Ag Equipment Intelligence

May 2013 Dealer Sentiments & Business Conditions Update

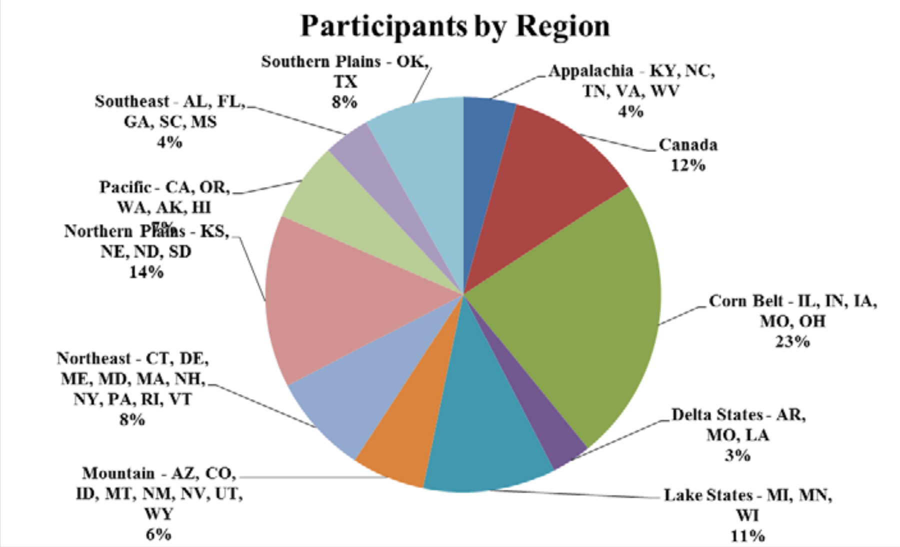
Thank You for Participating in Our Monthly Ag Equipment Intelligence North American Dealer Survey

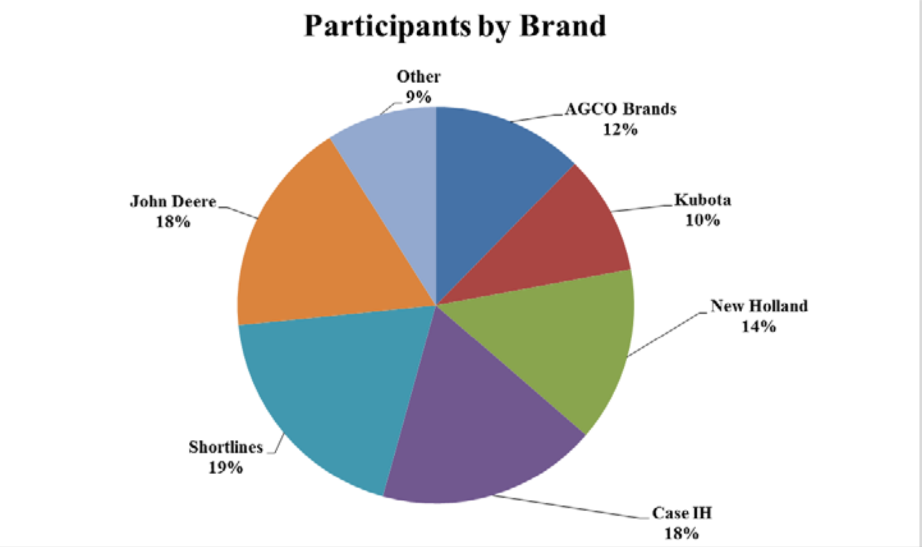
Background:

- 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 May survey had ~152 respondents representing combined annual revenues of roughly $6.3 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 Accelerate to 7% in April –** Ag equipment dealers reported year-over-year sales grew 7% on average in April, up from 2% the prior month. Kubota saw the highest growth at 13%, while Shortlines was the weakest with sales up 3%. We are seeing strength in the small tractor market, which appears to be supporting the strength in Kubota's sales.

- **2013 Dealer Outlook Increased to 5% –** The overall industry outlook improved this month with Kubota dealers the most optimistic. The new 5% forecast for 2013 is up from 3% last month.

- **Initial USDA Forecast Calls For a (14%) Drop in Cash Receipts For 2013/14 Based on Our Simplified Cash Receipts Proxy –** The initial USDA cash receipts outlook is for a decline of (14%) compares to 6% growth for the 2012/13 crop year. If historical trends hold, this would imply that 2014 could be a challenging year for equipment demand vs. 2013, as the correlation between equipment sales and cash receipts has provided a good proxy for future equipment demand.

- **New Combine Order Intentions Up For The First Time Since Our Inaugural Survey.** A net 8% of dealers believe they will order more combines compared to last year vs. -7% last month. This is notable as it points to the growing confidence level towards next year.

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	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13
More Optimistic	33%	25%	31%	32%	30%	25%	36%	33%	30%	38%	29%	25%	22%	15%	14%	18%	28%	31%	27%	28%	28%	34%	34%	21%	27%
Same	54%	54%	44%	49%	55%	58%	55%	55%	54%	53%	57%	59%	62%	61%	49%	44%	54%	54%	54%	52%	55%	51%	50%	54%	58%
Less Optimistic	13%	21%	25%	20%	15%	17%	9%	12%	16%	10%	14%	17%	17%	24%	37%	38%	18%	15%	20%	20%	18%	15%	16%	26%	15%
Net % (More-l	**21%**	**3%**	**6%**	**12%**	**15%**	**8%**	**26%**	**21%**	**14%**	**29%**	**15%**	**8%**	**5%**	**-9%**	**-23%**	**-19%**	**10%**	**15%**	**7%**	**8%**	**10%**	**19%**	**18%**	**-5%**	**13%**

Source: Farm Equipment Magazine Survey

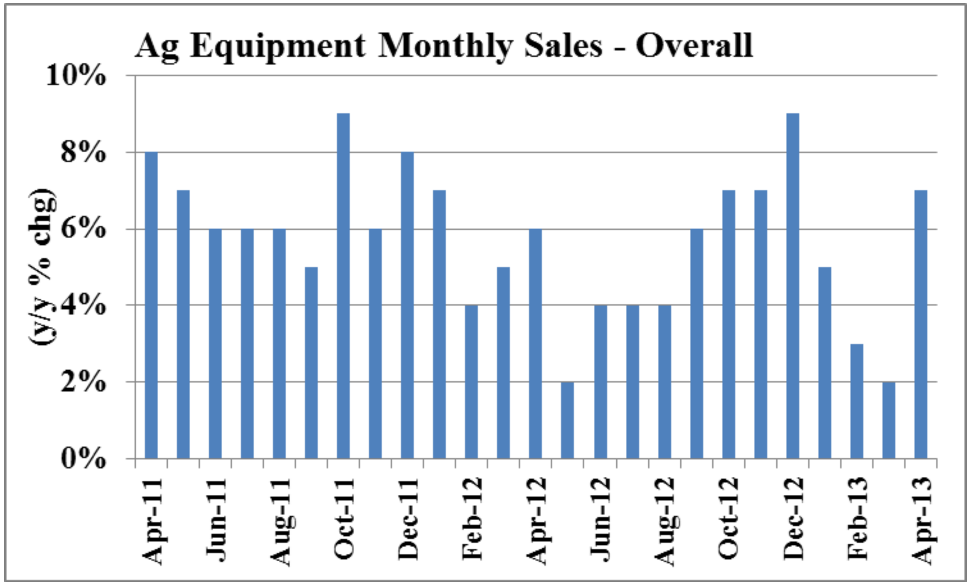
Monthly Sales Growth

- Ag equipment dealers reported year-over-year sales grew 7% on average in April, up from 2% the prior month.
- Kubota saw the highest growth at 16%, while Shortlines was the weakest with sales up 3%.
- A net 1% of participants categorized April results as "better-than-expected" (25% better-than-expected; 52% in-line with expectations; 24% worse-than-expected), compared to 9% "better-than-expected" the prior month.

Average Dealer 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**	**May-12**	**Jun-12**	**Jul-12**	**Aug-12**	**Sep-12**	**Oct-12**	**Nov-12**	**Dec-12**	**Jan-13**	**Feb-13**	**Mar-13**	**Apr-13**
Overall	**8%**	**7%**	**6%**	**6%**	**6%**	**5%**	**9%**	**6%**	**8%**	**7%**	**4%**	**5%**	**6%**	**2%**	**4%**	**4%**	**4%**	**6%**	**7%**	**7%**	**9%**	**5%**	**3%**	**2%**	**7%**
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**	**Jun-12**	**Jul-12**	**Aug-12**	**Sep-12**	**Oct-12**	**Nov-12**	**Dec-12**	**Jan-13**	**Feb-13**	**Mar-13**	**Apr-13**
AGCO	12%	13%	11%	9%	14%	12%	12%	10%	12%	6%	1%	2%	5%	2%	5%	1%	0%	4%	3%	7%	13%	-2%	0%	5%	5%
John Deere	8%	8%	7%	5%	5%	4%	10%	5%	5%	6%	4%	6%	9%	4%	9%	9%	7%	10%	10%	7%	9%	6%	4%	1%	9%
New Holland	8%	4%	5%	7%	6%	7%	7%	6%	12%	5%	-2%	4%	3%	1%	0%	2%	-1%	5%	0%	6%	6%	3%	1%	4%	5%
Case IH	5%	4%	3%	8%	7%	7%	8%	8%	11%	10%	4%	6%	3%	-2%	1%	1%	2%	3%	7%	8%	5%	7%	4%	3%	6%
Kubota	13%	5%	7%	12%	7%	6%	7%	9%	10%	10%	4%	6%	5%	1%	6%	-3%	3%	-1%	3%	-2%	8%	4%	3%	6%	13%
Shortlines	n/a	-13%	3%	5%	6%	2%	6%	2%	7%	2%	0%	2%	3%	6%	6%	6%	3%	5%	7%	5%	3%	1%	-2%	4%	3%
Other	n/a	n/a	n/a	2%	-3%	7%	6%	3%	11%	2%	-8%	2%	3%	1%	-1%	-3%	5%	0%	1%	3%	4%	6%	-3%	NA	5%

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	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13
Positive Sales C	69%	60%	56%	66%	67%	61%	65%	65%	76%	57%	49%	60%	67%	55%	53%	49%	59%	58%	61%	70%	69%	48%	44%	51%	60%
Flat Sales	18%	14%	23%	15%	16%	23%	20%	22%	11%	29%	30%	22%	19%	16%	26%	16%	15%	21%	17%	12%	14%	28%	35%	30%	20%
Negative Sales (	14%	25%	21%	18%	18%	16%	15%	13%	13%	14%	20%	18%	14%	29%	21%	34%	27%	21%	22%	18%	17%	24%	21%	19%	20%
Net % (Positiv	**55%**	**35%**	**35%**	**48%**	**49%**	**45%**	**50%**	**52%**	**63%**	**42%**	**29%**	**42%**	**52%**	**25%**	**31%**	**15%**	**32%**	**37%**	**39%**	**52%**	**52%**	**25%**	**23%**	**32%**	**40%**

Results vs. Expectations

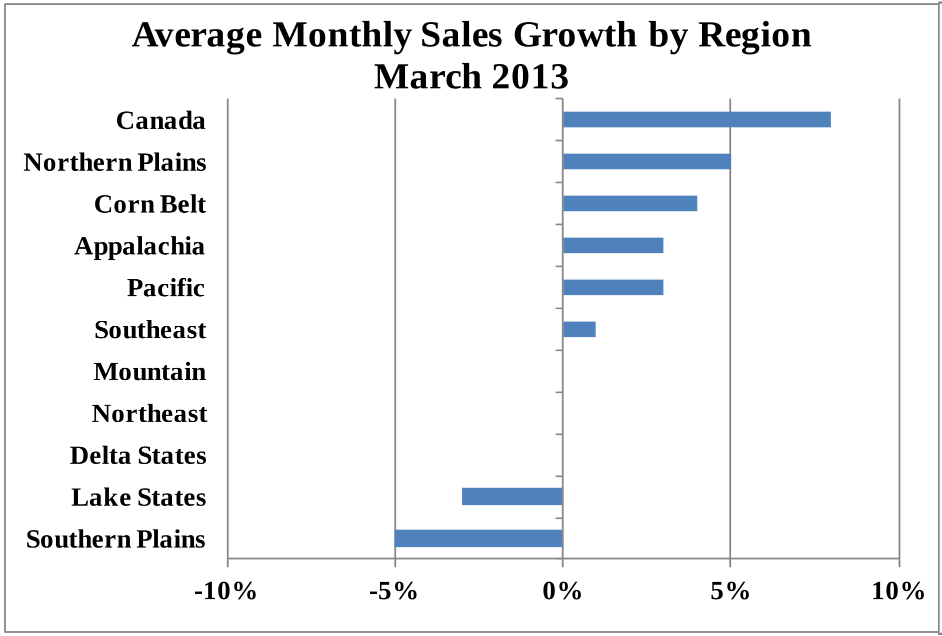
	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13
Better than expe	28%	26%	27%	27%	30%	29%	35%	32%	41%	28%	19%	20%	24%	22%	23%	21%	30%	25%	26%	35%	38%	23%	18%	27%	25%
In line with expe	51%	44%	48%	54%	52%	56%	48%	54%	47%	56%	54%	66%	63%	52%	51%	44%	41%	56%	54%	48%	49%	59%	60%	55%	52%
Worse than exp	21%	30%	25%	19%	18%	15%	17%	13%	12%	16%	26%	14%	14%	25%	26%	35%	29%	19%	20%	17%	13%	18%	22%	18%	24%
Net % (Better	**7%**	**-4%**	**1%**	**8%**	**13%**	**14%**	**18%**	**19%**	**29%**	**12%**	**-7%**	**7%**	**10%**	**-3%**	**-3%**	**-14%**	**1%**	**6%**	**5%**	**18%**	**25%**	**5%**	**-4%**	**9%**	**1%**

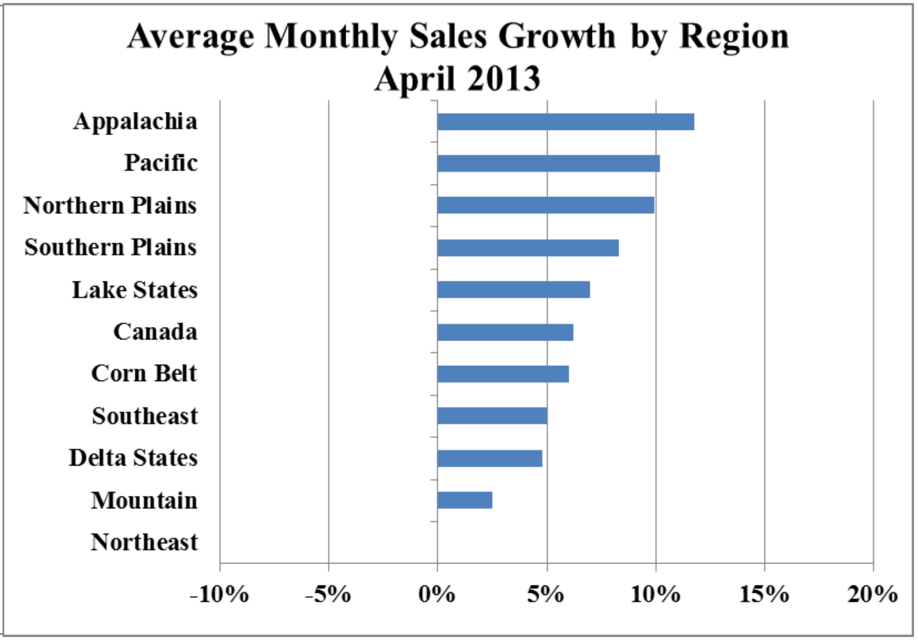
Source: Farm Equipment Magazine Survey

Monthly Sales Growth by Region

- Ten out of eleven regions showed positive average monthly sales growth in April with the Northeast being the only region not showing positive growth at flat. This is up from six the previous month. Appalachia saw the best performance.

- On a sequential basis, the Southern Plains saw the most significant acceleration, while the Northeast was the only region that did not see acceleration at flat.



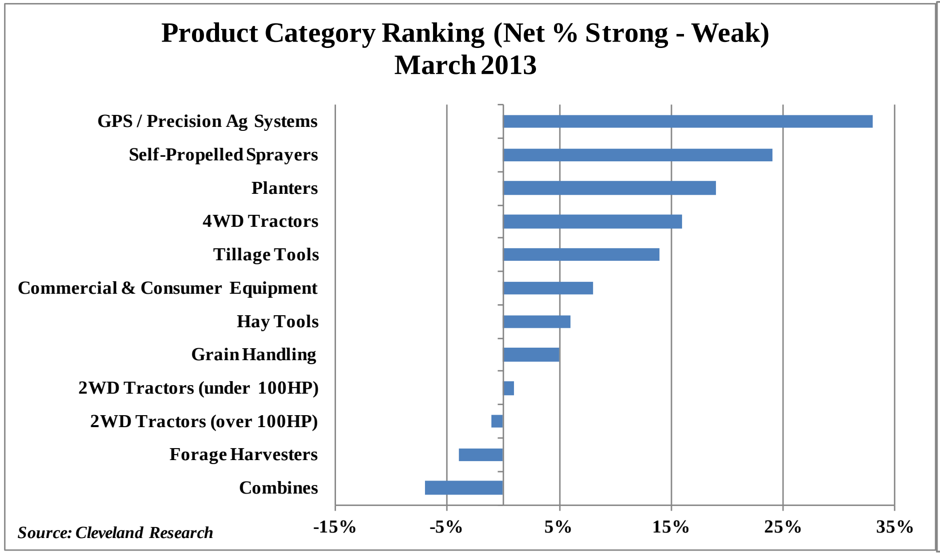


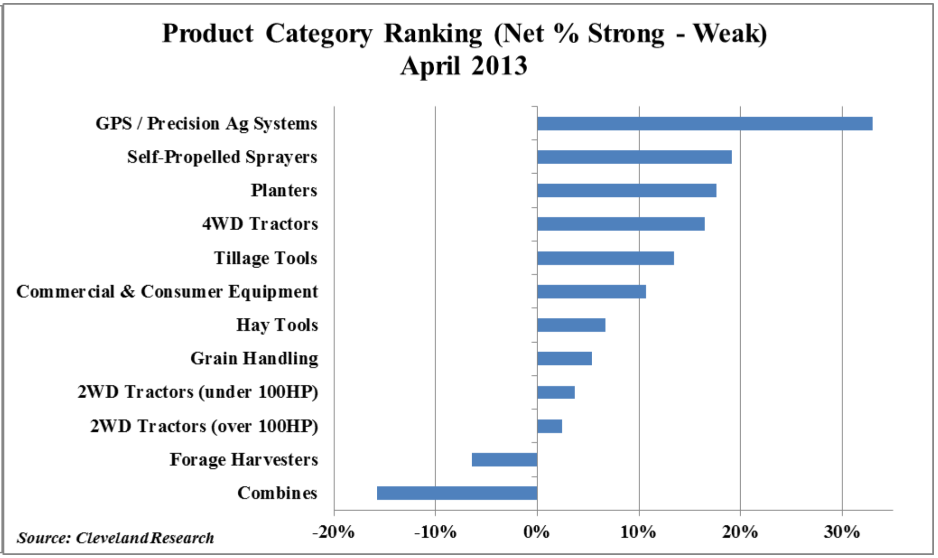
Source: Farm Equipment Magazine Survey

Equipment Category Sales Trends

- Ten out of twelve product categories ranked in positive territory in April, up from eight last month. GPS/precision ag systems was the best performing category, while combines was the weakest.

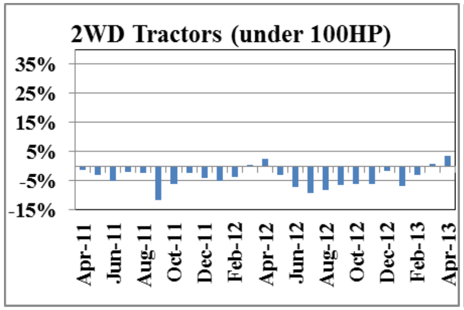
- On a sequential basis, 2WD Tractors (over 100HP) and 2WD Tractors (under 100HP) saw the most significant improvement, while combines saw the sharpest sequential decline.

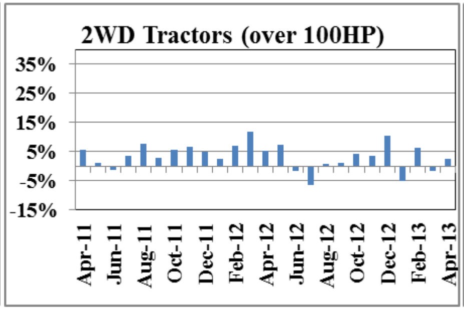


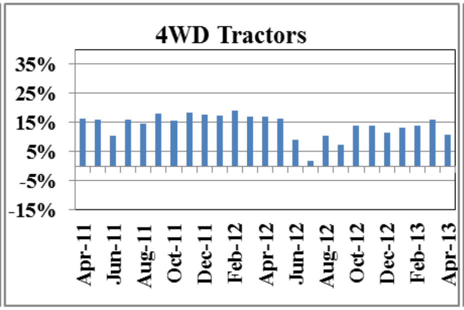


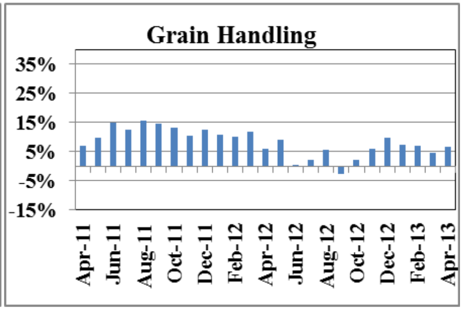
Source: Farm Equipment Magazine Survey

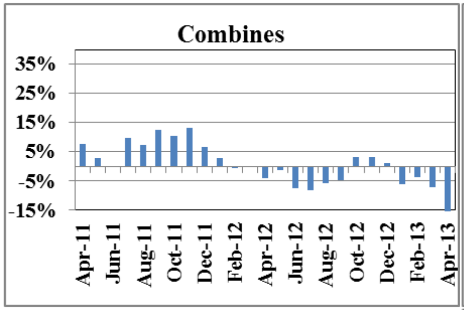
Equipment Category Sales Trends

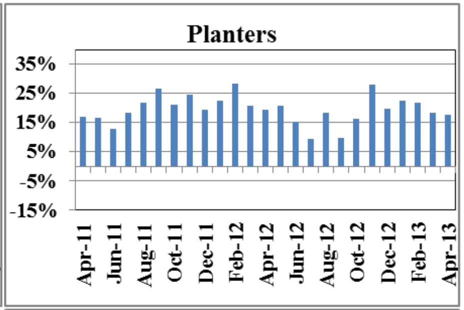


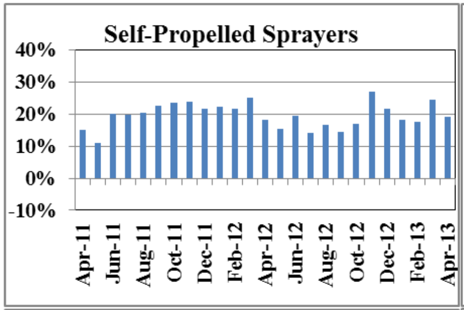


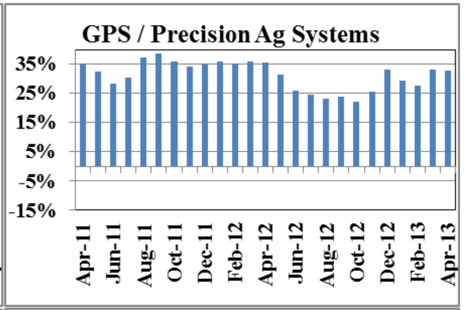


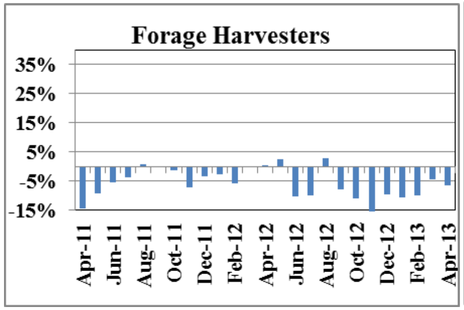


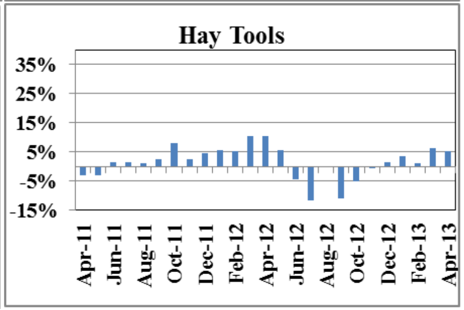


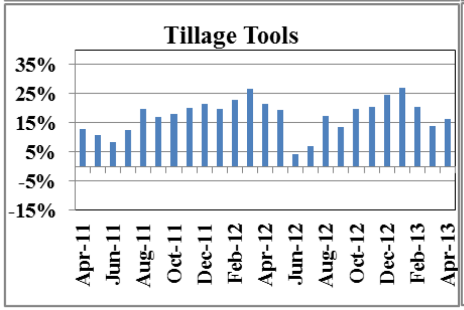


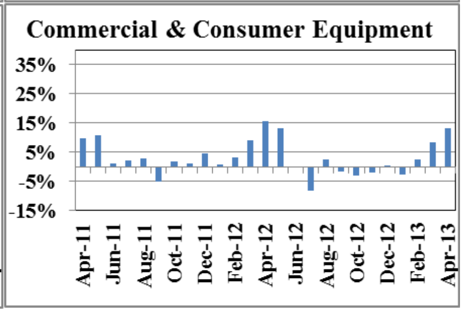












Source: Farm Equipment Magazine Survey

Dealer Commentary on Monthly Sales

- *It was flat. I was hoping and looking forward to budgeted growth.*
- *Extremely cool weather and the end of 2012 buying spree reduced market demand*
- *New sales were up across the board on all equipment categories from AMS to Combines*
- *But mostly weather related...good weather last year versus really really cold damp weather this year. Both farmers and lawn and garden markets were slow.*
- *Small tractor sales saw a large jump in activity this month, we are not sure what is driving it as we still have no rain and little hope of any future rain.*
- *All around movement.*
- *We had an extremely good April last year and this year the weather has been completely different.*
- *Mostly this was because of some deals that are still waiting to be closed.*
- *More the new equipment was sold the used.*
- *Wet weather has delayed many projects*
- *Very poor spring conditions, cold temperatures & lots of snow will delay seeding*
- *Our allocation is down on planters and 180-360 hp tractors which has hurt our sales.*
- *We have backed off on new combines. Industry in NA is up, but our region is down.*
- *Our allocation has been limited on Sprayers, Combines, Draper Heads, HHP Tractors and Livestock Class Tractors (livestock class is new product introduction delays)*
- *Diversity in our inventory has caused increase in 100-139hp, 140+, and 4wds...we sell what we have.*
- *Better inventory situation and order bank has come through.*
- *We are buying the market to meet our market share and performance goals*
- *Massey Ferguson does not have the tractor for our area now*
- *John Deere Dropped there draws an to deals and left serious money on the table.*
- *We cut our combine orders in order to make a more healthy used market.*

Source: Farm Equipment Magazine Survey

Order Growth

Overall Orders

- Incoming orders grew 2% on average in April, up from 1% in March.
- Case IH and AGCO saw the highest orders growth at 3%, while New Holland saw orders flat.

New Combine Order Intentions

- A net 8% of dealers believe they will order more combines compared to last year vs. -7% last month.

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	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13
Overall	**3%**	**3%**	**3%**	**5%**	**4%**	**4%**	**4%**	**4%**	**4%**	**5%**	**4%**	**2%**	**4%**	**2%**	**1%**	**1%**	**3%**	**2%**	**4%**	**2%**	**4%**	**3%**	**3%**	**1%**	**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**	**Jun-12**	**Jul-12**	**Aug-12**	**Sep-12**	**Oct-12**	**Nov-12**	**Dec-12**	**Jan-13**	**Feb-13**	**Mar-13**	**Apr-13**
AGCO	4%	8%	5%	10%	10%	5%	6%	8%	6%	8%	3%	3%	6%	6%	3%	0%	-1%	-1%	2%	1%	7%	2%	0%	0%	3%
John Deere	4%	2%	2%	5%	3%	4%	3%	3%	4%	5%	4%	1%	8%	5%	6%	4%	6%	4%	5%	3%	5%	5%	4%	3%	2%
New Holland	4%	2%	3%	5%	5%	5%	4%	3%	6%	3%	2%	2%	3%	2%	-3%	-2%	0%	0%	-1%	0%	-1%	0%	-1%	0%	0%
Case IH	1%	3%	2%	4%	3%	3%	5%	4%	3%	4%	2%	0%	0%	-5%	-3%	-3%	1%	-2%	4%	2%	2%	3%	4%	0%	3%
Kubota	9%	1%	6%	6%	6%	4%	4%	6%	7%	10%	2%	4%	2%	2%	2%	0%	1%	-1%	2%	0%	5%	2%	0%	1%	2%
Shortlines	n/a	-3%	2%	2%	4%	3%	1%	2%	4%	1%	3%	5%	2%	5%	2%	1%	7%	0%	2%	3%	3%	5%	1%	0%	1%
Other	n/a	n/a	n/a	1%	-2%	2%	4%	3%	11%	3%	3%	5%	3%	1%	-4%	1%	6%	1%	0%	3%	0%	4%	0%	NA	1%

New Combine Order Intentions vs. Last Year

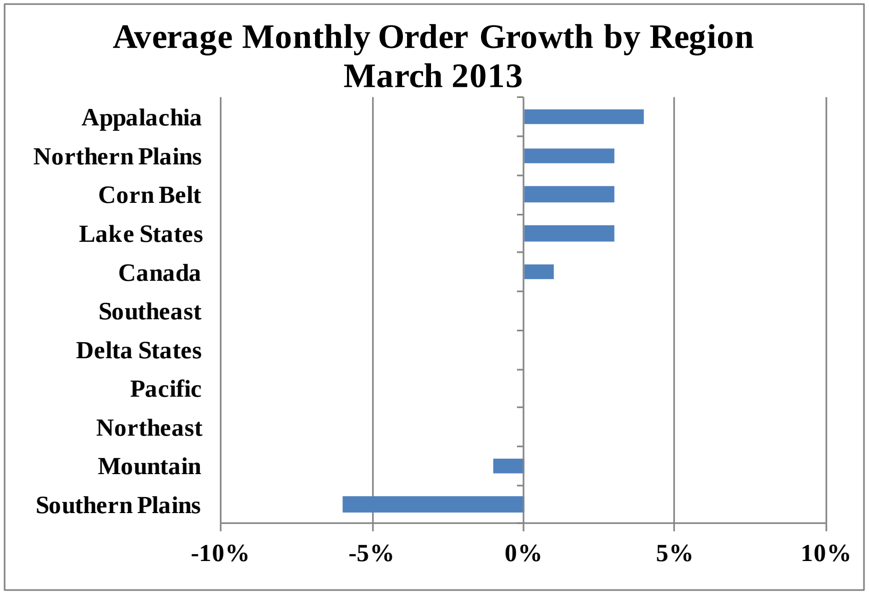
	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13
More	22%	20%	21%	20%	11%	14%	15%	14%	9%	10%	7%	6%	11%	6%	15%	21%	20%	20%	18%	16%	24%
Same	47%	48%	48%	53%	60%	61%	63%	63%	64%	54%	69%	55%	58%	68%	52%	52%	54%	59%	55%	60%	60%
Less	31%	32%	31%	27%	29%	25%	22%	24%	27%	37%	24%	39%	31%	26%	32%	28%	26%	21%	27%	23%	16%
Net % (More- Less)	**-10%**	**-12%**	**-10%**	**-7%**	**-18%**	**-10%**	**-8%**	**-10%**	**-17%**	**-27%**	**-18%**	**-33%**	**-19%**	**-20%**	**-17%**	**-7%**	**-7%**	**-2%**	**-9%**	**-7%**	**8%**

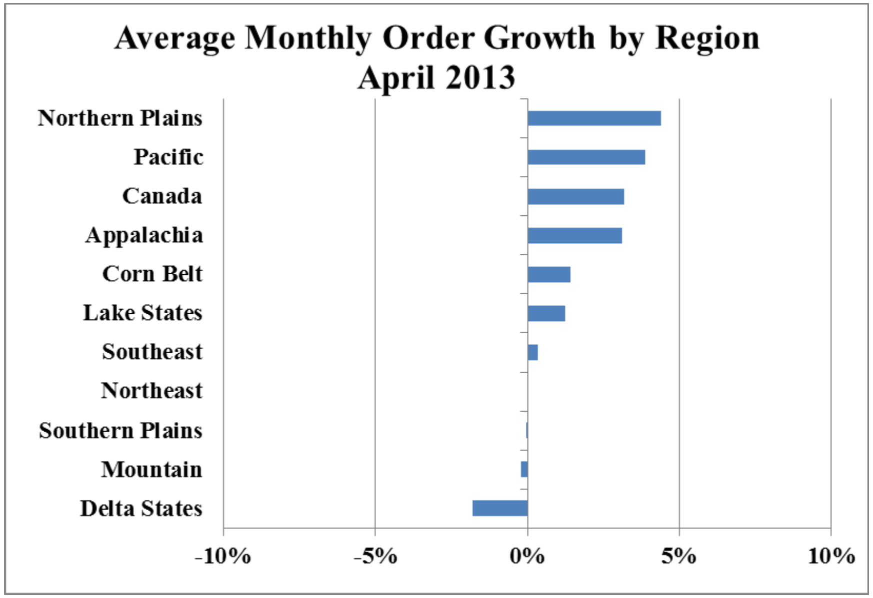
Source: Farm Equipment Magazine Survey

Order Growth by Region

- Six out of eleven regions showed positive monthly orders growth in April, up from five the prior month. Northern Plains became the top-performing region, while the Delta States saw the sharpest decline.

- On a sequential basis, Southern Plains showed the most significant improvement, while the Delta States, Lake States and Corn belt demonstrated the most significant slowdown in orders.





Source: Farm Equipment Magazine Survey

2013 Sales Outlook

- For 2013, dealers are forecasting 5% sales growth. This is up from the 3% forecast last month.
- Kubota dealers are the most optimistic, while the other category and Case IH dealers hold the weakest outlooks. It appears the strength at Kubota is coming from the small tractor market, as this segment has accelerated in recent months.

Dealer Outlook

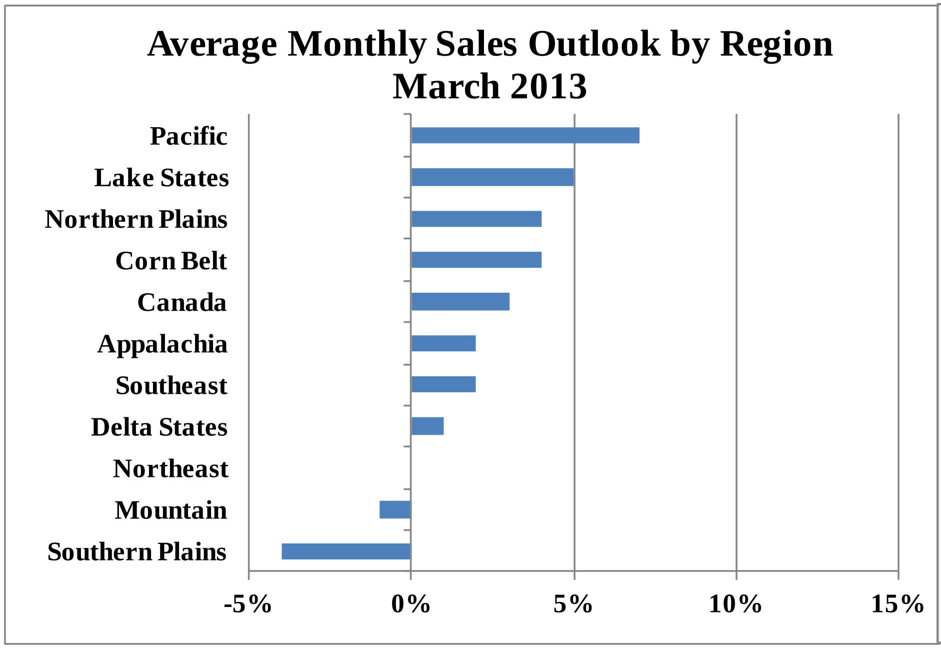
(% chg y/y)	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13
	2012 Outlook													2013							
Overall	**5%**	**2%**	**4%**	**4%**	**3%**	**5%**	**5%**	**4%**	**6%**	**3%**	**4%**	**3%**	**4%**	**3%**	**2%**	**4%**	**2%**	**4%**	**4%**	**3%**	**5%**
By Brand	**Aug-11**	**Sep-11**	**Oct-11**	**Nov-11**	**Dec-11**	**Jan-12**	**Feb-12**	**Mar-12**	**Apr-12**	**May-12**	**Jun-12**	**Jul-12**	**Aug-12**	**Sep-12**	**Oct-12**	**Nov-12**	**Dec-12**	**Jan-13**	**Feb-13**	**Mar-13**	**Apr-13**
AGCO	9%	8%	9%	8%	4%	6%	7%	3%	8%	7%	6%	2%	3%	4%	4%	3%	3%	2%	2%	6%	6%
John Deere	4%	1%	2%	3%	2%	6%	6%	4%	9%	5%	9%	7%	8%	4%	2%	6%	3%	4%	4%	3%	5%
New Holland	5%	5%	5%	5%	4%	2%	3%	4%	3%	1%	1%	0%	2%	1%	0%	0%	-1%	1%	0%	2%	4%
Case IH	4%	3%	5%	4%	3%	3%	2%	3%	3%	-1%	-1%	-1%	0%	2%	2%	2%	-1%	3%	4%	1%	5%
Kubota	5%	7%	4%	4%	6%	4%	4%	3%	3%	4%	6%	-1%	4%	3%	2%	0%	0%	4%	4%	3%	7%
Shortlines	3%	2%	1%	2%	2%	2%	3%	6%	4%	7%	5%	2%	3%	5%	0%	2%	0%	4%	4%	2%	3%
Other	3%	4%	6%	4%	7%	5%	3%	4%	3%	5%	-2%	2%	4%	3%	3%	-2%	2%	1%	5%	NA	1%

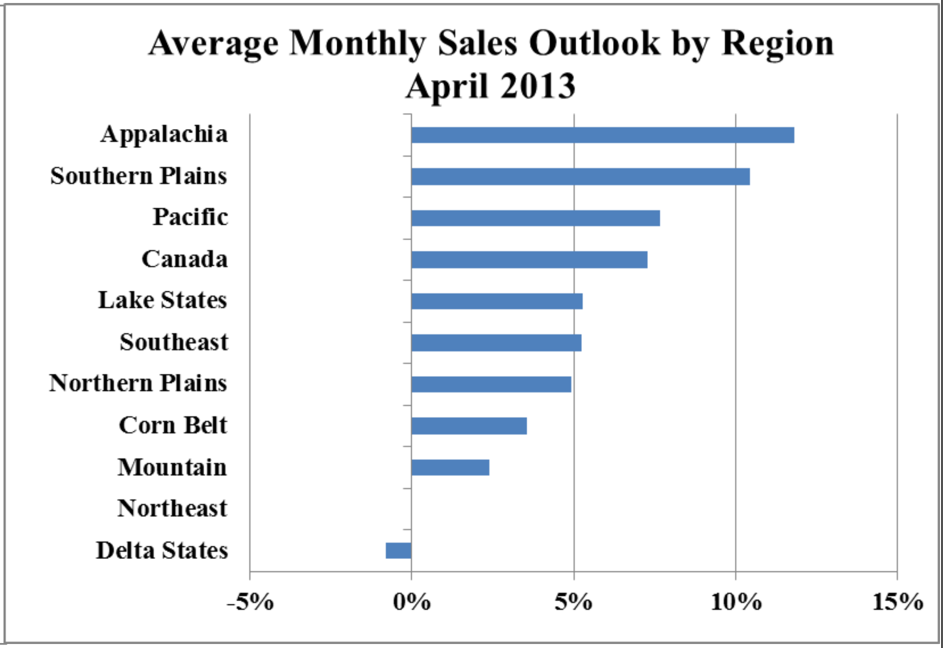
Source: Farm Equipment Magazine Survey

2013 Sales Outlook Continued

- Nine out of eleven regions are projecting a positive full year 2013 sales outlook in April, up from eight last month. Appalachia is the most optimistic, while the Delta States is the only region expecting sales to decline in 2013.

- In March, the Pacific was the most optimistic, while the Southern Plains expected the most decline in 2013.





Source: Farm Equipment Magazine Survey

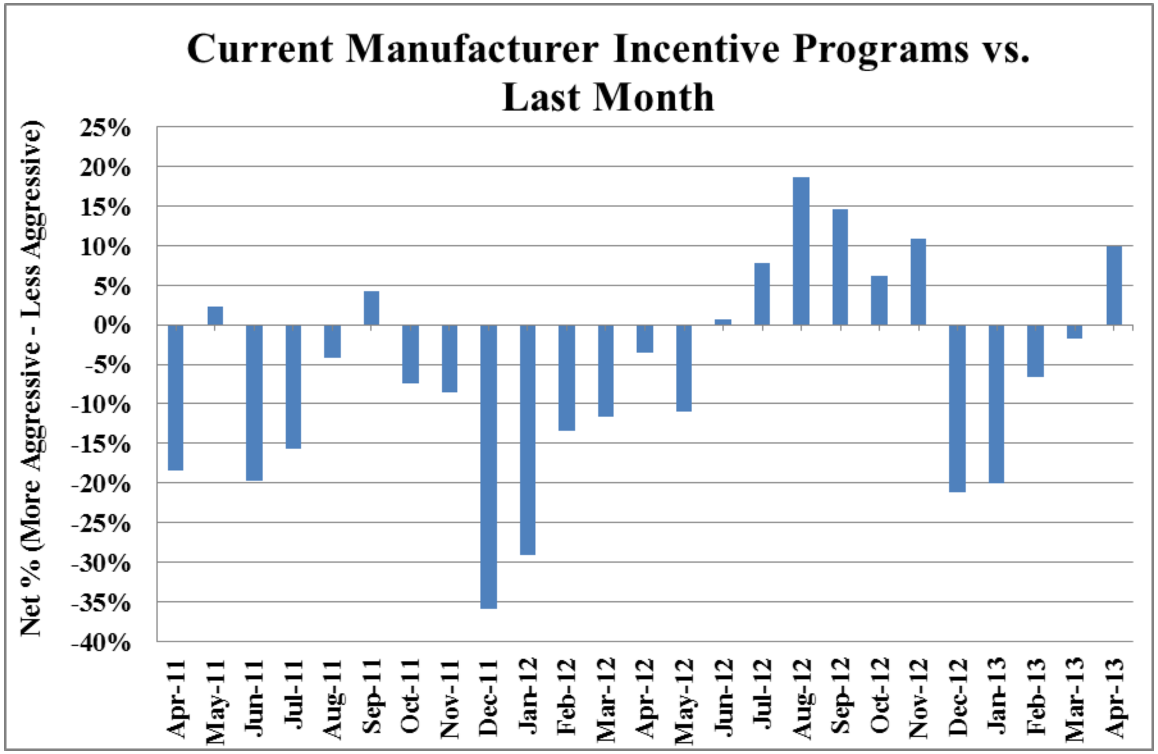
Dealer Commentary on 2013 Outlook

- *We have gotten some spring moisture. We will make a wheat crop and the corn is late but looking good*
- *2013 will be a good year in agriculture in MT, our focus is to convert pre-sells and clean up the used.*
- *No real change in my outlook.*
- *Poor past year sales, equipment is wearing and needing to be replaced as well as maintained cattle prices.*
- *Planting delay due to wet weather, expect purchases to taper off until crop is in the ground*
- *Some areas close to us are getting some rain showers but right here it is incredibly dry.*
- *We are maintaining an aggressive marketing and sales force. Competition is starting to wake up.*
- *New corn delivery price is down*
- *Better weather and sales programs are helping.*
- *We didn't see as much late season activity on spring equipment.*
- *Used combine interest surprised us and we have sold some late models that have been here for some time.*
- *We have a lack of customers that can get financing which is causing me to be less optimistic.*
- *Late spring causing a delay in seeding causing less pricing at the same time last year*
- *I'm optimistic and surprised that the June rush is looking to be as strong as Dec.*
- *Continued strong new sales is leading to increased optimism.*

Source: Farm Equipment Magazine Survey

Current Manufacturer Incentive Programs

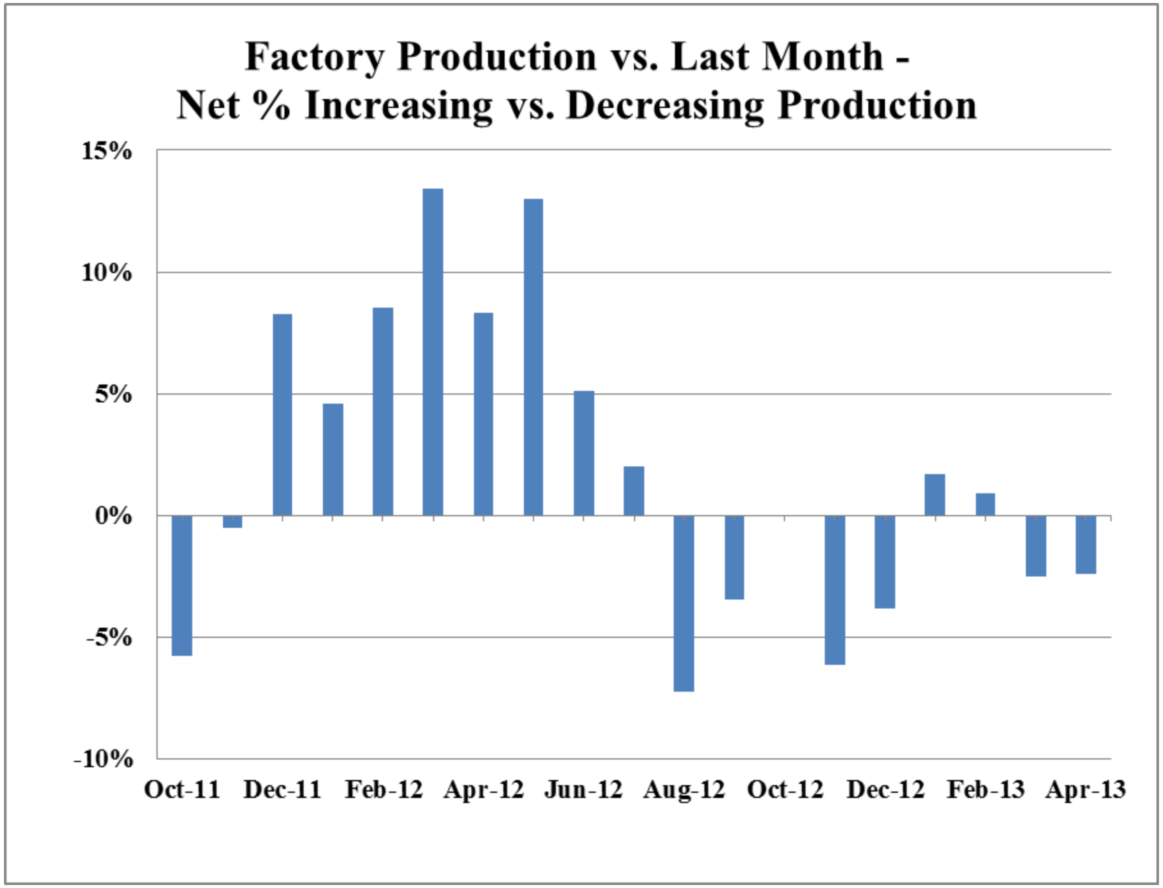
- A net 10% of dealers report that manufacturers are more aggressive with incentives in April (18% more aggressive; 74% same; 8% less aggressive) compared to a net 2% who reported manufacturers were less aggressive in March.



Source: Farm Equipment Magazine Survey

Factory Production

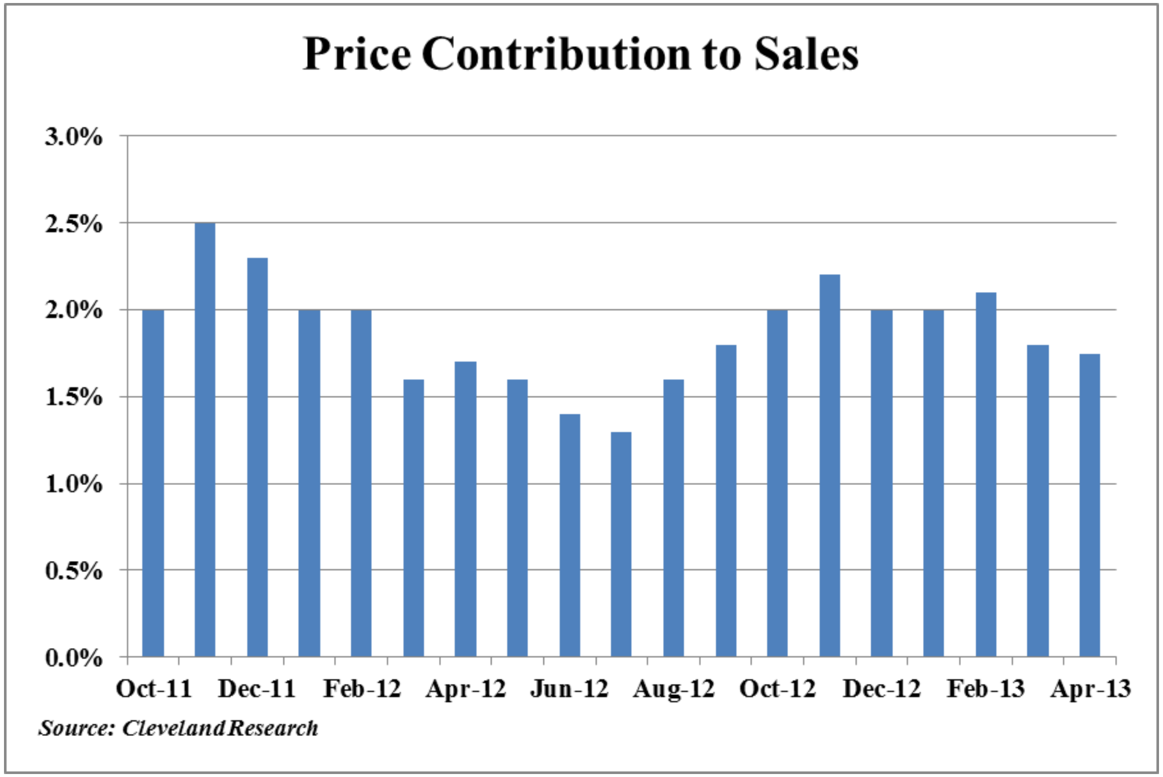
- Dealers report that factory production declined slightly, as a net 2% of dealers are reporting decreasing production levels (5% increasing production; 88% no change in production; 7% decreasing production) compared to a net 3% decreasing production last month.



Source: Farm Equipment Magazine Survey

Pricing Trends

- Dealers report price contributed roughly ~1.7% to total April revenue, down slightly from the prior month.

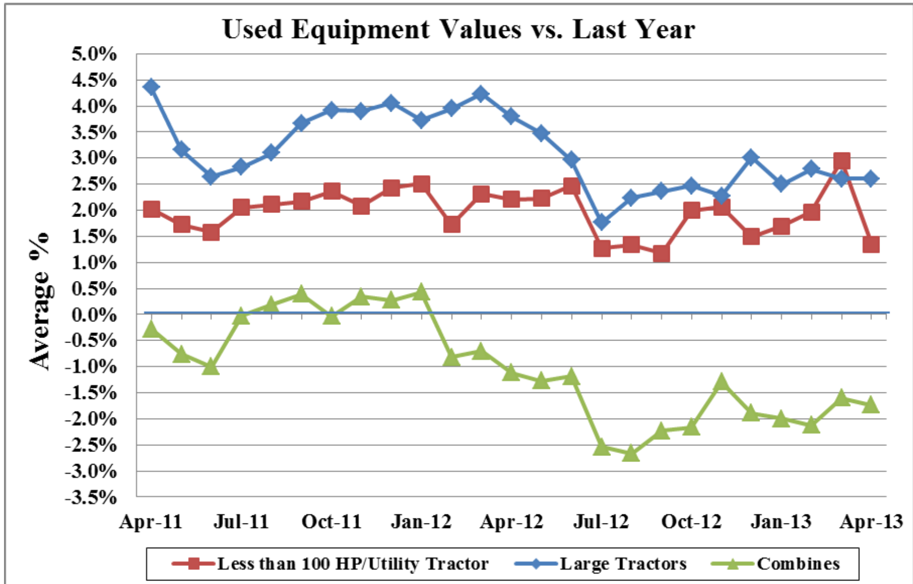


Source: Farm Equipment Magazine Survey

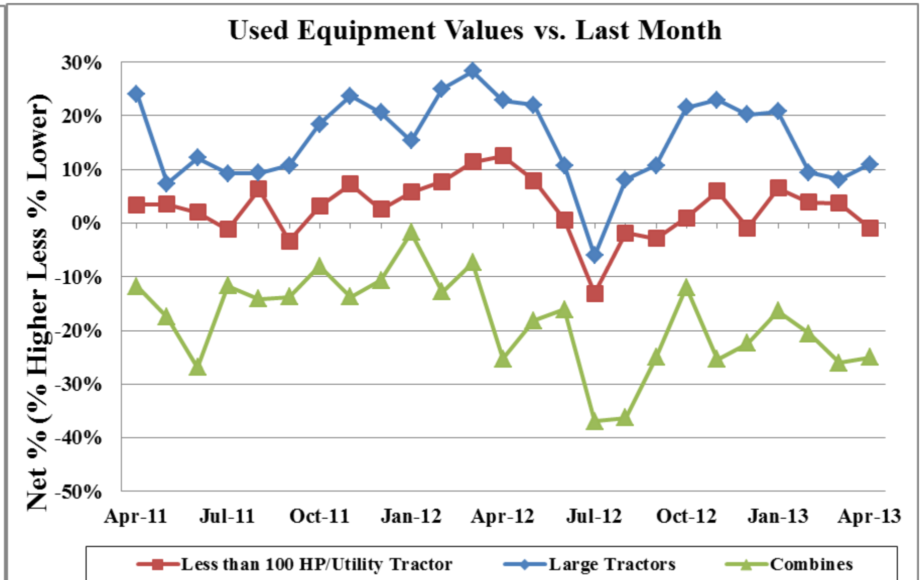
Used Equipment Pricing

- By category, tractors over 100HP are up 2.6% year-over-year on average, flat from last month. Prices for used tractors under 100HP are up 1.4%, down from 3.0% in the prior month. Used combine values are down -1.7%, down from down -1.6% last month.

- Relative to last month, a net 1% of dealers report lower values for under 100HP/utility tractors. For over 100HP tractors, a net 11% of dealers report higher values vs. last month. Finally, a net 25% of dealers report used combine values are lower than last month.



Source: Cleveland Research



Source: Cleveland Research

Source: Farm Equipment Magazine Survey

Inventory Levels

<u>New Equipment Inventory</u>

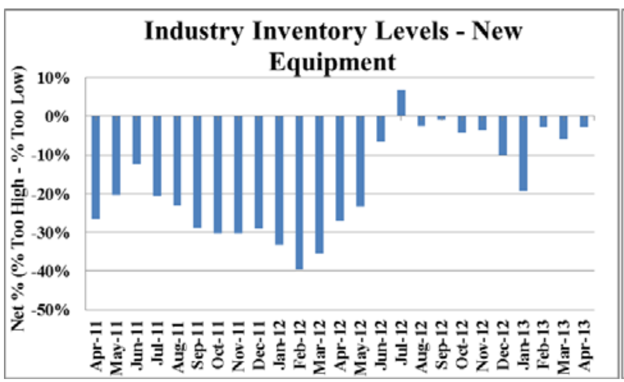
- A net 3% of dealers categorize their new inventory as "too low" (16% too high; 65% about right; 19% too low), vs. 6% last month.

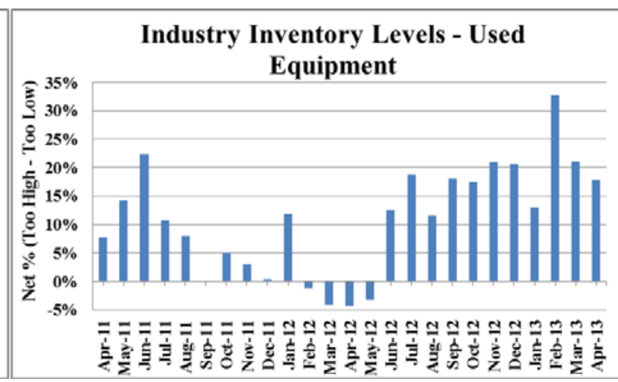
<u>Used Equipment Inventory</u>

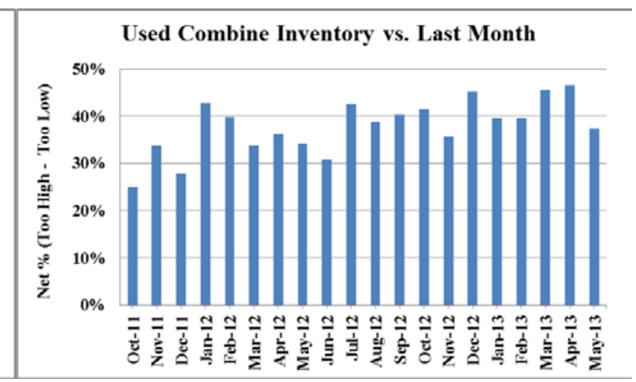
- Used equipment inventory remains high as a net 18% of dealers categorize their used inventory levels as "too high" (36% too high; 46% about right; 18% too low), down from 21% last month.

<u>Used Combine Inventory</u>

- Within the used equipment categories, a net 37% of dealers also reported used combine inventory levels are still "too high" (45% too high; 47% about right; 8% too low).



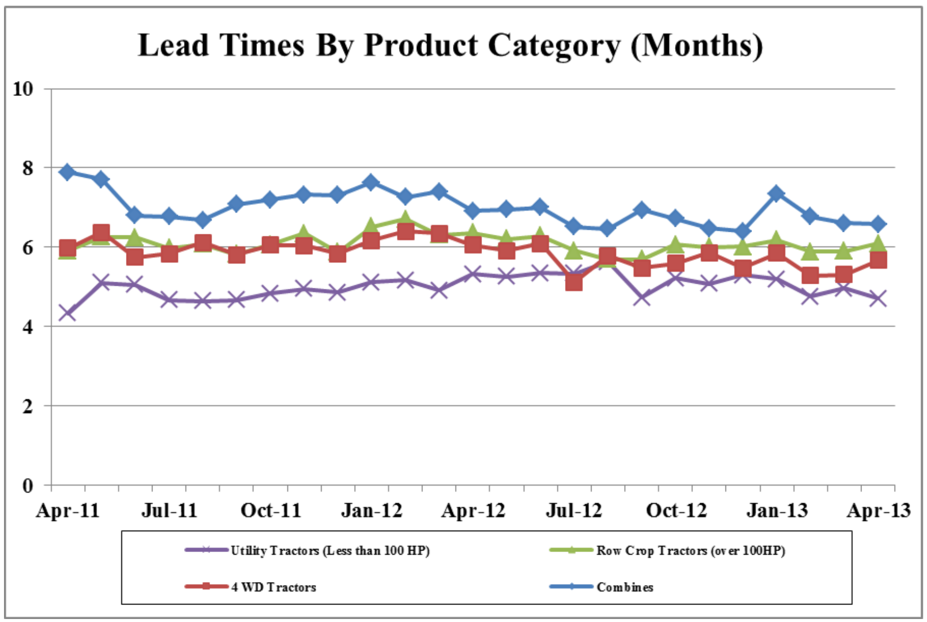


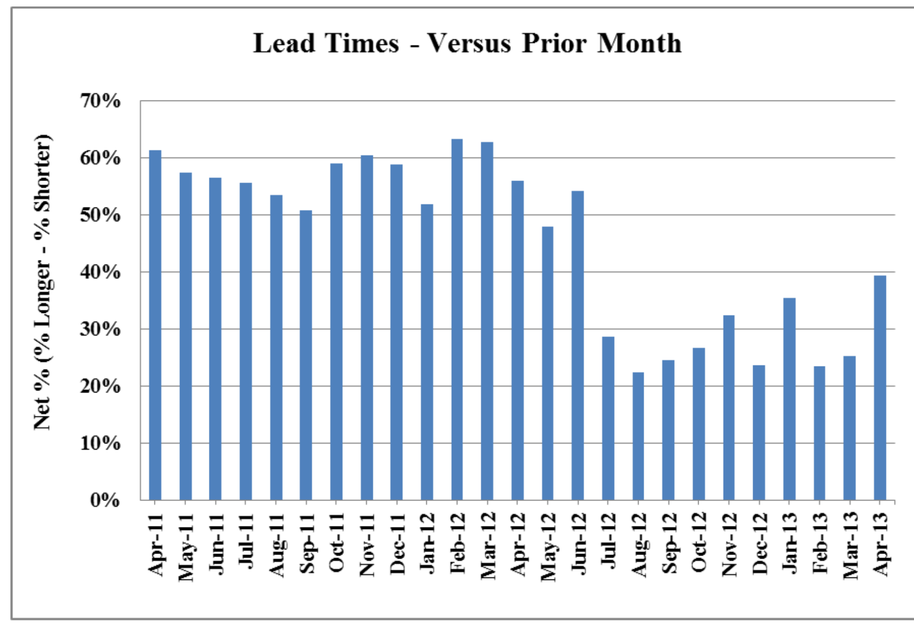


Source: Farm Equipment Magazine Survey

Equipment Availability

- Overall, a net 39% of dealers report longer factory lead-times compared to last month (43% longer; 52% same; 4% shorter), up from a net 25% last month.
- Trends in lead times were mixed this month. On average combine lead times are 6.6 months; 4WD are 5.7 months; row crop tractor lead times are 6.1 months; and smaller tractors (<100 HP) lead times are 4.7 months.





Source: Farm Equipment Magazine Survey

Dealer Commentary on Used Inventory Levels

- *We're ok with the exception of used combines which are a little high*
- *This is a tough question because different products are different. I am still long on combines, but the remainder is good.*
- *Product mix is not right, total dollars is too high but key segments, HHP tractors for example are too low.*
- *Older inventory is slow moving*
- *Used 4wd inventory seems to be growing and the market seems soft*
- *Combines are the issue for us. Too many used combines industry wide*
- *Combines, 4wd and sprayers are very slow to move on the used side.*
- *There are too many used combines on the market*
- *Combines are high.*
- *Combines remain elevated.*
- *To many used combines. This is a big problem*
- *I think we have about 20% more inventory dollars then we need. We are removing this with out taking trades to bring down the inventory dollars.*
- *High inventory of grain carts and 24 row planters*
- *There is a tremendous demand for used row crop tractors. I am concerned about having too much haying and harvest equipment on hand since it looks like our hay and wheat crops are off to a poor start.*
- *Used planters for us are really my only concern.*

Source: Farm Equipment Magazine Survey

Dealer Commentary on Biggest Surprise in the Month

- *That we exceeded plan.*
- *Surprising amount of spring rainfall has planting season pushed back. Customers are cautious causing sales to lag.*
- *Amount of sales we saw was a surprise.*
- *The strength in small tractor sales surprised me.*
- *A little moisture goes a long way towards boosting optimism amongst our producers*
- *MacDon signing up the CASEIH dealers as MacDon dealers regardless of location of MacDon Dealers.*
- *Our used sales for 1st quarter were very strong, but very weak in April. New combines are basically 0 for industry in MT*
- *Late wet spring, cool weather was the surprise.*
- *Lack of consumer sales*
- *With late spring planting it was a surprise that our sales increased this month over last year the which last year we had an optimal spring planting time frame and customer sentiment was high. I was surprised it was higher this year.*
- *We were actually up 6% from last year going in to April. April was a disappointment, but it was due to weather. High moisture levels should help hay sales through May and June and help us catch up and end the selling season strong. I think we're going to have another good year.*
- *The fact tractors are selling when we have not seen measurable rainfall in several months*
- *The New Holland 37% discount I saw.*
- *Lack of Moisture!!!*
- *Used was good and that was a surprise.*
- *Not as much late season activity on spring equipment.*
- *Used combine interest surprised us and we have sold some late models that have been here for some time.*
- *Lack of customers that can get financing*
- *Late spring causing a delay in seeding causing less pricing at the same time last year*
- *Continued strong new sales*
- *No rain*

Source: Farm Equipment Magazine Survey

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-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	7,687	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	4,925	3,400	2,259	481	11,065	2,740	742	(1%)	1%	14%	22%	3%	15%	5%
Dec-11	7,256	6,080	3,667	658	17,661	4,325	1,099	9%	8%	6%	(13%)	7%	3%	(28%)
Jan-12	3,899	3,698	2,335	359	10,291	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	8,589	4,559	2,703	743	16,594	3,446	718	(3%)	(8%)	(4%)	19%	(4%)	0%	(26%)
Apr-12	13,365	6,016	3,369	887	23,637	4,256	705	17%	11%	1%	0%	12%	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%
Nov-12	5,158	4,005	2,492	632	12,287	3,124	722	5%	18%	10%	31%	11%	14%	(3%)
Dec-12	8,239	6,333	4,350	902	19,824	5,252	1,137	14%	4%	19%	37%	12%	21%	3%
Jan-13	4,723	4,114	2,956	677	12,470	3,633	616	21%	11%	27%	89%	21%	35%	17%
Feb-13	5,102	3,734	2,588	669	12,093	3,257	622	17%	5%	26%	37%	16%	29%	69%
Mar-13	8,311	4,941	3,464	706	17,422	4,170	1,199	-3%	8%	28%	-5%	5%	21%	67%
Apr-13	13,883	5,652	4,269	855	24,659	5,124	1,149	4%	-6%	27%	-4%	4%	20%	63%

NORTH AMERICAN FARM EQUIPMENT RETAIL SALES

	Units							% change year-over-year						
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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%
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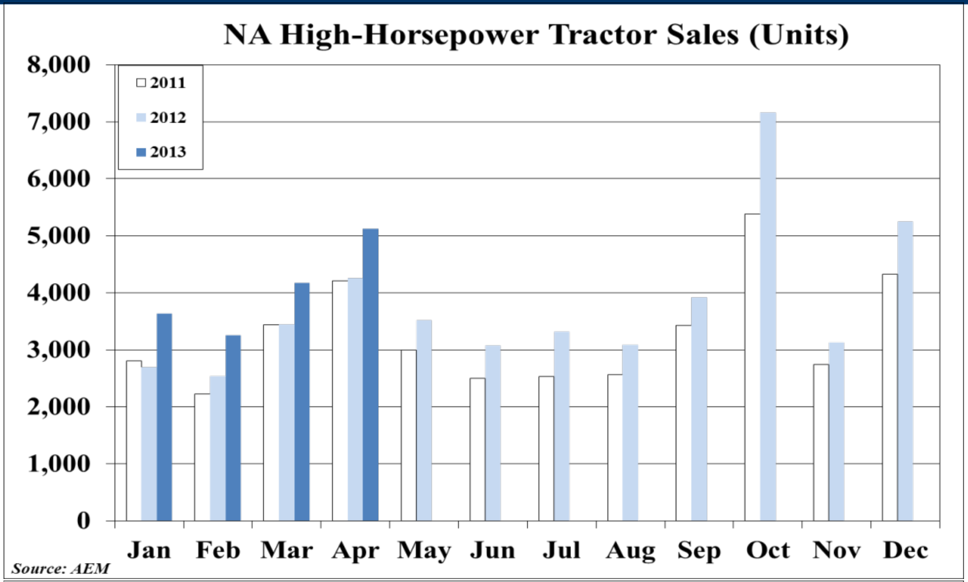
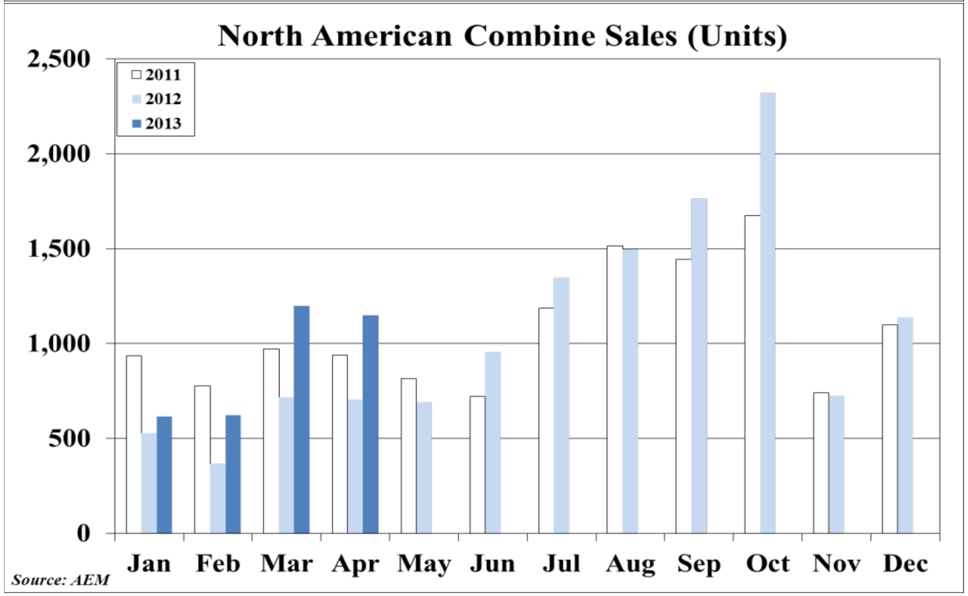
Feb-13	5,102	3,734	2,588	669	12,093	3,257	622	17%	5%	26%	37%	16%	29%	69%
Mar-13	8,311	4,941	3,464	706	17,422	4,170	1,199	-3%	8%	28%	-5%	5%	21%	67%

Source: AEM, CRC Estimates

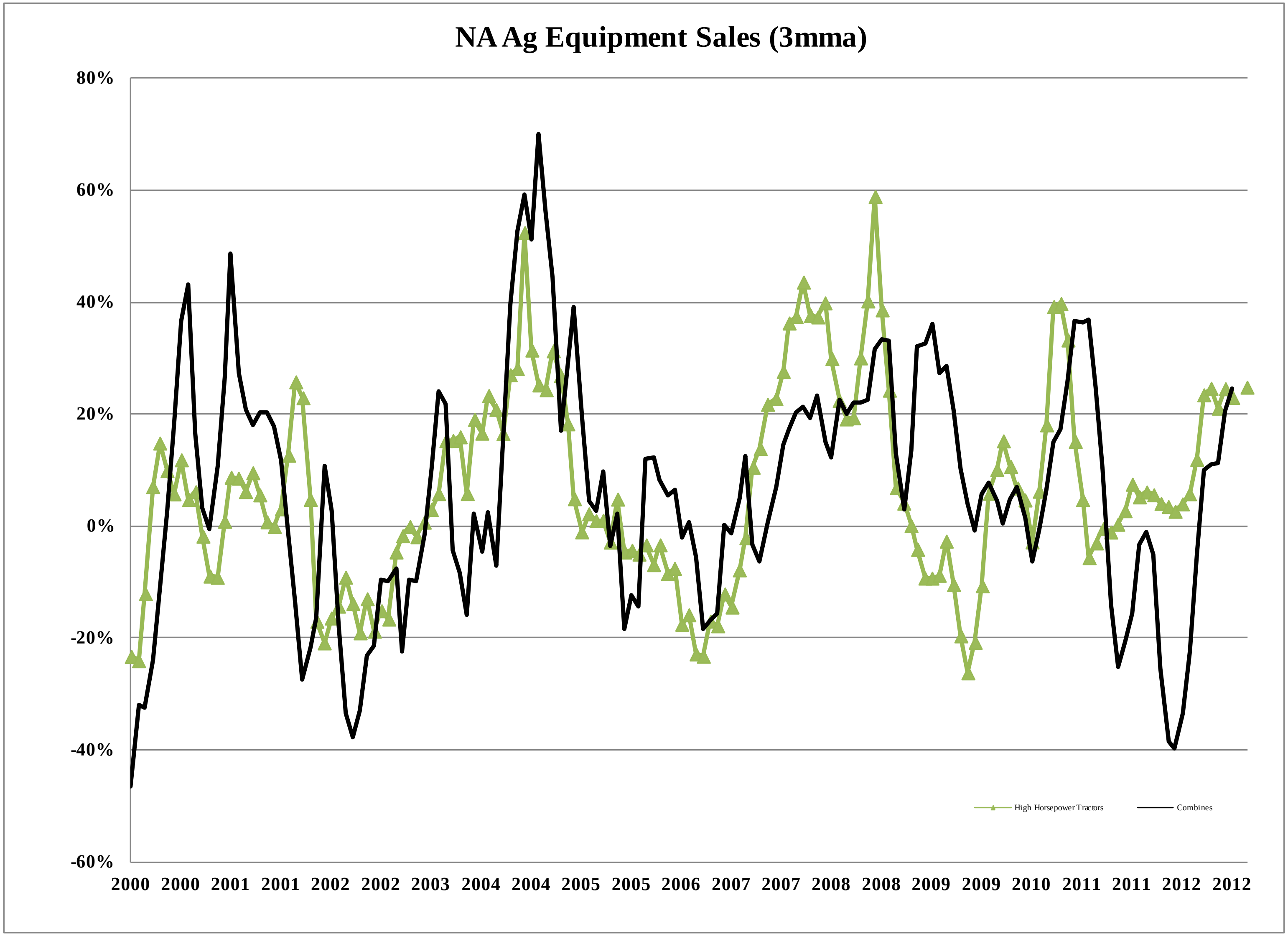
Annual Ag Equipment Industry Sales – 2010-2012





Source: AEM

NA Ag Equipment Sales

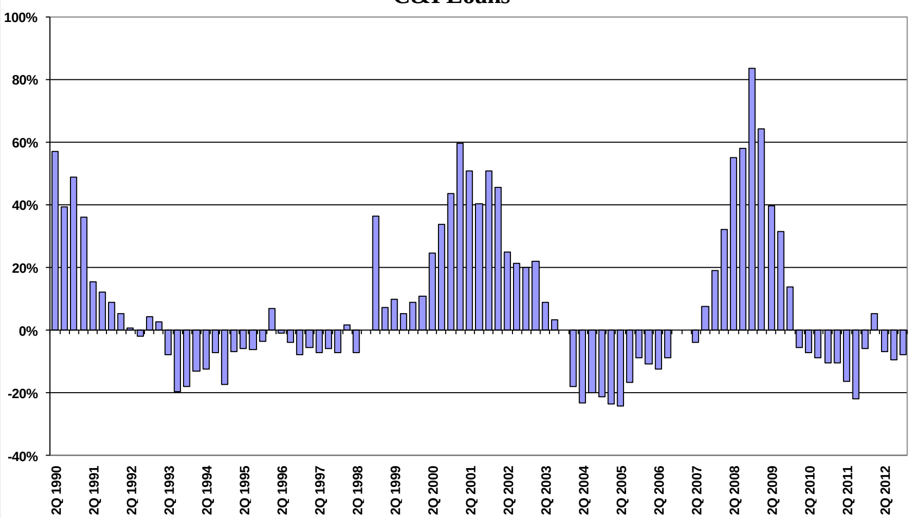


Source: AEM

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

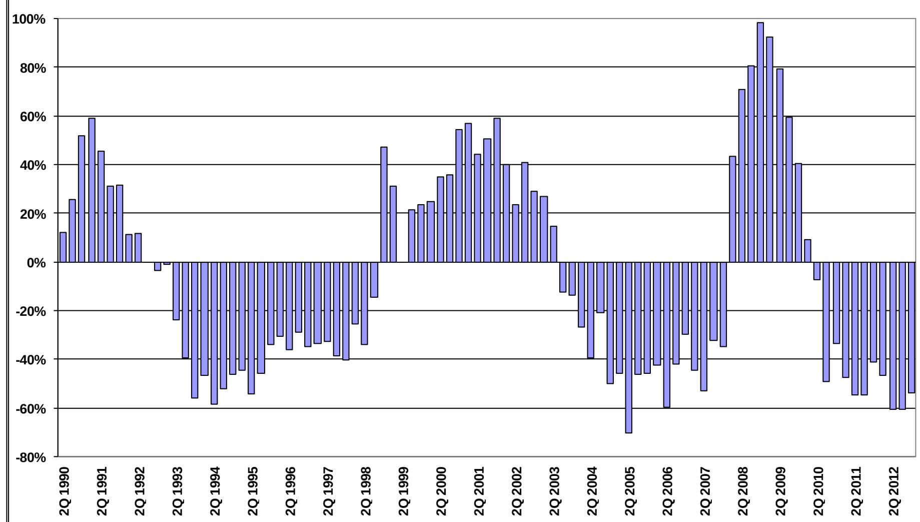
- The 4Q12 Senior Loan Officer survey saw a further loosening of loan standards. A net 8% of loan officers reported easier credit standards in 4Q12 compared with a net 10% in 3Q.
- Bank rate spreads contracted again in 4Q12 with a net 54% of loan officers reporting lower lending spreads, up from a net 60% in 3Q.
- Demand for commercial and industrial loans deteriorated in 4Q as a net 6% of loan officers reported weaker demand for commercial and industrial loans, down from the net 8% of loan officers reporting stronger demand for loans in 3Q.

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

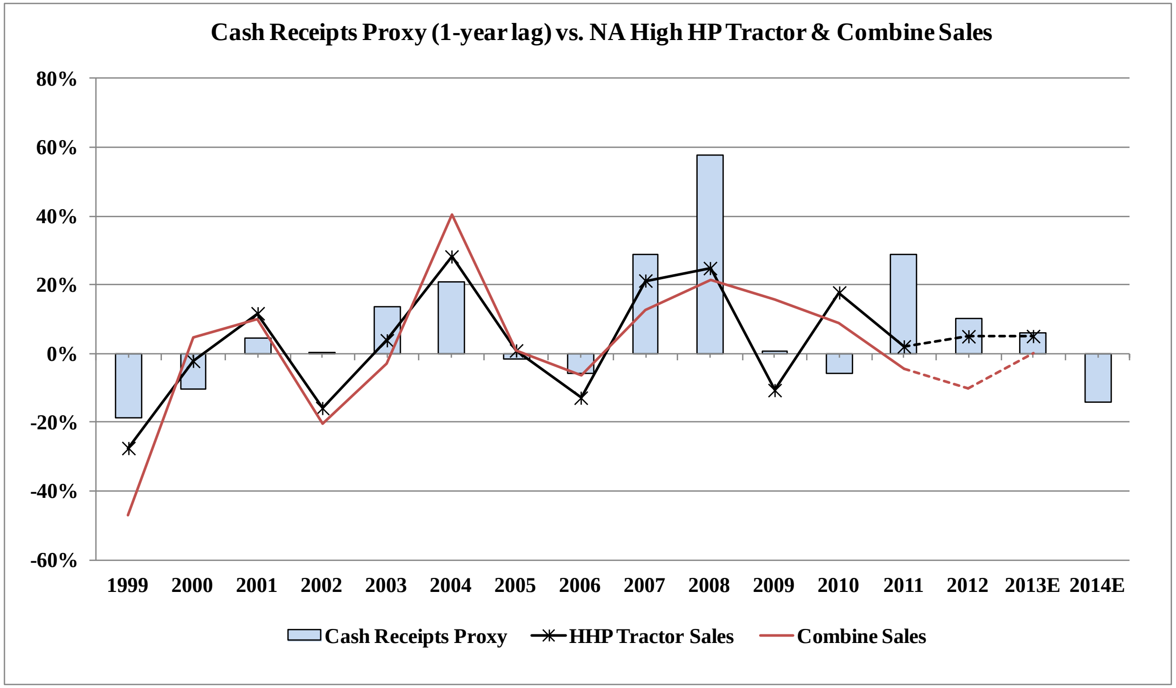


Source: Federal Reserve Board

Source: FRB

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

The USDA's Initial crop supply and demand forecast for the 2013/14 crop year points to a (14%) decline in our simplified cash receipts proxy. The chart below depicts N. American high HP tractor and combine sales on a one year lag vs. our simplified farm cash receipts proxy as illustrated using the three most important crops – corn, soybeans, and wheat. The initial USDA cash receipts outlook is for a decline of (14%) compares to 6% growth for the 2012/13 crop year. If historical trends hold, this would imply that 2014 could be a challenging year for equipment demand vs. 2013, as the correlation between equipment sales and cash receipts has provided a good proxy for future equipment 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	11,220	1,835	13,055	1,128	10.1%	$5.18
2011/12	12,358	11,005	1,650	12,655	851	7.7%	$5.95-$6.25
2012/13	10,780	10,385	750	11,135	759	7.3%	$6.70-$7.10
2013/14							
May	14,140	11,620	1,300	12,920	2,004	17.2%	$4.30-$5.10

Revision to 2013/14: NA **Corn Spot Price: $7.30**

CORN - INTERNATIONAL

Year	Production	Total Use	End Stocks	Stocks/Use
2010/11	20,194	22,192	3,766	17.0%
2011/12	22,010	23,171	4,235	18.3%
2012/13	22,963	23,626	4,179	17.7%
2013/14				
May	23,888	25,258	4,083	16.2%

SOYBEANS - DOMESTIC

Year	Production	Domestic Use	Exports	Total Use	End Stocks	Stocks/Use	Avg Price
2010/11	3,329	3,280	1,501	4,781	215	6.6%	$11.30
2011/12	3,056	3,111	1,335	4,446	175	5.6%	$12.30
2012/13	3,015	3,080	1,350	4,430	125	4.1%	$14.30
2013/14							
May	3,390	3,264	1,450	4,714	265	8.1%	$9.50-$11.50

Revision to 2013/14: NA **Soybean Spot Price: $15.03**

SOYBEANS - INTERNATIONAL

Year	Production	Total Use	End Stocks	Stocks/Use
2010/11	6,397	7,457	2,361	31.7%
2011/12	5,629	7,536	1,785	23.7%
2012/13	6,873	7,777	2,170	27.9%
2013/14				
May	7,100	8,113	2,489	30.7%

WHEAT - DOMESTIC

Year	Production	Domestic Use	Exports	Total Use	End Stocks	Stocks/Use	Avg Price
2010/11	2,207	1,128	1,289	2,417	862	76.4%	$5.70
2011/12	1,999	1,199	1,055	2,254	728	60.7%	$7.25
2012/13	2,269	1,381	1,025	2,406	731	52.9%	$7.80
2013/14							
May	2,057	1,322	925	2,247	670	50.7%	$6.15-$7.45

Revision to 2013/14: NA **Wheat Spot Price: $7.06**

WHEAT - INTERNATIONAL

Year	Production	Total Use	End Stocks	Stocks/Use
2010/11	21,718	22,919	6,385	27.9%
2011/12	23,506	24,369	6,458	26.5%
	21,821	23,418	5,889	25.1%
2013/14				
May	23,704	24,210	6,178	25.5%

FARMER CROP RECIEPTS

	Production: Corn	Soybeans	Wheat	Avg Price: Corn	Soybeans	Wheat	Crop Cash Receipts* Corn	Soybeans	Wheat	Total	y/y % Chg
2010/11	12,447	3,329	2,207	$5.25	$11.40	$5.65	$65,347	$37,951	$12,470	**$115,767**	**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	10,780	3,015	2,269	$6.90	$14.30	$7.80	$74,382	$43,115	$17,698	**$135,195**	**6%**
2013/14											
May	14,140	3,390	2,057	$4.70	$10.50	$6.80	$66,458	$35,595	$13,988	**$116,041**	**-14%**

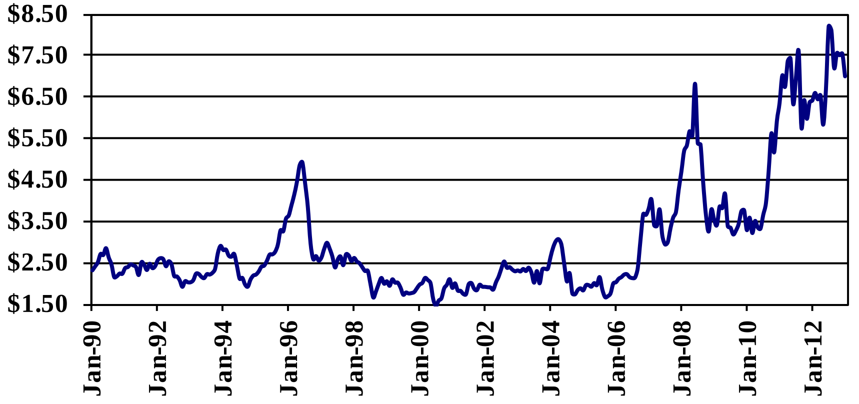
*Note: Cash reciepts estimated as USDA production X USDA average price forecast

Source: USDA; Cleveland Research estimates

Commodity Price Trends – Corn, Soybean, Wheat, Cotton

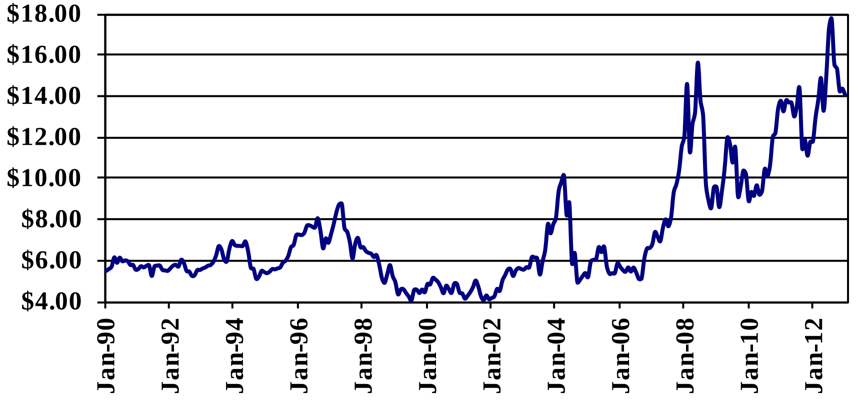
Wheat Price Trends

Corn Price Trends



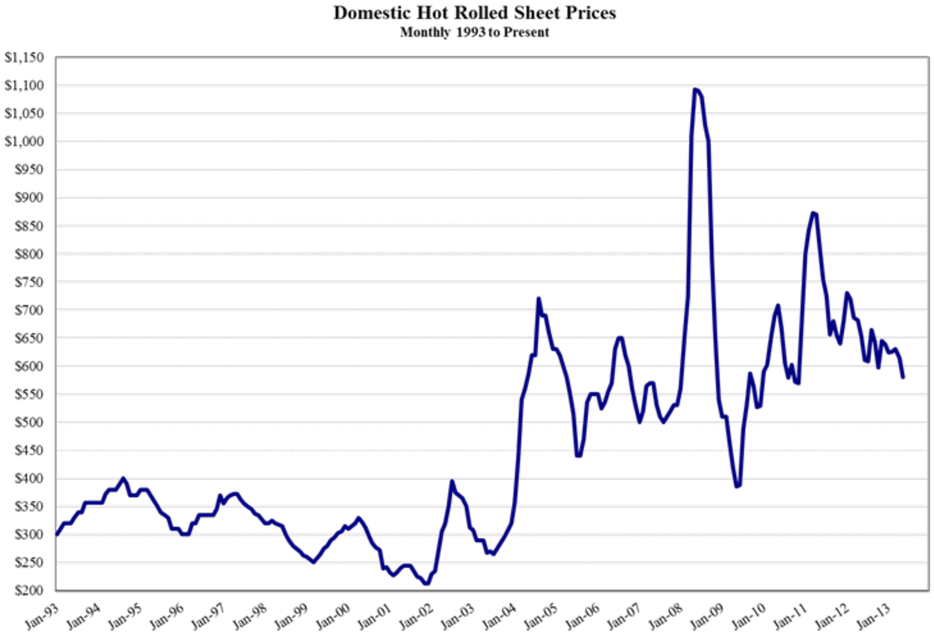
Cotton Price Trends

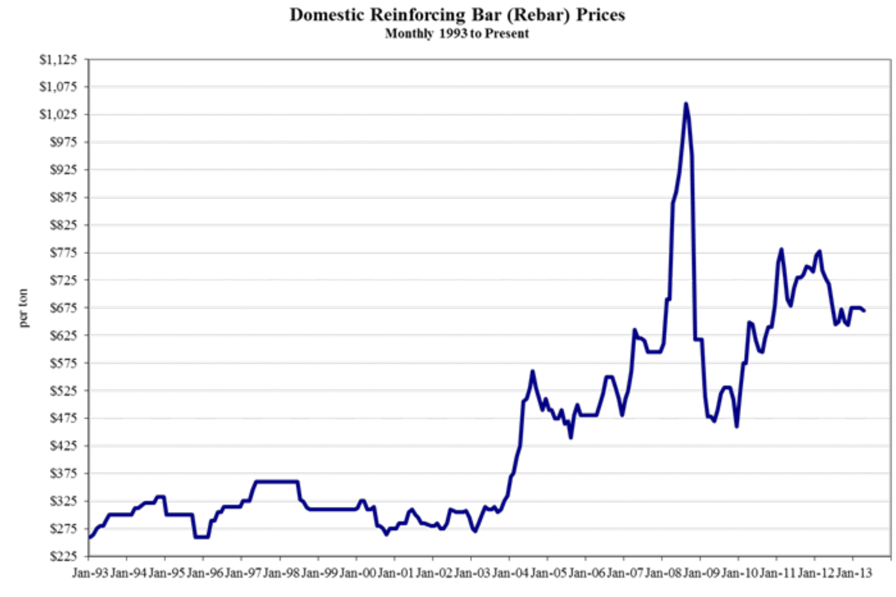
Soybean Price Trends



Source: USDA, Baseline

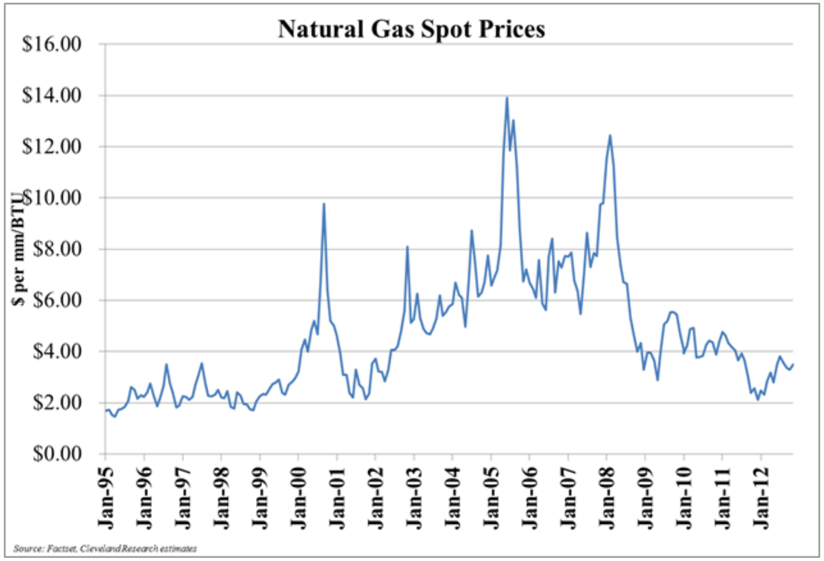
Commodity Price Trends – Steel

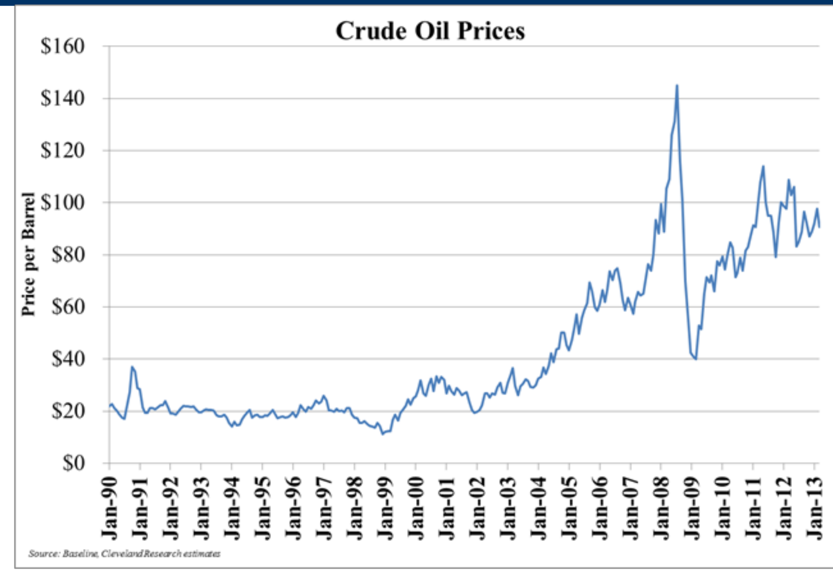


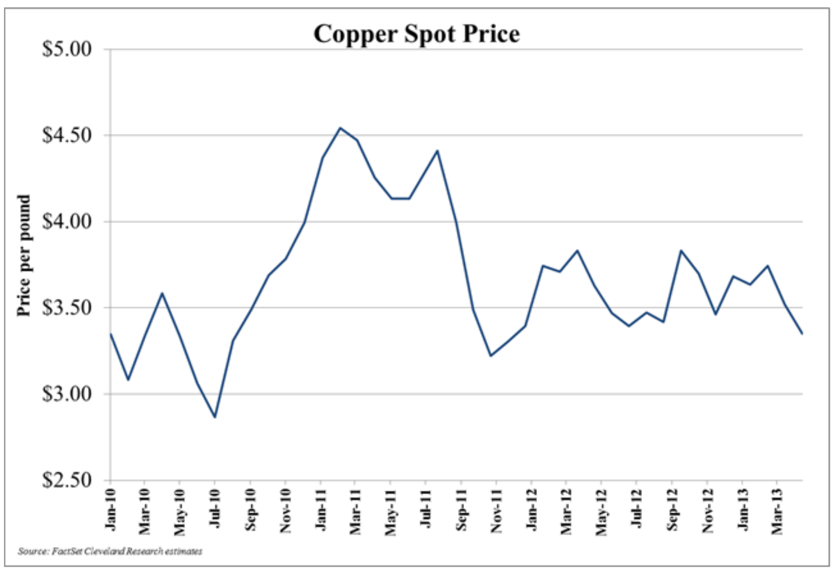


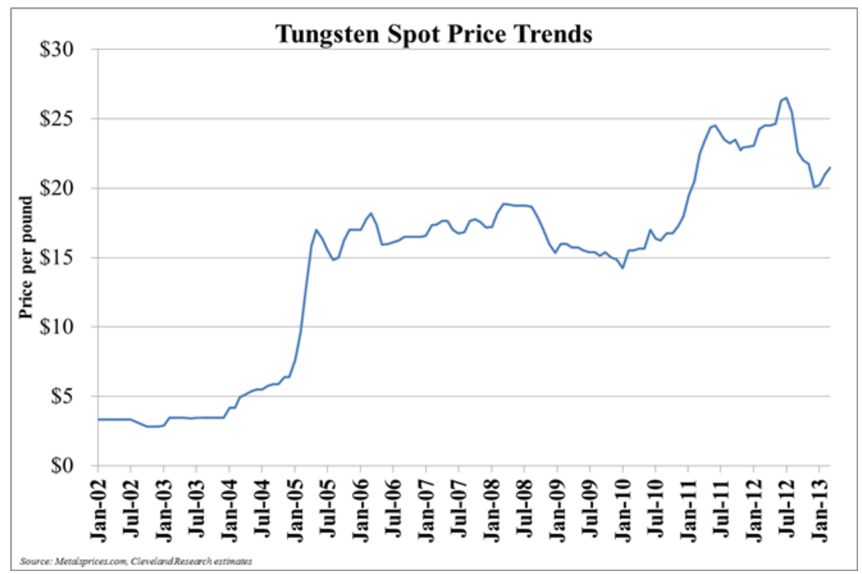
Source: Steel Business Briefing; Energy Information, Baseline

Commodity Price Trends









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

Commodity Trends – Long Run Supply and Demand Projections

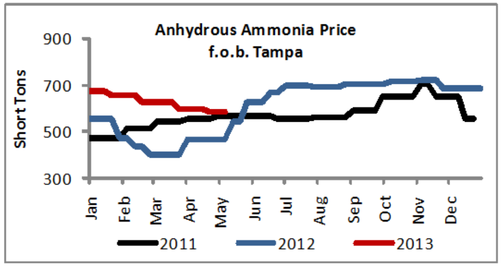
CORN - DOMESTIC								
Year	**Production**	**Domestic Use**	**Use for Ethanol**	**Exports**	**Total Use**	**End Stocks**	**Stocks/Use**	**Avg Price**
2007/08	13,074	10,338	3,026	2,436	12,774	1,624	12.7%	$4.20
2008/09	12,101	10,207	3,677	1,858	12,065	1,674	13.9%	$4.06
2009/10	13,110	11,097	4,568	1,987	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							
Year	**Production**	**Domestic Use**	**Exports**	**Total Use**	**End Stocks**	**Stocks/Use**	**Avg Price**
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

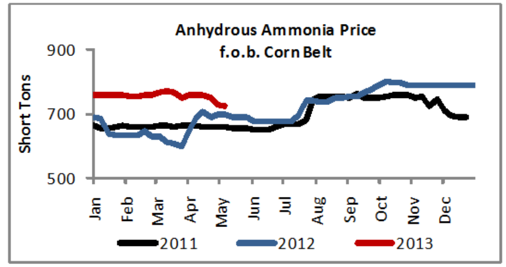
WHEAT - DOMESTIC							
Year	**Production**	**Domestic Use**	**Exports**	**Total Use**	**End Stocks**	**Stocks/Use**	**Avg Price**
2007/08	2,067	1,066	1,264	2,330	306	13.1%	$6.48
2008/09	2,499	1,260	1,015	2,275	657	28.9%	$6.78
2009/10	2,218	1,137	881	2,018	976	48.4%	$4.87
2010/11	2,208	1,196	1,250	2,446	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**

Source: USDA, CRC estimates

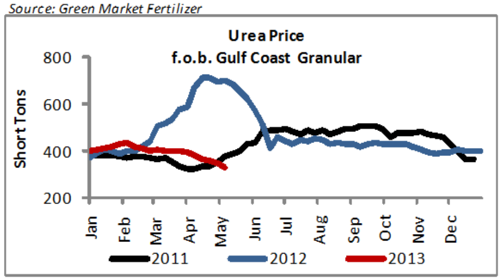
Other Input and Chemical Costs – 2011-2013



Source: Green Market Fertilizer



Source: Green Market Fertilizer



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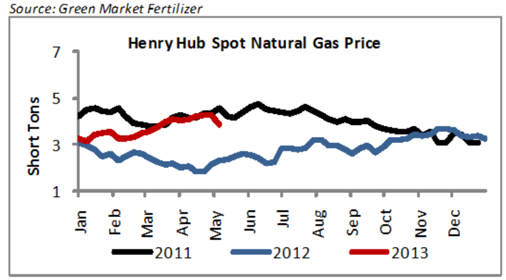

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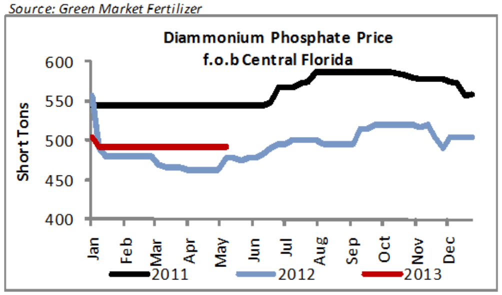

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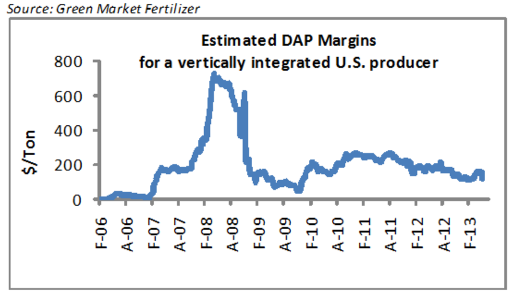

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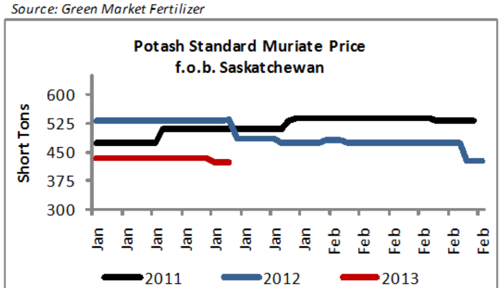

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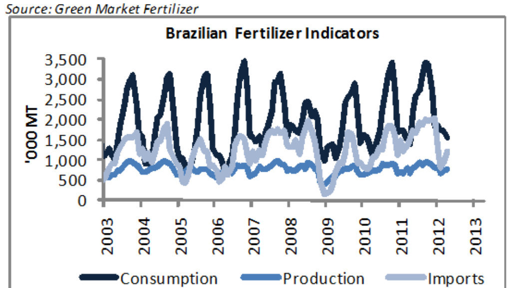
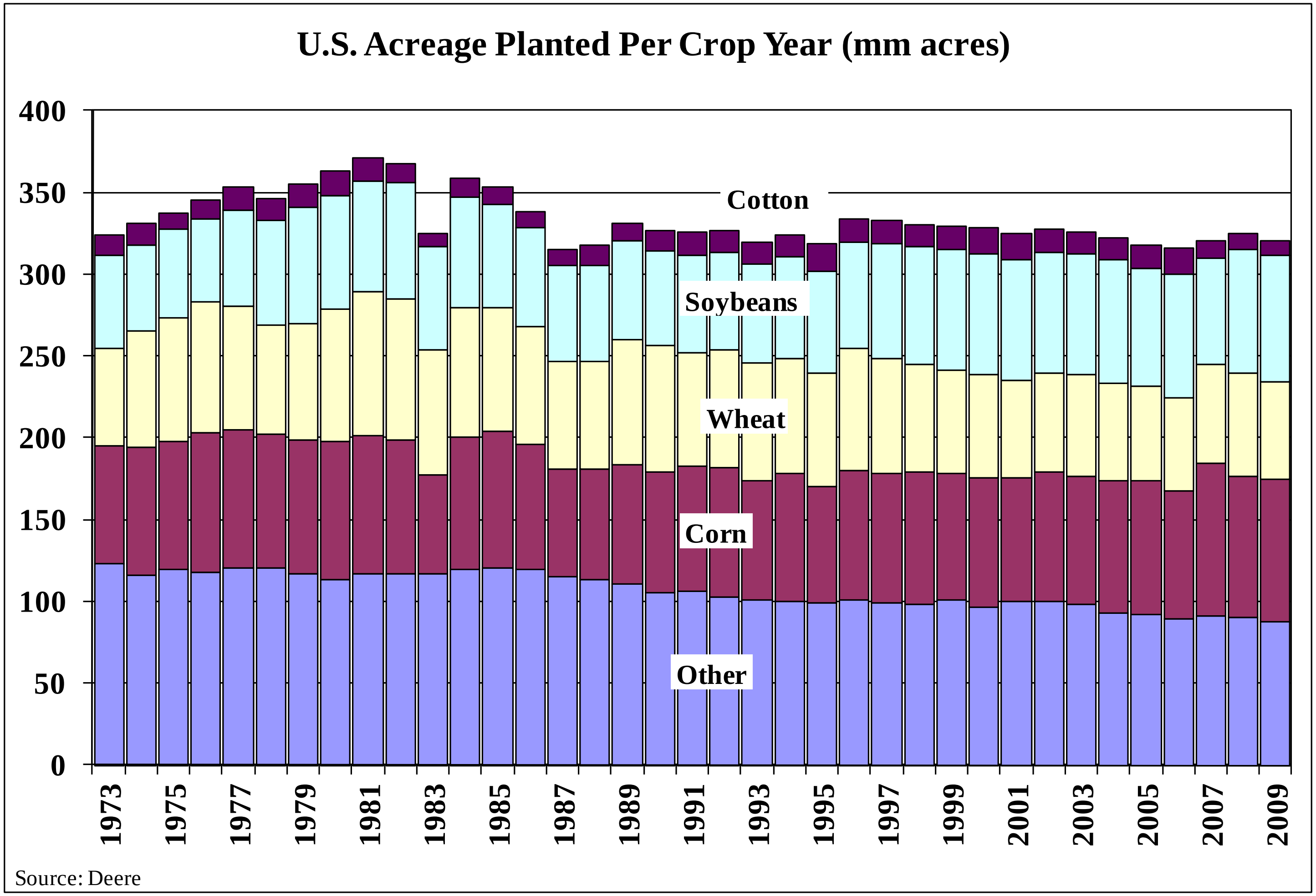


Source: ANDA

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