

Ag Equipment Intelligence

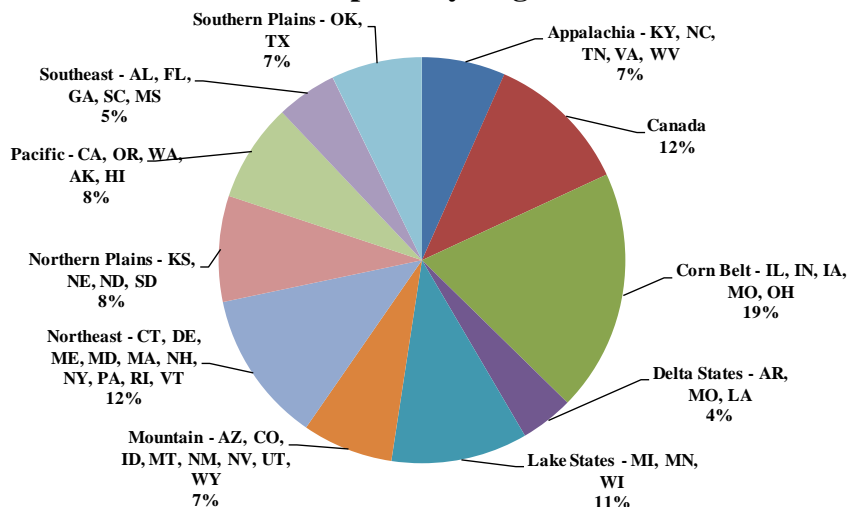
Dealer Trends and Business Outlook
June 2012

Monthly Ag Equipment Intelligence North American Dealer Survey

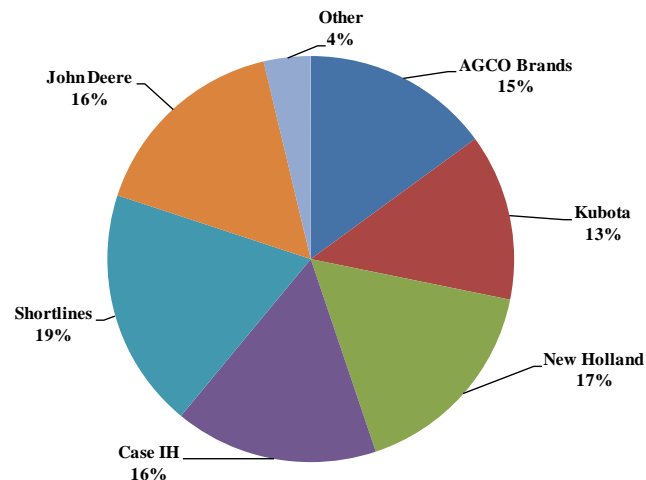
Background:

- We are pleased to announce the results of the June Ag Equipment Intelligence survey conducted in partnership with Cleveland Research Company. We hope this monthly survey will provide valuable and timely insight into industry trends and fundamentals.
- The March survey had ~166 respondents representing combined annual revenues of roughly \$4.7 billion. Participants representing a broad cross section of geographies and brands are summarized in the charts below.
- It is important to note Challenger, Fendt, Massey Ferguson, and Valtra are included under AGCO while the “other” category includes manufacturers with relatively few respondents.

Participants by Region



Participants by Region



Highlights / Summary Thoughts

- Industry Sales Growth Slows to 2% in May** – Ag equipment dealers reported year-over-year sales grew 2% on average in May, down from 6% in April. John Deere dealers slowed to 4% growth in May, down from a 9% pace from last month. Shortline dealers reported the highest average sales growth at up 6% while Case IH dealers saw the weakest results in the month with sales down 2% on average.
- 2012 Outlook Lowered to 3% Growth** – For 2012, dealers lowered their sales forecast and expect 3% sales growth for the full year versus 6% in April. AGCO and Shortline dealers are the most optimistic this month reporting the highest full year growth outlook at 7% while Case IH report the least optimistic outlook down 1% on average.
- Dealer Optimism Turns Negative for First Time** – Our Dealer Optimism Index, a measure of sentiment amongst dealers compared to the prior month, declined to a net 9% of dealers reporting they have a less optimistic outlook now versus a net 5% reporting more optimism last month (15% are more optimistic; 61% same; 24% are less optimistic).

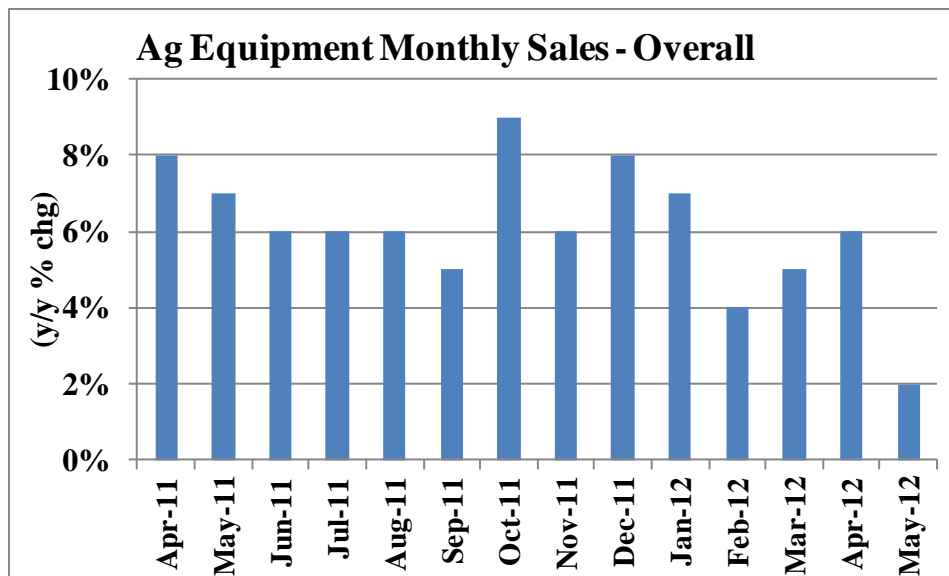
Optimism/Sentiment vs. Last Month														
	<u>Apr-11</u>	<u>May-11</u>	<u>Jun-11</u>	<u>Jul-11</u>	<u>Aug-11</u>	<u>Sep-11</u>	<u>Oct-11</u>	<u>Nov-11</u>	<u>Dec-11</u>	<u>Jan-12</u>	<u>Feb-12</u>	<u>Mar-12</u>	<u>Apr-12</u>	<u>May-12</u>
More Optimistic	33%	25%	31%	32%	30%	25%	36%	33%	30%	38%	29%	25%	22%	15%
Same	54%	54%	44%	49%	55%	58%	55%	55%	54%	53%	57%	59%	62%	61%
Less Optimistic	13%	21%	25%	20%	15%	17%	9%	12%	16%	10%	14%	17%	17%	24%
Net % (More- Less)	21%	3%	6%	12%	15%	8%	26%	21%	14%	29%	15%	8%	5%	-9%

Monthly Sales Growth

- Ag equipment dealers reported year-over-year sales grew 2% on average in May, down from 6% in April. John Deere dealers slowed to 4% growth in May, down from a 9% pace from last month.
- Shortline dealers reported the highest average sales growth at up 6% while Case IH dealers saw the weakest results in the month with sales down 2% on average.
- A net 3% of participants categorized May results as “worse-than-expected” (22% better-than-expected; 52% in-line with expectations; 25% worse-than-expected) which compares to the prior month when a net 10% report sales were “better-than-expected.”

Average Sales Growth														
(% chg y/y)	<u>Apr-11</u>	<u>May-11</u>	<u>Jun-11</u>	<u>Jul-11</u>	<u>Aug-11</u>	<u>Sep-11</u>	<u>Oct-11</u>	<u>Nov-11</u>	<u>Dec-11</u>	<u>Jan-12</u>	<u>Feb-12</u>	<u>Mar-12</u>	<u>Apr-12</u>	<u>May-12</u>
Overall	8%	7%	6%	6%	6%	5%	9%	6%	8%	7%	4%	5%	6%	2%
<u>By Brand</u>	<u>Apr-11</u>	<u>May-11</u>	<u>Jun-11</u>	<u>Jul-11</u>	<u>Aug-11</u>	<u>Sep-11</u>	<u>Oct-11</u>	<u>Nov-11</u>	<u>Dec-11</u>	<u>Jan-12</u>	<u>Feb-12</u>	<u>Mar-12</u>	<u>Apr-12</u>	<u>May-12</u>
AGCO	12%	13%	11%	9%	14%	12%	12%	10%	12%	6%	1%	2%	5%	2%
John Deere	8%	8%	7%	5%	5%	4%	10%	5%	5%	6%	4%	6%	9%	4%
New Holland	8%	4%	5%	7%	6%	7%	7%	6%	12%	5%	-2%	4%	3%	1%
Case IH	5%	4%	3%	8%	7%	7%	8%	8%	11%	10%	4%	6%	3%	-2%
Kubota	13%	5%	7%	12%	7%	6%	7%	9%	10%	10%	4%	6%	5%	1%
Shortlines	n/a	-13%	3%	5%	6%	2%	6%	2%	7%	2%	0%	2%	3%	6%
Other	n/a	n/a	n/a	2%	-3%	7%	6%	3%	11%	2%	-8%	2%	3%	1%

Monthly Sales Growth Continued



Percent Positive / Negative Growth

	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12	May-12
Positive Sales Growth	69%	60%	56%	66%	67%	61%	65%	65%	76%	57%	49%	60%	67%	55%
Flat Sales	18%	14%	23%	15%	16%	23%	20%	22%	11%	29%	30%	22%	19%	16%
Negative Sales Growth	14%	25%	21%	18%	18%	16%	15%	13%	13%	14%	20%	18%	14%	29%
Net % (Positive - Negative)	55%	35%	35%	48%	49%	45%	50%	52%	63%	42%	29%	42%	52%	25%

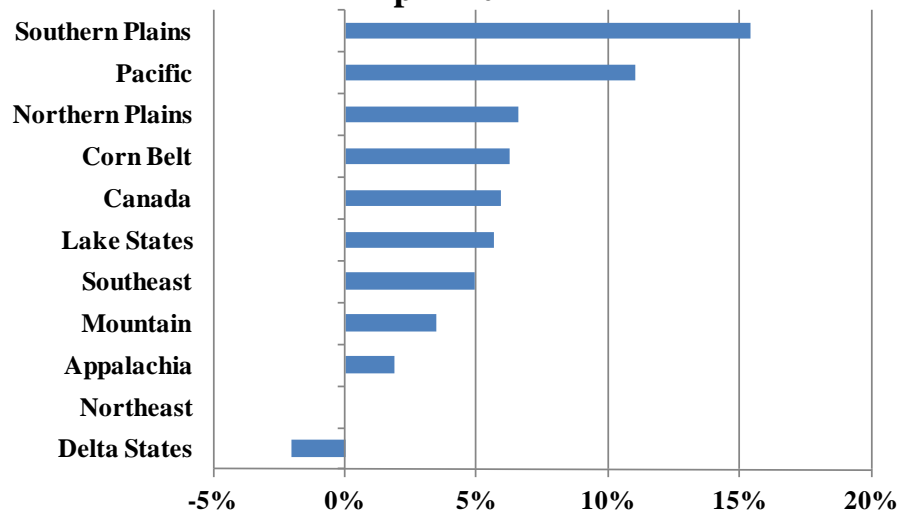
Results vs. Expectations

	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12	May-12
Better than expected	28%	26%	27%	27%	30%	29%	35%	32%	41%	28%	19%	20%	24%	22%
In line with expectations	51%	44%	48%	54%	52%	56%	48%	54%	47%	56%	54%	66%	63%	52%
Worse than expected	21%	30%	25%	19%	18%	15%	17%	13%	12%	16%	26%	14%	14%	25%
Net % (Better - Worse)	7%	-4%	1%	8%	13%	14%	18%	19%	29%	12%	-7%	7%	10%	-3%

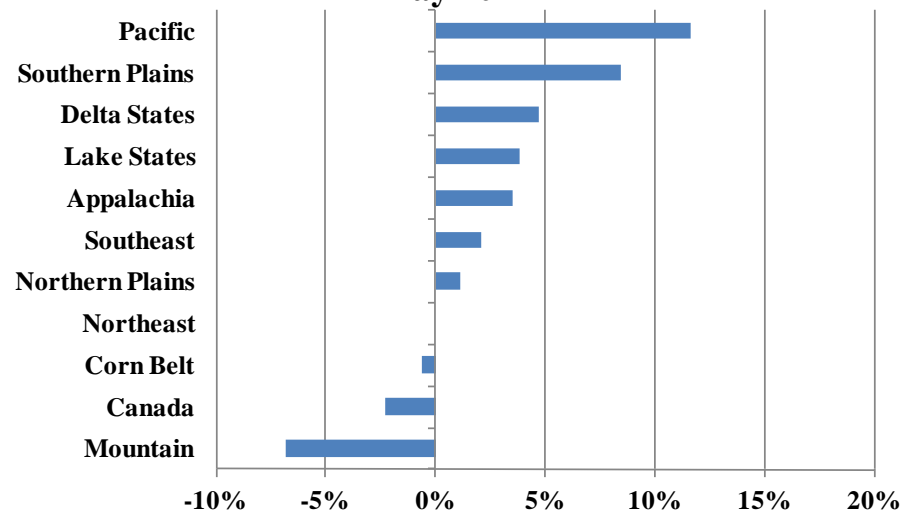
Monthly Sales Growth by Region

- Seven out of eleven regions showed positive average monthly sales growth in May, down from nine out of eleven in April. The Pacific, Southern Plains, and Delta States head the list of best performing regions.
- On a sequential basis, the Delta States showed moderate acceleration while Mountain region and Canada showed the most significant decline.

**Average Monthly Sales Growth by Region
April 2012**



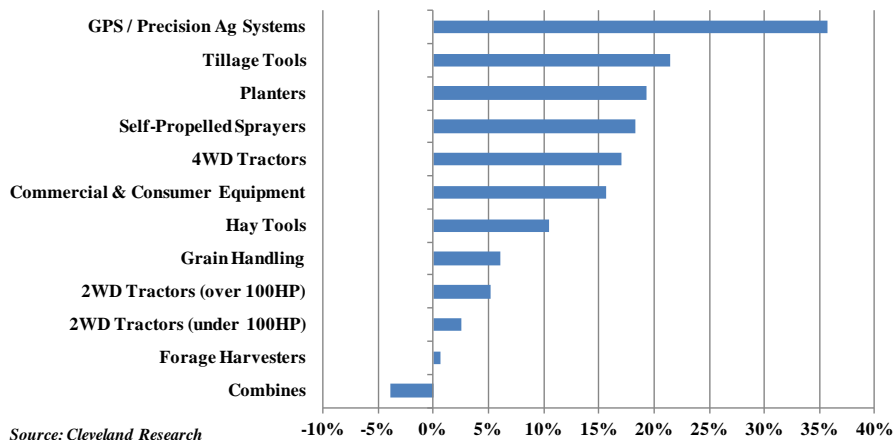
**Average Monthly Sales Growth by Region
May 2012**



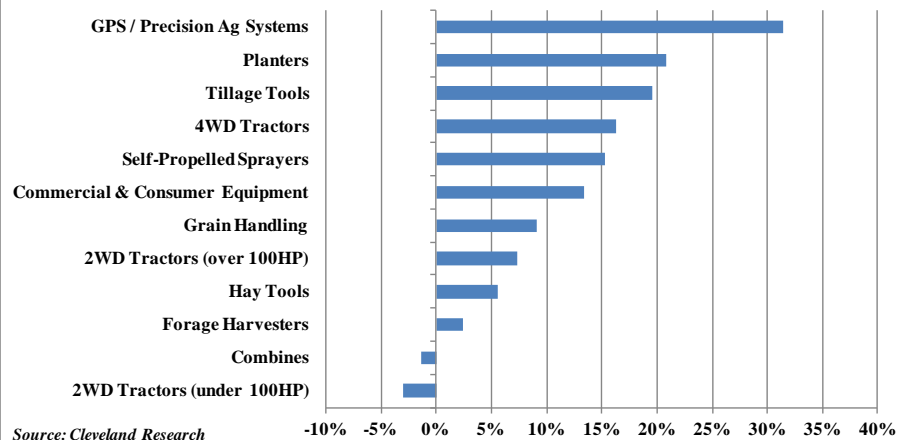
Equipment Category Sales Trends

- Ten out of twelve product categories ranked in positive territory in May, down from eleven out of twelve in April. GPS/ Precision ag systems, planters, and tillage tools head the list of top performing products while combines and 2WD tractors (under 100HP) ranked in negative territory.
- On a sequential basis, 2WD tractors (under 100HP) and hay tools declined modestly. The remaining product categories were relatively consistent.

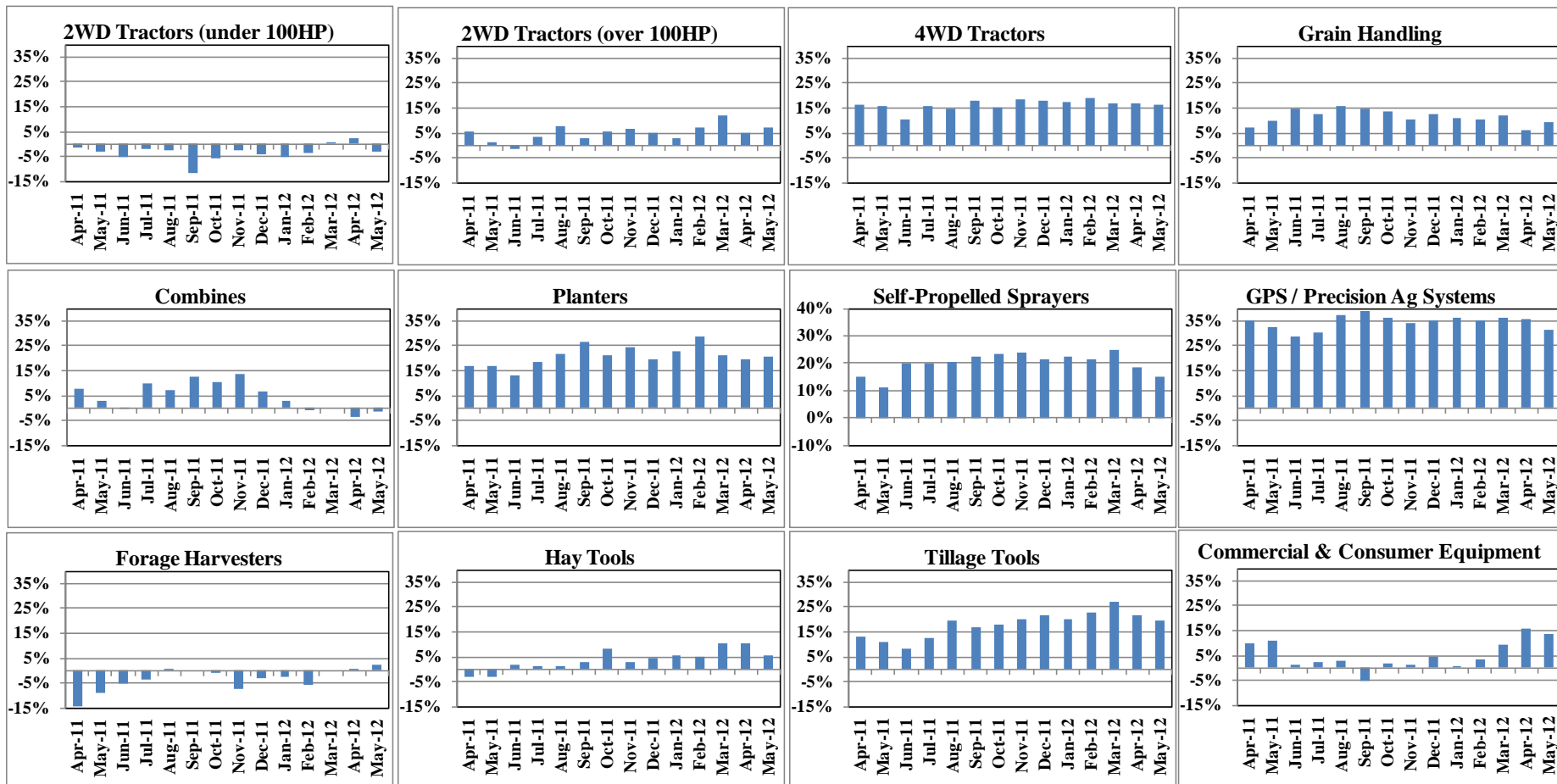
Product Category Ranking (Net % Strong - Weak)
April 2012



Product Category Ranking (Net % Strong - Weak)
May 2012



Equipment Category Sales Trends



Dealer Commentary on Monthly Sales

- *Certain pieces of equipment have 10-16 month backlog.*
- *Sales were better than expected/Above Budget. Good cattle prices, good hay prices, a possible shortage of hay and the early season.*
- *For us, it was worse than expected/Below Budget. Poor tax laws compared to past years.*
- *Timing and pricing on mid horsepower tractors hurt sales in the month.*
- *We were below budget because of new equipment availability.*
- *We were inline with our plan but saw fewer pre-sells this year.*
- *Weather and commodity prices caused us to see a slower May.*
- *We were below budget because of the very dry spring weather resulting in cautious spending habits*
- *We were below plan due to poor planning by New Holland - marketing programs were not competitive - upper management does not understand ag machinery business*

Order Growth

Overall Orders

- Incoming orders grew 2% on average in May, down from 4% in April.
- AGCO dealers saw highest average orders growth at 6%, while Case IH dealers orders came in the lowest at down 5% on average for the month.

New Combine Order Intentions

- A net 27% of dealers believe they will order fewer combines for 2012, an decrease from the net 17% last month. Used inventory and manufacturer allocation remain key factors for the lower order expectations.

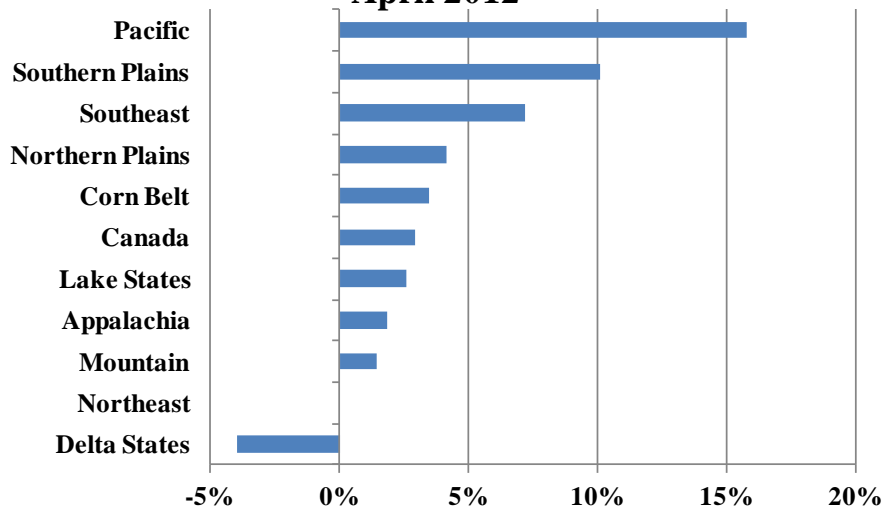
New Combine Order Intentions vs. Last Year										
	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12	May-12
More	22%	20%	21%	20%	11%	14%	15%	14%	9%	10%
Same	47%	48%	48%	53%	60%	61%	63%	63%	64%	54%
Less	31%	32%	31%	27%	29%	25%	22%	24%	27%	37%
Net % (More- Less)	-10%	-12%	-10%	-7%	-18%	-10%	-8%	-10%	-17%	-27%

Average Orders Growth														
(% chg y/y)	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12	May-12
Overall	3%	3%	3%	5%	4%	4%	4%	4%	4%	5%	4%	2%	4%	2%
By Brand	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12	May-12
AGCO	4%	8%	5%	10%	10%	5%	6%	8%	6%	8%	3%	3%	6%	6%
John Deere	4%	2%	2%	5%	3%	4%	3%	3%	4%	5%	4%	1%	8%	5%
New Holland	4%	2%	3%	5%	5%	5%	4%	3%	6%	3%	2%	2%	3%	2%
Case IH	1%	3%	2%	4%	3%	3%	5%	4%	3%	4%	2%	0%	0%	-5%
Kubota	9%	1%	6%	6%	6%	4%	4%	6%	7%	10%	2%	4%	2%	2%
Shortlines	n/a	-3%	2%	2%	4%	3%	1%	2%	4%	1%	3%	5%	2%	5%
Other	n/a	n/a	n/a	1%	-2%	2%	4%	3%	11%	3%	3%	5%	3%	1%

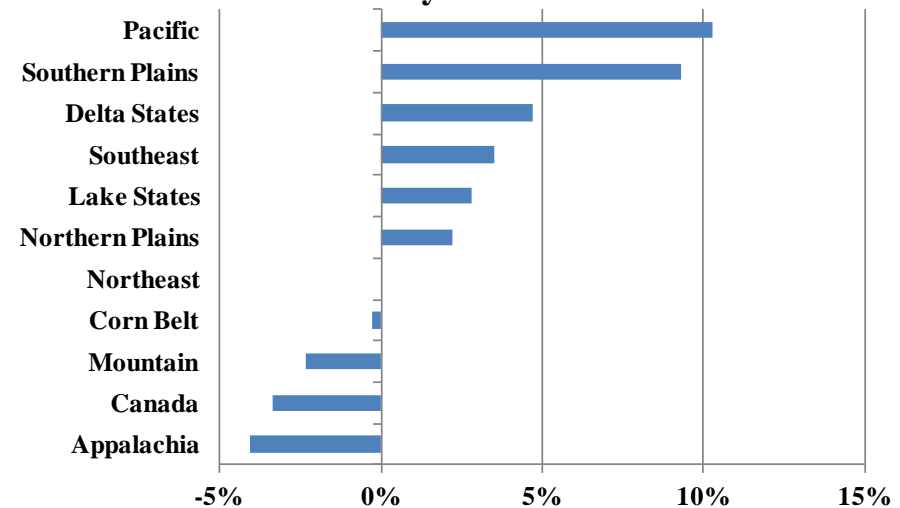
Order Growth by Region

- Six out of eleven regions showed positive monthly orders growth in May, down from nine out of eleven in April. The Pacific, Southern Plains and Delta States head the list of best performing regions this month.
- On a sequential basis, the Delta States showed the most improvement, while Appalachia, Canada, and Pacific showed modest sequential slowdown in order growth.

**Average Monthly Order Growth by Region
April 2012**



**Average Monthly Order Growth by Region
May 2012**



2012 Sales Outlook

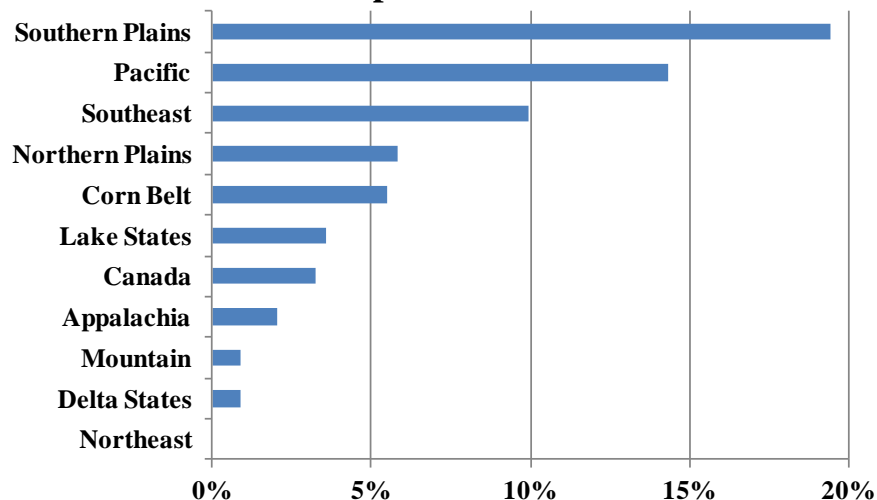
- For 2012, dealers lowered their sales forecast and expect 3% sales growth for the full year versus 6% in April.
- AGCO and Shortline dealers are the most optimistic this month reporting the highest full year growth outlook at 7% while Case IH report the least optimistic outlook down 1% on average.

2012 Outlook										
(% chg y/y)	<u>Aug-11</u>	<u>Sep-11</u>	<u>Oct-11</u>	<u>Nov-11</u>	<u>Dec-11</u>	<u>Jan-12</u>	<u>Feb-12</u>	<u>Mar-12</u>	<u>Apr-12</u>	<u>May-12</u>
Overall	5%	2%	4%	4%	3%	5%	5%	4%	6%	3%
By Brand	<u>Aug-11</u>	<u>Sep-11</u>	<u>Oct-11</u>	<u>Nov-11</u>	<u>Dec-11</u>	<u>Jan-12</u>	<u>Feb-12</u>	<u>Mar-12</u>	<u>Apr-12</u>	<u>May-12</u>
AGCO	9%	8%	9%	8%	4%	6%	7%	3%	8%	7%
John Deere	4%	1%	2%	3%	2%	6%	6%	4%	9%	5%
New Holland	5%	5%	5%	5%	4%	2%	3%	4%	3%	1%
Case IH	4%	3%	5%	4%	3%	3%	2%	3%	3%	-1%
Kubota	5%	7%	4%	4%	6%	4%	4%	3%	3%	4%
Shortlines	3%	2%	1%	2%	2%	2%	3%	6%	4%	7%
Other	3%	4%	6%	4%	7%	5%	3%	4%	3%	5%

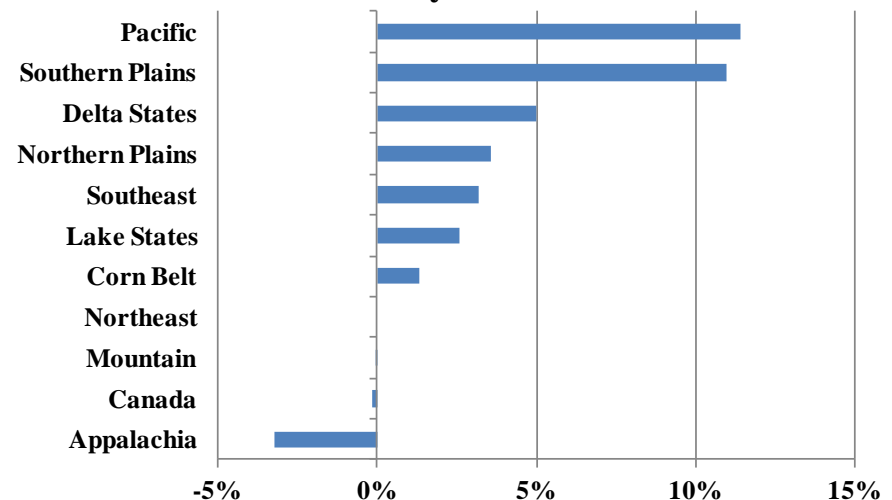
2012 Sales Outlook Continued

- Seven out of eleven regions are projecting a positive full year sales outlook in May, down from ten out of eleven in April. Dealers in the Pacific and Southern Plains are the most optimistic while the Appalachia region is forecasting sales to be down in 2012.
- On a sequential basis, the Southern Plains and Southeast region showed modest sequential slowdown. The remaining regions were relatively consistent.

**Average Monthly Sales Outlook by Region
April 2012**



**Average Monthly Sales Outlook by Region
May 2012**

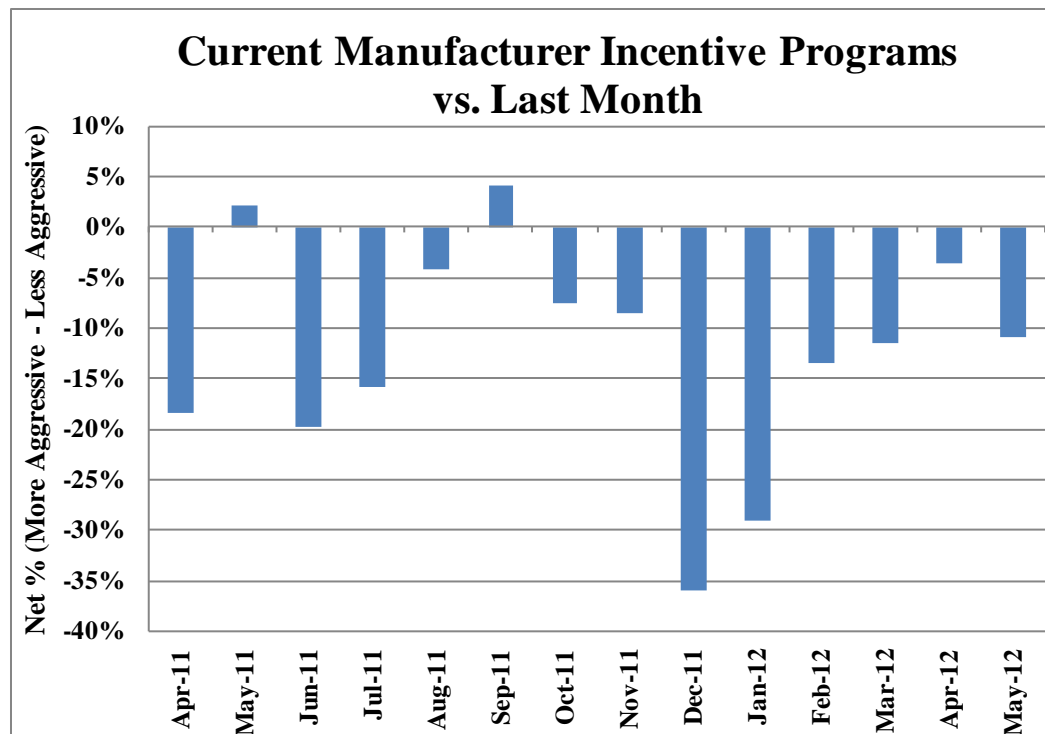


Dealer Commentary on 2012 Outlook

- *I'm less optimistic now. It looks like our net profit per acre will be less than last year*
- *Tax laws have me less optimistic.*
- *I'm concerned about the effect of the world economy on the ag market.*
- *I'm less optimistic because of tax law changes—Section 179 is going away*
- *We're also less optimistic than we were. I'm not sure if the wheat crop in our area is going to be as good as expected.*
- *I'm more optimistic. We have good moisture along with an above average wheat harvest. Corn, cotton and soybeans are looking promising*
- *The new crop looks good, so I'm feeling better about the rest of the year.*
- *I'm less optimistic because the European uncertainty is causing the commodity market to be fickle.*
- *I feel better about the outlook. More competitors coming on line with price increases required to support T4 developments placing us on a more level playing field.*
- *I'm less optimistic because of New Holland's management*

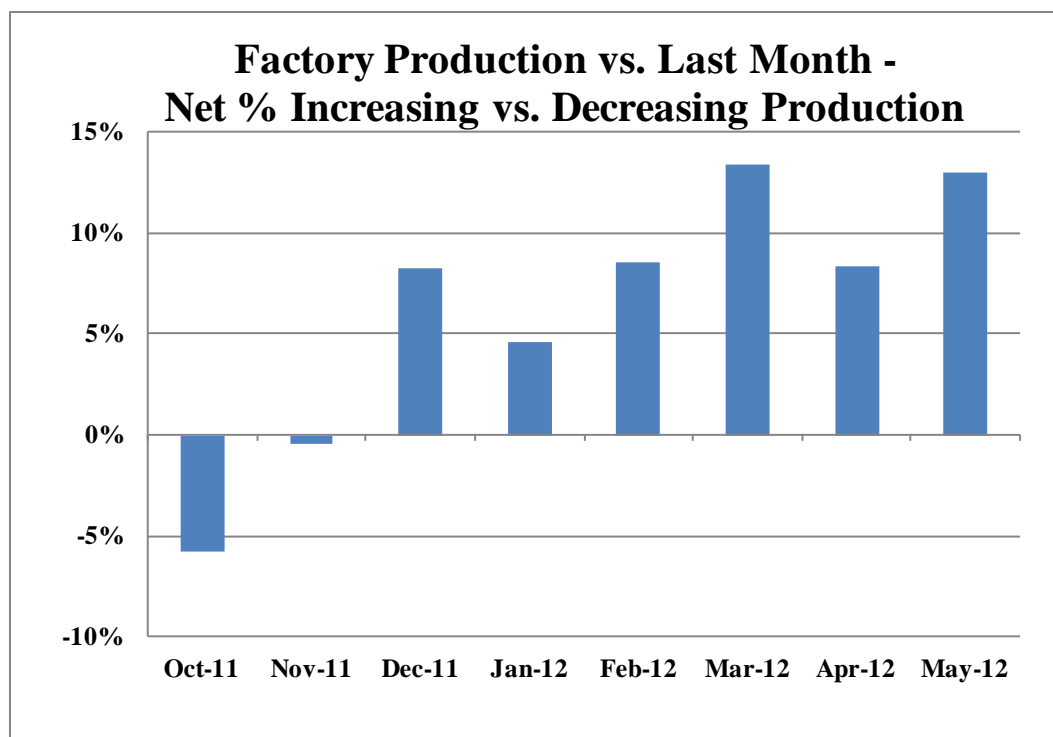
Current Manufacturer Incentive Programs

- A net 11% of dealers report that manufacturers are less aggressive with incentives in May (13% more aggressive; 64% same; 24% less aggressive) compared to a net 4% in April. This trend continues to appear to be attributed to the end of pre-sell programs and slightly higher interest rates.



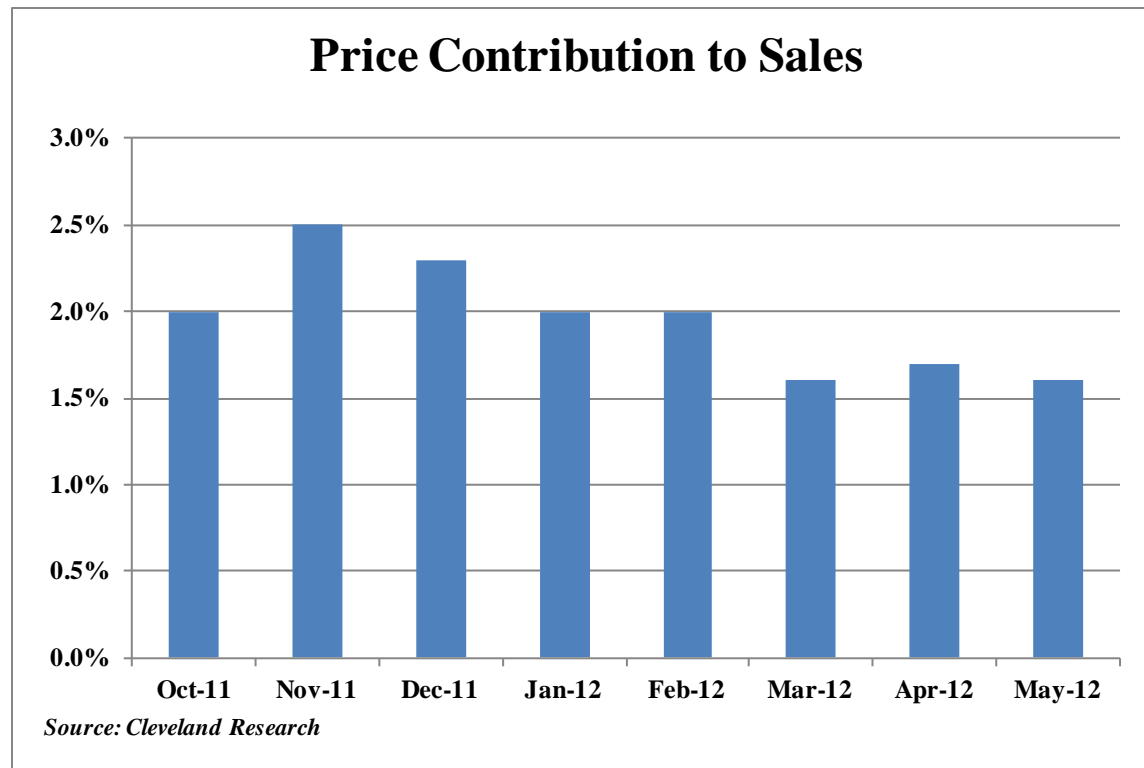
Factory Production

- Dealers report that factories appear to be slowly increasing production as a net 13% of dealers are reporting increasing production levels (18% increasing production; 77% no change in production; 5% decreasing production) compared to a net 8% in April.



Pricing Trends

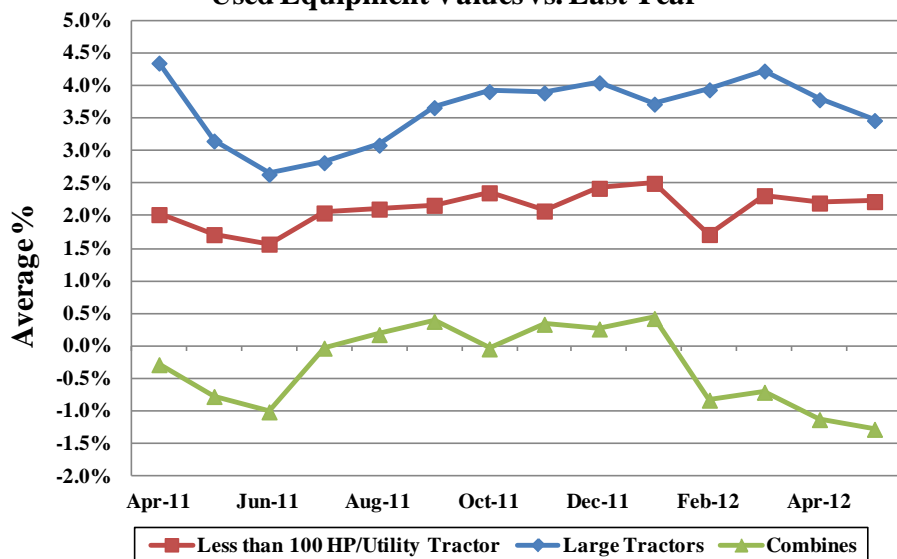
- Dealers report price contributed roughly ~1.6% to total May revenue, slightly down from 1.7% in April.



Used Equipment Pricing

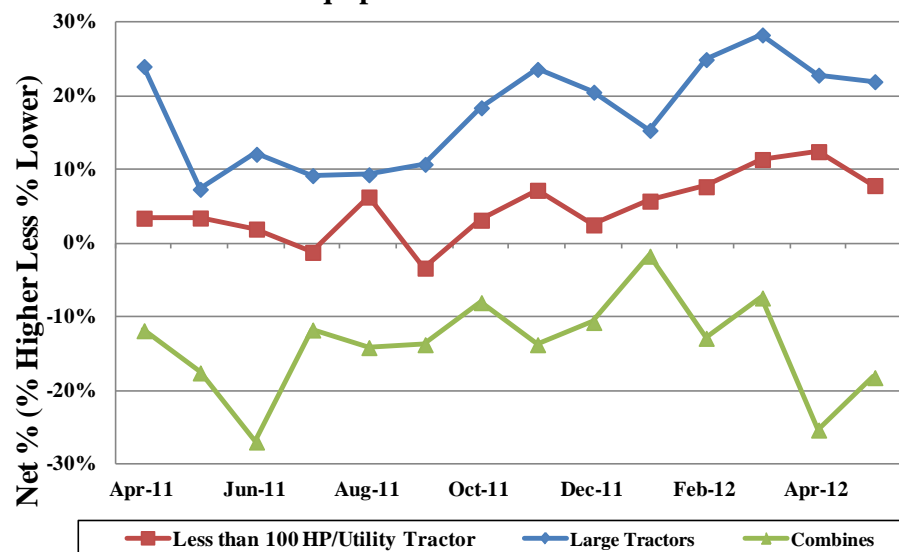
- By category, tractors over 100HP are up 3.5% year-over-year on average in May, down from 3.8% in April. Prices for used tractors under 100HP are up 2.2% in May, consistent with April. Used combine values are down (1.3%) in May, down from (1.1%) last month.
- Relative to last month, a net 8% of dealers report higher values for under 100HP/utility tractors, down from a net 13% in April. For over 100HP tractors, a net 22% of dealers report higher values vs. last month, down from a net 23% in April. Finally, a net 18% of dealers report used combine values are lower than last month.

Used Equipment Values vs. Last Year



Source: Cleveland Research

Used Equipment Values vs. Last Month



Source: Cleveland Research

Inventory Levels

New Equipment Inventory

- New equipment inventory remains tight as a net 23% of dealers categorize their new inventory as “too low” (15% too high; 46% about right; 39% too low), down from a net 27% last month.

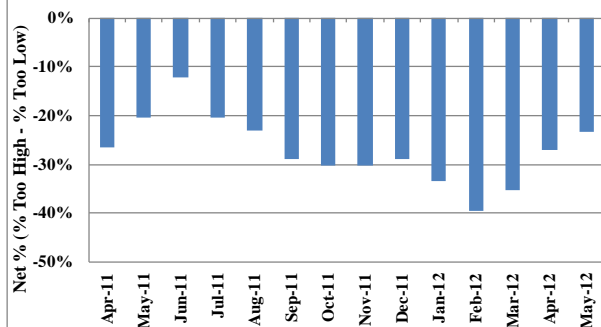
Used Equipment Inventory

- Used equipment inventory appears to have decreased, as a net 3% of dealers now categorize their used inventory levels as “too low” (22% too high; 52% about right; 26% too low) down from a net 4% from last month.

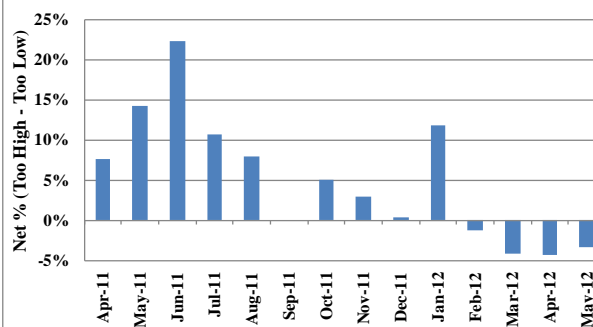
Used Combine Inventory

- Within the used equipment categories, a net 34% of dealers also reported used combine inventory levels are still “too high” (43% too high; 48% about right; 9% too low).

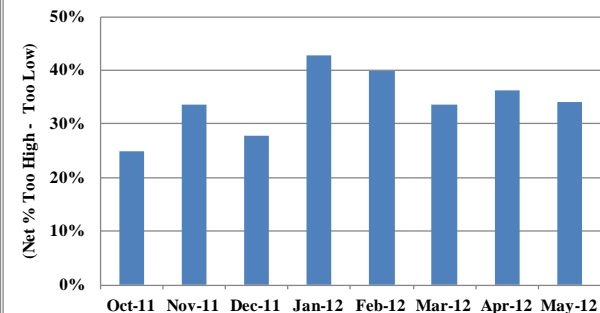
Inventory Levels - New



Inventory Levels - Used



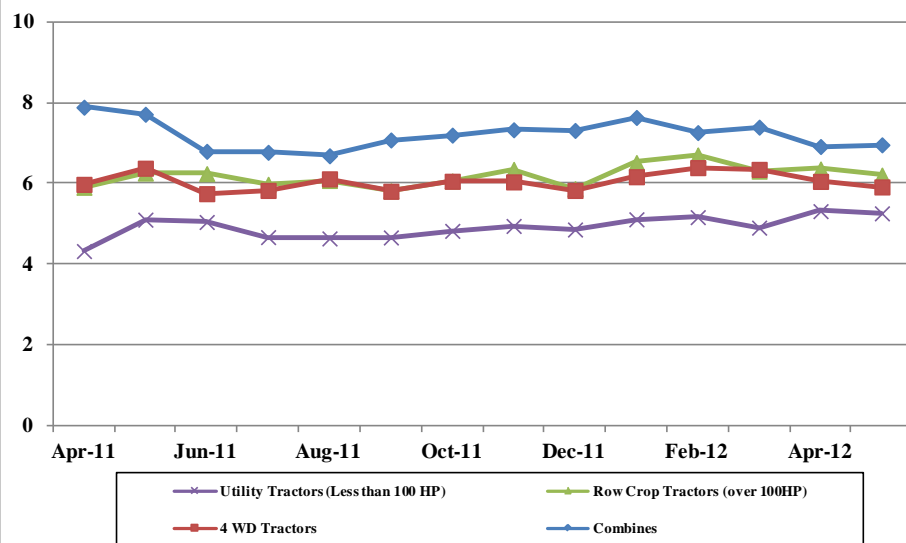
Used Combine Inventory vs. Last Month



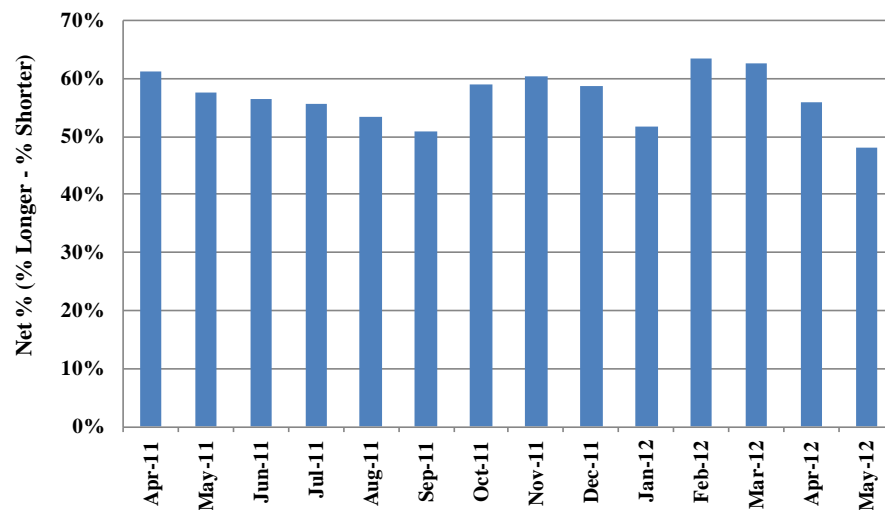
Equipment Availability

- Overall, a net 48% of dealers report longer factory lead-times compared to last month (52% longer; 44% same; 4% shorter), down from a net 56% last month.
- A closer look at availability by product category shows mixed lead time trends this month. On average combine lead times are 7 months; 4WD are 5.9 months; row crop tractor lead times are 6.2 months; and smaller tractors (<100 HP) lead times are 5.3 months.

Lead Times By Product Category (Months)



Lead Times - Versus Prior Month



Dealer Commentary on Used Inventory Levels

- *The older iron sits looking for the buyer of this level of iron. We have lost most of the 3rd, 4th, & 5th level of buyer. Need to say no more often when we feel the trade could end up a "dog".*
- *Too high on used combines. Multiple trades still putting a number of good trades on market.*
- *Inventory is too high. Does anyone need a few gas powered tractors?*
- *Used combines and 4wd tractors are too high for us.*
- *Overall we're about right but have high used combine inventory levels, and low used tractor inventory levels.*
- *We need more used 120-180 hp tractors.*
- *Combines and sprayers are too high.*
- *It's about right for us. Except we have too many late model combines, but they should go fairly soon if we get some rain.*
- *Too High Late model class 7 and 8 combines.*
- *Too low except used combines - need to sell some used combines*
- *Used tillage is hard to move and hard to value.*

Dealer Commentary on Biggest Surprise in the Month

- *Dry weather & the stock market correction which may affect crop prices. Then there is not as much disposable income for equipment purchases.*
- *A sharp decline in customer interest and sales that began the last week of May.*
- *Despite our drier conditions this year compared to the last several, we have still been moving both new and used equipment.*
- *We have recently started selling the new LS tractors and our sells have be very good. We were only selling used tractors and new and used equipment until then. Pricing on used tractors have gone up to the point they can't compete with the price of the new LS tractors.*
- *We're currently up 58% from the same period last year as a result of increased demand for lawn & garden, hay tools and small tractors. But, we need moisture.*
- *The on going decrease in the price of milk.*
- *Early planting Early haying Tremendous growth*
- *2013 Order Programs for spring tillage and planters off to a slow start. Yet, manufacturing slots are filling fast.*
- *Strength of the high-speed disc sales. It has been our biggest seller in the last 30 days.*
- *Request for larger 4wheel drives and tillage equipment*
- *Sales are up lawn mower sales up tractor and hay sales are also UP*
- *I'm starting to see a problem with repair parts*
- *Very strong sales in May.*
- *Sales are stronger than we thought they would be and so is the ordered/sold ahead*
- *The overall positive response by consumers to the rainfall we received*
- *John Deere pushing to get us to merge. Ninety seven percent of our farm business are family farms. John Deere can win by charging us more for their products than the big boys. We will ride it out. I like working for myself. We will slowly take on other lines. We are being hurt by the lower quality product John Deere is selling through the box stores. Their bean counters have not picked up on this yet.*
- *Pricing lots of new equipment*
- *Nice flurry the last day of the month due to some extra mfg incentives.*
- *Weaker than normal hay equipment and tractor sales*

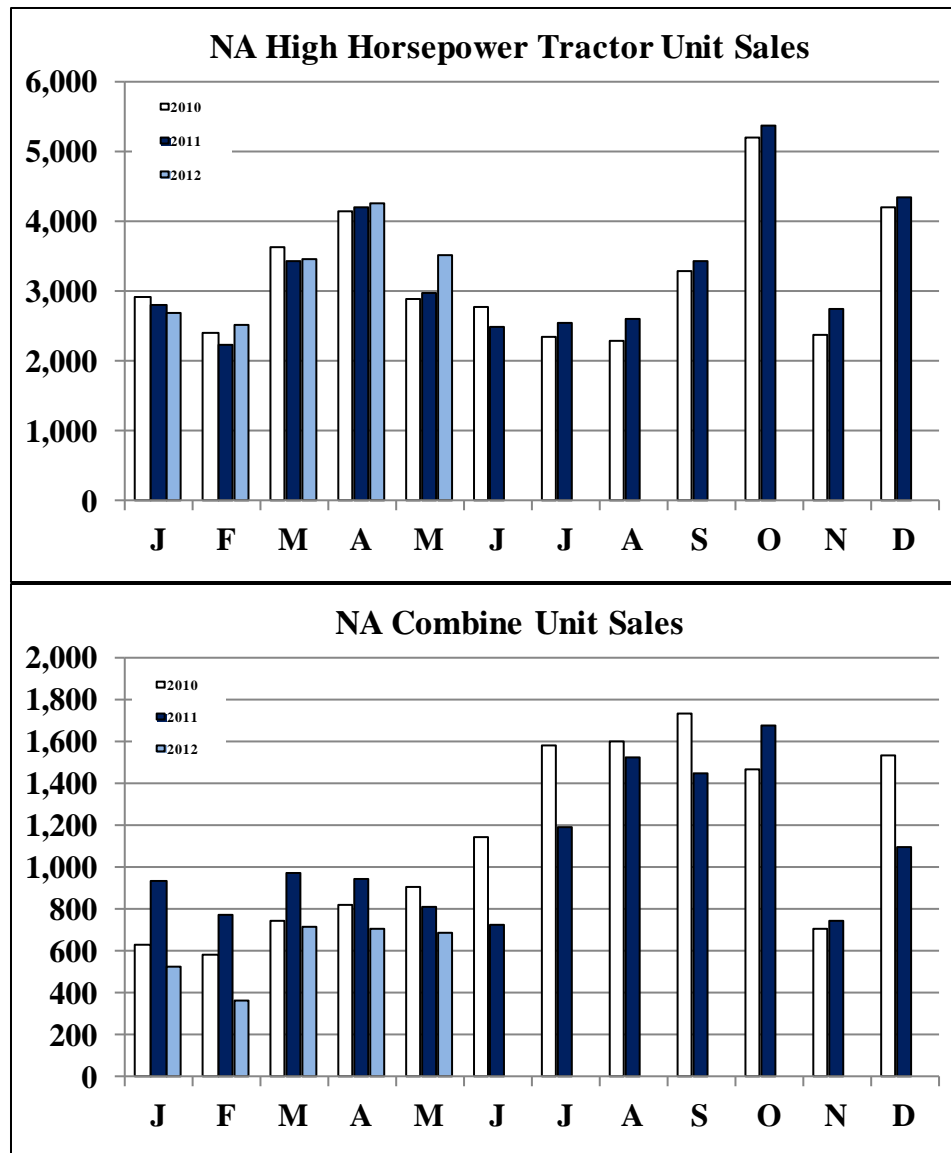
NA Farm Equipment Industry Retail Sales and Inventory

NORTH AMERICAN FARM EQUIPMENT RETAIL SALES														
	Units							% change year-over-year						
	< 40 HP	Utility	Row Crop	4-Wheel	Total Tractor	Memo: High hp	Combines	<40HP	Util	RC	4-WD	Total	High hp	Comb
Jan-10	3,687	3,181	2,606	327	9,801	2,933	633	(1%)	(8%)	31%	4%	3%	27%	14%
Feb-10	3,893	2,670	1,947	456	8,966	2,403	584	(8%)	(19%)	8%	19%	(8%)	10%	(8%)
Mar-10	8,018	4,253	2,930	707	15,908	3,637	746	15%	(11%)	5%	41%	6%	10%	(2%)
Apr-10	12,604	5,743	3,287	853	22,487	4,140	825	15%	(7%)	6%	40%	8%	11%	25%
May-10	13,019	5,769	2,441	461	21,690	2,902	910	9%	5%	(1%)	(10%)	6%	(3%)	1%
Jun-10	10,726	5,750	2,195	570	19,241	2,765	1,146	(8%)	(12%)	(1%)	31%	(8%)	4%	(10%)
Jul-10	8,635	5,122	1,896	435	16,088	2,331	1,576	(2%)	2%	(11%)	(3%)	(2%)	(10%)	(7%)
Aug-10	7,150	4,111	1,887	412	13,560	2,299	1,598	3%	7%	44%	3%	9%	34%	17%
Sep-10	7,564	4,340	2,644	653	15,201	3,297	1,731	(1%)	(12%)	43%	16%	1%	37%	12%
Oct-10	7,067	5,290	4,091	1,117	17,565	5,208	1,464	3%	10%	39%	62%	15%	43%	17%
Nov-10	4,973	3,373	1,981	394	10,721	2,375	704	12%	12%	39%	25%	17%	37%	33%
Dec-10	6,633	5,620	3,445	754	16,452	4,199	1,532	17%	21%	18%	39%	19%	21%	32%
Jan-11	3,705	3,493	2,296	507	10,001	2,803	935	0%	10%	(12%)	55%	2%	(4%)	48%
Feb-11	4,448	3,074	1,764	462	9,748	2,226	777	14%	15%	(9%)	1%	9%	(7%)	33%
Mar-11	8,894	4,973	2,816	624	17,307	3,440	973	11%	17%	(4%)	(12%)	9%	(5%)	30%
Apr-11	11,412	5,413	3,325	885	21,035	4,210	941	(9%)	(6%)	1%	4%	(6%)	2%	14%
May-11	12,601	5,133	2,403	588	20,725	2,991	815	(3%)	(11%)	(2%)	28%	(4%)	3%	(10%)
Jun-11	12,102	5,966	2,076	428	20,572	2,504	722	13%	4%	(5%)	(25%)	7%	(9%)	(37%)
Jul-11	7,702	4,728	2,098	457	14,985	2,555	1,188	(11%)	(8%)	11%	5%	(7%)	10%	(25%)
Aug-11	7,318	4,180	2,152	448	14,098	2,600	1,523	2%	2%	14%	9%	4%	13%	(5%)
Sep-11	7,843	4,570	2,735	700	15,848	3,435	1,446	4%	5%	3%	7%	4%	4%	(16%)
Oct-11	7,914	5,932	4,249	1,130	19,225	5,379	1,673	12%	12%	4%	1%	9%	3%	14%
Nov-11	4,952	3,430	2,274	482	11,138	2,756	742	(0%)	2%	15%	22%	4%	16%	5%
Dec-11	7,273	6,156	3,697	662	17,788	4,359	1,101	10%	10%	7%	(12%)	8%	4%	(28%)
Jan-12	3,901	3,698	2,335	359	10,293	2,694	528	5%	6%	2%	(29%)	3%	(4%)	(44%)
Feb-12	4,360	3,547	2,046	488	10,441	2,534	367	(2%)	15%	16%	6%	7%	14%	(53%)
Mar-12	8,627	4,586	2,722	745	16,680	3,467	720	(3%)	(8%)	(3%)	19%	(4%)	1%	(26%)
Apr-12	13,393	6,050	3,382	887	23,712	4,269	706	17%	12%	2%	0%	13%	1%	(25%)
May-12	13,562	5,984	2,911	611	23,068	3,522	691	8%	17%	21%	4%	11%	18%	(15%)

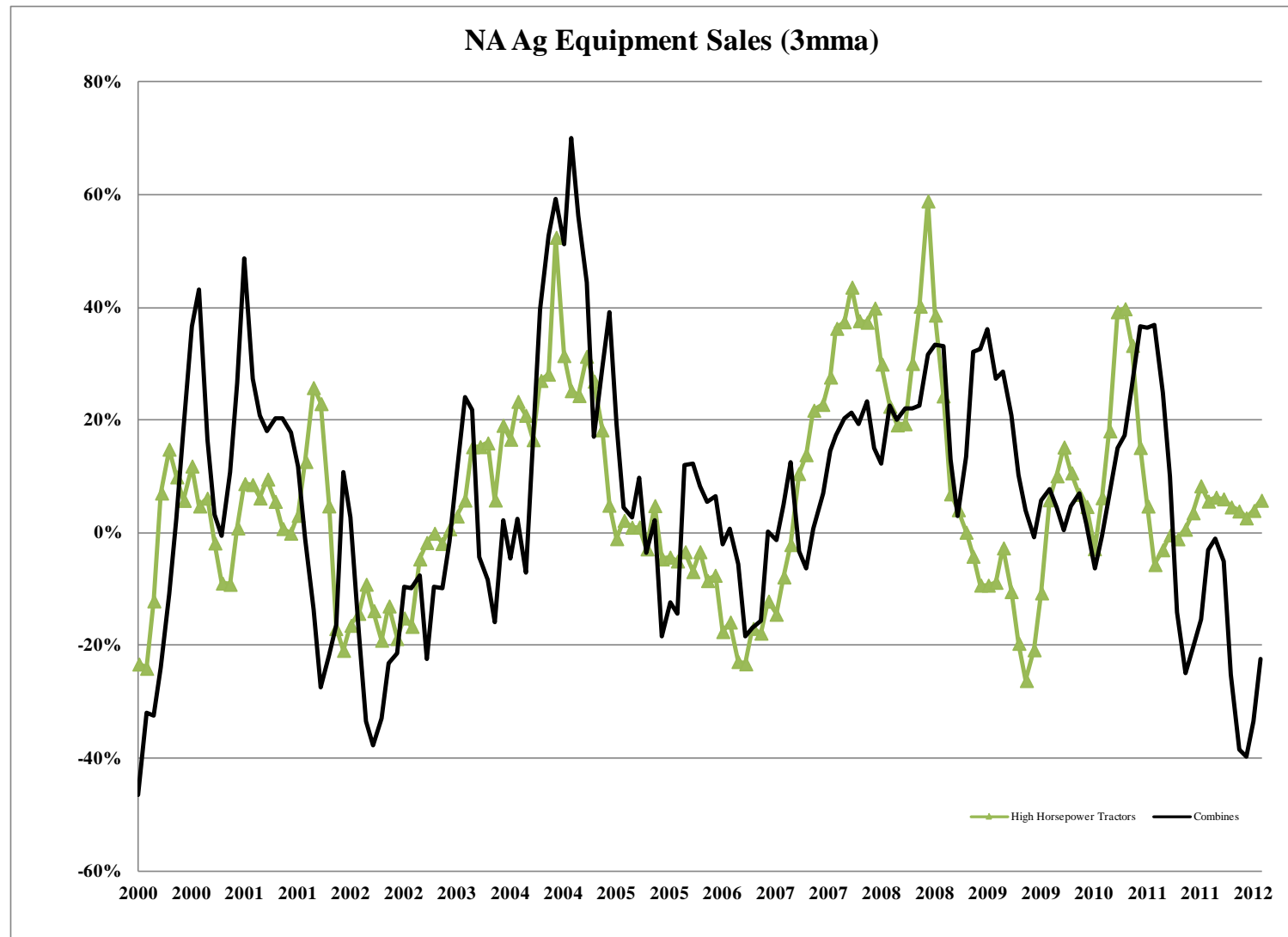
NORTH AMERICAN FARM EQUIPMENT INVENTORY														
	Inventory (Units)							Inventory to 12-mo. Sales						
	< 40 HP	Utility	Row Crop	4-Wheel	Total Tractor	Memo: High hp	Combines	<40HP	Util	RC	4-WD	Total	High HP	Comb
Dec-09	50,702	27,289	9,697	871	88,559	10,568	984	57%	49%	36%	15%	50%	32%	8%
Jan-10	51,307	27,106	8,936	1,016	88,365	9,952	1,096	57%	49%	32%	18%	49%	30%	9%
Feb-10	53,071	27,410	9,034	1,154	90,669	10,188	1,358	59%	50%	33%	20%	51%	30%	11%
Mar-10	54,430	27,854	8,570	1,151	92,005	9,721	1,387	60%	51%	31%	19%	51%	29%	11%
Apr-10	51,559	27,766	8,127	1,023	88,475	9,150	1,507	56%	51%	29%	16%	49%	27%	12%
May-10	47,800	26,701	8,013	1,149	83,663	9,162	1,932	51%	49%	29%	19%	46%	27%	15%
Jun-10	46,417	26,475	7,868	1,094	81,854	8,962	2,202	50%	49%	28%	17%	45%	26%	18%
Jul-10	46,618	26,538	8,361	1,407	82,924	9,768	2,546	51%	49%	30%	22%	46%	29%	21%
Aug-10	47,813	26,499	9,015	1,405	84,732	10,420	2,557	52%	49%	32%	22%	47%	30%	20%
Sep-10	48,820	25,850	8,944	1,504	85,118	10,448	2,207	53%	48%	31%	23%	47%	29%	17%
Oct-10	51,598	25,735	8,411	1,171	86,915	9,582	1,317	56%	48%	28%	17%	47%	26%	10%
Nov-10	55,248	26,251	8,420	1,354	91,273	9,774	1,714	59%	48%	27%	20%	49%	26%	13%
Dec-10	58,708	24,800	7,832	1,203	92,543	9,035	1,810	62%	45%	25%	17%	49%	23%	13%
Jan-11	60,357	25,451	7,219	1,125	94,152	8,344	1,735	64%	46%	23%	15%	50%	22%	13%
Feb-11	63,810	26,495	7,200	1,221	98,726	8,421	2,083	67%	47%	23%	17%	52%	22%	15%
Mar-11	65,267	27,435	7,716	1,213	101,631	8,929	2,128	68%	48%	25%	17%	53%	24%	15%
Apr-11	63,035	26,919	7,499	1,053	98,506	8,552	2,136	67%	48%	24%	14%	52%	22%	15%
May-11	58,905	26,579	6,951	1,122	93,557	8,073	1,826	63%	48%	23%	15%	50%	21%	13%
Jun-11	55,357	25,691	7,372	1,274	89,694	8,646	2,228	58%	46%	24%	18%	47%	23%	16%
Jul-11	55,120	25,713	7,971	1,594	90,398	9,565	2,715	58%	46%	26%	22%	48%	25%	20%
Aug-11	54,880	26,320	8,584	1,740	91,524	10,324	2,607	58%	47%	28%	24%	49%	27%	20%
Sep-11	53,873	26,448	9,073	1,806	91,200	10,879	2,666	57%	47%	29%	25%	48%	28%	20%
Oct-11	54,999	25,858	8,299	1,391	90,547	9,690	1,564	58%	46%	26%	19%	47%	25%	12%
Nov-11	57,959	27,430	8,466	1,241	95,096	9,707	1,545	61%	49%	27%	17%	50%	25%	12%
Dec-11	59,746	26,551	7,666	1,035	94,998	8,701	1,250	62%	47%	24%	14%	49%	22%	10%
Jan-12	61,967	27,298	7,277	1,222	97,764	8,499	1,338	64%	48%	23%	17%	51%	22%	11%
Feb-12	65,727	28,689	7,763	1,360	103,539	9,123	1,676	68%	50%	24%	19%	54%	23%	14%
Mar-12	68,756	29,144	8,199	1,518	107,617	9,717	1,955	72%	51%	26%	21%	56%	25%	17%
Apr-12	66,562	28,743	8,241	1,472	105,018	9,713	1,961	68%	50%	26%	20%	54%	25%	17%

Source: AEM, CRC Estimates

Annual Ag Equipment Industry Sales – 2010-2012



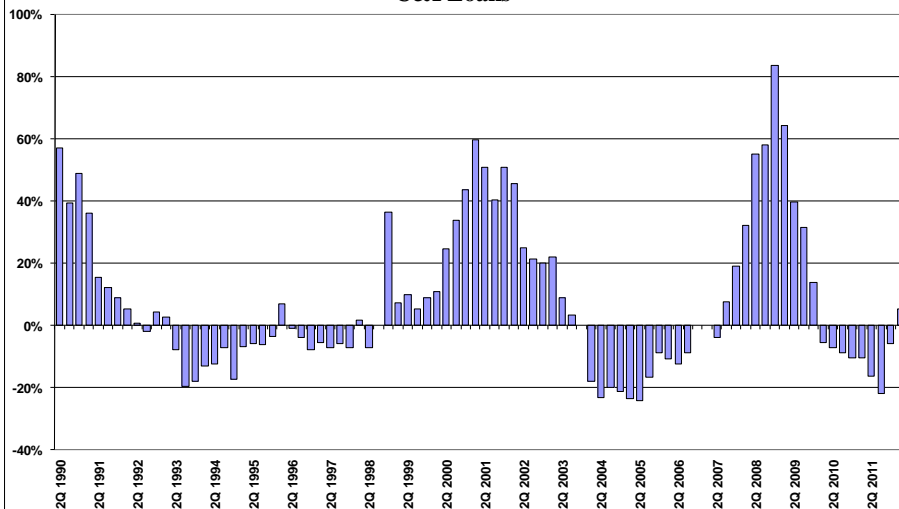
NA Ag Equipment Sales



Credit – C&I Loan Demand Improves as Lending Standards Loosen

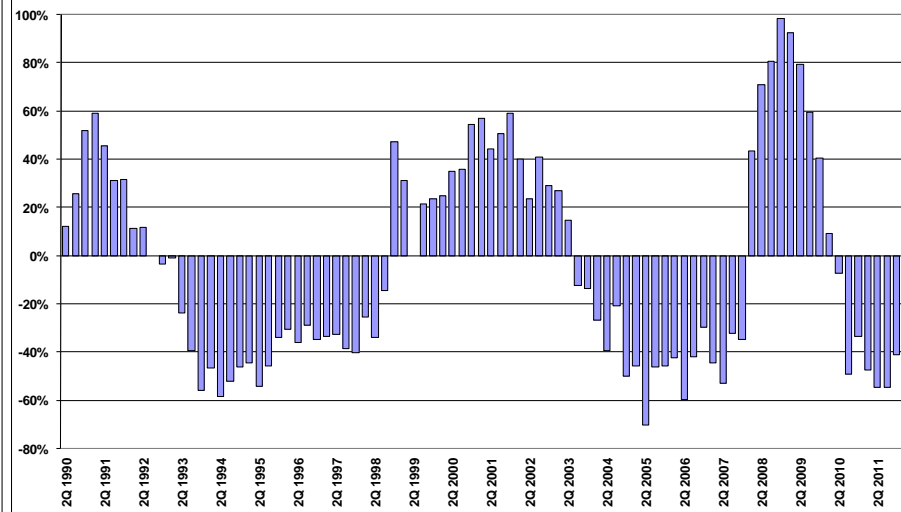
- The 1Q12 Senior Loan Officer survey saw a tightening of loan standards, a reversal from eight consecutive quarters of loosening. A net 5% of loan officers reported tightening credit standards in 1Q12 compared with a net 6% loosening in 4Q11.
- Bank rate spreads contracted again in 1Q12 with a net 46% of loan officers reporting lower lending spreads, up from a net 41% in 4Q11.
- Demand for commercial and industrial loans improved in 1Q as a net 20% of loan officers reported stronger demand for commercial and industrial loans in 1Q12, up from the 19% reporting weaker demand in 4Q11.

Net Percentage of Domestic Respondents Tightening Standards for C&I Loans



Source: Federal Reserve Board

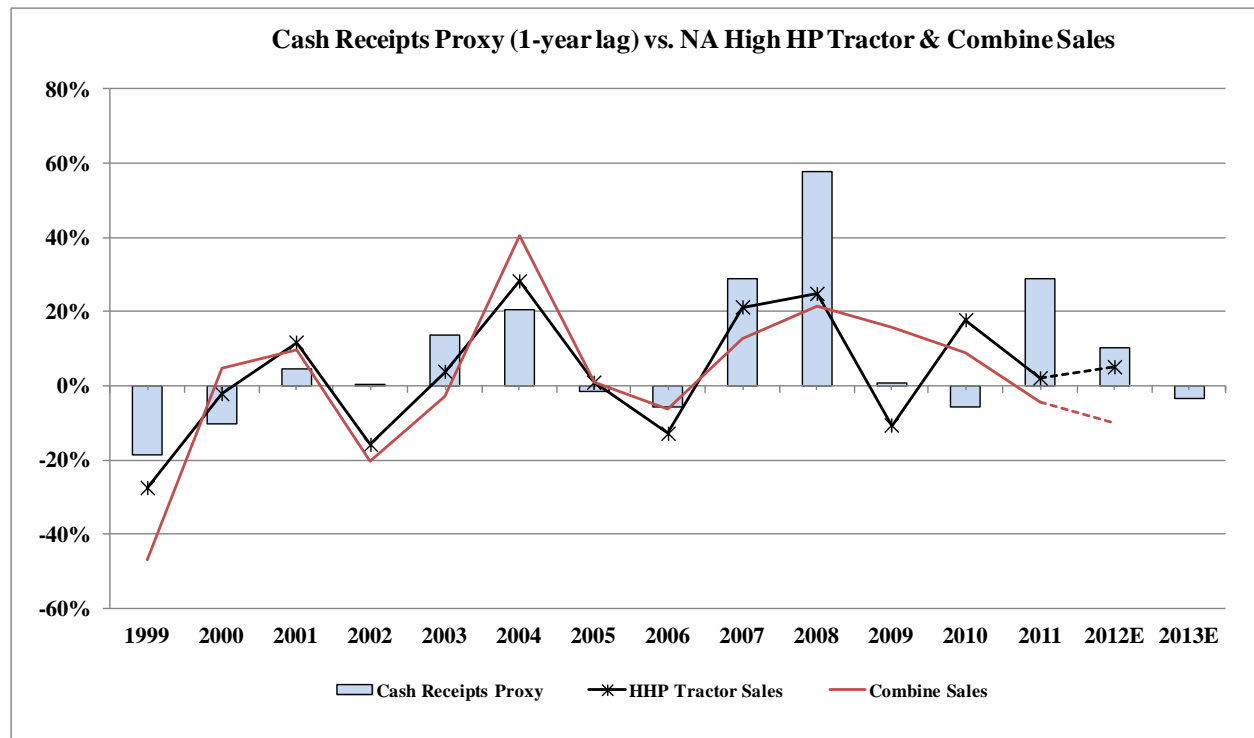
Net % of Domestic Respondents Increasing Spreads of Loan Rates Over Banks' Cost of Funds



Source: Federal Reserve Board

Commodity Price Trends - Cash Receipts vs. Out Year Equipment Sales

- **The USDA's June crop supply and demand forecast for the 2012/13 crop year shows no change in our simplified cash receipts proxy.** The updated price projections for the 2012/2013 crop year shows only a slight change in wheat prices compared to last month. However, the impact is negligible and leaves our simplified cash receipts proxy at just over \$123Bil, or about a (3%) decrease yr/yr. Farmer cash receipts are highly correlated with out-year new equipment sales as shown below, so the initial outlook for 2012/2013 cash receipts is a cautious indicator for 2013 NA ag machinery demand.



Commodity Price Trends – Simplified Cash Receipts Proxy

USDA - World Agricultural Supply and Demand Estimates (bu millions)

CORN - DOMESTIC

Year	Production	Domestic Use	Exports	Total Use	End Stocks	Stocks/Use	Avg Price
2010/11	12,447	11,550	1,900	13,450	730	6.3%	\$5.18
2011/12	12,358	10,955	1,700	12,655	851	7.8%	\$5.95-\$6.25
2012/13							
May	14,790	11,875	1,900	13,775	1,881	15.8%	\$4.20-\$5.00
June	14,790	11,875	1,900	13,775	1,881	15.8%	\$4.20-\$5.00
Revision to 2011/12:							Corn Spot Price: \$6.46
m/m chg	0	0	0	0	0	0.0%	\$0.00
y/y chg	2,432	920	200	1,120	1,030	8.1%	(\$1.50)

CORN - INTERNATIONAL

Year	Production	Total Use	End Stocks	Stocks/Use
2010/11	19,652	21,464	4,081	19.0%
2011/12	21,910	23,190	4,171	18.0%
2012/13				
May	22,444	24,384	4,116	16.9%
June	22,607	24,477	4,250	17.4%
m/m chg				163 94 134 0.5%
y/y chg				697 1,287 79 -0.6%

SOYBEANS - DOMESTIC

Year	Production	Domestic Use	Exports	Total Use	End Stocks	Stocks/Use	Avg Price
2010/11	3,329	3,325	1,550	4,875	170	5.1%	\$11.30
2011/12	3,056	3,076	1,315	4,391	210	6.8%	\$12.35
2012/13							
May	3,205	3,285	1,505	4,790	145	4.4%	\$12.00-\$14.00
June	3,205	3,255	1,485	4,740	140	4.3%	\$12.00-\$14.00
Revision to 2011/12:							Soybean Spot Price: \$14.41
m/m chg	0	-30	-20	-50	-5	-0.1%	\$0.00
y/y chg	149	179	170	349	-70	-2.5%	\$0.65

SOYBEANS - INTERNATIONAL

Year	Production	Total Use	End Stocks	Stocks/Use
2010/11	6,296	7,572	2,174	28.7%
2011/12	5,647	7,577	1,746	23.0%
2012/13				
May	6,768	7,962	1,989	25.0%
June	6,753	7,965	2,011	25.2%
m/m chg				-15 3 22 0.3%
y/y chg				1106 388 265 2.2%

WHEAT - DOMESTIC

Year	Production	Domestic Use	Exports	Total Use	End Stocks	Stocks/Use	Avg Price
2010/11	2,208	1,180	1,275	2,455	839	71.1%	\$5.70
2011/12	1,999	1,189	1,025	2,214	768	64.6%	\$7.25
2012/13							
May	2,245	1,248	1,150	2,398	735	58.9%	\$5.50-\$6.70
June	2,234	1,238	1,150	2,388	694	56.1%	\$5.50-\$6.80
Revision to 2011/12:							Wheat Spot Price: \$6.70
m/m chg	-11	-10	0	-10	-41	-2.8%	\$0.05
y/y chg	235	49	125	174	-74	-8.5%	(\$1.10)

WHEAT - INTERNATIONAL

Year	Production	Total Use	End Stocks	Stocks/Use
2010/11	21,606	23,148	5,855	25.3%
2011/12	23,524	24,324	6,472	26.6%
2012/13				
May	22,651	23,975	6,177	25.8%
June	22,460	23,816	6,131	25.7%
m/m chg				-191 -159 -46 0.0%
y/y chg				-1064 -508 -341 -0.9%

FARMER CROP RECEIPTS

	Production:			Avg Price:			Crop Cash Receipts*				
	Corn	Soybeans	Wheat	Corn	Soybeans	Wheat	Corn	Soybeans	Wheat	Total	y/y % Chg
2010/11	12,447	3,329	2,208	\$5.25	\$11.40	\$5.65	\$65,347	\$37,951	\$12,475	\$115,773	29%
2011/12	12,358	3,056	1,999	\$6.10	\$12.35	\$7.25	\$75,384	\$37,742	\$14,493	\$127,618	10%
2012/13											
May	14,790	3,205	2,245	\$4.60	\$13.00	\$6.10	\$68,034	\$41,665	\$13,695	\$123,394	-3%
June	14,790	3,205	2,234	\$4.60	\$13.00	\$6.15	\$68,034	\$41,665	\$13,739	\$123,438	-3%

*Note: Cash receipts estimated as USDA production X USDA average price forecast

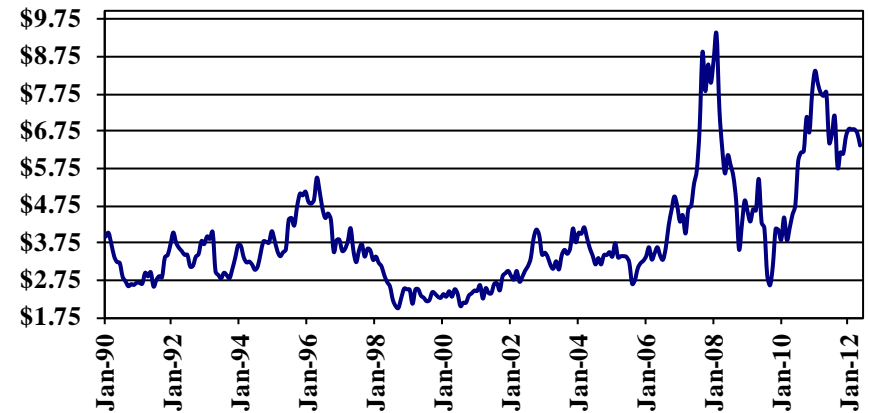
Source: USDA; Cleveland Research estimates

Commodity Price Trends – Corn, Soybean, Wheat, Cotton

Corn Price Trends



Wheat Price Trends



Soybean Price Trends

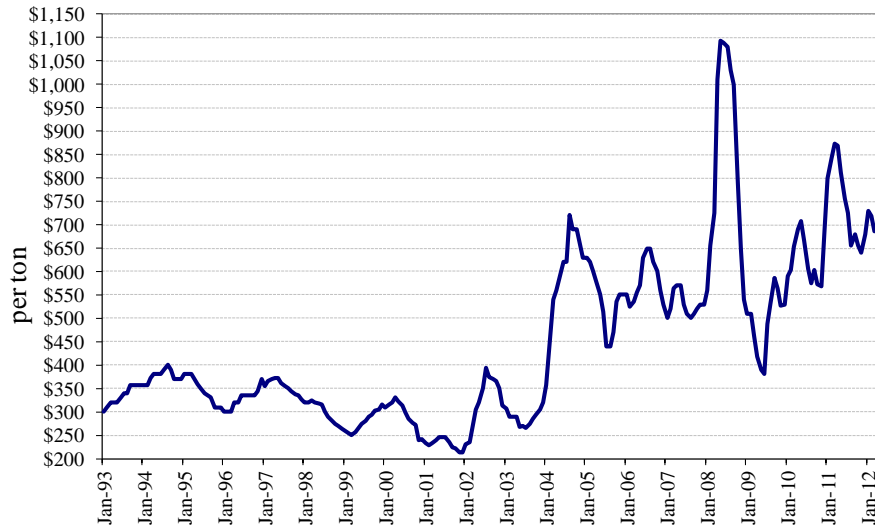


Cotton Price Trends



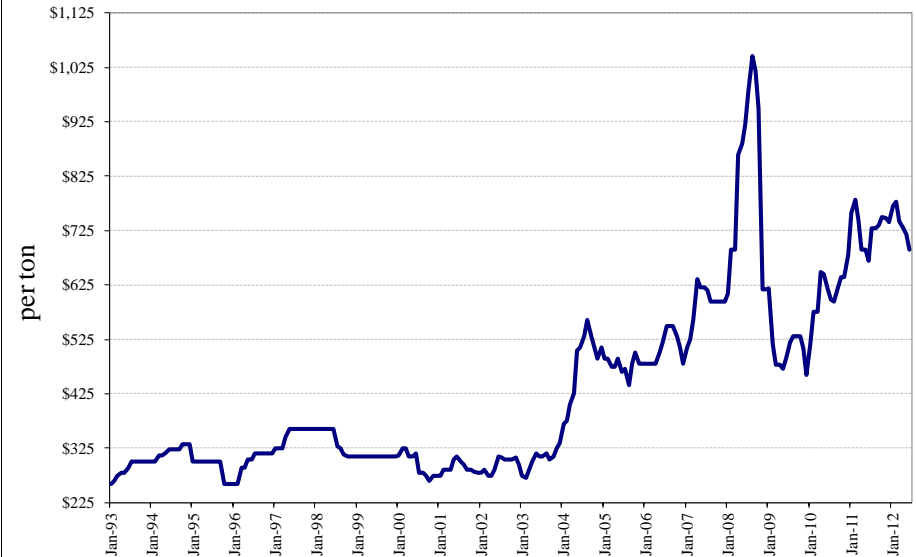
Commodity Price Trends – Steel

Domestic Hot Rolled Sheet Prices

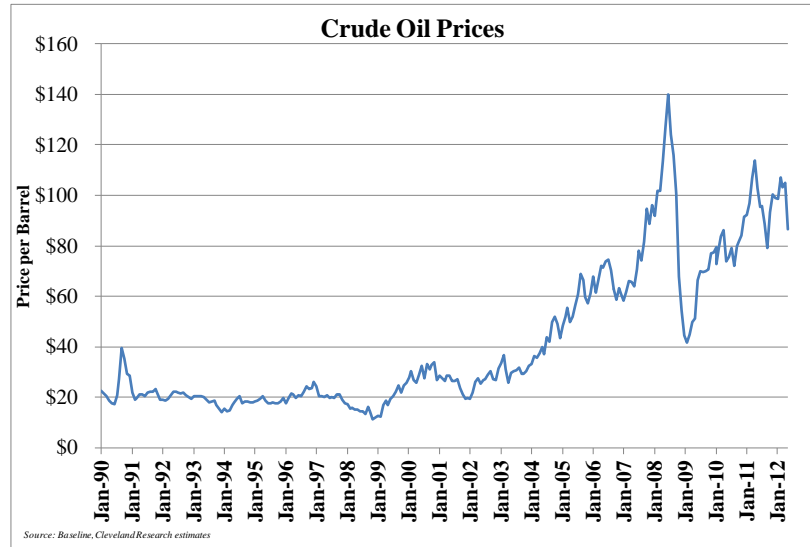
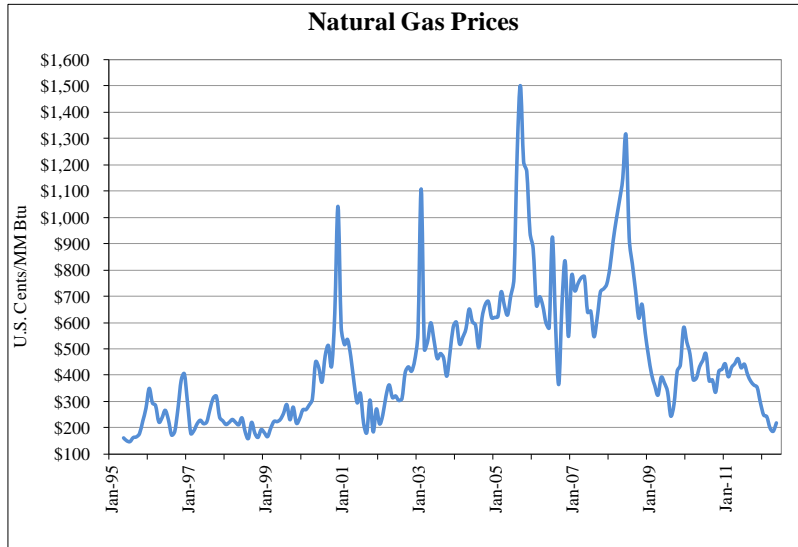


Source: Steel Business Briefing, CRC Estimates

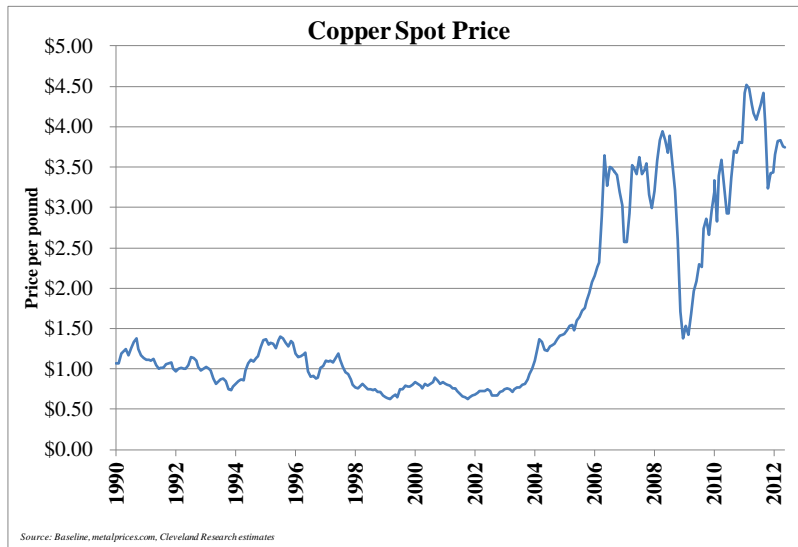
Domestic Reinforcing Bar (Rebar) Prices



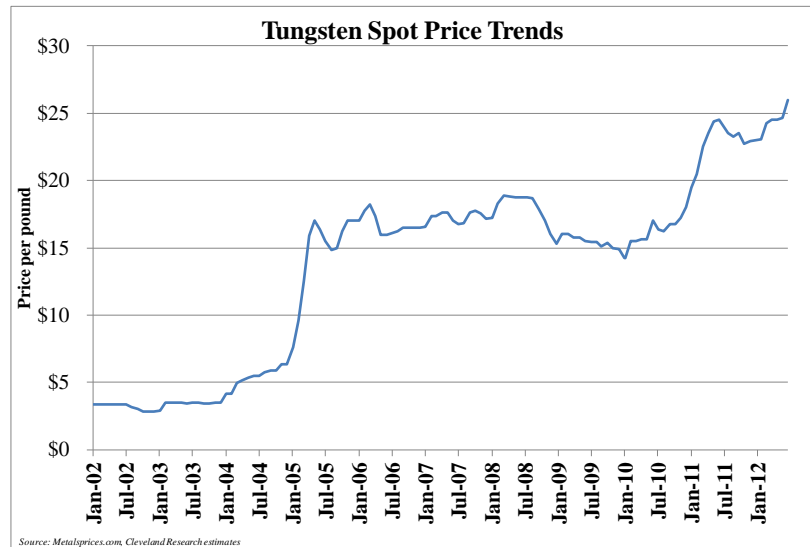
Commodity Price Trends – Copper, Tungsten, Oil, Natural Gas



Source: Baseline, Cleveland Research estimates



Source: Baseline, metalprices.com, Cleveland Research estimates



Source: Metalprices.com, Cleveland Research estimates

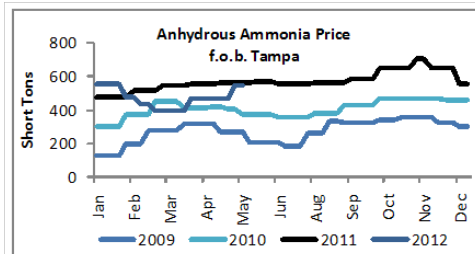
Commodity Trends – Long Run Supply and Demand Projections

CORN - DOMESTIC								
<u>Year</u>	<u>Production</u>	<u>Domestic Use</u>	<u>Use for Ethanol</u>	<u>Exports</u>	<u>Total Use</u>	<u>End Stocks</u>	<u>Stocks/Use</u>	<u>Avg Price</u>
2006/07	10,535	9,086	2,150	2,125	11,211	1,304	14.4%	\$3.04
2007/08	13,074	10,338	3,026	2,436	12,774	1,624	15.7%	\$4.20
2008/09	12,020	10,635	4,000	1,900	12,535	1,124	10.6%	\$4.40
2009/10	12,685	10,820	4,200	2,000	12,820	1,004	9.3%	\$4.00
2010/11	13,005	10,970	4,300	2,025	12,995	1,029	9.4%	\$3.90
2011/12	13,330	11,150	4,425	2,050	13,200	1,174	10.5%	\$3.80
2012/13	13,495	11,335	4,550	2,075	13,410	1,274	11.2%	\$3.70
2013/14	13,660	11,520	4,650	2,100	13,620	1,329	11.5%	\$3.65
2014/15	13,830	11,705	4,750	2,125	13,830	1,344	11.5%	\$3.70
2015/16	13,995	11,865	4,825	2,150	14,015	1,339	11.3%	\$3.75
2015/17	14,245	12,000	4,900	2,175	14,175	1,424	11.9%	\$3.75
2017/18	14,410	12,135	4,975	2,200	14,335	1,514	12.5%	\$3.75
2018/19	14,580	12,295	5,050	2,225	14,520	1,589	12.9%	\$3.75
2019/20	14,595	12,200	5,025	2,425	14,625	1,490	12.2%	\$3.65
10-yr Avg	13,915	11,718	4,745	2,155	13,873	1,351	11.5%	\$3.74

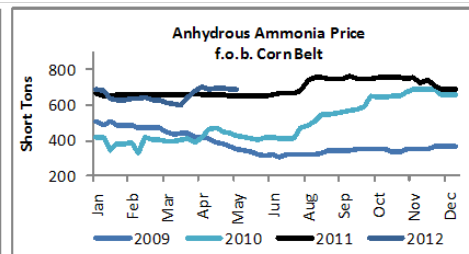
SOYBEANS - DOMESTIC							
<u>Year</u>	<u>Production</u>	<u>Domestic Use</u>	<u>Exports</u>	<u>Total Use</u>	<u>End Stocks</u>	<u>Stocks/Use</u>	<u>Avg Price</u>
2006/07	3,188	1,955	1,118	3,073	573	29.3%	\$9.00
2007/08	2,676	1,893	1,161	3,054	205	10.8%	\$10.10
2008/09	2,921	1,907	1,020	2,927	205	10.7%	\$9.85
2009/10	3,110	1,888	1,175	3,063	257	13.6%	\$8.85
2010/11	3,100	1,901	1,200	3,101	261	13.7%	\$8.75
2011/12	3,095	1,915	1,200	3,115	246	12.8%	\$8.75
2012/13	3,100	1,936	1,180	3,116	235	12.1%	\$8.70
2013/14	3,130	1,956	1,180	3,136	235	12.0%	\$8.60
2014/15	3,140	1,976	1,175	3,151	229	11.6%	\$8.70
2015/16	3,170	1,997	1,175	3,172	232	11.6%	\$8.75
2015/17	3,195	2,017	1,180	3,197	235	11.7%	\$8.75
2017/18	3,230	2,043	1,190	3,233	237	11.6%	\$8.75
2018/19	3,260	2,064	1,200	3,264	238	11.5%	\$8.80
2019/20	3,490	2,041	1,455	3,496	261	12.8%	\$9.20
10-yr Avg	3,191	1,985	1,214	3,198	241	12.1%	\$8.78

WHEAT - DOMESTIC							
<u>Year</u>	<u>Production</u>	<u>Domestic Use</u>	<u>Exports</u>	<u>Total Use</u>	<u>End Stocks</u>	<u>Stocks/Use</u>	<u>Avg Price</u>
2006/07	1,812	1,140	909	2,049	418	36.7%	\$4.35
2007/08	2,067	1,066	1,264	2,330	306	28.7%	\$6.48
2008/09	2,500	1,302	1,000	2,302	603	46.3%	\$6.85
2009/10	2,210	1,297	1,000	2,297	616	47.5%	\$5.75
2010/11	2,225	1,301	1,025	2,326	620	47.7%	\$5.60
2011/12	2,265	1,300	1,050	2,350	640	49.2%	\$5.50
2012/13	2,255	1,308	1,050	2,358	647	49.5%	\$5.35
2013/14	2,255	1,317	1,050	2,367	645	49.0%	\$5.30
2014/15	2,270	1,315	1,075	2,390	640	48.7%	\$5.40
2015/16	2,265	1,324	1,075	2,399	621	46.9%	\$5.45
2015/17	2,280	1,333	1,075	2,408	613	46.0%	\$5.45
2017/18	2,295	1,342	1,075	2,417	611	45.5%	\$5.45
2018/19	2,310	1,351	1,075	2,426	620	45.9%	\$5.45
2019/20	2,125	1,360	900	2,260	717	52.7%	\$4.75
10-yr Avg	2,255	1,325	1,045	2,370	637	48.1%	\$5.37

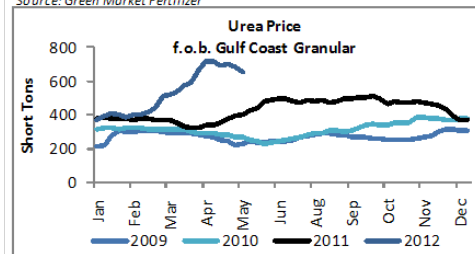
Other Input and Chemical Costs – 2009-2012



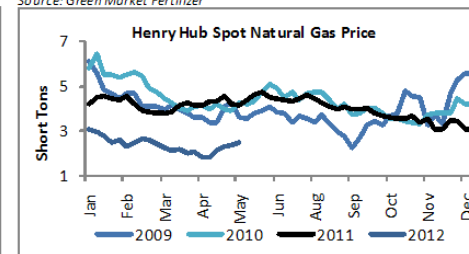
Source: Green Market Fertilizer



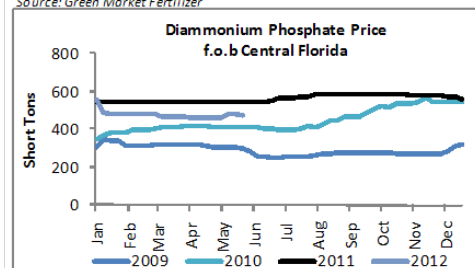
Source: Green Market Fertilizer



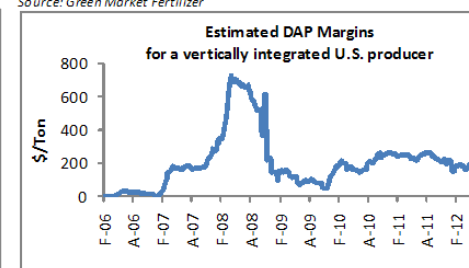
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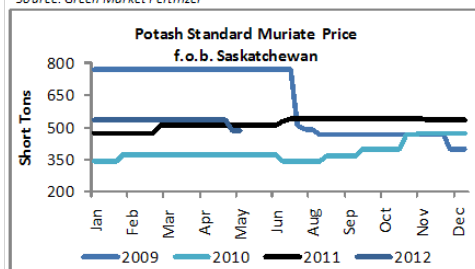
Source: Green Market Fertilizer



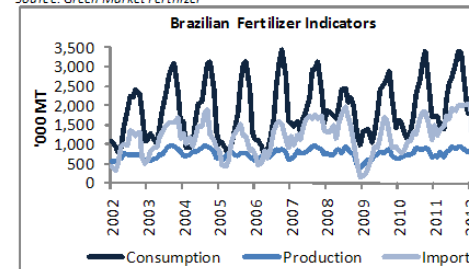
Source: Green Market Fertilizer



Source: Green Market Fertilizer

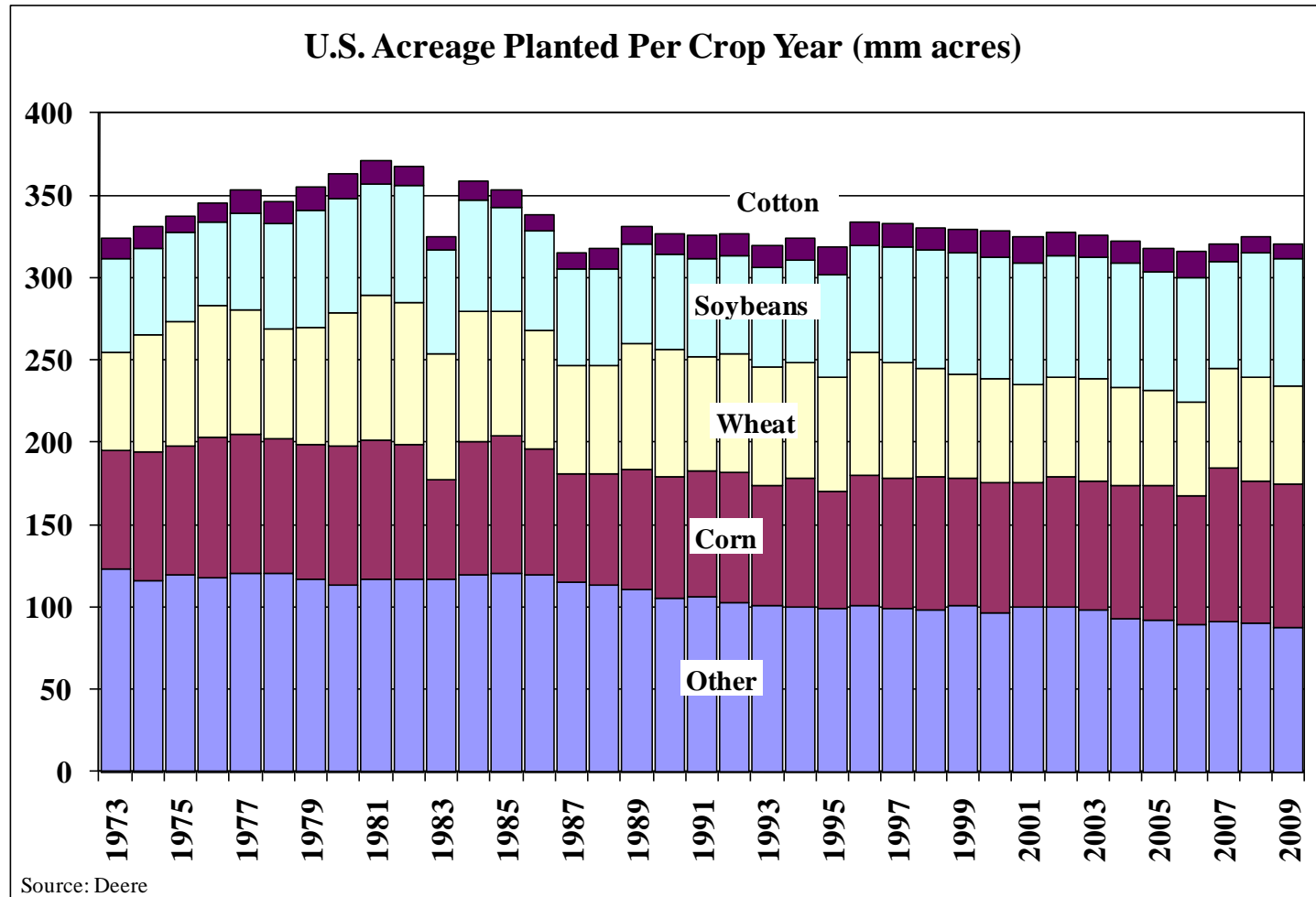


Source: Green Market Fertilizer



Source: ANDA

U.S. Acreage Planted Per Crop Year



US Farm Financial Data

U.S. Farm Financial Data (\$Bil)								
Year	Crop Receipts	Crop Rec % chg	Livestock Receipts	Gov't Payments	Total Receipts	Net Farm Cash Income	Total Assets	Debt to Asset Ratio
1972	25.5	-	35.6	4.0	65.1	22.8	339.9	17.1
1973	41.1	61%	45.8	2.6	89.5	35.6	418.5	16.0
1974	51.1	24%	41.3	0.5	92.9	34.4	449.2	16.6
1975	45.8	-10%	43.1	0.8	89.7	29.1	510.8	16.4
1976	49.0	7%	46.3	0.7	96.1	29.5	590.7	15.9
1977	48.6	-1%	47.6	1.8	98.1	27.4	651.5	16.6
1978	53.2	9%	59.2	3.0	115.4	32.7	777.7	15.9
1979	62.3	17%	69.2	1.4	132.9	32.6	914.7	16.1
1980	71.7	15%	68.0	1.3	141.0	33.2	1000.4	16.2
1981	72.5	1%	69.2	1.9	143.5	31.6	997.9	17.8
1982	72.3	0%	70.3	3.5	146.1	36.8	962.5	19.1
1983	67.2	-7%	69.6	9.3	146.1	37.0	959.3	19.4
1984	69.9	4%	72.9	8.4	151.2	36.0	897.8	21.0
1985	73.9	6%	70.1	7.7	151.7	45.6	775.9	22.2
1986	63.8	-14%	71.6	11.8	147.2	46.5	722.0	21.0
1987	65.8	3%	76.0	16.7	158.5	52.6	756.5	18.3
1988	71.6	9%	79.6	14.5	165.7	53.7	788.5	16.9
1989	76.9	7%	83.6	10.9	171.4	53.5	813.7	16.1
1990	80.2	4%	89.1	9.3	178.6	53.8	840.6	15.6
1991	82.2	3%	85.8	8.2	176.2	51.4	844.2	15.6
1992	85.7	4%	85.8	9.2	180.6	56.9	867.8	15.2
1993	87.8	2%	90.5	13.4	191.7	60.8	909.2	14.8
1994	93.1	6%	88.3	7.9	189.3	53.7	934.7	14.9
1995	101.0	8%	87.2	7.3	195.5	54.5	965.7	14.8
1996	106.5	5%	92.9	7.3	206.8	60.9	1002.9	14.8
1997	111.3	5%	96.5	7.5	215.3	60.9	1051.3	14.9
1998	102.2	-8%	94.2	12.4	208.8	57.7	1083.4	15.2
1999	92.1	-10%	95.7	21.5	209.3	57.9	1138.8	14.7
2000	92.5	0%	99.6	23.2	215.2	57.4	1203.2	13.6
2001	93.4	1%	106.7	22.4	222.5	62.2	1255.9	13.6
2002	100.7	8%	93.9	12.4	207.4	51.0	1259.7	14.1
2003	110.5	10%	105.7	16.5	232.0	72.3	1383.4	11.9
2004	114.5	4%	123.5	13.0	250.3	83.7	1588.0	11.5
2005	116.1	1%	124.9	24.4	265.2	86.8	1779.4	11.0
2006	122.3	5%	118.6	15.8	255.1	68.8	1923.6	10.6
2007	149.9	23%	138.6	11.9	296.7	78.2	2055.3	10.4
2008	183.1	22%	141.1	12.2	336.6	97.5	2005.5	11.9
2009	166.3	-9%	118.8	12.9	297.9	70.8	1943.7	12.8

Source: USDA, CRC estimates