

# OPEESA'S

Outdoor Power Equipment and Engine Service Association

## OPE-IN-THE-KNOW

Volume CXXXVIII, June 2, 2009

**“The Business of Outdoor Power Equipment”**

SEND OPE BUSINESS NEWS TO [opeintheknow@yahoo.com](mailto:opeintheknow@yahoo.com)  
No product news please.

- 1) Critics Find Flaws in the Case Made by Ethanol Advocates
- 2) Brillion-Based Ariens Announces 5% Across the Board Pay Cut
- 3) MTD Closes Brownsville, TN Plant
- 4) The Black, White and Grey of Ethanol
- 5) Deere Reports 2<sup>nd</sup> Quarter Earnings
- 6) Toro Reports Fiscal 2009 Second Quarter Results
- 7) Mow Power, Less Gas
- 8) Two of the Greatest Assets To Have in Life
- 9) 2009 – 2010 OPE Industry Meeting and Events Calendar
- 10) Lawn Care Takes a Back Seat to the Economy
- 11) Thoughts for the Day
- 12) Briggs Plant Announces Pay Cuts to Keep Jobs
- 13) OPEESA Officers, Board, Executive Director Contact Information

***Subscribed-to By Over 660 OPE Industry Leaders In 13 Countries  
Who Are “In-The-Know”***

Australia, Belgium, Canada, China, France, Germany, Italy, Japan, Netherlands,  
South Africa, Sweden, the United Kingdom and the United States

**Invite Your Industry and Company Associates To Be “In-The-Know”**

Send Their Name, Title, Company Name and E-Mail Address To:

[opeintheknow@yahoo.com](mailto:opeintheknow@yahoo.com)

## **1) CRITICS FIND FLAWS IN THE CASE MADE BY ETHANOL ADVOCATES**

Christopher Jensen [www.nytimes.com](http://www.nytimes.com)

May 10 -- When a trade group for the ethanol industry asked the [Environmental Protection Agency](#) to raise the permissible amount of ethanol in gasoline to 15 percent from 10 percent, it supported the request with a series of studies.

But others concerned about such an increase say that not only is more research needed, but that some claims by the trade group, Growth Energy, are incorrect or misleading. Growth Energy denies the assertions.

Critics say one problem is a summary of a report by the National Renewable Energy Laboratory and the Oak Ridge National Laboratory, both part of the Energy Department. Growth Energy sent the entire report to the E.P.A., but the summary it provided with its formal waiver request — and uses in press materials — said that when using E15 and E20, “there were no significant changes in vehicle tailpipe emissions, vehicle drivability or small nonroad engine emissions as ethanol content increased.”

Others disagree. “They cherry-picked the data,” said Kris Kiser, executive vice president of the Outdoor Power Equipment Institute, which represents makers of machines like lawn mowers and chainsaws.

Mr. Kiser said the summary did not note that some tested engines ran poorly on E15, losing power, running hotter than normal or stalling. On three weed trimmers that were supposed to be idling, the clutch engaged and started the cutting mechanism, he said. “It is really scary if you are a manufacturer,” Mr. Kiser said. “We don’t want our customers hurt.”

One researcher, Wendy Clark, group manager in the fuels performance group at the National Renewable Energy Laboratory, said the summary, while accurate, was misleading because it omitted problems noted in the full report. For example, the summary said researchers did not find drivability problems. The full report noted that the drivers were not trained to detect such problems and that all testing was done at only two temperatures.

Ms. Clark said the study was preliminary and should be followed up with comprehensive research on emissions and durability. “The sample size is way too small,” she said.

Accompanying the waiver request is a letter from Growth Energy that mentions support for the waiver from Ford. It mentions “Ford’s endorsement of blends up to E15.”

While that statement might be interpreted as suggesting that Ford approves the use of E15 in its vehicles, a company spokeswoman, Jennifer Moore, said that was not true. She said Ford favored the use of [biofuels](#) but still had concerns about E15 because not enough research had been done.

Asked about the seeming contradiction, Growth Energy provided a letter from a Ford executive to an ethanol supplier. But the letter does not say Ford endorses E15. It says, “Ford endorses efforts to increase base-level blends up to E15.” By that, Ms. Moore said, Ford means it favors research.

Tom Buis, chief executive of Growth Energy, said there had been no intent to mislead anyone and that the reports were valid. “I think we’re on solid ground,” he said. “We wouldn’t have filed this submission if we weren’t.”

[BACK TO THE TOP](#)

## **2) BRILLION-BASED ARIENS ANNOUNCES 5% ACROSS THE BOARD PAY CUT**

[www.postcrescent.com](http://www.postcrescent.com)

BRILLION — May 8 -- Outdoor lawn equipment maker Ariens Co. announced Friday a five percent across-the-board pay cut for all employees.

Ann Stilp, spokeswoman for Ariens, said lawn and garden sales have been slower than expected. The move was implemented to help avoid layoffs.

She said the wage adjustment will be reversed, depending on future financial performance.

Ariens, which also has locations in Australia, Alabama, Indiana and Nebraska, employs about 1,200, including 675 in Brillion.

[BACK TO THE TOP](#)

## **3) LOCAL FACTORY SEES SMALL IMPACT FROM CLOSING OF BROWNSVILLE PLANT**

Sabrina Bates [www.nwtntoday.com](http://www.nwtntoday.com)

Union City, TN – May 12 -- While a local factory may see an increased work order, new faces are not a part of the package with the recent announcement that one of its sister plants is closing its doors.

MTD Products, a North American producer of outdoor power equipment, announced last Wednesday that it would shut down its Brownsville, Tenn. plant in July, a move that MTD at Martin's Human Resource Manager Keith Cursey said would have a slight impact on the local manufacturing facility.

"There won't be any employees transferred to Martin. But we will take some of that work. All brands produced at the Brownsville plant will be distributed among the remaining sister plants," Cursey said in a phone conversation Friday.

According to reports, the closing of the Brownsville plant would eliminate 200 full-time and 280 seasonal jobs in that region. Reportedly, the company also plans to close the 290,000 square foot distribution center in Brownsville but no closing date has been announced.

When MTD built the Brownsville plant in 1980, Cub Cadet lawnmowers were assembled at the factory. Over the years, the Brownsville location expanded from 15,000 square feet to 250,000 square feet and manufactures several MTD mower brands.

With a sluggish housing market during the past four years, Cursey said it has made an impact on consumer sales throughout the industry. He noted that while the market has waned, a new product line at the local plant has been successful and appealing to consumers.

"We have had a real strong year at the local plant. We have a new rider line coming out of this plant this year that has been a strong seller," Cursey added.

MTD Products ceased all of its production in Canada last year but still has eight plants in North America,

according to The Jackson Sun. The company also has manufacturing plants in Germany, Hungary and China. While details of severance packages for the MTD-Brownsville plant are still in the works, company officials reported the company would comply with the collective bargaining agreement between it and the United Food and Commercial Workers Union employees.

MTD Products in Martin is a non-union manufacturing facility.

"My condolences go out to everyone at the Brownsville plant. It's never easy to hear news of a plant closing, especially when its your sister plant," Cursey commented.

The Brownsville factory located in Haywood County will reportedly close its doors on or around July 10 of this year.

[BACK TO THE TOP](#)

#### **4) THE BLACK, WHITE, AND GREY, OF ETHANOL**

E10, E15, And How Much Energy It Takes To Make And Burn The Biofuels  
Shawn Langlois, [www.marketwatch.com](http://www.marketwatch.com)

SAN FRANCISCO -- May 14 -- The straight skinny on ethanol as a means to wean the U.S. from foreign oil isn't easy to come by. Corn farmers might point to one study espousing its upside, while plenty of others would be at the ready, armed with a contradictory report.

But there are some aspects of the oft-misunderstood renewable fuel source that are more black and white than others. Here are some ways to clear those up.

The cellulosic kind, which is produced from wood, grasses and other non-edible vegetation, looks to be the future for ethanol as arguments for corn-based ethanol are losing ground.

If nothing else, cellulosic ethanol will eventually make it so public relations teams won't have to explain why the price of corn is surging and why thousands of acres of farmland are being used not to feed the masses, but to fill our gas tanks. For now, however, the U.S. gets almost all of its biofuel from corn, and that opens up all sorts of controversy.

E10, a blend of gasoline using 10% ethanol, is the primary market for the fuel and it's common in gas stations across the country. Lobbyists are pushing to raise the legal limit of the percentage of ethanol used at the pump, though that has been met with opposition.

E85, blended with 85% ethanol, is still a small market and can only be used in vehicles equipped to handle it. E85 is also relatively tough to come by, particularly on the coasts as less than 2,000 pumps currently dispense the high ethanol blend.

##### **Cost savings**

Ethanol, which holds less energy per gallon than gasoline, isn't necessarily the answer for motorists trying to save money at the pump. Vehicles running on E85 have a range that is about 25% shorter than the same vehicle running on gasoline, according to Consumer Reports. When gas is priced higher than ethanol, however, the cost becomes more comparable.

In California, however, it's not even close. Take the F-150 pickup, Ford's perennial sales leader. The price for a gallon of E85 costs about \$2.19 while gasoline comes in at \$2.04. The truck gets 11.5 miles per gallon with E85 and 16.2 with gas, according to the U.S. Department of Energy. For the typical driver, the numbers stack up to a savings of about \$1,000 a year in favor of the gas burners. In using the lighter E10 ethanol blend, the difference is mostly negligible.

"The fuel economy gap effects the individual immediately, and it's a total disincentive," said Consumer Reports senior auto engineer Gabriel Shenhar, who called ethanol a "convenient fig leaf" for manufacturers of big trucks and SUVs. He added the future for passenger vehicles is electricity or hydrogen. Or both. Just not ethanol, despite federal backing.

#### Emissions

When it comes to the greenhouse gases, ethanol burns much cleaner than gasoline. That's true. In fact, corn-based ethanol cuts GHG emissions by 20% vs. gas, the Energy Department reports, while cellulosic ethanol could potentially cut the damaging emissions by 86%.

Ethanol from sugarcane, which has made a huge impact in Brazil but is rarely used in the U.S. due to trade restrictions, cuts GHG emissions by 78%.

But critics contend that ethanol, particularly corn-based, actually does more damage to the environment, considering the fossil fuels, fertilizer, water and land used in production.

"There is a lot of energy required to squeeze energy out of these products, and really corn-based ethanol is just a cruel joke," said John O'Dell, Edmunds.com senior editor. "I haven't seen anything that makes me believe it's a good thing."

As is the case with many aspects of ethanol, there's not a hard and fast answer to this part of the equation. But there's no shortage of numbers and statistics to tell either side of the story.

#### Engine damage

E10 generally seems to work just fine in the average passenger vehicle while higher ethanol blends tend to harm engines not equipped to handle them.

"One of the problems with ethanol is that it's far more corrosive than gasoline, and it can't be pumped in using the pipelines that are already in place," O'Dell said. "A completely different delivery system is needed and right now it's trucks."

Even at lower levels, ethanol has played a part in problems for Toyota Motor Corp., which recalled about 214,500 Lexus cars earlier this year because the company said the fuel could corrode fuel lines, eventually causing leaks.

And now there's a movement afoot led by ethanol manufacturers to get approval from the Environmental Protection Agency for the use of E15. Still, the potential impact on non-flex fuel vehicles is one of many concerns standing in the way.

GM has put millions of flex fuel vehicles on the road already, with 18 choices on the market in 2009, including the Cadillac Escalade, Buick Lucerne and the Chevy Tahoe.

Cars and trucks aside, the Outdoor Power Equipment Institute said it has "serious concerns with a premature rush" to E15, adding that not only are millions of engines at risk, but so are the people handling the equipment. The group said that chainsaws, for instance, would idle at higher speeds and could lurch due to the added oxygen to the fuel.

"The fact is that the use of E15 and higher levels of ethanol is a complex issue, and it can't be rushed by efforts that overlook the impacts on consumer safety and economic interests," Kris Kiser, executive vice president of the group, said.

While it's clear that ethanol in its various forms and concentrations might not make enough sense now in terms of relative cost and environmental impact, there may still be room for it alongside other alternative fuels as part of a long-term hedge against a finite amount of oil.

## **5) DEERE REPORTS SECOND-QUARTER EARNINGS OF \$472 MILLION**

- Company remains solidly profitable in face of global economic slowdown.
- U.S. market for agricultural equipment continues on strong pace.
- Focus on rigorous asset management yields positive results.
- Strong liquidity position and access to capital markets maintained.

MOLINE, Illinois -- May 20 — Deere & Company today announced worldwide net income of \$472.3 million, or \$1.11 per share, for the second quarter ended April 30, compared with \$763.5 million, or \$1.74 per share, for the same period last year. For the first six months of the year, net income was \$676.2 million, or \$1.60 per share, compared with \$1.133 billion, or \$2.56 per share, last year.

Worldwide net sales and revenues declined 17 percent, to \$6.748 billion, for the second quarter and were down 11 percent to \$11.894 billion for six months compared with a year ago. Net sales of the equipment operations were \$6.187 billion for the quarter and \$10.747 billion for six months, compared with \$7.469 billion and \$11.999 billion last year.

"John Deere has completed a profitable quarter and is successfully executing plans to maintain solid performance in today's difficult economic environment," said Robert W. Lane, chairman and chief executive officer. "We are benefiting from a strong market for large farm machinery in the United States and from our continued focus on balancing production with retail activity." At the same time, the global recession and volatile foreign exchange rates have put pressure on overall results. "Clearly, operations dependent on construction activity and consumer spending are feeling the full impact of the sharp downturn," Lane said. Also of note, the company has continued to benefit from a strong liquidity position and access to global capital markets on a competitive basis.

### **Summary of Operations**

Net sales of the worldwide equipment operations decreased 17 percent for the quarter and 10 percent for six months. Sales for both periods included price increases of 6 percent offset by an unfavorable currency-translation effect of 6 percent. Equipment net sales in the United States and Canada decreased 8 percent for the quarter and 5 percent year to date. Net sales outside the United States and Canada decreased 30 percent for the quarter and 18 percent for six months with an unfavorable currency-translation effect of 13 percent for both periods.

Deere's equipment operations reported operating profit of \$628 million for the quarter and \$935 million for six months, compared with \$1.102 billion and \$1.559 billion last year. The deterioration in both periods primarily was due to lower shipment and production volumes, higher raw-material costs and the unfavorable effects of foreign exchange, partially offset by improved price realization.

Equipment operations reported net income of \$406 million for the quarter and \$560 million for six months, compared with \$666 million and \$930 million last year. The same operating factors mentioned above, along with a lower effective tax rate, affected both quarterly and six-month results.

The company's focus on asset management continued to produce improved results. Trade receivables and inventories at the end of the quarter were \$7.924 billion, or 32 percent of previous 12-month sales, compared with \$8.200 billion, or 35 percent of sales, a year ago.

Financial services reported net income of \$68.9 million for the quarter and \$115.8 million for six months compared with \$86.4 million and \$184.1 million last year. Results were lower for both periods largely due to a higher provision for credit losses, lower commissions from crop insurance and narrower financing spreads. Benefits from investment tax credits related to wind energy projects partially offset these factors.

### **Company Outlook & Summary**

The outlook for market conditions over the remainder of the year remains highly uncertain and the impact on the company's sales and earnings is difficult to assess.

Company equipment sales are projected to be down about 19 percent for the full year and down about 26 percent for the third quarter, including a negative currency-translation impact of about 5 percent for the year and about 6 percent for the quarter. Deere's net income is expected to be about \$1.1 billion for 2009, with more risk on the downside.

"Although financial results are forecast to be lower in 2009, Deere will continue rigorously managing its businesses with an objective of driving improved performance throughout the cycle," Lane said. "In this regard, we are successfully executing longstanding plans to manage costs and assets effectively in all types of market conditions."

Recent company actions to improve results and respond to economic challenges include selective workforce reductions, aggressive factory-schedule adjustments, and a continued emphasis on process and efficiency enhancements across the enterprise. Said Lane, "John Deere employees throughout the world are working to create a cost and asset structure that helps the company produce solid financial results while at the same time serving customers through a relentless focus on innovative products and services."

### Equipment Division Performance

- **Agricultural.** Sales decreased 4 percent for the quarter largely due to the unfavorable effects of currency translation and lower shipment volumes, partially offset by improved price realization. Division sales were up 4 percent for six months. Operating profit was \$635 million for the quarter and \$983 million year to date, compared with \$782 million and \$1.114 billion for the respective periods last year. Operating profit was lower in the quarter primarily due to lower shipment and production volumes, higher raw-material costs, unfavorable impacts of foreign exchange and higher research and development expenses, partially offset by improved price realization. Six-month operating profit was lower largely due to higher raw-material costs, unfavorable foreign-exchange effects and higher research and development expenses, partially offset by improved price realization.
- **Commercial & Consumer.** Sales for the commercial and consumer equipment division declined 24 percent for both the quarter and the first half of the year. Operating profit was \$68 million for the quarter and \$10 million for six months, compared with \$154 million and \$162 million a year ago. The operating-profit decline in both periods primarily was due to lower shipment and production volumes, the unfavorable effects of foreign exchange and higher raw-material costs, partially offset by improved price realization and lower selling, administrative and general expenses.
- **Construction & Forestry.** Construction and forestry sales were down 55 percent for the quarter and 44 percent for six months. The division had an operating loss of \$75 million in the quarter and \$58 million year to date, compared with an operating profit of \$166 million and \$283 million last year. The profit decrease for both periods was primarily due to significantly lower shipment and production volumes and higher raw-material costs, partially offset by improved price realization and lower selling, administrative and general expenses.

### Market Conditions & Outlook

As previously cited, the outlook for the remainder of the year remains highly uncertain considering present global economic conditions.

- **Agriculture & Turf.** Full-year sales of the agriculture and turf division are forecast to decrease by about 14 percent, including a negative currency-translation impact of about 6 percent. The division was created earlier this month by combining the operations of the worldwide agricultural equipment and commercial and consumer equipment divisions. Voluntary employee separations related to the new organizational structure are currently expected to result in pretax charges of approximately \$50 million in the second half of 2009. Savings from the separation program of about the same amount are expected to be realized in 2010.

On an industry basis, farm-machinery sales in the United States and Canada are forecast to be flat to down slightly for the year, with support from an increase in four-wheel-drive tractors, combines, sprayers and seeding equipment. In other parts of the world, industry farm-machinery sales in Western Europe are forecast to be down 10 to 15 percent for the year. Markets have continued to deteriorate in Central Europe and the CIS (Commonwealth of Independent States) countries, where sales are expected to be sharply lower. In South America, industry sales are projected to decrease by 20 to 30 percent for the year. North American industry sales of turf equipment and compact utility tractors are expected to be down about 20 percent.

- **Construction & Forestry.** Deere's worldwide sales of construction and forestry equipment are forecast to decline by about 42 percent for the year, largely as a consequence of a slumping global economy and historically low levels of construction activity in the United States.
- **Credit.** Full-year 2009 net income for Deere's credit operations is forecast to be approximately \$250 million. The forecast decrease from 2008 primarily is due to narrower financing spreads, a higher provision for credit losses and lower commissions from crop insurance, partially offset by benefits from investment tax credits related to wind energy projects.

### **John Deere Capital Corporation**

The following is disclosed on behalf of the company's credit subsidiary, John Deere Capital Corporation (JDCC), in connection with the disclosure requirements applicable to its periodic issuance of debt securities in the public market.

JDCC's net income was \$33.9 million for the second quarter and \$69.0 million year to date, compared with net income of \$77.3 million and \$154.5 million for the respective periods last year. Results were lower for both periods primarily due to a higher provision for credit losses, lower commissions from crop insurance and narrower financing spreads.

Net receivables and leases financed by JDCC were \$19.292 billion at April 30, 2009, compared with \$19.296 billion last year. Net receivables and leases administered, which include receivables administered but not owned, totaled \$19.455 billion at April 30, 2009, compared with \$19.452 billion a year ago.

[BACK TO THE TOP](#)

### **6) TORO REPORTS FISCAL 2009 SECOND QUARTER RESULTS**

BLOOMINGTON, Minn -- May. 21, 2009-- The Toro Company today reported net earnings of \$36.9 million, or \$1.00 per share, on net sales of \$499.9 million for its fiscal second quarter ended May 1, 2009. In the comparable fiscal 2008 period, the company posted net earnings of \$62.8 million, or \$1.60 per share, on net sales of \$638.5 million.

For the fiscal year to date, Toro reported net earnings of \$43.6 million, or \$1.18 per share, on net sales of \$840 million. The company's net earnings for the first half of fiscal 2009 were reduced by \$2.1 million, or \$0.04 per share on an after-tax basis, to account for workforce adjustments. In the first half of fiscal 2008, the company posted net earnings of \$81.4 million, or \$2.07 per share, on net sales of \$1,044.3 million.

Michael J. Hoffman, Toro's chairman and chief executive officer, stated that shipments to both the professional and residential markets declined due to the impact of the ongoing global recession resulting in lower golf equipment and project spending, continued weakness in commercial construction and housing, and soft consumer demand.

"We believe our market share position continues to improve and our field inventory levels are down from the prior year," said Hoffman. "To avoid building excess inventory, we remain focused on managing and aligning production with end market demand. At the same time, we are carefully controlling spending, and aggressively competing for our customers' business."

## SEGMENT RESULTS

### Professional

Professional segment net sales for the fiscal 2009 second quarter totaled \$310.4 million, down 29.2 percent from the comparable fiscal 2008 period. Sales declined across nearly all product categories with worldwide demand for golf maintenance equipment and irrigation systems under significant pressure.

Overall shipments for landscape contractor products were down, but somewhat offset by strong orders for the new GrandStand™ stand-on mowers and next generation zero-turn mowers. For the fiscal year to date, professional segment net sales declined 26.4 percent to \$539.7 million.

Professional segment earnings for the fiscal 2009 second quarter were \$56.9 million, down 41.3 percent from last year's second quarter. For the fiscal year to date, professional segment earnings totaled \$87 million, down 41.4 percent from the prior year period.

### Residential

Residential segment net sales for the fiscal 2009 second quarter totaled \$183.6 million, down 4.7 percent from the comparable fiscal 2008 period. Improved product placement for a new and broader line of walk power mowers drove healthy gains, while shipments of riding products were lower as consumers took a more cautionary approach to larger purchases. For the fiscal year to date, residential segment net sales declined 2.8 percent to \$290.6 million.

Residential segment earnings for the fiscal 2009 second quarter were \$16.6 million, down 20.2 percent from last year's second quarter. For the fiscal year to date, residential segment earnings totaled \$21.4 million, down 12.8 percent from the prior year period.

## REVIEW OF OPERATIONS

Gross margin for the fiscal 2009 second quarter was 32.3 percent compared with 35.7 percent in the comparable fiscal 2008 period. For the first half of fiscal 2009, gross margin was 33.3 percent, compared with 36.1 percent in the first half of 2008. The margin decline in both the second quarter and first half was primarily due to commodity costs versus last year, production cuts from lower sales volumes and efforts to reduce inventory levels, and unfavorable product mix.

Selling, general and administrative (SG&A) expenses for the fiscal 2009 second quarter declined \$22.7 million, or 18.2 percent, but increased to 20.5 percent of net sales from 19.6 percent in the same period last year. For the fiscal year to date, SG&A expenses were down \$35.3 million, or 14.6 percent, but increased to 24.6 percent of net sales compared with 23.2 percent in the prior year's first half. SG&A expenses in both periods were lower as a result of reduced spending across most areas and lower incentive expenses.

Interest expense for the fiscal 2009 second quarter was \$4.4 million compared with \$5.4 million in the prior year's second quarter. The decline in interest expense resulted from a reduction in average short-term debt compared with the fiscal 2008 second quarter, reflecting benefits of the company's continued focus on working capital management and a more conservative approach to share repurchases. For the fiscal year to date, interest expense totaled \$8.8 million, down from \$10.3 million from the comparable 2008 period.

The effective tax rate for the fiscal 2009 second quarter was 34.2 percent compared with 35 percent in the comparable 2008 period primarily due to the reinstatement of the federal Research and Engineering Tax Credit. Accounts receivable at the end of the fiscal 2009 second quarter totaled \$407.8 million, down 25.5 percent, on a 21.7 percent decline in second quarter net sales. Net inventories in the fiscal 2009 second quarter declined by nearly \$50 million, or 18.7 percent, from the comparable 2008 period. The company's ongoing efforts to improve asset management resulted in lower accounts receivable and inventory levels, and contributed to improved cash flow from operations.

## BUSINESS OUTLOOK

"While there are forecasts of the economic environment improving by the end of 2009, we expect that would have little impact on our fiscal year which ends in October," said Hoffman. "This has been a difficult year, but we remain focused on driving retail demand, managing production and inventory, reducing spending, and investing in innovation. Even though our new product sales cannot fully counter a recession, our investment in innovation is paying off now and should continue to do so as our markets improve."

Given the ongoing global recession, the company has adjusted its outlook for fiscal 2009 and now expects fiscal 2009 revenues to decline about 18 percent from fiscal 2008, and net earnings per share to be approximately \$1.60 to \$1.80.

The Toro Company is a leading worldwide provider of outdoor maintenance equipment and beautification products to help customers care for golf courses, sports fields, public green spaces, commercial and residential properties, and agricultural fields.

## BACK TO THE TOP

### 7) MOW POWER, LESS GAS

Gwendolyn Bounds [www.wsjonline.com](http://www.wsjonline.com)

May 21 -- Over the past month, I've trimmed my grass four times, sliced firewood with a chainsaw, torn up lawn to reseed and weed-whacked my overgrown two-acre property.

It's gardening season. New eco-tools boast their earth-friendliness but how will they stack up against traditional gas-guzzlers? Wendy Bounds investigates.

And I haven't used a single drop of gasoline.

It's shaping up to be the summer of the "alternative energy" outdoor power tools. From battery mowers and garden cultivators to a new propane-propelled string trimmer, manufacturers and retailers are rolling out consumer machines that run on gas substitutes and boast lower emissions and fewer maintenance headaches.

Right now, Ariens Co. of Brillion, Wis., is introducing its \$3,299 "AMP Rider" electric-motor mower that works off rechargeable lead-acid batteries and never needs an oil-change. Valley City, Ohio-based MTD Products Inc.'s Troy-Bilt brand just launched a \$169 seven-pound lithium-ion battery trimmer it says can run up to 45 minutes on a single charge. And Vergennes, Vt.-based Country Home Products Inc., known for its futuristic Neuton brand battery push mower, just added four new tools with interchangeable nickel-cadmium batteries to its lineup, including a \$109 chainsaw.

Meantime, home-improvement retailers are allocating more shelf space for these eco-machines, lured by slowing sales of gas models and robust interest in alternative-fuel models. At [Home Depot Inc.](#), 2008 was a record year, with double-digit sales growth, for non-gas outdoor equipment.

Two factors are driving the trend, says Wesley Neece, Home Depot senior merchant for lawn and garden: the greening of America and lingering caution about rising gas prices. Home Depot sells a range of items from corded and battery-powered push mowers to a trimmer just out from Los Angeles-based Lehr Inc. that's fueled by a small 16.4-ounce propane canister. Home Depot is just beginning to sell the Ariens battery AMP Rider online.

"There's a lot of innovation with battery technologies," Mr. Neece says. "There are longer run times, better performance, and then you have prices coming down. Everything is happening at once."

This market may get more heated thanks to newly proposed legislation that would offer consumers a 25% tax credit up to \$1,000 toward the purchase of environmentally friendly lawn, garden or forestry power equipment. The "Greener Gardens Act" was introduced late last month by Sen. Patrick Leahy (D., Vt.) and two other U.S.

congressional delegates from Vermont. It is designed to provide "immediate incentive for people to purchase clean, alternative fuel engines that ... operate on little or no fossil fuel."

While non-gas, corded and non-corded consumer power equipment has been around for years, the breadth of the offerings is fast-expanding. Towson, Md.-based [Black & Decker Corp.](#), which first introduced a battery push mower in 1970, recently has been expanding its line of outdoor tools with interchangeable 18-volt nickel-cadmium battery packs to include everything from a power scrubber for washing boats and cars, to a pruning saw. Marketing focuses on convenience and ease-of-maintenance as much as the environment.

"We now sell more dollars worth of cordless string trimmers than the corded one," says Joe Newland, Black & Decker's product manager for outdoor products. "There are tradeoffs, and what you lose in power, you gain in convenience and weight." He notes that female buyers are a particularly robust audience for gas-less tools. "They don't want to start with filling it. They just want to use it."

But it's the entrance of high-end gas tool makers such as Ariens and Sweden's [Husqvarna Group](#) to this consumer niche in the U.S. that signals the most notable strategy shift. This season, Husqvarna is introducing to its U.S. dealers an \$899 rugged soil cultivator run off a single large lead-acid battery. The company also just launched an "EcoSmart" marketing campaign highlighting products that lessen their impact on the environment, such as its manual push reel mowers (U.S. sales almost doubled in 2008), and its solar-battery hybrid robot "Automower."

Part of the rush to develop new non-gasoline technologies is driven by increasingly tighter exhaust-emissions standards for outdoor power equipment. Last fall, the Environmental Protection Agency issued new rules requiring a 35% reduction in emissions from new lawn and garden equipment over the next few years. "I would describe the alternative fuel market as emerging and growing," says Kris Kiser, executive vice president of the Outdoor Power Equipment Institute, an Alexandria, Va.-based trade group.

Still, manufacturers express caution about going cold turkey off gas in certain high-demand, heavy-use categories, lest performance suffer and dilute their brands. "A push mower, if it is going to have our name on it, it needs to be more robust than a cultivator," says Gent Simmons, a U.S. product manager for Husqvarna. "We are testing a very powerful premium battery push mower, and we are very close. But before we launch, the quality expectation has to be there."

Likewise Stihl Inc., the U.S. subsidiary of Germany's Stihl International GmbH, is proceeding cautiously with alternative-fuel machines while focusing on getting emissions down in its popular gas-powered chainsaws and blowers and beefing up corded electric equipment offerings. "It's one of those things where we want to be careful," says Roger Phelps, Stihl's promotional communications manager. "One thing customers are demanding is for performance to still be there. It's cool to have a battery-operated mower, but if it only gets halfway across the yard, that's not very cool."

So, just how far can you get on a single charge? For several weeks, I've been testing some of the newest and best-selling players in the category around my property.

The good news: In nearly every case, the batteries' duration was better than advertised. (Notably, these were new batteries.) Despite having a garage full of loyal gas models I mostly love (a Stihl chainsaw, an Echo trimmer and backpack blower, and Honda push mower), I relished not running to the gas station, cleaning a spark arrestor screen (don't ask) or fishing out a fuel filter for replacement this year. In some instances, the eco-tools' performance exceeded my expectations; I'd never have thought a small battery chainsaw could slice through an eight-inch trunk of Cherry tree without getting stuck.

The new \$3,299 Ariens AMP Rider was the priciest and most ambitious entrant. It cut grass evenly and drove smoothly, save an awkward reverse pedal and some huffing and puffing on certain hills. Its small size was comfortable for a tall woman's frame, and even though its motor had a tinge of whininess, I could hold a conversation without screaming while mowing.

The challenge for the AMP will be cost and winning over heftier gas-rider enthusiasts accustomed to the power of their machines. After three or four years, Ariens says the batteries will need to be replaced -- at a current cost of about \$749. However, the company says that price-tag is comparable to the \$200 in annual savings users will reap based on not needing gas (based on \$3 a gallon), oil, replacement filters, spark plugs and annual maintenance checkups. Chief Executive Dan Ariens says early retail signs for the AMP "are fairly good," given the state of the economy and the unit's price.

The battery push mowers I tested are cheaper (\$400 to \$500). My biggest beef was weight. While the two models, from Neuton and Black & Decker, cut well, didn't spew smelly fumes and started on a dime, at 70 to 76 pounds, respectively, they felt heavy on hilly turf. Neither was self-propelling though there are such models on the market, such as the Solaris brand.

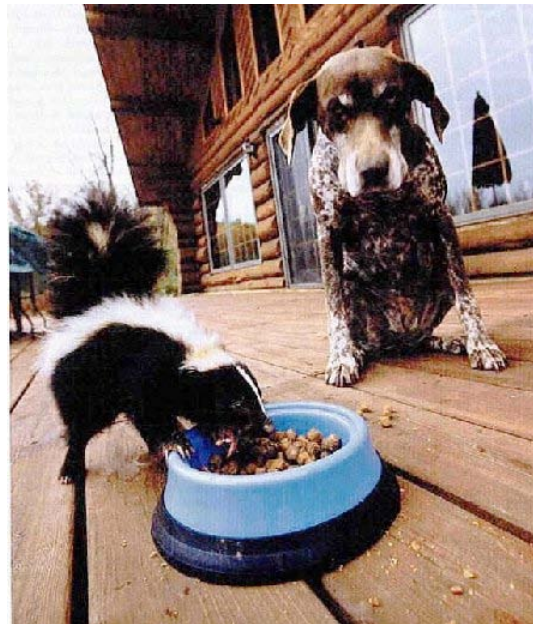
By contrast, a new svelte 27-pound electric model called the "Mow Joe" from Edison, N.J.-based Snow Joe Co. was a breeze to lug around. But it needs a cord, which is cumbersome, and will cut to a Marine-style 2.4 inches. In the end, I still liked the old-school approach to groom my 3,500-square-foot lawn eco-style: a 34-pound push reel mower. It wasn't fancy, and I broke a sweat. Otherwise, it didn't cost a dime in energy.

This eco-tool trend doesn't look to end with summer. Due out for cold weather: a battery-powered snowblower from Ariens that its CEO says hurls snow farther in early tests than comparable gas models. Lehr says it will introduce a propane backpack blower this fall. And later this year, Husqvarna plans to launch a U.S. zero-turn radius mower run off propane, while Hustler Turf Equipment, a division of Hesston, Kan.-based Excel Industries Inc., is readying an all-electric zero-turn riding lawnmower called the "Zeon."

My gas machines are starting to look a little nervous.

[BACK TO THE TOP](#)

**8) TWO OF THE GREATEST ASSETS TO HAVE IN LIFE ARE PATIENCE AND WISDOM.**



[BACK TO THE TOP](#)

9) 2009 – 2010 OPE INDUSTRY MEETING AND EVENTS CALENDAR

<b>2009 - 2010 OPE INDUSTRY MEETING AND EVENTS CALENDAR</b>	
January 19-21, 2010	<b>BTME-BIGGA</b> , British Turf Management and the British International Golf & Greenkeepers Association Show, Harrogate International Center, England
February 2-5, 2010	<b>World of Concrete</b> , Las Vegas Convention Center, Las Vegas, NV
February 8-11, 2010	<b>The Rental Show</b> , American Rental Association Conference and Trade Show, Georgia World Congress Center, Atlanta, Georgia
February 10-11, 2010	<b>GIS</b> , Golf Industry Show, San Diego Convention Center, San Diego, CA
February 13-16, 2010	<b>OPEAA</b> , Outdoor Power Equipment Aftermarket Association Annual Meeting, Fairmont Southampton Hotel, Bermuda
February 28 - March 3, 2010	<b>OPEESA</b> , Outdoor Power Equipment and Engine Service Association, Wigwam Resort, Phoenix, AZ
March 14, 2010	<b>Daylight Savings Time Begins</b>
April 7-11, 2010	<b>EETC</b> , Equipment and Engine Training Council 14 <sup>th</sup> Annual Conference, Sponsored by Dixie Sales Company, Greensboro, NC
May 4-6, 2010	<b>National Hardware Show</b> , Las Vegas Convention Center and Sands Convention Center
<b>June 21-26, 2009</b>	<b>Skills USA</b> , National Leadership and Skills Conference, Kansas City, Missouri
<b>June 25-27, 2009</b>	<b>OPEI</b> , Outdoor Power Equipment Institute Annual Meeting, Ritz-Carlton Reynolds Plantation, Greensboro, GA.
<b>Gafa not offered in 2009</b>	<b>Gafa (with SPOGA)</b> , International Garden Trade Fair with the International Trade Fair for Sport, Camping and Garden Lifestyle, Cologne, Germany
<b>September 8-10, 2009</b>	<b>IOG SALTEX</b> , Grounds Care, Sports Facilities, Amenities, Landscaping And Estate Management Outdoor Trade Show, Windsor Race Track, Windsor, Berkshire, England
<b>September 20-22, 2009</b>	<b>GLEE</b> , International Garden and Leisure Show, NEC Birmingham, England
<b>October 29-31, 2009</b>	<b>GIE+EXPO</b> , Green Industry and Equipment Expo, Louisville, KY (combining EXPO and the GIE Show)
<b>October 21-24, 2009</b>	<b>FFA</b> , Future Farmers of America Annual Convention, Indianapolis, IN
November 1, 2009	<b>Daylight Savings Time Ends</b>

[BACK TO THE TOP](#)

## **10) LAWN CARE TAKES BACK SEAT TO ECONOMY**

Jeff McKinney [www.cincinnati.com](http://www.cincinnati.com)

Lawn care companies and landscapers are feeling the sting of the sour economy in the midst of their peak season.

"The weak economy has prompted a lot of people to hold onto their money," said Andy Doesburg, vice president at Thornton Landscape, one of the region's largest landscaping companies.

He expects overall sales at the Maineville-based landscape and lawn care company to drop 30 percent this year from 2008, although he didn't provide overall sales figures.

Rob Brown, owner of Lawn Butlers in Milford, said he'd be happy if sales this year met last year's sales given the unstable economy.

The economy led Brown to cap prices this year for services such as cutting grass, edging, gutter cleaning and leaf removal. He typically raises prices 2-5 percent each year.

"I'm keeping prices the same because I value my customers, and I don't want to lose their business," said Brown, who said he was also trying to keep costs under control by refraining from buying equipment that costs \$500 or more and hiring fewer workers.

Despite the general economic malaise that has impacted just about every industry, some local lawn-care operators remain optimistic.

Mark Toole, owner of Nature's Way Complete Grounds Care of Burlington, said he expects sales this year to rise 10 percent over 2008, fueled by the company offering such services as landscape design, lawn fertilization and mowing.

Sales figures for the industry as a whole are not readily available.

But the U.S. Census Bureau's 2006 County Business Patterns report (the most recent data available) gives some idea of the size and scope of the industry locally.

According to the survey, there were 664 lawn care and landscaping services businesses in Hamilton, Butler, Clermont, and Warren counties in Southwest Ohio; Boone, Campbell and Kenton counties in Northern Kentucky; and Dearborn County in Southeast Indiana. The companies had a combined payroll of 3,731 employees and an annual payroll of \$111 million.

It's difficult to determine what affect the extended recession has had on those numbers, but financial reports from some publicly traded companies with operations in the area offer some clues.

ServiceMaster, owner of TruGreen Lawn Care, a national provider of lawn, tree and shrub care services, reported in a regulatory filing this week first quarter revenue for TruGreen of nearly \$134.7 million, essentially flat from last year's first quarter. The Memphis, Tenn.-based company said a profitability measure for TruGreen rose to \$2.2 million from a loss of \$6.4 million in the quarter largely due to cost savings. TruGreen has several offices in the local region, including in Florence, Fairfield and Springboro.

Meanwhile, Lawn Doctor, the nation's largest lawn care franchise with five locations locally, has forecast sales this year to be flat compared to last year.

"People are still using our service and doing more comparison pricing due to the pinched family budget," said Paul Mumm, a spokesman for Holmdel, N.J.-based Lawn Doctor.

The weak economy has even sparked some diversification.

Thornton launched a landscape maintenance division a year and a half ago to minimize the impact of reduced sales from its landscape business.

Doesburg expects sales from the maintenance business to surpass \$1 million this year, up from \$500,000 last year.

Doesburg, who also is president of the non-profit Ohio Nursery & Landscape Association, said most businesses in the industry in Ohio have seen reduced activity since the recession began in December 2007.

But some homeowners refuse to give up landscape and lawn care services completely.

Doug and Cheri Myers of Villa Hills plan to keep using Nature's Way to cut their yard and provide other landscaping services.

Cheri Myers said the couple spends about \$2,500 a year to have the work done on their yard because they don't have the time to do it themselves.

But Myers said the pair postponed plans for some landscaping projects this year like upgrading a screen porch that she estimates could have run \$15,000 to \$30,000.

"We're continuing with the services that we feel we can't do without, but being cautious on the larger projects," Cheri said.

Larry Fish and his wife, Marty, of Miami Township used Lawn Butlers for a spring clean-up of landscaped areas in their front and back yards, but decided to lay down mulch themselves this year to save money.

The couple also delayed plans to have Lawn Butlers install a landscaped privacy screen, a project with an estimated cost of at least \$1,000.

"We're choosing not to spend money on upgrades that we don't need to have," Marty Fish said.

[BACK TO THE TOP](#)

## **11) THOUGHTS FOR THE DAY**

### POISE

"Whenever you get into a jam, whenever you get into a crisis or an emergency, become the calmest person in the room and you'll be able to figure your way out of it."

- Rudolph Giuliani

### ENPOWERING

"Before you are a leader, success is all about growing yourself. When you become a leader, success is all about growing others."

- Jack Welch

## LIFE

To live only for some future goal is shallow.  
It's the sides of the mountain that sustain life,  
not the top.

- Robert Pirsig

## CHAPTERS IN YOUR LIFE

There are chapters in every life  
which are seldom read  
and certainly not aloud.

- Carol Shields

## HORIZONS

We all live under the same sky,  
but we don't all have the same horizon.

- Konrad Adenauer

## YOUTH

Youth is young life  
plus curiosity  
minus understanding.

- Anthony Brooks

## LOVE

When love is your greatest weakness,  
you will be the strongest person in the world.

- Garman Wold

## UNDEVELOPED REAL ESTATE

The undeveloped piece of property  
with the greatest potential is  
between your ears.

- Anonymous

## REMEMBERING YOU

If your name is to live at all,  
it is so much more to have it live in people's hearts  
rather than only in their brains.  
I don't know that one's eyes fill with tears  
when he thinks of the famous inventor of logarithms.

- Oliver Wendell Holmes

[BACK TO THE TOP](#)

**12) BRIGGS PLANT ANNOUNCES PAY CUTS TO KEEP JOBS**

Tom Berry [www.murrayledger.com](http://www.murrayledger.com)

MURRAY, KY – June 1 --To prevent layoffs in a tough economy and to deal with seasonal downturns, Briggs & Stratton employees will take a mandatory 10 percent pay cut but will keep their jobs.

Briggs spokeswoman Laura Timm told the Murray Ledger & Times Friday that employees at all company plants affected were informed of the decision Thursday.

"We talked about some of the measures we were taking as are many, many companies around the country and around the globe to ride through the recession," said Timm.

The pay cut involves all levels of management and labor.

"These are measures that we are taking with all of our employees," Timm said. "We look at this as a team and we doing this obviously to keep the team in place and keep our employees here."

Earlier this year, company officials announced that the last day of production for one of its seasonal engine assembly lines in Murray would occur May 25. Including other plants, the cut involved 164 employees.

Reasons cited were weaker seasonal demand for engines used on lawn and garden equipment. Further production schedules were planned accordingly to meet demand. Briggs & Stratton's Murray facility manufactures small engines for lawn mowers and other outdoor power equipment.

[BACK TO THE TOP](#)

**14) OPPEA OFFICERS, BOARD AND EXECUTIVE DIRECTOR CONTACT INFORMATION**

**THIS NEWSLETTER IS PROVIDED BY OPEESA**

**OUTDOOR POWER EQUIPMENT AND ENGINE SERVICE ASSOCIATION.**

And read by over 600 OPE industry leaders in 13 countries around the world.

**For New Subscriptions and To Unsubscribe, Please Contact:** [opeintheknow@yahoo.com](mailto:opeintheknow@yahoo.com)

*Note: you are automatically removed from the list if your e-mail is returned undeliverable.*

# OPEESA Officers and Board of Directors

## 2009 – 2010

Rob	Zucker	Outdoor Equipment Distributors	Raleigh NC	919.876.6937	President	<a href="mailto:rzucker@oedinc.com">rzucker@oedinc.com</a>
Mark	Vining	Roberts Supply	Winter Park FL	407.657.5555	Vice President <i>Annual Meeting Chair</i>	<a href="mailto:m.vining@robertssupply.com">m.vining@robertssupply.com</a>
Robert	Graham	Engine Warehouse	Houston TX	713.937.4000	Sec/Treasurer	<a href="mailto:robert.graham@enginewarehouse.com">robert.graham@enginewarehouse.com</a>
Bev	DeVriendt	Power Equipment Distributors	Richmond, MI	800.624.2932 Ext. 1485	Immediate Past President	<a href="mailto:bev@powereqp.com">bev@powereqp.com</a>
Bob	Byrne	Sheffield Financial LLC	Marietta GA	770.364.4393	2010 <i>Manufacturer/ Affiliate Rep.</i>	<a href="mailto:bob@sheffieldfinancial.com">bob@sheffieldfinancial.com</a>
Gary	Bussell	Golden Eagle Distributing Co.	Rocklin CA	916.645.6600	2010 <i>Benchmarking Chair</i>	<a href="mailto:garyb@goldeneagledist.com">garyb@goldeneagledist.com</a>
Todd	Winstead	Tidewater Power Equipment	Virginia Beach VA	800.825.4300	2011 <i>Membership Chair</i>	<a href="mailto:twinstead@tpeco.com">twinstead@tpeco.com</a>
Pete	Yunker	Power Equipment Systems	Salem OR	503.585.6120	2011	<a href="mailto:petey@pesnet.com">petey@pesnet.com</a>
Virginia	O'Neill	O'Neill Associates	Victor NY	585.924.7494	2011	<a href="mailto:Virginia@oneilloutdoor.com">Virginia@oneilloutdoor.com</a>
Greg	Imus	Shindaiwa, Inc.	Tualatin, OR	503.691.4767	2011 <i>Manufacturer/ Affiliate Rep.</i>	<a href="mailto:gimus@shindaiwa.com">gimus@shindaiwa.com</a>
Tim	Congdon	Congdon Associates Dist. Co	Phillipsburg, NJ	908.213.0303	2012	<a href="mailto:timc@cadcodist.com">timc@cadcodist.com</a>
Nancy	Cueroni	OPEESA	Essex, CT	860.767.1770		<a href="mailto:info@opeesa.com">info@opeesa.com</a>

**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: [Info@opeesa.com](mailto:Info@opeesa.com)  
 Web Site: [www.opeesa.com](http://www.opeesa.com)

[BACK TO THE TOP](#)