Ag Equipment Intelligence

Dealer Trends and Business Outlook
May 2012

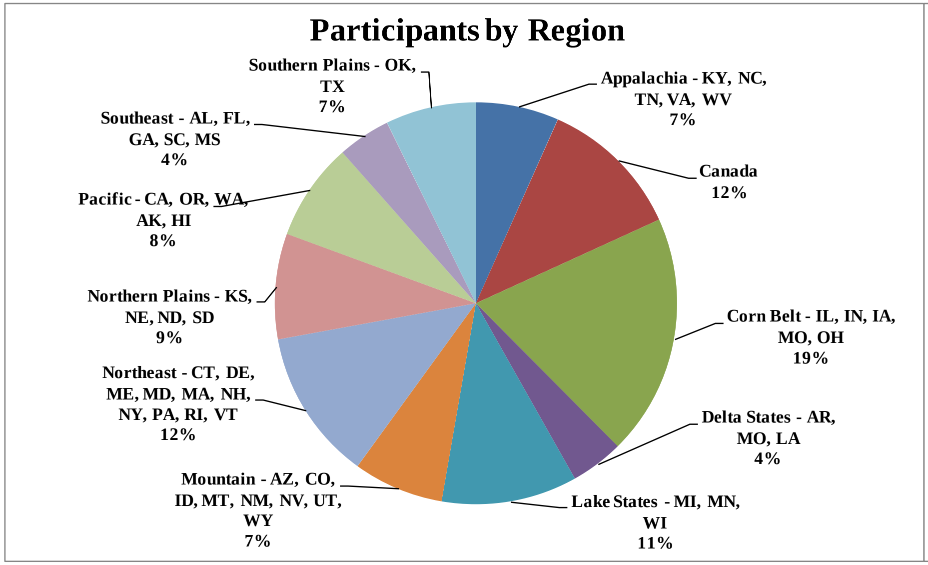
Monthly Ag Equipment Intelligence North American Dealer Survey

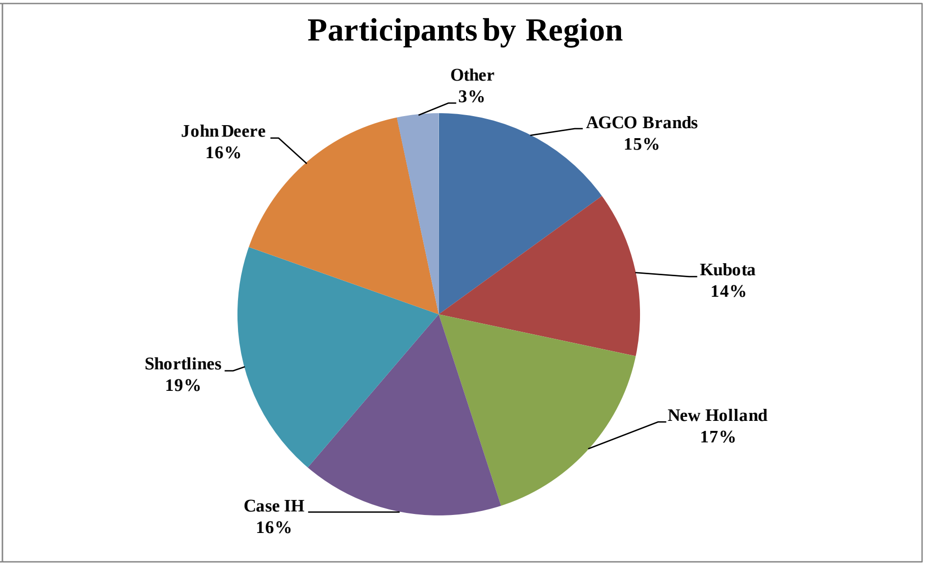
Background:

- We are pleased to announce the results of the May 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 ~170 respondents representing combined annual revenues of roughly $5.5 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.





Source: Farm Equipment Magazine Survey

Highlights / Summary Thoughts

- **Industry Sales Growth Increases to 6% in April –** Ag equipment dealers reported year-over-year sales grew 6% on average in April, up from 5% in March. John Deere reported the highest average sales growth at up 9%, while New Holland, Case IH, shortlines, and other dealers saw the weakest results in the month with sales up 3% on average.

- **2012 Outlook Now at 6% Growth –** For 2012, dealers raised their sales forecast and expect 6% sales growth for the full year versus 4% in March. John Deere dealers are the most optimistic this month reporting the highest full year growth outlook at 9% while New Holland, Case IH, Kubota , and other dealers report the least optimistic outlook at 3% on average.

- **Dealer Optimism Moderates Again –** Our Dealer Optimism Index, a measure of sentiment amongst dealers compared to the prior month, moderated to a net 5% of dealers reporting they have a more optimistic outlook now versus 8% last month (22% are more optimistic; 62% same; 17% are less optimistic).

Optimism/Sentiment vs. Last Month

	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
More Optimistic	33%	25%	31%	32%	30%	25%	36%	33%	30%	38%	29%	25%	22%
Same	54%	54%	44%	49%	55%	58%	55%	55%	54%	53%	57%	59%	62%
Less Optimistic	13%	21%	25%	20%	15%	17%	9%	12%	16%	10%	14%	17%	17%
Net % (More- Less)	**21%**	**3%**	**6%**	**12%**	**15%**	**8%**	**26%**	**21%**	**14%**	**29%**	**15%**	**8%**	**5%**

Source: Farm Equipment Magazine Survey

Monthly Sales Growth

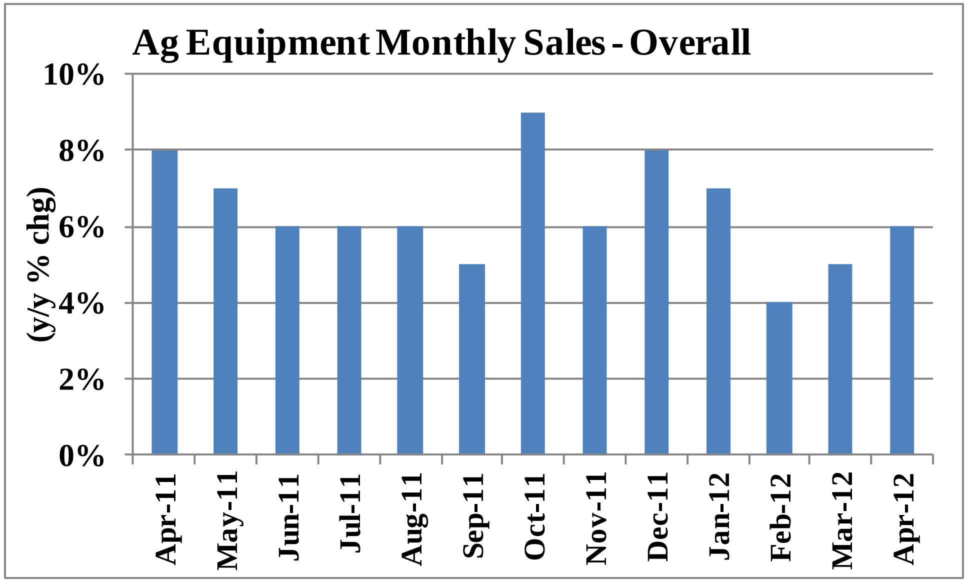
- Ag equipment dealers reported year-over-year sales grew 6% on average in April, up from 5% in March.
- John Deere reported the highest average sales growth at up 9%, while New Holland, Case IH, shortlines, and other dealers saw the weakest results in the month with sales up 3% on average.
- A net 10% of participants categorized April results as “better-than-expected” (24% better-than-expected; 63% in-line with expectations; 14% worse-than-expected) which compares to the prior month when a net 7% report sales were “better-than-expected.”

Average Sales 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
Overall	**8%**	**7%**	**6%**	**6%**	**6%**	**5%**	**9%**	**6%**	**8%**	**7%**	**4%**	**5%**	**6%**
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**
AGCO	12%	13%	11%	9%	14%	12%	12%	10%	12%	6%	1%	2%	5%
John Deere	8%	8%	7%	5%	5%	4%	10%	5%	5%	6%	4%	6%	9%
New Holland	8%	4%	5%	7%	6%	7%	7%	6%	12%	5%	-2%	4%	3%
Case IH	5%	4%	3%	8%	7%	7%	8%	8%	11%	10%	4%	6%	3%
Kubota	13%	5%	7%	12%	7%	6%	7%	9%	10%	10%	4%	6%	5%
Shortlines	n/a	-13%	3%	5%	6%	2%	6%	2%	7%	2%	0%	2%	3%
Other	n/a	n/a	n/a	2%	-3%	7%	6%	3%	11%	2%	-8%	2%	3%

Source: Farm Equipment Magazine Survey

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
Positive Sales Growth	69%	60%	56%	66%	67%	61%	65%	65%	76%	57%	49%	60%	67%
Flat Sales	18%	14%	23%	15%	16%	23%	20%	22%	11%	29%	30%	22%	19%
Negative Sales Growth	14%	25%	21%	18%	18%	16%	15%	13%	13%	14%	20%	18%	14%
Net % (Positive - Negative)	**55%**	**35%**	**35%**	**48%**	**49%**	**45%**	**50%**	**52%**	**63%**	**42%**	**29%**	**42%**	**52%**

Results vs. Expectations

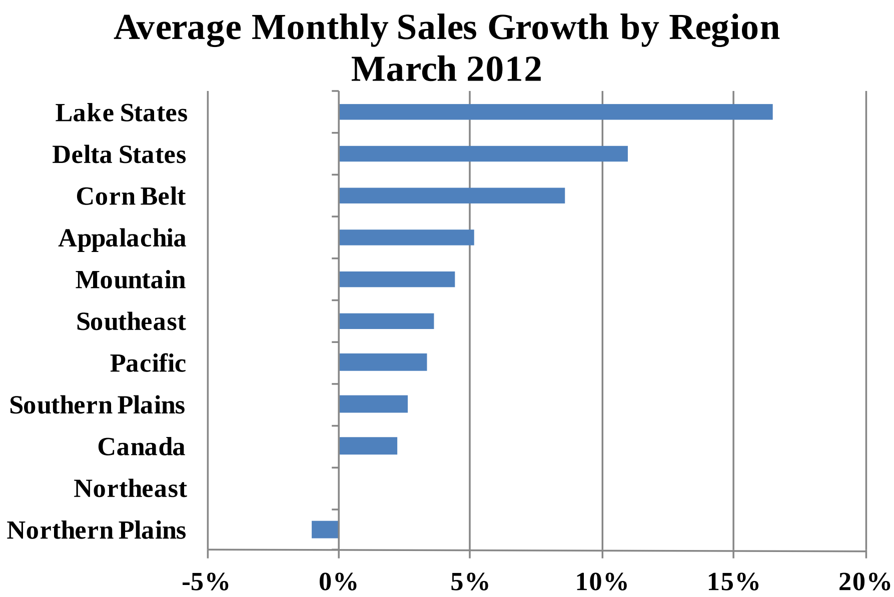
	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12
Better than expected	28%	26%	27%	27%	30%	29%	35%	32%	41%	28%	19%	20%	24%
In line with expectations	51%	44%	48%	54%	52%	56%	48%	54%	47%	56%	54%	66%	63%
Worse than expected	21%	30%	25%	19%	18%	15%	17%	13%	12%	16%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

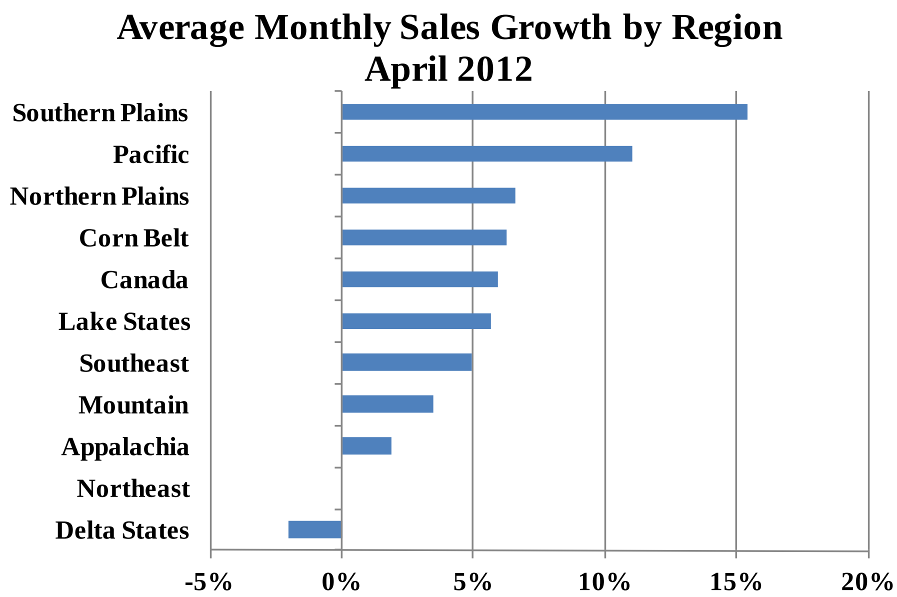
Source: Farm Equipment Magazine Survey

Monthly Sales Growth by Region

- Nine out of eleven regions showed positive average monthly sales growth in April, consistent with March. The Southern Plains, Pacific, and Northern Plains head the list of best performing regions.

- On a sequential basis, the Southern Plains showed the most significant acceleration while the Delta States showed the most significant decline.



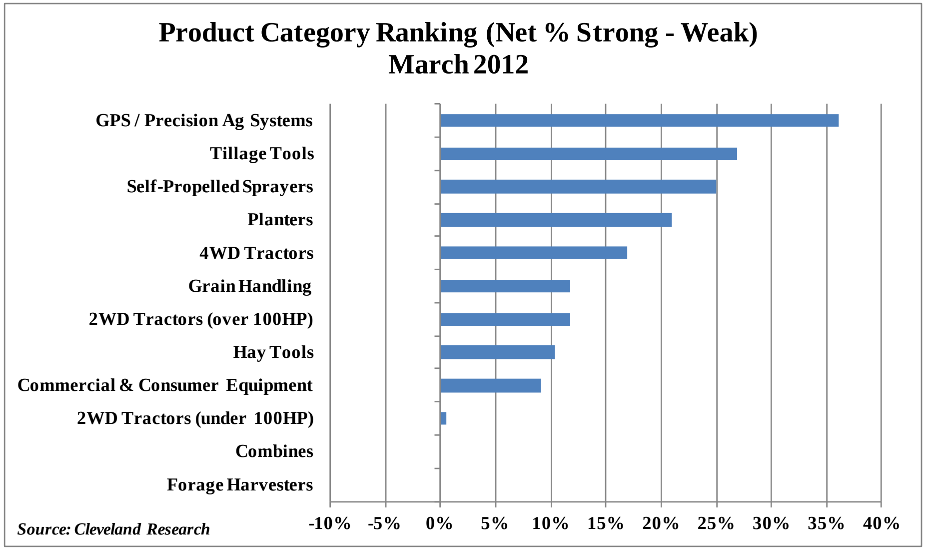


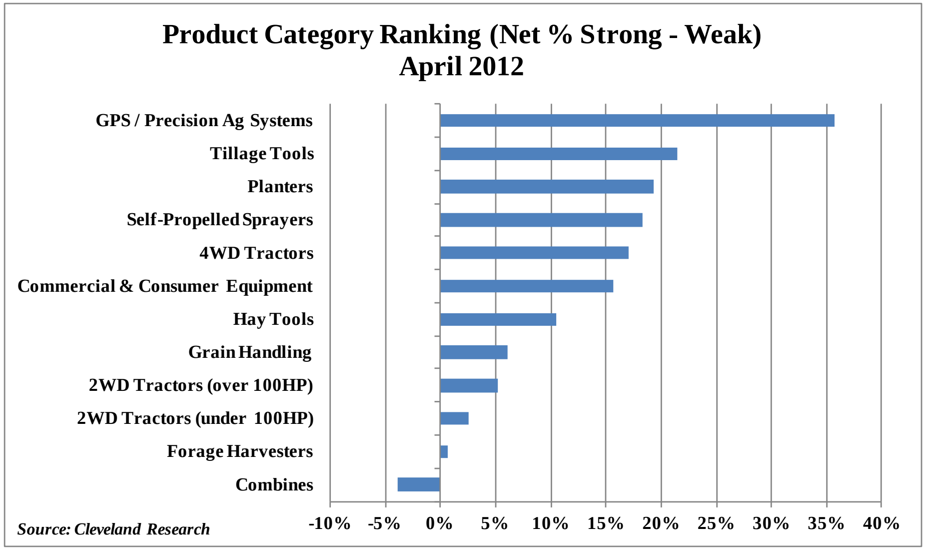
Source: Farm Equipment Magazine Survey

Equipment Category Sales Trends

- Eleven out of twelve product categories ranked in positive territory in April, up from ten out of twelve in March. GPS/ Precision ag systems, tillage tools, and planters head the list of top performing products while combines ranked in negative territory.

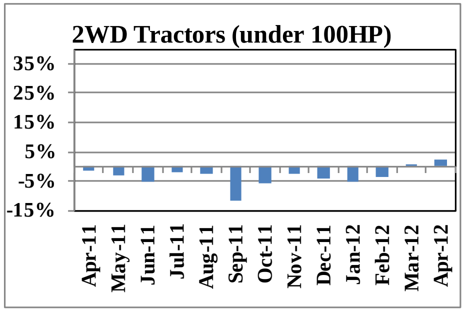
- On a sequential basis, commercial & consumer equipment accelerated modestly while self-propelled sprayers and 2WD Tractors (over 100HP) declined modestly. The remaining product categories were relatively consistent.

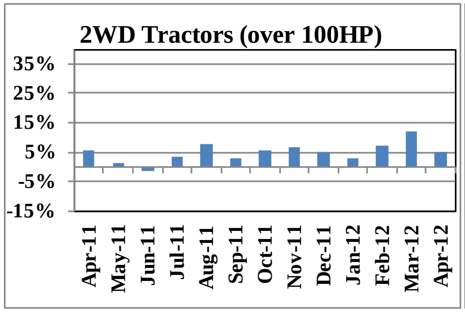


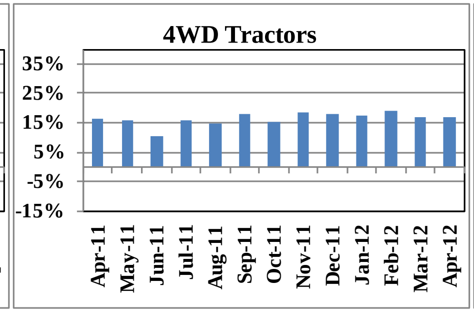


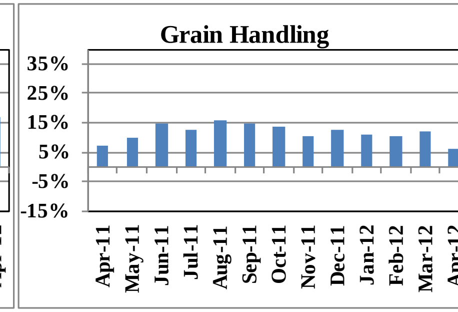
Source: Farm Equipment Magazine Survey

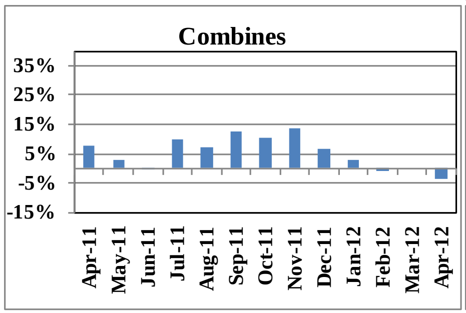
Equipment Category Sales Trends

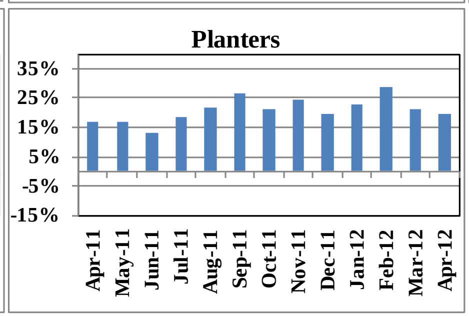


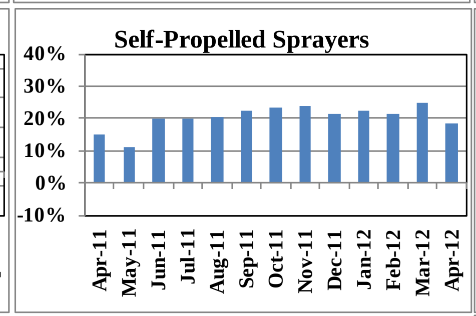


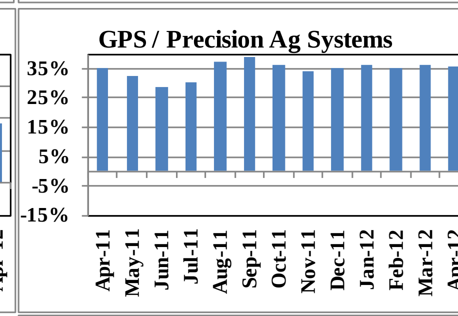


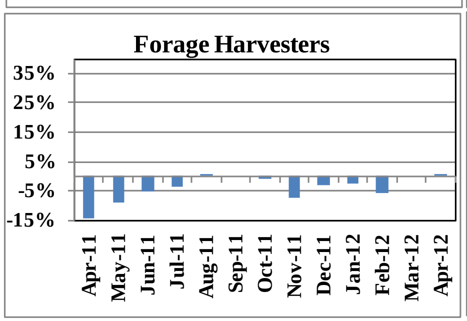


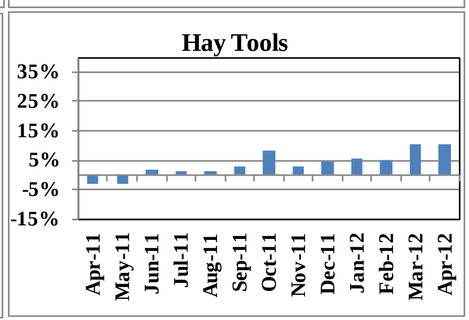


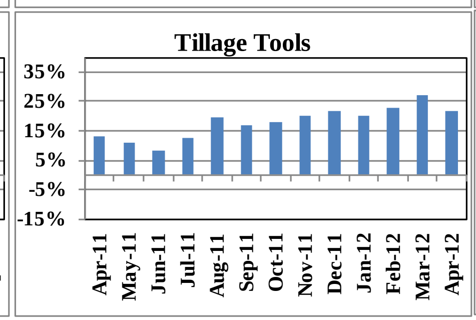


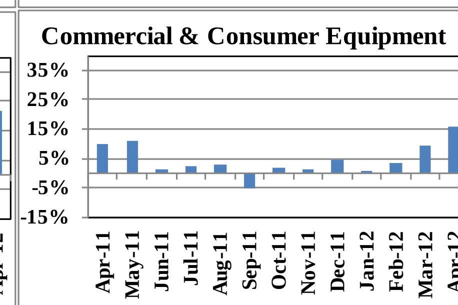












Source: Farm Equipment Magazine Survey

Dealer Commentary on Monthly Sales

- *Positive grain markets continue to drive strong demand.*
- *The shortage of product to sell is hurting and with shortages other dealer do not want to transfer.*
- *Early spring is leading to optimistic customers*
- *Better markets for our customers products and they are now able to replace aged machinery.*
- *We acquired two additional stores and they are not improving as expected.*
- *Early spring and good planting conditions have us right on plan.*
- *Fewer manufacturer incentives and lots of deals made at the end of '11 that may have pulled business away from first quarter '12, commodity prices bouncing all over, prices of new tier 4 up. Our 2 biggest revenue generators- Class 7 and 8 combines, and large 4WD tractors seem to have weakened. Tillage, planters, smaller tractors are still good, but the total sales are down because of combines and 4 WD.*
- *We're above budget because of unexpected tillage sales and high parts sales*
- *Finally getting product from the manufacturer so we're seeing better sales.*
- *We expected to have inventory to fill inquires and didn't get it.*

Order Growth

Overall Orders

- Incoming orders grew 4% on average in April, up from 2% in March.
- John Deere dealers saw highest average orders growth at 8%, while Case IH dealers orders came in the lowest at 0% on average for the month.

New Combine Order Intentions

- A net 17% of dealers believe they will order fewer combines for 2012, an decrease from the net 10% 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
More	22%	20%	21%	20%	11%	14%	15%	14%	9%
Same	47%	48%	48%	53%	60%	61%	63%	63%	64%
Less	31%	32%	31%	27%	29%	25%	22%	24%	27%
Net % (More- Less)	**-10%**	**-12%**	**-10%**	**-7%**	**-18%**	**-10%**	**-8%**	**-10%**	**-17%**

Average Orders Growth

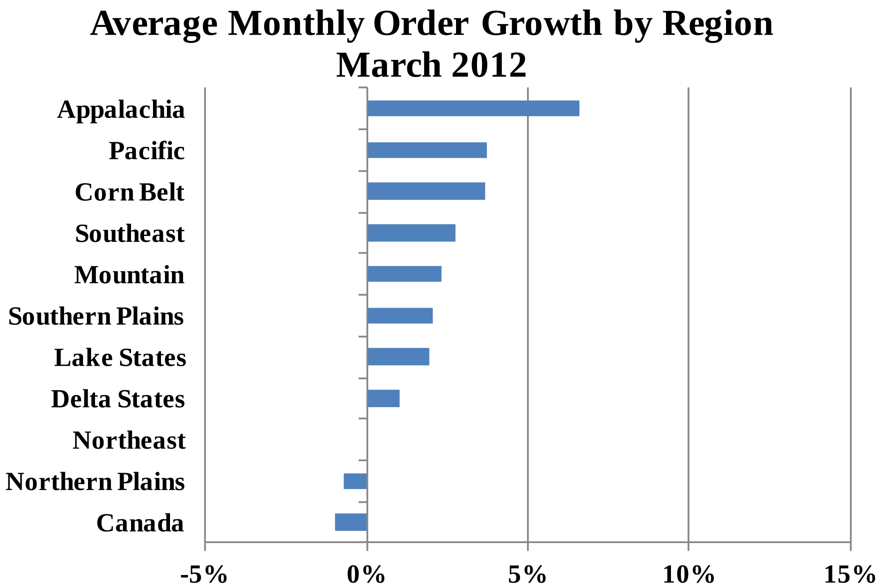
(% chg y/y)	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12
Overall	**3%**	**3%**	**3%**	**5%**	**4%**	**4%**	**4%**	**4%**	**4%**	**5%**	**4%**	**2%**	**4%**
By Brand	**Apr-11**	**May-11**	**Jun-11**	**Jul-11**	**Aug-11**	**Sep-11**	**Oct-11**	**Nov-11**	**Dec-11**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

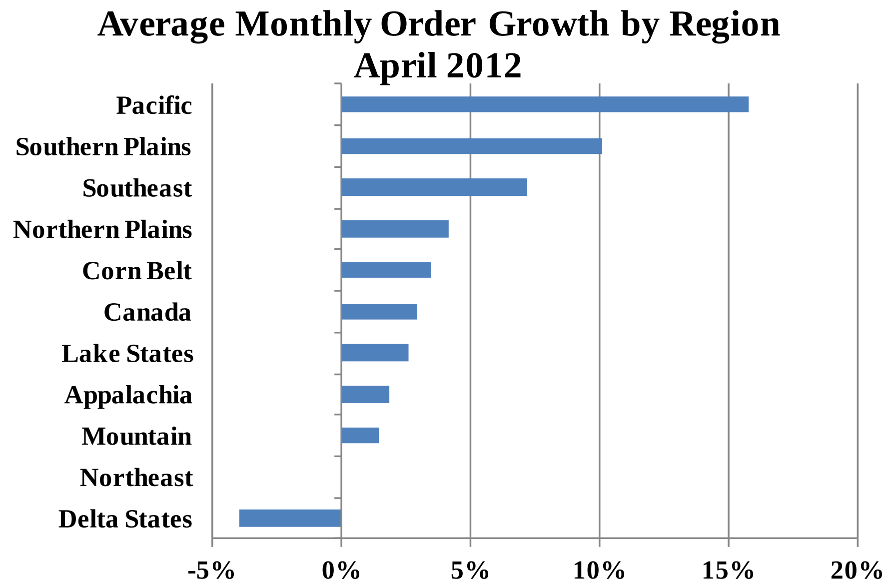
Source: Farm Equipment Magazine Survey

Order Growth by Region

- Nine out of eleven regions showed positive monthly orders growth in April, up from eight out of eleven in March. The Pacific, Southern Plains and Southeast head the list of best performing regions this month.

- On a sequential basis, the Pacific region showed the most improvement, while Appalachia and Delta States showed modest sequential slowdown in order growth.





Source: Farm Equipment Magazine Survey

2012 Sales Outlook

- For 2012, dealers raised their sales forecast and expect 6% sales growth for the full year versus 4% in March.
- John Deere dealers are the most optimistic this month reporting the highest full year growth outlook at 9% while New Holland, Case IH, Kubota , and other dealers report the least optimistic outlook at 3% on average.

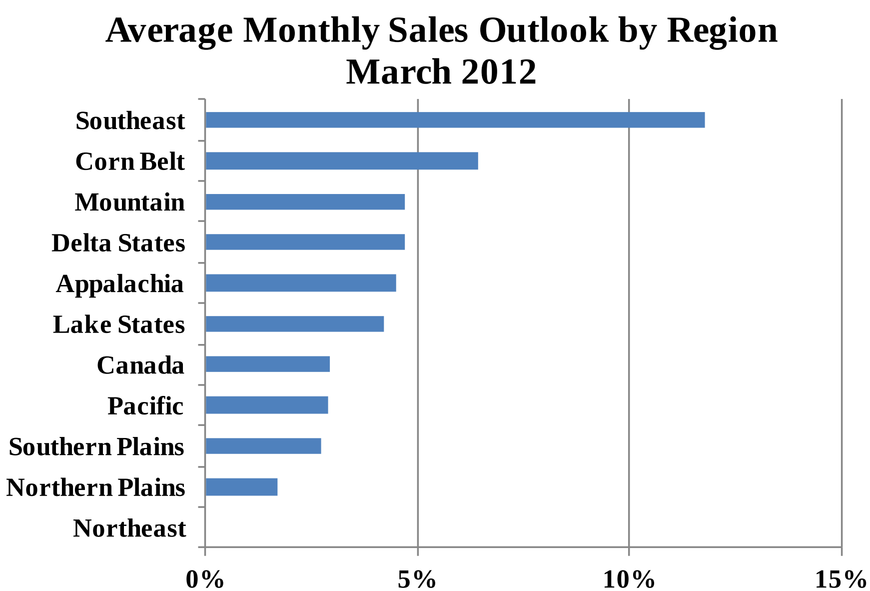
2012 Outlook									
(% chg y/y)	**Aug-11**	**Sep-11**	**Oct-11**	**Nov-11**	**Dec-11**	**Jan-12**	**Feb-12**	**Mar-12**	**Apr-12**
Overall	**5%**	**2%**	**4%**	**4%**	**3%**	**5%**	**5%**	**4%**	**6%**
By Brand	**Aug-11**	**Sep-11**	**Oct-11**	**Nov-11**	**Dec-11**	**Jan-12**	**Feb-12**	**Mar-12**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

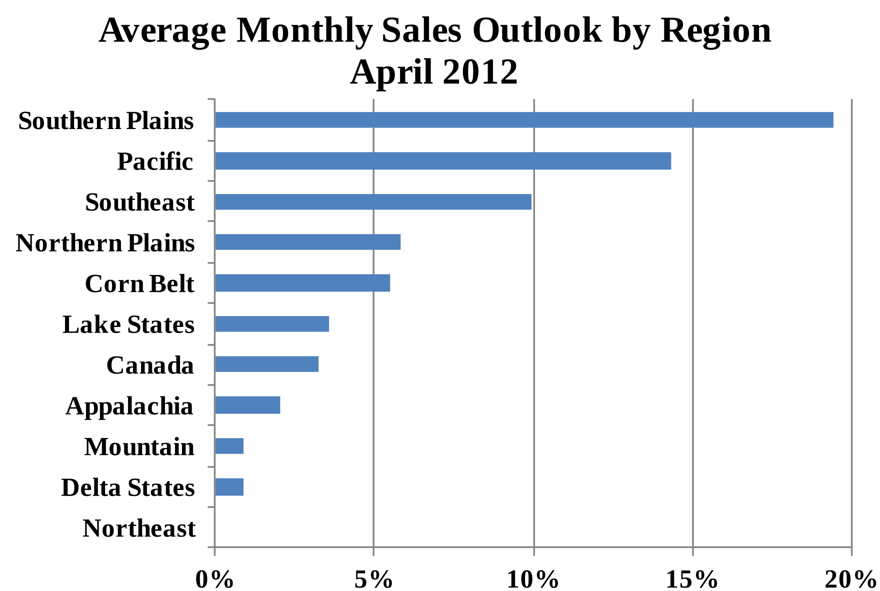
Source: Farm Equipment Magazine Survey

2012 Sales Outlook Continued

- Ten out of eleven regions are projecting a positive full year sales outlook in April, consistent with March. Dealers in the Southern Plain and Pacific are the most optimistic while the Northeast region is forecasting sales to be flat in 2012.

- On a sequential basis, the Southern Plains and Pacific showed the most improvement, while the Delta States and Mountain region showed slightly modest sequential slowdown.





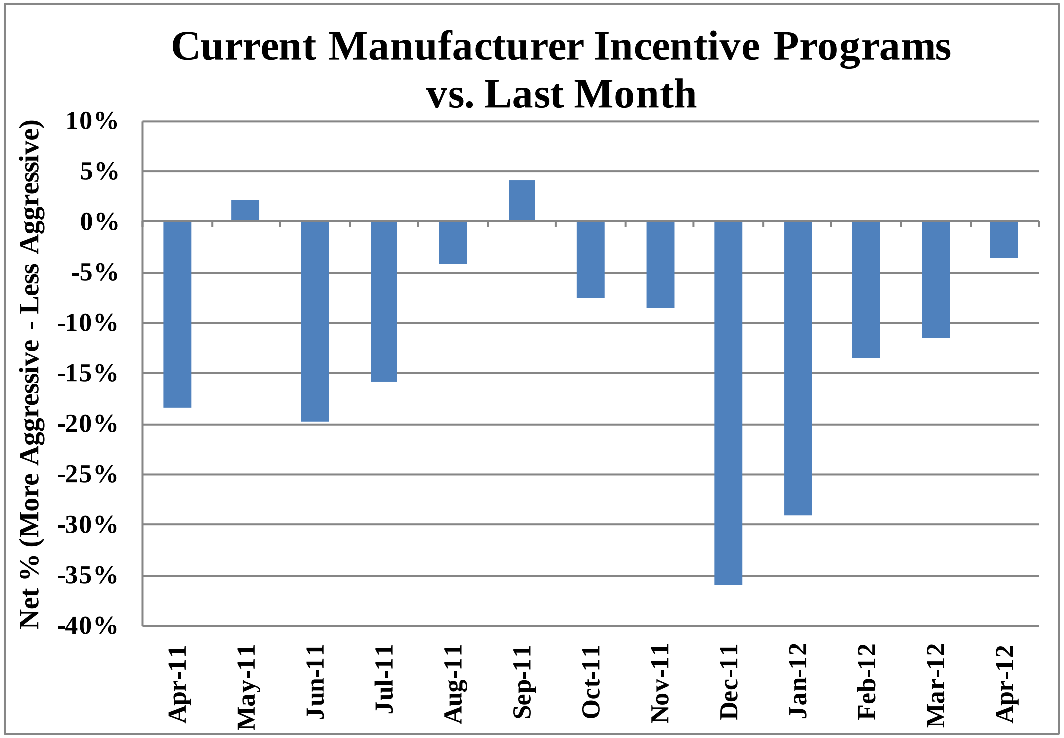
Source: Farm Equipment Magazine Survey

Dealer Commentary on 2012 Outlook

- *Based on record sales in last 2 years and grain prices maybe weakening some.*
- *I see the whole market working downward- especially if commodity markets soften. If we see $4 corn, we will see a huge decline in big iron sales.*
- *Spring planting is going well farmers attitudes are good. Consumer product interest was also a surprise, and the late surge in tillage equipment sales.*
- *We see good grain and cattle prices but we need good weather.*
- *I'm more optimistic. Strong commodity prices in vegetables, fruit, nuts, and cotton, with reasonable water availability.*
- *I think the sales will be strong however New Holland's tractor availability will be worse for the rest of the year due to new Tier 4 tractor introductions and the poor availability of new models.*
- *I have a lot of demand from overseas contacts, which helps equal the other side out*
- *Activity level of my sales staff is much higher that last year at this time. Calls, inquiries much heavier than last year same time.*
- *Canadian market seems to actually picking up momentum over last year*
- *Crops are 2 to 4 weeks ahead of last year. Sales will slow as we get into summer because we are ahead at this point. This will be true for turf sales also.*

Current Manufacturer Incentive Programs

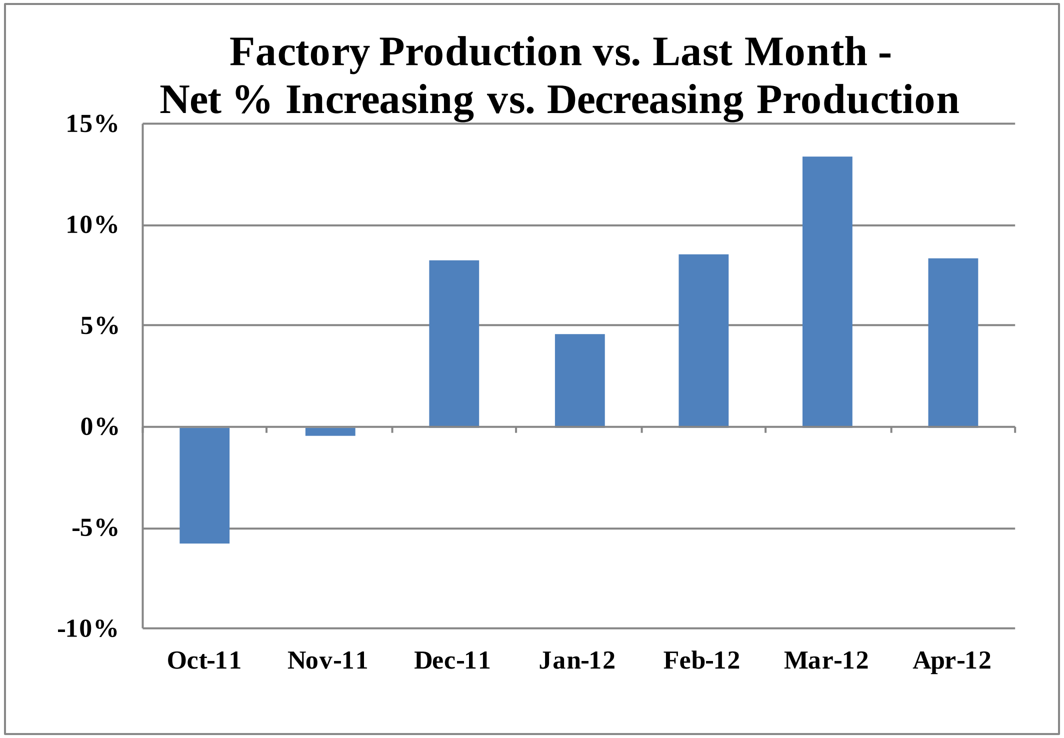
- A net 4% of dealers report that manufacturers are less aggressive with incentives in April (13% more aggressive; 70% same; 17% less aggressive) compared to a net 12% in March. This trend continues to appear to be attributed to the end of pre-sell programs and slightly higher interest rates.



Source: Farm Equipment Magazine Survey

Factory Production

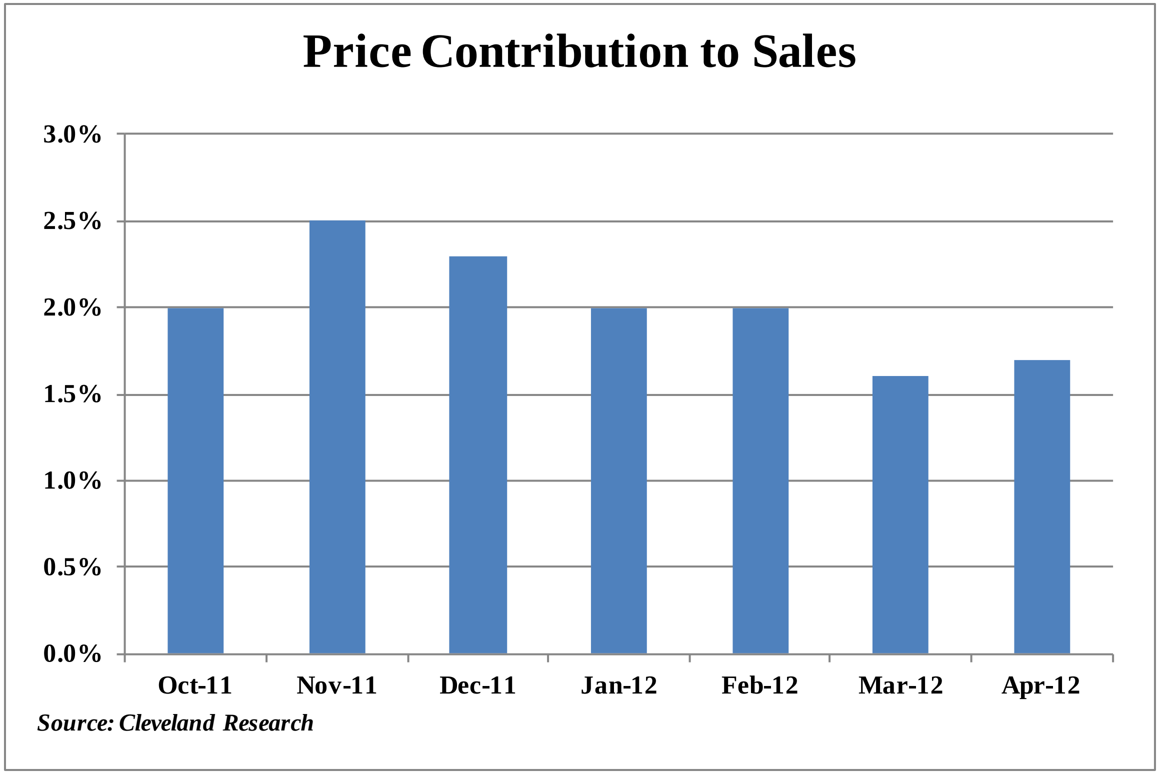
- Dealers report that factories appear to be slowly increasing production as a net 8% of dealers are reporting increasing production levels (17% increasing production; 75% no change in production; 8% decreasing production) compared to a net 13% in March.



Source: Farm Equipment Magazine Survey

Pricing Trends

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

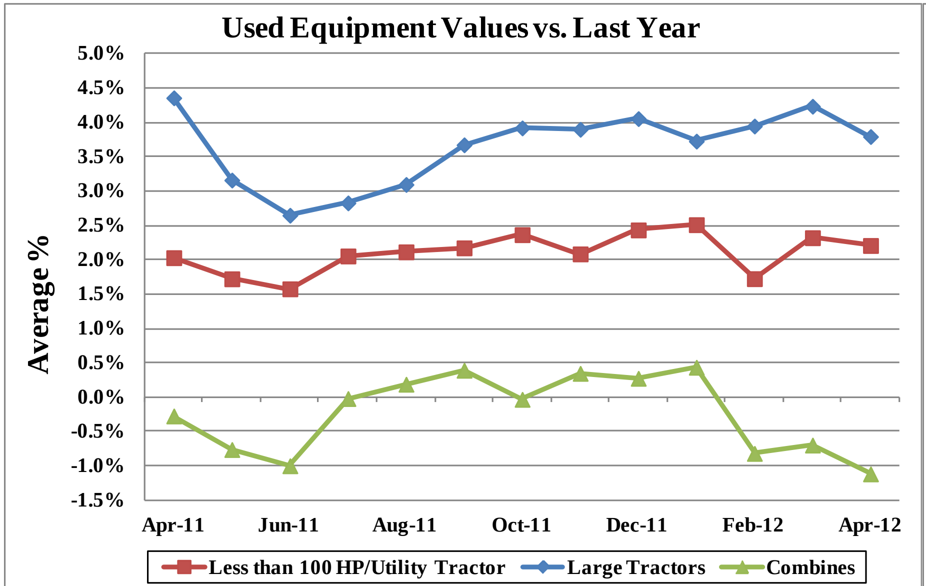


Source: Farm Equipment Magazine Survey

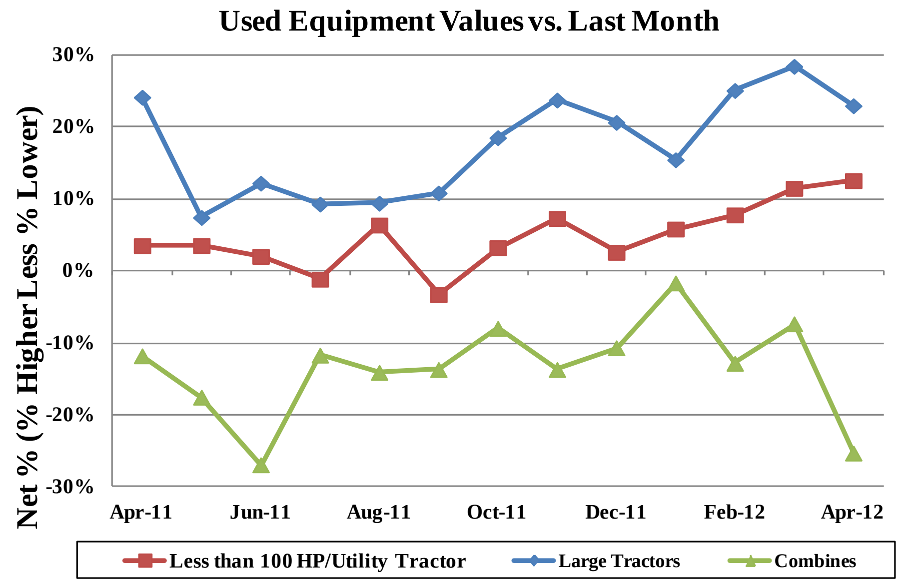
Used Equipment Pricing

- By category, tractors over 100HP are up 3.8% year-over-year on average in April, down from 4.2% in March. Prices for used tractors under 100HP are up 2.2% in April, down from 2.3% in March. Used combine values are down (1.1%) in April, down from (0.7%) last month.

- Relative to last month, a net 13% of dealers report higher values for under 100HP/utility tractors, up from a net 11% in March. For over 100HP tractors, a net 23% of dealers report higher values vs. last month, down from a net 28% in March. Finally, a net 25% of dealers report used combine values are lower than last month.



Source: Cleveland Research



Source: Cleveland Research

Inventory Levels

New Equipment Inventory

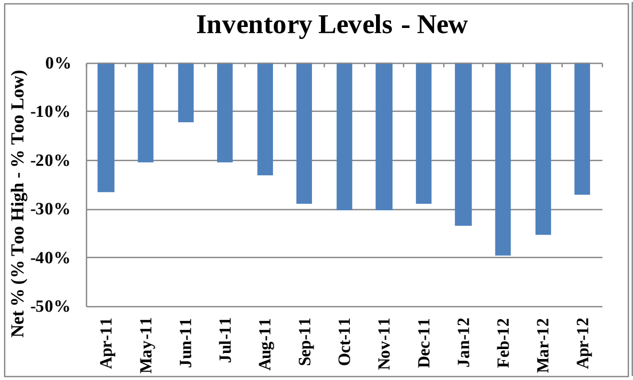
- New equipment inventory remains tight as a net 27% of dealers categorize their new inventory as "too low" (12% too high; 49% about right; 39% too low), down from a net 35% last month.

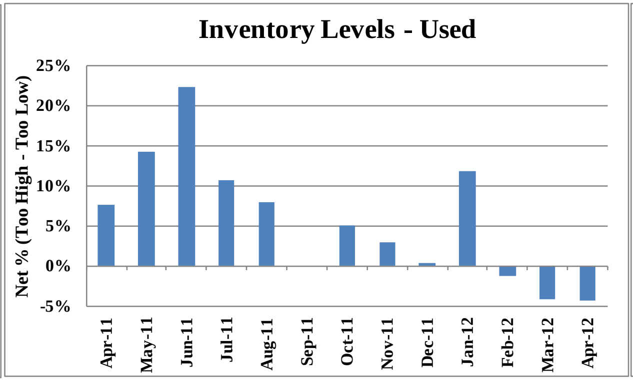
Used Equipment Inventory

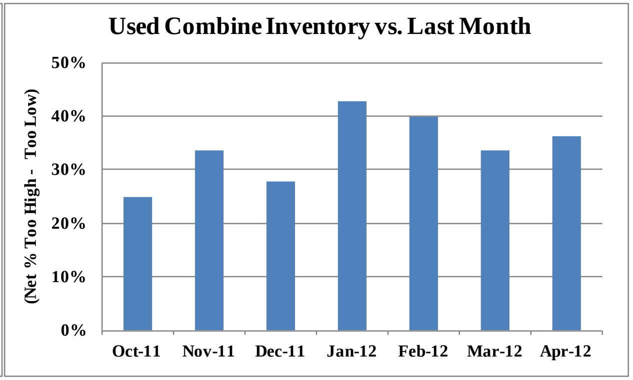
- Used equipment inventory appears to have decreased, as a net 4% of dealers now categorize their used inventory levels as "too low" (24% too high; 48% about right; 28% too low) consistent with last month.

Used Combine Inventory

- Within the used equipment categories, a net 36% of dealers also reported used combine inventory levels are still "too high" (42% too high; 52% about right; 6% too low).





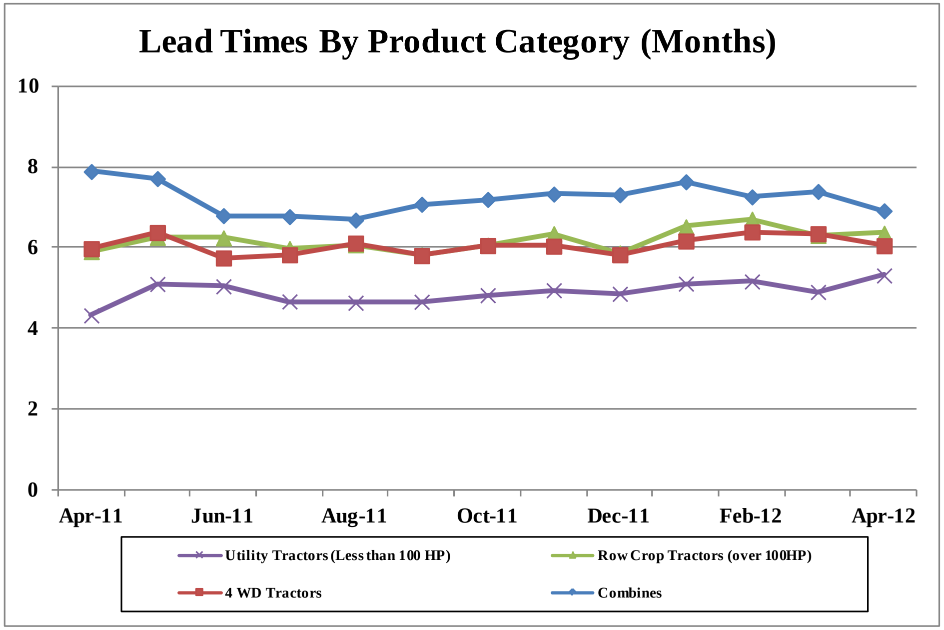


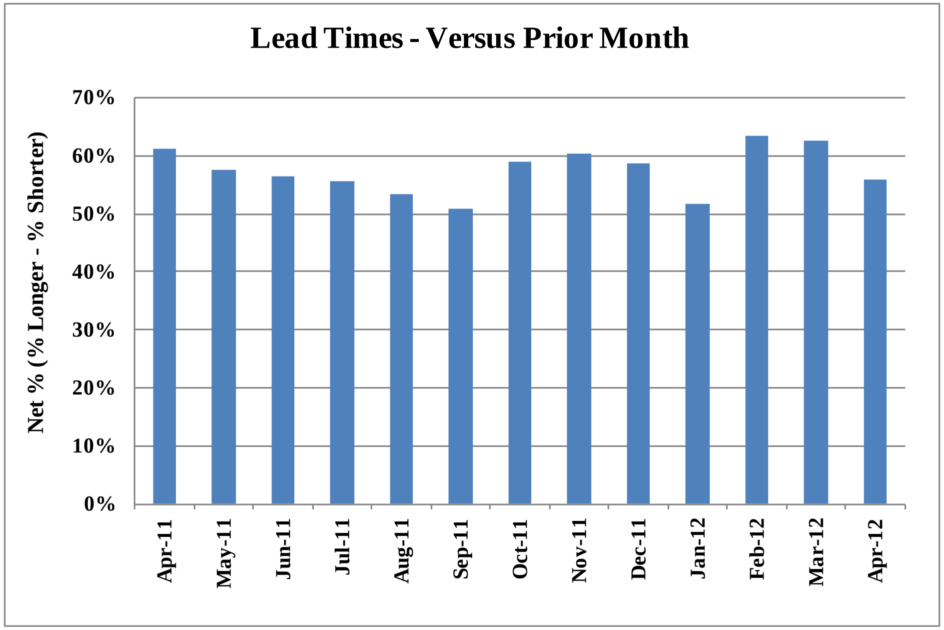
Source: Farm Equipment Magazine Survey

Equipment Availability

- Overall, a net 56% of dealers report longer factory lead-times compared to last month (58% longer; 40% same; 2% shorter), down from a net 63% last month.

- A closer look at availability by product category shows mixed lead time trends this month. On average combine lead times are 6.9 months; 4WD are 6.1 months; row crop tractor lead times are 6.4 months; and smaller tractors (<100 HP) lead times are 5.3 months.





Source: Farm Equipment Magazine Survey

Dealer Commentary on Used Inventory Levels

- *It's low. Good, clean high horsepower tractors are short.*
- *Used combines and late model used 4WD are moving slow.*
- *Too high on 4wd tractors and harvesting equipment*
- *Inventory is about right but we're low on used tractors, and have some concern with combines*
- *We're about right. We have too many used round balers, not enough used tractors.*
- *We're low. We are purchasing used equipment to fill rental needs, and still coming short.*
- *Too high. Older model units are becoming difficult to move.*
- *Too low without going and just buying used tractors it's tough to keep adequate inventory, we can't get enough new to trade for used inventory (tractors).*
- *It's high for us. There are product segments that are more quickly becoming undesirable – i.e. 5x6 balers, certain types of planters & tillage. We are finding there are very few buyers for some of these products as customers transition to new technology or buying habits.*
- *Our inventory is about right. Tillage products in the used market are on a waiting list. I only wish we could find some more comparable products on the new market for retiree farmers*

NA Farm Equipment Industry Retail Sales and Inventory

NORTH AMERICAN FARM EQUIPMENT INVENTORY

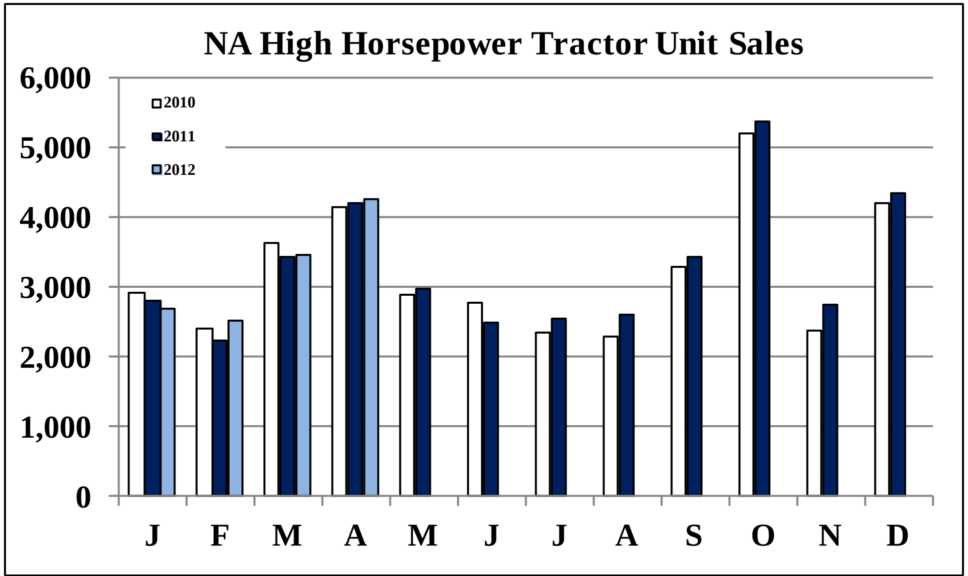
	Inventory (Units)							Inventory to 12-mo. Sales						
	< 40 HP	Utility	Row Crop	4-Wheel	Total Tractor	*Memo: High hp*	Combines	<40HP	Util	RC	4-WD	Total	High HP	Comb
Dec-09	50,702	27,289	9,697	871	88,559	10,568	984	57%	49%	36%	15%	50%	32%	8%
Jan-10	51,307	27,106	8,936	1,016	88,365	9,952	1,096	57%	49%	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%

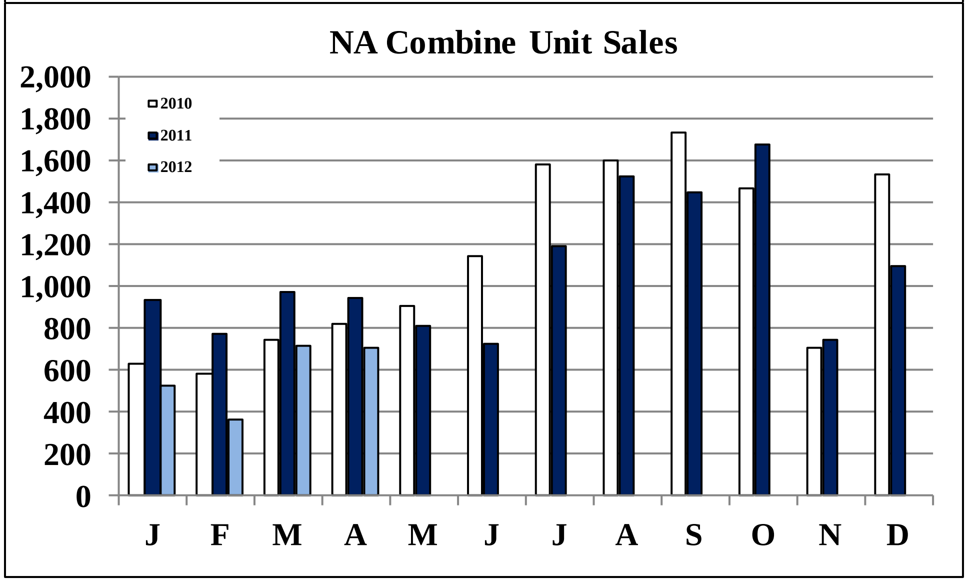
NORTH AMERICAN FARM EQUIPMENT RETAIL SALES

	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%)

Source: AEM, CRC Estimates

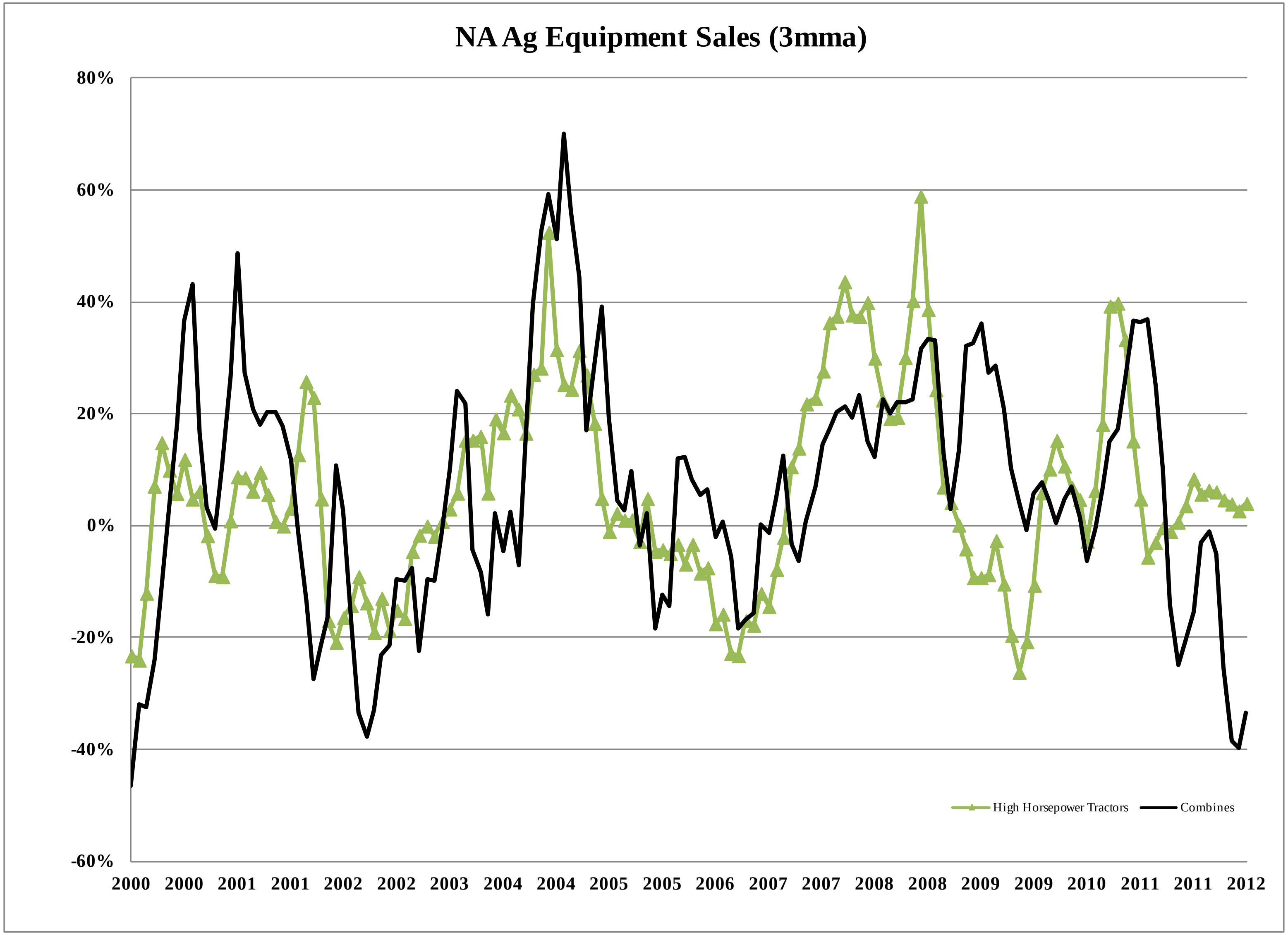
Annual Ag Equipment Industry Sales – 2010-2012





Source: AEM

NA Ag Equipment Sales



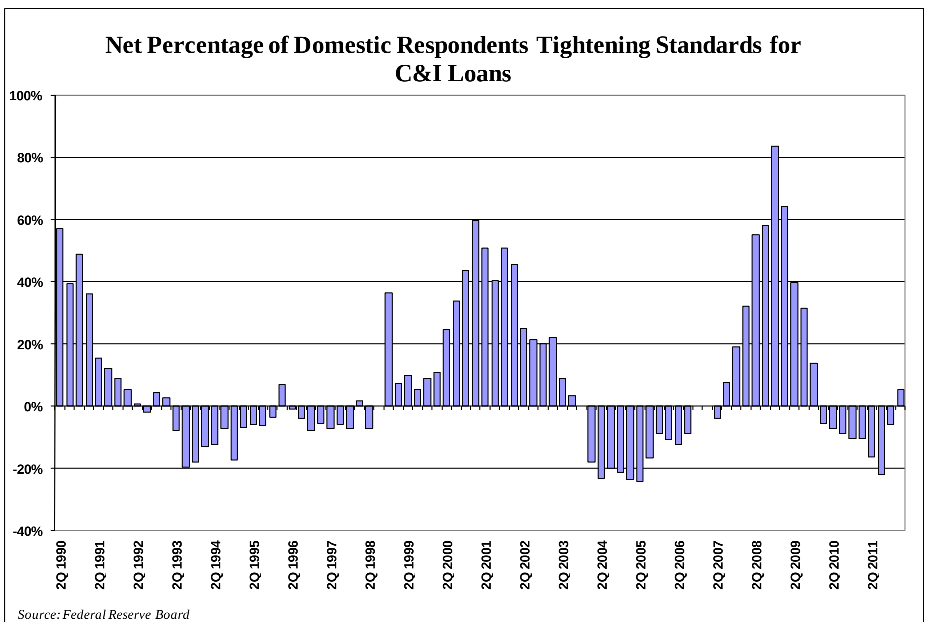
Source: AEM

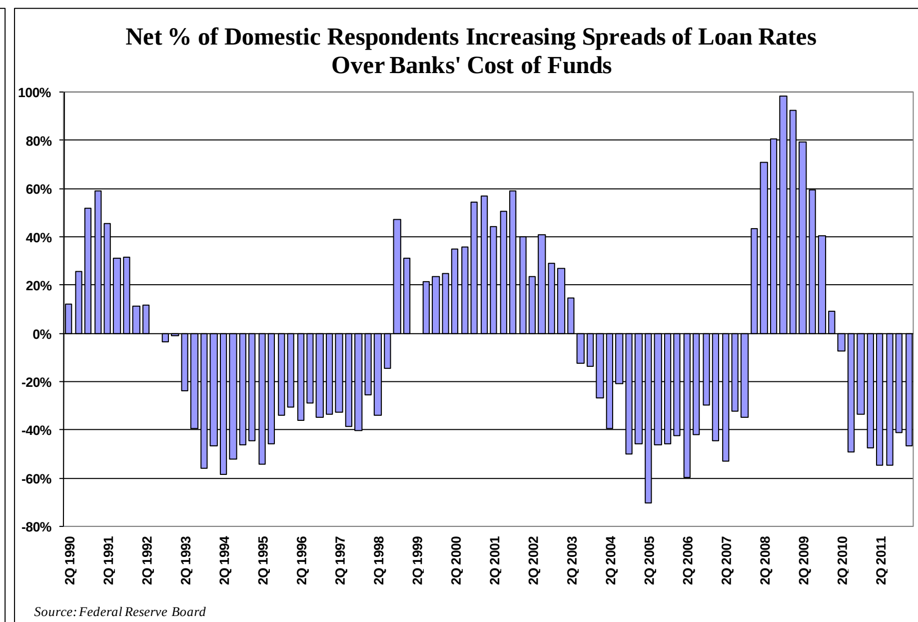
Credit – C&I Loan Demand Improves as Lending Standards Loosen

- 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.

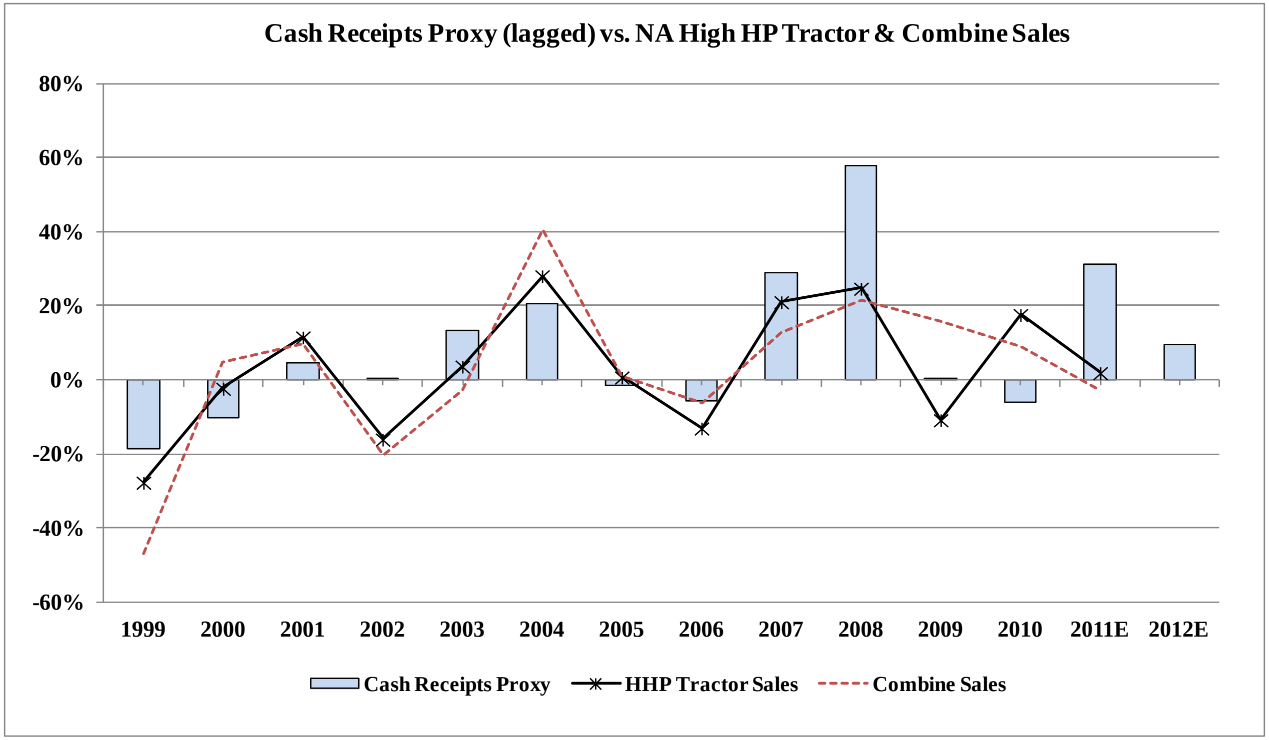




Source: FRB

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

- **The USDA's initial crop supply and demand forecast for the 2011/12 crop year shows a slight drop in our simplifies cash receipts proxy.** The initial price projections for the 2012/2013 crop year show a drop in two of the three key crop prices compared to the prior year. While soybeans are expected to see higher prices this year, the net effect leaves our simplified cash receipts proxy below last years record high levels 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.



Source: USDA, CRC estimates

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
Revision to 2011/12:						**Corn Spot Price:**	**$6.26**
m/m chg	2,432	870	200	1,070	1,080	8.6%	($1.60)
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%
m/m chg	750	1,245	87	-0.5%
y/y chg	534	1,194	-55	-1.1%

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
Revision to 2011/12:						**Soybean Spot Price:**	**$13.70**
m/m chg	149	249	215	464	-105	-3.8%	$0.75
y/y chg	149	209	190	399	-65	-2.4%	$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%
May	6,768	7,962	1,989	25.0%
m/m chg	1,000	404	199	1.3%
y/y chg	1121	385	243	1.9%

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
Revision to 2011/12:						**Wheat Spot Price:**	**$6.96**
m/m chg	246	59	150	209	-58	-7.8%	($1.20)
y/y chg	246	59	125	184	-33	-5.7%	($1.15)

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%
May	22,651	23,975	6,177	25.8%
m/m chg	-861	-70	-609	-2.5%
y/y chg	-873	-349	-295	-0.8%

FARMER CROP RECIEPTS

	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%**

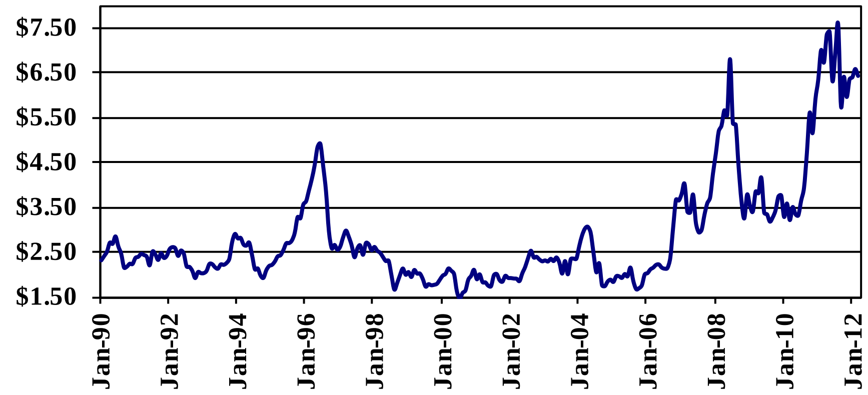
*Note: Cash reciepts estimated as USDA production X USDA average price forecast

Source: USDA; Cleveland Research estimates

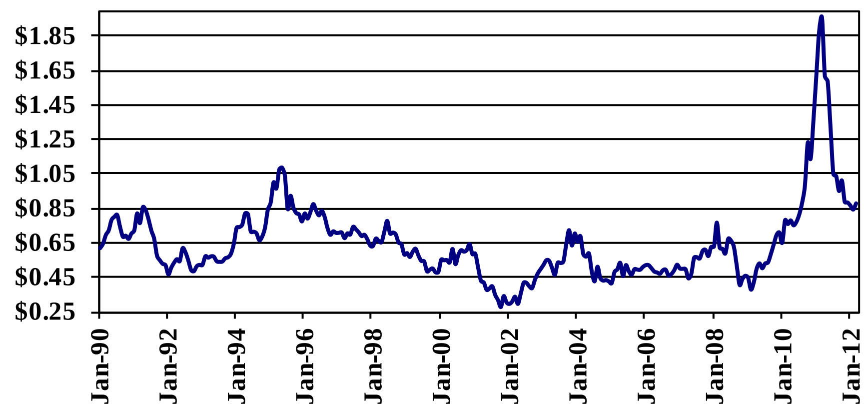
Commodity Price Trends – Corn, Soybean, Wheat, Cotton

Wheat Price Trends

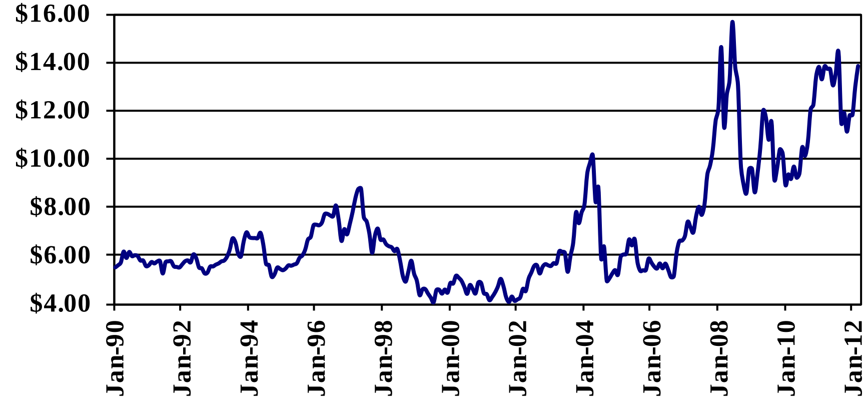
Corn Price Trends



Cotton Price Trends

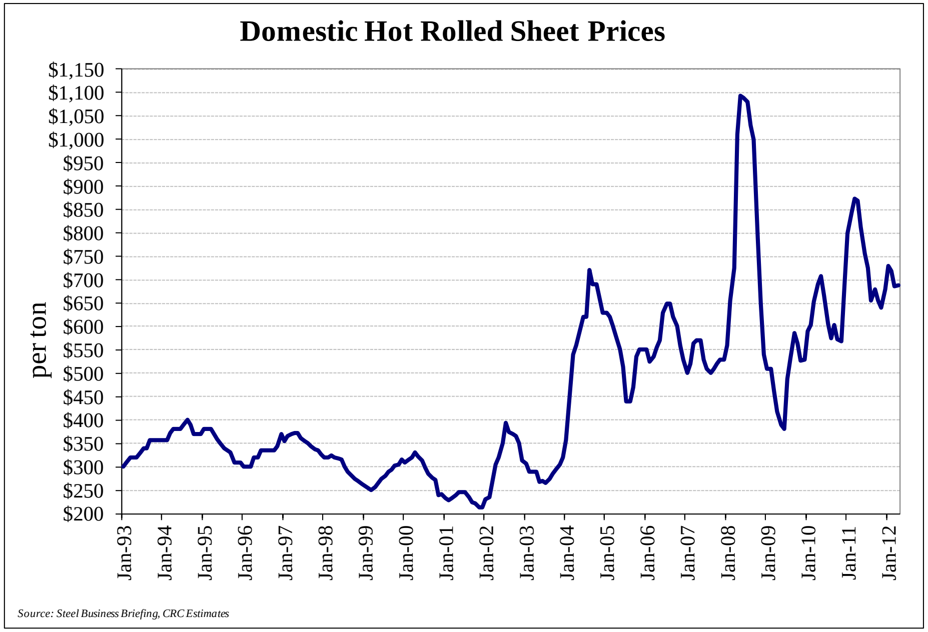


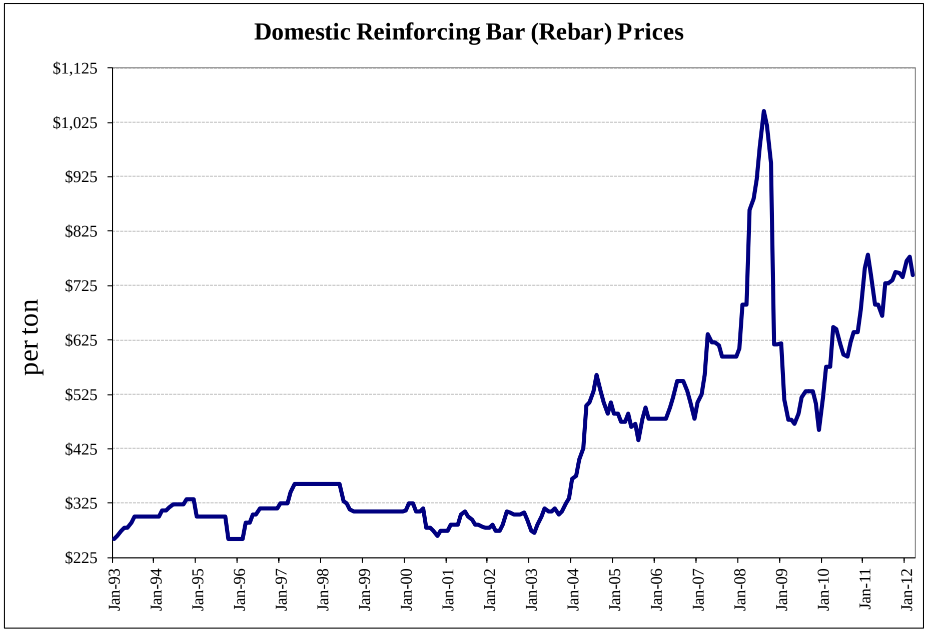
Soybean Price Trends



Source: USDA, Baseline

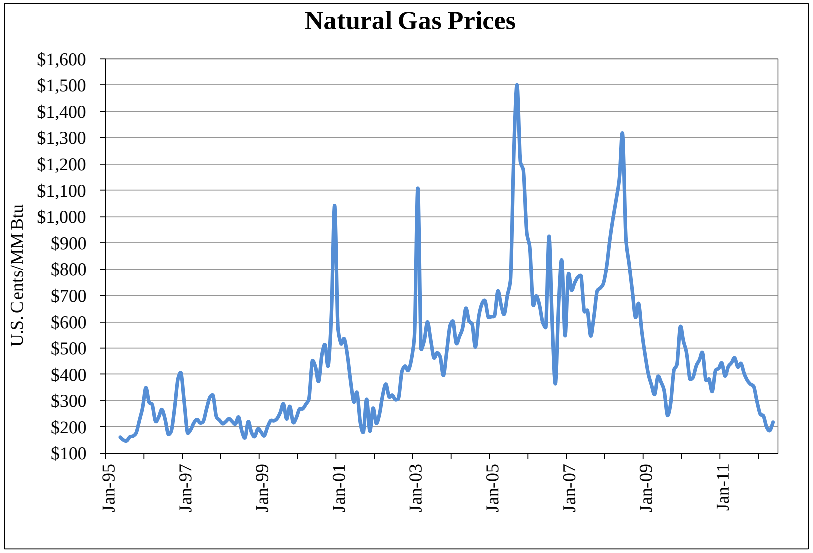
Commodity Price Trends – Steel

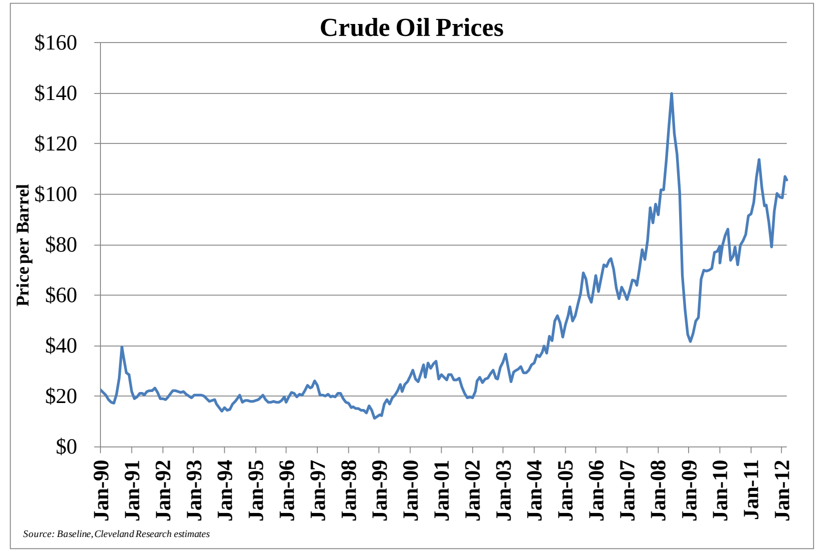


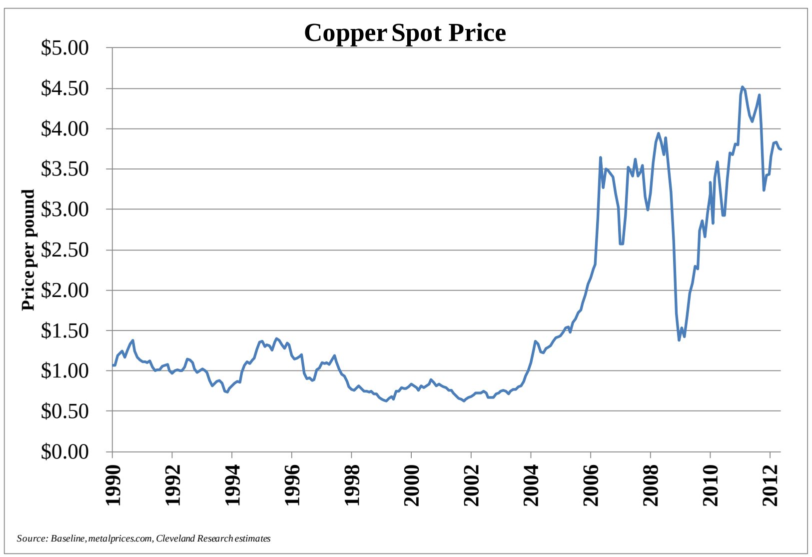


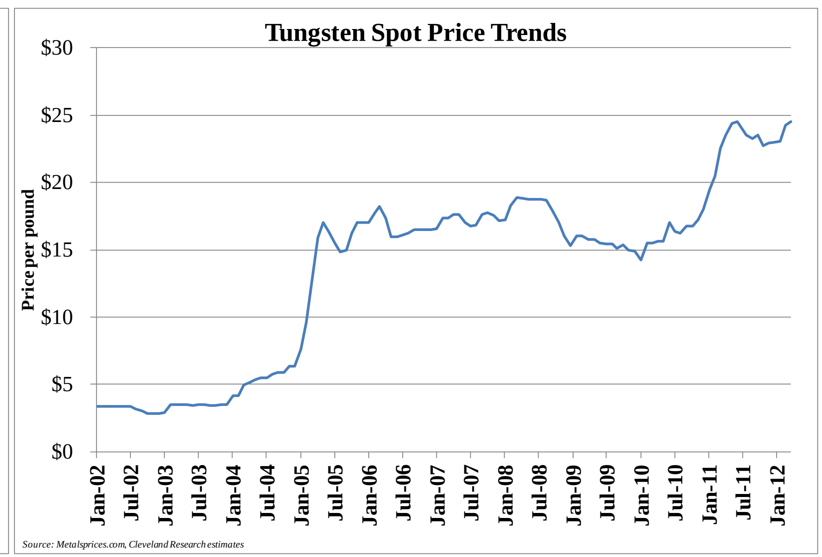
Source: Steel Business Briefing; Energy Information, Baseline

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









Source: Steel Business Briefing; Energy Information, Baseline, Metalprices

Commodity Trends – Long Run Supply and Demand Projections

CORN - DOMESTIC

Year	Production	Domestic Use	Use for Ethanol	Exports	Total Use	End Stocks	Stocks/Use	Avg Price
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

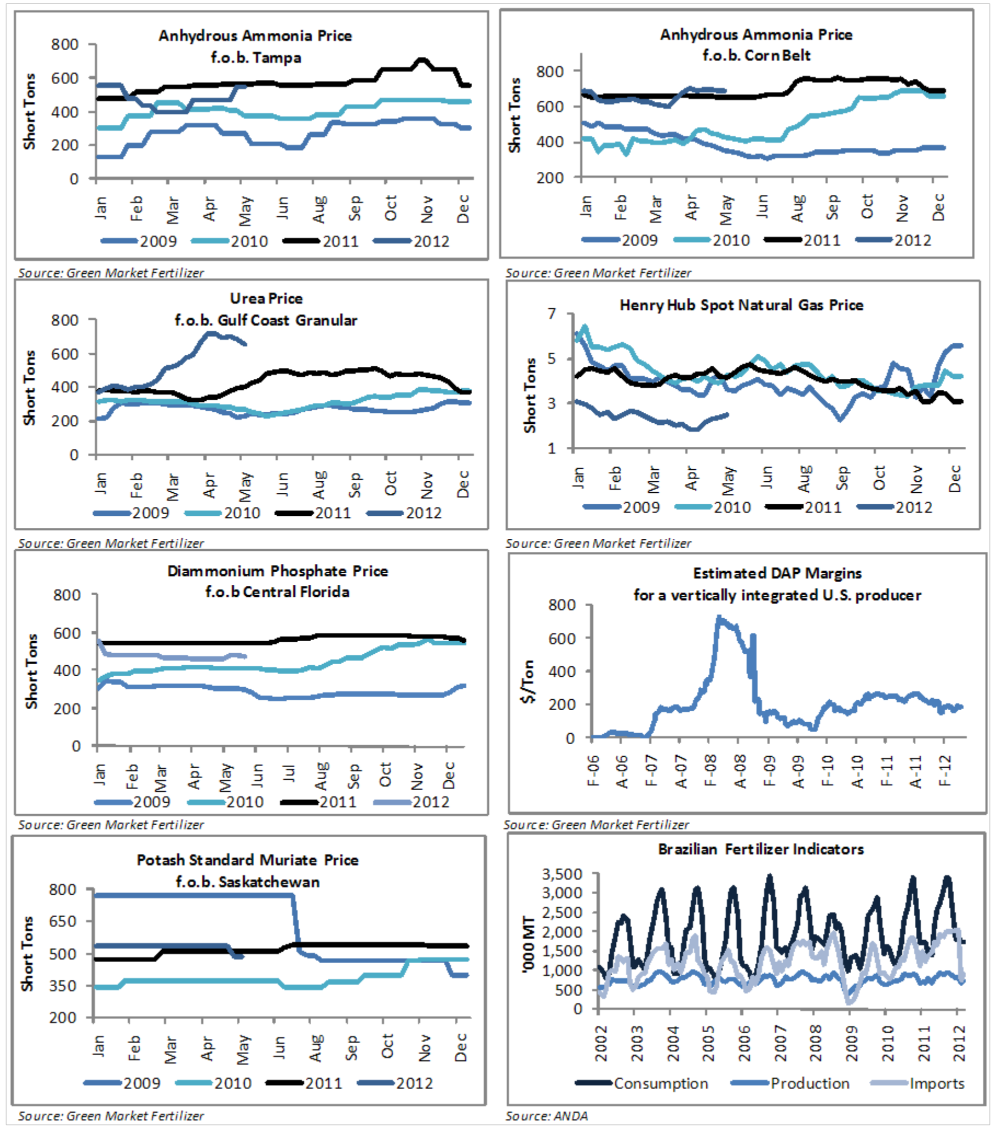
Year	Production	Domestic Use	Exports	Total Use	End Stocks	Stocks/Use	Avg Price
2006/07	3,188	1,955	1,118	3,073	573	29.3%	$9.00
2007/08	2,676	1,893	1,161	3,054	205	10.8%	$10.10
2008/09	2,921	1,907	1,020	2,927	205	10.7%	$9.85
2009/10	3,110	1,888	1,175	3,063	257	13.6%	$8.85
2010/11	3,100	1,901	1,200	3,101	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

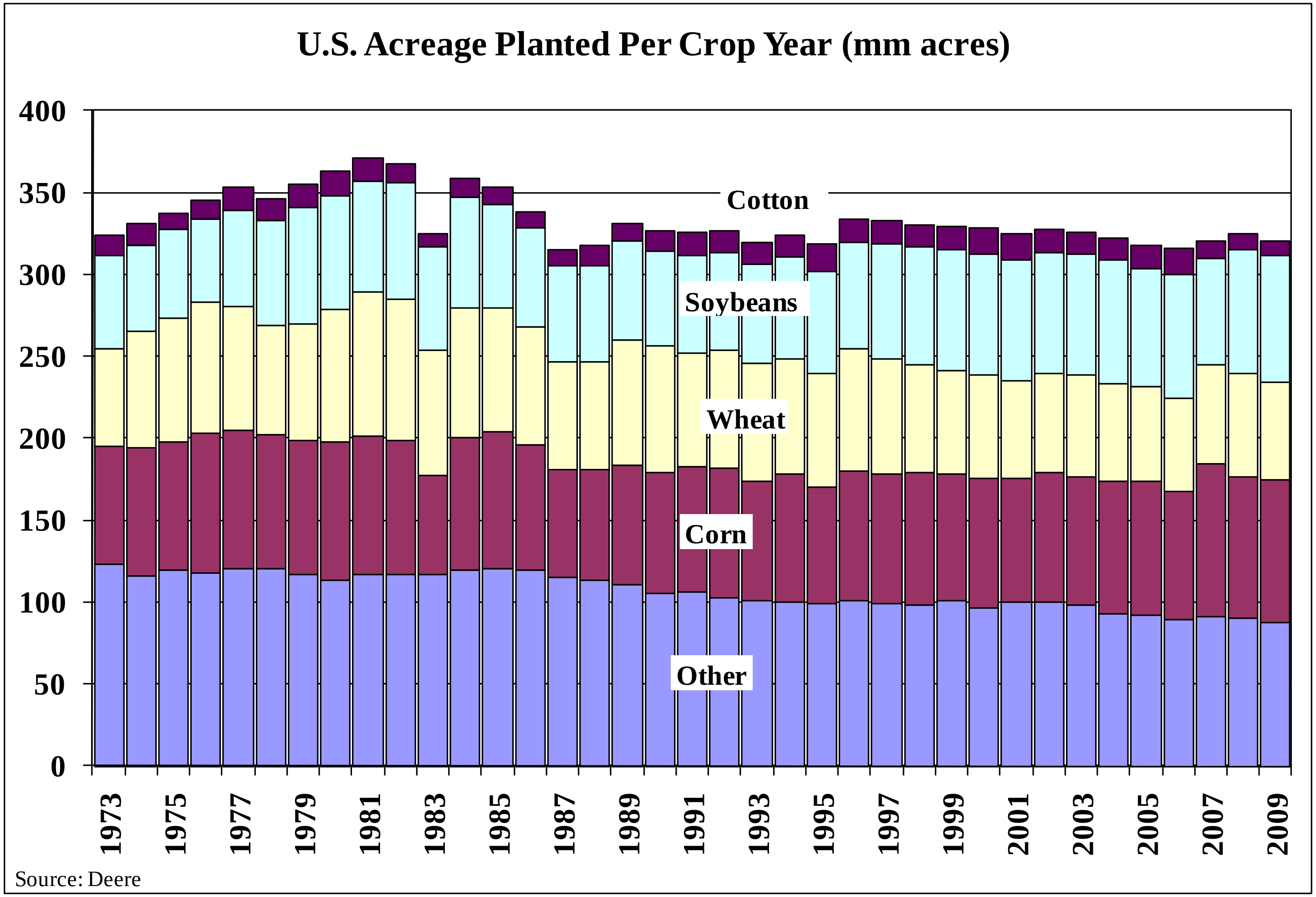
Year	Production	Domestic Use	Exports	Total Use	End Stocks	Stocks/Use	Avg Price
2006/07	1,812	1,140	909	2,049	418	36.7%	$4.35
2007/08	2,067	1,066	1,264	2,330	306	28.7%	$6.48
2008/09	2,500	1,302	1,000	2,302	603	46.3%	$6.85
2009/10	2,210	1,297	1,000	2,297	616	47.5%	$5.75
2010/11	2,225	1,301	1,025	2,326	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**

Source: USDA, CRC estimates

Other Input and Chemical Costs – 2009-2012



U.S. Acreage Planted Per Crop Year



Source: Deere, CRC estimates

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