure had zero revenue," Koffman said. "I would rather lose \$5 million than make \$12?"

Genco filed for liquidation through a little-known but increasingly common process known as "assignment for the benefit of creditors." Florida and three dozen other states let failing companies file for assignment, a process that can be quicker and less cumbersome than a traditional Chapter 7 bankruptcy filing.

Miami bankruptcy attorney Leyza Blanco said assignments typically return 10 to 15 percent of the money owed.

As part of the assignment, the company's assets are turned over to an "assignee" who is charged with salvaging what they can for creditors. In another failure of a generator company, Powerback Systems Inc. of Boca Raton in January filed for assignment in Palm Beach County Circuit Court.

Genco's assignee is Mike Phelan of Michael Moecker & Associates in Fort Lauderdale. Phelan said he mailed hundreds of claim forms to Genco creditors on Thursday, but he offered few details about what sort of results are expected.

"I'm still in the process of trying to sort out how to deal with the customer creditors and the vendor creditors," Phelan said. A spokeswoman for Phelan said he's hoping to find contractors to finish installing generators that have been paid for, but it's unclear whether that will happen.

Perry Monioudis, a Broward County attorney who represents an electrical firm owed \$47,000 by Genco, was pessimistic that Phelan would recover more than a fraction of the money the company was owed.

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12) THOUGHTS FOR THE DAY

HUMANITY

To the world you might be one person,
but to one person you might be the world.

- Anonymous

DREAMS

It takes a lot of courage
to show your dreams to someone else.

- Erma Bombeck

SUCCESS

Success is often the result
of taking a misstep
in the right direction.

- Al Bernstein

CONTENTMENT

To be satisfied with a little,
is the greatest wisdom;
and he that increaseth his riches,
increaseth his cares;
but a contented mind
is a hidden treasure,
and trouble findeth it not.

- Akhenaton

WISDOM

Be as smart as you can,
but remember that it is always better
to be wise than to be smart.

- Alan Alda

GREATNESS

A good hockey player plays where the puck is.
A great hockey player plays where the puck is going to be."

- Wayne Gretzky

COURAGE

Courage is resistance to fear, mastery of fear -- not absence of fear."

- Samuel Clemens/Mark Twain

TIME

Time is the coin of your life.
It is the only coin you have,
and only you can determine
how it will be spent.
Be careful lest you
let other people
spend it for you.

- Carl Sandburg

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13) BRIGGS SNOW THROWER ENGINES RECALLED

Monday June 18 Business Journal

Briggs & Stratton Corp. is voluntarily recalling 480,000 snow thrower engines because of dozens of reports of the engines catching on fire.

The Wauwatosa-based small engine and outdoor equipment manufacturer is recalling Briggs & Stratton OHV engines that have model numbers beginning with 12, 15, 20 or 21, and a date of manufacture (DOM) code between 000601xx and 070301xx. When the engines are primed, excess fuel can overflow into the carburetor and ignite, posing fire and burn hazards to consumers.

The U.S. Consumer Product Safety Commission said Monday there have been 48 reports of the engines catching on fire. No injuries have been reported, but there has been one report of minor property damage.

The engines were installed on the following brands of snow throwers: Ariens, Canadiana, Craftsman, Frontier Equipment, Husqvarna, Poulan Pro, Simplicity and Snapper. The products were sold by various snow thrower dealers nationwide from June 2000 through February 2007 for between \$630 and \$2,350.

A free repair is available at dealers. For more information on dealer locations, consumers can contact Briggs & Stratton toll-free at (866) 478-7855. Consumers with Craftsman brand snow throwers should call Sears toll-free at (877) 659-7017.

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14) NEW REPORT CALLS ATTENTION TO POTENTIAL IMPACTS OF USING MID-LEVEL ETHANOL BLENDS IN CONSUMER EQUIPMENT

WASHINGTON, June 13 -- A new report on the potential impacts of mid-level ethanol blends (fuels with over 10% ethanol) on engines, vehicles, boats and equipment identified significant technical concerns that could lead to unintended risks to consumers and their products. Abruptly changing the US "general purpose" motor gasoline pool could lead to "adverse, large-scale impacts if higher than E10 is required as motor gasoline for the existing fleet of on-road and off-road equipment," the report concluded.

"The technical challenges and data gaps strongly indicate the need for significant additional study," says the report's author, Dr. Ron Sahu. "Mid-level ethanol blends can cause increases in combustion heat release and the potential corrosion and degradation of products and their fuel and emission control systems that are not specifically designed for these higher levels of ethanol."

The report was released by the Alliance for a Safe Alternative Fuels Environment (AIISAFE), a new coalition of consumer and user groups and manufacturing associations to help assure the safe and successful introduction of new bio-based fuels.

Dr. Sahu's report comes at a time when several federal and state legislative measures are being considered to increase the allowed concentration of ethanol in gasoline above the current 10% limit or cap. "AIISAFE is working to improve our understanding of the unknown impacts of ethanol fuels on consumers, manufacturers, gasoline retailers, and the environment before we undertake any legislative action that could harm consumers or the environment," said AIISAFE spokesman Bill Guerry with the law firm of Kelley Drye Collier Shannon. "We support ethanol and other renewable fuel

options and want to ensure their long-term success is not marred by unintended effects on existing products, which could lead to consumer rejection of ethanol and other valuable renewable fuels."

About AIISAFE

AIISAFE speaks on fuel-related legislation that affects over 250 million Americans who own and operate over 300 million products, including recreational boats and marine engines, chainsaws, lawnmowers, motor vehicles, motorcycles, all terrain vehicles (ATVs), snowmobiles, generators, and related vehicles and equipment.

AIISAFE's purpose is to assure all new bio-based fuels (such as ethanol or other renewable fuels) are promoted in a thoughtful manner that is safe and will not harm consumers and their products, the environment, or the economic infrastructure, both manufacturing and retail. AIISAFE is made up of the following national associations that represent: (1) consumer and commercial users of ethanol blends and other fuels in their equipment and vehicles; (2) manufacturers of boats, vehicles, engines and equipment; and (3) gasoline retailers that sell gasoline and ethanol-fuel blends, including the existing 10% ethanol blends.

Alliance of Automobile Manufacturers, American Motorcyclist Association, Association of Marina Industries, Association of International Automobile Manufacturers, Boat Owners Association of the United States, Engine Manufacturers Association, International Snowmobile Manufacturers Association, Motorcycle Industry Council, National Association of Convenience Stores, National Marine Manufacturers Association, Outdoor Power Equipment Institute, Personal Watercraft Industry Association, Professional Landcare Network, Specialty Vehicle Institute of America

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15) OPEI ANNOUNCES 2007-08 OFFICERS/DIRECTORS

The Outdoor Power Equipment Institute (OPEI) announced its 2007-08 Officers and Board of Directors during its 55th Annual Meeting in Palm Beach, FL being held June 21-23, 2007.

Officers for 2007-08 include: *OPEI Chairman*, Steven M. Bly, Senior Vice President of Operations, Echo, Inc., Lake Zurich, IL; *OPEI Vice Chairman*, Daniel T. Ariens, President, Ariens Company, Brillion, WI; and *Secretary/Treasurer* Philip J. Tralies, President & CEO, Club Car, Inc., Augusta, GA.

Continuing their service on the OPEI Board of Directors are: Immediate past chairman, Fred J. Whyte, President, STIHL, Inc., Virginia Beach, VA; Michael Hoffman, Chairman, President & CEO, The Toro Company, Minneapolis, MN; Jean Hlay, Executive Vice President of Marketing & Sales, MTD Products, Inc., Valley City, OH; Robert C. Hove, Vice President, Worldwide Sales, John Deere, Cary, NC; Roger Leon, COO, Husqvarna Consumer Outdoor Products, Augusta, GA; John S. Shiely, Chairman, President & CEO, Briggs & Stratton Corporation, Milwaukee, WI; and David R. Zerfoss, President, Husqvarna Forest & Garden Company, Charlotte, NC.

About the Outdoor Power Equipment Institute

The Outdoor Power Equipment Institute (OPEI) is the international trade association for manufacturers of outdoor power equipment and their suppliers. Founded in 1952, OPEI is committed to advancing environmental responsibility, consumer safety, business development, and advocacy. For more information on OPEI, please visit www.opei.org.

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16) 2007-2008 INDUSTRY EVENTS CALENDAR

2007 - 2008 OPE INDUSTRY MEETING AND EVENTS CALENDAR	
Click On Link For More Information	
<i>January 22-25, 2008</i>	World of Concrete , Las Vegas Convention Center
<i>January 22-24, 2008</i>	BTME-BIGGA , British Turf Management and the British International Golf & Greenkeepers Association Show, Harrogate International Center, England
<i>Jan 31 - Feb 2, 2008</i>	GIS , Golf Industry Show, Orange County Convention Center, Orlando, FL
<i>February 11 – 14, 2008</i>	The Rental Show , American Rental Association Conference and Trade Show, Mandalay Bay Convention Center, Las Vegas
<i>February 2008</i>	OPEAA , Outdoor Power Equipment Aftermarket Association Annual Meeting, Santa Fe, NM
<i>March 2-5, 2008</i>	OPEESA , Outdoor Power Equipment and Engine Service Association, Westin Mission Hills, Rancho Mirage, California
<i>March 9, 2008</i>	<i>Daylight Savings Time Begins</i>
<i>April , 2008</i>	EETC , Equipment and Engine Training Council 12 th Annual Meeting, Sponsored by
<i>May 6-8, 2008</i>	National Hardware Show , Las Vegas Convention Center and Sands Convention Center
<i>June 22-28, 2008</i>	Skills USA , National Leadership and Skills Conference, Kansas City, Missouri
<i>2008</i>	OPEI , Outdoor Power Equipment Institute Annual Meeting, The Breakers Hotel, West Palm Beach, FL
<i>2008</i>	GAFA (with SPOGA) , International Garden Trade Fair with the International Trade Fair for Sport, Camping and Garden Lifestyle, Cologne, Germany
September 16-18, 2007	GLEE , International Garden and Leisure Show, NEC Birmingham, England
October 25-27, 2007	GIEE , Green Industry and Equipment Expo, Louisville, KY (combining EXPO and the GIE Show)
October 24-27, 2007	FFA , Future Farmers of America Annual Convention, Indianapolis, IN
November 4, 2007	<i>Daylight Savings Time Ends</i>
Nov 29 - Dec 1, 2007	Southwest OPE Show , TSDA, Fort Worth Convention Center, Fort Worth, TX
Please contact opeintheknow@yahoo.com with any corrections or if any links in this calendar do not work.	

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17) BRIGGS & STRATTON SEC FORM 8-K

Filed June 28, 2007

ITEM 2.05 COSTS ASSOCIATED WITH EXIT OR DISPOSAL ACTIVITIES

On June 22, 2007 Briggs & Stratton Corporation (the "Company") announced its intent to close the production facility in Port Washington, Wisconsin and relocate its production lines to existing manufacturing facilities. The closure of the facility is expected to improve the Company's overall competitiveness.

The decision was communicated to affected employees on June 22, 2007, and it is expected that the closure of the facility will be completed by the second quarter of fiscal 2009.

The Company expects to incur pre-tax charges for facility consolidation and closure costs of approximately \$14 million consisting of \$7 million of asset impairment costs and \$7 million of other costs. Cash expenditures related to the closure are estimated to be approximately \$7 million.

During the fourth quarter of fiscal 2007, the Company expects to recognize pre-tax charges of \$8 million for asset impairment and closure costs, with the remainder of the charges recognized in fiscal 2008 and fiscal 2009.

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18) OPEESA OFFICERS, BOARD AND EXECUTIVE DIRECTOR CONTACT INFORMATION

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For more information about OPEESA, please contact:

Nancy Cueroni
Executive Director

37 Pratt Street
Essex, CT 06426-1159

Tel: 860-767-1770

Fax: 860-767-7932

Email: ExecutiveDirector@opeesa.com

Web Site: www.opeesa.com

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