

Ag Equipment Intelligence

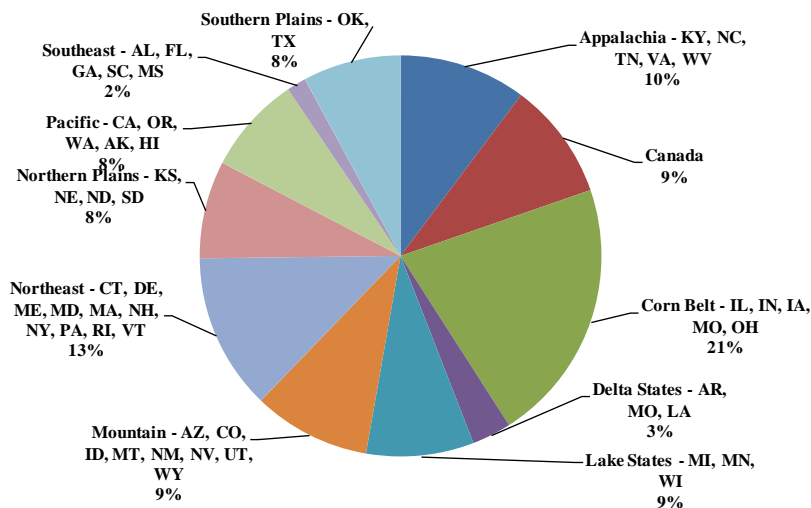
November 2012 Dealer Sentiments &
Business Conditions Update

Monthly Ag Equipment Intelligence North American Dealer Survey

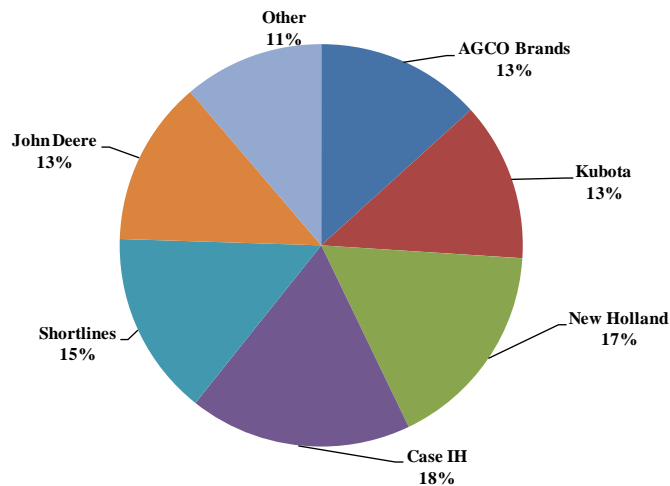
Background:

- We are pleased to announce the results of the October 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 November survey had ~128 respondents representing combined annual revenues of roughly \$3.7 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 Brand



Highlights / Summary Thoughts

- **Industry Sales Growth of 7% in October**– Ag equipment dealers reported year-over-year sales grew 7% on average in October, up from 6% in September. Case IH and Kubota each saw sequential growth of 4%, while New Holland declined 5%.
- **2013 Dealer Outlook at 2%**– AGCO and “Other” dealers are the most optimistic, while New Holland and Shortlines dealers hold the weakest outlooks. The October 2013 outlook is down 1% sequentially from last month, when dealers expected 3% growth for 2013.
- **Dealer Optimism Remains High** – Our Dealer Optimism Index, a measure of sentiment amongst dealers compared to the prior month, declined slightly in October, with a net 7% of dealers reporting they have a more optimistic outlook now versus a net 15% last month (27% are more optimistic; 54% same; 20% are less optimistic).

Optimism/Sentiment vs. Last Month

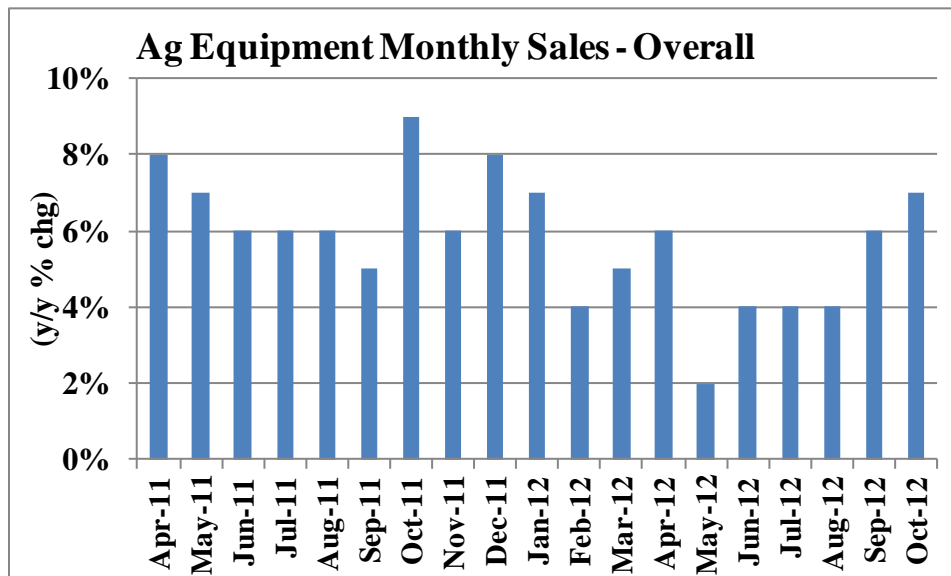
	<u>Apr-11</u>	<u>May-11</u>	<u>Jun-11</u>	<u>Jul-11</u>	<u>Aug-11</u>	<u>Sep-11</u>	<u>Oct-11</u>	<u>Nov-11</u>	<u>Dec-11</u>	<u>Jan-12</u>	<u>Feb-12</u>	<u>Mar-12</u>	<u>Apr-12</u>	<u>May-12</u>	<u>Jun-12</u>	<u>Jul-12</u>	<u>Aug-12</u>	<u>Sep-12</u>	<u>Oct-12</u>
More Optimistic	33%	25%	31%	32%	30%	25%	36%	33%	30%	38%	29%	25%	22%	15%	14%	18%	28%	31%	27%
Same	54%	54%	44%	49%	55%	58%	55%	55%	54%	53%	57%	59%	62%	61%	49%	44%	54%	54%	54%
Less Optimistic	13%	21%	25%	20%	15%	17%	9%	12%	16%	10%	14%	17%	17%	24%	37%	38%	18%	15%	20%
Net % (More- I	21%	3%	6%	12%	15%	8%	26%	21%	14%	29%	15%	8%	5%	-9%	-23%	-19%	10%	15%	7%

Monthly Sales Growth

- Ag equipment dealers reported year-over-year sales grew 7% on average in October, which was up from 6% in September. The biggest change this month was at New Holland dealers, who saw sales decline from up 5% in the prior month to flat in October.
- John Deere dealers reported the highest average sales growth again at up 10%, the same as in September, while New Holland saw the worst growth with sales flat.
- A net 5% of participants categorized October results as “better-than-expected” (26% better-than-expected; 54% in-line with expectations; 20% worse-than-expected) which is similar to last month.

Average Dealer 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>	<u>Jun-12</u>	<u>Jul-12</u>	<u>Aug-12</u>	<u>Sep-12</u>	<u>Oct-12</u>
Overall	8%	7%	6%	6%	6%	5%	9%	6%	8%	7%	4%	5%	6%	2%	4%	4%	4%	6%	7%
By Brand	<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>	<u>Jun-12</u>	<u>Jul-12</u>	<u>Aug-12</u>	<u>Sep-12</u>	<u>Oct-12</u>
AGCO	12%	13%	11%	9%	14%	12%	12%	10%	12%	6%	1%	2%	5%	2%	5%	1%	0%	4%	3%
John Deere	8%	8%	7%	5%	5%	4%	10%	5%	5%	6%	4%	6%	9%	4%	9%	9%	7%	10%	10%
New Holland	8%	4%	5%	7%	6%	7%	7%	6%	12%	5%	-2%	4%	3%	1%	0%	2%	-1%	5%	0%
Case IH	5%	4%	3%	8%	7%	7%	8%	8%	11%	10%	4%	6%	3%	-2%	1%	1%	2%	3%	7%
Kubota	13%	5%	7%	12%	7%	6%	7%	9%	10%	10%	4%	6%	5%	1%	6%	-3%	3%	-1%	3%
Shortlines	n/a	-13%	3%	5%	6%	2%	6%	2%	7%	2%	0%	2%	3%	6%	6%	6%	3%	5%	7%
Other	n/a	n/a	n/a	2%	-3%	7%	6%	3%	11%	2%	-8%	2%	3%	1%	-1%	-3%	5%	0%	1%

Monthly Sales Growth Continued



Percent Positive / Negative Growth

	<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>	<u>Jun-12</u>	<u>Jul-12</u>	<u>Aug-12</u>	<u>Sep-12</u>	<u>Oct-12</u>
Positive Sales G	69%	60%	56%	66%	67%	61%	65%	65%	76%	57%	49%	60%	67%	55%	53%	49%	59%	58%	61%
Flat Sales	18%	14%	23%	15%	16%	23%	20%	22%	11%	29%	30%	22%	19%	16%	26%	16%	15%	21%	17%
Negative Sales C	14%	25%	21%	18%	18%	16%	15%	13%	13%	14%	20%	18%	14%	29%	21%	34%	27%	21%	22%
Net % (Positive	55%	35%	35%	48%	49%	45%	50%	52%	63%	42%	29%	42%	52%	25%	31%	15%	32%	37%	39%

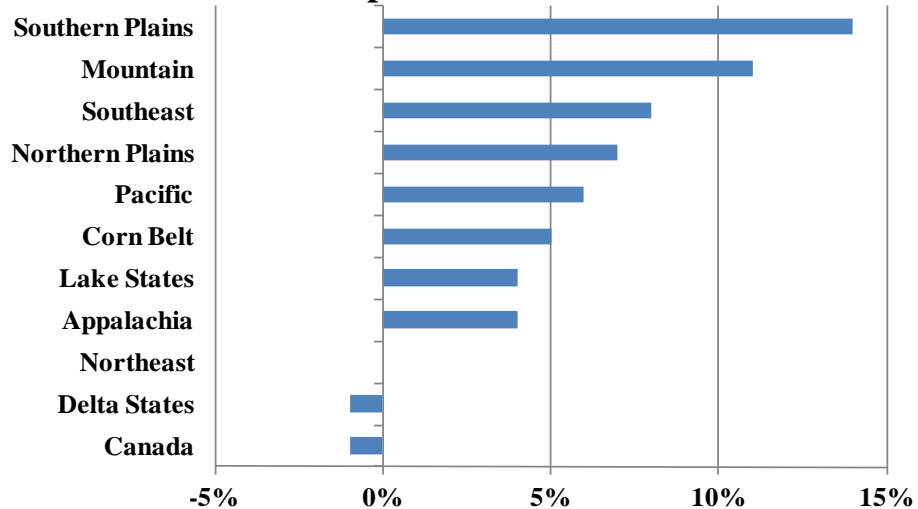
Results vs. Expectations

	<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>	<u>Jun-12</u>	<u>Jul-12</u>	<u>Aug-12</u>	<u>Sep-12</u>	<u>Oct-12</u>
Better than expe	28%	26%	27%	27%	30%	29%	35%	32%	41%	28%	19%	20%	24%	22%	23%	21%	30%	25%	26%
In line with expe	51%	44%	48%	54%	52%	56%	48%	54%	47%	56%	54%	66%	63%	52%	51%	44%	41%	56%	54%
Worse than expe	21%	30%	25%	19%	18%	15%	17%	13%	12%	16%	26%	14%	14%	25%	26%	35%	29%	19%	20%
Net % (Better -	7%	-4%	1%	8%	13%	14%	18%	19%	29%	12%	-7%	7%	10%	-3%	-3%	-14%	1%	6%	5%

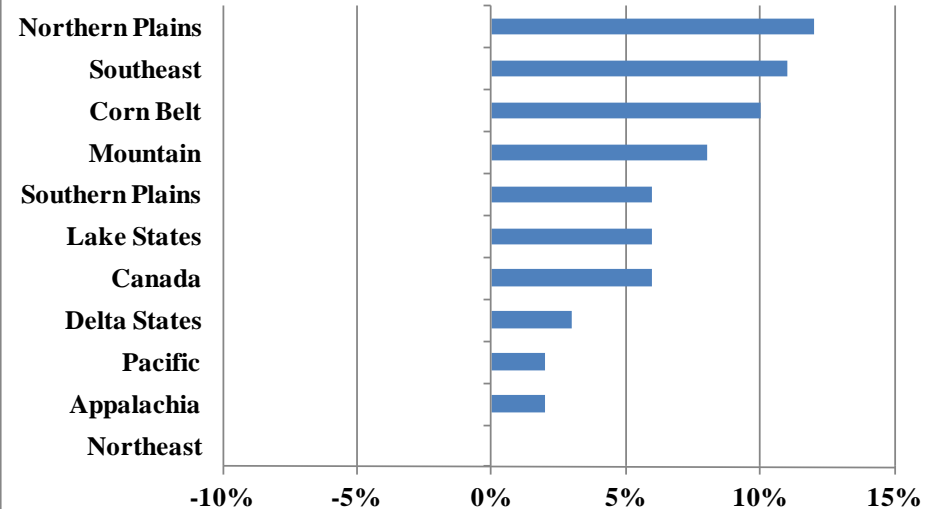
Monthly Sales Growth by Region

- Ten out of eleven regions showed positive average monthly sales growth in October, up from eight in September. The Northern Plains, Southeast, and Corn Belt regions were the top performers.
- On a sequential basis, Canada saw the most significant acceleration while the Southern Plains saw the most significant decline this month.

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



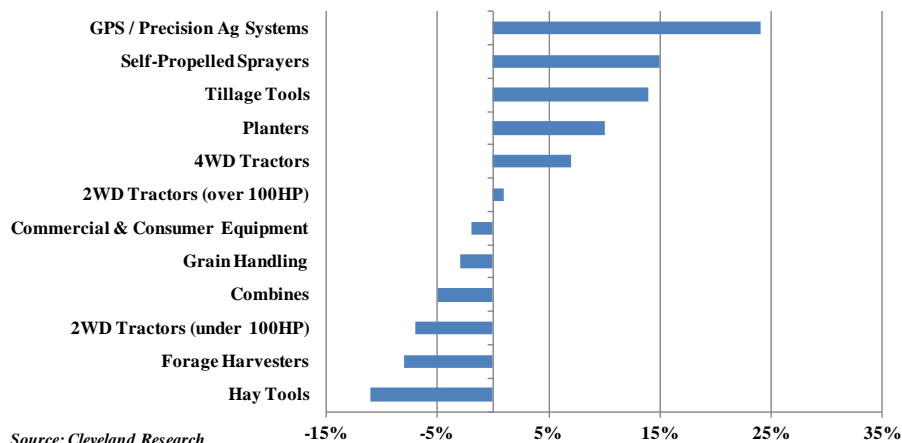
**Average Monthly Sales Growth by Region
October 2012**



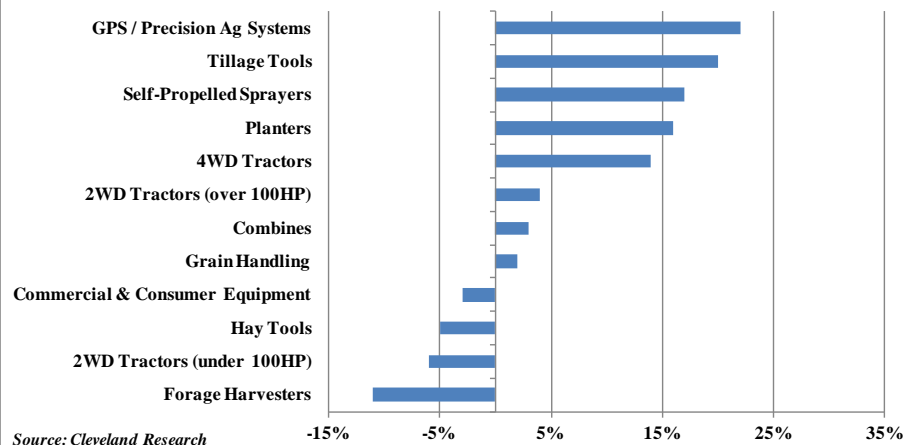
Equipment Category Sales Trends

- Eight out of twelve product categories ranked in positive territory in October, up from six last month. GPS/Precision ag systems, tillage tools, and self-propelled sprayers head the list of top performing products while forage harvesters were ranked the weakest.
- On a sequential basis, combines saw the strongest improvement, while forage harvesters, GPS/Precision ag systems, and commercial & consumer equipment were the only categories to decline sequentially.

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

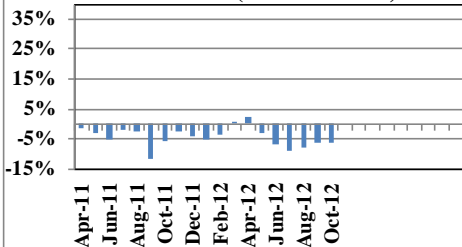


Product Category Ranking (Net % Strong - Weak)
October 2012

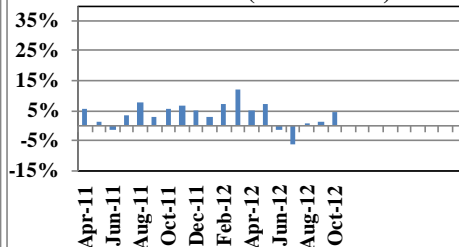


Equipment Category Sales Trends

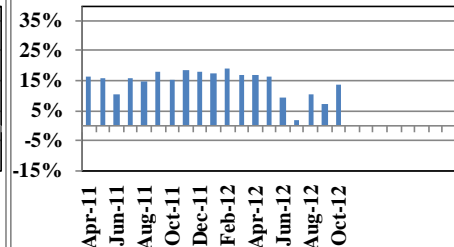
2WD Tractors (under 100HP)



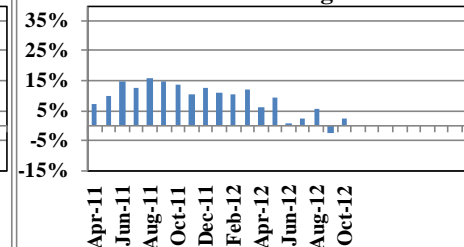
2WD Tractors (over 100HP)



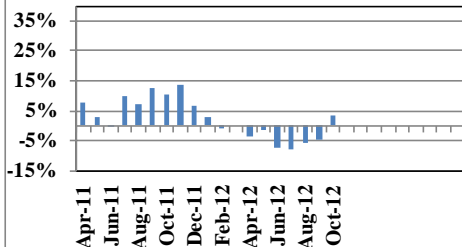
4WD Tractors



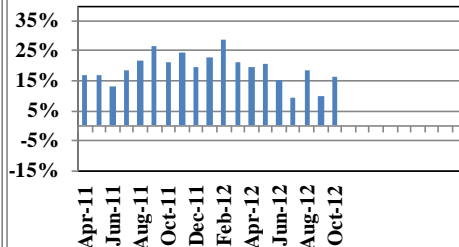
Grain Handling



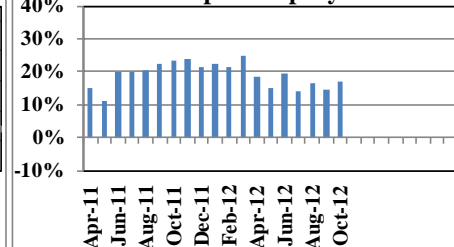
Combines



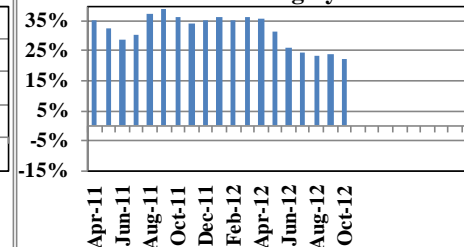
Planters



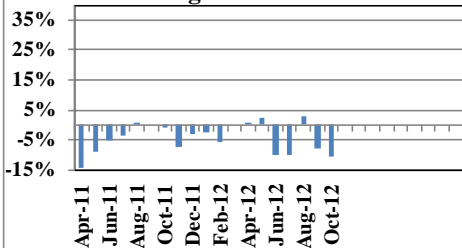
Self-Propelled Sprayers



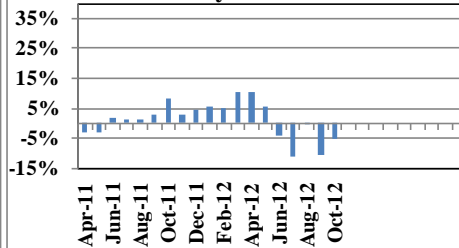
GPS / Precision Ag Systems



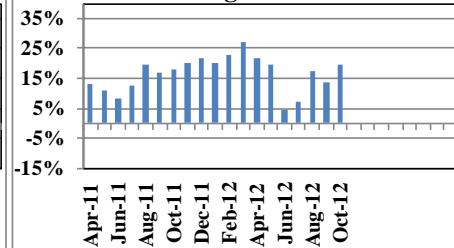
Forage Harvesters



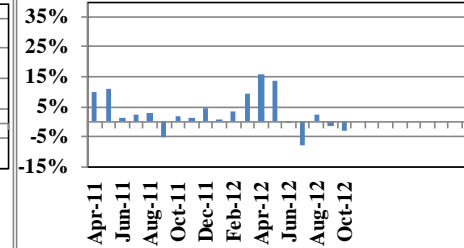
Hay Tools



Tillage Tools



Commercial & Consumer Equipment



Dealer Commentary on Monthly Sales

- *We had another record year on top of a record year and sales are up about 17% y/y.*
- *Sales are down but they are better than what we would have expected a few months ago.*
- *Business is as good as it was last year and it may be even a tick better. I think this pace will continue into next year.*
- *Strong cash flow for growers are boosting sales when you combine commodity prices, yields and insurance payments.*
- *I think whole goods are still up 15% so it's better than expected but a third is price increases.*
- *Sales have been pretty strong which is a big improvement is over what I was expecting when the drought hit. I have been pleasantly surprised. Sales have remained relatively consistent and we should end the year flat.*
- *Sales are very good right now and we are on track to end the year at least flat on the back of a very good year. We could even finish a little up. Order boards are every bit as strong as they were last year even with combines.*
- *Uncertainty in the political climate regarding the fiscal cliff anxiety is hurting sales.*
- *Sales have been pretty good lately and we are halfway through our combine allotment which is ahead of the pace we set last year. We have also seen a boost in silage equipment sales. We didn't have any customers cancelling combine orders either.*
- *November will be better than last year. We expect it to be up at least 25%.*
- *Most of the corn in our area is irrigated and we had a good harvest. Order boards are running a little behind last year's, pace but it's not far behind.*
- *Combine orders are even or down a unit or two. I am not sure where DE is as far as allocation. I think 2013 is another up year. We'll budget for 5% increase so that would be flat on volumes.*
- *The low interest rates and high crop prices have really helped sales.*
- *Our late fall tractor and combine sales have been strong.*
- *The drought conditions have negatively impacted our sales.*
- *The drought and economic uncertainty aren't helping sales.*

Order Growth

Overall Orders

- Incoming orders grew 4% on average in October, up from 2% in September.
- John Deere dealers saw highest average orders growth at 5%, while New Holland dealers' order growth came in the lowest at down -1% on average for the month.

New Combine Order Intentions

- A net 12% of dealers believe they will order fewer combines compared to last year, an increase from the net 25% last month.

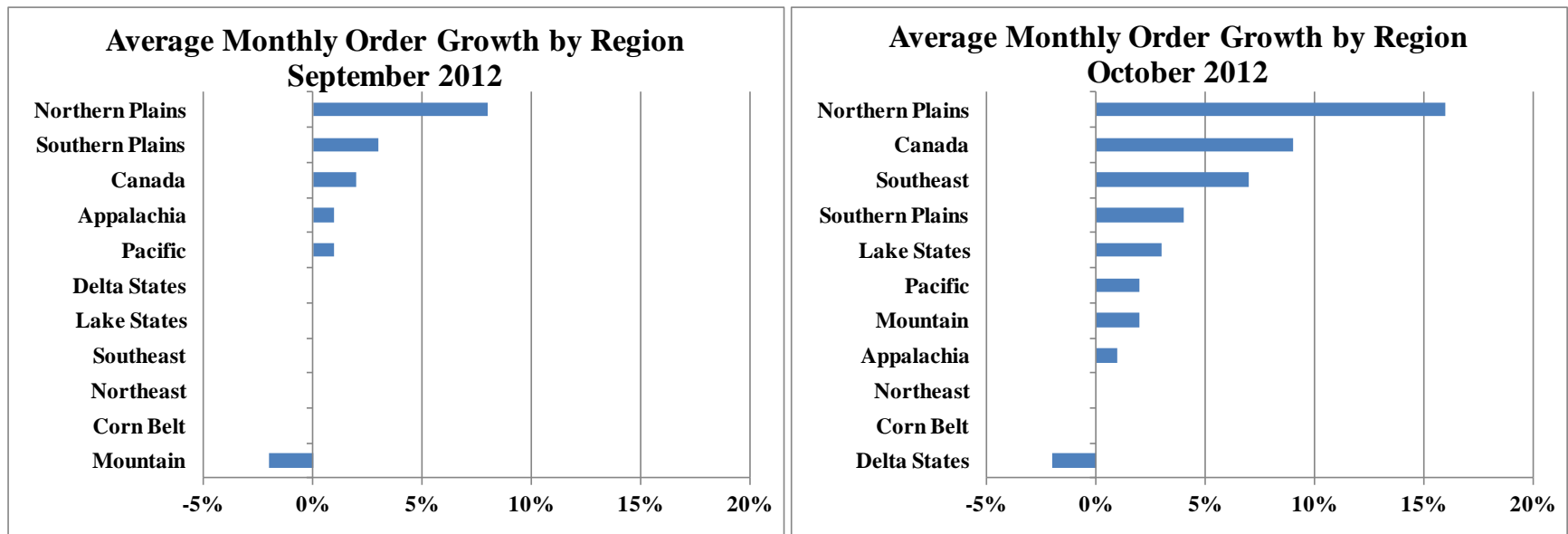
New Combine Order Intentions vs. Last Year															
	<u>Aug-11</u>	<u>Sep-11</u>	<u>Oct-11</u>	<u>Nov-11</u>	<u>Dec-11</u>	<u>Jan-12</u>	<u>Feb-12</u>	<u>Mar-12</u>	<u>Apr-12</u>	<u>May-12</u>	<u>Jun-12</u>	<u>Jul-12</u>	<u>Aug-12</u>	<u>Sep-12</u>	<u>Oct-12</u>
More	22%	20%	21%	20%	11%	14%	15%	14%	9%	10%	7%	6%	4%	7%	12%
Same	47%	48%	48%	53%	60%	61%	63%	63%	64%	54%	69%	55%	55%	61%	64%
Less	31%	32%	31%	27%	29%	25%	22%	24%	27%	37%	24%	39%	41%	32%	24%
Net % (More- Less)	-10%	-12%	-10%	-7%	-18%	-10%	-8%	-10%	-17%	-27%	-18%	-33%	-36%	-25%	-12%

Average Orders 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>	<u>Jun-12</u>	<u>Jul-12</u>	<u>Aug-12</u>	<u>Sep-12</u>	<u>Oct-12</u>
Overall	3%	3%	3%	5%	4%	4%	4%	4%	4%	5%	4%	2%	4%	2%	1%	1%	3%	2%	4%
By Brand	<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>	<u>Jun-12</u>	<u>Jul-12</u>	<u>Aug-12</u>	<u>Sep-12</u>	<u>Oct-12</u>
AGCO	4%	8%	5%	10%	10%	5%	6%	8%	6%	8%	3%	3%	6%	6%	3%	0%	-1%	-1%	2%
John Deere	4%	2%	2%	5%	3%	4%	3%	3%	4%	5%	4%	1%	8%	5%	6%	4%	6%	4%	5%
New Holland	4%	2%	3%	5%	5%	5%	4%	3%	6%	3%	2%	2%	3%	2%	-3%	-2%	0%	0%	-1%
Case IH	1%	3%	2%	4%	3%	3%	5%	4%	3%	4%	2%	0%	0%	-5%	-3%	-3%	1%	-2%	4%
Kubota	9%	1%	6%	6%	6%	4%	4%	6%	7%	10%	2%	4%	2%	2%	2%	0%	1%	-1%	2%
Shortlines	n/a	-3%	2%	2%	4%	3%	1%	2%	4%	1%	3%	5%	2%	5%	2%	1%	7%	0%	2%
Other	n/a	n/a	n/a	1%	-2%	2%	4%	3%	11%	3%	3%	5%	3%	1%	-4%	1%	6%	1%	0%

Order Growth by Region

- Eight out of eleven regions showed positive monthly orders growth in October, up from five out of eleven in September. Northern Plains, Canada, and the Southeast head the list of best performing regions this month.
- On a sequential basis, the Northern Plains showed the most significant improvement, while the Delta States demonstrated the most significant slowdown in order growth.



2013 Sales Outlook

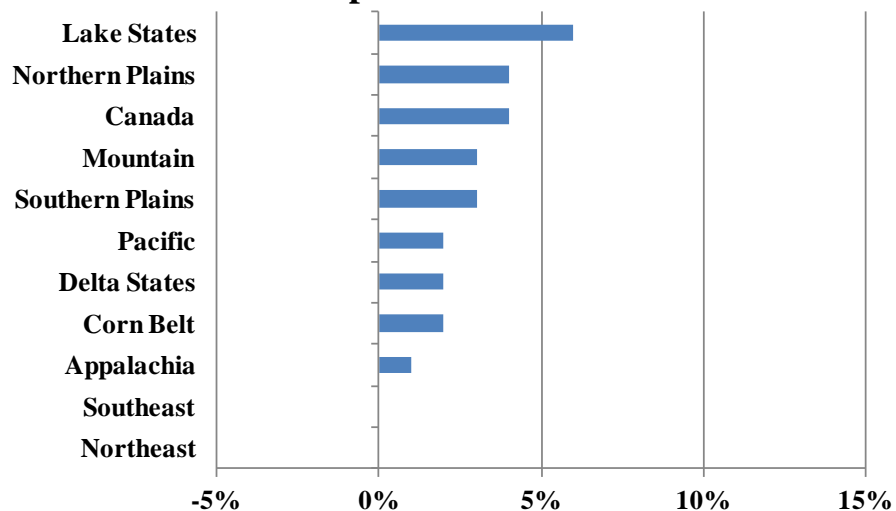
- For 2013, dealers are forecasting 2% sales growth. This is down from September, when the outlook was at 3%.
- AGCO and “Other” dealers are the most optimistic this month while New Holland and Shortlines dealers report the least optimistic outlooks.

Dealer Outlook															
(% chg v/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>	<u>Jun-12</u>	<u>Jul-12</u>	<u>Aug-12</u>	<u>Sep-12</u>	
	2012 Outlook													2013	
Overall	5%	2%	4%	4%	3%	5%	5%	4%	6%	3%	4%	3%	4%	3%	2%
<u>By Brand</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>	<u>Jun-12</u>	<u>Jul-12</u>	<u>Aug-12</u>	<u>Sep-12</u>	<u>Oct-12</u>
AGCO	9%	8%	9%	8%	4%	6%	7%	3%	8%	7%	6%	2%	3%	4%	4%
John Deere	4%	1%	2%	3%	2%	6%	6%	4%	9%	5%	9%	7%	8%	4%	2%
New Holland	5%	5%	5%	5%	4%	2%	3%	4%	3%	1%	1%	0%	2%	1%	0%
Case IH	4%	3%	5%	4%	3%	3%	2%	3%	3%	-1%	-1%	-1%	0%	2%	2%
Kubota	5%	7%	4%	4%	6%	4%	4%	3%	3%	4%	6%	-1%	4%	3%	2%
Shortlines	3%	2%	1%	2%	2%	2%	3%	6%	4%	7%	5%	2%	3%	5%	0%
Other	3%	4%	6%	4%	7%	5%	3%	4%	3%	5%	-2%	2%	4%	3%	3%

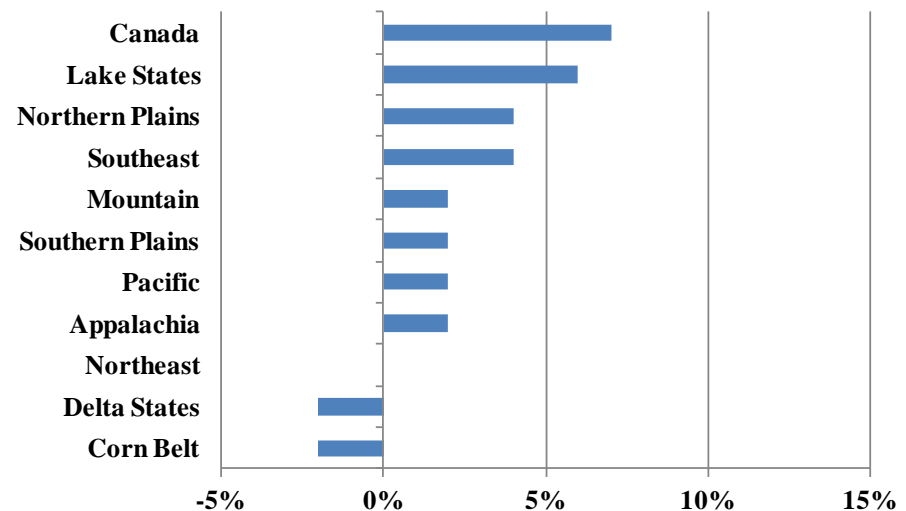
2013 Sales Outlook Continued

- Eight out of eleven regions are projecting a positive full year 2013 sales outlook in October. Canada is most optimistic, while the Delta States and Corn Belt are expecting sales to decline in 2013.
- In September, the Lake States and Northern Plains were the most optimistic, while the Southeast and Northeast had flat outlooks.

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



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

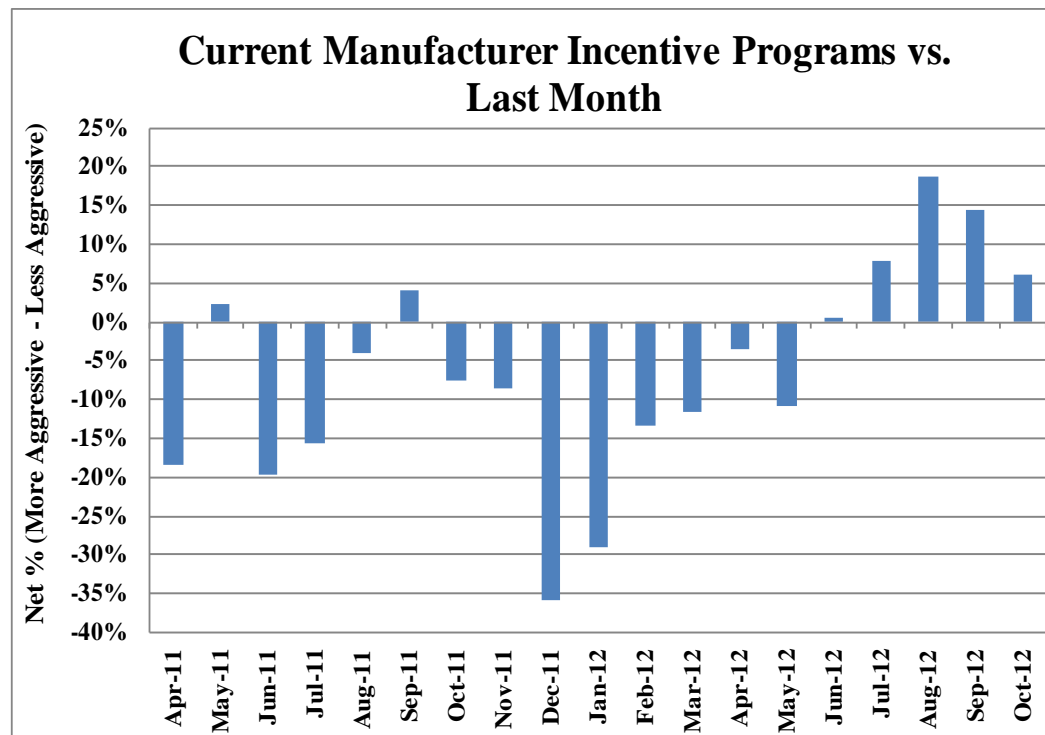


Dealer Commentary on 2012 Outlook

- *I am expecting next year to be flat, customers are not going to be as willing to spend money and grow their business when there is still a lot of uncertainty in the market. Tax policy is not clear and it doesn't create an environment that encourages people to spend money. Commodity prices should continue to be strong and that will help.*
- *Next year is up in the air with uncertainty around the Farm Bill and I have heard predictions that we are looking at another dry year, which isn't positive. Overall though next year looks pretty good and I think we will run fairly close to this year.*
- *Things look good heading into next year and I am expecting a strong planting season but there is still some uncertainty around the Farm Bill and tax policies. We also need to see where commodity prices are going to land. I am thinking next year looks flat.*
- *My outlook is guardedly optimistic. If we can get some good weather and don't have another dry year I think we will be up over this year. We are budgeting 3-4% growth for next year.*
- *I think we are going to be flat next year. I am worried that in 18 months or so sales could fall off once the effects of strong prices have worn off.*
- *We expect relatively little impact from drought next year.*
- *If no rain is received before freeze up it could be slow after the 1st of the year.*
- *We reduced our combine orders by 20%.*
- *High feed costs in combination w/ low milk prices have severely impacted our local dairy industry. The impact has had an adverse effect on sales of all dairy related products for the last two years and we do not see much relief in sight through next year.*
- *We have lower plans for next year due to election results.*
- *We think we'll see a decrease in sales around 5%.*
- *We could be down 15-20% next year on the livestock side.*
- *I expect to see somewhat fewer sales as dairy feed prices are very high.*
- *My expectations are for a flat 2013.*
- *We expect a burst of buying by year end and caution going into next year.*
- *Tax laws in 2013 have a tendency to push forward sales in 2012. Next year will be definitely down due to drought impact and tax laws.*
- *We expect overall sales to be down 10-15% next year. We have oversupplied the new side of the market for the past 3 years.*

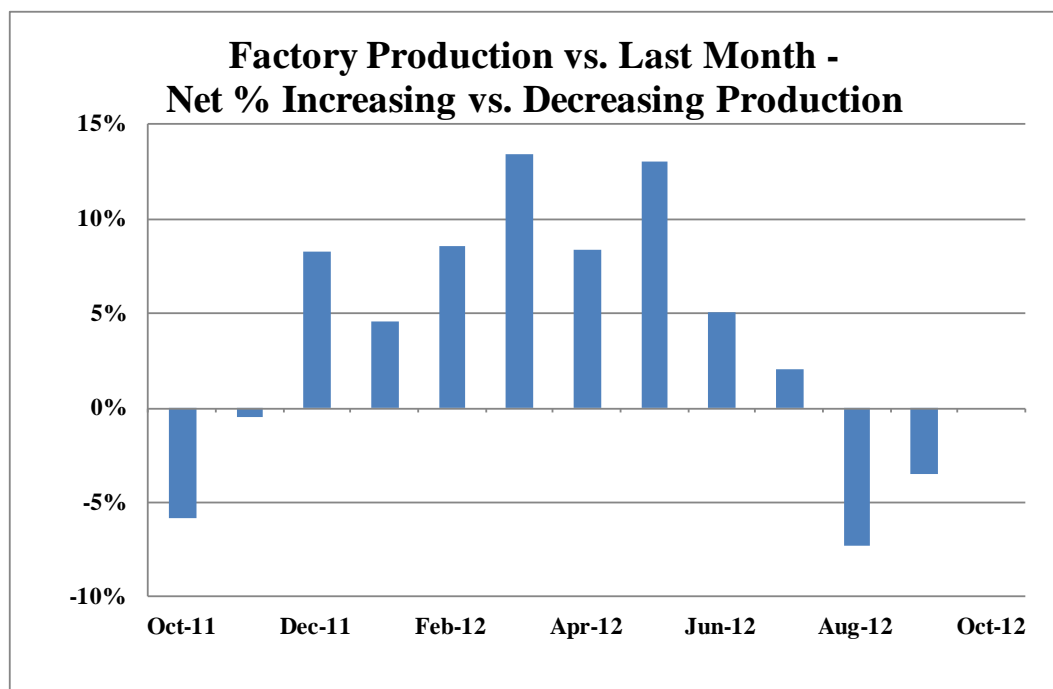
Current Manufacturer Incentive Programs

- A net 6% of dealers report that manufacturers are more aggressive with incentives in October (18% more aggressive; 71% same; 11% less aggressive) compared to a net 15% who reported manufacturers were more aggressive in September.



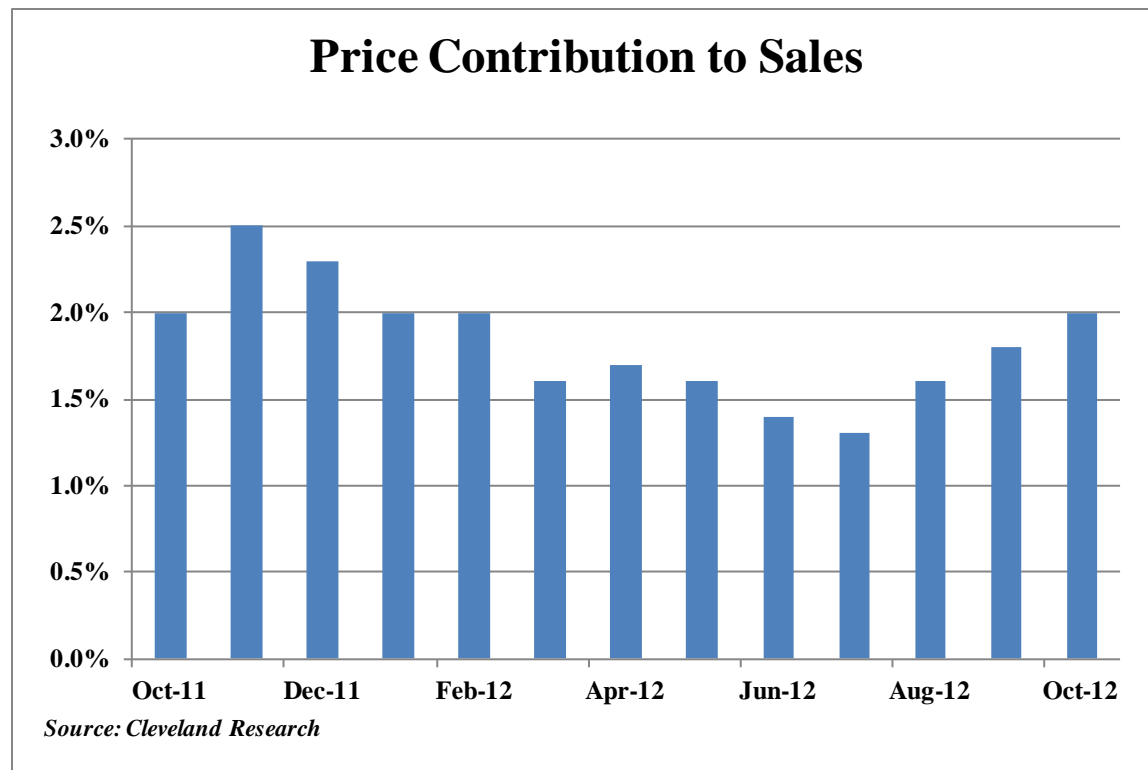
Factory Production

- Dealers report that factory production appears flat, as a net 0% of dealers are reporting increasing production levels (10% increasing production; 81% no change in production; 10% decreasing production) compared to a net 7% decreasing production in September.



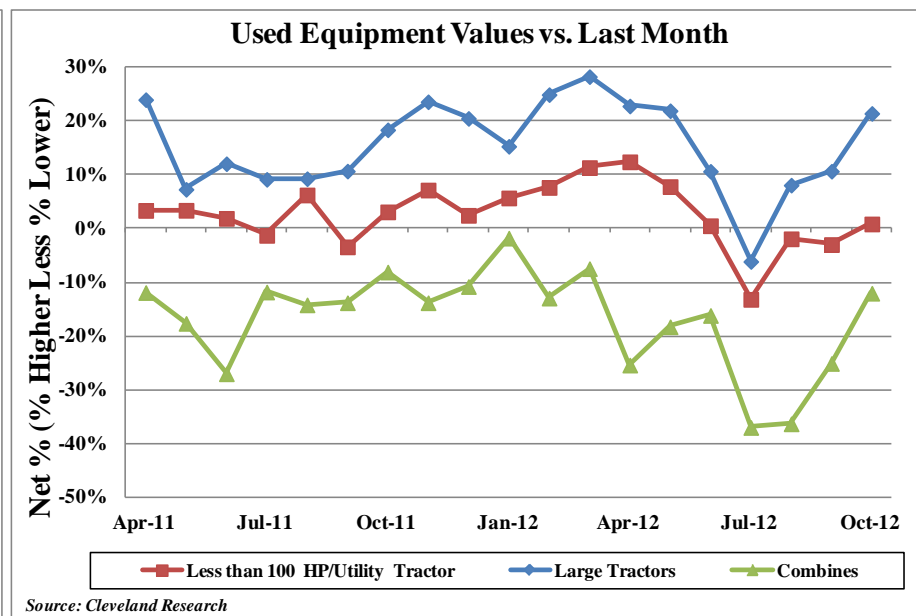
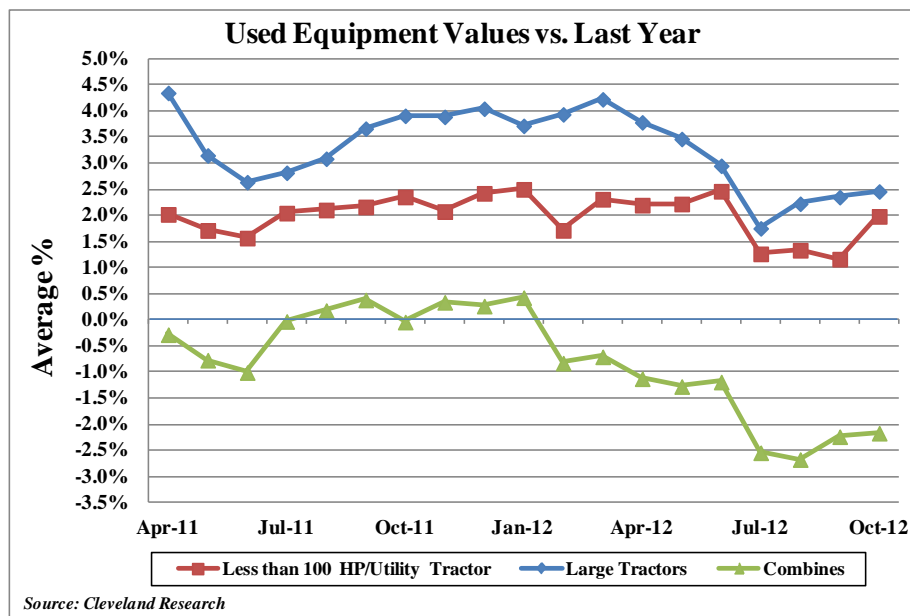
Pricing Trends

- Dealers report price contributed roughly ~2.0% to total October revenue, up slightly from 1.8% in September.



Used Equipment Pricing

- By category, tractors over 100HP are now up 2.5% year-over-year on average, up from 2.4% last month. Prices for used tractors under 100HP are up 2.0% in October, up from 1.2% in September. Used combine values are down -2.2%, flat from last month.
- Relative to last month, a net 1% of dealers report higher values for under 100HP/utility tractors. For over 100HP tractors, a net 22% of dealers report higher values vs. last month. Finally, a net 12% of dealers report used combine values are lower than last month.



Inventory Levels

New Equipment Inventory

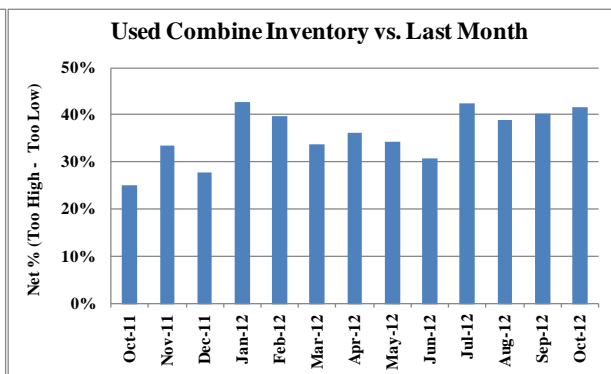
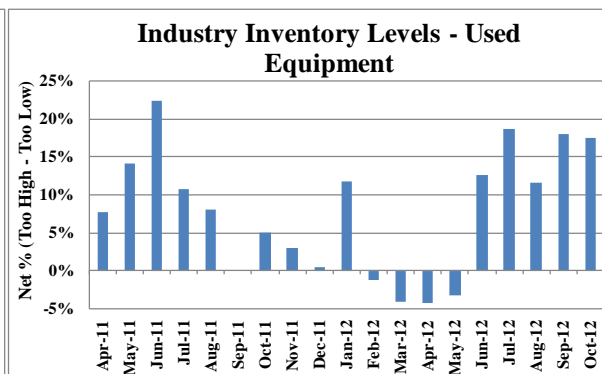
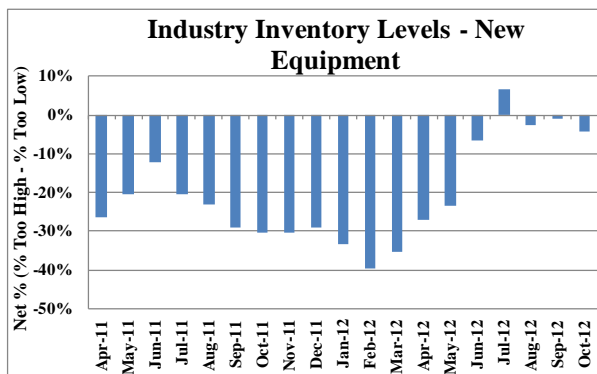
- A net 4% of dealers categorize their new inventory as “too low” (23% too high; 51% about right; 27% too low), down slightly from a net 1% that reported “too low” last month.

Used Equipment Inventory

- Used equipment inventory remains high as a net 18% of dealers categorize their used inventory levels as “too high” (29% too high; 60% about right; 11% too low), the same percentage as last month.

Used Combine Inventory

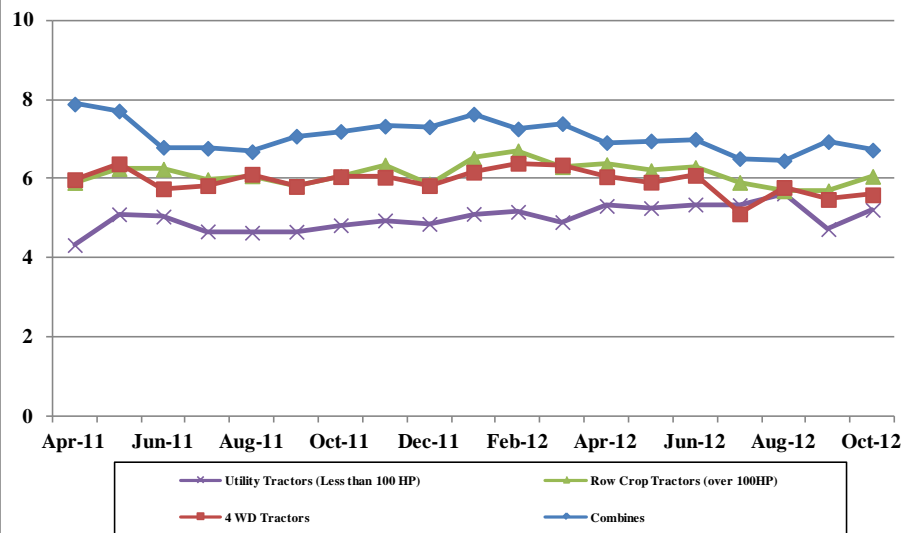
- Within the used equipment categories, a net 42% of dealers also reported used combine inventory levels are still “too high” (46% too high; 49% about right; 5% too low).



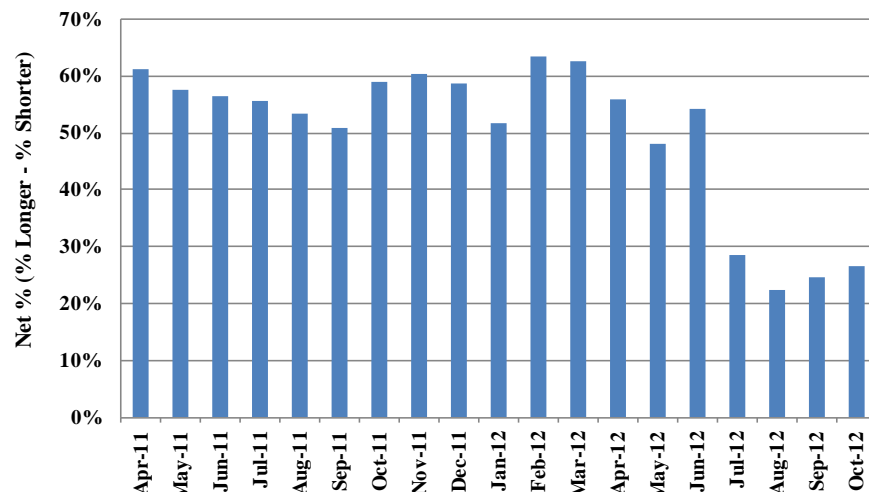
Equipment Availability

- Overall, a net 27% of dealers report longer factory lead-times compared to last month (34% longer; 58% same; 8% shorter), up from a net 25% last month.
- A closer look at availability by product category shows mixed trends in lead times this month. On average combine lead times are 6.7 months; 4WD are 5.6 months; row crop tractor lead times are 6.1 months; and smaller tractors (<100 HP) lead times are 5.2 months.

Lead Times By Product Category (Months)



Lead Times - Versus Prior Month



Dealer Commentary on Used Inventory Levels

- *We are actually sitting pretty good on used combines, but we get pretty aggressive on moving them out the door. We sent a bunch of stuff to auction even though it means taking less than if we held on to them.*
- *We have too many combines.*
- *Combine values are getting softer.*
- *Used combines are hard to move.*
- *We have too many used combines which is true for just about everybody.*
- *Inventory is ok. We have a few new tractors that have trickled in that aren't sold but we're get those sold.*
- *Used prices have been relatively steady. We have more used combines and tractors than we would like but we aren't in bad shape.*
- *We are not sitting on our used equipment; our management has decided to be pretty aggressive. We are taking a decent amount of combines to auction. We just took 15 this last month.*
- *We are very happy with our used combine inventory levels but I know you probably don't hear that a lot.*
- *Used combines still concern me.*
- *Combine inventories are too high. Good used MFD tractors are too low.*
- *We don't have enough good used tractors.*
- *HHP tractors are above where I'd like them.*
- *Used combines and used strip tillage units are too high.*
- *High dollar inventory is the biggest concern.*

Dealer Commentary on Biggest Surprise in the Month

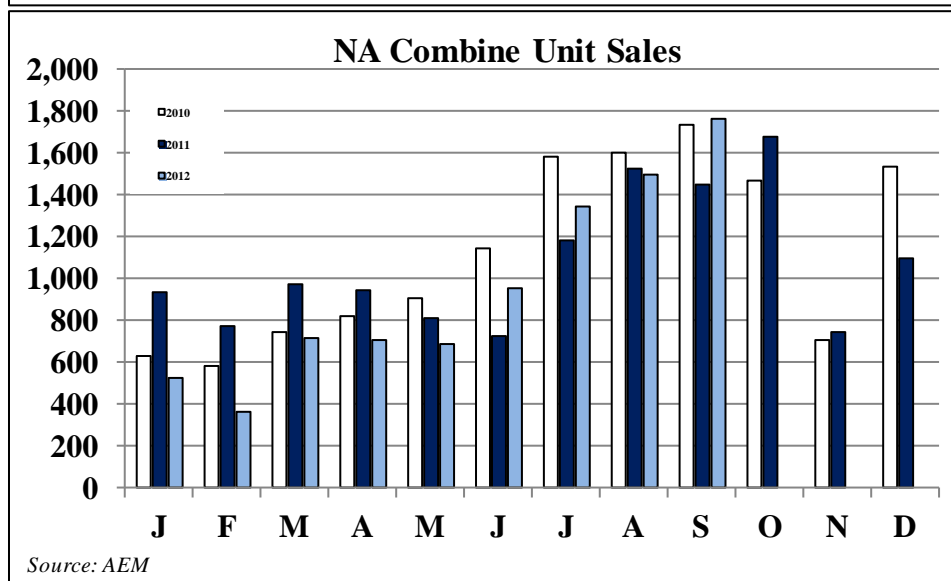
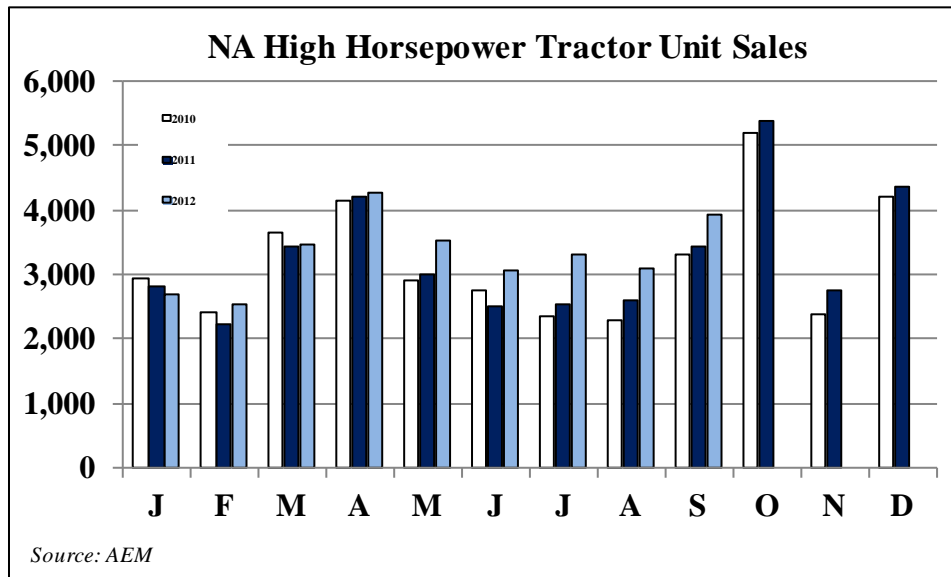
- *In our area farmers have been buying land pretty aggressively and I wonder if that will start detracting from them spending money on equipment.*
- *We need Washington to get to work on the "Farm Bill" and create something that makes sense along with the current economic climate, ethanol demands, and the future.*
- *We fared better in drought than we expected. 80-90% of the crop was ok.*
- *I am surprised by how busy we were. It was a nice rebound from the June-August time when it was DEAD!*
- *We have seen delays and problems with crop insurance.*
- *Farmers were surprised over how well their crops ran.*
- *The strong demand was the biggest surprise.*
- *Early harvest made pricing the priority. Most I think will purchase in the next two months.*
- *Hay and forage equipment is up substantially.*
- *We haven't seen any lead time issues but customers really want the Firestone tires on their tractors and those are really hard to get right now. If you want those tires you're looking at the middle of next summer. Customers think the Firestone tires are the best.*
- *I was surprised that price of corn is declining.*
- *We had very strong sales which is out of character for this time of year.*
- *Harvest came in better than expected .*
- *The good weather has definitely had a positive effect on sales.*
- *I am surprised by the overall optimism of farmers in spite of the drought.*
- *Presales were very strong for us.*
- *Our company experienced a 30% growth in new Case IH equipment versus October 2011.*
- *The election was a surprise.*

NA Farm Equipment Industry Retail Sales and Inventory

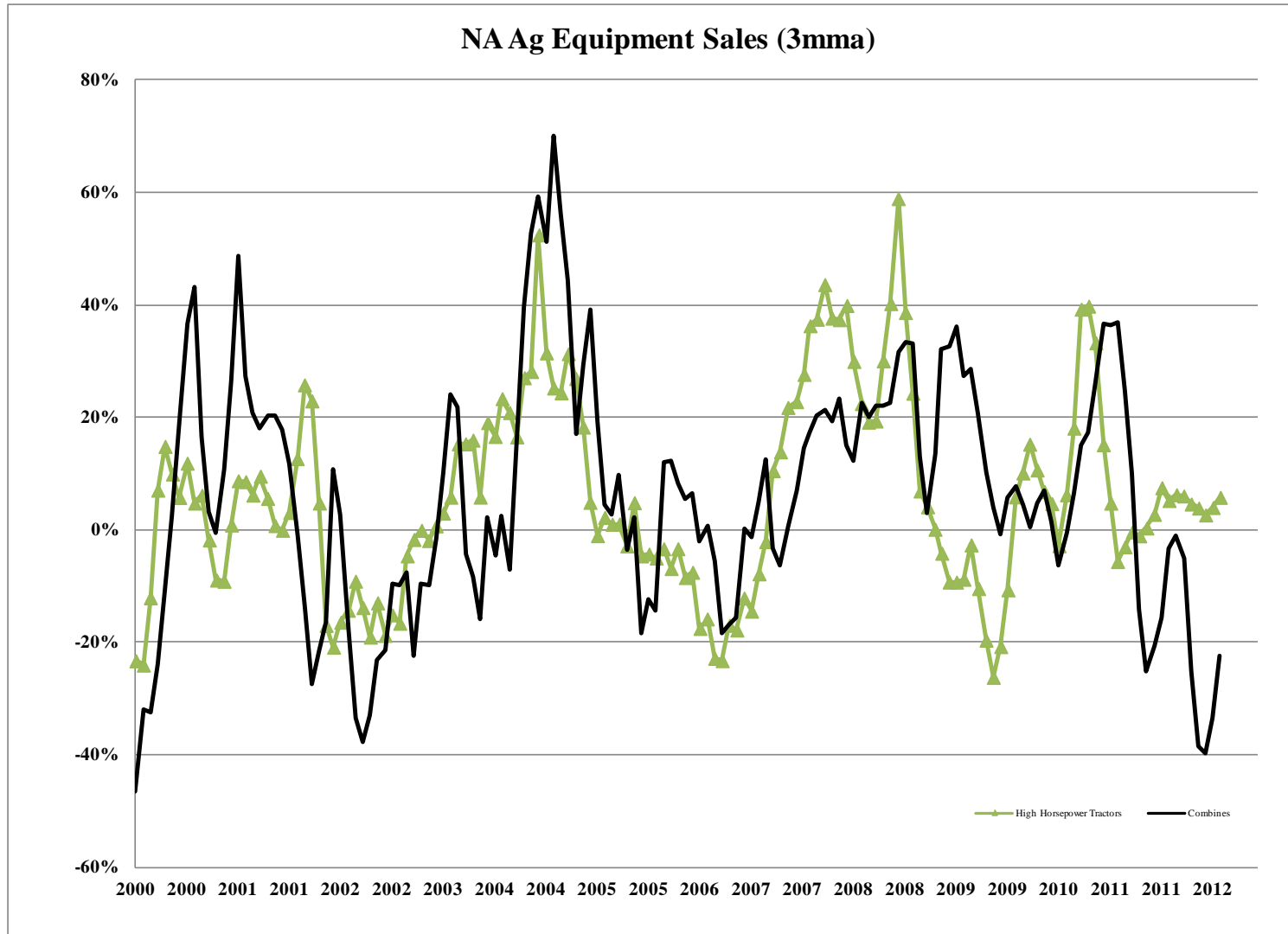
NORTH AMERICAN FARM EQUIPMENT RETAIL SALES														
	Units							% change year-over-year						
	< 40 HP	Utility	Row Crop	4-Wheel	Total Tractor	Memo: High hp	Combines	<40HP	Util	RC	4-WD	Total	High hp	Comb
Mar-11	8,894	4,973	2,816	624	17,307	3,440	973	11%	17%	(4%)	(12%)	9%	(5%)	30%
Apr-11	11,412	5,413	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	7,687	4,717	2,074	457	14,935	2,531	1,185	(11%)	(8%)	9%	5%	(7%)	9%	(25%)
Aug-11	7,336	4,186	2,131	434	14,087	2,565	1,516	3%	2%	13%	5%	4%	12%	(5%)
Sep-11	7,903	4,562	2,727	699	15,891	3,426	1,443	4%	5%	3%	7%	5%	4%	(17%)
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%)
Jun-12	12,503	6,118	2,571	502	21,694	3,073	954	3%	3%	24%	17%	5%	23%	32%
Jul-12	8,635	4,854	2,763	552	16,804	3,315	1,346	12%	3%	33%	21%	13%	31%	14%
Aug-12	8,153	4,516	2,497	588	15,754	3,085	1,497	11%	8%	17%	35%	12%	20%	(1%)
Sep-12	7,975	4,541	3,141	778	16,435	3,919	1,764	1%	(0%)	15%	11%	3%	14%	22%
Oct-12	9,885	6,908	5,660	1,499	23,952	7,159	2,321	25%	16%	33%	33%	25%	33%	39%

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
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%	27%	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%
May-12	65,188	28,322	8,930	1,659	104,099	10,589	2,258	66%	48%	27%	22%	53%	26%	20%
Jun-12	62,380	27,773	9,395	1,665	101,213	11,060	2,476	63%	47%	28%	22%	51%	27%	21%
Jul-12	61,495	28,135	10,351	1,950	101,931	12,301	2,791	61%	48%	31%	26%	51%	30%	24%
Aug-12	61,108	28,892	11,307	2,248	103,555	13,555	3,008	60%	49%	33%	29%	51%	32%	26%
Sep-12	62,319	29,587	11,580	2,398	105,884	13,978	2,870	62%	50%	33%	31%	52%	33%	24%

Annual Ag Equipment Industry Sales – 2010-2012



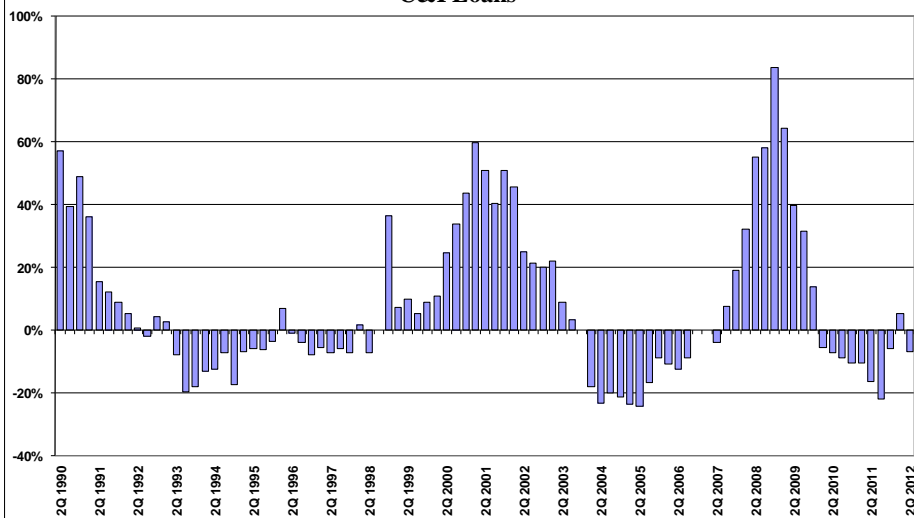
NA Ag Equipment Sales



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

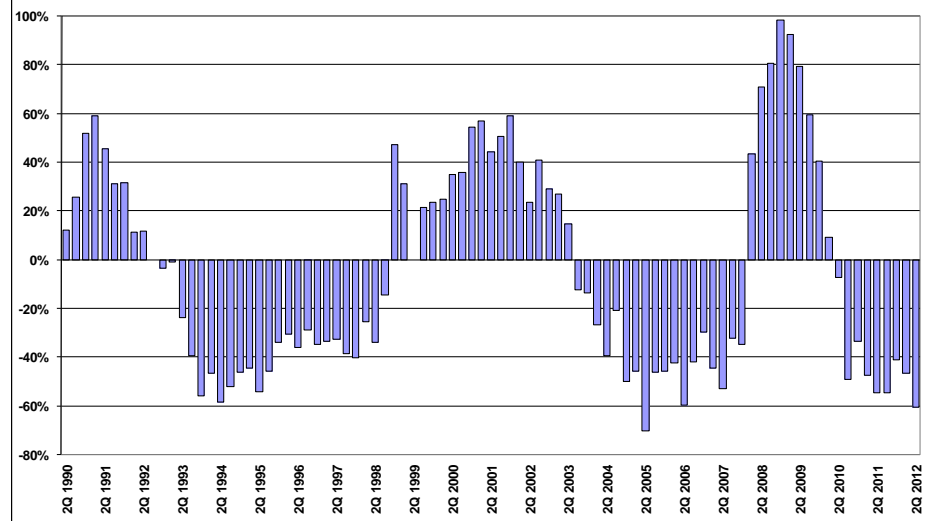
- The 2Q12 Senior Loan Officer survey saw loan standards improve, a reversal after standards tightened in 4Q and 1Q. A net 7% of loan officers reported loosening credit standards in 2Q12 compared with a net 5% who reported tightening in 1Q12.
- Bank rate spreads contracted again in 2Q12 with a net 60% of loan officers reporting lower lending spreads, up from a net 46% in 1Q12.
- Demand for commercial and industrial loans improved in 2Q as a net 31% of loan officers reported stronger demand for commercial and industrial loans, up from the 20% reporting stronger demand in 1Q12.

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



Source: Federal Reserve Board

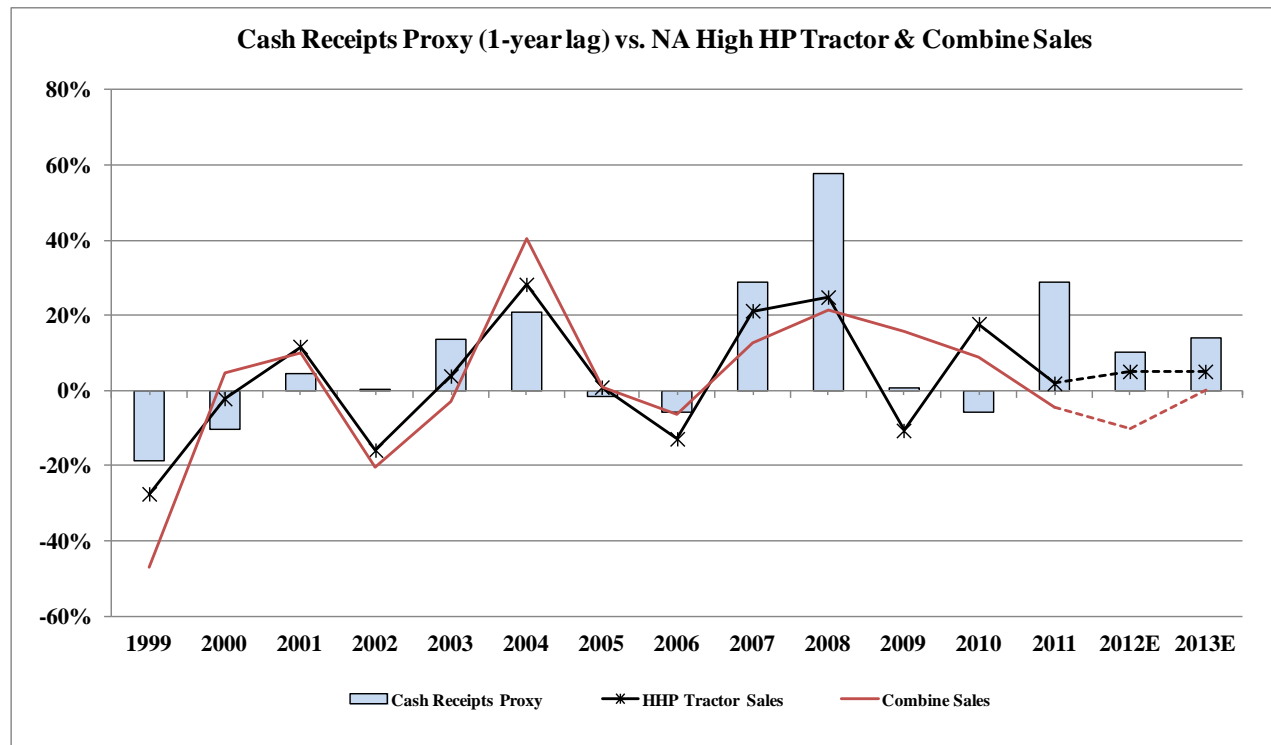
Net % of Domestic Respondents Increasing Spreads of Loan Rates Over Banks' Cost of Funds



Source: Federal Reserve Board

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

The USDA's October 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 drive no net change in our simplified cash receipts proxy as the slight upward production revisions in soybeans compared to last month is offset by slightly lower prices. As a result, our simplified cash receipts proxy remains just over \$145Bil, or about 14% above last year's levels. 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.



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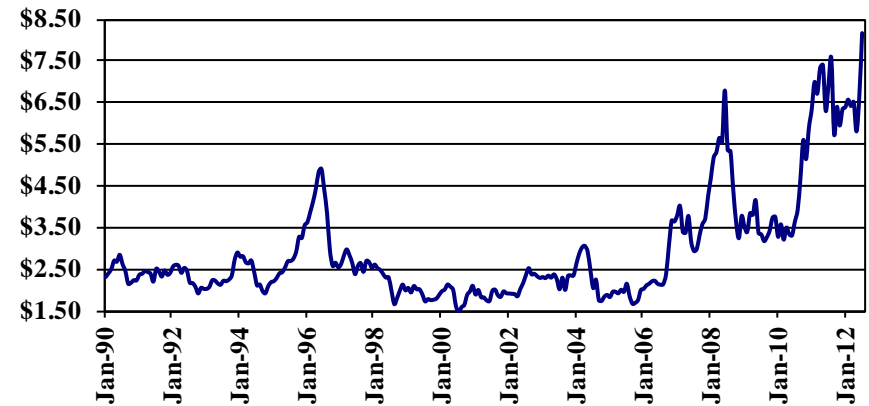
*Note: Cash receipts estimated as USDA production X USDA average price forecast

Commodity Price Trends – Corn, Soybean, Wheat, Cotton

Wheat Price Trends



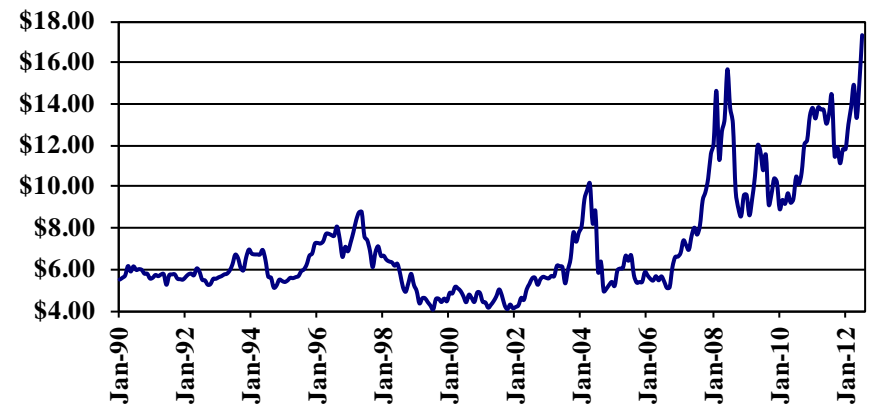
Corn Price Trends



Cotton Price Trends

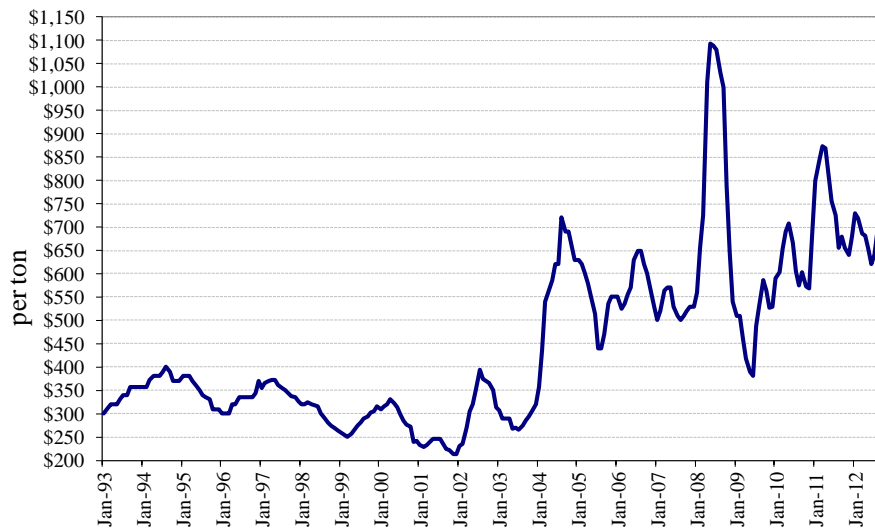


Soybean Price Trends



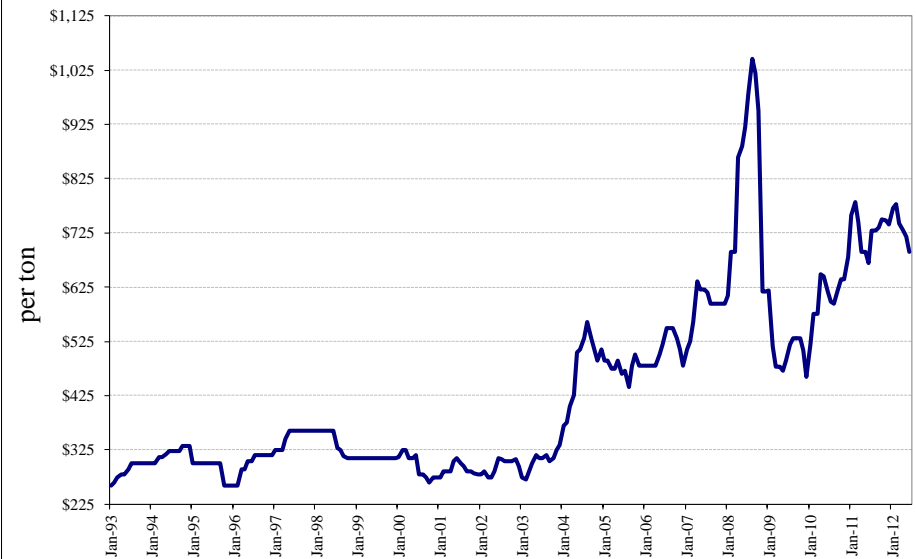
Commodity Price Trends – Steel

Domestic Hot Rolled Sheet Prices

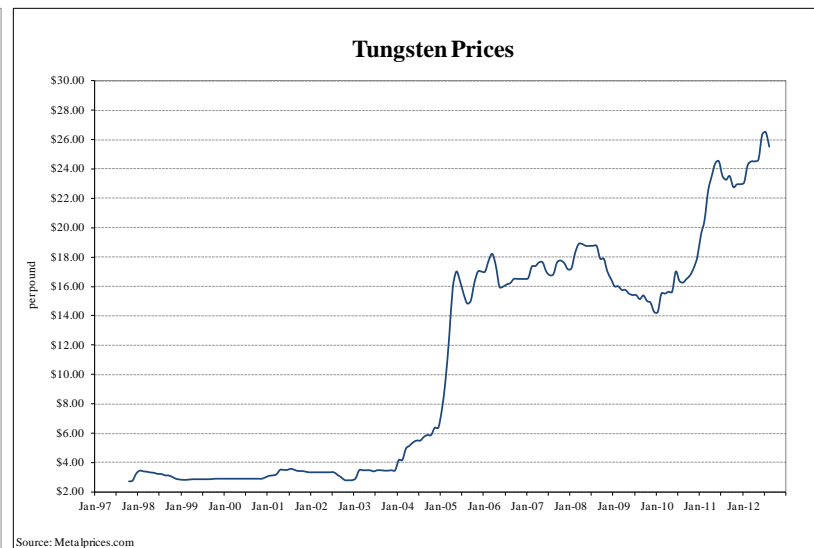
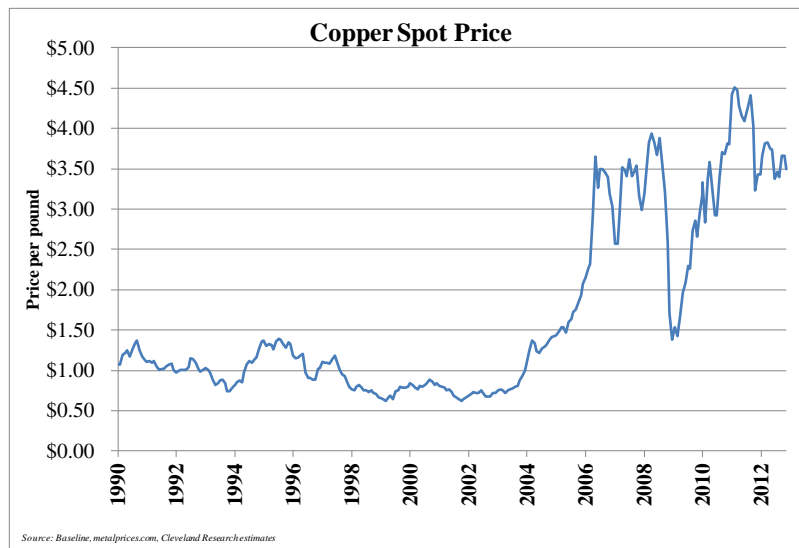
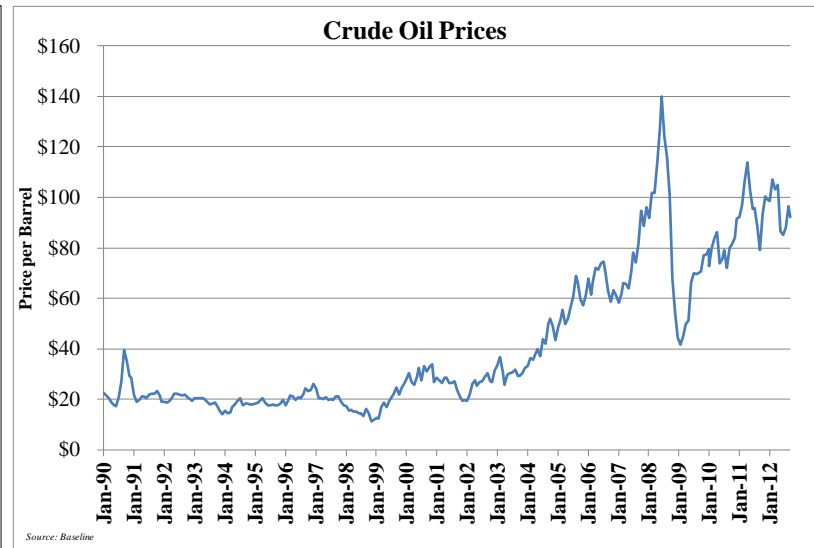
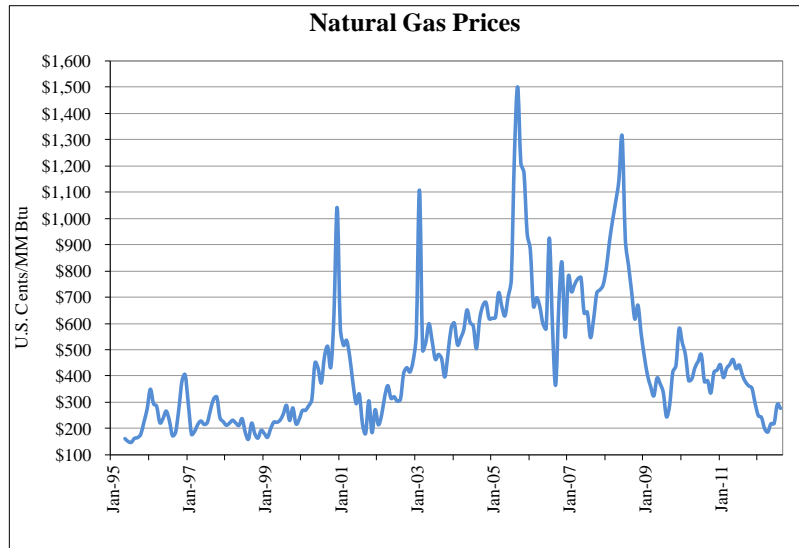


Source: Steel Business Briefing, CRC Estimates

Domestic Reinforcing Bar (Rebar) Prices



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



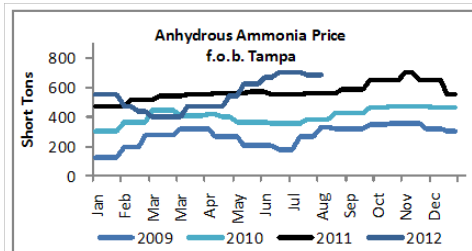
Commodity Trends – Long Run Supply and Demand Projections

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>
2007/08	13,074	10,338	3,026	2,436	12,774	1,624	12.7%	\$4.20
2008/09	12,101	10,207	3,677	1,858	12,065	1,674	13.9%	\$4.06
2009/10	13,110	11,097	4,568	1,987	13,084	1,708	13.1%	\$3.55
2010/11	12,540	11,480	4,800	1,950	13,430	827	6.2%	\$5.20
2011/12	13,755	11,465	4,875	2,000	13,465	1,127	8.4%	\$4.80
2012/13	13,840	11,620	4,925	2,025	13,645	1,332	9.8%	\$4.30
2013/14	13,925	11,780	4,975	2,050	13,830	1,437	10.4%	\$4.10
2014/15	14,010	11,935	5,025	2,075	14,010	1,447	10.3%	\$4.10
2015/16	14,180	12,095	5,075	2,100	14,195	1,442	10.2%	\$4.10
2015/17	14,345	12,305	5,175	2,150	14,455	1,342	9.3%	\$4.15
2017/18	14,600	12,490	5,300	2,200	14,690	1,262	8.6%	\$4.20
2018/19	14,855	12,650	5,400	2,250	14,900	1,227	8.2%	\$4.25
2019/20	15,110	12,805	5,475	2,300	15,105	1,242	8.2%	\$4.25
2020/21	15,280	12,940	5,525	2,350	15,290	1,242	8.1%	\$4.25
10-yr Avg	14,390	12,209	5,175	2,150	14,359	1,310	9.1%	\$4.25

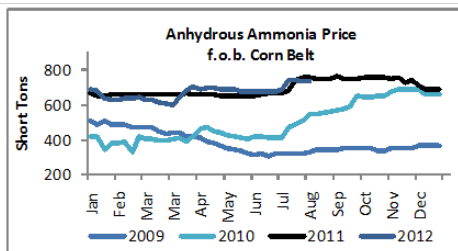
SOYBEANS - DOMESTIC							
<u>Year</u>	<u>Production</u>	<u>Domestic Use</u>	<u>Exports</u>	<u>Total Use</u>	<u>End Stocks</u>	<u>Stocks/Use</u>	<u>Avg Price</u>
2007/08	2,676	1,893	1,161	3,054	205	6.7%	\$10.10
2008/09	2,967	1,763	1,283	3,046	138	4.5%	\$9.97
2009/10	3,359	1,860	1,501	3,361	151	4.5%	\$9.59
2010/11	3,375	1,782	1,570	3,352	185	5.5%	\$11.45
2011/12	3,355	1,785	1,575	3,360	190	5.7%	\$11.20
2012/13	3,395	1,795	1,605	3,400	195	5.7%	\$10.55
2013/14	3,445	1,821	1,635	3,456	194	5.6%	\$10.25
2014/15	3,505	1,842	1,670	3,512	197	5.6%	\$10.20
2015/16	3,540	1,863	1,685	3,548	199	5.6%	\$10.25
2015/17	3,590	1,898	1,705	3,603	196	5.4%	\$10.25
2017/18	3,625	1,919	1,715	3,634	197	5.4%	\$10.30
2018/19	3,660	1,939	1,730	3,669	198	5.4%	\$10.30
2019/20	3,695	1,959	1,745	3,704	199	5.4%	\$10.35
2020/21	3,735	1,980	1,765	3,745	200	5.3%	\$10.35
10-yr Avg	3,555	1,880	1,683	3,563	197	5.5%	\$10.40

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>
2007/08	2,067	1,066	1,264	2,330	306	13.1%	\$6.48
2008/09	2,499	1,260	1,015	2,275	657	28.9%	\$6.78
2009/10	2,218	1,137	881	2,018	976	48.4%	\$4.87
2010/11	2,208	1,196	1,250	2,446	848	34.7%	\$5.50
2011/12	2,125	1,215	1,150	2,365	718	30.4%	\$6.50
2012/13	2,085	1,207	1,000	2,207	706	32.0%	\$5.90
2013/14	2,045	1,215	900	2,115	746	35.3%	\$5.55
2014/15	2,020	1,222	900	2,122	759	35.8%	\$5.45
2015/16	2,000	1,231	900	2,131	743	34.9%	\$5.45
2015/17	1,995	1,240	900	2,140	718	33.6%	\$5.50
2017/18	2,005	1,249	900	2,149	694	32.3%	\$5.50
2018/19	2,020	1,257	900	2,157	682	31.6%	\$5.55
2019/20	2,020	1,266	900	2,166	661	30.5%	\$5.55
2020/21	2,030	1,275	900	2,175	646	29.7%	\$5.60
10-yr Avg	2,035	1,238	935	2,173	707	57.1%	\$5.66

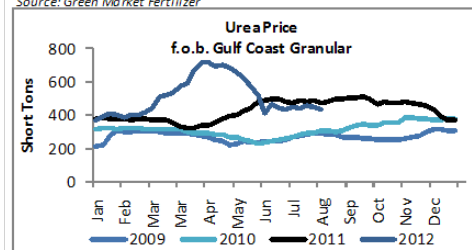
Other Input and Chemical Costs – 2009-2012



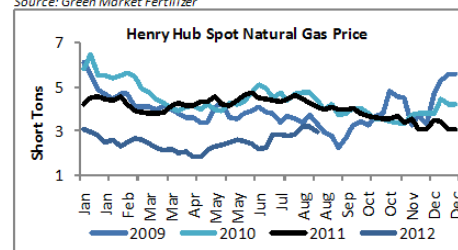
Source: Green Market Fertilizer



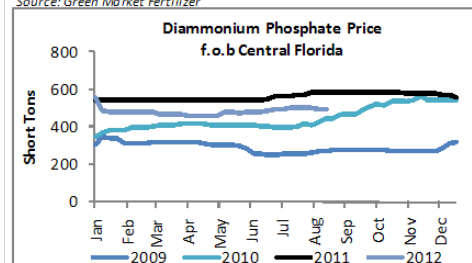
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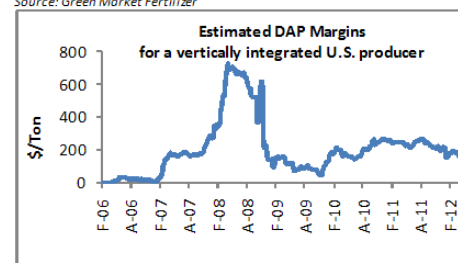
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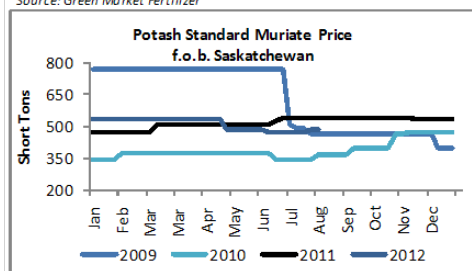
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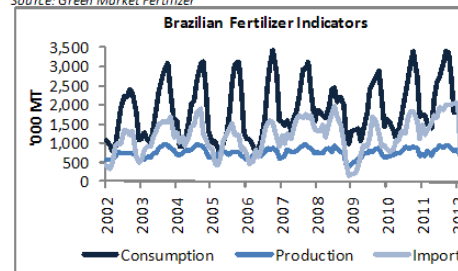
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Source: Green Market Fertilizer

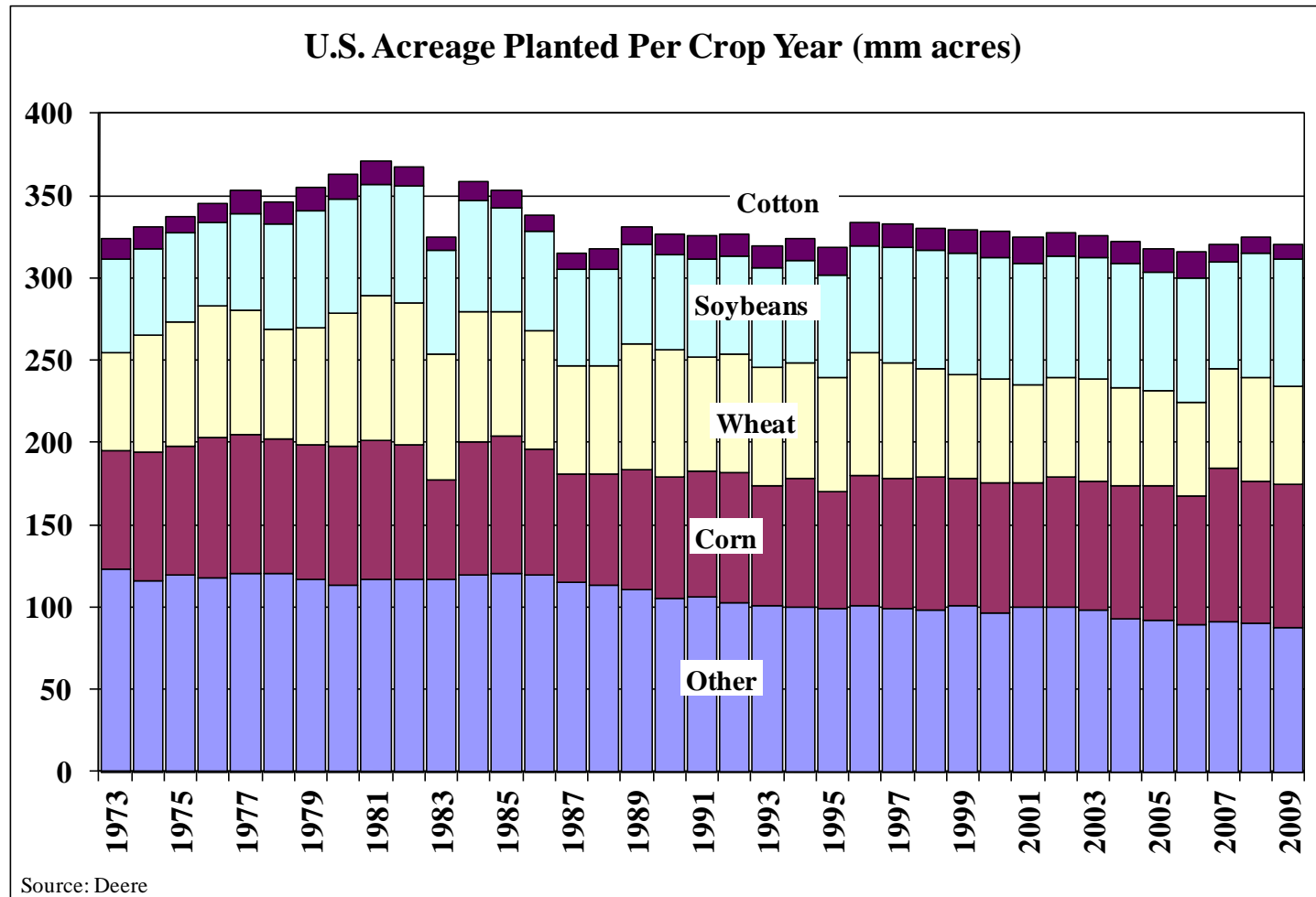


Source: Green Market Fertilizer



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