

Ag Equipment Intelligence

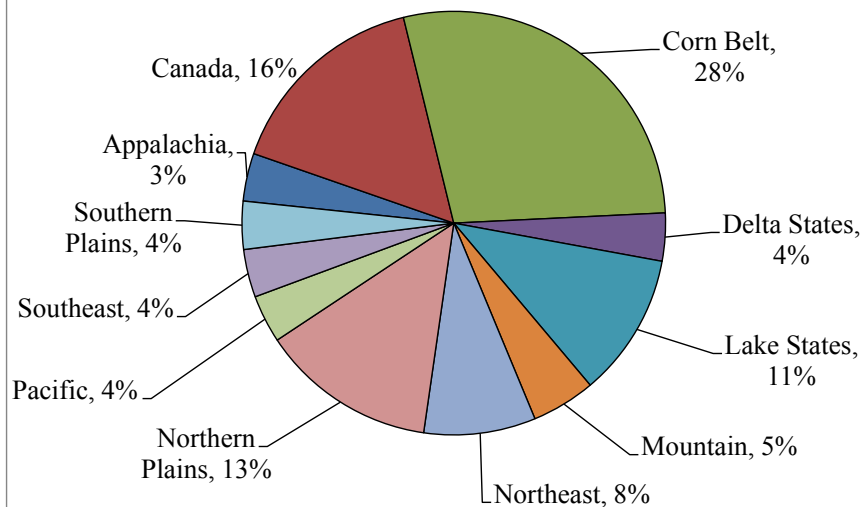
August 2015 Dealer Sentiments &
Business Conditions Update

Monthly Ag Equipment Intelligence North American Dealer Survey

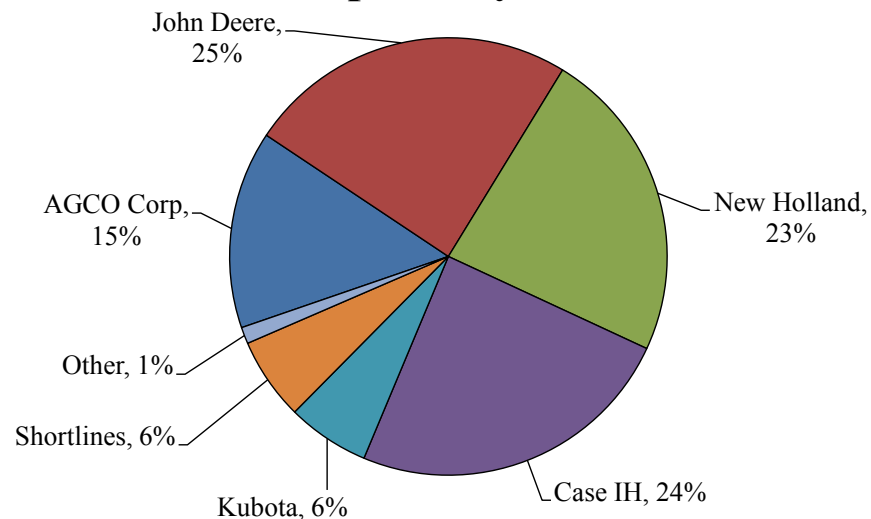
Background:

- We are pleased to announce the results of the July 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 August survey had 83 respondents representing combined annual revenues of roughly \$4.0 billion. Participants representing a broad cross section of geographies and brands are summarized in the charts below.

Survey Participants by Region



Participants by Brand



Appalachia – KY, NC, TN, VA, WV, **Corn Belt** – IL, IN, IA, MO, OH, **Delta States** – AR, MO, LA, **Lake States** – MI, MN, WI, **Mountain** – AZ, CO, ID, MT, NM, NV, UT, WY, **Northeast** – CT, DE, ME, MD, MA, NH, NY, NJ, PA, RI, VT, **Northern Plains** – KS, NE, ND, SD, **Pacific** – CA, OR, WA, AK, HI, **Southeast** – AL, FL, GA, SC, MS, **Southern Plains** – OK, TX. Note AGCO represents Massey Ferguson and Challenger brands.

Highlights / Summary Thoughts

- **Sales** – Average dealer sales were reported down 18% in July, a deterioration from the 13% decline reported in June. A net 18% of dealers missed their sales budget in July, making for the sixth consecutive month of net budget misses. Hay Equipment and Commercial and consumer lawn equipment remain the only areas of strength, while most large equipment demand remains very weak.
- **Orders** – Orders were reported down 19% y/y on average in July, 2% worse than the 17% decline reported in June.
- **Outlook** – The full year dealer average sales growth forecast decreased to down 16% for the year, with a net 46% of dealers forecasting a sales decline for the year vs. 37% in June.
- **Inventory** – A net 39% of dealers report new equipment inventories are too high, relatively inline with the June survey and remaining at the high end of our survey history. Used inventories appear to have improved in July, with a net 32% of dealers reporting inventory was too high vs. 40% in June.
- **Pricing** – Dealers have reported a 1-1.5% uptick in new equipment price realization in the last three months due to Tier 4 sales and OEM price push. Used large tractor pricing is reported down 5% on average, a decline of 1% from the June survey results, while utility tractors declined 1% y/y. Used combine prices remain weak at down 9%, deteriorating from 8% one month ago.

Monthly Sales Growth

- Average dealer sales were reported down 18% y/y in July, a 5% decline over the prior month trend of an average 13% decline reported by dealers in June. A net 18% of dealers missed their sales budgets in July with over 35% reporting worse than expected sales.
- A net 21% of dealers report they are less optimistic about overall business conditions, the 16th consecutive month of deterioration in optimism.

N. American Farm Equipment Dealer Survey - Average Dealer Sales Growth

% Change y/y	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15
AGCO	-2%	-3%	1%	-3%	4%	-3%	4%	-1%	4%	-13%	-15%	3%	-8%	-1%	4%	-12%	Jul-15
John Deere	0%	-3%	-2%	-3%	-6%	-4%	-6%	-4%	-6%	-3%	-9%	-22%	-8%	-11%	-15%	-14%	-24%
New Holland	-2%	-4%	-10%	2%	-2%	-3%	0%	-1%	-10%	-1%	0%	-5%	-3%	-2%	-7%	-5%	-19%
Case IH	-6%	-5%	-1%	-10%	-5%	-9%	-13%	-9%	-14%	-6%	-19%	-10%	-13%	-16%	-19%	-19%	-17%
Kubota	1%	-1%	-1%	2%	0%	-2%	1%	8%	-11%	7%	5%	-6%	-4%	-1%	0%	0%	-17%
Shortlines/Other	0%	1%	3%	-2%	3%	5%	5%	5%	-1%	1%	-9%	-4%	-18%	-8%	-6%	-16%	0%
Total	-2%	-4%	-2%	-4%	-4%	-5%	-6%	-9%	-9%	-5%	-11%	-12%	-8%	-10%	-13%	-13%	-18%

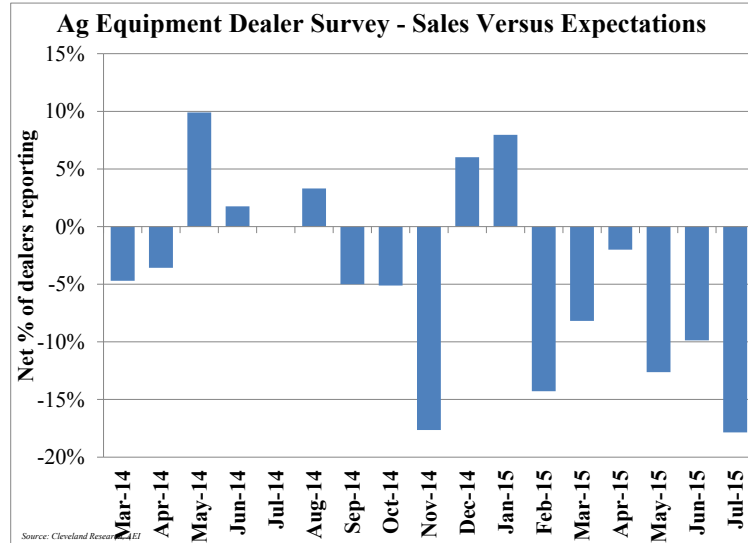
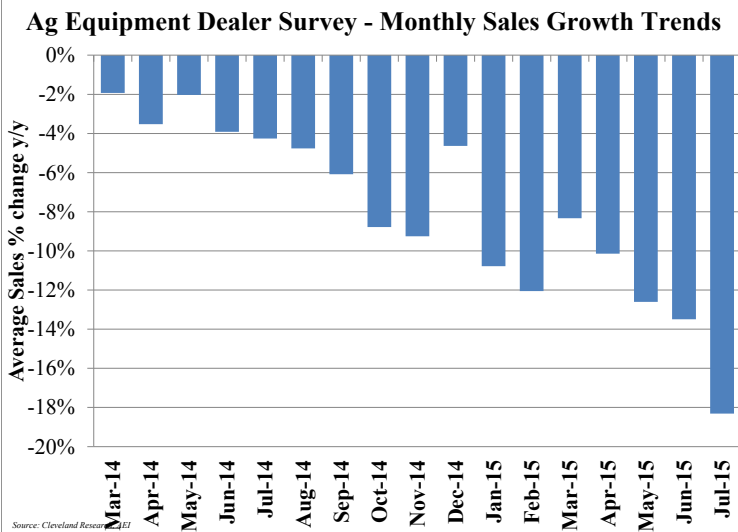
Source: Cleveland Research, AEI

N. American Farm Equipment Dealer Survey - Sales Versus Expectations

% of Dealers Reporting	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15
Better than expected	21%	21%	29%	25%	26%	28%	24%	22%	21%	29%	26%	13%	20%	27%	23%	21%	18%
In line with expectations	54%	54%	52%	53%	49%	47%	47%	51%	40%	47%	57%	59%	50%	44%	39%	48%	45%
Worse than expected	26%	25%	19%	23%	26%	25%	29%	27%	39%	23%	18%	28%	28%	29%	36%	31%	36%
Net % (Better - Worse)	-5%	-4%	10%	2%	0%	3%	-5%	-5%	-18%	6%	8%	-14%	-8%	-2%	-13%	-10%	-18%

Source: Cleveland Research, AEI

Monthly Sales Growth Continued



N. American Farm Equipment Dealer Survey - Average Dealer Revenue Growth Trends

% of Dealers Reporting	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15
Positive Sales Growth	49%	39%	50%	46%	42%	37%	37%	40%	27%	33%	32%	13%	20%	27%	29%	26%	20%
Flat Sales	22%	20%	12%	18%	21%	22%	18%	14%	16%	16%	25%	59%	50%	11%	17%	11%	16%
Negative Sales Growth	29%	40%	39%	36%	37%	42%	46%	46%	58%	51%	43%	28%	28%	62%	54%	63%	64%
Net % Reporting Growth	20%	-1%	11%	11%	5%	-5%	-9%	-6%	-31%	-19%	-11%	-14%	-8%	-35%	-25%	-37%	-43%
Average % Change y/y	-2%	-4%	-2%	-4%	-4%	-5%	-6%	-9%	-9%	-5%	-11%	-12%	-8%	-10%	-13%	-13%	-18%

Source: Cleveland Research

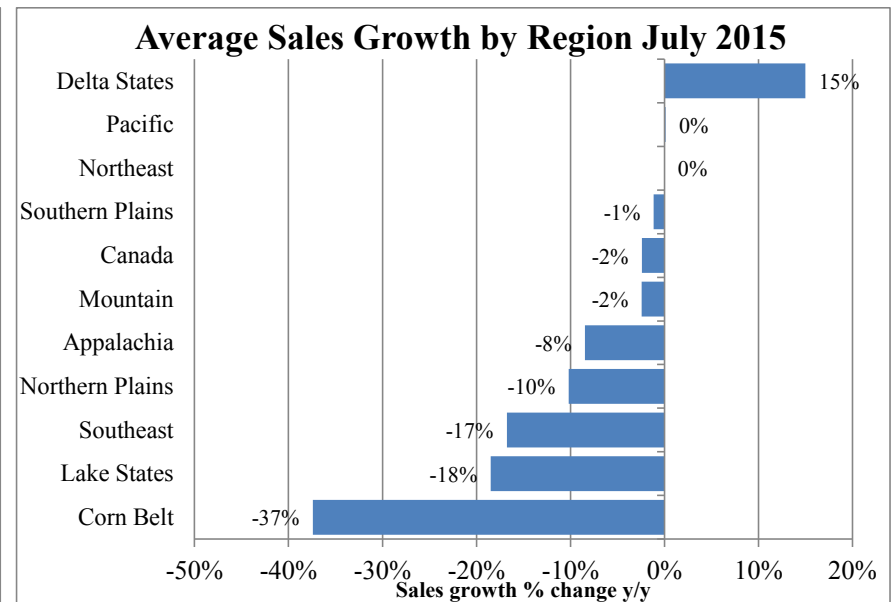
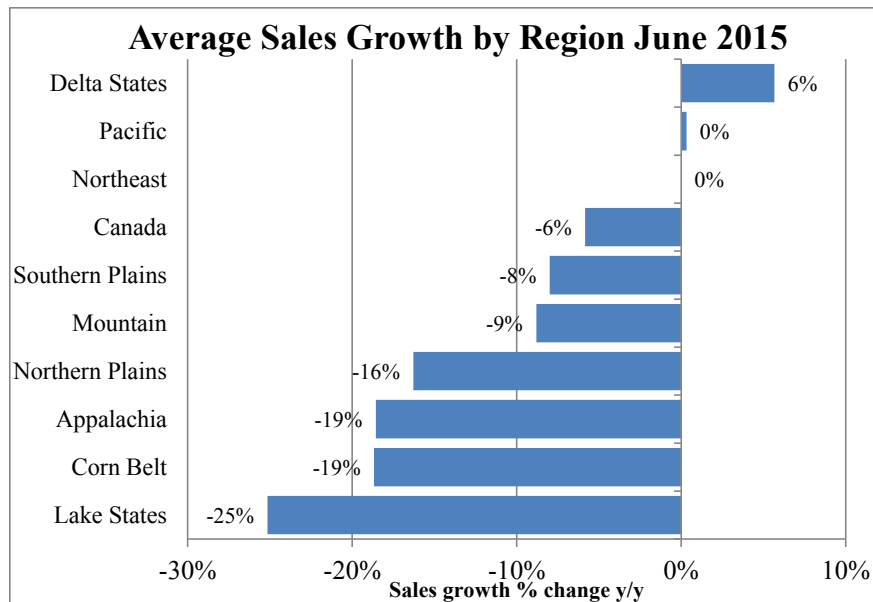
Optimism/Sentiment vs. Last Month

% of Dealers Reporting	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15
More Optimistic	26%	24%	25%	23%	13%	12%	16%	8%	9%	12%	12%	9%	14%	14%	12%	13%	14%
Same	51%	44%	45%	42%	45%	50%	46%	48%	38%	39%	52%	50%	42%	47%	48%	58%	52%
Less Optimistic	23%	32%	30%	35%	42%	38%	38%	44%	53%	49%	36%	41%	43%	40%	40%	30%	35%
Net % Dealer Optimism	3%	-9%	-5%	-11%	-28%	-26%	-22%	-36%	-44%	-37%	-25%	-31%	-29%	-26%	-26%	-18%	-21%

Source: Cleveland Research

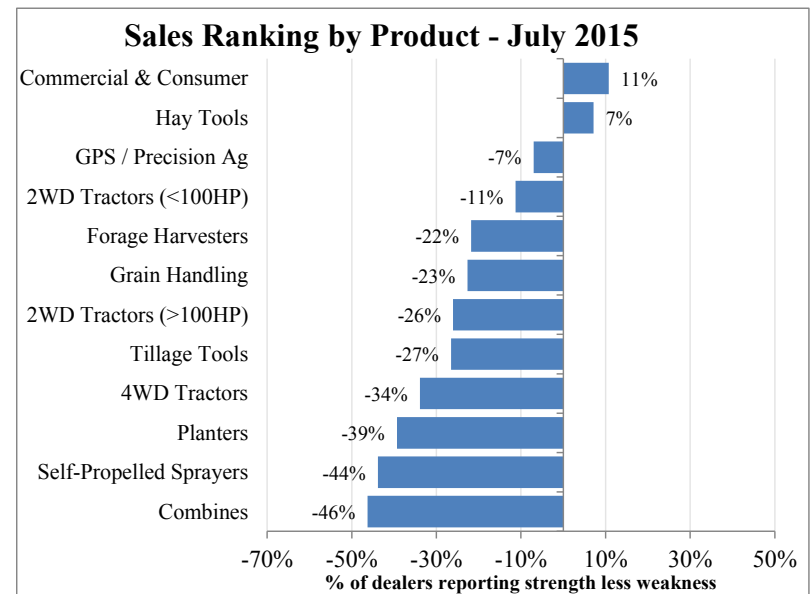
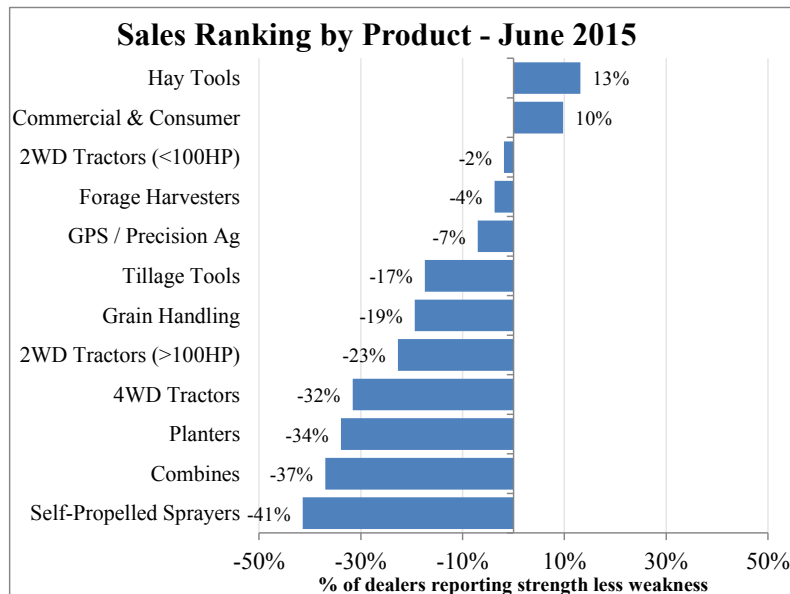
Monthly Sales Growth by Region

- Sales trends remain varied by geography, with weak sales growth rates persisting across much of the corn belt, lake states, and Southeast regions in July. Sales growth continued to show improvement in the Delta States.

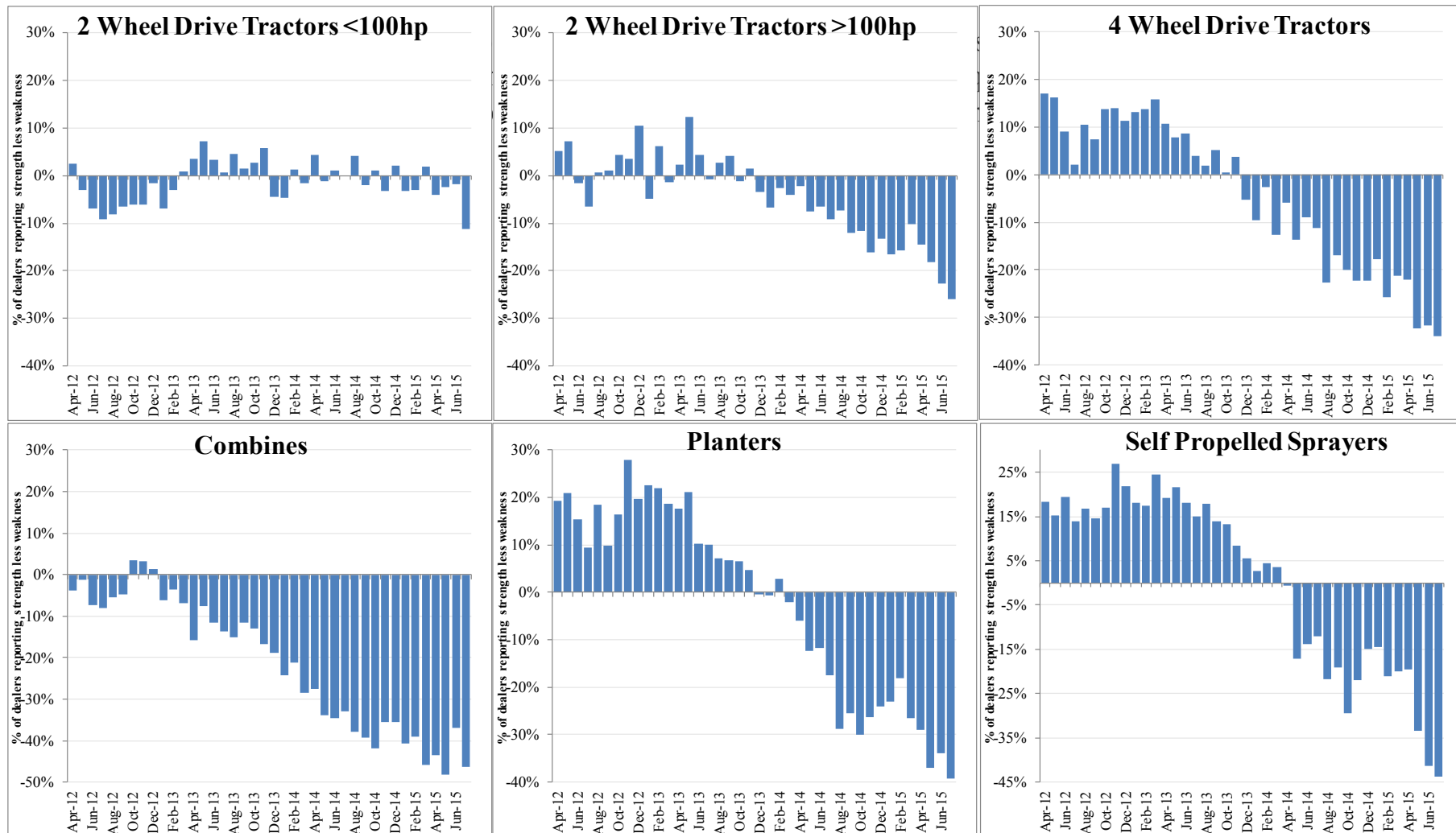


Equipment Category Sales Trends

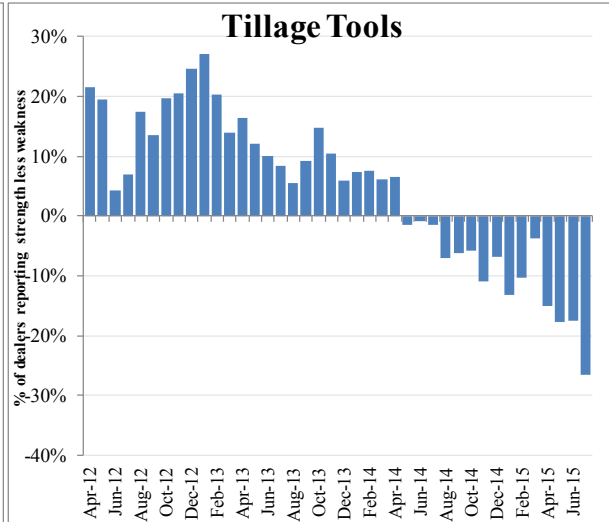
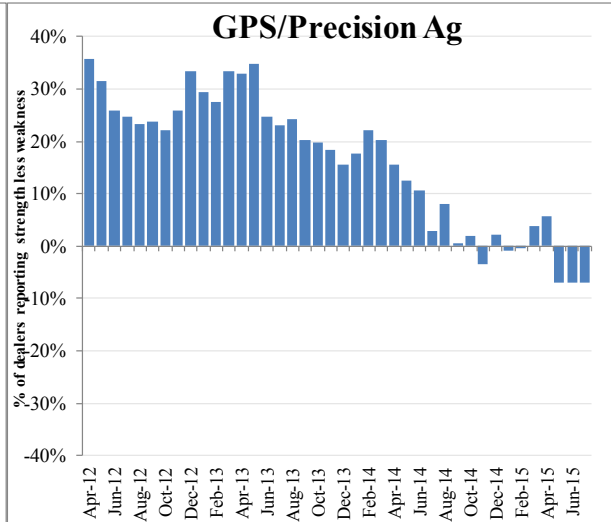
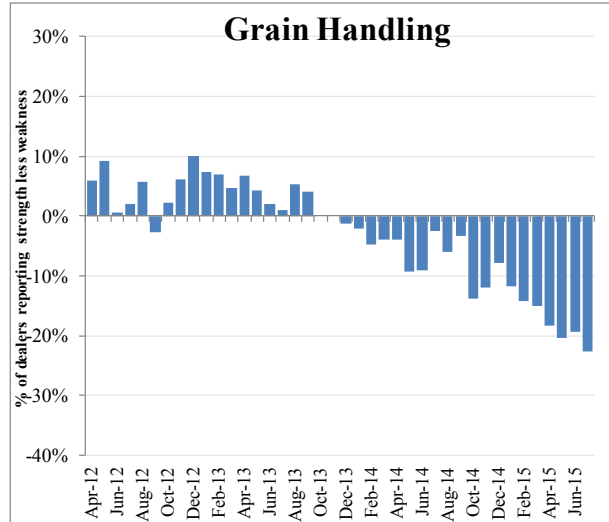
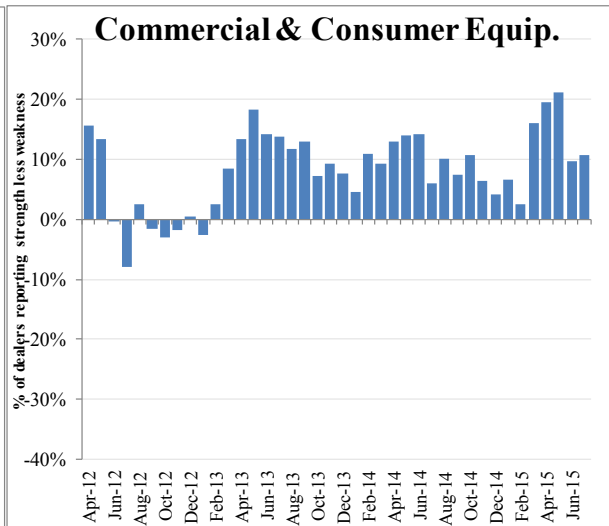
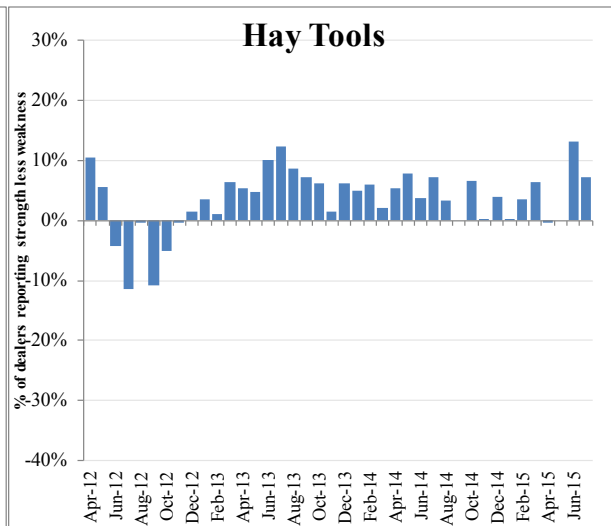
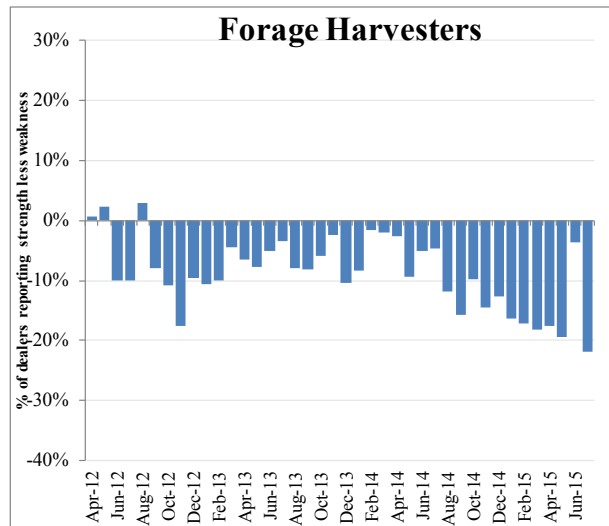
- Consistent with the last month hay tools and commercial & consumer lawn equipment have shown strength in contrast to declines in other categories (combines, sprayers, and planters in particular). We continue to see headwinds to large equipment sales.



Equipment Category Sales Trends



Equipment Category Sales Trends (Continued)



Most Interesting Commentary - Monthly Sales and Outlook

- *New Holland has asked all of its dealers to place a hay tools order equivalent to 22 months of inventory, but will deliver that inventory over the next 12 months. I don't know what they have up their sleeve, but if the cattle price bubble bursts like the row crops I wouldn't want to be sitting on excess inventory. I think it is just a matter of when, not if.*
- *Order objectives have kept increasing like always, the difference is we are not ordering anything. We are willing to sit out and wait for market corrections, and so be it if we lost market share. We aren't playing the share game anymore, we are focused on a profitable model.*
- *New Holland is pushing dealers to order equipment at levels that we are uncomfortable with.*
- *Farmers are being told to hold off on equipment purchases by lenders. We had to cancel prebooked orders for 2016, because a lender told our customer he couldn't trade up.*
- *Auction and wholesale prices on machinery are falling and that continues to pressure our margins.*
- *We are going to have a slow couple of months with Farmers tied up in this years fall crop. Crops look good and prices aren't, so I think a lot of grain will end up in a bin. Hopefully cattlemen will make some purchases when they sell cattle.*
- *Sitting on too much used inventory at unrealistic market prices in today's market has kept us very conservative when looking at new sales with trade-ins on high dollar items.*
- *We are experiencing very low inventory turn on items that normally move quickly, because of an absence of buyers in the market.*
- *2016 being an election year has me concerned on the market, because things tend to freeze up in my area.*
- *Farmers' attitudes have dropped considerably following low crop prices, but we have a lot of preventive planted acres. They do not buy iron, parts, or service.*
- *Customers are taking a conservative approach and will likely run what they have in many cases or wait and trade once they see how good their crop is later in the year.*

Monthly Order Trends

- Orders were reported down 19% y/y on average in July, a decline from the 17% decline reported in June. AGCO and Case IH Dealers had the largest order decline of the major OEMs at 20%.
- Combine orders weakened in July with 79% of dealers reporting ordering fewer combines than last year. This comes after a slight improvement in June. This is the highest decline ever reported in our survey's history.

N. American Farm Equipment Dealer Survey - Average Orders Growth																	
% Change y/y	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15
AGCO	0%	-1%	-5%	-8%	-3%	-7%	-4%	-2%	-16%	-7%	-18%	-2%	-19%	-11%	-5%	-18%	-20%
John Deere	-5%	-6%	-5%	-8%	-11%	-7%	-14%	-17%	-14%	-10%	-10%	-21%	-12%	-20%	-22%	-16%	-19%
New Holland	-4%	-8%	-5%	-8%	-5%	-7%	-4%	-5%	-10%	-6%	-11%	-10%	-4%	-10%	-17%	-6%	-19%
Case IH	-7%	-4%	-6%	-8%	-9%	-14%	-11%	-18%	-21%	-20%	-17%	-19%	-17%	-25%	-23%	-25%	-20%
Kubota	-3%	-7%	-8%	-6%	-4%	-9%	-9%	-4%	-15%	-1%	22%	0%	-4%	-24%	-18%	-4%	0%
Shortlines/Other	-1%	-2%	-5%	-9%	-4%	-7%	-9%	-12%	-17%	-6%	-14%	5%	-24%	-16%	-10%	-50%	-5%
Total	-4%	-5%	-4%	-8%	-9%	-9%	-10%	-15%	-16%	-12%	-12%	-15%	-12%	-19%	-17%	-17%	-19%

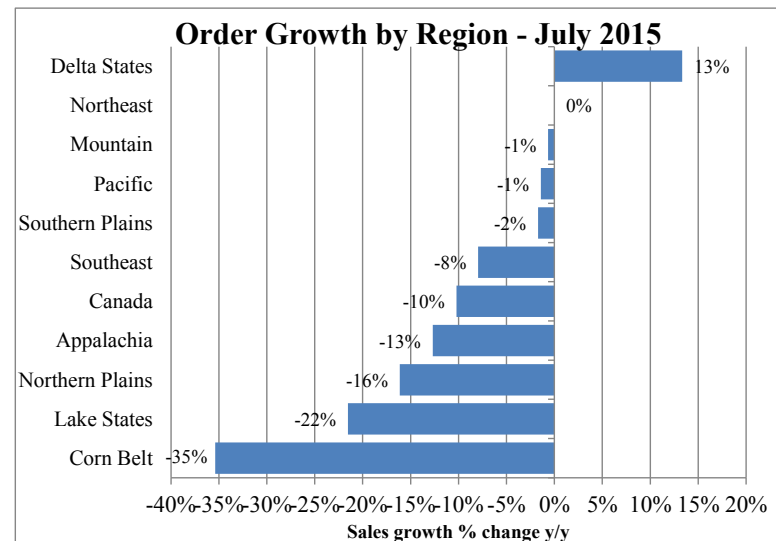
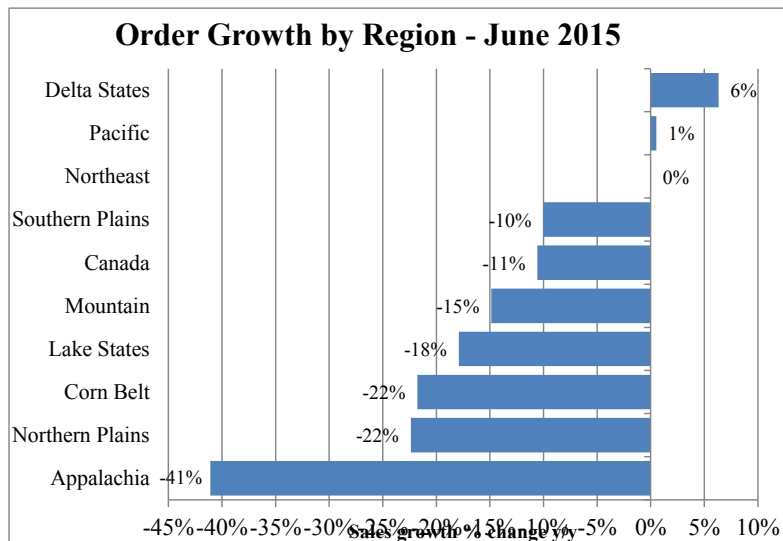
Source: Cleveland Research, AEI

New Combine Order Intentions vs. Last Year											
% of Dealers Ordering..	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15
More	4%	3%	5%	1%	7%	6%	6%	3%	5%	11%	2%
Same	30%	29%	23%	34%	26%	26%	34%	35%	23%	30%	18%
Less	66%	68%	72%	65%	67%	69%	60%	62%	73%	59%	80%
Net % (More- Less)	-62%	-64%	-67%	-63%	-60%	-63%	-54%	-59%	-68%	-48%	-79%

Source: Cleveland Research, AEI

Order Trends by Region

- The Delta States region remains relatively strong compared to the Corn Belt region, which continues to report significant order declines. Dealers in the Corn Belt reported order decline of 35% in July, against a decline of 22% in June.



Average Dealer Sales Outlook

- The full year dealer average sales growth forecast worsened in July to down 16% for the year from down 15% in June and May. A net 46% of dealers are forecasting a sales decline for the year, an 8% decrease from June. Kubota dealers, notably, continue to forecast positive sales for the year.
- The second table below details the industry outlooks from Deere, Case IH/New Holland and AGCO.

N. American Farm Equipment Dealer Survey - Full Year Sales Forecast											
% change y/y	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15
AGCO	6%	0%	-9%	0%	-10%	-11%	-12%	-5%	-3%	-9%	-15%
John Deere	-12%	-14%	-9%	-9%	-11%	-18%	-8%	-15%	-18%	-14%	-14%
New Holland	9%	-8%	-10%	-3%	-6%	-11%	-10%	-4%	-9%	-8%	-10%
Case IH	-12%	-11%	-16%	-11%	-14%	-17%	-17%	-14%	-20%	-24%	-22%
Kubota	7%	-6%	-14%	-6%	-11%	-13%	-17%	-10%	-14%	1%	3%
Shortlines/Other	1%	-4%	-16%	-9%	-7%	-10%	-13%	-10%	-7%	-8%	-11%
Overall	-9%	-11%	-10%	-8%	-11%	-15%	-10%	-12%	-15%	-15%	-16%

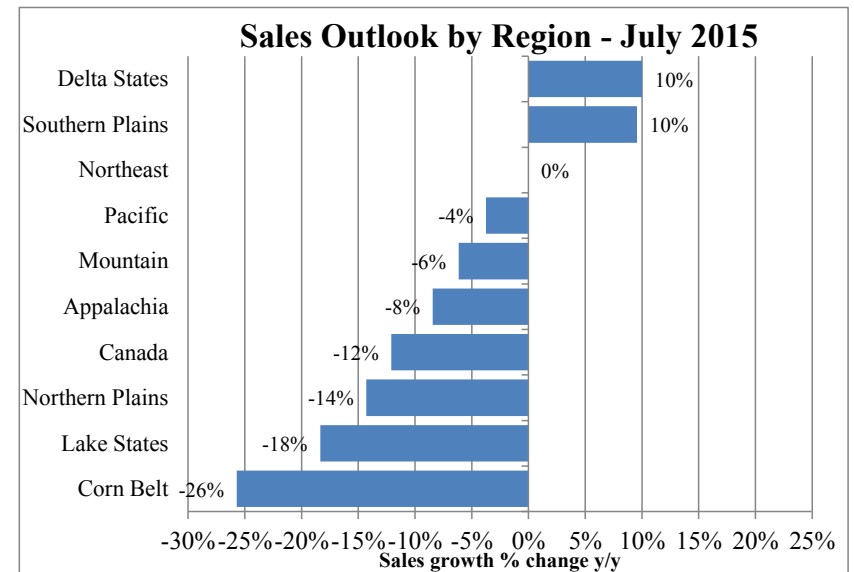
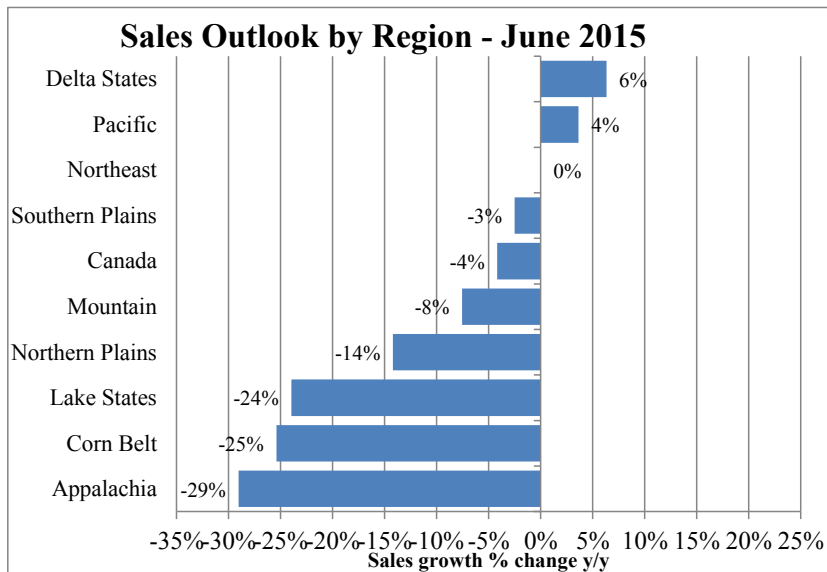
Source: Cleveland Research, AEI

Geography	Deere	CNH Industrial	AGCO Corp.
N. America	Down ~25%	Tractors (0-5%); Combines (25-30%)	Down 5-10% (HHP down over 20%)
Western Europe	Down ~10%	Tractors (0-5%), Combines (5-10%)	Down 5-10%
Latin America	Down ~15-20%	Tractors (15-20%), Combines (25-30%)	Down ~20%
CIS or ROW	Down Significantly	na	na
Asia	Down Modestly	Tractors (10-15%), Combines (15-20%)	na

Source: Company reports, CRC estimates

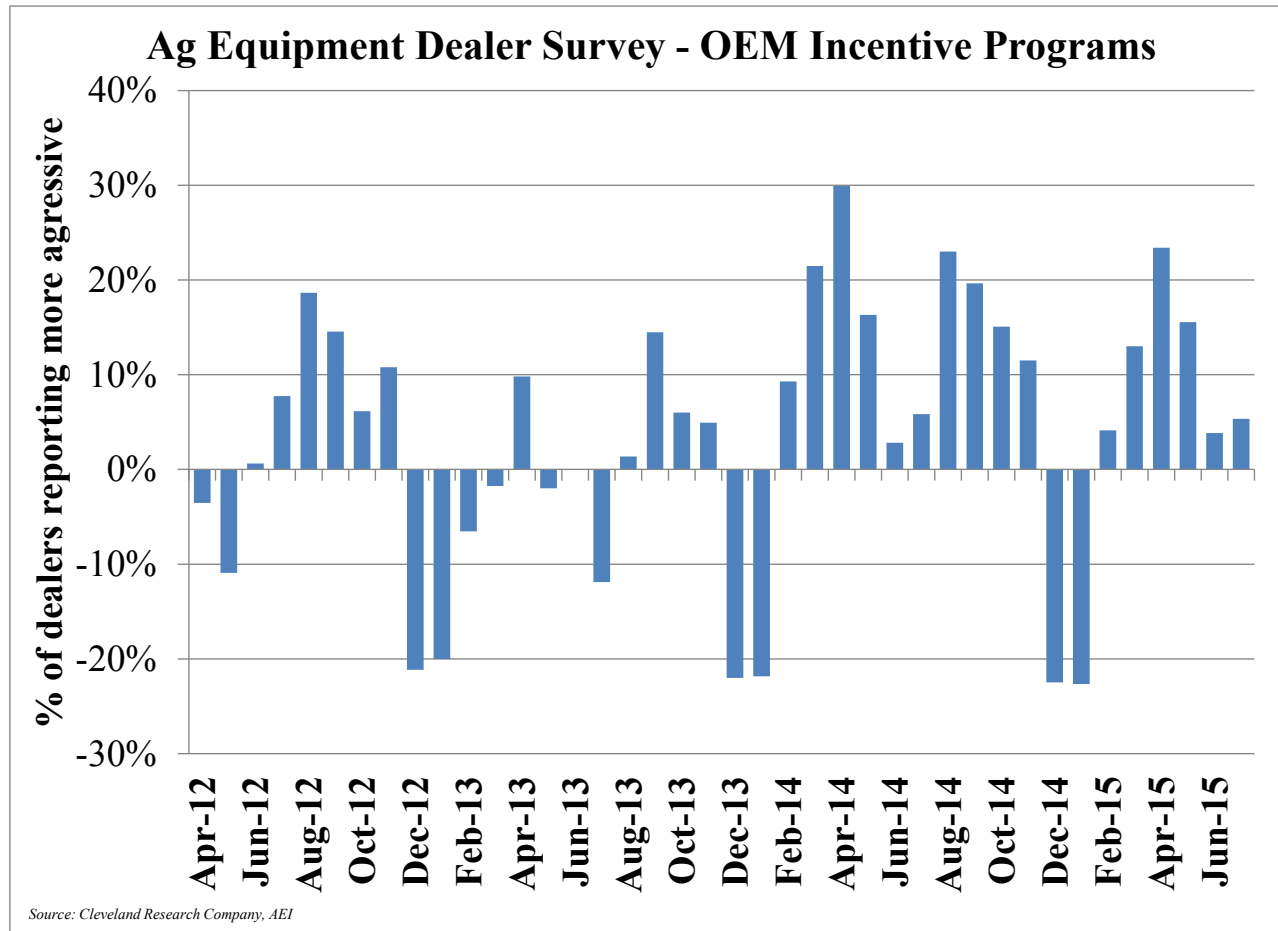
2015 Sales Outlook Continued

- The 2015 sales forecast remains mixed by region, with the Delta States and Southern plains expecting to show growth for the year, while the Corn Belt, Lake States, and Northern Plains continue to forecast negative sales growth.



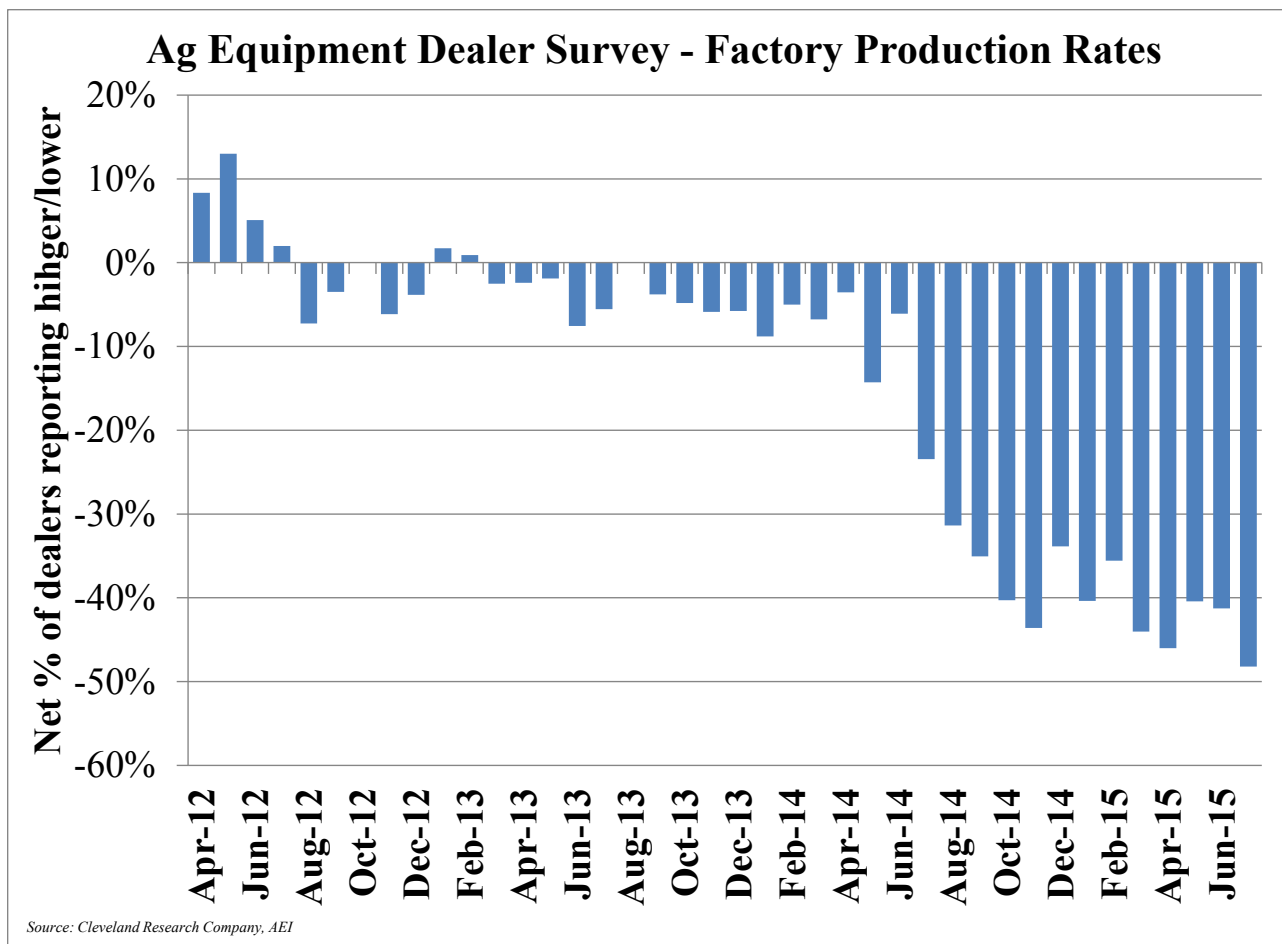
Current Manufacturer Incentive Programs

- OEM incentive programs were reported by dealers to be slightly more aggressive again in July by a net 5% of dealers vs. a net 4% of dealers in June.



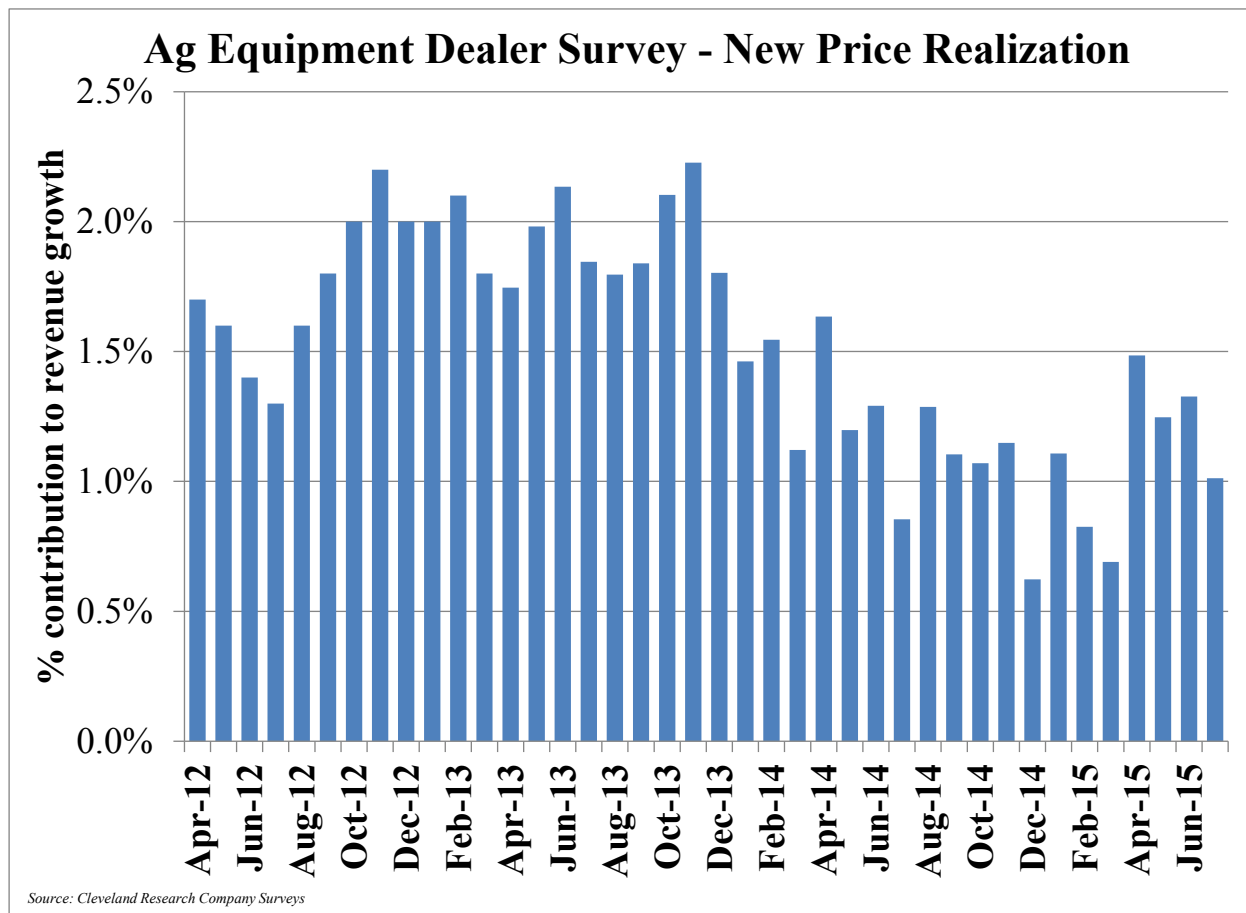
Factory Production

- A net 48% of dealers report OEM production rates are declining, similar to the last several month trend.



Pricing Trends

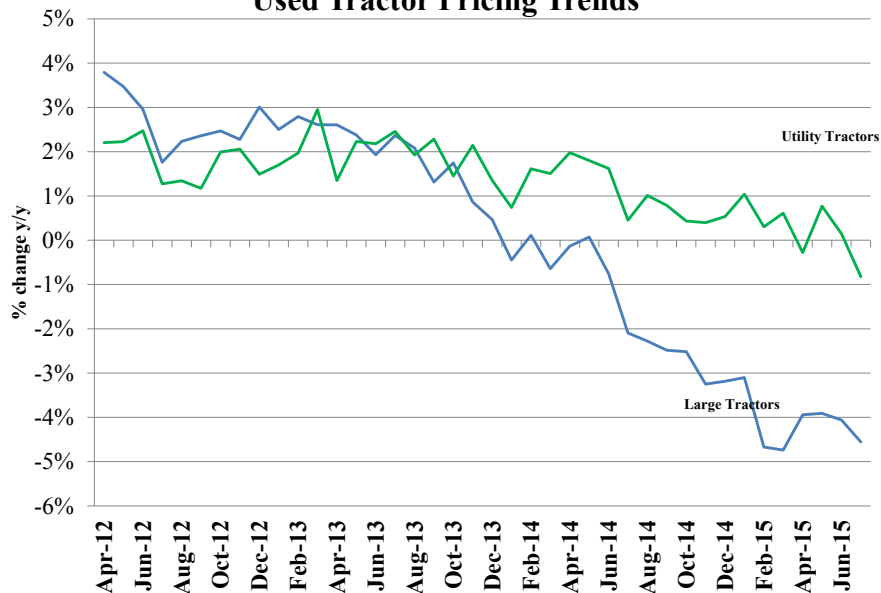
- Dealers report several OEMs pushed through small price increases in recent months, which pushed up the average new equipment price realization across the dealer sample to 1-1.5% over the last three months. Tier 4 final emissions related price increases are also noted as driving higher pricing recently.



Used Equipment Pricing

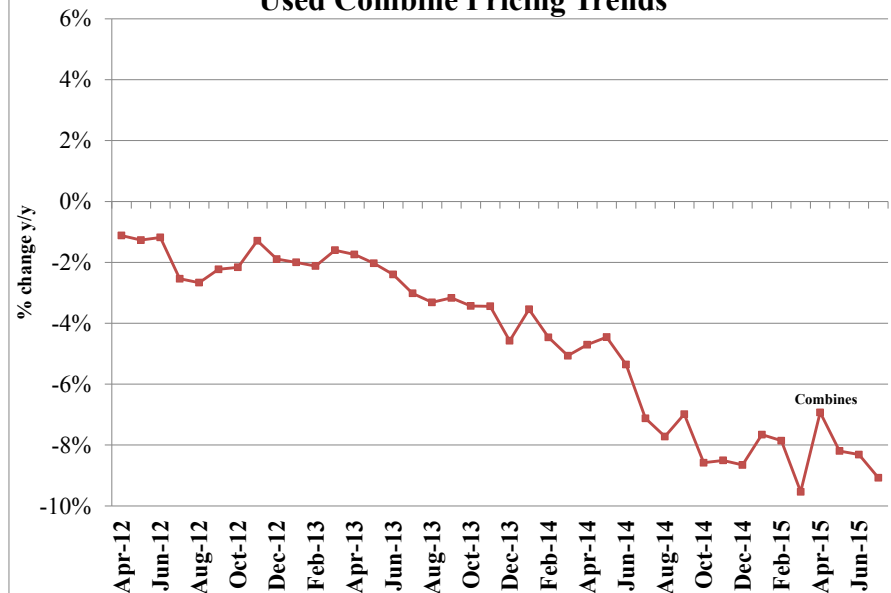
- Used large tractor pricing is reported down 4.5% on average y/y, a deterioration of 0.5% from the June results. July marks a return to negative pricing trends in utility tractors after several months of positive pricing.
- Used combine prices remain weak at down 9% on average, a 1% deterioration from June.

Used Tractor Pricing Trends



Source: Cleveland Research, AEI

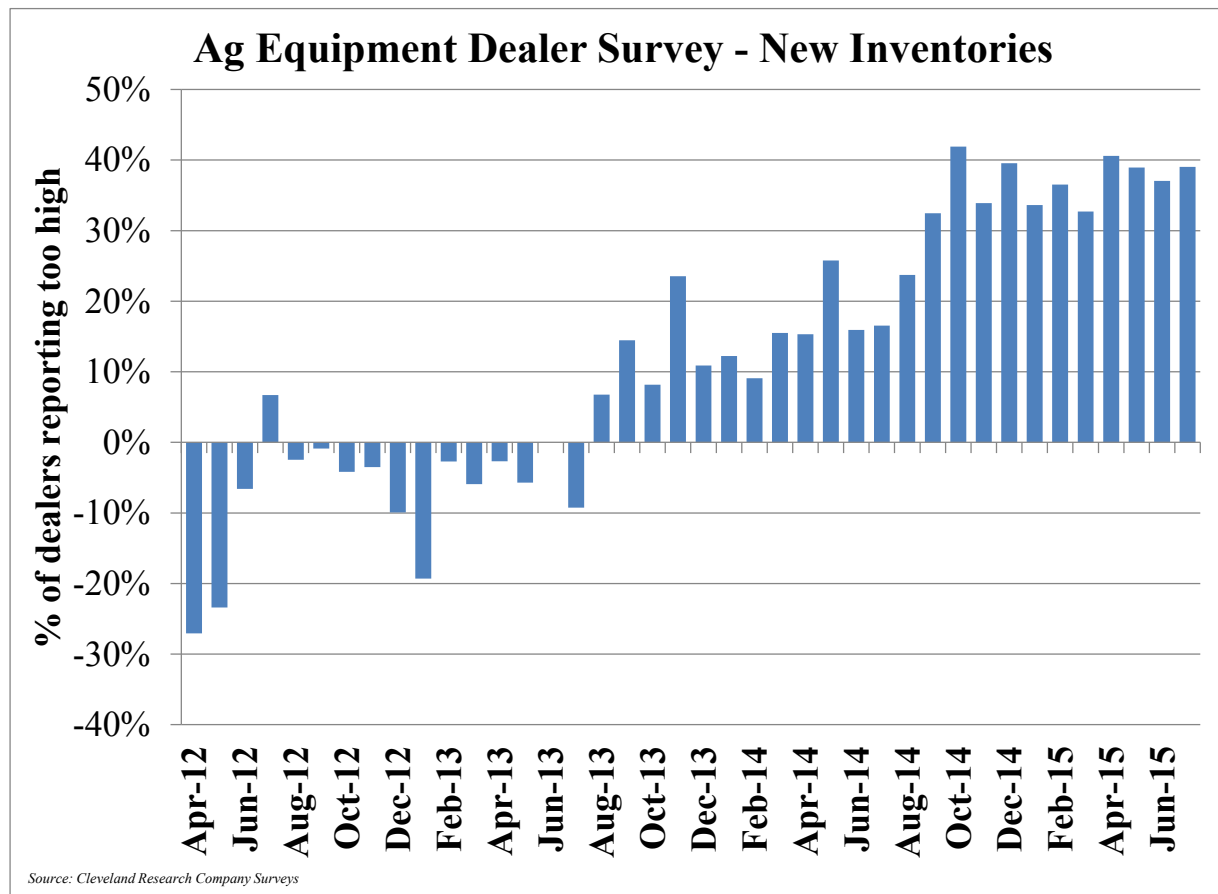
Used Combine Pricing Trends



Source: Cleveland Research, AEI

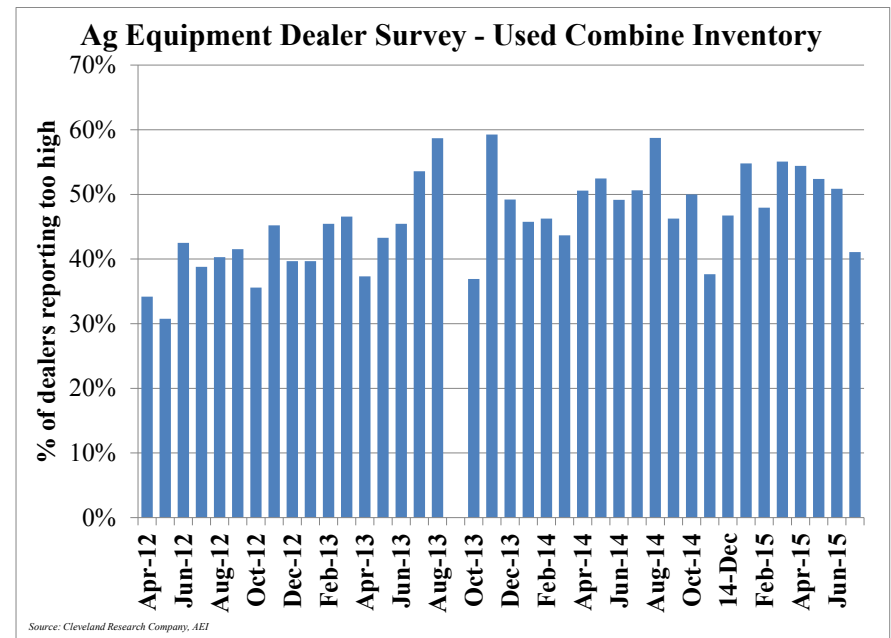
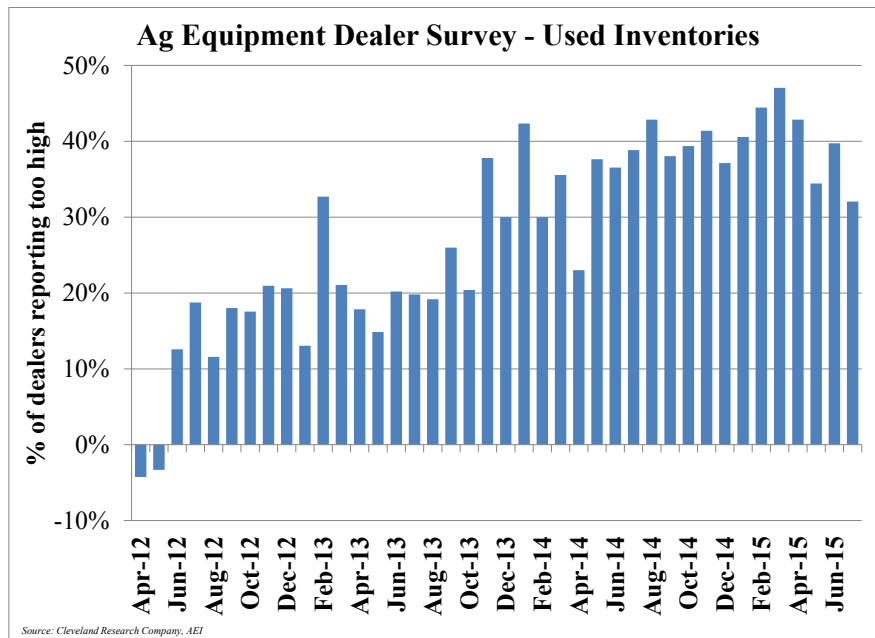
New Equipment Inventory Levels

- A net 39% of dealers reported new equipment inventories are too high, a slight decline from the July survey results. This marks the 11th month of new inventory levels reported as too high by more than a net 30% of dealers.



Used Equipment Inventory Levels

- Used equipment inventories were better in July with 32% of dealers reporting inventory was too high vs. 40% in June. Anecdotally, many dealers report their efforts to sell used inventory instead of new has been helpful in recent months, but inventories are still too heavy in specific product categories.
- The used combine inventory remains too high with over a net 40% of dealers reporting inventories are above where they would like them. However, this was the most favorable level seen in 2015.



North American Farm Equipment Industry Retail Sales

NORTH AMERICAN FARM EQUIPMENT RETAIL SALES														
	Units							% change year-over-year						
	< 40 HP	Utility	Row Crop	4-Wheel	Total Tractor	Row Crop & 4WD	Combines	< 40 HP	Utility	Row Crop	4-Wheel	Total Tractor	Row Crop & 4WD	Combines
May-13	17,189	6,239	3,483	554	27,465	4,037	883	27%	4%	20%	-9%	19%	15%	28%
Jun-13	13,449	6,363	3,272	541	23,625	3,813	1,123	8%	4%	27%	8%	9%	24%	18%
Jul-13	10,739	5,542	3,168	491	19,940	3,659	1,480	24%	15%	15%	-11%	19%	11%	10%
Aug-13	9,359	5,006	2,840	587	17,792	3,427	1,250	15%	11%	16%	0%	13%	13%	-16%
Sep-13	8,595	4,834	3,356	571	17,356	3,927	1,289	7%	7%	8%	-26%	6%	1%	-27%
Oct-13	9,644	6,687	5,938	1,225	23,494	7,163	1,665	-3%	-3%	5%	-18%	-2%	0%	-28%
Nov-13	5,646	3,871	2,646	643	12,806	3,289	897	9%	-3%	7%	2%	4%	6%	25%
Dec-13	7,623	6,903	4,919	960	20,405	5,879	1,538	-7%	10%	13%	7%	3%	12%	36%
Jan-14	4,755	4,152	3,303	631	12,841	3,934	824	1%	2%	12%	-7%	3%	8%	33%
Feb-14	5,308	3,745	2,423	575	12,051	2,998	526	4%	1%	-6%	-14%	0%	-8%	-15%
Mar-14	10,108	5,110	3,155	655	19,028	3,810	899	22%	3%	-9%	-7%	9%	-9%	-25%
Apr-14	14,191	6,010	3,752	745	24,698	4,497	996	2%	7%	-13%	-12%	0%	-13%	-13%
May-14	16,828	6,586	2,928	474	26,816	3,402	669	-2%	6%	-16%	-14%	-2%	-16%	-24%
Jun-14	15,245	6,488	2,733	408	24,874	3,141	837	13%	2%	-16%	-25%	5%	-18%	-25%
Jul-14	11,245	5,934	3,206	389	20,774	3,595	1,034	5%	7%	1%	-21%	4%	-2%	-30%
Aug-14	9,691	5,444	2,575	371	18,081	2,946	946	4%	9%	-9%	-37%	2%	-14%	-24%
Sep-14	11,333	6,193	3,276	492	21,294	3,768	1,142	32%	28%	-2%	-14%	23%	-4%	-11%
Oct-14	10,934	7,115	4,929	734	23,712	5,663	994	13%	6%	-17%	-40%	1%	-21%	-40%
Nov-14	5,857	4,177	1,891	354	12,279	2,245	450	4%	8%	-29%	-45%	-4%	-32%	-50%
Dec-14	8,142	7,520	3,749	514	19,925	4,263	931	7%	9%	-24%	-46%	-2%	-27%	-39%
Jan-15	5,382	4,506	3,124	220	13,232	3,344	384	13%	9%	-5%	-65%	3%	-15%	-53%
Feb-15	5,305	3,250	1,955	348	10,858	2,303	399	0%	-13%	-19%	-39%	-10%	-23%	-24%
Mar-15	9,735	4,851	2,547	500	17,633	3,047	470	-4%	-5%	-19%	-24%	-7%	-20%	-48%
Apr-15	16,624	6,461	3,131	430	26,646	3,561	664	17%	8%	-17%	-42%	8%	-21%	-33%
May-15	16,028	5,643	1,994	260	23,925	2,254	549	-5%	-14%	-32%	-45%	-11%	-34%	-18%
Jun-15	15,664	6,558	2,411	300	24,933	2,711	505	3%	1%	-12%	-26%	0%	-14%	-40%
Jul-15	14,342	7,097	2,473	272	24,184	2,745	807	28%	20%	-23%	-30%	16%	-24%	-22%

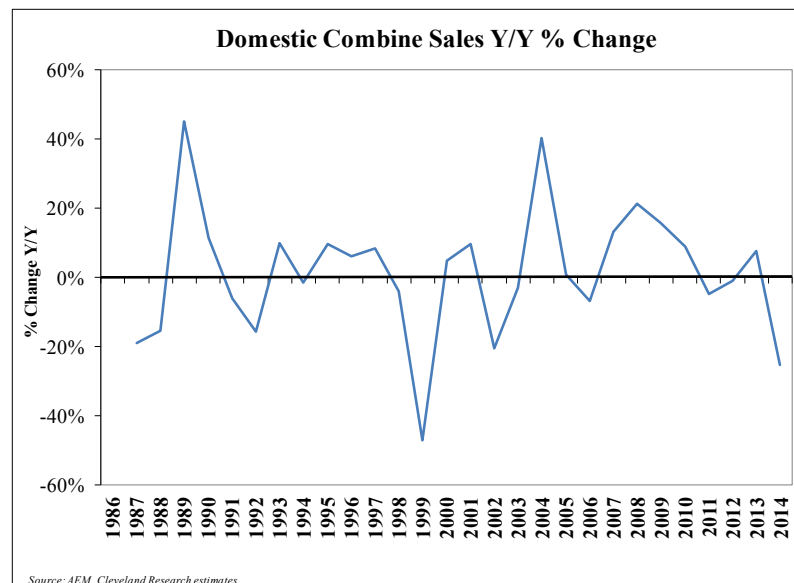
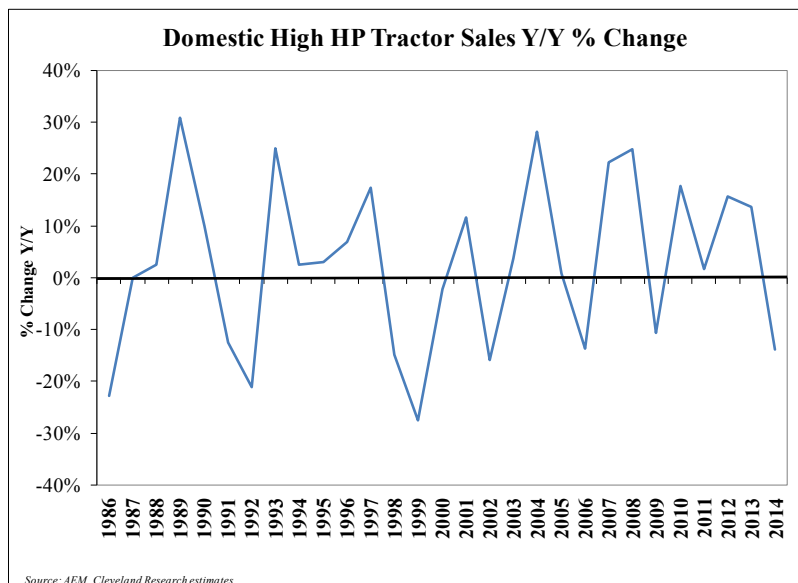
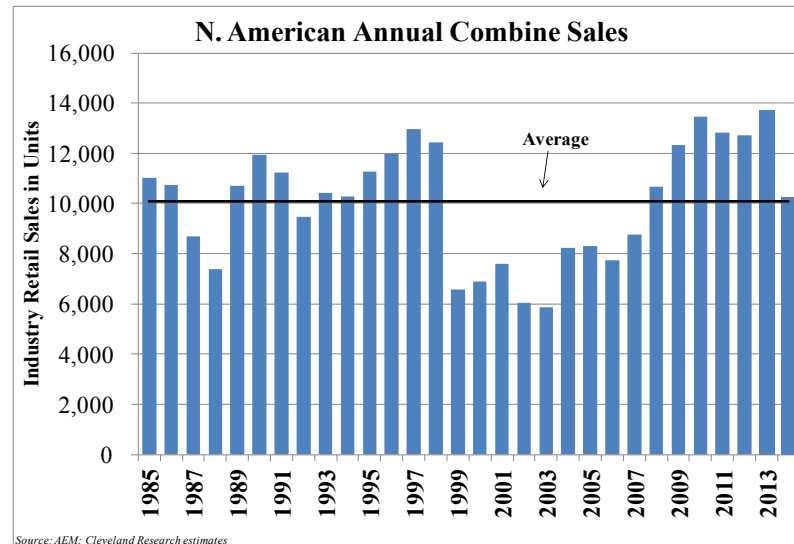
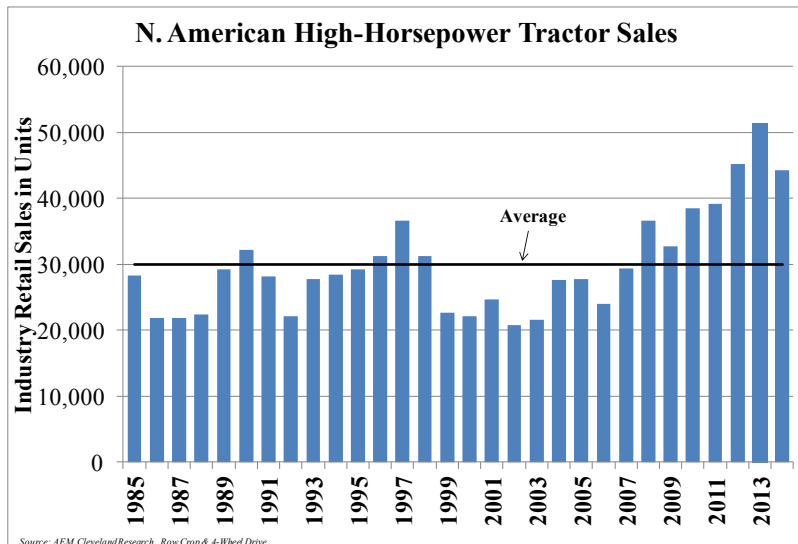
Source: AEM; Cleveland Research Company estimates. High hp tractors are row crop & 4-wheel drive.

North American Farm Equipment Industry Inventory

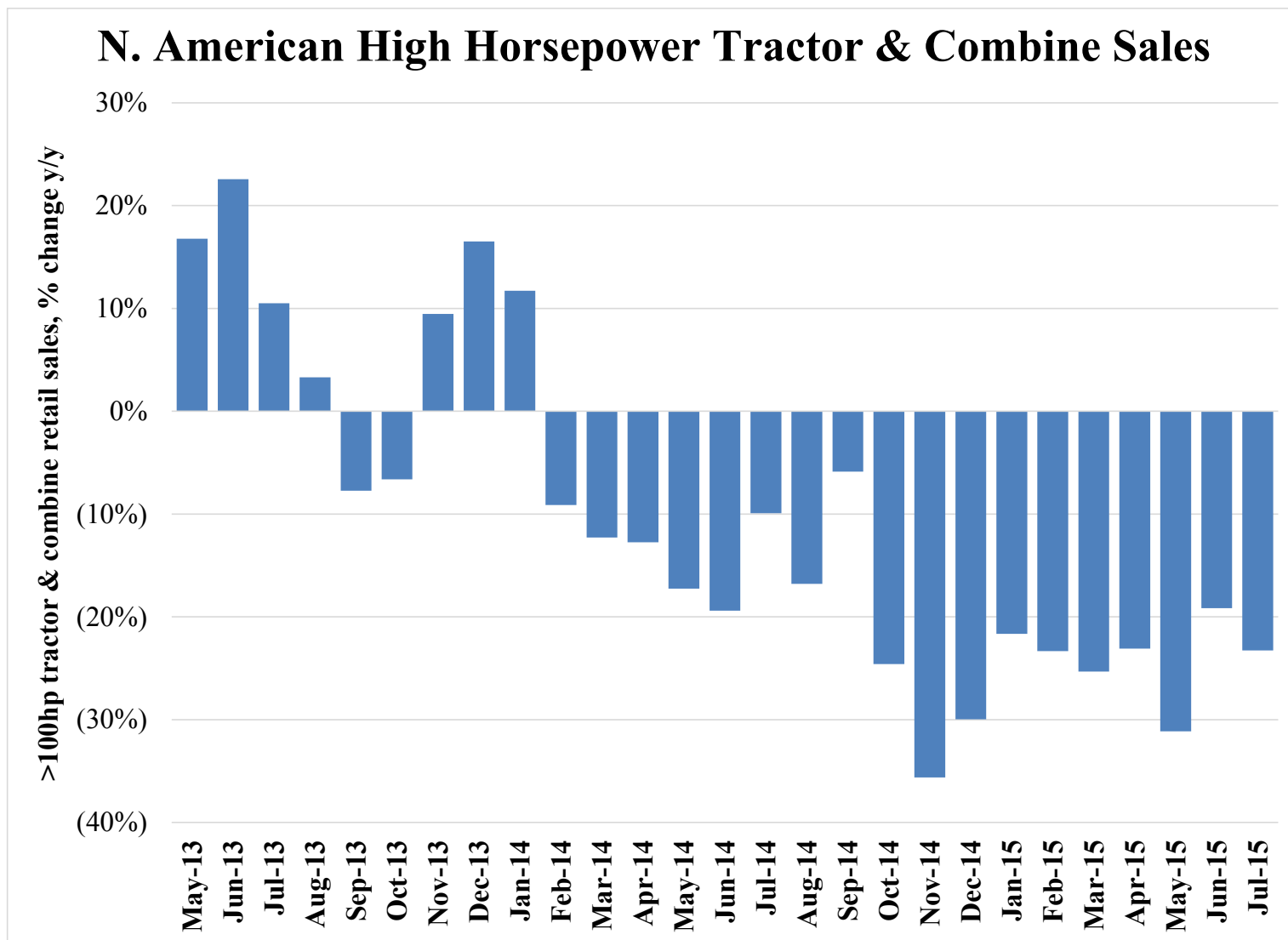
NORTH AMERICAN FARM EQUIPMENT INVENTORY														
	Inventory (Units)							Inventory to 12-mo. Sales						
	< 40 HP	Utility	Row Crop	4-Wheel	Total Tractor	Row Crop & 4WD	Combines	<40HP	Util	RC	4-WD	Total Tractor	Row Crop & 4WD	Comb
Apr-13	70,567	30,512	12,507	1,883	115,469	14,390	2,577	66%	50%	32%	21%	53%	30%	18%
May-13	65,268	30,400	13,202	2,068	110,938	15,270	2,866	59%	49%	33%	23%	50%	31%	20%
Jun-13	62,097	29,271	13,330	2,158	106,856	15,488	3,249	56%	47%	33%	24%	48%	31%	23%
Jul-13	59,174	29,628	14,138	2,177	105,117	16,315	3,208	52%	47%	34%	25%	47%	33%	22%
Aug-13	58,941	30,907	15,063	2,307	107,218	17,370	3,325	52%	49%	36%	26%	47%	34%	23%
Sep-13	60,787	31,714	15,372	2,507	110,380	17,879	3,255	53%	50%	37%	29%	48%	35%	24%
Oct-13	63,364	31,876	14,009	2,094	111,343	16,103	2,222	55%	50%	33%	25%	49%	32%	17%
Nov-13	67,922	33,406	14,847	2,312	118,487	17,159	2,343	59%	53%	35%	27%	52%	34%	18%
Dec-13	67,863	32,028	13,318	2,049	115,258	15,367	2,083	59%	50%	31%	24%	50%	30%	15%
Jan-14	69,111	33,240	12,620	2,028	116,999	14,648	1,681	60%	52%	29%	24%	51%	28%	12%
Feb-14	71,514	34,326	13,267	2,046	121,153	15,313	2,063	62%	54%	31%	25%	53%	30%	15%
Mar-14	71,249	35,256	14,058	2,218	122,781	16,276	2,456	61%	55%	33%	27%	53%	32%	18%
Apr-14	69,986	35,615	13,298	2,117	121,016	15,415	2,467	60%	55%	31%	26%	52%	31%	18%
May-14	66,364	34,755	13,505	2,255	116,879	15,760	2,734	57%	54%	32%	28%	51%	32%	21%
Jun-14	62,025	34,004	14,531	2,294	112,854	16,825	3,101	53%	52%	35%	29%	49%	34%	24%
Jul-14	61,829	34,393	14,836	2,159	113,217	16,995	3,144	52%	53%	36%	27%	49%	35%	25%
Aug-14	62,466	35,692	15,060	2,193	115,411	17,253	3,360	53%	54%	37%	29%	49%	36%	28%
Sep-14	61,811	35,926	16,185	2,399	116,321	18,584	2,891	51%	54%	40%	32%	49%	38%	24%
Oct-14	63,713	35,965	14,640	1,802	116,120	16,442	2,187	52%	53%	37%	25%	49%	35%	19%
Nov-14	67,691	37,110	14,840	1,652	121,293	16,492	2,046	55%	55%	38%	24%	51%	36%	19%
Dec-14	69,876	35,550	14,638	1,426	121,490	16,064	1,674	57%	52%	39%	22%	51%	36%	16%
Jan-15	73,716	35,405	13,934	1,439	124,494	15,373	1,713	59%	51%	37%	24%	53%	35%	17%
Feb-15	78,177	36,676	13,981	1,436	130,270	15,417	1,820	63%	54%	38%	25%	55%	36%	19%
Mar-15	81,662	37,881	14,179	1,346	135,068	15,525	2,040	66%	56%	39%	24%	58%	37%	22%
Apr-15	80,348	37,047	13,193	1,353	131,941	14,546	2,116	64%	54%	37%	26%	56%	35%	24%
May-15	78,880	37,037	13,177	1,400	130,494	14,577	2,058	63%	55%	38%	28%	56%	36%	23%
Jun-15	76,286	36,584	13,006	1,416	127,292	14,422	2,276	61%	54%	37%	29%	55%	36%	27%

Source: AEM; Cleveland Research Company estimates

Annual Agricultural Equipment Industry Sales (1985 - 2014)



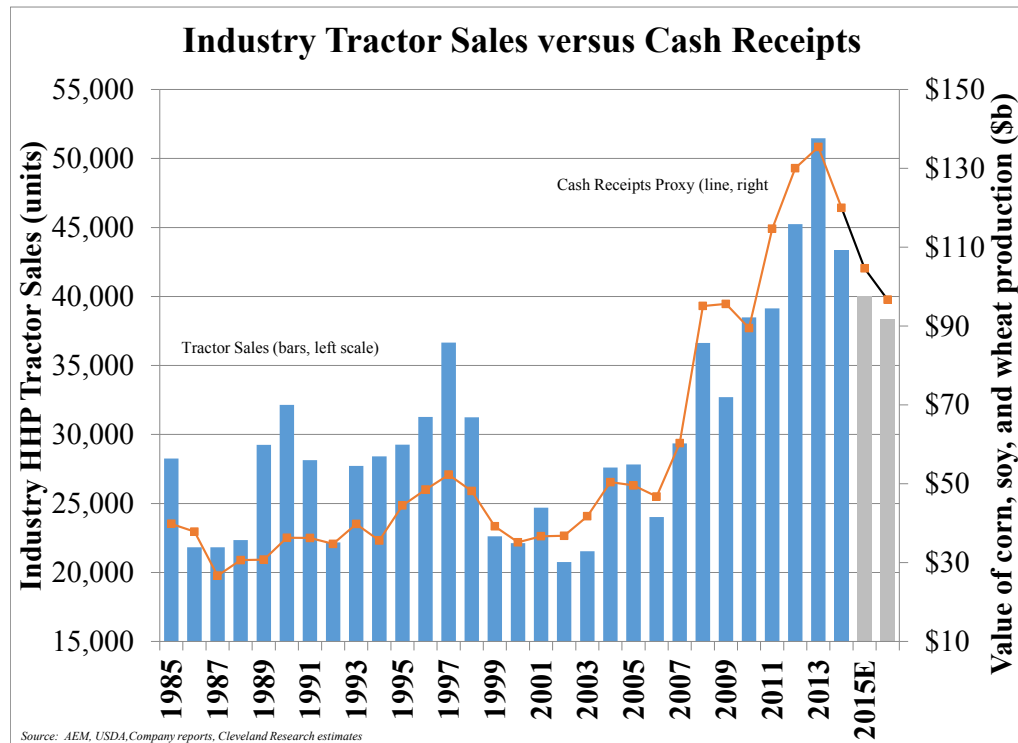
North America Large Ag Equipment Sales



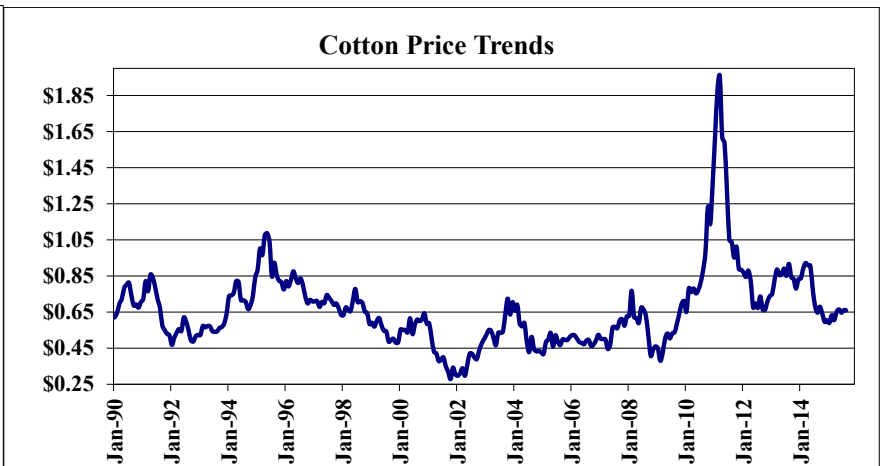
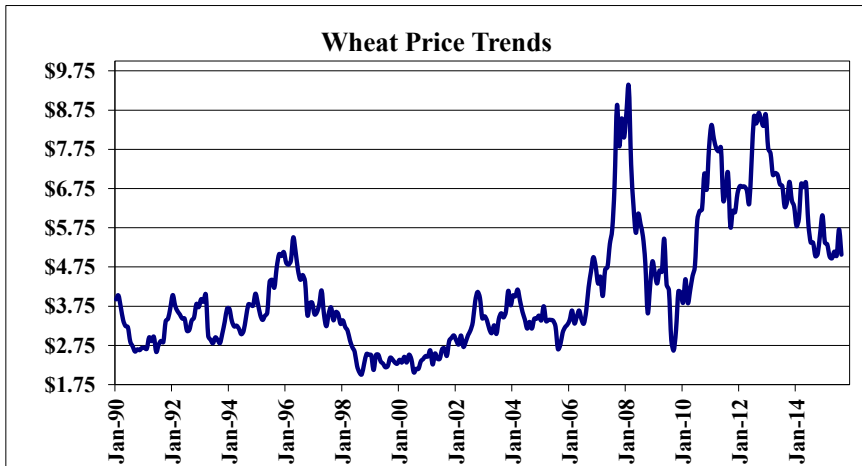
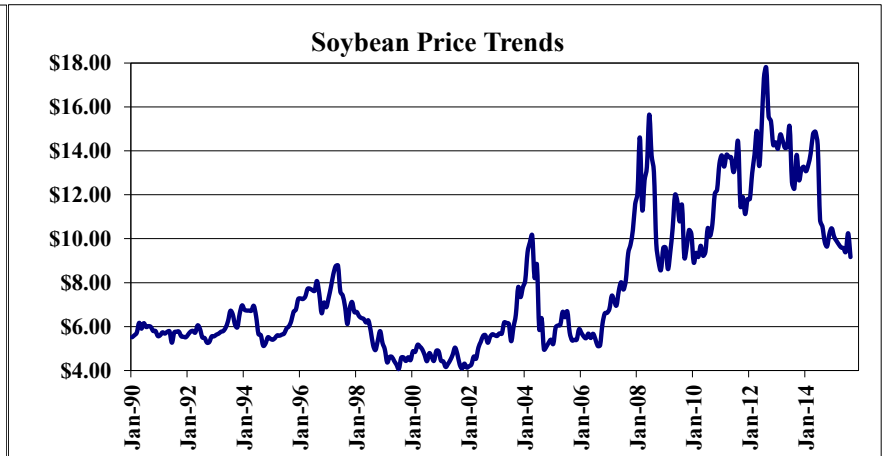
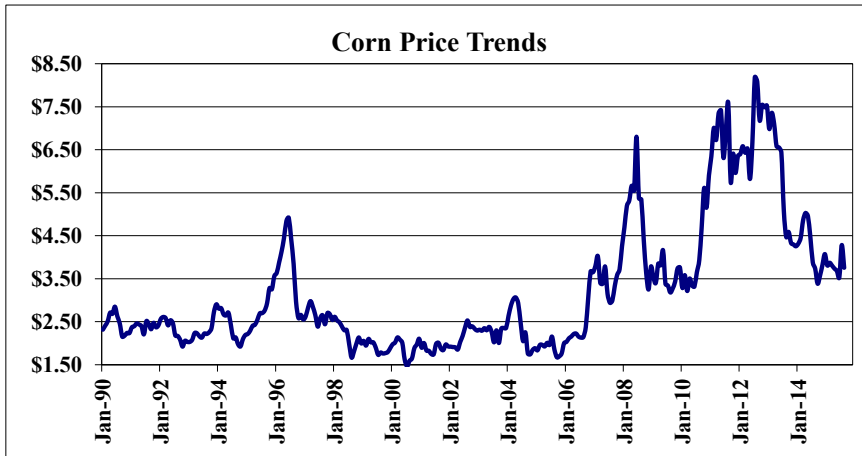
Commodity Prices – Cash Receipts vs. Next Year Equipment Sales

USDA's August WASDE Update Highlights – The following chart illustrates the historical relationship between the value of production of corn, soybeans, and wheat in the U.S. compared to annual industry sales of high horsepower tractors.

USDA's August crop report was negative for future industry tractor sales, with USDA decreasing its forecast season average price forecast by 2% to reflect weaker future prices recently, and increased its corn and soybean production forecasts by ~1%. Our cash receipts proxy now forecasts receipts down 8% y/y in 2015/2016 compared to the June forecast of down 6% and the 2014/2015 decline of 13%.



Long Term Commodity Price Trends



Commodity Trends – Long Run Supply and Demand Projections

US Corn, Soy, and Wheat Supply and Demand - Long Term Annual Forecast 2015

US Corn Balance Sheet - USDA Long Term Forecast (Feb 2015)

Millions of bushels	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Planted	88	92	97	95	91	88	90	90	90	90	90	89	89	89	89
Harvested	81	84	87	88	83	80	82	82	82	82	82	81	81	81	81
Yield (bu/acre)	153	147	123	159	173	167	169	171	173	175	177	179	181	183	185
Beginning Stocks (MM bu)	1,708	1,128	989	821	1,236	2,008	1,733	1,738	1,753	1,773	1,748	1,753	1,703	1,683	1,668
Production (MM bu)	12,447	12,360	10,780	13,925	14,407	13,445	13,940	14,105	14,270	14,355	14,520	14,595	14,760	14,920	15,085
Imports (MM bu)	28	29	162	35	25	25	25	25	25	25	25	25	25	25	25
Total Supply (MM bu)	14,183	13,517	11,931	14,781	15,668	15,478	15,698	15,868	16,048	16,153	16,293	16,373	16,488	16,628	16,778
Feed & Residual (MM Bu)	4,792	4,557	4,329	5,300	5,375	5,225	5,375	5,500	5,600	5,650	5,700	5,750	5,800	5,875	5,925
Food, Seed, & Industrial (excl. Ethanol)	1,407	1,428	1,403	1,435	1,385	1,420	1,435	1,440	1,450	1,455	1,465	1,470	1,480	1,485	1,495
Ethanol & By-Products	5,021	5,000	4,648	5,000	5,150	5,200	5,150	5,100	5,075	5,075	5,075	5,100	5,125	5,150	5,200
Exports	1,835	1,543	731	1,900	1,750	1,900	2,000	2,075	2,150	2,225	2,300	2,350	2,400	2,450	2,500
Total Use	13,054	12,528	11,111	13,635	13,660	13,745	13,960	14,115	14,275	14,405	14,540	14,670	14,805	14,960	15,120
Ending Stocks	1,128	989	820	1,146	2,008	1,733	1,738	1,753	1,773	1,748	1,753	1,703	1,683	1,668	1,658
Ending Stocks/Use	8.6%	7.9%	7.4%	8.4%	14.7%	12.6%	12.4%	12.4%	12.4%	12.1%	12.1%	11.6%	11.4%	11.1%	11.0%
Weeks Carryover	4.5	4.1	3.8	4.4	7.6	6.6	6.5	6.5	6.5	6.3	6.3	6.0	5.9	5.8	5.7
Average Farm Price (\$/bu)	\$5.18	\$6.22	\$6.89	\$4.55	\$3.50	\$3.40	\$3.50	\$3.50	\$3.50	\$3.55	\$3.55	\$3.60	\$3.65	\$3.70	\$3.75
Value of Production	\$64,475	\$76,879	\$74,274	\$63,359	\$50,425	\$45,713	\$48,790	\$49,368	\$49,945	\$50,960	\$51,546	\$52,542	\$53,874	\$55,204	\$56,569
% change y/y	39%	19%	-3%	-15%	-20%	-9%	7%	1%	1%	2%	1%	2%	3%	2%	2%

U.S. Soybean Balance Sheet - USDA Long Term Forecast (Feb 2015)

Millions of bushels	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Planted	77	75	77	77	84	84	79	78	78	79	79	79	79	79	79
Harvested	77	74	76	76	83	83	78	77	77	78	78	78	78	78	78
Yield Per Harvested Acre (Bushels)	44	42	40	43	48	46	47	47	47	48	48	49	49	50	50
Beginning Stocks	151	215	169	140	92	450	519	396	282	243	238	232	237	241	244
Production	3,329	3,094	3,034	3,289	3,958	3,820	3,630	3,620	3,655	3,715	3,750	3,810	3,845	3,885	3,920
Imports	14	16	36	90	15	15	15	15	15	15	15	15	15	15	15
Total Supplies	3,495	3,325	3,239	3,519	4,065	4,285	4,164	4,031	3,952	3,973	4,003	4,057	4,097	4,141	4,179
Crush	1,648	1,703	1,689	1,700	1,780	1,835	1,850	1,850	1,855	1,880	1,900	1,925	1,940	1,960	1,975
Exports	1,501	1,362	1,320	1,600	1,720	1,820	1,810	1,790	1,745	1,745	1,760	1,785	1,805	1,825	1,845
Seed & Residual	131	88	90	95	115	111	109	109	109	110	111	111	111	111	111
Total Use	3,280	3,155	3,099	3,395	3,615	3,766	3,769	3,749	3,709	3,735	3,771	3,821	3,856	3,896	3,931
Ending Stocks	215	169	140	124	450	519	396	282	243	238	232	237	241	244	248
Stocks/Use	6.6%	5.4%	4.5%	3.7%	12.4%	13.8%	10.5%	7.5%	6.6%	6.4%	6.2%	6.2%	6.3%	6.3%	6.3%
Average Price (\$/bu)	\$11.30	\$12.50	\$14.40	\$13.10	\$10.00	\$8.50	\$8.55	\$8.80	\$9.10	\$9.20	\$9.30	\$9.35	\$9.40	\$9.45	\$9.55
Value of Production	\$37,620	\$38,669	\$43,690	\$43,086	\$39,580	\$32,470	\$31,037	\$31,856	\$33,261	\$34,178	\$34,875	\$35,624	\$36,143	\$36,713	\$37,436
% change y/y	17%	3%	13%	-1%	-8%	-18%	-4%	3%	4%	3%	2%	2%	1%	2%	2%

Commodity Trends – Long Run Supply and Demand Projections (Cont.)

US Corn, Soy, and Wheat Supply and Demand - Long Term Annual Forecast 2015 (continued)

U.S. Wheat Balance Sheet - USDA Long Term Forecast (Feb 2015)

Millions of bushels	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Planted	54	54	56	56	57	56	53	53	53	53	53	52	52	52	52
Harvested	48	46	49	45	46	47	45	45	45	45	45	44	44	44	44
Yield Per Harvested Acre (Bushels)	46	44	46	47	44	46	46	47	47	47	48	48	49	49	49
Beginning Stocks	976	862	743	718	590	644	700	680	663	654	653	666	662	661	663
Production	2,207	1,999	2,266	2,130	2,026	2,155	2,075	2,075	2,090	2,105	2,125	2,115	2,135	2,145	2,165
Imports	97	112	123	170	170	150	155	160	165	170	175	180	185	190	195
Total Supplies	3,279	2,974	3,131	3,018	2,786	2,949	2,930	2,915	2,918	2,929	2,953	2,961	2,982	2,996	3,023
Food	926	941	945	950	960	967	974	981	988	995	1,002	1,009	1,016	1,023	1,030
Seed	71	76	73	74	76	72	71	71	71	71	70	70	70	70	70
Feed&residual	129	162	388	220	180	190	180	170	170	170	170	170	180	180	190
Exports	1,291	1,051	1,007	1,180	925	1,020	1,025	1,030	1,035	1,040	1,045	1,050	1,055	1,060	1,065
Total Use	2,417	2,231	2,414	2,424	2,141	2,249	2,250	2,252	2,264	2,276	2,287	2,299	2,321	2,333	2,355
Ending Stocks	862	743	718	593	644	700	680	663	654	653	666	662	661	663	668
Stocks/Use	35.7%	33.3%	29.7%	24.5%	30.1%	31.1%	30.2%	29.4%	28.9%	28.7%	29.1%	28.8%	28.5%	28.4%	28.4%
Average Price (\$/bu)	\$5.70	\$7.24	\$7.77	\$6.87	\$5.90	\$5.00	\$4.65	\$4.75	\$4.80	\$4.80	\$4.80	\$4.80	\$4.85	\$4.85	\$4.85
Value of Production	\$12,579	\$14,475	\$17,607	\$14,631	\$11,953	\$10,775	\$9,649	\$9,856	\$10,032	\$10,104	\$10,200	\$10,152	\$10,355	\$10,403	\$10,500
% change y/y	16%	15%	22%	-17%	-18%	-10%	-10%	2%	2%	1%	1%	0%	2%	0%	1%

Total Acreage and Value of U.S. Corn, Soy and Wheat Production - USDA February 2015 Projection

	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Total Corn, Soy, Wheat															
Planted (mm acres)	219	221	230	228	232	228	222	221	221	221	221	220	220	220	220
Harvested (mm acres)	206	204	213	209	213	211	205	204	204	204	204	204	204	204	204
Yield (bu/acre)	87	86	76	93	96	92	96	97	98	99	100	101	102	103	104
Production	17,983	17,453	16,080	19,344	20,391	19,420	19,645	19,800	20,015	20,175	20,395	20,520	20,740	20,950	21,170
Average Price (\$/bu)	\$6.38	\$7.45	\$8.43	\$6.26	\$5.00	\$4.58	\$4.55	\$4.60	\$4.66	\$4.72	\$4.74	\$4.79	\$4.84	\$4.88	\$4.94
Value of Production	\$114,675	\$130,024	\$135,571	\$121,076	\$101,958	\$88,958	\$89,475	\$91,080	\$93,238	\$95,242	\$96,621	\$98,318	\$100,372	\$102,321	\$104,505
% change y/y	28%	13%	4%	-11%	-16%	-13%	1%	2%	2%	2%	1%	2%	2%	2%	2%

U.S. Acreage Planted Per Crop Year

