

# OPEESA'S

Outdoor Power Equipment and Engine Service Association's

## OPE-IN-THE-KNOW

**"The Business of Outdoor Power Equipment"**

Volume CLXII, October 21, 2011

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## **1) DEERE DEALERS TO SELL HONDA PRODUCTS IN U.S.**

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

September 20 -- John Deere is phasing out its Deere-branded walk-behind lawnmowers and snowblowers starting in 2012, as part of a sales and marketing agreement with Honda Power Equipment.

Honda premium power products will be sold at participating John Deere dealerships in the U.S., and Deere will no longer sell its own walk-behind lawnmowers and snowblowers. Deere will continue selling its riding mowers and lawn tractors.

"Deere has made it very clear in the recent past that we're focused on global growth businesses, and the two of them we're most focused on are agriculture and construction equipment," Deere spokesman Ken Golden said Tuesday.

"We've sold walk-behind lawnmowers since the 1970s, but have not manufactured them ourselves for a long period of time. We believe this is a necessary product offering, but not one that fits into Deere's core competencies," he said.

Under the terms of the agreement, participating Deere dealers will offer Honda's walk-behind lawnmowers, generators, tillers, water pumps and snowblowers. Shipments of Honda inventory to Deere dealerships will be phased in, beginning in 2012.

It will not affect sales of Deere riding mowers or lawn tractors, Mr. Golden said.

"We want to offer a high-quality product for our customers and our dealers, and Honda is known for its commitment to quality, durability, and customer service, just like Deere," he said. "So this is a good match for a Deere customer."

Sales of Deere lawnmowers have remained "very strong," Mr. Golden said, but the company does not publicly break out figures for individual product lines, he noted.

"They're a small part of our overall business. We think that Honda has already made the investment to have a very sustainable business in this area," Mr. Golden said. "We hope this relationship lasts a long time; they're a leader in this product."

Deere has also contracted with a third party to manufacture its walk-behind mowers and snowblowers for at least a decade, he said. The agreement with Honda also will not affect Deere's commercial turf and golf-course equipment business.

Honda does not make a riding mower, so that also is "a nice match" with Deere, Mr. Golden said. "Our customers will go to a John Deere dealership for the riding mower line."

"This new alliance with John Deere allows Honda Power Equipment to expand its reach by providing products that meet the high quality and reliability standards that John Deere customers have come to expect," Scott Conner, vice president, Honda Power Equipment, said Tuesday in a news release.

John Deere dealerships are independently owned and the company said all 1,500 active dealers that sell lawn equipment will be offered the opportunity to sell the Honda product line during a sign-up period beginning later this year, Mr. Golden said. Deere said it may also consider the agreement for Canadian dealers in the future.

Customers who want to purchase a new Honda power product, or service an existing product, at a Deere dealership will be able to do so at participating Deere dealers after the dealer is added to the Honda sales network. Deere said the program could take through 2013 to be completely phased in, but there are about 200 dealers that already sell the Honda products, Mr. Golden said.

This is not the first time Deere has discontinued a lawn care product line, he added. A couple years ago, Deere added Stihl chainsaws to its dealerships, after it stopped making Deere-branded chainsaws.

Honda – most well-known for its automobiles – sells power equipment at Farm & Fleet stores in Moline, Geneseo, and Davenport; Home Depot in Bettendorf, and C.E.I. Equipment on Avenue of the Cities, Moline.

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## **2) HUSQVARNA COMPANY UPDATE – SEPTEMBER 26, 2011**

### PRESS RELEASE

Stockholm September 26, 2011

### COMPANY UPDATE

#### Continued economic uncertainty

Husqvarna is a consumer oriented company in the discretionary capital goods industry, and has been negatively affected by the slowdown in the global consumer demand and the uncertain economic environment in combination with unfavorable weather.

Due to the demand situation, a hiring freeze has been implemented for the entire Group until further notice. The fourth quarter which normally represents a small volume for the company is expected to continue to suffer from poor economic conditions.

#### Confirming the outlook in the Q2 report

Confirming the outlook in the second quarter report 2011, the total Group net sales have declined. Sales for the third quarter are estimated to around SEK 6,200m (6,907), which is approximately 5% lower compared with the corresponding quarter 2010 adjusted for exchange rate effects.

Operating income for the third quarter, which due to normal seasonality represents only a small share of full-year earnings, is estimated in the range of SEK 100m (411).

Costs related to the production disturbances in Orangeburg amounts to approximately SEK 45m and costs related to the termination of the former CEO's contract amounts to SEK 21m and are included in the estimated third quarter results.

As commented in the second quarter report, market demand weakened towards the end of the quarter. The weakness has continued. Operating income for the third quarter has also been impacted mainly by an unfavorable mix and higher costs.

#### Prepared for the 2012 season in North America

Extensive efforts to eliminate the supply chain disturbances in the Orangeburg production facility have progressed successfully. In order to ensure successful delivery of committed volumes, the ramp up of pre-season production has started earlier than previous year.

The Group's product range listings with major retailers in the North American market for 2012, although not yet finalized, are projected to be unchanged versus 2011, however with a somewhat new balance among the different retailers.

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### **3) GENERAC EXPECTS ELEVATED DEMAND INTO NEXT YEAR**

MILWAUKEE – September 26 -- Generac Holdings Inc. reported Monday that recent widespread power outages in the Midwest and along the East Coast are expected to drive demand for its backup power generation products into next year.

“The duration and widespread impact of the most recent outage events around the nation was significant,” said Aaron Jagdfeld, president and CEO of town of Genesee-based Generac. “For Generac, the impact of such severe conditions not only increases the immediate demand for our portable generators, but our experience has been that prolonged outages can drive additional awareness for our home standby generators for a period of 12 to 18 months after an event.”

The boost in demand for Generac’s products is expected to have a “significant positive impact” on the company’s third quarter financial results, Jagdfeld said. The company also expects to see elevated demand for its home standby generators in the fourth quarter and into 2012, he added.

Generac’s previous business outlook for residential products called for shipments to be flat year-over-year in the second half of 2011, assuming no major power outages. As a result of the recent events, the company now expects that residential product sales in the third quarter will increase year-over-year by more than 50 percent, driven primarily by portable generator shipments.

In addition, Generac now expects that residential product sales in the fourth quarter will increase year-over-year by about 15 to 20 percent as a result of increased shipments of home standby generators, with demand for these products expected to remain strong into fiscal 2012 in the regions affected by major outages.

The company also reaffirmed its guidance of solid double-digit, full-year growth for commercial and industrial products.

Overall, the company expects to see a “meaningful” increase in earnings for the third quarter compared with its previous outlook as a result of recent events.

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### **4) OPEI ISSUES TAMPER-RESISTANCE COMPLIANCE GUIDELINES**

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

September 26 -- The Outdoor Power Equipment Institute (OPEI) issued a new Guidance Document outlining best practices and guidelines on tamper-resistance compliance for small engines and lawn and garden products.

Over the past year, the U.S. Environmental Protection Agency (EPA) initiated enforcement actions that led to the seizure of small engines and lawn and garden products because of concerns that the engines were equipped with carburetors that could be illegally adjusted by repair facilities and consumers. Such illegal tampering could potentially cause emissions in excess of the engine’s EPA-certified configuration. In these cases, EPA determined that the carburetors were equipped with inadequate tamper-resistant features.

To prevent such illegal tampering and adjustments, carburetors typically have limiter caps or seals that prevent adjustments outside of the certified configuration. In some products, adjustments can only be made using special tools exclusively supplied by a manufacturer to their repair networks and dealers.

OPEI hopes to improve the current process with the Guidance Document on Tamper-Resistance Compliance. “OPEI urges all the affected carburetor and engine manufacturers and importers to closely review and promptly adopt the suggested best practices in the OPEI Guidance,” said Kris Kiser, president and CEO of OPEI.

The Guidance recommends the following:

- Carburetor or engine manufacturers should first obtain pre-approval by the California Air Resources Board (CARB), which tests each carburetor to ensure that its tamper-resistant mechanisms are compliant.
- CARB pre-approval - along with detailed descriptions and pictures of the tamper-resistant mechanism or device and the manufacturer's special tools - should be submitted electronically to the U.S. EPA Certification Office as part of engine certification applications for the upcoming 2012 and subsequent model year engines.

"As long as this documentation is submitted to EPA and the tamper-resistant mechanisms have been produced and installed as approved by CARB, then manufacturers should be able to manufacture and/or import engines and products without market disruption," stated OPEI Counsel, Bill Guerry.

In those circumstances where CARB has not tested or approved the carburetor, manufacturers should submit documentation to EPA on their own tamper-resistant testing results (pursuant to OPEI Guidance) demonstrating satisfactory tamper resistance.

OPEI expects EPA to issue its own enforcement alert and certification guidance this fall that will provide clarifications that are similar to the OPEI Guidance Document.

The OPEI Guidance can be downloaded at:

<http://members.opei.org/about-us/resource-center/OPEIGuidanceDocument.pdf>

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## **5) ARIENS GETS HELP FROM PRISON INMATES TO MEET DEMAND**

September 27 -- Snowblower manufacturer Ariens is selling its product like never before. And to meet demand, the Brillion company is turning to an unlikely source.

At Ariens Company, workers can't move fast enough. The company's sales have grown 28 percent.

And they've met the demand thanks in part to prison inmates.

"I'll never forget I'm an inmate because I did a crime, but this is a nice environment to work in," work-release inmate Michael Anthony said.

Anthony is on the tail end of his prison sentence. For the last 14 months he's been on the line at Ariens as part of the state work-release program.

"I learned a lot. I learned a lot about myself, that I can be a productive individual without having to relate to crime," Anthony said.

The worker next to him is another inmate nearing the end of his sentence.

"Now that I'm here, I continue to push more numbers. Let's go, let's go. It kind of like boosts my confidence," inmate Andrew Lemirande said.

Ariens currently employs 64 state prison inmates -- about five percent of its Brillion workforce.

The company says it turned to the program last year when it was unable to fill many positions.

"We had two job fairs, and although we had a lot of great qualified candidates and hired many people for those seasonal roles, we still had a gap to fill," Ariens human resources manager Diane Bluel said.

It's the Department of Corrections policy that a work-release inmate cannot take the job of a laid-off worker. They can only take jobs that a company has recruited for but failed to fill.

The inmates make the same wages as others in the factory, but as seasonal employees they don't qualify for benefits.

The company calls the program a valuable resource.

"They are very reliable, they are here, they work hard, they are very appreciative, and it's been a good situation for us," Bluel said.

The inmates call it a path back to society.

"It gives me a good feeling about my chances in life when I get out," Anthony said.

Ariens Company says it still has 100 positions to fill. It will host a job fair Wednesday, September 28, from 3 to 6 P.M. in Brillion.

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## **6) CPSC, JOHN DEERE RECALLS LAWN TRACTORS; BRAKE FAILURE CAN CAUSE LOSS OF CONTROL**

WASHINGTON, D.C. – September 14 -- The U.S. Consumer Product Safety Commission, in cooperation with the firm named below, today announced a voluntary recall of the following consumer product. Consumers should stop using recalled products immediately unless otherwise instructed. It is illegal to resell or attempt to resell a recalled consumer product.

Name of Product: D100 Lawn Tractors

Units: About 5,200

Manufacturer: Deere & Company of Moline, Ill.

Hazard: Hardware used to hold the brake assembly to the transmission housing can break. This can cause the brakes to fail, posing an injury hazard due to loss of control.

Incidents/Injuries: None

Description: The recalled lawn tractors are green with yellow seats and mower decks. Model D100 tractors are included in this recall. The model number is located on both sides of the tractor's hood. Tractors with the serial numbers below are included in this recall. Serial numbers are located under the right rear fender.

1GXD100A...BB051247 thru 1GXD100A...BB053312  
1GXD100E...BB114388 thru 1GXD100E...BB139599

Sold at: John Deere dealers, Lowe's, and Home Depot stores nationwide, except California, from October 2010 through September 2011 for about \$1,500.

Manufactured in: United States

Remedy: Consumers should immediately stop using the recalled lawn tractors and contact the company for a free hardware inspection and repair.

Consumer Contact: For additional information, contact Deere & Company at (800) 537-8233 between 8 a.m. and 6 p.m. ET Monday through Friday and between 9 a.m. to 3 p.m. ET Saturday or visit the firm's website at [www.johndeere.com](http://www.johndeere.com)

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**7) CPSC, JOHN DEERE RECALLS LAWN TRACTORS POWERED BY KAWASAKI ENGINES DUE TO FIRE HAZARDS**

September 16 -- The following product safety recall was voluntarily conducted by the firm in cooperation with the CPSC. Consumers should stop using the product immediately unless otherwise instructed. It is illegal to resell or attempt to resell a recalled consumer product.

Name of Product: John Deere X300, X300R and X304 series tractors

Units: About 36,500 tractors

Manufacturer of Tractors: Deere & Company, of Moline, Ill.

Manufacturer of Engines: Kawasaki Motors Corp., USA of Grand Rapids, Mich.

Hazard: The cooling fan (A) installed on top of the front mounted Kawasaki engine in the lawn tractor can break. If the cooling fan is not operational, the engine can overheat causing the surrounding plastic to melt, creating the risk of fire and serious injury.

Picture of recalled Tractor showing location of cooling fan (A)

Incidents/Injuries: There have been 163 reported failures, including 83 reports of engine melting or engine fires and one report of a minor burn injury following a fan failure fire.

Description: This recall involves John Deere X300, X300R and X304 Select Series™ Lawn Tractors with Kawasaki FS541V engines manufactured between September 20, 2010 and July 21, 2011 within the following serial number ranges listed below. The model number is on both sides of the tractor hood, and the serial number can be found on the machine frame near the front right tire.

1M0X300B++M180001 thru 1M0X300B++M180600  
1M0X300C++M180001 thru 1M0X300C++M208330  
1M0X300E++M180001 thru 1M0X300E++M180718  
1M0X300F++M180001 thru 1M0X300F++M180888  
1M0X300G++M180001 thru 1M0X300G++M183700  
1M0X300H++M180001 thru 1M0X300H++M180145  
1M0X300J++M180001 thru 1M0X300J++M180106  
1M0X304A++M180001 thru 1M0X304A++M184936  
1M0X304B++M180001 thru 1M0X304B++M180696  
1M0X304C++M180001 thru 1M0X304C++M180054

Sold at: Nationwide at John Deere dealers in the U.S. from September 2010 to August 2011 for between about \$3,000 and \$4,000.

Manufactured in: United States

Remedy: Customers should stop using the mowers immediately and contact a John Deere dealer to make arrangements to have the engine cooling fan replaced. All registered owners of the recalled mowers will be directly notified by John Deere.

Consumer Contact: For additional information, contact Deere & Company at (800) 537-8233 between 8 a.m. and 6 p.m. Monday through Friday and between 9 a.m. and 3 p.m. on Saturdays ET or visit the firm's Web site at [www.johndeere.com](http://www.johndeere.com)

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## **8) CONSUMER MAGAZINE ADDRESSES THREE SEPTEMBER 2011 JOHN DEERE CPSC RECALLS**

September 27 -- "Nothing runs like a Deere," says John Deere's slogan. And for years, Consumer Reports' rigorous tests and brand-repair surveys have consistently borne that out for the company's lawn tractors, which have been tops in CR's performance Ratings and reviews and in our annual reliability surveys. That's why we were especially surprised by three recent recalls of Deere tractors announced by the Consumer Product Safety Commission in just three days.

The recalls affect seven models of John Deere lawn tractors and more than 55,000 machines overall, and include hardware failures for the tractor brakes and blade-braking system along with an engine fan that breaks, causing the engine to overheat and possibly catch fire. The Deere-related recalls were based on information Deere reported to the CPSC on its own and came only days after the company's oldest factory celebrated its 100th anniversary.

After we reported on the recalls, Consumer Reports interviewed representatives from John Deere to better understand what went wrong and to ask the questions owners and consumers might ask. We also spoke with Kawasaki, which makes the engine involved in the breaking fans. What we found suggests that Deere is taking some smart steps to address the problems and prevent them from reoccurring. But our research also indicated that the engine-fan problem could affect other equipment from some commercial brands.

### **Engine-Fan Failures**

"Something in the mix went awry," is how Greg Weekes, a John Deere group product marketing manager, described what went wrong with the composite cooling fan on the Kawasaki FS541V engines used in Deere's X300, X300R, and X304 Select Series tractors. Kawasaki had modified its engines to comply with the latest restrictions from the Environmental Protection Agency on engine emissions, said Weekes. He confirmed that the fan design hadn't been changed, but that the problem lay in a faulty batch of fans from a supplier.

Of about 36,500 lawn tractors sold nationwide at John Deere dealers between September 2010 and July 2011, the recall notice reported 163 failures, including 83 incidents of engines melting or engine fires and one minor burn injury. The repair is free—John Deere said that its dealer technicians can do the repair on the homeowner's premises or will pay for transporting the tractor to the dealer if necessary.

Kawasaki sells the same engine to other outdoor-equipment manufacturers, including Exmark and Bob-Cat—two commercial brands. While there have been no other recalls related to this engine, Kawasaki has issued a service bulletin to its distributors instructing them to replace the assembly, at company expense, when a unit is taken into the shop for any reason. Our advice to lawn pros: Take Kawasaki up on its free offer.

### **Brake And Blade-Brake Failures**

Two of the John Deere recalls resulted after sharp-eyed staffers spotted fallen bolts in both the assembly area and on a warehouse floor, where the tractors awaited shipment. That, once Deere contacted the CPSC, ultimately resulted in two recalls. One recall was of roughly 15,500 John Deere model D100, D110 (photo), D120, and D130 lawn tractors sold nationwide at Deere dealers, Home Depot, and Lowe's from December 2010 through September 2011. The hardware used to hold the mower blade-brake assemblies on the mower decks was breaking. A similar recall, in which hardware used to hold the brake assembly to the transmission was breaking, resulted in the recall of 5,200 D100 units sold nationwide—except in California—at John Deere dealers, Home Depot, and Lowe's from October 2010 through September 2011. About 1,920 D100 models fall under both recalls.

According to John Deere, the stray bolts had broken loose because of hydrogen embrittlement—a manufacturing defect that can occur during the baking process when bolts and other fasteners are electroplated for corrosion resistance. After the process, the metal fasteners became brittle and snapped when tightened. The problem is especially hard to spot, says Deere, since breakages can occur as long as 48 hours after assembly. The company told us it is moving to a pricier manufacturing process for its fasteners to preclude further hydrogen embrittlement.

#### What To Do

Consumer Reports has tested and recommended three of the recalled John Deere models: the X300, X304, and D110 (a CR Best Buy). We bought our test models before the problems first arose and found no such issues during our tests. The three recall notices list serial numbers for the models included. John Deere is sending letters to all registered owners. You can also call the company at 800-537-8233 or visit [www.johndeere.com](http://www.johndeere.com) for more information. The free repair applies no matter where you purchased your tractor, including Home Depot or Lowe's, where Deere has posted recall notices.

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### **9) CPSC, KUBOTA RECALLS RIDING MOWERS DUE TO FIRE HAZARD**

The following product safety recall was voluntarily conducted by the firm in cooperation with the CPSC. Consumers should stop using the product immediately unless otherwise instructed. It is illegal to resell or attempt to resell a recalled consumer product.

Name of Product: Kubota Riding Mowers

Units: About 6,100

Manufacturer: Kubota Manufacturing of America Corp., of Gainesville, Ga.

Hazard: The fuel hose clamp can detach from the fuel filter and allow gas to leak out, posing a fire hazard.

Incidents/Injuries: None reported.

Description: The Kubota Riding Mowers are bright orange, have 48-inch, 54-inch, or 60-inch wide mower decks and have KUBOTA stamped on either the sides of the front engine cover, or on the right side behind the driver's seat. The serial number is located on the left front frame for T series models and the right front frame for GR and ZG series models. This recall involves Kubota Riding Mowers with the following model numbers and serial number ranges.

Model	Serial Number Range
T1880A-42	20196-20944
T2080A-42	20172-21069
T2380A-48	20139-20827
GR2010GA-48	20062-20318
GR2010GAB-48	20089-20278
GR2020G-48	10002-10113
GR2020GB-48	10006-10098
ZG222A-48	50002-51392
ZG222A-48S	50005-51388
ZG227-54	20369-21040
ZG227A-54	50001-50363
ZG227L-60	10543-11669
ZG327P-60	31160-31549
ZG327PA-60	50004-50165

ZG327RP-60R 10089-10216  
ZG327RPA-60R A0001-A0038

Sold at: Authorized Kubota dealers nationwide from April 2010 through April 2011 for between \$3,600 and \$11,500.

Manufactured in: United States

Remedy: Consumers should immediately stop using the recalled riding mowers and contact Kubota to schedule a free inspection and repair. Kubota is directly contacting consumers who purchased the riding mowers.

Consumer Contact: For more information, contact Kubota at (800) 752-0290 between 8:30 a.m. and 4:30 p.m. PT Monday through Friday, or visit the firm's website at [www.kubota.com](http://www.kubota.com)

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**10) CPSC, HUSQVARNA PROFESSIONAL PRODUCTS RECALLS REDMAX BRUSHCUTTER DUE TO FIRE HAZARD**

WASHINGTON, D.C. – September 29 -- The U.S. Consumer Product Safety Commission, in cooperation with the firm named below, today announced a voluntary recall of the following consumer product. Consumers should stop using recalled products immediately unless otherwise instructed. It is illegal to resell or attempt to resell a recalled consumer product.

Name of Product: RedMax brushcutter / trimmer

Units: About 10,500

Manufacturer: Husqvarna Zenoah Co. Ltd. is an affiliate of Husqvarna Professional Products Inc., Charlotte, N.C.

Hazard: Some fuel tanks allow leakage at the fuel cap, posing a fire hazard to consumers.

Incidents/Injuries: No reports of fire, personal injury or property damage.

Description: The recalled brushcutter / trimmer is a RedMax model TR2350S. Recalled brushcutters have shaft serial numbers ranging from 10215377 to 10625892, and engine serial numbers ranging from 10115390 to 10425910. The product is powered by a 2-cycle gasoline engine and cuts grass or weeds through the use of a spinning black trimmer head containing a spool of filament line. Model number and shaft serial number are located on a label on the shaft halfway between the trimmer head and the engine. The engine serial number is located on the bottom of engine between the two screws that secure fuel tank to the engine

Sold at: Authorized RedMax dealers and distributors throughout the U.S. and Canada for about \$260.00.

Manufactured in: Assembled in U.S.

Remedy: Consumers should immediately stop using the product and return it to their local RedMax dealer for repair.

Consumer Contact: For additional information, please contact Husqvarna toll-free between 8 a.m. and 6 p.m. ET Monday through Friday at (877) 257-6921 or e-mail [recalls@husqvarna.com](mailto:recalls@husqvarna.com)

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## **11) GENERAC ACQUIRES MAGNUM PRODUCTS BUSINESS**

Acquisition of leading light tower and mobile generator manufacturer broadens commercial & industrial product offering, expands distribution channels and end markets

WAUKESHA, Wis., October 3 -- Generac Holdings Inc., a leading designer and manufacturer of back-up power generation products, announced today that one of its subsidiaries has acquired substantially all of the assets and certain liabilities of Magnum Products, LLC and its affiliates (collectively, Magnum Products) for \$80 million in cash and a modest earn-out based on future performance of a particular product line currently in development. The execution of a definitive agreement and the closing of the transaction occurred on October 3, 2011.

Headquartered in Berlin, Wisconsin with 330 employees, Magnum Products is a leading manufacturer of high-quality light towers with an estimated 35% market share, and holds a strong and growing share in the mobile generator market. Its products are sold predominantly to industrial rental yards and government channels. With over 20 years of experience, Magnum Products is a trusted supplier to numerous end markets, including road construction, commercial construction, energy, mining, and the military. For the twelve months ended June 30, 2011, the Magnum Products business generated unaudited revenues of approximately \$108 million and adjusted EBITDA of \$14 million.

"Magnum Products is an excellent strategic fit for our business, bringing new products and incremental revenue opportunities to our commercial and industrial product offering, while also expanding the channels and end markets where we distribute our products," said Aaron Jagdfeld, President and Chief Executive Officer of Generac. "The acquisition of Magnum Products is directly in line with our long-term "Powering Ahead" strategy as it helps to expand our industrial market share, diversifies our end markets, and helps us grow our business outside of North America. Further, this acquisition allows us to balance our product portfolio as it increases our commercial and industrial product sales mix." Jagdfeld continued, "We have been disciplined with the use of our corporate cash having paid down nearly \$100 million of debt over the last 12 months. In this acquisition, we saw an opportunity to use cash on our balance sheet to drive an even stronger return for our shareholders."

The Magnum Products business was principally owned by Tom Joseph, founder and Chairman of the company. Mr. Joseph will retire from the company following the announced acquisition. Commenting on the transaction, Mr. Joseph stated, "I am very pleased that Magnum Products will become part of a true market leader like Generac. Both companies do a tremendous job serving their respective end markets and the combination of them will be very powerful. I see a bright future for Magnum Products and Generac, and expect Magnum's strong leadership team to execute a seamless transition under Generac's ownership." Magnum Products will continue to operate out of its existing manufacturing facility in Berlin, Wisconsin and Generac intends to maintain the Magnum brand separately, given the company's strong reputation in the markets that it serves.

Generac expects the transaction to be immediately accretive to earnings in the fourth quarter of 2011, with the opportunity for additional accretion thereafter based on anticipated cost synergies. Based on current assumptions, the acquisition should add approximately \$25-\$30 million in revenue and \$0.03-\$0.04 in adjusted earnings per share in the fourth quarter of 2011, excluding approximately \$1 million in transaction costs. Future cost synergies are targeted to total approximately \$2 million on an annual basis, and are expected to be phased in throughout fiscal 2012.

Jagdfeld concluded, "The Magnum brand is highly regarded by its customers and stands for exceptional quality and customer service. We are very excited about the incremental revenue opportunities that we believe we can achieve through the combined efforts of Magnum's sales and engineering groups and those of our own. Additionally, we see meaningful opportunities for improved operating performance for the Magnum business by leveraging Generac's global sourcing and vertical manufacturing capabilities. Overall, we believe that the cultures and core values of the two organizations fit well together, and we look forward to achieving great things together."

### About Generac

Since 1959, Generac has been a leading designer and manufacturer of a wide range of backup power generation products serving residential, light commercial and industrial markets. Generac's power systems range in output from 800 watts to 9 megawatts and are available through a broad network of independent dealers, retailers and wholesalers.

### About Magnum Products, LLC

Magnum Products, LLC is a supplier of powerful, high quality light towers, mobile generators, trash pumps, water trailers and combination power units for a variety of industries and specialties including construction, energy, mining, government, military, and special events. The Company's products have been distributed through international, national and regional equipment rental companies, equipment dealers and construction companies.

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## **12) OPEI ANNOUNCES NEW VP OF INDUSTRY AFFAIRS**

The Outdoor Power Equipment Institute (OPEI) announced Oct. 4 the appointment of Gerry Coons as its new VP of industry affairs. Coons, an engineer and MBA, is a 30-year OPE industry veteran, having most recently served as general manager at the Husqvarna production facility in Orangeburg, S.C.

In his new role with OPEI, Coons will oversee and manage ISO and ANSI standards work and regulatory relationships with the Environmental Protection Agency (EPA), Consumer Product Safety Commission (CPSC), California Air Resources Board (CARB), Health Canada and Canadian Provincial Authorities.

"OPEI is strengthening its core capabilities to better serve our members' needs," said Kris Kiser, president and CEO of OPEI. "Gerry's substantial background with equipment manufacturing and regulation brings 'real world' experience to our organization. It is imperative that OPEI continue to be the global leader in the harmonization of rules and standards for outdoor power equipment, and with Gerry's oversight, we'll be able to grow and bolster the association's role."

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## **13) BRIGGS AND STRATTON CEO PREDICTS AGGRESSIVE GROWTH PLAN THROUGH ACQUISITIONS**

Rich Rovito [www.bizjournals.com](http://www.bizjournals.com)

Buoyed by a strong balance sheet, Briggs and Stratton Corp. plans to incorporate acquisitions into an aggressive growth plan over the next several years, according to the company's top executive.

"We've got a lot of room and a lot of cash on the balance sheet," Briggs and Stratton president and chief executive officer Todd Teske said. "I'm really excited about what we can do. We're not going to go out and do deals for the sake of doing deals. We're going to do smart deals. But we can grow this company pretty dramatically over the next three to five years.

The Wauwatosa-based manufacturer of small engines and outdoor power equipment, such as lawn mowers and generators and power washers, is considering deals in both developed and emerging markets.

"A lot of it has to do with channel and product," Teske said. "Part of our strategy is to get into things that have higher margins."

"Acquisitions in emerging markets could be key to the company's international growth," he said.

“As we try to grow internationally, we think it’s important to have a presence there in some way, shape or form,” Teske said.

“Serving a country like Brazil, given its restrictive duty and tariff structure,” he said, “requires an in-country manufacturing presence.”

International sales currently account for about one-third of Briggs and Stratton’s overall revenue, compared with 25 percent three years ago, according to Teske. Nonetheless, the company plans on being judicious when it comes to making deals, Teske said.

“I’m really excited about what we can do, but we aren’t going to go out and do deals just for the sake of doing deals,” he said.

The ultimate goal of the company’s acquisition strategy will be to expand the breadth of its product line or possibly gain access to new distribution channels, he said.

Briggs and Stratton has the financial where-withal to pursue acquisitions that fit with its strategy, Teske said.

He pointed out that the company, which had a market capitalization of about \$735 million early the week of Sept. 12, has net debt of just \$18 million.

“I’ve been with Briggs for over 15 years and our balance sheet has never been in this good of shape,” Teske said.

At the same time, Briggs and Stratton continues to deal with challenges brought on by a sputtering economy. Teske doesn’t expect a full-fledged economic recovery in the United States to happen for another two years.

“Somebody asked me recently if I see any light at the end of the tunnel. The answer is yes, but it’s way, way off in the distance,” he said. “We’re already seen a double dip in our industry. We were down for four years, up one and then down again this past year here in the United States.”

Briggs and Stratton’s business did get a boost recently as a result of massive power outages along the East Coast caused by Hurricane Irene.

“We ramped up production and met the commitments we had,” Teske said. “I’m not going to kid you. The pipeline is relatively empty right now. We’ve got our plant down in Auburn, AL, cranked up and making as many generators as we can.”

Briggs and Stratton’s generator business, which Teske once led, is reliant upon hurricanes to drive business.

“When there are no hurricanes, this is a tough business to be in,” he said. “We look at this in three-to-five-year chunks. It is volatile, no question, but you’ve got to be there when people need you.”

“Having government, both at the state and national level, adopt a more “pro-business” agenda also would benefit manufacturers, including Briggs and Stratton,” he said.

“I think Wisconsin is on the right track,” Teske said. “I see the impacts that this pro-business environment has had. It’s been very positive, but it’s still early.”

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**14) 2011 – 2012 OPE INDUSTRY MEETING AND EVENTS CALENDAR**

<b>2011-2012 OPE INDUSTRY MEETING AND EVENTS CALENDAR</b>	
January 24-26, 2012	<b>BTME-BIGGA</b> , British Turf Management and the British International Golf & Greenkeepers Association Show, Harrogate International Center, England
January 24-27, 2012	<b>World of Concrete</b> , Las Vegas Convention Center, Las Vegas, NV
February 5-8, 2012	<b>The Rental Show</b> , American Rental Association Conference and Trade Show, Morial Convention Center, New Orleans, LA
February 18-21, 2012	<b>OPEAA</b> , Outdoor Power Equipment Aftermarket Association Annual Meeting, Arizona Biltmore, Phoenix, AZ
February 29 – March 1, 2012	<b>GIS</b> , Golf Industry Show, Orange County Convention Center, Orlando, FL
February 26-29, 2012	<b>OPEESA</b> , Outdoor Power Equipment and Engine Service Association, 10 <sup>th</sup> Annual Members Meeting, Arizona Biltmore, Phoenix, AZ
March 11, 2012	<b>Daylight Savings Time Begins</b>
April 12-15, 2012	<b>EETC</b> , Equipment and Engine Training Council 17 <sup>th</sup> Annual Conference, Dallas, TX
May 1-3, 2012	<b>National Hardware Show</b> , Las Vegas Convention Center and Sands Convention Center
June 23-27, 2012	<b>Skills USA</b> , National Leadership and Skills Conference, Kansas City, Missouri
	<b>OPEI</b> , Outdoor Power Equipment Institute Annual Meeting,
September 2-4, 2012	<b>GAFA (with SPOGA)</b> , International Garden Trade Fair with the International Trade Fair for Sport, Camping and Garden Lifestyle, Cologne, Germany
September 4-6, 2012	<b>IOG SALTEX</b> , Grounds Care, Sports Facilities, Amenities, Landscaping And Estate Management Outdoor Trade Show, Windsor Race Track, Windsor, Berkshire, England
September 17-19, 2012	<b>GLEE</b> , International Garden and Leisure Show, NEC Birmingham, England
October 24-27, 2012	<b>FFA</b> , Future Farmers of America Annual Convention, Indianapolis, IN
<b>October 27-29, 2011</b>	<b>GIE+EXPO</b> , Green Industry and Equipment Expo, Louisville, KY <b>(combining EXPO and the GIE Show)</b>
<b>November 6, 2011</b>	<b>Daylight Savings Time Ends</b>

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### **15) BRIGGS ENTERS INTO NEW \$500 MILLION SENIOR UNSECURED CREDIT FACILITY**

MILWAUKEE -- Oct. 13 -- Briggs and Stratton Corporation today announced the closing of a new five-year \$500 Million Senior Unsecured Revolving Credit Facility with a syndicate of financial institutions.

The multicurrency credit agreement also includes an optional increase in aggregate commitment amount of up to \$250 million, subject to certain conditions.

This agreement replaces the company's existing credit agreement maturing in July 2012. As of the end of the company's most recent fiscal year ended July 3, 2011, no amounts were outstanding under the existing agreement.

"We are pleased to have replaced this important source of unsecured, committed financing with such a strong showing of support from our existing and new financial institutions. It is a testament to our strong relationships as well as their confidence in the continued strength of and the outlook for our business," said David Rodgers, Briggs and Stratton Corporation Senior Vice president and Chief Financial Officer.

"Our capital structure, management, continued strong free cash flow generation and the new credit facility provide us with the financial flexibility to support continued organic growth in our core businesses and our strategy to diversify and grow geographically."

Fifteen financial institutions participated in the facility, which was more than 35 percent oversubscribed with J.P. Morgan Securities LLC and U.S. Bank N.A. serving as joint lead arrangers.

The company intends to use the Senior Unsecured Revolving Credit Facility to fund strategic growth initiatives, working capital and other general corporate purposes.

Material terms and conditions of the credit facility will be described in the company's filings with the Securities and Exchange Commission.

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### **16) FOR THOSE WHO DARE TO REPAIR, FIX-IT HELP LINES ANSWER THE CALL**

James R. Hagerty [www.wsjonline.com](http://www.wsjonline.com)

October 21 -- These days, Americans are more inclined to patch up household products like vacuum cleaners, blenders and mowers rather than junking them.

This wave of frugality is increasing call volume to customer help lines, prompting some companies to boost their call-center staffing and offer more online tutorials on fixing and maintaining household machinery.

Kathleen Jones, a retired accountant in Wenonah, N.J., was one of the thousands of people who recently called the Glenwillow, Ohio, office of Techtronic Industries Co., the Hong Kong-based maker of Hoover and Dirt Devil vacuum cleaners. Ms. Jones was tempted to replace her 20-year-old vacuum after the old floor-brush attachment broke. But she found it would cost at least \$300 for a similar new model. Instead, she ordered a replacement brush for \$15.47.

"If I get another couple years out of it, that's pretty good," Ms. Jones says.

In many cases, "if you call us, we can fix it with you over the phone," says Dan Gregory, president of Techtronic's floor-care business in the Americas. Techtronic has seen about a 20% increase in U.S. help-line call volume each of the past two years. To handle more than 2,000 calls a day, the staff at the Ohio call center has almost tripled over the past two years to 65. The company also puts how-to-repair videos on its websites.

For both financial and marketing reasons, Techtronic wants customers to call when vacuums break down. To encourage them, it has begun putting a sticker on each product with the call-center phone number. "At that moment of frustration, it's right then that you either lose a customer or keep a customer," says Mr. Gregory.

Handy Help

Before undertaking a repair, consult the owner's manual. Consumers who are uncomfortable or unfamiliar with electric appliances or gas-powered engines should consider a professional repair service. Here is a sampling of useful phone numbers and websites:

Another risk: A customer who can't find a quick fix may return the vacuum to the store that sold it. The store may then give the customer a new machine, even if the old one wasn't really defective. Techtronic picks up the tab.

Other companies also report more interest in repairs. Briggs and Stratton Corp., which makes lawn mowers, pressure washers and back-up electricity generators, says do-it-yourself-repair calls and emails are the fastest-growing category at its "answer center." Overall call volume is up more than 60% from the level before the 2008-09 recession and totals several thousand per day during the peak summer season, says Dan Benischek, director of the call center. The number of call-center employees has risen to more than 60 in peak periods from 40 before the recession.

At Ariens Co., a maker of lawn mowers and blowers, sales of replacement parts now run at 12% to 13% of overall sales, up from 9% to 10% a few years ago. "Definitely consumers are extending the life cycle of products," says Daniel Ariens, president of the family owned company in Brillion, Wis. He has expanded his telephone tech-support team to nine people from five and persuaded three Ariens retirees to take calls at home during snowstorms, when lots of customers call in with blower problems.

At Techtronic's Ohio call center, employees deal with all kinds of cleaning crises.

"Hello, this is Heidi," Heidi Barchalk, a senior Techtronic help-line staffer, said on a recent afternoon as she picked up a call. Vivek Malik, the owner of four cellphone stores in southeastern Massachusetts, was having trouble with the Hoover Whisper Cyclonic vacuum used to clean one of the stores. A new belt hadn't done the trick.

After Ms. Barchalk prescribed a new part for the brush roller, Mr. Malik argued that Hoover should provide that for free because the vacuum was less than a year old. Ms. Barchalk said the warranty covered only residential use. Sturdier commercial vacuums should be used in stores, she advised.

"I can't believe this!" Mr. Malik barked. Ms. Barchalk offered to give him a 30% discount on the part, bringing the cost to \$14.55 plus tax, and to rush the shipment.

Mr. Malik finally agreed. "We've already not vacuumed for three days, and the place is a disaster," he said. A week later, Mr. Malik said the Hoover worked with the new part, "so it's a happy ending."

Hundreds of vacuums line the aisles of the call center so employees can grab the relevant model if needed to explain something to a customer.

Sometimes it's only a matter of pushing a reset button, replacing a broken belt or cleaning a filter clogged by pet hair.

Another caller reported that her Hoover lacked suction. Ms. Barchalk asked the caller to remove the hose, hold it perpendicular to the ground and try dropping a quarter into the top end. The caller complied.

"Did it come out the other end?"

"No."

"That indicates the hose is clogged up," Ms. Barchalk said. She told the customer to use a broom handle to nudge debris out of the hose. After she hung up, Ms. Barchalk said, "We get that a lot."

Some vacuum crises are more difficult to resolve. The tough ones are escalated to a supervisor. If that doesn't suffice, the caller is referred to a local authorized repair shop. They don't offer advice on engine repairs, because that work is considered too dangerous for amateurs.

One woman called Techtronic to say her vacuum was "possessed," says Lisa Thomas, who manages the call center. Another had accidentally vacuumed up a beehive. "They were asking how to get the bees out," Ms. Thomas says. "We basically said, 'very carefully.' "

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## **17) HUSQVARNA INTERIM REPORT JANUARY - SEPTEMBER 2011**

Stockholm October 20, 2011

Hans Linnarson, Acting CEO and President: "Husqvarna's consumer business has been affected by the slowdown in the global consumer demand, the uncertain economic environment and the unfavorable weather. Operating income for the third quarter declined, mainly as a result of lower sales, unfavorable mix and higher costs.

We have maintained our market positions for forest and garden products both in Europe and North America, despite the supply chain challenges in North America. In some categories, like ride-on and robotic mowers in Europe, we have significantly increased our market shares. Accumulated for the year up until September, sales for Europe and Asia/Pacific and Construction have increased while Americas' decreased, adjusted for exchange rate effects.

Construction's performance has been strong all year, resulting in increased operating income and strengthened market positions.

Pre-season production for 2012 has started earlier than last year in order to secure a high customer service level. The Group's listings for forest and garden products are estimated to be unchanged versus 2011, however with an improved mix among the retailers, confirming the success of our efforts to supply market leading, innovative products with strong brands."

### THIRD QUARTER

- Net sales for the Group, adjusted for exchange rate effects, decreased by 2%. Net sales for the Group amounted to SEK 6,410m (6,907) and operating income to SEK 113m (411). Income for the period amounted to SEK 55m (402), or SEK 0.10 (0.70) per share.
- Operating income was negatively affected by SEK -83m whereof SEK -38m is directly related to production disturbances, SEK -21m relates to the termination of the former CEO's contract and SEK -24m refers to items affecting comparability. Changes in exchange rates had a positive effect of SEK 8m.

### First nine months

- Strengthened market position for Construction and maintained for forest and garden products.
- Net sales for the Group, adjusted for exchange rate effects, increased by 1%. Net sales for the Group amounted to SEK 25,363m (27,446) and operating income to SEK 1,787m (2,508). Income for the period amounted to SEK 1,220m (1,873), or SEK 2.12 (3.25) per share.
- Operating income was negatively affected by SEK -453m whereof SEK -368m is directly related to production disturbances, SEK -21m relates to the termination of the former CEO's contract and SEK -64m refers to items affecting comparability. Changes in exchange rates had a negative effect of SEK -335m (130).

### THIRD QUARTER

#### Net Sales

Net sales for the third quarter amounted to SEK 6,410m (6,907). Sales prices increased slightly. Adjusted for exchange rate effects, sales decreased for the Group by approximately 2% and for Europe and Asia/Pacific by approximately 5%. For Americas adjusted sales increased by approximately 1% and for Construction by 9%.

#### Operating Income

Operating income for the third quarter amounted to SEK 113m (411). Costs directly related to the production disturbances in North America amounted to approximately SEK -38m. Costs related to terminating the former CEO's contract amounts to SEK -21m. Operating income includes items affecting comparability amounting to SEK -24m, referring to additional costs for the closure of a production facility in Spain, which was announced in the first quarter.

Changes in exchange rates, including both translation and transaction effects net of hedging, had a total positive year-on-year effect on Group operating income of SEK 8m (17). Hedging contracts had a positive effect of SEK 18m (36).

Adjusted operating income was positively affected by higher selling prices, which were more than offset by lower sales, unfavorable mix and higher costs. The Group operating margin declined to 1.8% (5.9).

Adjusted operating income and operating margin for Europe and Asia/Pacific and Americas decreased, while they increased for Construction.

## FIRST NINE MONTHS

### Net Sales

Net sales for the first nine months declined by 8% to SEK 25,363m (27,446). Sales prices increased slightly. Adjusted for exchange rate effects, sales increased for the Group by approximately 1% and for Europe and Asia/Pacific by approximately 3%. For Americas adjusted sales decreased by approximately 4% and for Construction adjusted sales increased by 12%.

### Operating Income

Operating income for the first nine months decreased by 29% and amounted to SEK 1,787m (2,508). Costs directly related to the production disturbances in North America amounted to approximately SEK -368m. Items affecting comparability amounted to SEK -64m (-207) and costs related to terminating the former CEO's contract amounts to SEK -21m. Adjusted for exchange rate effects and items affecting comparability, operating income decreased by 22% or by approximately SEK -530m.

Changes in exchange rates, including both translation and transaction effects net of hedging, had a total negative year-on-year effect on operating income of SEK -335m (130). Hedging contracts had a negative effect of SEK -132m (88).

Adjusted operating income was positively affected by higher sales prices, which were offset by costs related to the production disturbances in North America, higher input costs and higher costs for selling and administration. The Group operating margin decreased to 7.0% (9.1).

Adjusted operating income and operating margin for Europe and Asia/Pacific and Americas decreased while Construction increased.

## OUTLOOK FOR THE FOURTH QUARTER OF 2011

Due to seasonality, the fourth quarter is a minor quarter in terms of sales and earnings. The outlook is primarily based on an expectation of continued economic uncertainty and the current high inventory levels in the trade. Shipments of forest and garden products are estimated to decline while the positive trend for Construction is expected to continue. In total, the Group expects shipments in the fourth quarter 2011 to be lower than in the fourth quarter of 2010. The fourth quarter will be charged with costs amounting to approximately SEK 30m related to the production disturbances in North America.

## FINANCIAL ITEMS NET

Net financial items for the third quarter amounted to SEK -89m (-101) and for the first nine months to SEK -277m (-258). The increase for the first nine months is primarily due to higher interest rates and higher net debt. The average interest rate on borrowings at the end of the third quarter was 4.1% (3.6).

## INCOME AFTER FINANCIAL ITEMS

Income after financial items for the third quarter amounted to SEK 24m (310) corresponding to a margin of 0.4% (4.5). For the first nine months, income after financial items amounted to SEK 1,510m (2,250) corresponding to a margin of 6.0% (8.2).

## TAXES

Taxes for the first nine months 2011 amounted to SEK -290m (-377), corresponding to a tax rate of 19% (17) of income after financial items.

## EARNINGS PER SHARE

Income for the third quarter 2011 amounted to SEK 55m (402), corresponding to SEK 0.10 (0.70) per share after dilution. For the first nine months, income amounted to SEK 1,220m (1,873), corresponding to SEK 2.12 (3.25) per share.

## OPERATING CASH FLOW

Operating cash flow for the first nine months amounted to SEK -328m (1,275). The lower cash flow is mainly due to the lower result and increased inventory mainly as a result of pre-production.

## FINANCIAL POSITION

Group equity as of September 30, 2011 increased to SEK 12,813m (12,358). Equity per share amounted to SEK 22.38 (21.54).

Net debt as of September 30, 2011 amounted to SEK 6,628m (5,109). The major currencies used for debt financing are SEK and USD. The increase of net debt was mainly a result of lower result, an increase in working capital and higher paid dividend. During the second quarter a dividend of SEK 859m (574) was distributed to the shareholders. The impact on net debt due to changes in exchange rates during the first nine months was an increase of SEK 140m.

The net debt/equity ratio amounted to 0.51 (0.41) and the equity/assets ratio to 43% (42).

On September 30, 2011, long-term loans including financial leases amounted to SEK 5,516m (6,942) and short-term loans including financial leases to SEK 2,445m (368). Long-term loans consist of SEK 2,723m (3,148) in issued bonds, and bank loans of SEK 2,793m (3,794). The issued bonds and the bank loans mature in 2012 and onwards.

Husqvarna has initiated the refinancing of its existing SEK 9bn revolving credit facility maturing in 2012 and 2013. A new revolving credit facility of SEK 6bn has been launched to Husqvarna's core relationship banks and is expected to be signed before the year end.

## PERFORMANCE BY BUSINESS AREA

Net sales for Europe and Asia/Pacific in the third quarter decreased by 7%. Adjusted for exchange rate effects, sales decreased by 5%. In the first nine months, sales decreased 2%. Adjusted for exchange rate effects, sales increased 3%. Sales prices increased and volumes were slightly negatively affected by the production disturbances in North America, since some of the production is sold in the Europe and the Asia/Pacific region.

Total market demand in the Europe and Asia/Pacific region was strong but slowed down toward the end of the second quarter. The weakness in market demand continued into the third quarter which also was impacted by unfavorable weather conditions.

For the first nine months, Husqvarna's sales increased in several major markets including Germany, France, UK and the Nordic countries. Sales for the robotic lawn mower, Automower, have increased substantially year-to-date and snow-thrower sales increased significantly in the third quarter. Sales to the dealer channel increased while sales to the retail channel were flat. Over-all, Husqvarna's market shares in the region are estimated to be unchanged.

Operating income and operating margin for the third quarter decreased, mainly due to lower sales of watering products. Adjusted operating income for the first nine months was positively affected by higher selling prices and volume while an unfavorable product mix and costs for materials, RandD and selling and administration had a negative effect.

Costs directly related to the production disturbances in North America amounted to SEK -5m for the third quarter and SEK -45m for the first nine months.

Changes in exchange rates had a positive year-on-year effect on operating income by approximately SEK 60m in the third quarter and a negative effect of SEK -80m in the first nine months.

Net sales for Americas in the third quarter decreased by 10%. Adjusted for exchange rate effects, sales increased by 1%. For the first nine months, sales decreased by 16%, or by 4% when adjusted for exchange rate effects.

Total market demand for garden products in North America has decreased during the year to date. Demand for chainsaws increased due to weather conditions, while industry shipments for most other major product categories, such as consumer garden tractors, have decreased. Husqvarna's over-all market share has been stable during the year.

Operating income for the third quarter decreased to SEK -172m (-92). Changes in exchange rates had a negative year-on-year effect on operating income of approximately SEK -36m. The higher costs directly related to the production disturbances amounted to approximately SEK -33m. Costs for marketing and IT were also higher.

Operating income for the first nine months decreased to SEK -364m (191). Changes in exchange rates had a negative year-on-year effect on operating income of approximately SEK -216m and the higher costs directly related to the production disturbances amounted to approximately SEK -323m. Costs for marketing and IT were also higher.

Operating income in the second quarter 2010 was charged with items affecting comparability amounting to SEK -110m and the first quarter 2010 was charged with SEK -50m. There were no items affecting comparability in the first nine months of 2011.

#### Construction

Net sales for Construction in the third quarter increased by 3%. Adjusted for exchange rate effects, sales increased by 9%. For the first nine months, sales increased by 3% and by 12% if adjusted for exchange rate effects. Sales prices increased slightly.

Total market demand for construction products increased in emerging markets and was flat in Western Europe while the market environment in North America was more challenging. The business area's sales increased on the back of a strong product portfolio with several new innovative products as well as a replacement need in the rental channel and by construction contractors. Market shares are estimated to have increased in North America.

Operating income and operating margin increased. Adjusted for exchange rate effects and items affecting comparability, operating income for the third quarter increased by 183% or by approximately SEK 48m. For the first nine months, the corresponding increase was 176% or SEK 110m.

Adjusted operating income was positively affected mainly by higher sales.

Items affecting comparability referring to restructuring costs amounted to SEK -24m in the third quarter 2011 and SEK -40m in the first quarter 2011. In 2010, the second quarter was charged with items affecting comparability referring to restructuring costs amounting to SEK -47m and the third quarter SEK -16m referring to a legal settlement cost.

Changes in exchange rates had a negative year-on-year effect on operating income by approximately SEK -16m in the third quarter 2011 and SEK -39m in the first nine months 2011.

#### PARENT COMPANY

Net sales in the first nine months for the Parent Company, Husqvarna AB, amounted to SEK 8,906m (8,416), of which SEK 6,794m (6,452) referred to sales to Group Companies and SEK 2,112m (1,964) to external customers. Income after financial items amounted to SEK 1,133m (2,505). Income for the period was SEK 983m (2,093).

Investments in tangible and intangible assets amounted to SEK 237m (205). Cash and cash equivalents amounted to SEK 109m (503) at the end of September. Undistributed earnings in the Parent Company amounted to SEK 17,500m (17,985).

#### RESTRUCTURING UPDATE

During 2009 – 2011, the Group has implemented a number of structural changes, aiming at eliminating overlaps and increasing efficiency within production and administration. The changes involved mainly consolidation of production in Sweden and the US, and of the sales organization in Europe and Asia/Pacific.

As production capacity and flexibility to guarantee customers the highest delivery performance will be prioritized, the pace and priority of ongoing restructuring projects is being reviewed. As a consequence, remaining savings from manufacturing footprint restructuring will be delayed to beyond 2012.

Extensive efforts to eliminate the supply chain disturbances in the Orangeburg production facility in the North American supply chain organization have progressed successfully. To ensure a successful delivery of committed volumes in 2012, the ramp up of pre-season production has also started earlier than in the previous year.

#### ORGANIZATIONAL CHANGES

On August 29, the Board of Directors' terminated the former President and CEO Magnus Yngen's contract. Hans Linnarson, Executive Vice President, Head of Sales Europe and Asia/Pacific, was appointed acting CEO and

President on June 9 and will continue as Acting until a permanent CEO has been appointed. Hans Linnarson will also remain as Head of Sales Europe and Asia/Pacific.

Per Ericson, previously head of Human Resources at Haldex, has been appointed Senior Vice President, Human Resources as of October 5, 2011, replacing Lars Worsøe-Petersen who has left for a position outside Husqvarna.

Martin Austermann, Vice President Purchasing, has been appointed member of Group Management. Sascha Menges has been appointed Acting Head of Logistics and Manufacturing and will also be a member of Group Management. Thomas Andersson, Head of the global supply chain organization, and Martin Bertinchamp, Head of Products and Marketing, will leave Husqvarna as of October 31, 2011.

## CONVERSION OF SHARES

According to the company's articles of association, owners of A-shares have the right to have such shares converted to B-shares. Conversion reduces the total number of votes in the company.

In July 2011, 3,262,684 A-shares were converted to B-shares at the request of shareholders. In October, another 1,057,629 A-shares were converted to B-shares at the request of shareholders. The total number of votes thereafter amounts to 174,148,682.9.

The total number of registered shares in the company at September 30, 2011 amounted to 576,343,778 shares of which 130,517,968 were A-shares and 445,825,810 were B-shares.

## LEGAL MATTERS

In a judgment of February 2010, the criminal court of Tournai in Belgium acquitted Husqvarna in a case regarding a gas explosion on Husqvarna's property in Ghislenghien, Belgium in 2004. The ruling was appealed by the public prosecutor, as well as by other parties, to the Court of Appeal. Eight of the 14 parties were judged guilty by the Court of Appeal in June 2011, among them Husqvarna Belgium. Husqvarna has appealed to the Belgian Supreme Court.

In December 2011, the Court of Appeal in Mons will commence proceedings adjudicating the damages for each victim and is also expected to rule on the distribution of liability for damages between the parties finally found guilty. Today, the damages claims are only partly known, but it cannot be ruled out that, if the verdict is upheld, this may lead to negative financial effects for Husqvarna. The damages claims are expected to become fully known latest at the commencement of the claims proceedings in the Court of Appeal in December. A final outcome of these damages proceedings may take 1 - 2 years.

## RISKS AND UNCERTAINTY FACTORS

A number of factors may affect Husqvarna's operations in terms of operational and financial risks. Operational risks are managed by the operative units, and financial risks by Group Treasury.

### Operational Risks

Operational risks include general economic conditions, as well as trends in consumer and professional spending, particularly in North America and Europe, where the majority of the Group's products are sold. An economic downturn in these markets may have an adverse effect on Group sales and earnings. Shifts in product technology as well as shifts in distribution structure could also have a negative impact on Group sales and earnings.

Demand for the Group's products is also dependent on weather conditions. Dry weather can reduce demand for such products as lawn mowers and tractors, but can stimulate demand for watering products. Demand for chainsaws normally increases after storms and during cold winters.

Husqvarna's operations are also subject to seasonal variations. Demand for consumer garden products and commercial lawn and garden products normally peaks in the second quarter, while the peak season for chainsaws is normally in the third quarter. Husqvarna has adapted its production processes and supply chain to respond to these conditions. However, parameters such as cash flow and production levels follow the seasonal variations in demand, which results in relatively greater risk exposure for the Group over short periods of time.

The Group is currently implementing a number of structural changes as well as a new organization. Restructuring and organizational changes always involve the risk of creating higher costs than anticipated and losing key personnel.

### Financial Risks

Financial risks refer primarily to exchange rates, interest rates, financing, and credit risks. Risk management within the Husqvarna Group is regulated by a financial policy established by the Board of Directors. A higher indebtedness

resulting from the seasonality of the Group's operations involve greater exposure to changes in exchange rates and interest rates, as well as financing risks.

#### Acquisitions

Husqvarna has completed a number of acquisitions. Although the Group has historically demonstrated ability to successfully integrate acquired businesses, such integration always involves certain risks. Net sales can be adversely affected and costs can be higher than anticipated.

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### **18) BRIGGS REPORTS 1ST QUARTER OF FISCAL 2012**

MILWAUKEE -- Oct. 20 -- Briggs and Stratton Corporation today announced financial results for its first fiscal quarter ended October 2, 2011.

#### Highlights:

- First quarter fiscal 2012 consolidated net sales were \$397.3 million, an increase of \$63.2 million or 18.9% from the first quarter of fiscal 2011.
- First quarter fiscal 2012 consolidated net loss of \$5.2 million improved by \$2.9 million from a consolidated net loss of \$8.1 million one year ago.
- Net debt outstanding as of October 2, 2011 is down \$66.6 million, or 42.6%, from September 26, 2010.

"We continued to make progress against our strategic initiatives in the first quarter which enabled us to improve profitability in what remains a challenging global economy," commented Todd J. Teske, Chairman, President and Chief Executive Officer of Briggs and Stratton.

"In addition, I am very pleased how our team was able to quickly respond and provide help to the areas impacted by Hurricane Irene. Their efforts demonstrate our company's ability to respond when severe weather conditions leave people without power."

#### Consolidated Results:

Consolidated net sales for the first quarter of fiscal 2012 were \$397.3 million, an increase of \$63.2 million or 18.9% when compared to the same period a year ago. The fiscal 2012 first quarter consolidated net loss was \$5.2 million or \$0.10 per diluted share. The first quarter of fiscal 2011 consolidated net loss was \$8.1 million or \$0.16 per diluted share. Given the seasonal nature of the business, it is typical for the company to incur a loss in the first quarter of each fiscal year.

#### Engines Segment:

Engines Segment fiscal 2012 first quarter net sales were \$203.4 million, which was \$1.7 million or 0.8% lower than the same period a year ago. This decrease in net sales was driven by lower shipment volumes of engines due to reduced consumer demand for lawn and garden products in North America, offset by slightly improved engine pricing and a favorable mix of product shipped that reflected proportionally larger volumes of units used on snow throwers and riding lawn and garden equipment.

The Engines Segment gross profit was \$36.9 million in the first quarter of fiscal 2012, a decrease of \$5.6 million from the first quarter of fiscal 2011. Gross profit decreased primarily due to lower net sales and higher manufacturing spending associated with rising commodity costs, partially offset by slightly improved engine pricing and a favorable mix of product shipped that reflected proportionally larger volumes of units used on riding lawn and garden equipment.

The Engines Segment engineering, selling, general and administrative expenses were \$42.4 million in the first quarter of fiscal 2012, a decrease of \$5.6 million from the first quarter of fiscal 2011 due to lower spending on stock based compensation.

#### Power Products Segment:

Power Products Segment fiscal 2012 first quarter net sales were \$235.3 million, an increase of \$67.1 million or 39.9% from the same period a year ago. The increase in net sales was primarily due to increased sales of portable and standby generators due to widespread power outages in the U.S. as a result of a landed hurricane on the East Coast, as well as increased shipments of snow equipment after channel inventories were depleted from the prior selling season. There were no landed hurricanes in the first quarter of fiscal 2011.

The Power Products Segment gross profit was \$27.6 million for the first quarter of fiscal 2012, an increase of \$10.1 million from the first quarter of fiscal 2011. The increase over the prior year was primarily attributable to the increase in net sales, slightly improved pricing, production efficiencies, and favorable absorption on improved plant utilization, partially offset by increased commodity costs.

The Power Products Segment fiscal 2012 first quarter engineering, selling, general and administrative expenses of \$25.3 million increased by \$2.9 million from the fiscal 2011 first quarter primarily due to higher sales and marketing and professional services expenses associated with new product launches.

#### Corporate Items:

Interest expense was \$0.8 million lower for the first quarter of fiscal 2012 compared to the same period one year ago due to the reduction in interest rate associated with the refinancing of the Senior Notes in the second quarter of fiscal 2011, partially offset by higher average borrowings outstanding.

Subsequent to the end of the first quarter of fiscal 2012, as previously announced, the company closed on a new 5-year \$500 million Senior Unsecured Revolving Credit Facility. This credit facility replaced the company's \$500 million credit facility that was scheduled to expire in July 2012. There were no borrowings under the existing revolving credit facility as of the end of the first quarter of fiscal 2012 and fiscal 2011.

The effective tax rate for the first quarter of fiscal 2012 was negative 25.3% or \$1.1 million of tax expense compared to 33.4% or a \$4.1 million tax benefit for the fiscal 2011 first quarter. Beginning with the first quarter of fiscal 2012, we excluded from our effective tax rate calculation net losses incurred by certain of our foreign subsidiaries which cannot be benefited. Excluding these foreign subsidiary net losses resulted in taxable income for purposes of calculating the company's interim income tax expense for the first quarter of fiscal 2012. The net loss of these subsidiaries is typically higher in the first quarter before they enter into the lawn and garden season.

#### Financial Position:

Net debt at October 3, 2011 was \$89.8 million (total debt of \$228.0 million less \$138.2 million of cash), an improvement of \$66.6 million from the \$156.4 million (total debt of \$204.1 million less \$47.7 million of cash) at September 26, 2010. Cash flows used by operating activities for the fiscal 2012 first quarter were \$56.3 million compared to \$55.5 million in the fiscal 2011 first quarter. Cash used in operating activities for the first quarter of fiscal 2012 was primarily related to seasonal build of inventory levels and reduction of accounts payable in the quarter.

#### Outlook:

For fiscal 2012, the company has increased the projection of consolidated net income to be in the range of \$58 million to \$68 million or \$1.15 to \$1.35 per diluted share prior to the potential impact of any share repurchases under the company's previously announced share repurchase program.

Consolidated net sales for fiscal 2012 are projected to be higher than fiscal 2011 by approximately 4% to 6% depending on the level of recovery of consumer spending within the outdoor power equipment category.

Engines Segment sales are forecasted to be comparable to fiscal 2011 on lower volume and improved pricing while the Power Products Segment sales are forecasted higher primarily due to higher volumes of lawn and garden equipment, pressure washers, and portable and standby generators.

Operating income margins are now projected to be in the range of 4.5% to 5.0%, and interest expense and other income are forecasted to be in the range of \$18 million to \$19 million and \$5 million to \$6 million, respectively.

The operating earnings forecast includes additional investments of approximately \$12 million for continued international growth. The effective tax rate for the full year is projected to be in a range of 32% to 34%.

Capital expenditures for the year are projected to be approximately \$60 million to \$65 million.

About Briggs and Stratton Corporation:

Briggs and Stratton Corporation, headquartered in Milwaukee, Wisconsin, is the world's largest producer of gasoline engines for outdoor power equipment. Its wholly owned subsidiary Briggs and Stratton Power Products Group, LLC is North America's number one manufacturer of portable generators and pressure washers, and is a leading designer, manufacturer and marketer of lawn and garden and turf care through its Simplicity®, Snapper®, Ferris®, Murray® and Victa® brands. Briggs and Stratton products are designed, manufactured, marketed and serviced in over 100 countries on six continents.

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## 20) THOUGHTS FOR THE DAY

### TRUE VALUE

Sometimes you will never know the true value of a moment  
Until it becomes a memory.

-- Anonymous

### IMPORTANCE

We are so busy doing the urgent  
that we don't have time to do the important.

- Confucius

### LOVE

The greatest happiness of life  
is the conviction that we are loved -  
loved for ourselves,  
or rather, loved in spite of ourselves.

- Victor Hugo

### THE GREATEST LOVE

Perhaps love is the process of my leading you gently  
back to yourself.

- Antoine de Saint-Exupery

## SELF

Never be bullied into silence.  
Never allow yourself to be made a victim.  
Accept no one's definition of your life;  
define yourself.

- Harvey Firestein

## WORRY

Worry does not empty tomorrow of its sorrow;  
it empties today of its strength.

- Corrie Ten Boom

## WISDOM

Never mistake knowledge for wisdom.  
One helps you make a living,  
the other helps you make a life.

- Sandra Carey

## TRUTH

People say they love truth,  
But in reality they want to believe that which they love  
Is true.

- Robert J. Ringer

## SILENCE

He who does not understand your silence  
Will probably not understand your words.

- Elbert Hubbard

## A TRUE TEST OF WHAT A MAN IS

If you want to know what a man is like,  
Take a good look at how he treats his inferiors,  
Not his equals.

- J.K. Rowling

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**21) OPEESA BOARD, OFFICERS, EXECUTIVE DIRECTOR CONTACT INFORMATION**

2011-2012 OPEESA BOARD				
First Name	Last Name	Company	Email	Position/Term
Robert	Graham	EWI 7415 Empire Central Houston TX 77040	Robert.graham@engwarehouse.com	President
Pete	Yunker	Power Equipment Systems 1645 Salem Industrial Dr Salem OR 97301	petey@pesnet.com	Vice President <i>Annual Meeting</i>
Todd	Winstead	Tidewater Power Equipment 5796 Thurston Ave. Virginia Beach VA 23455	twinstead@tpeco.com	Sec/Treas.
Mark	Vining	Roberts Supply 4203 Metric Drive Winter Park FL 32792-6897	m.vining@robertssupply.com	Past President
Tim	Congdon	Congdon Associates Dist. Co. – CADCO 1365 Strykers Road Phillipsburg NJ 08865	timc@cadcodist.com	2012
Mike	Lupo	TD Retail Card Services 1000 MacArthur Boulevard Mahwah, NJ 07430	Mike.lupo@tdrcs.com	2012 <i>Manufacturer/ Affiliate Rep.</i>
Ron	Monroe	Hayward Distributing Co. 4061 Perimeter Drive Columbus OH 43228	rmonroe@haydist.com	2013
Mike	Rounsavall	Dixie Sales Co. 5920 Summit Ave. Browns Summit NC 27214	mrounsavall@dixiesales.com	2013
Denis	Bedard	Husqvarna Professional Products 9335 Harris Corners Parkway Charlotte NC 28269	Denis.bedard@husqvarna.com	2013 <i>Manufacturer/ Affiliate Rep.</i>
Robert	Smith	Smith's South-Central Sales Co. 1802 S. Arkansas St. Springhill LA 71075	rsmith@smithssc.com	2014
Rick	Bryan IV	Bryan Equipment Sales, Inc. 457 Wards Corner Road Loveland OH 45140	rbiv@bryanequipment.com	2014
Jeff	Plotka	Precision Work 75 Harbor Road Port Washington NY 11050	jeff@precisionworkinc.com	2014
Nancy	Cueroni	OPEESA 37 Pratt Street Essex CT 06426-1159	Info@opeesa.com	Executive Director