MAKE IT BETTER.

Last year, in assessing the state of the industry, BASF Professional Turf made a public commitment to the turf industry. We told you then that every time someone from BASF interacted with the industry, it would be with a single goal in mind—to make it better.

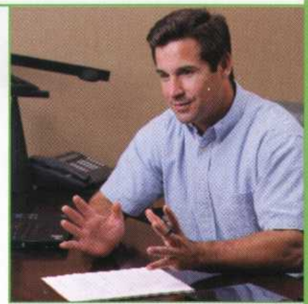
Looking back on the year gone by, we believe we've gone a long way toward delivering on that promise. That's not to say our work is done. Far from it. By seeing how we can really make a difference to you and your colleagues, we're more energized than ever. So, as we kick off another year of serving the needs of turf professionals, we've asked the leaders of the BASF Professional Turf team to share their thoughts regarding some of the significant contributions BASF has made in the past year to make it better.

Bill Baxter—Business Manager, Pest Control, Turf & Ornamental

Last year I asked everyone to embrace the challenges facing the turf industry, and I've been gratified to see that spirit take hold throughout the turf marketplace. To meet our obligation, BASF has continued to apply resources toward the development of new products, as well as improvements of existing products. The recent introduction of **Pendulum® AquaCap™** and the introduction of **Plateau® DG herbicide** and **Sahara® DG herbicide** in the turf market are just a few examples. In the past year, BASF Professional Turf has made a sizable investment in people, materials and customer-oriented, value-added programs, all designed to reconfirm our long-term commitment to "make it better."

William Strickland—Marketing Manager, Herbicides & Soil Fumigants

We're making a major effort to enhance communication among superintendents and to raise the level of visibility of our industry as a whole.



Specifically, we continue to sponsor the Golf Course Superintendents Breakfast at GCSAA to support and encourage creativity and communication among superintendents. By giving superintendents the opportunity to share innovative, new ideas, everyone involved helps "make it better."

We're also committing more resources to training, such as the **Basamid® Granular Soil Fumigant** Stewardship Program. To make sure **Basamid** users have improved use directions and increased communication and product support from BASF, we're offering extensive training available through distributors and soon, over the Internet. In the end, we believe we've made it easier for superintendents to successfully renovate.

BASF also rewards loyal users and distributors through the Green Connection™ Program—adding even more value to some of the best values in the turf industry. The Green Connection program gives **Pendulum® preemergent herbicide** an even greater price advantage relative to other products, making it the clear choice for distributors and superintendents alike.

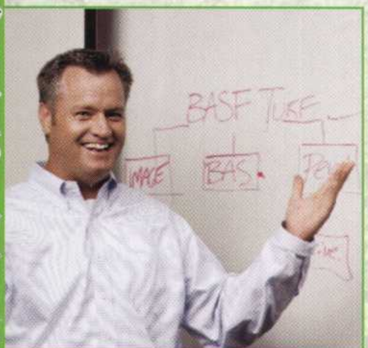
Finally, in response to specific customer requests, BASF has launched **Pendulum AquaCap**—an encapsulated, water-based formulation of the industry's leading preemergent herbicide that eliminates odor, reduces staining and increases ease of handling.

Greg Thompson—Marketing Manager, Fungicides

As BASF Professional Turf prepares to enter the fungicide market in a big way, we've spent the better part of the past year listening to turf professionals. We've initiated over 80 trials with 22 university cooperators, as well as over 130 EUP trials at golf courses across the country. We've also conducted numerous focus groups and input sessions with superintendents and distributors to learn how

we can best meet market needs. Finally, we're active members of the Fungicide Resistance Action Committee and strongly support the responsible use of fungicides with an eye toward sustainability.

Meanwhile, we've drawn upon the internal knowledge found at BASF—the largest fungicide manufacturer in the world—and the numerous fungicides BASF currently markets in the crop, ornamental and nursery markets. We believe that all of this knowledge will help us effectively steward the many new fungicides BASF is preparing to introduce to the market in a manner that will "make it better" for all of us.



Derek Miller—Marketing Communications Manager, Pest Control, Turf & Ornamental

At BASF Professional Turf, we're taking a proactive communications approach toward ensuring that our products are used in a manner that enhances performance, reduces risk and protects the environment.

For instance, we now distribute the award-winning, monthly e-newsletter, *Growing Trends*, that provides useful information and industry news in a timely fashion. Earlier this year, we also finished an extensive overhaul of our Web site, *www.turffacts.com*, that makes the site both easier to use and far more useful to turf professionals. In fact, all of our communications efforts in the last year have been designed to not only promote the specific benefits of BASF products, but to promote best industry practices and continued education among turf professionals.

In addition, BASF Professional Turf representatives recently participated in the "Day on the Hill" event in Washington, which was organized to promote the welfare and interests of the turf industry before Congress. This proactive effort helps the turf industry gain some vital, top-of-mind attention among lawmakers. BASF representatives have also volunteered their time to consult with groundskeepers at Arlington National Cemetery, making a contribution to the continuing upkeep of this important national site.

Allison Moskal—National Sales Manager, Turf & Ornamental

The most notable development on the sales side is that we've doubled the sales force, so there are now twice as many BASF Professional Turf representatives on the ground to better service superintendents and our channel partners alike. With the help of those additional representatives, we've initiated, conducted and summarized more than 130 EUP trials for BASF fungicides that are expected to reach the market in the near future. These trials help determine the best practices and ensure the best results for users when these products become available for use. Plus, they provide valuable education to the distributors and superintendents who participated.

We've also greatly enhanced the training of end users *and* our own sales force. All of our representatives underwent an intensive training program designed to help them become better attuned to the needs of their customers. By running their own simulated "businesses," representatives learned firsthand about the tough decisions, challenges and pressures facing superintendents and channel partners. We've also made a strong commitment to sharing what we know with our customers and channel partners in the form of hundreds of formal and informal training sessions coast to coast, including accredited CEU programs.

Rich Kalik—National Accounts Manager, Turf & Ornamental

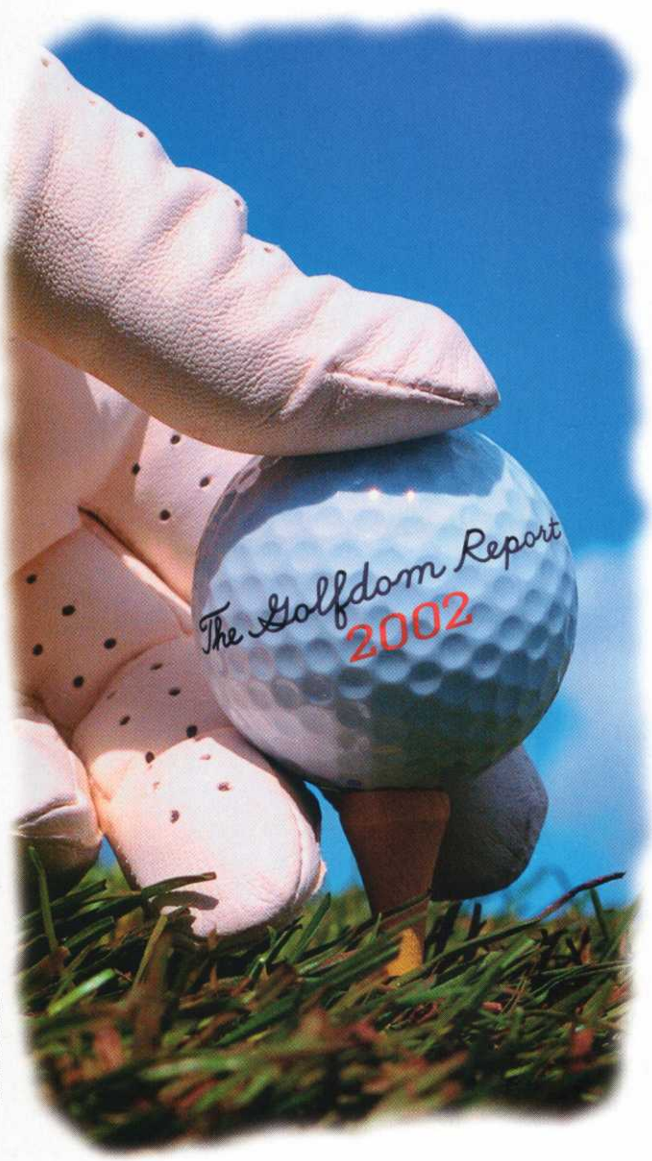
In cooperation with our major accounts, BASF Professional Turf has made a number of strides toward strengthening the supply and support chain for BASF products. For instance, as BASF prepares to introduce a number of new proprietary active ingredients to the market, we are working with our key partners to provide the necessary product education and support. In addition, we're continually investigating potential cooperative arrangements with leading formulators and distributors to provide end users with a broader range of more useful and flexible formulations. Finally, by training distributors and making sure there's someone at the other end of the phone to answer questions about BASF products, we provide value that truly "makes it better."

These are just a few of the ways in which the BASF Professional Turf team is striving to "make it better." Every member of the BASF team has contributed their time, their energy and their ideas to this effort and every one of us is committed to taking it even further in the year ahead. At BASF, we're proud of the contribution we make to the turf industry. But we want to do more—and for that, we need your help. Share your ideas. Better yet, share your energy and dedication. Because, working together, there's no doubt that we can MAKE IT BETTER.

We don't make the turf. We make it better.

A Challenging Year

Economics and agronomics. Those are the two key issues that come to mind when we think of the industry in 2002



DIGITAL STOCK

The difficult economy continues to be an integral issue in the golf course industry. We said the same thing about a year ago, but we (along with many financial analysts) expected things to shake out by now. They haven't, and many golf courses continue to pay the price for slow business.

In the first story (page 4A) comprising our third annual *Golfdom Report*, we asked superintendents from around the country how their courses are performing financially and what they expect fiscally in 2003. We also asked the heavy hitters on the manufacturing side how the sour economy is affecting their businesses.

The year in turf management proved to be a year of heartache for many superintendents throughout the country because of the nation's extreme weather, most notably a drought that affected nearly 50 percent of the country. We heard many superintendents say that 2002 was the most challenging year they've ever had tending turf because of difficulties brought on by drought, high humidity and even too much rain.

In the second story in our report (page 12A), we interviewed superintendents from across the country to find out what turf-management challenges they faced, how they dealt with them and, most importantly, what they learned from them.

Both stories feature informational charts garnered from our recent superintendent survey.

Speaking of that survey, the third story comprising our report (page 20A) focuses on information gathered from it. In September, we polled superintendents on a plethora of issues, from job challenges to job security. We report on those findings with superintendents' comments.

– Larry Aylward, Editor

Feeling the Economic Pinch

Tough times force industry to evaluate purchases and practices with greater scrutiny

BY FRANK H. ANDORKA JR.
MANAGING EDITOR

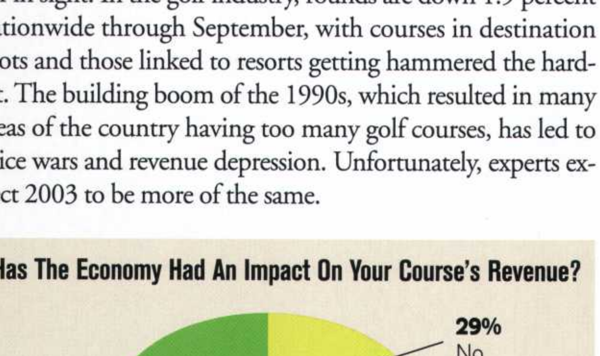
Mark Claburn, superintendent at The Golf Club at Bradshaw Farm in Woodstock, Ga., feels the pinch of the tough economy in the place where it hurts most — his own wallet.

In the past, the management company that owns his club paid his way to shows and educational seminars. For 2003, the company recently told Claburn that he must pay for his educational needs out of his own pocket.

"I'll only be able to attend the educational meetings I can afford," Claburn says. "Since we'll also be foregoing raises here, I can tell you such travel will be kept to a minimum."

Claburn isn't the only one forced to deal with the harsh economic realities of 2002. The recession many experts expected to end late this year is still chugging along, and there is little relief in sight. In the golf industry, rounds are down 1.9 percent nationwide through September, with courses in destination spots and those linked to resorts getting hammered the hardest. The building boom of the 1990s, which resulted in many areas of the country having too many golf courses, has led to price wars and revenue depression. Unfortunately, experts expect 2003 to be more of the same.

Has The Economy Had An Impact On Your Course's Revenue?



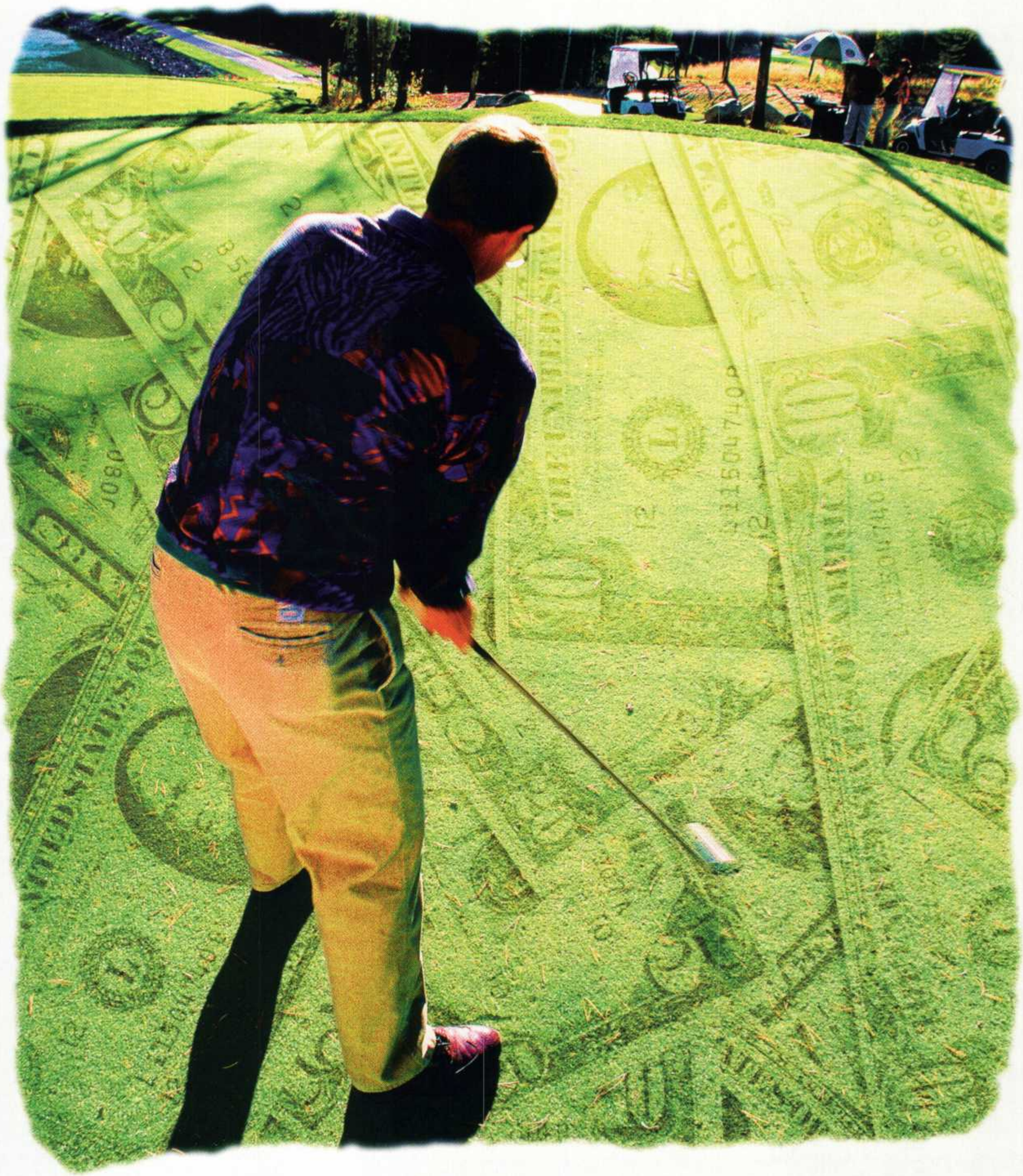
The down economy has forced many segments of the industry to be more careful in the way they spend their money. A recent *Golfdom* online survey, which took the pulse of more than 110 superintendents across the country, revealed that 71 percent of respondents said the economy has affected their courses' revenues, though most report that it hasn't affected their maintenance budgets — yet. Manufacturers say they've heard superintendents asking hard questions about the overall return on investment of products before purchasing them, something they hadn't asked as often before.

While 2003 doesn't look much better than 2002, the upside is that superintendents have become more adept at dealing with economic fallout after suffering through a rough year this year. One observer says the economic downturn has had at least one positive effect: More attention was paid to the bottom line than ever before.

Supply outpaces demand

Jeff Normandt waited 10 years to fulfill his dream of owning a golf course. He finally purchased Valley High GC in Houston, Minn., a 22-mile drive from the border town of LaCrosse, Wis., where he became the owner/superintendent in 1997. His research showed that much of his business came from LaCrosse's business community, and he was excited about the possibilities for growth that the course offered.

Unfortunately, the area was overbuilt in the late 1990s and has up to 200 golf holes to support a population of 50,000. As a result, Normandt's course suffered revenue drops between 5 percent and 10 percent for the first three years he owned it. Then the recession, which came in with a whimper in March 2001, evolved into a full-blown lion as the year wore on, ripping apart corporate bottom lines and devouring large pieces of what was left of Normandt's business in the process. The



EYEWIRE

recession, which forced several of LaCrosse's largest companies to close, is threatening to finish him off. Now his dreams are nearly in tatters, and Normandt says he's facing up to the possibility that he may have to sell the course.

"It's unfortunate that it's come to this," Normandt says. "We've been a casualty of the golf course building boom and the down economy."

To try and stay afloat for another year, Normandt says he's planning on offering free golf next year during certain times of the day, charging only for carts. Meanwhile, he and his partner are talking through their options, including a possible sale. His heart sinks over the possibility of having to ditch the dream he'd worked so hard to create.

"It's a difficult decision to make," Normandt says. "I always hear superintendents talk about wanting to own golf courses. I wonder if they know what they're getting into."

Normandt's struggles are emblematic of problems affecting the entire industry, says Tom Bruff, managing director of Dallas-based KPMG's golf practice. The number of courses built in the 1990s isn't supported by the number of golfers playing the game. In some areas of the country, that's meant hard times for golf course operators and superintendents.

"There's no easy way to deal with the oversupply," Bruff says. "It's nearly impossible to return golf courses to other land uses because so many of the newer courses are part of housing developments. You can't tear up a course if there are people living on its periphery who have paid a premium price to have it in their backyards."

Bruff, who expected a flurry of golf course deals in 2002,

Continued on page 6A

Continued from page 5A
says differences between the prices that owners are seeking and the prices that buyers are willing to pay scotched sales this year.

Paradoxically, low interest rates have also kept some owners holding on in the hopes that 2003 will be better.

Bruff also believes tight credit has hindered transactions from getting done. There aren't as many lenders who are willing to finance deals. But the tide may be turning. GMAC Finance Corp. recently announced that it is entering the golf lending market. Bruff says that may bring some liquidity back to the market, but not enough to promote a complete recovery.

"It's tough out there," Bruff says. "It will take two or three more years before we make it out of this hole."

Mike Hughes, president of the National Golf Course Owners Association (NGCOA), confirms that the number of golfers playing the game doesn't support the number of golf courses in the country. In fact, the number of golfers has remained flat for the past several years while new courses are still being constructed.

"Resort courses and higher end destinations have taken the worst hit, and corporate business is down significantly," Hughes says. "We're hoping the economy will pick up and alleviate some of these problems."

Reduce building, add golfers

Hughes says the industry is already taking into account overbuilding that has bloated golf course supply in this economy. The next step is to create industry-wide programs to increase golfer participation.

"All facets of the industry — the owners, operators, superintendents and the like — must make a concerted effort to bring new players into the game," Hughes says.

Continued on page 8A

Tubbs: Seed Prices Will Rise

Steve Tubbs

Steve Tubbs, president of Turf Merchants, says superintendents should plan to pay more for seed in 2003. The market has finally worked through the excess that was created by the AgroBioTech bankruptcy, and supply will be lower than it has been in years.

"That's good news for those of us in the seed business, but it may not be good news for superintendents who haven't planned for it," Tubbs says. "We've had two years of oversupply, but those days have run their course. Now prices will return to normal."

Tubbs says the overseeding market suffered this year because fewer clubs could afford to continue to overseed wall-to-wall, cutting back to only fairways and greens. But next year, prices for seed will climb, and superintendents should account for that in their budgets.

"In the past, superintendents have budgeted $40,000 for seed and only spent $30,000," Tubbs says. "The next year, they've budgeted $30,000 and spent only $20,000. But if they budget only $20,000 for next year, they'll be in for a rude surprise."

The greatest factor in bringing supply more in line with demand was the decision by Oregon farmers to take between 60,000 and 100,000 acres out of grass seed production and turn it to more profitable crops, such as wheat. The acreage represents 25 percent of the previously active seed fields that will no longer produce seed, Tubbs says.

"We feel the worst is behind us and that the seed market will pick up starting next year," Tubbs says. "We've been surprised at how quickly the oversupply moved through the market, but it's gone now."

–Frank H. Andorka Jr., Managing Editor

Snow: No Cutbacks on Chemicals

In a normal year, Rick Slattery spends between $15,000 and $20,000 on fungicides to combat turf disease at Locust Hill CC in Rochester, N.Y. This year, he spent $8,000 over his budget.

Of course, 2002 was not a "normal" year. Slattery and other superintendents, especially in the Midwest and East, witnessed tremendous disease pressure on their courses brought on by severe weather. Hence, they spent more than usual on pesticides to suppress disease. While golf courses nationwide felt the economic pinch, most didn't let that dictate their spending on chemicals to combat disease, even if they were overbudget.

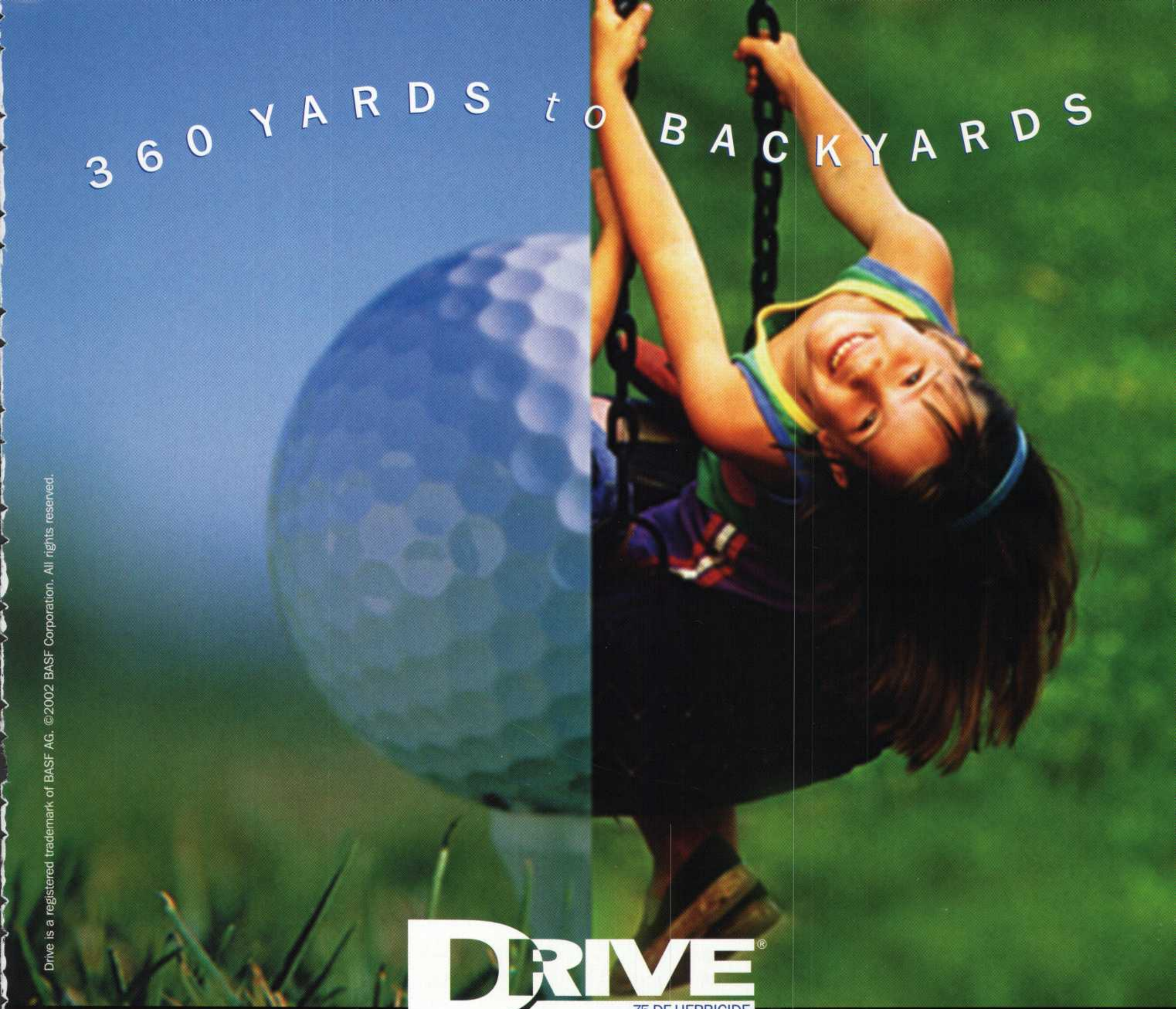
"That's the last thing superintendents would cut back on," says Jim Snow, national director of the USGA's Green Section in Far Hills, N.J. "A club isn't going to be too happy if its superintendent decides not spray to save money, and the course ends up getting clobbered by disease. [That superintendent] would be out on his ear."

Jim Snow

Rather than cut back on chemicals, Snow says superintendents "cut back on the things that are easy to cut back on." Snow also believes superintendents didn't settle for cheaper products to combat disease to save money.

"They might have done that with preventative sprays for dollar spot," Snow says. "But when it comes to serious diseases that might clobber you, like anthracnose, they pick the products that do the best jobs."

– Larry Aylward, Editor



The shortest distance between broadleaf and grassy weed control.

Drive® 75 DF herbicide effectively raises the bar for postemergent weed control. A single, convenient application of **Drive** quickly eliminates a broad spectrum of both broadleaf and grassy weeds—from crabgrass and foxtail to clover and dandelion—in a wide variety of turf species. Then **Drive** keeps weeds under control for 30 to 45 days—in some cases for more than 3 months. **Drive** also offers exceptional seeding and overseeding flexibility—allowing you to seed many varieties of turf immediately before or after application. To learn more about how **Drive® 75 DF** can help you in your drive for turf protection, visit www.turffacts.com. Always read and follow label directions.

BASF PROFESSIONAL TURF™

We don't make the turf. We make it better.

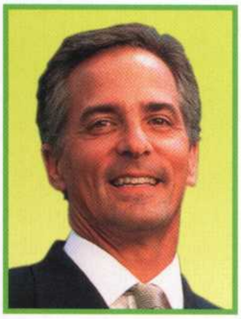
BASF

Continued from page 6A

"This doesn't just affect owners. It affects everyone."

The slowdown is hitting some courses harder than others. Douglas Guns, superintendent at Brentwood GC in Elkton, Md., is a prime example. He says he can tell rounds are down at his course when he's out doing maintenance.

"We don't see many golfers on Tuesdays through Thursdays," Guns says. "We used to host a lot of corporate outings, but those have fallen off dramatically. We lowered our prices and that seems to have helped some — but we're clearly not having as many golfers come to our course as in past years."



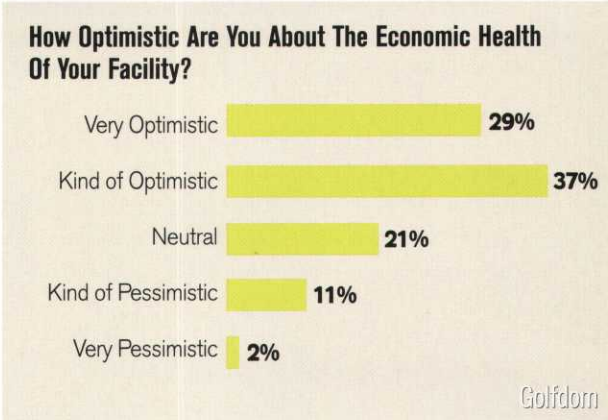
"We're hoping the economy picks up and alleviates some of these problems."

MIKE HUGHES, PRESIDENT
NATIONAL GOLF COURSE
OWNERS ASSOCIATION

The economic difficulties hit Guns hardest in the labor area. Workers joined his staff — and left it — at a record pace this year. Lower wages contributed to Guns' difficulties in keeping them.

"We couldn't give them the raises they wanted, so they could find better-paying jobs in other industries," Guns says. "I like to keep between seven and 10 people on the crew, but I'm having to get by with five or six. But at least the people who remained are happy. I keep telling them next year will be better."

There's also been grumbling in the clubhouse about other courses. Guns says he's heard golfers talking about how they've abandoned higher-priced courses because they don't feel they're getting value for the money they've spent. That's a message that resonates with Wayne Van Matre, superintendent and director of operations for Meadow Lakes GC in Prineville, Ore.



Meadow Lakes is a municipal course that has been medium-priced in an area known for its upscale courses. While those courses have lost rounds considerably, Meadow Lakes saw its rounds jump 15 percent to 20 percent, and revenues have jumped 20 percent to 30 percent.

"People are shopping for golf in numbers I haven't seen before," Van Matre says. "We expect to do well next year because our city continues to grow. We feel comfortable about what 2003 holds."

Despite the apparent appeal of lowering prices to snag new golfers, KPMG's Bruff warns owners against it. Once the upper courses lower their prices, the midpriced courses must follow suit.

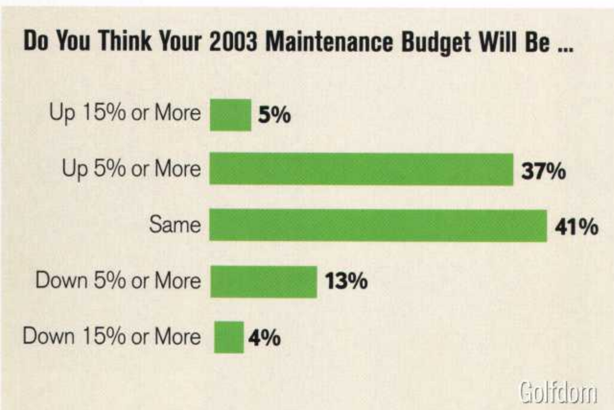
"You get into a death spiral of prices that's hard to stop," Bruff says. "That depresses the entire region and hurts everyone in the process."

What to do in 2003?

Despite the hard times that befell many golf courses in 2002, superintendents who participated in *Golfdom*'s survey feel their courses are well-positioned for the long haul. In fact, 66 percent of superintendents said they feel "very optimistic" or "kind of optimistic" about the overall economic health of their facilities. The question, however, is: What steps can golf courses take to keep their courses afloat until the economy comes back?

Ray Finch, owner of Emerald Dunes GC in West Palm Beach, Fla., says the down economy forced changes in the way he markets his course. In previous years, Finch relied heavily on business from hotels and meeting planners because West Palm Beach drew corporate business to the area. With Sept. 11 and an economy that's forcing companies to cut back on business travel, he's returned to his old advertising strategy of trying to attract more locals to his course.

"Everything has changed in this market," Finch says. "I



don't see travel returning to pre-Sept. 11 levels anytime soon, so we're going to have to get more local people to come to keep rounds at an acceptable level.

"It's a sensitive time for the industry," he adds. "We've never experienced anything quite like this before, but golf will be fine. There are more business people involved [with the game] these days, and they'll find a way to react to this economy."

Van Matre says he expects his city to advertise the course more in 2003, which will help keep rounds at a high level. "People are looking for good value in their golf experience, and we offer that," he says.

Guns says his owners must be optimistic about the future because they've told him to draw up a list of equipment he'd like to replace next year. He says he'd like to purchase more chemicals in 2003 than he did this year, particularly for algae and broadleaf-weed control. He was forced to cut back in both those areas this year because the hard economic times crimped his budget.

"I'm not going to get all of it, but at least they're letting me put together a list," Guns says. "I know a lot of my colleagues aren't even getting that opportunity."

Claburn says superintendents must be more careful than ever when spending money in 2003. He's planning on cutting back on capital improvements unless they have a positive impact on the revenues of the course.

"There are probably projects that we'll hold off on for a year or so until revenues start going up again," Claburn says. "My owner has asked me to spend money this year like it's my own, and I'm going to try to do that." ■

You can reach Andorka, the author of this article, at fandorka@advanstar.com.

Wright: Strong as Iron

John Wright

John Wright, director of commercial golf marketing at The Toro Co., says 2002 had few surprises for his company. Equipment manufacturers were affected by a lack of newly built courses in the wake of the building boom of the 1990s, but he says Toro learned from the tough economy of 2001.

"We made our adjustments in projections for 2002 and adjusted our thinking," Wright says. "It's a more disciplined industry than it had been before. The 1990s are definitely over."

He adds that superintendents are still spending money, but they're spending it more judiciously than they have in the past decade. They're doing their homework and weighing all the options before making purchases, which is as it should be, Wright says.

He expects new course construction to decline in 2003, so Toro will focus even more intently on keeping the customers they've already landed.

While new equipment purchases may be down as budgets tighten and replacements may be put off for a year or two, Wright says he's not worried about long-term difficulties for the equipment market. He adds that Toro gained market share in a down year.

"Superintendents will have to purchase new equipment eventually, so you want to build their brand loyalty during a down economic times," he says. "Then when they're finally in a position to make purchases, they'll be far more likely to do business with you."

–F.H.A. Jr.

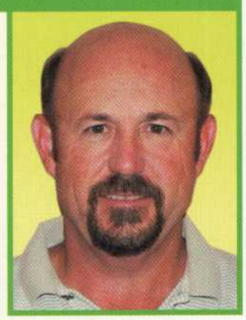
Naumann: Distributors Faced Rocky Year

Don Naumann, president of Sierra Pacific Turf Supply, says independent distributors who come out of 2002 breaking even should consider themselves lucky.

"It's been a difficult year for a lot of distributors on the golf side of the business," Naumann says. "Superintendents have been trading down from higher-priced products to lower-priced products, and that phenomenon has narrowed profit margins. The overall situation has been tight."

Naumann says not all distributors faced a tough year because their businesses are often driven by relationships. The closer the relationship between distributor and client, the more easily the distributor will weather economic difficulties.

"We've seen superintendents become more focused on the fiscal side of the business," Naumann says. "They've had their budgets readjusted in these more stringent economic times. That's affected the amount of money they can spend, so they're doing it with more forethought."



Don Naumann

Naumann says he expects the golf market to remain flat for the next year or two while the economy sorts itself out. He recommends distributors turn their attention to streamlining their internal operations, which will make them stronger once the economy rebounds.

"Distributors must place themselves in a good position to compete in a market where there is much more competition than in past years," Naumann says. "Tighten up your own operations in this down period, and you will survive."

–F.H.A. Jr.

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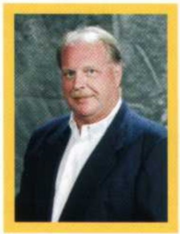

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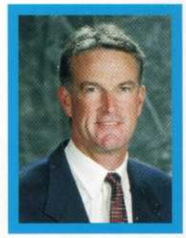

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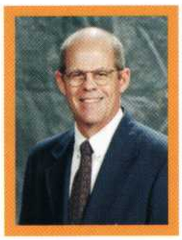

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