From the editors of *Farm Equipment...*

Ag Equipment Intelligence

News, Information & Analysis for the Ag Equipment Marketer

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- Amity Targets Biofuel
- AGCO Orange Gone
- Early Orders Down

Buhler Sets Sight on Becoming a Full-Line Equipment Supplier

With the ambition of its Russian owners, Combine Factory Rostselmash, Buhler Industries is beginning to look more like a full-line supplier of farm machinery than the shortline manufacturer that it's been for decades.

Two years after the giant Russian manufacturer of combines acquired an 80% stake in the publicly held Buhler Industries, its 35-year old president, Dmitry Lyubimov, told *Ag Equipment Intelligence* in a face-to-face interview that the company has set an aggressive growth plans that will give North American dealers access to all the equipment their large-scale farm customers need.

In other words, Buhler Industries, based in Winnipeg, Manitoba, has its sights set on acquiring other equipment lines that will get it nearer its transition into a full-line supplier of ag equipment. Next on its list is obtaining a line of seeding equipment.

In addition to its Versatile line of

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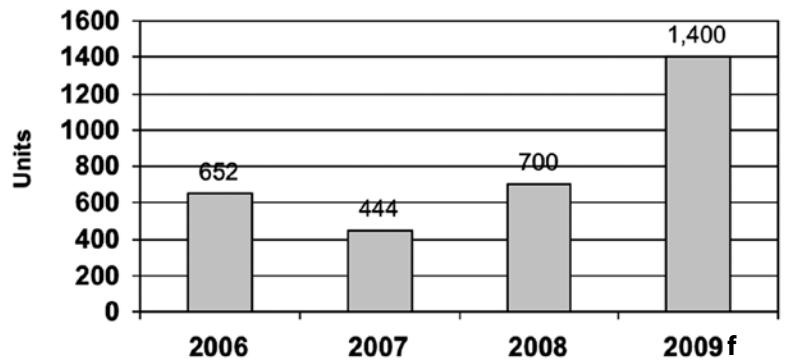

A year and a half ago, 55% of Buhler's tractor production was headed to Russia. Currently, that number is about 30%. But because the firm started assembling tractors in its Rostselmash facility, it may be eligible for local-content incentives in Russia. The remaining 70% of production is destined for North America (65%) and Australia (5%).

Titan Machinery's Revenues Rise 6% in 3Q, But Net Income Falls

Titan Machinery's third-quarter farm machinery sales helped offset the drag of declining retail levels of construction equipment, according to the company when it reported its financials on December 10. Strong ag sales helped the huge equipment dealer network finish the period with revenues that were up by 6.1% compared with the same period in fiscal year 2009. Total revenues for the quarter grew to $227 million vs. $214 million in the same period of fiscal 2009.

Net income for the fiscal third quarter of 2010 was $5.7 million, compared to a net income of $8.2 million in the third quarter last year. Gross profit for the period was up 6% to $39.6 million compared to $37.3 million in the comparable period last year.

During its most recent quarter, Titan also closed on two more acquisitions involving three ag equipment dealerships that to produce rev-

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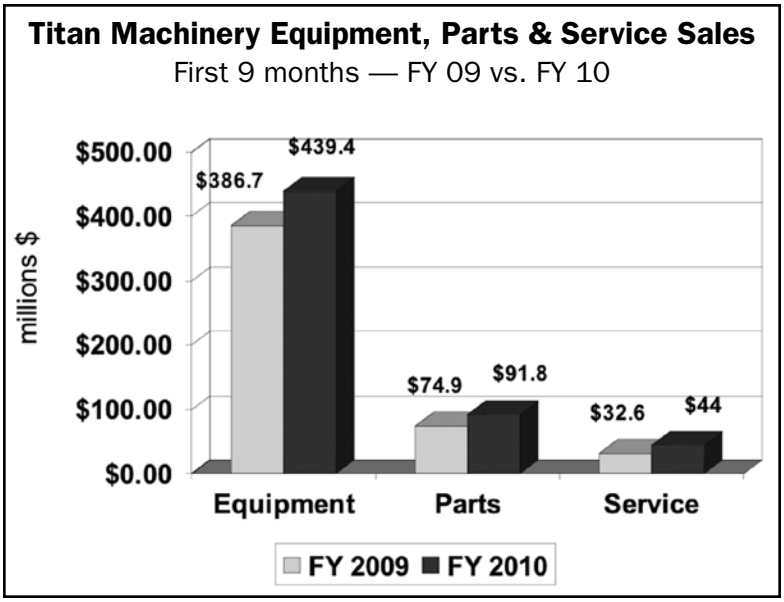

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heavy horsepower tractors, Buhler also manufactures smaller equipment and implements, including grain handling, snowblowers, blades, scrapers, mowers, tillers, rakes, pull-type sprayers and bale carriers under its Farm King brand.

"When we took over Buhler in late 2007, we had two targets," says Lyubimov. "First, we had to regain the market with Versatile in North America. Second, we had to be a leader in tractor sales in Eastern Europe — namely Russia, Ukraine and Kazakhstan."

"Our North American market share is probably around 13% in articulated 4-wheel-drive tractors. With the Rostselmash dealer network — Rostselmash has a 50-60% market share in combines — we estimate that our market share in big 4-wheel-drive tractors has grown 10 points to 30% in Eastern Europe."

Filling In the Line. "Our competitive strategy is to offer a full line in big equipment — the combine, big tractor, sprayer and seeding equipment. We have tractors, and the combine is coming to North America in 2011, so we needed a sprayer and seeding line. We took care of the sprayer last year with the acquisition of Redball, and are still looking to buy a seeding company," says Buhler's president.

"Redball was a company with a good sprayer. They were in financial trouble, so buying the rights to the equipment was a very good deal for us."

The pull-type sprayer is already available under the Farm King name- and the self-propelled sprayer will be reintroduced under the Versatile.

"It's not a secret that we are looking for seeding companies, and if we see the right kind of deal, we will take that chance in 2010. In the beginning, we tried to find a strategic partner in seeding, but realized it's easier to own your own company," says Lyubimov.

"A North American company would be the best option because it's harder to introduce a European company here. But if we cannot find it, it will be a European company.

"The best choice would be a company that can feed both the North American and Russian markets and fit well with our 200-600-horsepower tractors."

"Having the full line gives you extra sales tools, discounting and programs that you can put under one umbrella with your retail finance and floorplan. It will also meet our targets for Russia and North America, and also help in new markets like China and Africa. In new markets, it's easier and more cost effective to enter with a full-line solution than trying to start with individual lines," says Lyubimov.

"To compete with major players in this market, you need to have all these pieces because if you are missing something in your line, farmers will go to another dealer. It happens in Russia just as it does here."

Solid Growth in '09. Through the first 9 months of 2009, Buhler's equipment sales grew to $227 million from $145 million last year. "Despite the economy, we've done well because we chose to be aggressive with a very good short-term sales program to motivate dealers and farmers to buy tractors," says Lyubimov. "While it reduced our margins from 18% to 16%, we felt 2% was a good price to pay for growing market share." AEI

Editor's Note: The complete interview with Lyubimov and four other shortline executives appears in the January 2010 issue of Farm Equipment.

Kverneland Group Turns Over U.S. Business to Distributors

Norwegian farm equipment manufacturer Kverneland Group announced on December 9 that it's turning over its business in the U.S. to two distributor groups while Kverneland Group USA, based in Syracuse, N.Y., will "focus on purely marketing activities for the U.S. market."

The company manufactures soil preparation, seeding, forage equipment, spreading and spraying products.

Cummings & Bricker of Batavia, N.Y., and Carlisle, Pa., and ACI Distributors of St. Charles, Mo., will handle sales and distribution of Kverneland and Kverneland Taarup products in the U.S. Ellis Equipment of Logan, Utah, will pick up support for the company's products in Washington and Oregon.

The company's presence in North America was diminished significantly when it sold its crop packaging division along with its factory in Geldrop, Netherlands, to Kuhn North America in January. That facility specializes in the design and manufacturing of fixed- and variable-chamber round balers, big square balers, bale wrappers, rotary drum mowers, tedder-rake combinations and corn choppers.

"We'd been selling our two brands through two different channels in the U.S.," Scott Rodger, general manager of Kverneland Group North America, told *Ag Equipment Intelligence* in an exclusive interview.

"Now, we're joining these brands under one channel. Sales, service and all contact will be handled through the importers now.

"The sale of our factory in Geldrop contributed to the change. Without the wrappers and balers, there was significantly less sales volume, so this merger made sense from a cost-of-distribution point of view," Rodger says. AEI

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enues of $27.3 million in their most recently completed fiscal years. That takes Titan to 72 store locations as of December 11. The acquired stores included Oskaloosa Implement Co., with two Case IH farm equipment dealerships in Pella and Oskaloosa, Iowa, and Valley Farm Equipment, with one Case IH store in Milbank, S.D.

According to David Meyer, Titan's chairman & CEO, the acquisitions helped drive the improved revenues.

Meyer also pointed out that comparing the most recent reporting period to the same time last year is difficult at best, considering the exceptional sales levels achieved a year ago. For Titan, revenues during the third period of fiscal 2009 were up by 62% compared with the same period in 2008.

For the first 9 months of this year, revenue increased 17% to $587 million compared to $501 million in the first nine months of last year. Gross profit for the 9-month period was $104 million up 19% from $87 million in the prior year.

Meyer added, "It's important to note that the decrease in pretax income reflects our increased concentration on construction stores and this year's third quarter results which have generated lower sales and higher operating expenses due to the continued challenging construction market."

Outlook for Fiscal Year. Titan raised its revenue range for the full year ending January 31, 2010, to between $770 million and $800 million compared to the previous range of $750 million to $790 million.

It also narrowed its expected net income range to $16.6 million to $17.6 million from the previous $16.6 million to $18.7 million. AEI

Pottinger Ag Gains Traction in North America

A healthy increase in tillage equipment sales to Canadian growers, as well as positive sales development in the U.S., helped Austrian farm equipment manufacturer Pottinger realize a 20% increase in sales to North America in its 2008-09 financial year. The company manufactures equipment for tillage and forage, as well as moldboard plows and grain drills.

The figure appears to vindicate the decision to establish a company-owned operation in the U.S. early last year as part of Pottinger's strategy to develop a stronger position in the market.

With Pottinger U.S. Inc. in Michigan City, Ind., and Pottinger Canada Inc. in St-Cesaire, Quebec, the company says it has secured a strong foothold in North America.

In the past financial year, the longer-established Canadian operation recorded the fourth fastest growth of all Pottinger's international markets, contributing to the second-best sales levels in the company's history. At the equivalent of $329.7 million, group sales fell 6.6% compared to an exceptional performance in the prior year — up more than 20% to $353 million — but still beat 2006-07 sales..

With sales of tillage equipment already accounting for a quarter of total sales, Pottinger is setting its sights on improving the exposure of its grain and grass sectors. The company's total sales increased 14% last year thanks to a 55% gain in mouldboard plow sales and a 5% growth in drill sales.

Grassland equipment sales — which accounts for 65% of the company's business — took a hit from difficult market conditions in Eastern Europe that contributed to a 13% falloff in sales. AEI

FARM MACHINERY TICKER (AS OF 12/10/2009)

Mfr.	Symbol	12/10/09 Price	11/12/09 Price	1-Year High	1-Year Low	P/E Ratio	Avg. Volume	Market Cap.
AGCO	AGCO	$30.19	$29.03	$33.83	$14.62	13.16	1.71 M	2.79 B
Alamo	ALG	$15.09	$15.11	$18.04	$9.22	20.76	29,470	177.25 M
Art's Way	ARTW	$3.91	$3.71	$6.35	$2.90	144.81	4,597	15.60 M
Caterpillar	CAT	$56.94	$58.57	$61.28	$21.71	26.60	9.90 M	35.46 B
CNH	CNH	$23.95	$21.89	$26.65	$5.69	NA	349,623	5.69 B
Deere	DE	$52.40	$47.41	$55.40	$24.51	25.46	5.96 M	22.18 B
Kubota	KUB	$47.50	$43.10	$47.79	$22.51	34.17	38,113	12.08 B
Titan Machinery	TITN	$11.51	$10.52	$17.00	$7.50	11.51	219,175	204.43 M

2010 Early-Order Sales Down from 2009 Levels

It looks like farm equipment dealers or manufacturers won't have the cushion going into 2010 as they did a year earlier when strong early-order sales kept the demand for ag machinery solid through the first half of 2009.

A survey of more than 300 North American dealers conducted by *Ag Equipment Intelligence* indicates that more than 45% of farm equipment retailers say early orders for machinery are down compared to 2008.

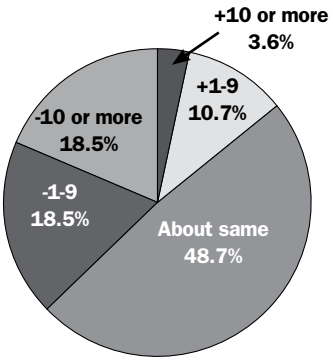
A year ago, early orders for farm machinery were dramatically enhanced by the shortages of new equipment throughout 2008. This resulted in farmers placing their orders in late summer and early fall — much earlier than usual — to avoid the long delays they experienced during the previous year.

But falling commodity prices for grains, dairy and livestock along with the near disappearance of export sales to Eastern Europe and the countries of the former Soviet Union slowed sales throughout '09 compared to the record levels seen in 2008. The uncertainty surrounding commodity prices is also causing farmers and ranchers to wait to place orders for new equipment. AEI

EARLY ORDERS FOR NEW FARM EQUIPMENT 2010 VS. 2009

	Up 10% or More	Up 1-9%	Same As 2009 Levels	Down 1-9%	Down 10% or More
North America	3.6%	10.7%	48.7%	18.5%	18.5%
U.S.	3.7%	9.9%	48.2%	19.1%	19.1%
Canada	2.8%	16.7%	52.7%	13.9%	13.9%

Early Order Sales of North American Farm Equipment 2009 vs. 2010



Amity Technology Targets Equipment for Biofuel Production

Amity Technology sees a future in developing equipment for the production of biofuels. In an exclusive interview with *Ag Equipment Intelligence,* Howard Dahl, president and CEO of the Fargo, N.D., manufacturer of farm machinery, says it's developing machinery that will help improve the economics of transporting biomass. This is a major hurdle in expanding use of biofuels produced from cellulosic materials.

"Clearly we haven't seen the big breakthrough in biomass for biofuels yet," says Dahl. "At the heart of biomass economics is transporting the material. We're working on something for the compression of the biomass, to take it and make it very dense for transport. The equipment that we're researching right now could work regardless of the crop — corn stover, switchgrass, miscanthus or whatever.

"There are machines in Switzerland and China designed to compress these materials, but their price tag is something like $500,000, and their throughput isn't great. We have a prototype that we're fine-tuning. On paper the engineering calc,lations look very good. Theoretically, it will handle more throughput at roughly one-tenth the cost than other equipment that is currently being used. It still has a long way to go to be viable, but it's interesting enough that we've been working on it for some time," says Dahl.

Amity manufactures sugar beet planting and harvesting machinery and soil-sampling equipment. Recently, it introduced an air seeder for both no-till and conventional tillage markets.

Its connection with sugar beets also represents another strong possibility for Amity to expand its business in biofuels.

"We hope that tropical sugar beets become a player in production of biofuels. There's some compelling evidence that sugar beets are a much better source of ethanol than corn. In the tropics, they may even be a better source than sugar cane. With the same amount of water, farmers can get two crops in compared with only one cane harvest per year.

"There are varieties of tropical sugar beets being developed for this purpose," says Dahl. AEI

Brazil's Equipment Sales Bouncing Back

The Brazilian ag equipment market was strong in November. According to the most recent sales data for tractors and combines from from Associação Nacional dos Fabricantes de Veículos Automotores (ANFAVEA) in Brazil.

During the month, total farm tractor unit sales were up 23% to 4,331 units, year-over-year, compared with +18% in October and +8% in September. Brazilian combine sales grew by 40% to 455 units, vs. down 13% in October and down 30% in September.

According to Ann Duignan, analyst with JP Morgan, "While the strength in tractor sales was mostly expected; combine sales, which were up after 11 consecutive months of year-over-year declines, were likely driven by the government's financing program which expires on December 31. We note that combine production was down 18% year-over-year, and tractor production was flat year-over-yearin November," she says. AEI

Montana Tractors, Kukje Machinery Take Next Step in Joint Venture

Months after agreeing to discuss a joint venture with Branson Tractors, Montana Tractors has signed a supplier agreement with Branson's parent company, Kukje Machinery Co. of South Korea. Both companies market compact tractors largely for the rural lifestyle and hobby farm markets.

The agreement signals another major step toward the consolidation of the compact tractor industry. Most industry observers agree that it's a step that needed to be taken to reduce the number of players in an extremely overcrowded marketplace.

The deal, reached in October, gives Montana "immediate access" to the Kukje brand of equipment. The line will be labeled as the Montana "Special Edition" and the tractors were slated to reach dealers this year.

Montana says plans for the joint venture in the U.S. are still moving forward, "with specifications of additional models in the early stages of development." Ted Wade, Montana's vice chairman and co-owner, was recently in South Korea for talks with Kukje.

Kukje has been making and distributing 21-65 horsepower tractors in the U.S. since 2003 through Branson, a wholly owned Kukje subsidiary, "Until completion of the joint venture, Kukje will also supply Montana Tractors with the same product selection," Montana says in a news release.

Questions Loom. Montana and Kukje Machinery — an affiliate of Dongkuk Steel Mill Co., which makes tractors, combines, rice transplanters and diesel engines — officially began talks last June. Montana's supplier, LS Cable, announced earlier this year that it would stop supplying tractors to Montana and enter the U.S. market on its own. Branson has struggled to establish a marketing presence and provide parts and service support for dealerships in the U.S., some industry observers say.

As the talks continue, a major question is whether the Montana or Branson brand will be shed, or if a new brand will emerge. At last count, Montana and Branson have a combined 460 dealerships, and it stands to question whether the networks will be streamlined.

There are also questions about Montana's scheduled consolidation of operations to Taraboro, N.C., where Montana has purchased the former Farmtrac assembly plant. Branson has its own headquarters in Rome, Ga., and assembly plants in California and Georgia, while Montana lists locations in Springdale, Ark., and Tarboro.

AEI requested answers to these questions from Montana — whose web site has hosted most of the public announcements about the joint venture — but at press time the company had not responded. There is no mention of the joint-venture discussions on the public areas of Branson's web site, and U.S. executives at Branson have not commented publicly.

A Tough Economy. It's clear that both companies are navigating some difficult economic waters. Industry leaders have been predicting for years that some consolidation of compact-tractor makers will occur.

Even if the U.S. economy recovers tomorrow, it may be a while before consumers are ready to buy, according to a recent *Ag Equipment Intelligence* poll of equipment dealers.

About 94% of the dealers told *AEI* it would take 6 months to 1 year for compact tractors sales to rebound after an official economic recovery. Some dealers blamed their pessimism on the availability of reconditioned equipment in the market, as well as consumer skepticism about a real recovery that makes them reluctant to buy non-essential equipment.

"We will hopefully have more sales in 2010, but it will be a slow growth period for the next 2-3 years," one dealer told *AEI.*

With the downturn in the sales of compact tractors now well into its second year, it's apparent that there is pent-up demand for the small equipment. Another dealer said, "Folks around here want to buy as soon as they feel confident there is a certain recovery. They would be buying tomorrow if that was the case."

'A Long Process.' In an October new release, Wade says he believes dealers will "benefit greatly" from the new supplier agreement, although the news release didn't spell out those benefits.

"Developing a joint venture is a long process," he says, "and we feel confident that both Montana Tractors and Kukje are committed to developing and producing quality compact and utility tractors for the U.S. market."

Industry Revenues Continue to Weaken

Following AEM's release of November farm machinery unit sales for November, Ann Duignan, machinery analyst for JP Morgan North America Equity Research, reported that industry revenues continued to show signs of weakening.

"Our proprietary revenue model suggests that industry revenues were down 8% year-over-year in November vs. down 15% in October and down 19% in September," she said in a note to investors.

The analyst reported that for the fourth quarter of 2009, industry revenues declined 13% year-over-year, with total tractor revenues down 19% and combine revenues up 5%. Deere & Co.'s revenues in its first quarter of fiscal year 2010 so far were down 8% year-over-year, with total tractor revenues down 11% and combine revenues up 3%.

"We expect North American ag equipment sales to remain weak over the next few months, particularly in the higher horsepower segment, as farm cash receipts are weakening," she says.

"According to our proprietary revenue model, industry revenues so far in Deere's first quarter of fiscal 2010 were down 8% year-over-year vs. our forecast of the company's North American ag equipment revenues down 20% year-over-year. According to our model, to date, industry revenues in the fourth quarter of the current calendar year were down 13% year-over-year vs. our forecast of down 20% year-over-year for AGCO."

AGCO-Brand Tractors to Disappear in 2011

Many factors played into AGCO's decision to drop its AGCO-branded tractors, according to Doug Griffin, the company's vice president of marketing for North America.

"We made the final decision in the last 30 days to begin the phase out of the orange AGCO brand in North America. One of the biggest drivers behind our decision are the Tier IV regulations," Griffin told *Ag Equipment Intelligence* in a telephone interview.

Another is that the AGCO brand had become somewhat of a limited product line. This, together with strong worldwide recognition of the Massey Ferguson name, led the company to decide to focus its attention and resources on Massey Ferguson and Challenger products.

Tier IV Pressures. "Tier IV requires that our tractors meet air emission compliance levels by January 2011, and this has created some real challenges for our engineering and R&D budgets. It put the pressure on us to where we had to make a decision," Griffin says.

The timetable for the phase out of the brand includes producing AGCO tractors with Tier III engines throughout 2010 and to continue selling them well into 2011. "But production will be phased out in 2010," he says.

In the U.S. and Canada, the company will pursue a full-line brand strategy with its Massey Ferguson and Challenger equipment.

A Niche Brand. Another reason that AGCO orange equipment is slated for extinction, according to Griffin, is because it didn't offer a full line of tractors. "There were a lot of products in the other lines on the smaller end that were not available in the AGCO offering," Griffin says.

"We felt it was important that our dealers offer a full-line of tractors — from compacts up to the high-horsepower units."

With models ranging from 75-270 horsepower, what AGCO was missing were compact and utility tractors. But even the line's smaller models were high-spec, full-featured tractors.

"When you get under 100 horsepower, or even below 140 horsepower, there's a significant trend toward a lower-spec product offering," says Griffin. "The AGCO tractor that was being sold in North America did not have the ability to meet the needs of that customer segment."

On the other hand, the Massey Ferguson line has evolved to cover the full range of tractor sizes and specifications.

Another key is that Massey Ferguson has traditionally been a strong brand worldwide, but AGCO's brand strength is inconsistent, even in some regions of North America. Besides the U.S. and Canada, the only other place where the AGCO brand is sold is in Argentina. "It will be phased out there as well," Griffin says.

Dealers React. Griffin says the company has received a mixed reaction from its dealers. "They knew there was a risk that the AGCO brand would go away. Most of our dealers were expecting the change to come due to our strategy of establishing gout global brands (Massey Ferguson, Challenger, Fendt and Valtra) that had been communicated to them in the past.

"Once they realized that they are going to be offered the Massey Ferguson option, they felt better about it because they're able to tell their customers that they're not going anywhere. Overall, things are going fairly well with them."

He acknowledges that some dealers that were previously Allis-Chalmers dealers are concerned about changing colors. "Most of them are saying, 'We've been through change in the past. As long as we remain your partner, we'll get through this too.'"

WHAT ABOUT FENDT & VALTRA?

"We're going to continue to treat our Fendt and Valtra products as niche brands in North America. There's an opportunity with Fendt, with its high-speed transmission options, to fill many hauling needs in certain parts of the U.S. and Canada. We think the Fendt tractor will continue to serve a very nice niche here.

"A very small volume of Valtra-branded equipment is sold in North America. We continue to import it, but as we look at our product development plans, there will not be a lot of emphasis on new Valtra products for North America."

— Doug Griffin, Vice President Marketing – North America, AGCO Corp.

AGCO CONSOLIDATING EUROPEAN COMBINE OPERATIONS

Negotiations have begun with employees at AGCO's combine harvester production facility in Denmark over proposals to close the facility next year. Assembly of straw walker and new "hybrid" combines would be transfered to the Breganze plant in Italy that AGCO co-owns with the Argo Group.

"Operating two separate combine plants in Western Europe is not practical," says Gary Collar, senior vice president and general manager of AGCO's European region. "As we move forward with product development plans and strategies for growth of our harvesting business, it is important that we also benefit from the economies of scale, efficiency and increased competitiveness that this consolidation will bring."

The plant, which AGCO inherited with its acquisition of Massey Ferguson, was substantially downsized several years ago to match the smaller number of models produced and declining industry volumes.

In contrast, the Breganze factory, in which AGCO acquired a 50% stake in 2007, has experienced stable output, building 1,040 combines in 2008, according to the Argo Group.

Volume and economies of scale will be added by taking in production of the AGCO combines built in Denmark, which comprise two eight-walker machines and the new high-capacity Delta "hybrid" (with cylinder threshing and rotary separation).

All of AGCO's European combine models are distributed in Massey Ferguson and Fendt colors in Western Europe and also as Challenger in Eastern and Central Europe, along with the Hesston-built rotaries in some markets.

Big Tractor Sales Slip 7% in November

Sales of farm equipment in November continued the trend that started in late summer, and it looks as if it will continue for the next few months, according to the Assn. of Equipment Manufacturers..

Summarizing the November sale figures, Robert McCarthy, analyst for RW Baird, says, "Demand for large agricultural machinery appeared little changed in seasonally weak November. Dealer inventory levels remain up sharply year-over-year, but appear to be stabilizing. Given little improvement in fundamentals, we continue to expect ag equipment demand to remain weak into 2010."

- November is typically a seasonally weak month for all equipment types, averaging no more than roughly 6% of sales for any type of equipment over the past 5 years.
- U.S. and Canada row-crop tractor sales declined 7% year-over-year in November, an improvement from October's 22% decline. Sales were down 24% year-over-year in the last 3-month period.
- 4WD tractor sales declined 8% in November, down slightly from a 6% decline in October. Sales fell 3% year-over-year in the last 3-month period.
- U.S. dealers' large tractor inventories remain elevated. Row crop and 4WD tractor unit inventories increased 53% and 25% year-over-year on an absolute basis, while days-sales of inventory increased 73% and 22% year-over-year, respectively.
- Combine sales increased 3% year-over-year in November vs. a 6% increase in October. Combine sales are down 1% year-over-year on a last 3-month basis. U.S. dealer inventories of combines increased 17% year-over-year, but on a days-sales basis, inventory was flat year-over-year at 34 days-sales.
- Compact and mid-range tractor sales declines moderated in November, falling 4% and 23% year-over-year, respectively, after 25% and 35% declines in October.
- 2009 USDA farmer net income estimates were revised to $57 billion from $54 billion, but remains below levels seen in the previous 2 years. AEI

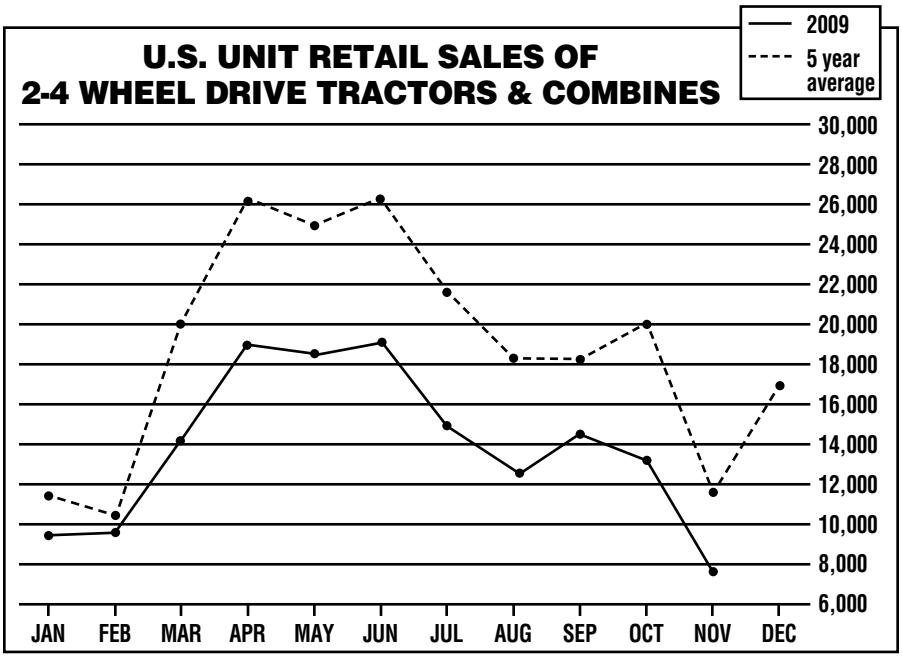
NOVEMBER U.S. UNIT RETAIL SALES

Equipment	November 2009	November 2008	Percent Change	YTD 2009	YTD 2008	Percent Change	November 2009 Field Inventory
Farm Wheel Tractors-2WD							
Under 40 HP	3,669	3,877	-5.4	74,809	94,149	-20.5	40,146
40-100 HP	2,398	3,081	-22.2	44,409	62,809	-29.3	25,204
100 HP Plus	1,139	1,215	-6.3	20,292	23,624	-14.1	8,345
Total-2WD	7,206	8,173	-11.8	139,510	180,582	-22.7	73,695
Total-4WD	243	250	-2.8	4,066	4,043	0.6	809
Total Tractors	7,449	8,423	-11.6	143,576	184,625	-22/2	74,504
SP Combines	386	410	-5.9	8,739	7,514	16.3	911

NOVEMBER CANADIAN UNIT RETAIL SALES

Equipment	November 2009	November 2008	Percent Change	YTD 2009	YTD 2008	Percent Change	November 2009 Field Inventory
Farm Wheel Tractors-2WD							
Under 40 HP	758	768	-1.3	10,018	13,302	-24.7	6,541
40-100 HP	603	762	-20.9	6,614	8,106	-18.4	3,290
100 HP Plus	283	319	-11.3	3,680	4,295	-14.3	1,718
Total-2WD	1,644	1,849	-11.1	20,312	25,703	-21.0	11,549
Total-4WD	73	92	-20.7	1,095	1,036	5.7	176
Total Tractors	1,717	1,941	-11.5	21,407	26,739	-19.9	11,725
SP Combines	143	104	37.5	2,413	2,062	17.0	268

U.S. UNIT RETAIL SALES OF 2-4 WHEEL DRIVE TRACTORS & COMBINES



—Assn. of Equipment Manufacturers

Deere's Outlook Includes Softer Equipment Sales, Solid Farm Prices

Deere & Co. is expecting slower sales of its farm and turf equipment in 2010, but sees farm cash receipts and commodity prices improving throughout the year.

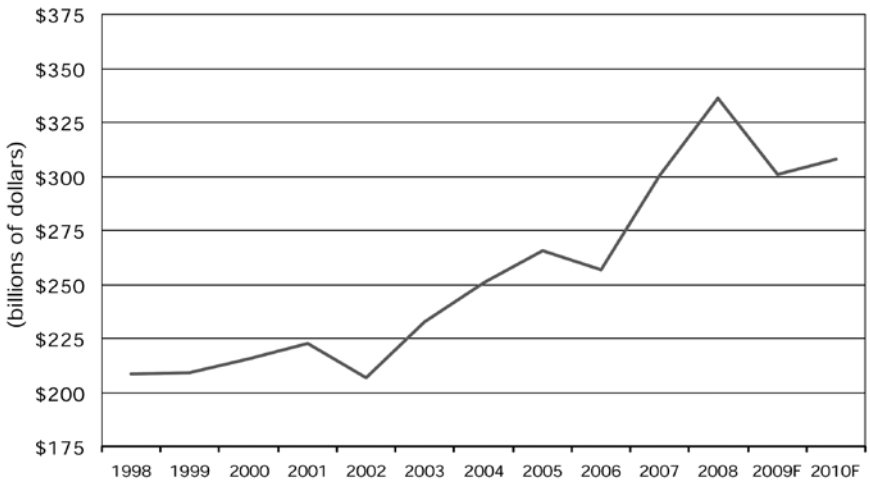
Deere's ag and turf equipment sales declined 26% in the fourth quarter of 2009 and 14% for the full year ended October 31 largely due to lower shipment volumes. The division had an operating loss of $24 million for the quarter and operating profit of $1.448 billion for the full year, compared with last year's operating profit of $460 million and $2.461 billion for the respective periods.

The company is projecting its total equipment sales will be down about 1% for fiscal 2010 and down about 10% for the first quarter of the fiscal year compared with the same period a year ago. The company's net income is anticipated to be approximately $900 million for 2010.

Worldwide sales of the agriculture and turf division are forecast to decrease by about 4% for full-year 2010. On an industry basis, farm machinery sales in the U.S. and Canada are forecast to be down about 10% for the year.

U.S. farm cash receipts and commodity prices, while below their prior peaks, are anticipated to remain at healthy levels. However, farmers are expected to be cautious in their purchasing decisions as a result of sluggish overall economic conditions and near-term profitability issues in the livestock and dairy sectors. AEI

U.S. FARM CASH RECEIPTS — TOTAL CASH RECEIPTS



Despite a drop off in farm cash receipts in 2009, Deere expects total cash receipts to remain at healthy levels in 2010. (Source: 1998-2008 — USDA 10/1/09; 2009-10 — Deere & Co. forecast as of 11/25/09)

U.S. Commodity Price Estimates (Per Bushel Prices)

	2008-09	Previous 2008-09	2009-10 Forecast	Previous 2009-10	2010-11
Corn	$4.13	$4.10	$3.40	$3.40	$3.50
Wheat	$6.78	$6.80	$4.80	$5.25	$4.80
Soybeans	$9.97	$10.00	$9.35	$9.70	$8.50

Deere & Co. forecast as of 11/25/09. Previous forecast as of 8/19/09

Baker's Departure from Case IH a Surprise, But New CEO Seen as a Good Choice

The November 18 announcement that Randy Baker was leaving the top job at Case IH's ag equipment division surprised many industry watchers. After years of turnover in the top management levels of Case IH management, it appeared that parent company, CNH, had finally found the leader they were looking for to move the equipment maker into a growth position.

"Randy's departure surprised me," says George Russell, a former CNH executive and now an executive partner with Currie Management Consultants.

"Some thought that Randy would take over as CNH CEO post-Boyanovsky, which are big shoes to fill."

The day following Baker's departure from Case IH, Joy Global announced that Baker had been hired as president and COO of its surface mining equipment business, P&H Mining Equipment, and executive vice president of Joy Global Inc.

CNH immediately named Andreas Klauser as president and CEO of Case IH Agricultural Equipment. Klauser was heading up Case IH Agricultural Equipment business in Europe and had been with the company for 19 years.

Russell, who had worked with Klauser during his career to Case IH, sees the appointment as a good one for the farm equipment maker.

"I know Andreas fairly well. He joined Case and CNH from the Steyr acquisition and has worked in the Eastern Countries before taking over Case IH Europe. He's very outgoing and personable, and he's also a team builder. He's the kind of person that Case IH needs."

While Klauser has no experience with the North American market, Russell says he has extensive agriculture knowledge and has worked in both developing and developed countries.

"He should be effective in helping Case IH expand globally," says Russell. AEI