GENERAL ELECTRIC
CORPORATE MANUFACTURING
Manufacturing Engineering Operations
Schenectady, New York 12305

cc: WW Beardslee-Office
CW Conklin-Office
CM Heiden-Schdy
HB Miller-NY Office

DIAL COMM
8*235-2656

Schenectady, August 22, 1969

Mr. P. P. Palmisano
Manager-Manufacturing
Advanced Products Operation
New Businesses Development Operations
Bldg. 702, Corporations Park
SCOTIA, NEW YORK 12302

Subject: Appropriation Request No. 87-251
Lease of space and purchase of equipment for Engineering, Manufacturing, and Test Marketing of an electric battery-powered garden tractor during the period 1969-1971.

	This Request	Previously Approved	Total Project
Investment	$312,000	$ 70,000	$382,000
Expense (Lease Commit.)	3,000	82,000	85,000
Other Expense	210,000	95,000	305,000
Total	$525,000	$247,000	$772,000

Dear Pat:

I have reviewed the subject appropriation request and was present at the review held August 20. I would like to express my comments on this proposal.

The Market

It was shown at the review that the market for a garden tractor of this type is real. The only question is the ability to take the share of the market we should have. Your forecast indicates that by 1972, you would anticipate that electric tractors would account for 9% of the 470-million dollar total tractor forecast market, and that your share would be one-third of 9%, or about 14-million dollars. This is an ambitious goal for a new organization.

Competition

The field survey has given a very good feel for the competition in this area. The consultants you have had, who are certainly knowledgeable in the business, agree that the electric tractor would be new to the industry and would have features the present gas powered tractors cannot match. It is assumed, however, that the competition will work hard to have an electric machine available as soon as they see the trend toward the electric powered machine. This assumption is borne out by the fact that you show your per cent of the market (electric) declining from 100% in 1970 to 20% in 1974.

Product

I operated the tractor and found it easy to run and very responsive to controls; the line of accessories seem to be well thought out and should be very useful to the purchaser. The safety features built in certainly are well conceived and exceed those available on the gas machines. There did appear, however, to be places where improvements could be made without increasing cost; i.e. use of sealed beam lights, and where cost could be cut without reducing quality; i.e. elimination of secondary mounting plate for motor. Changes of this type are most desirable before the machine is put into production.

Manufacturing

As I mentioned above, the producing of the scheduled number of machines will be a very ambitious undertaking. I realize that initially you will be primarily an assembler, but even the problem of assembling the number required (13,000 on a two-shift basis) will require all the ingenuity you can muster. Pat, it looks like the marketing function is going to be completely dependent on your ability to get into production on a crash basis to fill the initial orders from the dealers.

As you get further along with your manufacturing installation, I would like to offer the assistance of Manufacturing Process Development Operation in aiding you in getting the most out of your facilities.

General

The favorable affect of this business on the component departments of the Company is certainly to be considered -- approximately 50% of the materials purchased will be those that can be supplied by other General Electric components.

Summary

In final analysis, I was favorably impressed with the electric tractor project. I believe it will open a new market for other General Electric products, as well as increase our component business.

Favorable consideration is recommended for this request.

Very truly yours,

R. W. Sullivan

R. W. Sullivan, Manager
MFG. PROCESS DEVELOPMENT OPERA.
Bldg. 69-103

RWS:yl

AD-239-A (4-70)

OUTDOOR POWER EQUIPMENT OPERATION
TRANSPORTATION SYSTEMS DIVISION

OPERATING DATA 1965–1975

(Dollar amounts in thousands)

ACTUAL 1965	1966	1967	1968	1969		1970 Budget	1970 Estimate	FORECAST 1971	1972	1973	1974	1975
				-	**Operations**							
				-	Net sales billed	6 000	9 700	16 500	25 000	33 000	42 000	50 000
				-	Contributed value	2 345	3 510	6 870	11 380	15 340	20 070	25 000
				1 287	Contribution margin	1 032	1 460	3 405	6 590	9 275	12 565	16 280
				-	Cost of operations exc. conversion costs and imputed interest	4 256	5 310	8 260	11 540	13 190	15 505	16 970
				-	Interest expense (income)—imputed and incurred (received)	164	275	500	800	1 000	1 200	1 300
				1 287*	Other income excluding interest income	-	-	-	-	-	-	-
				607*	Income before taxes	2 075*	2 075*	1 890*	960*	1 150	3 365	6 730
1965–1969	%	1963–1969	%		Net income	1 054*	1 054*	983*	500*	600	1 750	3 500
				-	Average annual growth rate—Net income			1969–1975 =		%		
				-	Average investment	2 165	2 640	7 790	11 520	15 345	19 955	24 365
				-	Investment at December 31	4 600	6 320	6 950	10 950	14 620	18 680	23 160
				-	Cash flow to/from* Company Treasurer	5 645*	7 374*	1 613*	4 500*	3 070*	2 310*	980*
				607*	Dividends	-	-	-	-	300*	875*	1 750*
					Profitability							
					Residual income	1 079*	1 046*	1 113*	660*	353	1 376	2 958
					% Residual income to contributed value	46.0*	29.8*	16.2*	5.8*	2.3	6.9	11.8
					% Net income to net sales billed	17.6*	10.9*	6.0*	2.0*	1.8	4.2	7.0
					Investment turnover	2.8	3.7	2.1	2.2	2.2	2.1	2.1
					% Return on investment (average)	44.8*	34.6*	9.3*	0.7*	7.3	11.9	17.1
				1 800	**Orders (at selling prices)**							
				1 800	Orders received	9 200	14 400	20 000	28 200	36 600	45 200	54 000
					Unfilled orders at December 31	15 000	6 500	12 500	16 500	21 000	25 000	30 000
					Price indexes (1970=100.0)							
					Selling prices:							
					Orders	100	100	100	100	100	100	100
					Sales	100	100	100	100	100	100	100
					Direct materials	100	100	100	100	100	100	100
					Market Position ☐ Orders Basis ☒ Sales Basis							
O	O	O		O	Total served market value (All Garden Tractors)	O 250 000	O 245 000	O 260 000	O 275 000	O 300 000	O 330 000	O 350 000
				220 000	Total served industry market value (Elec.Gard.Trac.)	6 000	9 700	16 500	30 000	60 000	100 000	125 000
				-	Department value (Garden Tractors Portion)	6 000	9 700	16 500	25 000	30 000	33 000	35 000
				-	% Department to served market	2.4	4.0	6.3	9.1	10.0	10.0	10.0
				-	% Department to served industry market	100.0	100.0	100.0	85.0	50.0	33.0	28.0
Note: During 1969 this operation was a component of the Corporate New Businesses Development Operations.					**Productivity**							
					Productivity index (1968=100.0)							
				9	**Personnel and Employee Compensation—Earned Basis**							
				54	Number of employees at December 31—hourly	209	290	350	450	550	700	850
				35	—salaried	116	120	160	190	215	235	250
				481	Total average number of employees	207	260	420	555	680	835	975
				13 743	Total employee compensation and benefits	2 310	2 715	4 380	5 650	6 800	8 175	9 400
					Average compensation and benefits per employee (in dollars)	11 160	10 440	10 430	10 180	10 000	9 790	9 640
					Employee compensation and benefits price index ('70 =100.0)	100	100	100	100	100	100	100
					Cost Improvements-a							
				264	% To cost of operations plus direct material in sales	550	500	1 200	600	1 300	700	1 400
				417	**Plant Investment Expenditures (including leasehold costs)**	162	300	500	1 000	500	500	500
				7	**Depreciation**	68	72	140	280	320	450	500
					Standard Capacity (average)							
					% Utilized							

Ⓧ In column indicates market coverage changed from prior year.
1a- Through 1967, per GAP 301 dated 3-21-60; after 1967, per GAP 301 dated 7-27-67.

EXHIBIT 1

Manager-Outdoor Power

Manager-Adv.bus.Devel.

Division General Manager

OUTDOOR POWER EQUIPMENT OPERATION
TRANSPORTATION SYSTEMS DIVISION
1970 LONG-RANGE FORECAST

BACKGROUND AND ASSUMED CONDITIONS

Background

The Outdoor Power Equipment Operation was established to enter the battery-powered vehicle market, first by exploiting the garden tractor opportunity, and from this to develop other battery-powered products. Primary opportunities include lawn and garden vehicles, sports and fun vehicles, and special purpose personal transporters for home-owners. There are also important markets for commercial versions of these vehicles.

Objectives and Time Table

1. Build a $50 million, 7% net income business by 1975, consisting of $35 million of garden tractors and $15 million of sports vehicles.

2. Franchise 850 dealers by 12/31/70, and 1200 by 12/31/71.

3. Obtain a 10% share of garden tractor sales by 1973.

Strategy and Action Plans

1. Economically build a servicing distribution network for battery-powered vehicles.

2. Expand the Elec-Trak line to include smaller lawn and garden vehicles, and promote the sale of Elec-Trak products through an aggressive advertising program.

3. Introduce battery-powered sports vehicles.

4. Establish facilities to produce battery-powered garden tractors and sport vehicle derivatives.

5. Establish battery/electric drives to create a new components market.

Market Entry

The Elec-Trak was introduced in April 1970, and has met with highly favorable results, both from dealers and consumers, despite the strike caused product shortages. Production is now beginning to stabilize and show productivity

BACKGROUND AND ASSUMED CONDITIONS

Market Entry (Continued)

and cost improvements. The highly favorable product acceptance has indicated accelerated sales and market development action, and the forecasts of 1970 sales have increased from $4.3 to $6.0 to $9.7 million. The key objective of building a network of leading dealers has been highly successful to date though our late production start may delay adding dealers at the originally programmed rate.

Competition

The major competitors, International Harvester, John Deere, Sears, Simplicity, etc., presently are analyzing the Elec-Trak and its impact on their market. The predominate practice in the industry has been to provide a minimum of engineering effort, and primarily to assemble vendor components. This presents a major problem to the gasoline tractor manufacturer in developing the complete power and control system necessary for an electric tractor. Price cutting to obtain a larger share of the market is highly unlikely, due to the gasoline tractor manufacturer's low contributed value and the use by all gasoline tractor manufacturers of almost identical major components from a few vendors. The expected reaction is that one or two of the major producers will have a product to compete with the Elec-Trak by 1972, but with substantially higher costs and a long learning process for full development of battery drive systems.

Quality of the Numbers

Customer and dealer reactions to date have been very favorable, and have confirmed our earlier expectations. We continue to be optimistic about the opportunity for battery-powered lawn and garden products and sport vehicles, and believe this five-year forecast is realistic.

However, tractors have been in production for less than six months, and have been in dealers' hands for only about four months, so there is very limited experience upon which to project results for the next five years.

Because of this limited experience to date, and the lack of reliable historical data, Exhibit 5, Sensitivity Analysis, and Exhibit 10, Planning Summary, were not completed for this submission.

AD-239-B (4-70)

OUTDOOR POWER EQUIPMENT OPERATION
TRANSPORTATION SYSTEMS DIVISION

ANALYSIS OF INCOME VARIANCES
1970–1972

(Amounts in thousands)

COMPARISON OF SALES AND INCOME	Estimate 1970	Forecast 1971	Forecast 1972
Net sales billed			
Current year	9 700	16 500	25 000
Previous year	-	9 700	16 500
Increase (Decrease)	9 700	6 800	8 500
% Increase (Decrease)	-	70.1%	51.5%
Net income			
Current year	1 054*	983*	500*
Previous year	607*	1 054*	983*
Increase (Decrease)	(447)	71	483
% Increase (Decrease)	(73.6)%	6.7%	49.1%

FACTORS CONTRIBUTING TO CHANGES IN INCOME	Increase (Decrease) 1970 vs. 1969	1971 vs. 1970	1972 vs. 1971
Selling prices			
Volume and All Other	-	-	1 060
Product mix			
Resource prices—material			
—compensation and benefits			
Programmed Expenses (Major Programs)	(788)	(485)	(940)
Material Cost Reductions	-	670	810
Increase (Decrease) in income before taxes	(788)	185	930
Income taxes-a)	416	(91)	(447)
Income taxes—Change in effective rate-b)	(75)	(23)	XXX
Investment credit, renegotiation, other income tax adjustments			
Interest of other share owners in net results of affiliates			
Increase (Decrease) in net income	(447)	71	483

(a-Change based on effective tax rate for previous year.
(b-Effective U.S. Federal income tax rates:
1969—52.8%
1970—49.2%
1971—48.0%
1972—48.0%

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EXHIBIT 2

AD-239-C (4-70)

OUTDOOR POWER EQUIPMENT OPERATION
TRANSPORTATION SYSTEMS DIVISION

ANALYSIS OF INCOME VARIANCES

BETWEEN CURRENT FORECAST AND PREVIOUS FORECAST OF AUGUST 11, 1969 FOR THE YEAR 1971

(Amounts in thousands)

COMPARISON OF SALES AND INCOME	Sales	Income from Sales	Net Income	Residual Income
Year 1971—Current forecast	16 500	1 890*	983*	1 113*
Submitted on 11/21/69	16 500	1 890*	890*	1 032*
Increase (Decrease)	-	-	(93)	(81)
% Increase (Decrease)	-	-	(10.4)	(7.8)

FACTORS CONTRIBUTING TO CHANGES IN INCOME	Current Forecast vs. Forecast of 8/11/69 Increase (Decrease)	
	Before taxes	Net-after-tax using 52.8% rate
Selling prices		
Volume		
Product mix		
Resource prices—material		
—compensation and benefits		
Increase (Decrease) in income from sales	-0-	XXX
Other income (net)	-0-	
Increase (Decrease) in income before taxes	-0-	XXX
Federal income taxes—Change in effective rate from 52.8% to 48%		(93)
Investment credit, renegotiation, other income tax adjustments		
Interest of other share owners in net results of affiliates		
Increase (Decrease) in net income		(93)

1971 OPERATING RESULTS BY QUARTERS	Sales		Net Income		% Net Income to Sales	
	Amount	V%	Amount	V%	1971	1970
First Quarter	4 840	-	255*	31	-	5.3*
Second Quarter	5 060	185	110*	68	19.1*	2.2*
Third Quarter	2 970	31	330*	1	14.8*	11.1*
Fourth Quarter	3 630	36*	288*	-	0.2*	7.9*
Total Year	16 500	70	983*	7	10.9*	6.0*

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EXHIBIT 3

AD-239-D (4-70)

OUTDOOR POWER EQUIPMENT OPERATION
TRANSPORTATION SYSTEMS DIVISION

CASH FLOW AND FINANCIAL POSITION 1969-1973

(Amounts in thousands)

CASH FLOW	Actual 1969	Estimate 1970	Forecast 1971	Forecast 1972	Forecast 1973
Funds Generated/Used*					
Plant investment—Regular additions	203*	333*	1 140*	500*	1 200*
—Equipment leased to others					
—Other changes					
Depreciation	7	24	75	210	210
Receivables less reserves		4 500*	900	2 800*	1 850*
Inventories	85*	2 135*	1 130*	1 150*	1 420*
Contract engineering					
Investments in affiliates and associated companies					
Cash and other assets	68*	37*	35*	10*	10*
Accounts payable	230	320	300	275	375
Progress collections and price adjustments accrued					
Other liabilities and reserves	119	341	400	25*	225
Increase*/Decrease in total net assets	-0-	6 320*	630*	4 000*	3 670*
Net income/loss*	607*	1 054*	983*	500*	600
Net Funds Generated/Used* before Borrowings	607*	7 374*	1 613*	4 500*	3 070*
Increase/Decrease* in Borrowings	-	-	-	-	-
Cash Flow to/from* Company Treasurer	607*	7 374*	1 613*	4 500*	3 070*
Dividends	-	-	-	-	300
Cash Flow after Dividends For Year	607*	7 374*	1 613*	4 500*	3 370*
Cumulative since January 1, 1966	607*	7 374*	8 987*	13 487*	16 857*

FINANCIAL POSITION	At December 31 Actual 1969	Estimate 1970	Forecast 1971	Forecast 1972	Forecast 1973
Assets					
Plant and equipment:					
First cost	277	610	1 750	2 250	3 450
Depreciation reserves	81	105	180	390	600
Cost less accumulated depreciation	196	505	1 570	1 860	2 850
Receivables less reserves		4 500	3 600	6 400	8 250
Inventories	85	2 220	3 350	4 500	5 920
Contract engineering		-			
Investments in affiliates and associated companies		-			
Cash and other assets	68	105	140	150	160
Total assets	349	7 330	8 660	12 910	17 180
Liabilities and Reserves					
Accounts payable	230	550	900	1 000	1 500
Progress collections and price adjustments accrued					
Other liabilities and reserves	119	460	810	960	1 060
Total liabilities and reserves	349	1 010	1 710	1 960	2 560
Borrowings	-	-0-	-0-	-0-	-0-
Net Investment Exclusive of Borrowings	-0-	6 320	6 950	10 950	14 620

EXHIBIT 4

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AD-239-F (4-70)

OUTDOOR POWER EQUIPMENT OPERATION
TRANSPORTATION SYSTEMS DIVISION

EMPLOYMENT STATISTICS
1969-1973

(Dollar amounts in thousands)

NUMBER OF EMPLOYEES	AVERAGE					AT DECEMBER 31				
	Actual 1969	Est. 1970	Forecast 1971	Forecast 1972	Forecast 1973	Actual 1969	Est. 1970	Forecast 1971	Forecast 1972	Forecast 1973
Hourly										
Direct	-	140	210	290	370	-	240	270	350	420
Indirect	6	30	65	90	110	9	50	80	100	130
Total hourly	6	170	275	380	480	9	290	350	450	550
Salaried										
Exempt	24	65	82	95	105	39	80	90	100	110
Non-exempt	5	25	63	80	95	15	40	70	90	105
Total salaried	29	90	145	175	200	54	120	160	190	215
Total employees	35	260	420	555	680	63	410	510	640	765

EMPLOYEE COMPENSATION EARNED BASIS	Actual 1969	Estimate 1970	Forecast 1971	Forecast 1972	Forecast 1973
TOTAL EMPLOYEES					
Salaries and wages (excluding overtime)	407	2 155	3 480	4 470	5 370
Overtime—straight time and premiums	20	205	330	445	540
Total salaries and wages	427	2 360	3 810	4 915	5 910
Other employee earnings and benefits	54	355	570	735	890
Total employee compensation and benefits	481	2 715	4 380	5 650	6 800
V %	-	464	61	29	20
% to net sales billed	-	28.0	26.5	22.6	20.6
% to contributed value	-	77.4	63.8	49.6	44.3
HOURLY EMPLOYEES					
Total employee compensation and benefits	39	1 275	2 060	2 850	3 600
V %	-	-	62	38	26
% to net sales billed	-	13.1	12.5	11.4	10.9
% to contributed value	-	36.3	30.0	25.0	23.5
Average compensation and benefits per employee (in dollars)	6 500	7 500	7 500	7 500	7 500
SALARIED EMPLOYEES					
Total employee compensation and benefits	442	1 440	2 320	2 800	3 200
V %	-	226	61	21	14
% to net sales billed	-	14.9	14.0	11.2	9.7
% to contributed value	-	41.1	33.8	24.6	20.8
Average compensation and benefits per employee (in dollars)	15 240	16 000	16 000	16 000	16 000

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EXHIBIT 6

AD-239-G (5-70)

OUTDOOR POWER EQUIPMENT OPERATION
TRANSPORTATION SYSTEMS DIVISION

PLANT APPROPRIATIONS APPROVALS AND EXPENDITURES
1971 and 1972

(Amounts in Thousands)

	Total					Expenditures								
						1971			1972			After 1972		
	Date of Approval	Category	Plant Investment	Deferred charge -b/	Related expense	Plant Investment	Deferred charge -b/	Related expense	Plant Investment	Deferred charge -b/	Related expense	Plant Investment	Deferred charge -b/	Related expense
Expenditures on appropriations to be approved Requiring approval by Board of Directors, Corporate Policy Committee, or Group Executive														
Establish a new manufacturing facility in leased space for assembly of garden tractors. This facility will supplement the present facility at Corporations Park in Schenectady.	2Q71	III	1500	-	1500	1000	-	400	500	-	900	-	-	200
Total			1500	-	1500	1000	-	400	500	-	900	-	-	200
Requiring other levels of approval			500	-	300	200	-	100	100	-	100	200	-	100
Total appropriations to be approved in 1971 and 1972 -a/			2000	-	1800	1200	-	500	600	-	1000	200	-	300
Expenditures to complete appropriations to be open at January 1, 1971 Approved by Board of Directors														
Total														
Approved by others														
Total expenditures on open appropriations														
Total			2000	-	1800	1200	-	500	600	-	1000	200	-	300

a—Summary of total approvals by category:	1971 Plant Investment	1971 Deferred charge -b/	1971 Related expense	1972 Plant Investment	1972 Deferred charge -b/	1972 Related expense
I. Cost improvement—equipment	200	-	100	300	-	200
II. Cost improvement—short-run capacity						
III. Long-range capacity—orders backlog	1500	-	1500			
IV. Long-range capacity—forecast sales						
V. All other						
Total approvals	1700	-	1600	300	-	200

(b- Deferred charge at acquisition of internally-produced equipment.

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EXHIBIT 7

AD-239-H1 (4-70)

OUTDOOR POWER EQUIPMENT OPERATION
TRANSPORTATION SYSTEMS DIVISION

PROGRAMMED EXPENDITURES -a)

1969–1975

(Amounts in thousands)

SUMMARY BY CATEGORY	ACTUAL 1969		ESTIMATE 1970		FORECAST 1971		1972		1973		1974		1975	
	Invest-ment	Expenses	Invest-ment	Expenses	Invest-ment	Expenses	Invest-ment	Expenses	Invest-ment	Expenses	Invest-ment	Expenses	Invest-ment	Expenses
Major Development Programs:														
1. Distribution Network		150		350		250		175						
2. Expand Lawn & Garden Line		720		230		250		200		300		450		100
3. Advertising Program				100		435		650		700		750		800
4. Sports Vehicle Development				20		50		400		400		500		500
5. Facilities & Equipment	265	417	500	300	1200	500	600	1000	1300	500	700	500	1400	500
Total	265	1287	500	1000	1200	1485	600	2425	1300	1900	700	2200	1400	1900
Other Significant Programs:														
Total														
Other Programmed Expenditures														
Total Programmed Expenditures	265	1287	500	1000	1200	1485	600	2425	1300	1900	700	2200	1400	1900
Expenditures Applicable to Programs:														
Initiated prior to December 31, 1970	265	1287	500	1000	1200	1485	600	2425	1300	1900	700	2200	1400	1900
To be initiated in 1971–1975	X	X	X	X										
Total Programmed Expenditures	265	1287	500	1000	1200	1485	600	2425	1300	1900	700	2200	1400	1900
% to net sales billed	X	-	X	10.3	X	9.0	X	9.7	X	5.8	X	5.2	X	3.8

(a- Expenditures (other than on a direct cost-reimbursement basis) which have their origin in managerial decisions and are applicable to specific programs, projects and activities undertaken to improve competitiveness from the technology, volume and cost levels already achieved with proven designs and existing methods and equipment.

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OUTDOOR POWER EQUIPMENT OPERATION
TRANSPORTATION SYSTEMS DIVISION

MAJOR DEVELOPMENT PROGRAMS

Initiated prior to December 31, 1972

(Amounts in thousands)

Description, purpose, year initiated and completed	Year	Programmed Expenditures		Incremental Benefits		Cumulative Cash Flow
		Investment	Expenses	Sales	Income Before Tax	
1. Economically build a servicing distribution network for battery-powered vehicles. Select and franchise the best of the present outdoor power equipment dealers in key market areas.	1969		150			
	1970		350			
	1971		250			
	1972		170			
2. Develop and expand the present Elec-Trak line to include smaller lawn and garden vehicles, and commercial versions of these products. Also develop knowhow for future entry into other battery-powered vehicles.	1969		720	-	1 287*	
	1970		230	9 700	2 055*	
	1971		250	16 500	1 840*	
	1972		200	25 000	560*	
	1973		300	30 000	2 025	
	1974		450	33 000	4 265	
	1975		100	35 000	5 630	
3. Develop a national advertising program to supplement the present co-op advertising plan, in order to increase product exposure and build market share.	1970		100			
	1971		435			
	1972		650			
	1973		700			
	1974		750			
	1975		800			
4. Introduce sports vehicles using technologies and components developed for the lawn and garden vehicles, by the Spring of 1973, to be sold through the same dealer network as the lawn and garden vehicles, and develop additional products for introduction in early 1976.	1970		20	-	20*	
	1971		50	-	50*	
	1972		400	-	400*	
	1973		400	3 000	875*	
	1974		500	9 000	900*	
	1975		500	15 000	1 100	
5. Establish facilities to produce battery-powered lawn and garden vehicles, and sport vehicle derivatives, as follows: Schenectady/Scotia in 69/70, Midwest in 1971, second plant in the East in 1973, South or West in 1975.	1969	265	417			
	1970	500	300			
	1971	1 200	500			
	1972	600	1 000			
	1973	1 300	500			
	1974	700	500			
	1975	1 400	500			

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AD-239-I (4-70)

OUTDOOR POWER EQUIPMENT OPERATION
TRANSPORTATION SYSTEMS DIVISION

SALES AND NET INCOME BY PRODUCT CLASSIFICATION AND OPERATIONS AS A PERCENT TO SALES 1969–1975

(Amounts in thousands)

	Actual 1969	Estimate 1970	Forecast 1971	1972	1973	1974	1975
Net Sales Billed by Product Classification							
Lawn & Garden Vehicles	-	9 700	16 500	25 000	30 000	33 000	35 000
Sport Vehicles	-	-	-	-	3 000	9 000	15 000
Total net sales billed	-	9 700	16 500	25 000	33 000	42 000	50 000
Net Income by Product Classification							
Lawn & Garden Vehicles	607*	1 044*	958*	290*	1 055	2 220	2 930
Sport Vehicles	-	10*	25*	210*	455*	470*	570
Total net income	607*	1 054*	983*	500*	600	1 750	3 500
Operations as a Percent to Sales							
Direct material in sales		63.8	58.4	54.5	53.5	52.2	50.0
Contributed value		36.2	41.6	45.5	46.5	47.8	50.0
Conversion costs in shipments		9.6	9.7	9.8	9.5	9.4	9.3
Contribution margin		15.1	20.6	26.4	28.1	29.9	32.6
Cost of operations exc. conversion costs and imputed interest expense (income)		27.2	31.7	35.6	36.6	37.9	40.1
Income from sales		45.8	40.2	36.2	30.1	27.0	24.0
Interest expense (income)-a		18.6*	8.5*	.6*	6.5	10.9	16.1
Income before taxes		2.8	3.0	3.2	3.0	2.9	2.6
Net income		21.4*	11.5*	3.8*	3.5	8.0	13.5
		10.9*	6.0*	2.0*	1.8	4.2	7.0
Incremental Net Income resulting from Change in Sales Volume							
Increase of 10%							
Decrease of 10%							

(a- Imputed and incurred (received).

8/10/70

EXHIBIT 9