

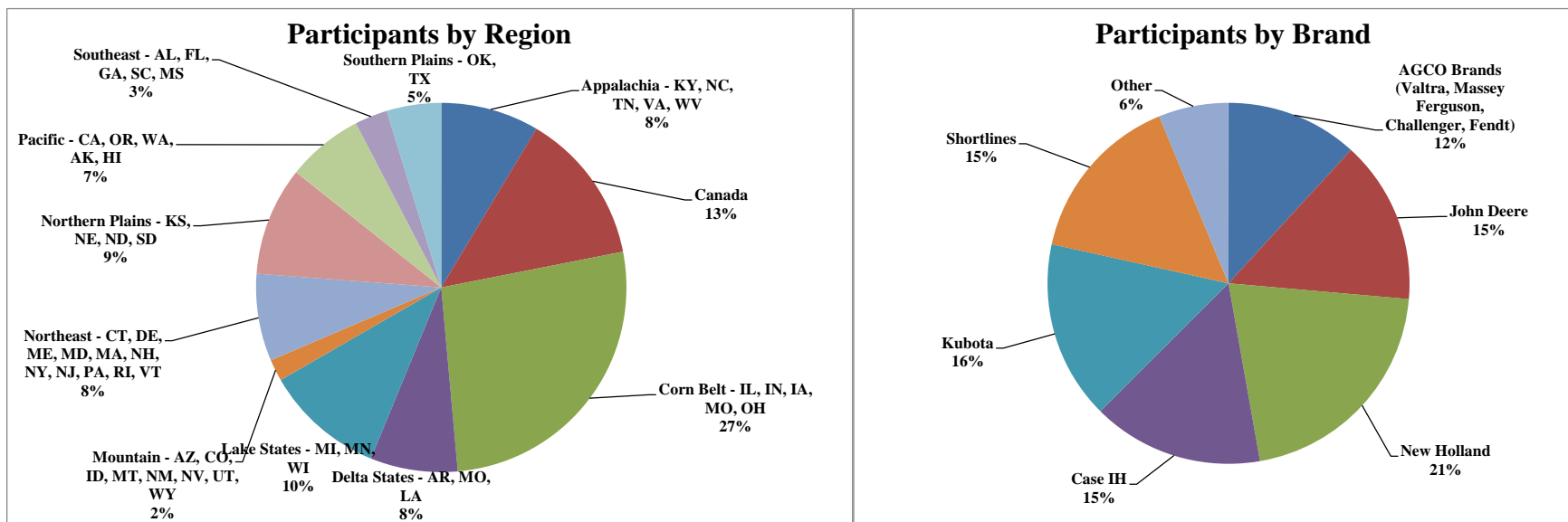
# ***Ag Equipment Intelligence***

March 2015 Dealer Sentiments &  
Business Conditions Update

# Monthly Ag Equipment Intelligence North American Dealer Survey

## Background:

- We are pleased to announce the results of the March Ag Equipment Intelligence survey conducted in partnership with Cleveland Research Company. We hope this monthly survey will provide valuable and timely insight into industry trends and fundamentals.
- The March survey had ~108 respondents representing combined annual revenues of roughly \$4.3 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.



## Highlights / Summary Thoughts

- **Industry Sales Down 12% y/y in February** – Dealers reported sales were down 12% on average in February, softer than the 11% sales decline in January. A net 14% of dealers missing their sales budgets for the month.
- **Orders Down 15% y/y in February vs down 12% Last Month** – Orders for the month were reported down 15% y/y on average, a deterioration from the 12% average order decline in both December and January.
- **Dealers Cut 2015 Sales Outlook to Down 15%** – Dealers are now expecting sales to decline 15% for the full year on average, down from the 11% decline forecast last month.
- **New and Used Equipment Inventories Remain “Too High”** – A net 37% of dealers report new inventory as “too high” compared to a net 34% last month, consistent with the last four month trend. However, a net 44% of dealers reported used equipment inventory as “too high” this month, above the net 41% level last month and the highest level in our survey history.

# Monthly Sales Growth

- Dealers report average sales were down 12% y/y in February, a deterioration from the 11% decline reported last month.
- Sales were slightly below dealer expectations, with a net 14% of dealers missing their sales budgets for the month, down from the relatively inline sales performance over the prior two months.

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

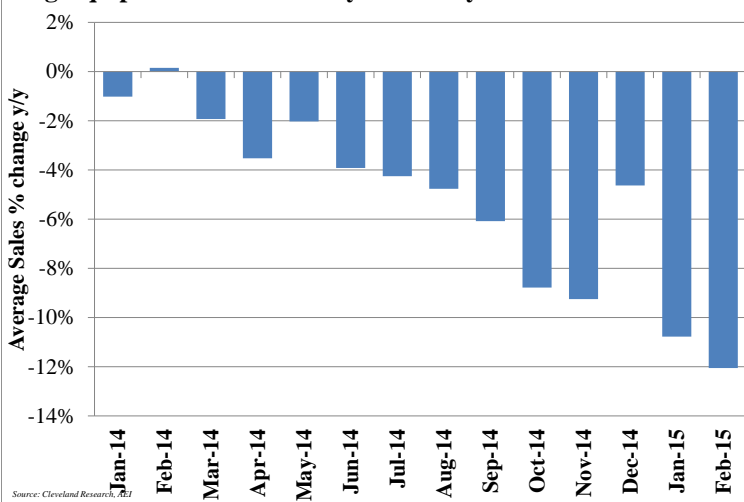
| % Change y/y     | Jan-14     | Feb-14    | Mar-14     | Apr-14     | May-14     | Jun-14     | Jul-14     | Aug-14     | Sep-14     | Oct-14     | Nov-14     | Dec-14     | Jan-15      | Feb-15      |
|------------------|------------|-----------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|-------------|-------------|
| <b>Overall</b>   | <b>-1%</b> | <b>0%</b> | <b>-2%</b> | <b>-4%</b> | <b>-2%</b> | <b>-4%</b> | <b>-4%</b> | <b>-5%</b> | <b>-6%</b> | <b>-9%</b> | <b>-9%</b> | <b>-5%</b> | <b>-11%</b> | <b>-12%</b> |
| By Brand         | Jan-14     | Feb-14    | Mar-14     | Apr-14     | May-14     | Jun-14     | Jul-14     | Aug-14     | Sep-14     | Oct-14     | Nov-14     | Dec-14     | Jan-15      | Feb-15      |
| AGCO             | -3%        | 0%        | -2%        | -3%        | 1%         | -3%        | 4%         | -3%        | 4%         | 5%         | 5%         | -13%       | -12%        | 3%          |
| John Deere       | -2%        | 2%        | 0%         | -3%        | -2%        | -3%        | -6%        | -4%        | -6%        | -11%       | -8%        | -3%        | -10%        | -21%        |
| New Holland      | -1%        | -2%       | -2%        | -4%        | -10%       | 2%         | -2%        | -3%        | 0%         | 0%         | -9%        | -1%        | -4%         | -6%         |
| Case IH          | 0%         | -2%       | -6%        | -5%        | -1%        | -10%       | -5%        | -9%        | -13%       | -15%       | -14%       | -6%        | -19%        | -11%        |
| Kubota           | 6%         | -3%       | 1%         | -1%        | -1%        | 2%         | 0%         | -2%        | 1%         | 1%         | -8%        | -6%        | -10%        | 5%          |
| Shortlines/Other | 6%         | 0%        | 0%         | 1%         | 3%         | -2%        | 3%         | 5%         | 5%         | 5%         | -1%        | 1%         | -8%         | -14%        |

**N. American Farm Equipment Dealer Survey - Sales Versus Expectations**

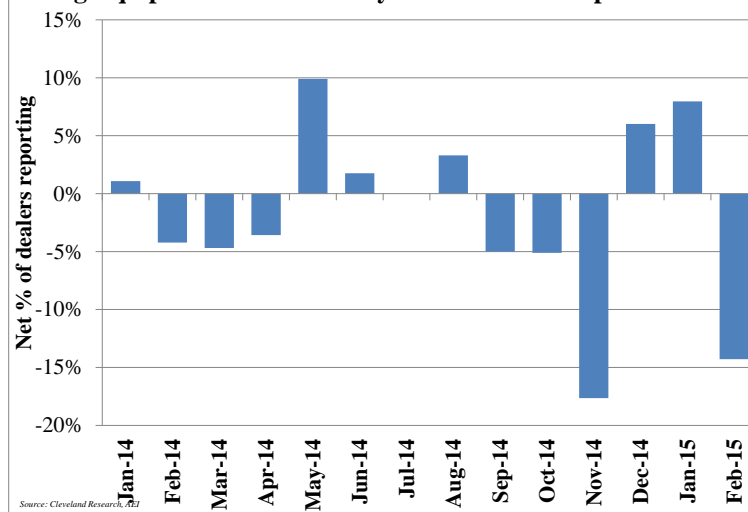
| % of Dealers Reporting        | Jan-14    | Feb-14     | Mar-14     | Apr-14     | May-14     | Jun-14    | Jul-14    | Aug-14    | Sep-14     | Oct-14     | Nov-14      | Dec-14    | Jan-15    | Feb-15      |
|-------------------------------|-----------|------------|------------|------------|------------|-----------|-----------|-----------|------------|------------|-------------|-----------|-----------|-------------|
| Better than expected          | 25%       | 20%        | 21%        | 21%        | 29%        | 25%       | 26%       | 28%       | 24%        | 22%        | 21%         | 29%       | 26%       | 13%         |
| In line with expectations     | 51%       | 55%        | 54%        | 54%        | 52%        | 53%       | 49%       | 47%       | 47%        | 51%        | 40%         | 47%       | 57%       | 59%         |
| Worse than expected           | 24%       | 25%        | 26%        | 25%        | 19%        | 23%       | 26%       | 25%       | 29%        | 27%        | 39%         | 23%       | 18%       | 28%         |
| <b>Net % (Better - Worse)</b> | <b>1%</b> | <b>-4%</b> | <b>-5%</b> | <b>-4%</b> | <b>10%</b> | <b>2%</b> | <b>0%</b> | <b>3%</b> | <b>-5%</b> | <b>-5%</b> | <b>-18%</b> | <b>6%</b> | <b>8%</b> | <b>-14%</b> |

# Monthly Sales Growth Continued

**Ag Equipment Dealer Survey - Monthly Sales Growth Trends**



**Ag Equipment Dealer Survey - Sales Versus Expectations**



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

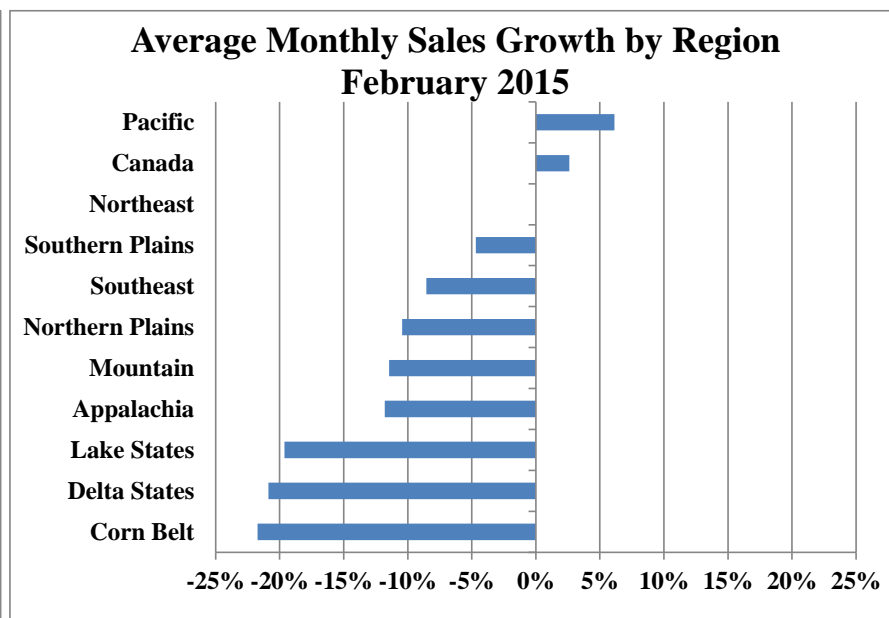
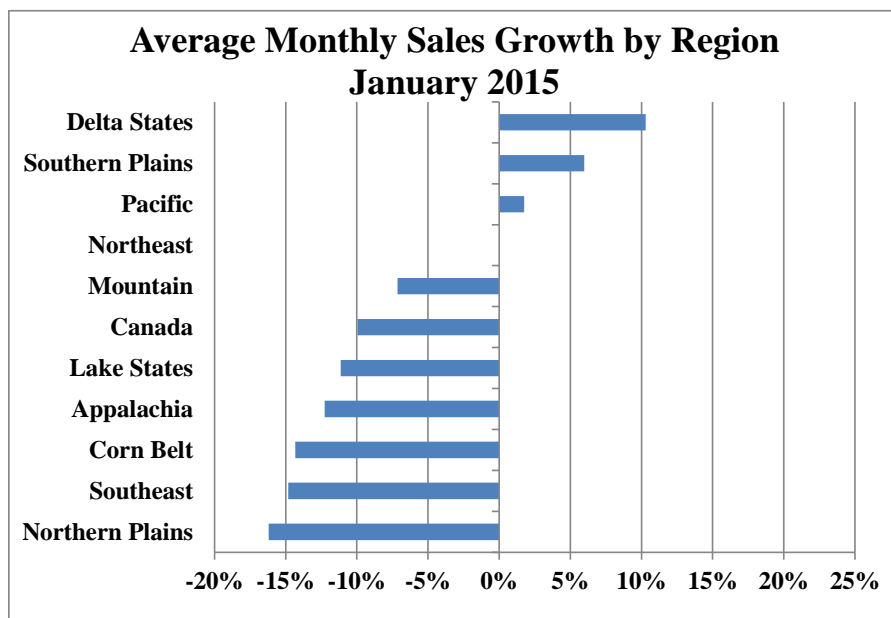
| % of Dealers Reporting        | Jan-14     | Feb-14    | Mar-14     | Apr-14     | May-14     | Jun-14     | Jul-14     | Aug-14     | Sep-14     | Oct-14     | Nov-14      | Dec-14      | Jan-15      | Feb-15      |
|-------------------------------|------------|-----------|------------|------------|------------|------------|------------|------------|------------|------------|-------------|-------------|-------------|-------------|
| Positive Sales Growth         | 40%        | 45%       | 49%        | 39%        | 50%        | 46%        | 42%        | 37%        | 37%        | 40%        | 27%         | 33%         | 26%         | 13%         |
| Flat Sales                    | 24%        | 17%       | 22%        | 20%        | 12%        | 18%        | 21%        | 22%        | 18%        | 14%        | 16%         | 16%         | 57%         | 59%         |
| Negative Sales Growth         | 36%        | 37%       | 29%        | 40%        | 39%        | 36%        | 37%        | 42%        | 46%        | 46%        | 58%         | 51%         | 18%         | 28%         |
| <b>Net % Reporting Growth</b> | <b>3%</b>  | <b>8%</b> | <b>20%</b> | <b>-1%</b> | <b>11%</b> | <b>11%</b> | <b>5%</b>  | <b>-5%</b> | <b>-9%</b> | <b>-6%</b> | <b>-31%</b> | <b>-19%</b> | <b>8%</b>   | <b>-14%</b> |
| <b>Average % Change y/y</b>   | <b>-1%</b> | <b>0%</b> | <b>-2%</b> | <b>-4%</b> | <b>-2%</b> | <b>-4%</b> | <b>-4%</b> | <b>-5%</b> | <b>-6%</b> | <b>-9%</b> | <b>-9%</b>  | <b>-5%</b>  | <b>-11%</b> | <b>-12%</b> |

**Optimism/Sentiment vs. Last Month**

| % of Dealers Reporting       | Jan-14      | Feb-14     | Mar-14    | Apr-14     | May-14     | Jun-14      | Jul-14      | Aug-14      | Sep-14      | Oct-14      | Nov-14      | Dec-14      | Jan-15      | Feb-15      |
|------------------------------|-------------|------------|-----------|------------|------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| More Optimistic              | 12%         | 24%        | 26%       | 24%        | 25%        | 23%         | 13%         | 12%         | 16%         | 8%          | 9%          | 12%         | 12%         | 9%          |
| Same                         | 52%         | 50%        | 51%       | 44%        | 45%        | 42%         | 45%         | 50%         | 46%         | 48%         | 38%         | 39%         | 52%         | 50%         |
| Less Optimistic              | 36%         | 26%        | 23%       | 32%        | 30%        | 35%         | 42%         | 38%         | 38%         | 44%         | 53%         | 49%         | 36%         | 41%         |
| <b>Net % Dealer Optimism</b> | <b>-23%</b> | <b>-1%</b> | <b>3%</b> | <b>-9%</b> | <b>-5%</b> | <b>-11%</b> | <b>-28%</b> | <b>-26%</b> | <b>-22%</b> | <b>-36%</b> | <b>-44%</b> | <b>-37%</b> | <b>-25%</b> | <b>-31%</b> |

# Monthly Sales Growth by Region

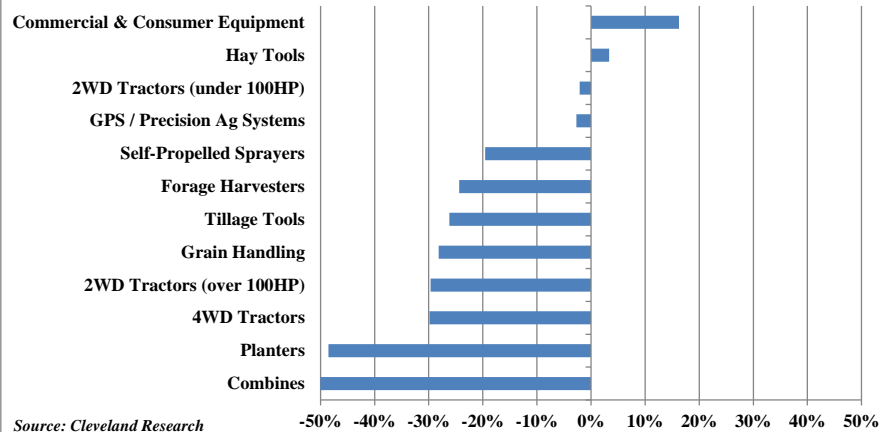
- Two of eleven regions showed positive average monthly sales growth in February vs three in January. Canada and the Pacific Northwest are the only regions reported as growing, while the Midwest, Delta States, and Corn Belt are reporting the largest revenue declines in February.
- Compared to last month, the Delta States continues to show volatility and deteriorated from last month along with the Southern plains, Lake States, and Corn Belt. Looking at sales trends over the last three months (to remove inherent volatility by region) sales growth deteriorated across the Southern Plains, Mountain States, Southeast, and Corn Belt, while demand improved across the Pacific Northwest.



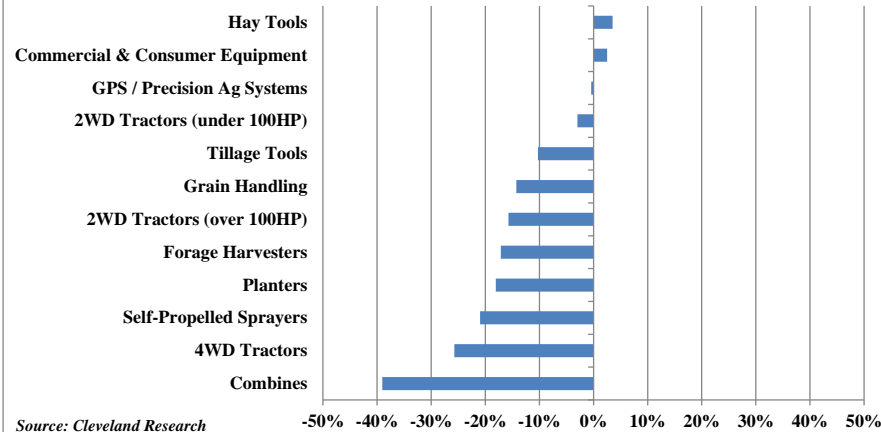
# Equipment Category Sales Trends

- Hay Tools and Commercial/Consumer Equipment remain the only product categories showing strong sales performance in February, similar to January's results. Combines remain the weakest product category, while 4 wheel drive tractors are also very weak.
- Relative to last month, most end markets were relatively similar to January. Commercial/Consumer Equipment deteriorated relative to January, while Combines and Planters had “less worse” performance.

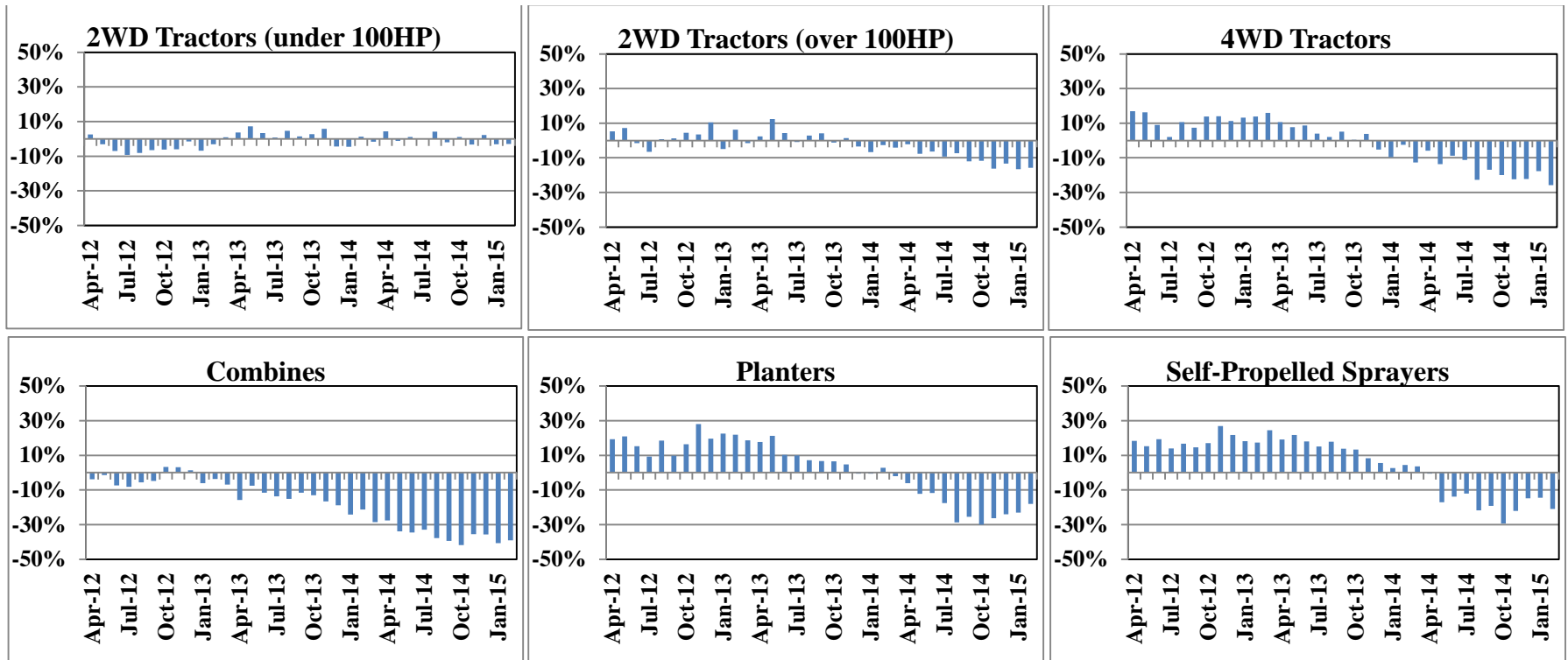
**Product Category Ranking (Net % Strong - Weak)  
January 2015**



**Product Category Ranking (Net % Strong - Weak)  
February 2015**

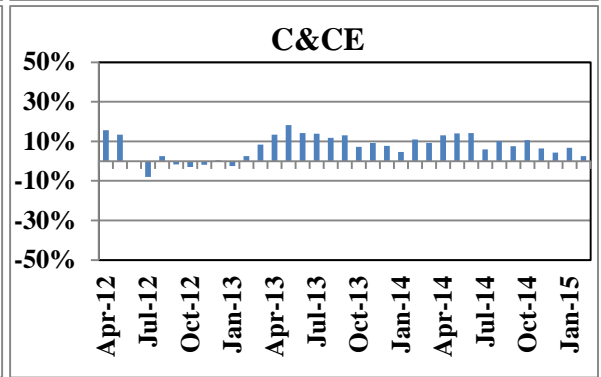
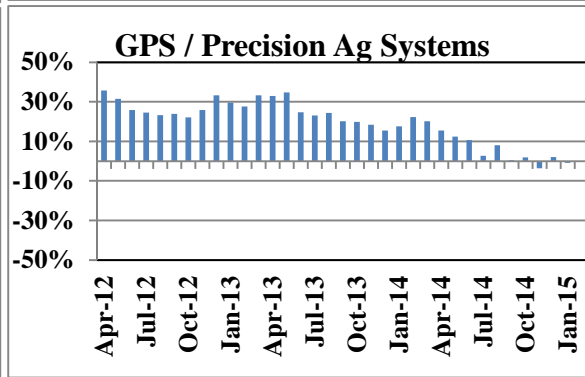
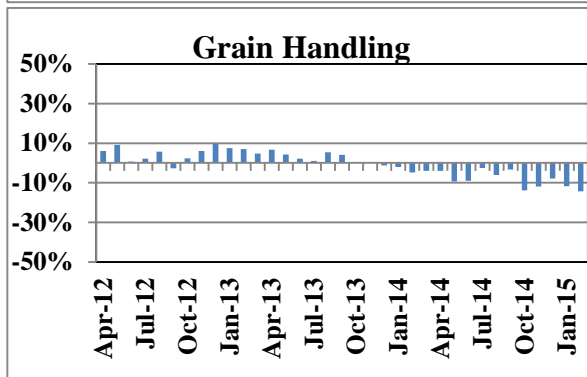
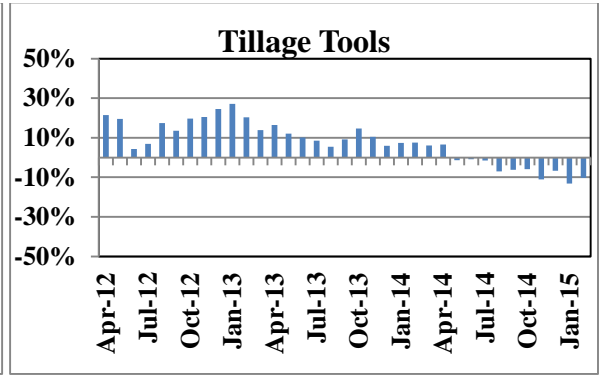
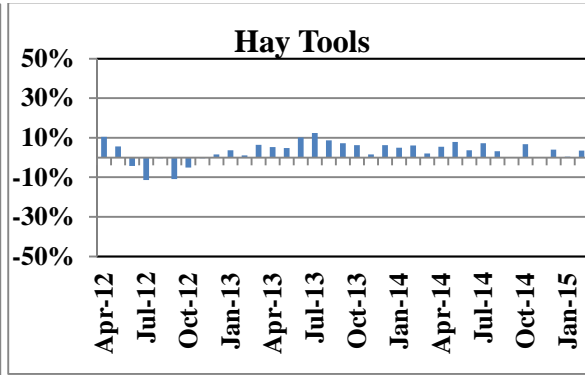
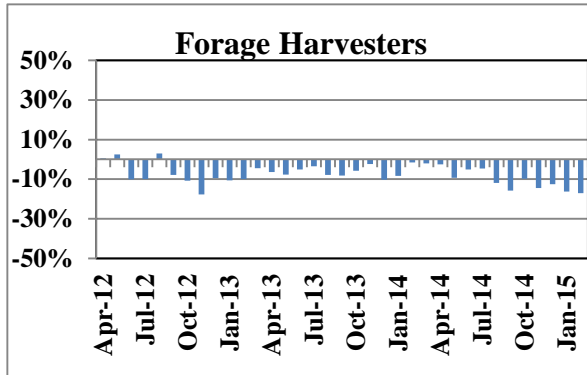


# Equipment Category Sales Trends





# Equipment Category Sales Trends (Continued)



## Most Interesting Commentary - Monthly Sales and Outlook

- *My shortline manufacturers are still living in the fantasyland that there is a never ending demand for their product. And dealers should order more, expect less from the manufacturer, and pay for it sooner.*
- *They started out the year trying to hold the line on incentives and reduce them. Lasted about two months and now we are back in the same game as before with discounts changing and increasing almost daily.*
- *We are less optimistic due to glut of used.*
- *Most of the farmers are repairing rather than replacing.*
- *We are less optimistic to date due to the fact in this area we are anticipating some weather related decrease as we have much less snow cover than in recent history resulting in some pessimistic outlook by our producers. Cost increases also are a large factor in this scenario because of manufacturer hefty price increases and the pressure from the Canadian dollar.*
- *It seems that there is little interest in equipment right now. Unless there is a rally in crop prices I feel my sales will be significantly less than last year.*
- *The only shining star will be the beef/livestock folks.*
- *Right now outlook is less optimistic but a lot of factors could change things such as late spring, weather, yields, crop prices, etc. Earlier I was expecting a 5-8% increase for the year. Now I feel I will be fortunate to sell what I did last year*
- *Reduced demand from cash crop growers, somewhat offset by cattle producers replacing mid-sized equipment. May also see some increase from hay producers. Farm prices*

# Monthly Order Trends

## Overall Orders

- Incoming orders declined 15% y/y on average in February, a deterioration from the 12% decline in January. Deere dealers reported the largest order decline at down 20% on average, while AGCO dealers reported the smallest order decline in the month at down 2% on average.

## New Combine Order Intentions

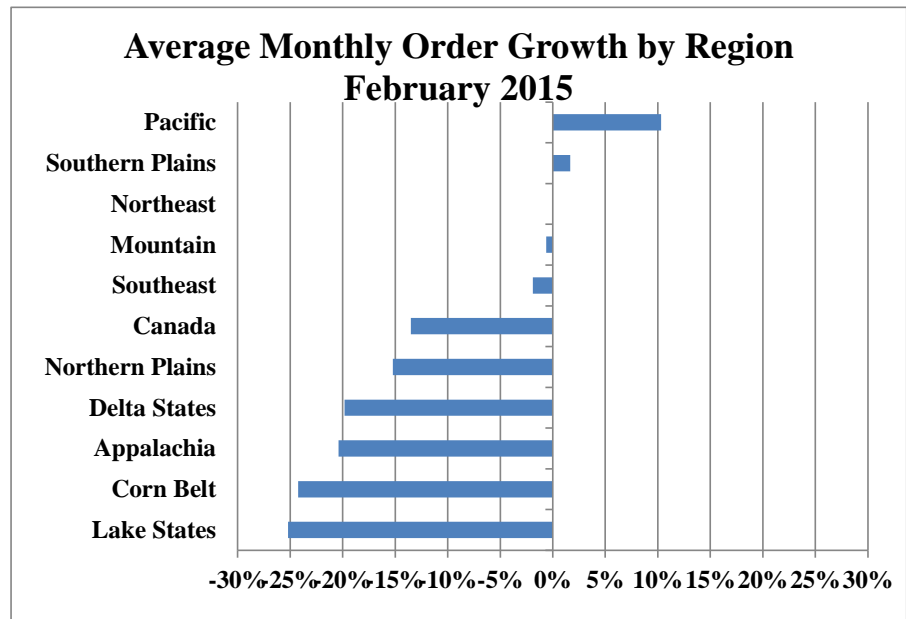
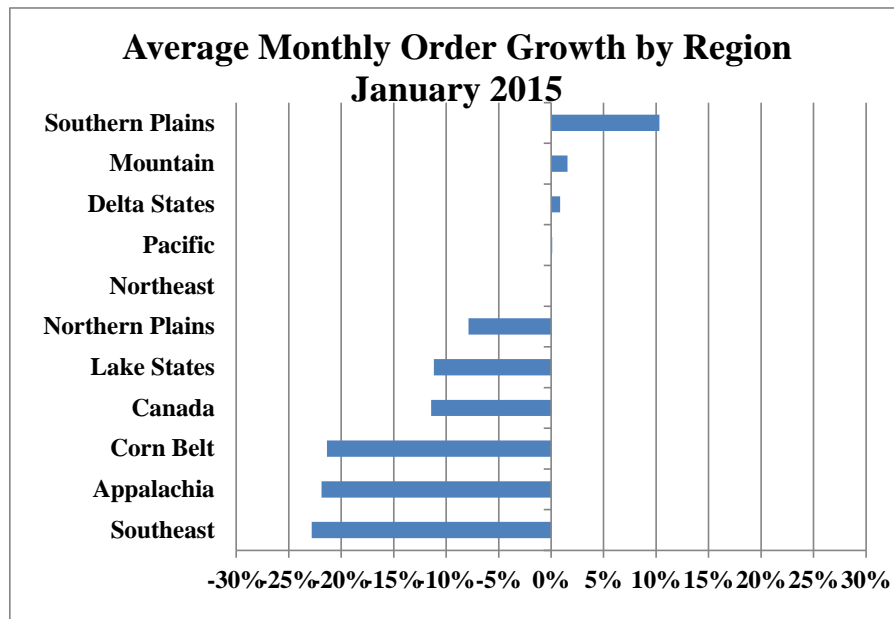
- A net 63% of dealers are planning to order fewer combines for 2015 in comparison to 2014, relatively similar to the last several months.

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

| New Combine Order Intentions vs. Last Year |             |             |             |             |             |             |             |             |             |             |             |             |             |             |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
|  | Jan-14      | Feb-14      | Mar-14      | Apr-14      | May-14      | Jun-14      | Jul-14      | Aug-14      | Sep-14      | Oct-14      | Nov-14      | Dec-14      | Jan-15      | Feb-15      |
| More                                       | 8%          | 10%         | 7%          | 9%          | 11%         | 6%          | 6%          | 10%         | 4%          | 3%          | 5%          | 1%          | 7%          | 6%          |
| Same                                       | 48%         | 44%         | 51%         | 50%         | 46%         | 43%         | 38%         | 30%         | 30%         | 29%         | 23%         | 34%         | 26%         | 26%         |
| Less                                       | 44%         | 46%         | 42%         | 41%         | 43%         | 51%         | 56%         | 60%         | 66%         | 68%         | 72%         | 65%         | 67%         | 69%         |
| <b>Net % (More- Less)</b>                  | <b>-36%</b> | <b>-37%</b> | <b>-35%</b> | <b>-32%</b> | <b>-32%</b> | <b>-44%</b> | <b>-50%</b> | <b>-51%</b> | <b>-62%</b> | <b>-64%</b> | <b>-67%</b> | <b>-63%</b> | <b>-60%</b> | <b>-63%</b> |

# Order Trends by Region

- Southern Plains and the Pacific Northwest are the only regions reporting order growth in February, while the Lake States, Corn Belt, and Appalachia continue to report the largest order declines in the month.
- Over the last three months, order growth has improved the most across the Southern Plains regions, while most other regions order declines have been relatively consistent with prior trend.



## Average Dealer Sales Outlook

- The average dealer outlook for 2015 is for sales down 15% y/y, down from the 11% decline forecast last month and the second consecutive decline in the full year outlook. Deere dealers cut the 2015 sales growth outlook by the most relative to last month's forecast to down 18% for the year vs down 11% last month.
- The second table below details the industry outlooks from Deere, Case IH/New Holland and AGCO.

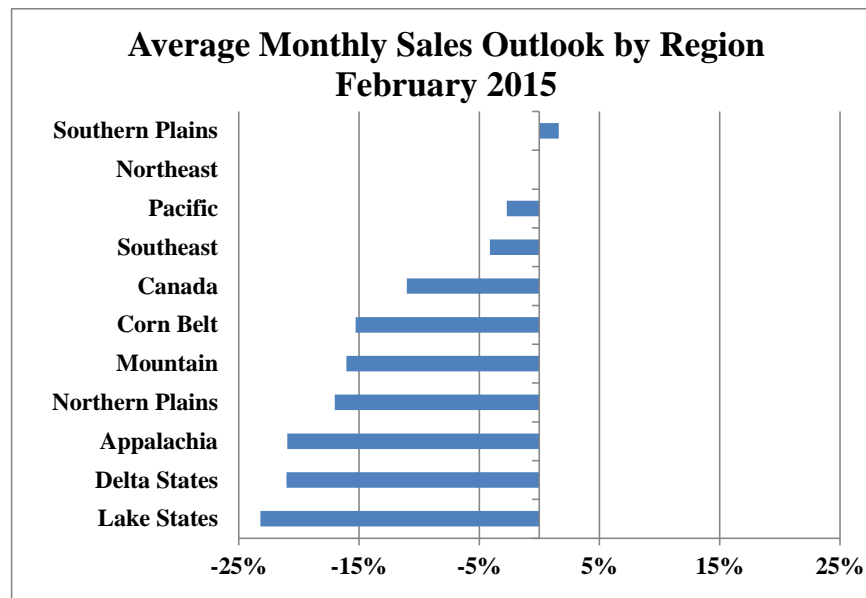
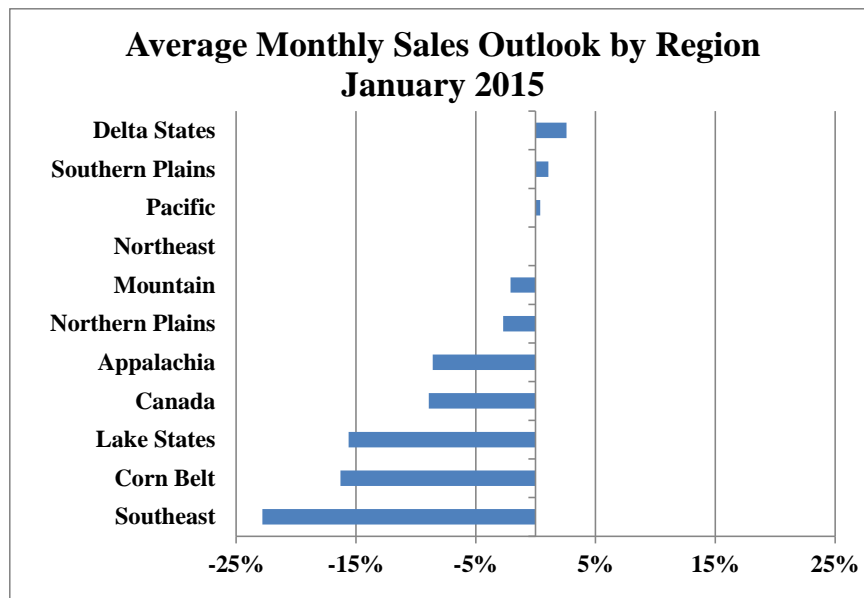
| N. American Farm Equipment Dealer Survey - Full Year Sales Forecast |              |             |             |            |             |             |
|---|--------------|-------------|-------------|------------|-------------|-------------|
| % change y/y  | 2015 Outlook |             |             |            |             |             |
|   | Sep-14       | Oct-14      | Nov-14      | Dec-14     | Jan-15      | Feb-15      |
| AGCO  | 6%           | 0%          | -9%         | 0%         | -10%        | -11%        |
| John Deere  | -12%         | -14%        | -9%         | -9%        | -11%        | -18%        |
| New Holland   | 9%           | -8%         | -10%        | -3%        | -6%         | -11%        |
| Case IH   | -12%         | -11%        | -16%        | -11%       | -14%        | -17%        |
| Kubota  | 7%           | -6%         | -14%        | -6%        | -11%        | -13%        |
| Shortlines/Other  | 1%           | -4%         | -16%        | -9%        | -7%         | -10%        |
| <b>Overall</b>  | <b>-9%</b>   | <b>-11%</b> | <b>-10%</b> | <b>-8%</b> | <b>-11%</b> | <b>-15%</b> |

| 2015 Ag Equipment Outlook - Deere, AGCO, CNH |                    |                                      |                                |
|--|--------------------|--------------------------------------|--------------------------------|
| Geography                                    | Deere              | CNH Industrial                       | AGCO Corp.                     |
| N. America                                   | Down 25-30%        | 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 ~10-15%       | Tractors (10-15%), Combines (15-20%) | Down ~10%                      |
| CIS or ROW                                   | Down Significantly | na                                   | na                             |
| Asia   | Down Slightly      | Tractors 0-5%, Combines (10-15%)     | na                             |

Source: Company reports, CRC estimates

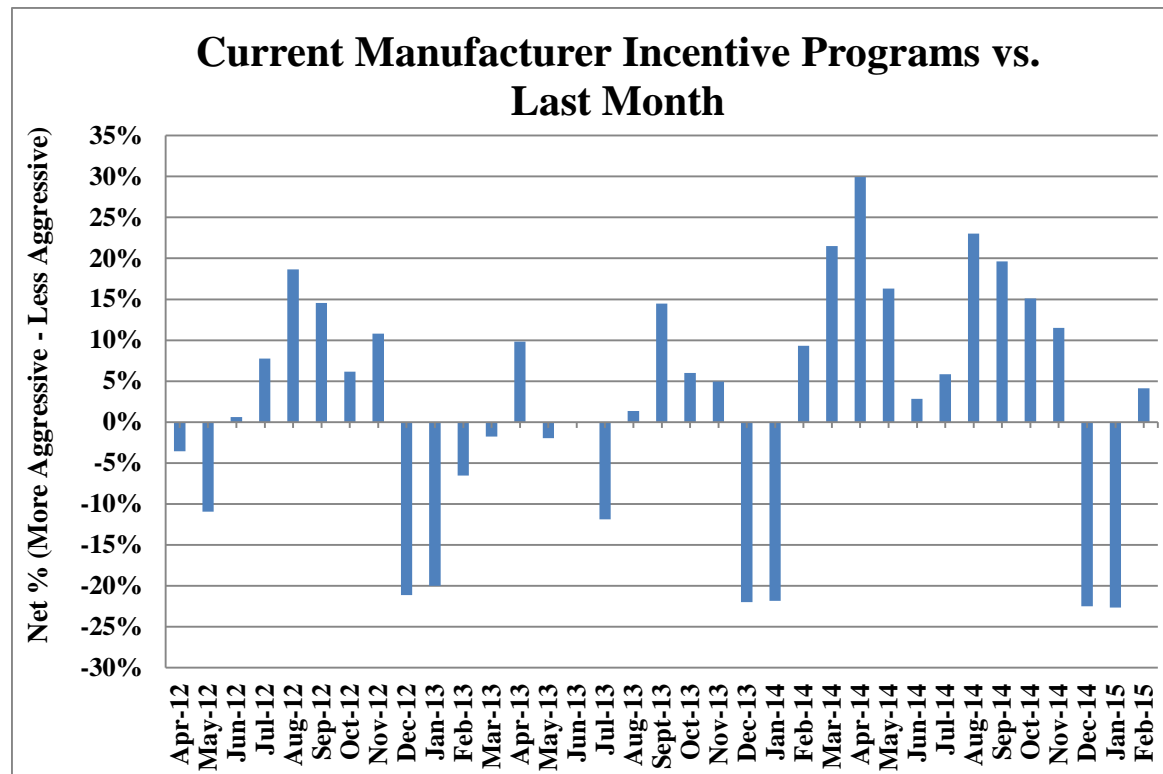
## 2015 Sales Outlook Continued

- Dealers in the Southern Plains continue to forecast low single digit sales growth for the year, while dealers across the remainder of the country forecast sales declines ranging from down low single digits to down almost 25% for the year. Dealers in the Corn Belt continue to forecast sales down 15% for the year.



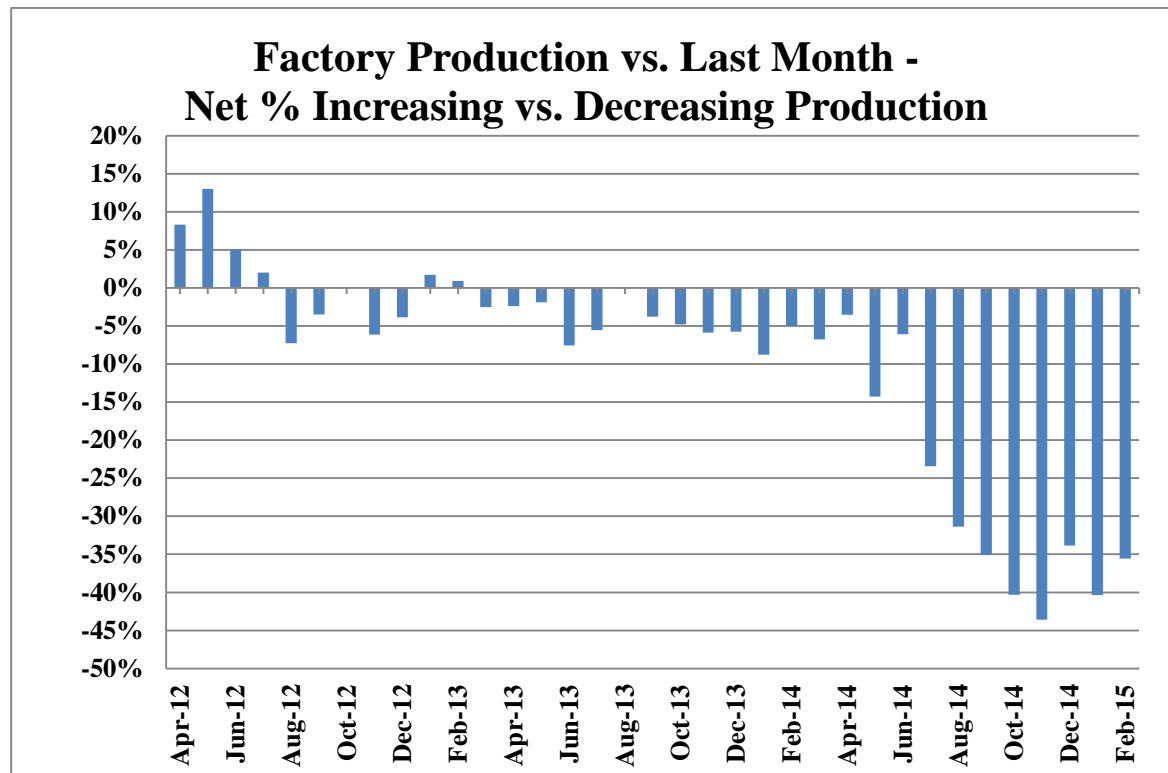
# Current Manufacturer Incentive Programs

- A net 4% of dealers report that manufacturers were more aggressive with incentives in February, a reversal of the seasonal trend of a reduction in incentives in December and January. The relative magnitude of incentives are reported to be relatively low as underlying equipment demand remains weak.



# Factory Production

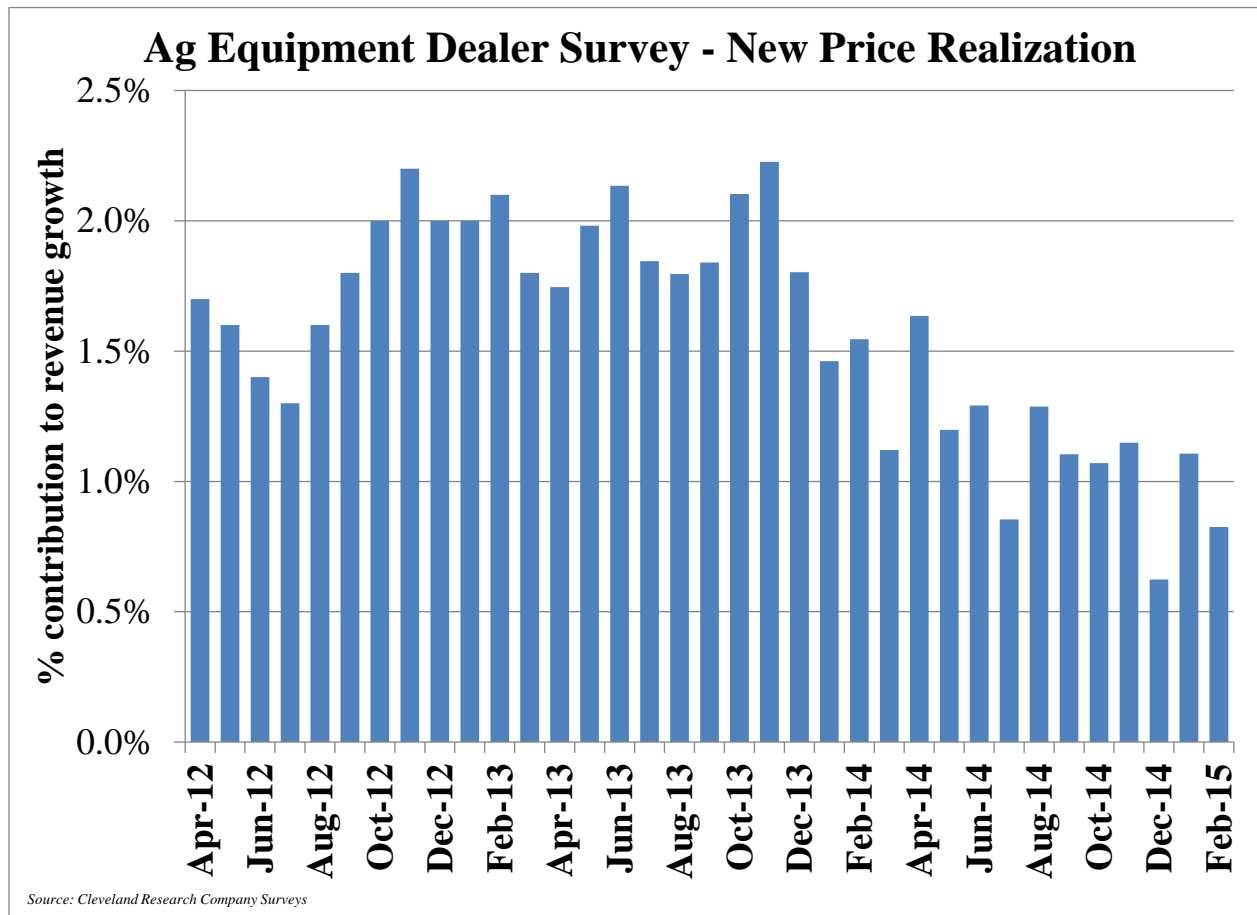
- A net 36% of dealers report that factory production was down in February, which compares to the net 40% of dealers reporting lower production volume last month and relatively consistent with the last several months.





# Pricing Trends

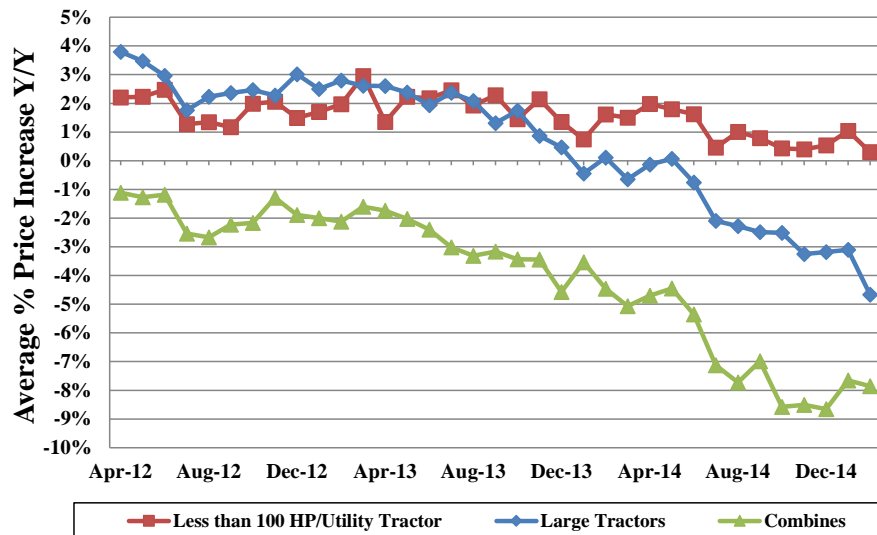
- Dealers report new equipment price increases contributed just under ~1% to total revenues in February, down slightly from last month and continuing a trend of slightly lower price relation over the last 1.5 years.



# Used Equipment Pricing

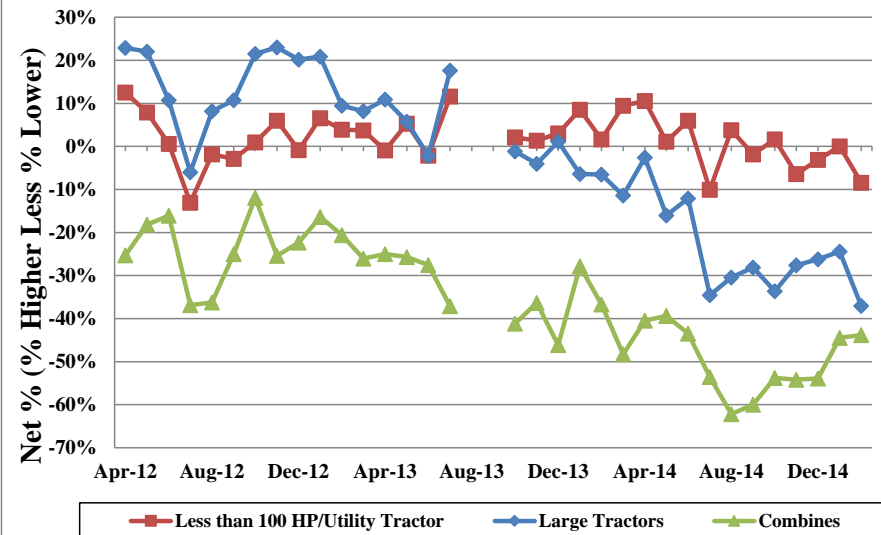
- Used combine values are reported at down 8% y/y, inline with the decline reported last month.
- Large tractor values are reported at down 5% y/y, a deterioration from the 3% y/y decline last month.
- Small tractor values are trending slightly higher y/y due to higher relative demand from the livestock sector.

Used Equipment Values vs. Last Year



Source: Cleveland Research

Used Equipment Values vs. Last Month



Source: Cleveland Research

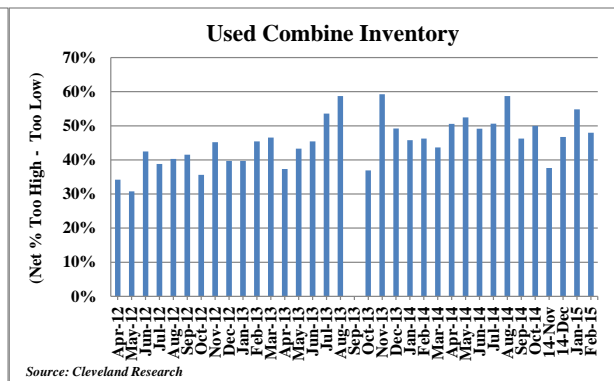
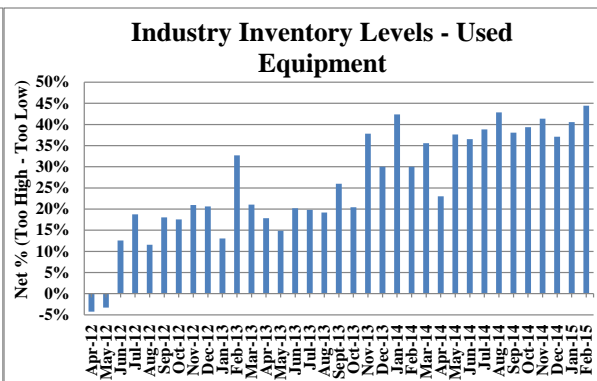
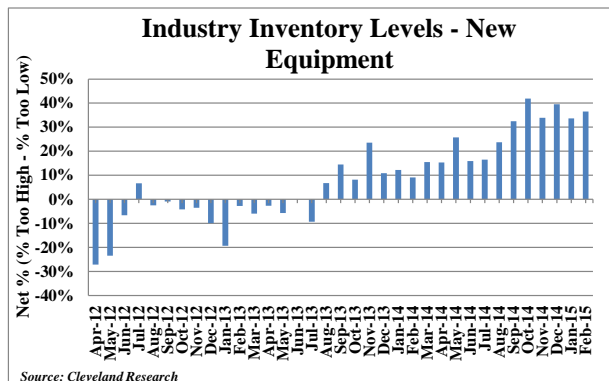
# Inventory Levels

## New Equipment Inventories Remain “Too High”

- A net 37% of dealers report new inventory as “too high” (43% too high; 50% about right; 7% too low) compared to a net 34% last month, remaining within a consistent range over the four months.

## Used Equipment Inventories Remain Elevated But Stable

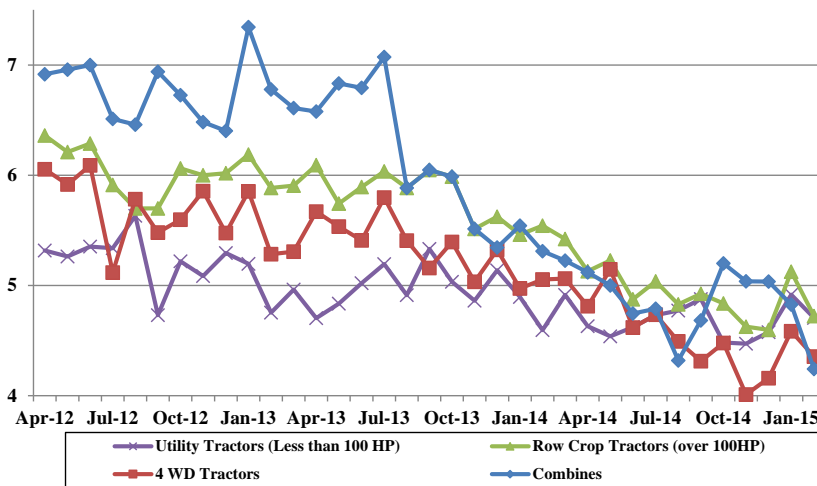
- A net 44% of dealers reported used equipment inventory as “too high” this month (51% too high; 43% about right; 6% too low), above the net 41% last month and the highest level in our survey history.
  - Used Combines – a net 48% reported inventories “too high,” up from a net 48% last month.
  - Used HHP tractors – a net 30% of reported inventories “too high,” above the net 12% last month.
  - Used Sprayers – a net 21% of dealers reported inventories “too high,” up from 37% last month.



# Equipment Availability

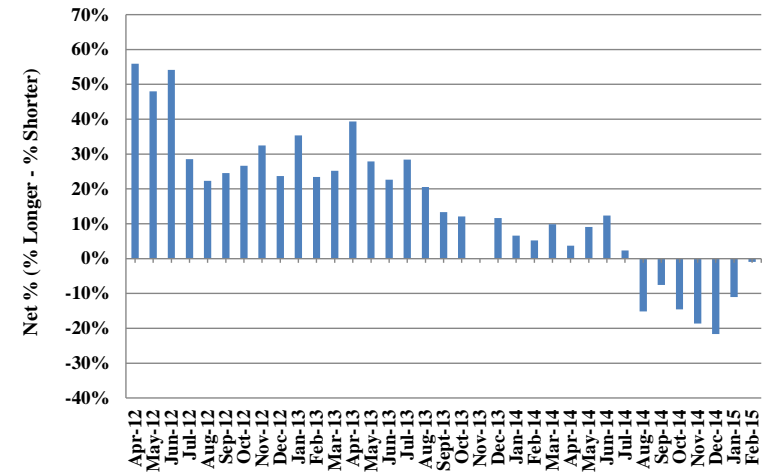
- Overall, a net 1% of dealers report shorter factory lead-times compared to last month (22% longer; 55% same; 23% shorter), the sixth consecutive month of contraction.
- Tractor lead times have generally remained in the 4-5 month range for nearly all product types over the last several months, down from 5-6 months for much of 2012 and 2013. Combine lead times remain short at under 5 months with broad availability.

**Lead Times By Product Category (Months)**



Source: Cleveland Research

**Lead Times - Versus Prior Month**



Source: Cleveland Research

## Most Interesting Commentary - Used Inventory

- *Our inventory is too high because of Case's desperation at trying to push new.*
- *Large ticket items such as 4WD tractors are very soft.*
- *Large frame wheel tractors and 4WD's*
- *Too many planters and sprayers*
- *We have too many combines- heads and planters*
- *Too many used round hay balers*
- *Still way too many late model high HP tractors and combines*
- *We made sure not to be caught with high \$ used combines*
- *Used planters are under control, but used combines are too high*
- *I believe if you have any late model used equipment that you may have overbooked your used. Late model used is very soft!*
- *Used FWD, Combine, Magnums are too high*

# 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 |
| Feb-13                                     | 5,111   | 3,701   | 2,589    | 669     | 12,070        | 3,258          | 620      | 17%                     | 4%      | 27%      | 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                                     | 13,907  | 5,615   | 4,301    | 851     | 24,674        | 5,152          | 1,144    | 4%                      | -7%     | 28%      | -4%     | 4%            | 21%            | 62%      |
| 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                                     | 10,156  | 5,149   | 3,157    | 657     | 19,119        | 3,814          | 906      | 22%                     | 4%      | -9%      | -7%     | 10%           | -9%            | -24%     |
| Apr-14                                     | 14,163  | 6,029   | 3,744    | 746     | 24,682        | 4,490          | 999      | 2%                      | 7%      | -13%     | -12%    | 0%            | -13%           | -13%     |
| May-14                                     | 16,815  | 6,602   | 2,929    | 474     | 26,820        | 3,403          | 671      | -2%                     | 6%      | -16%     | -14%    | -2%           | -16%           | -24%     |
| Jun-14                                     | 15,198  | 6,520   | 2,731    | 409     | 24,858        | 3,140          | 839      | 13%                     | 2%      | -17%     | -24%    | 5%            | -18%           | -25%     |
| Jul-14                                     | 11,249  | 5,943   | 3,225    | 389     | 20,806        | 3,614          | 1,035    | 5%                      | 7%      | 2%       | -21%    | 4%            | -1%            | -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%     |

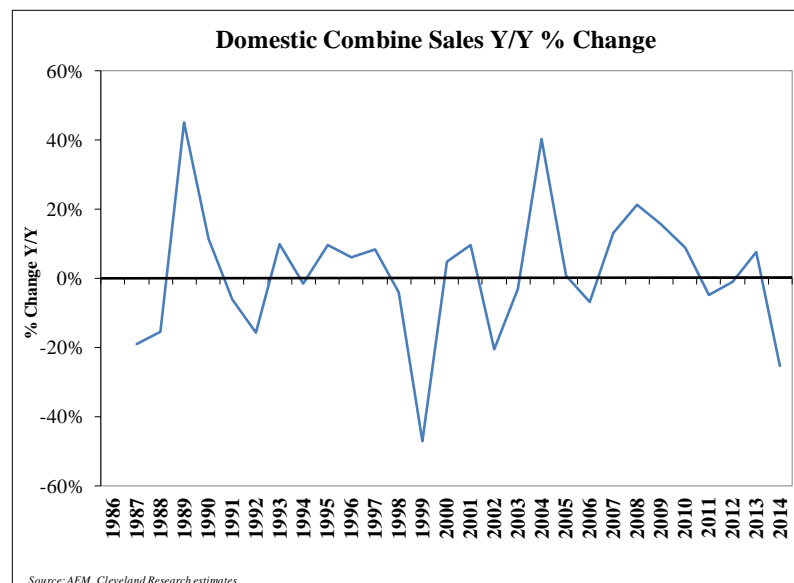
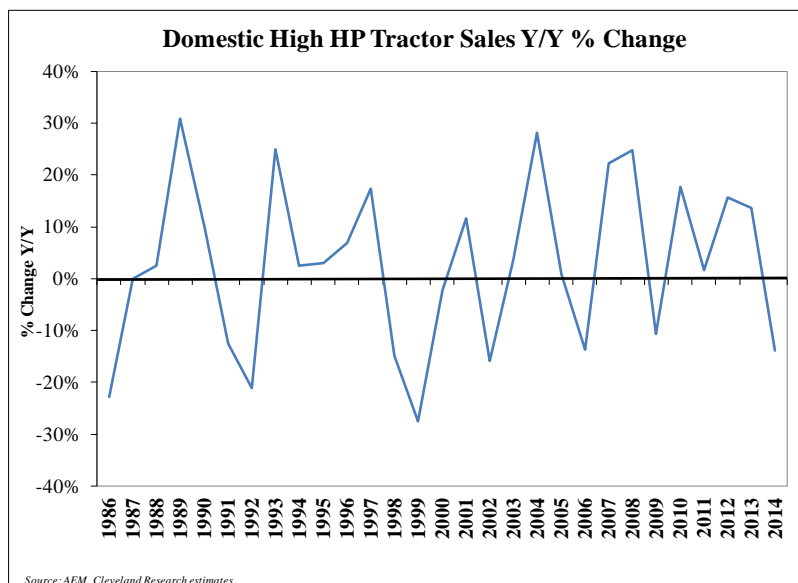
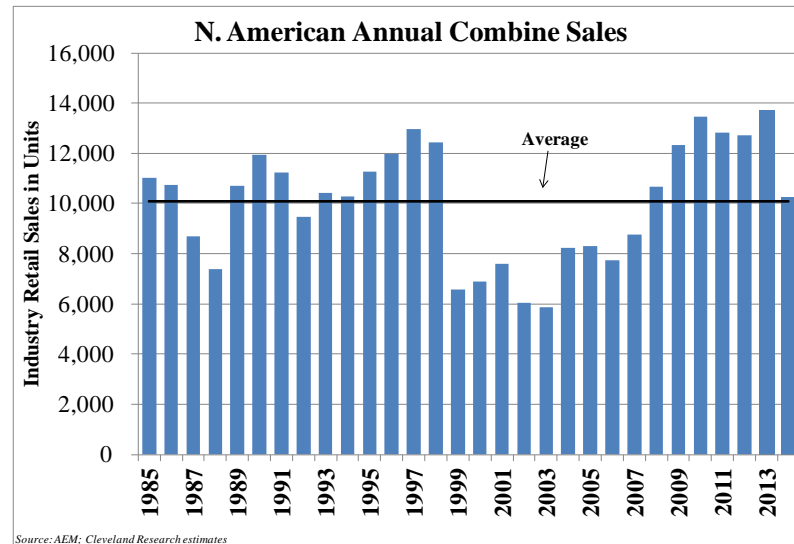
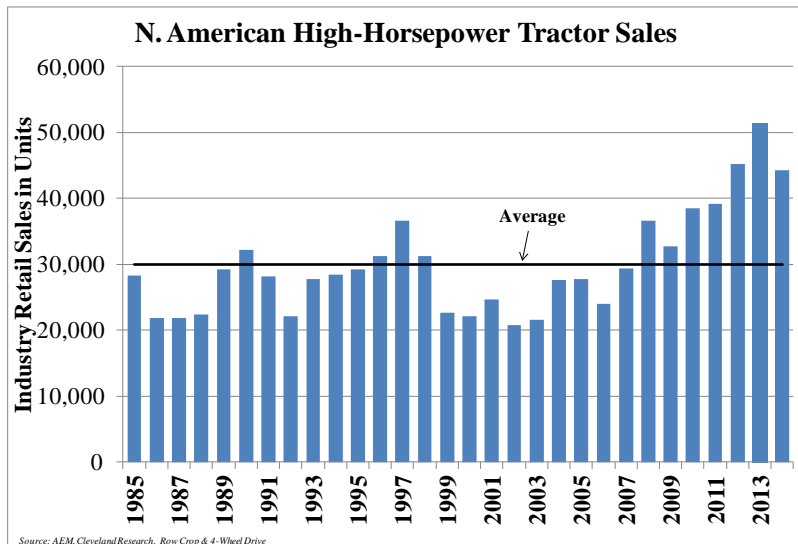
Source: AEM; Cleveland Research Company estimates. High hp tractors are row crop & 4-wheel drive.

# 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 |
| Jan-13                                  | 69,290            | 30,182  | 10,399   | 1,803   | 111,674       | 12,202         | 1,659    | 66%                       | 49%  | 28% | 20%  | 52%           | 26%            | 13%  |
| Feb-13                                  | 72,473            | 30,842  | 11,375   | 1,850   | 116,540       | 13,225         | 2,186    | 68%                       | 50%  | 30% | 20%  | 54%           | 28%            | 17%  |
| Mar-13                                  | 72,499            | 30,869  | 11,700   | 1,931   | 116,999       | 13,631         | 2,518    | 69%                       | 50%  | 30% | 21%  | 54%           | 29%            | 19%  |
| 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%                       | 53%  | 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%  |

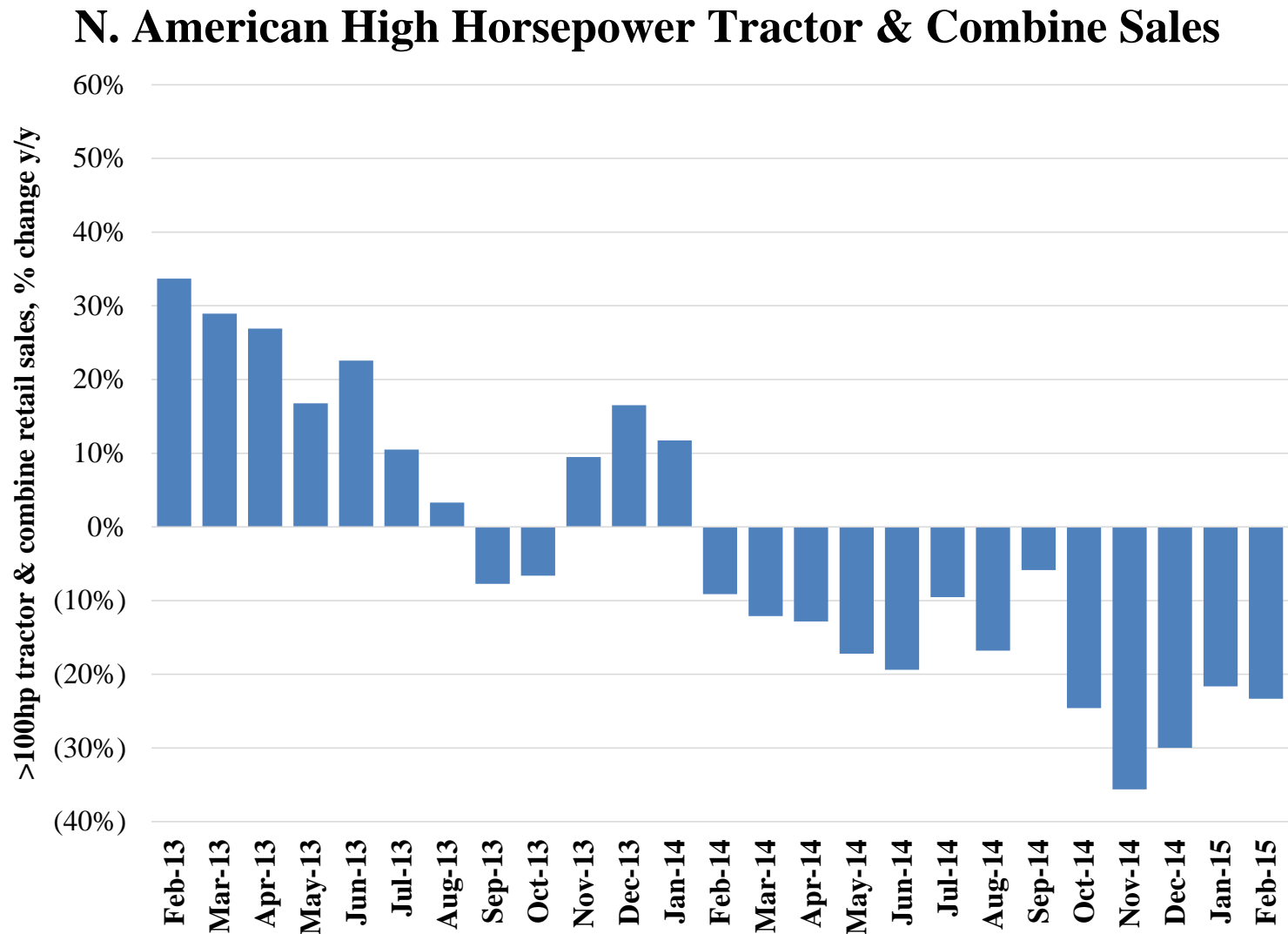
Source: AEM; Cleveland Research Company estimates

# Annual Agricultural Equipment Industry Sales (1985 - 2014)





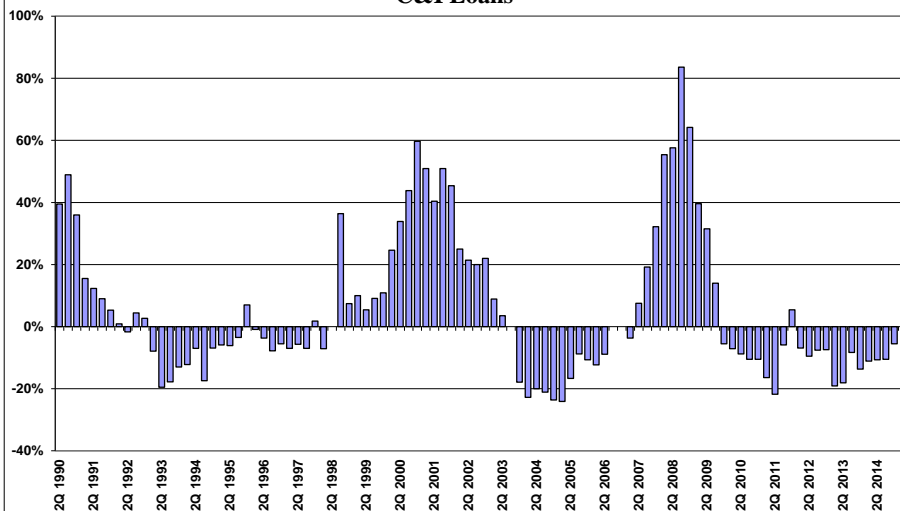
# North America Large Ag Equipment Sales



# Credit – C&I Loan Standards Continue to Loosen Along with Continued Low Rates

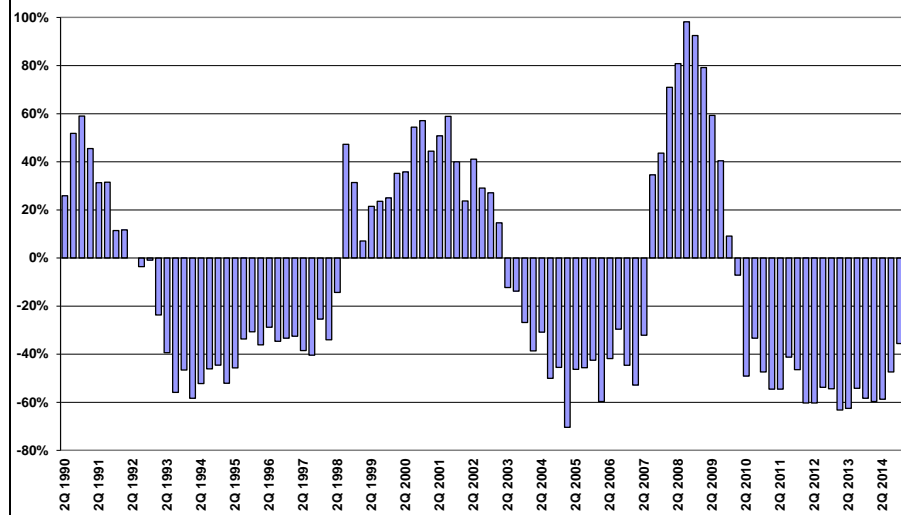
- The 4Q15 Senior Loan Officer survey saw continued loosening of loan standards as a net 6% of loan officers reported easier credit standards.
- Bank rate spreads continue to decline in 4Q14 as a net 36% of loan officers reported decreasing spreads. For reference, a net 60% of loan officers reported decreasing spreads in 1H14 and 47% in 3Q14.
- Demand for commercial and industrial loans remained steady in 4Q14 as a net 18% of loan officers reported stronger demand for commercial and industrial loans, similar to the 16% reporting growth in 3Q14.

**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**

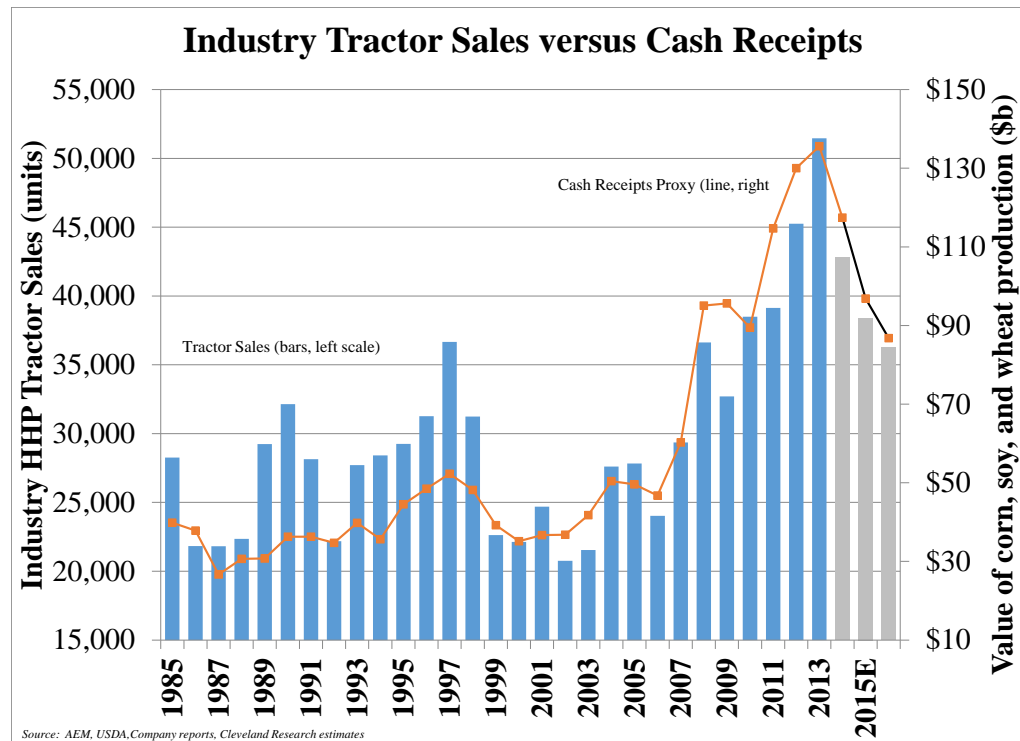


Source: Federal Reserve Board

# Commodity Prices – Cash Receipts vs. Next Year Equipment Sales

**The USDA's updated WASDE report suggests cash receipts down 11% for 2013/14 and down 12% for 2014/15 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 cash receipts proxy (using the 3 largest crops - corn, soybeans, wheat).

The updated March USDA report was largely unchanged for both 2013/14 and 2014/15, with a minor upward revision to the average corn price outlook. The correlation between equipment sales and cash receipts has historically provided a good proxy for next year's equipment demand.



# Commodity Prices – Simplified Cash Receipts Proxy

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

| CORN - DOMESTIC                   |            |              |         |           |            |            |             | CORN - INTERNATIONAL |            |           |            |            |
|-----------------------------------|------------|--------------|---------|-----------|------------|------------|-------------|----------------------|------------|-----------|------------|------------|
| Year                              | Production | Domestic Use | Exports | Total Use | End Stocks | Stocks/Use | Avg Price   | Year                 | Production | Total Use | End Stocks | Stocks/Use |
| 2012/13                           | 10,755     | 10,353       | 730     | 11,111    | 821        | 7.4%       | \$6.89      | 2012/13              | 23,416     | 23,680    | 4,520      | 19.1%      |
| 2013/14                           | 13,829     | 11,537       | 1,917   | 13,454    | 1,232      | 9.2%       | \$4.46      | 2013/14              | 25,131     | 25,987    | 5,545      | 21.3%      |
| 2014/15                           |            |              |         |           |            |            |             | 2014/15              |            |           |            |            |
| February                          | 14,216     | 11,895       | 1,750   | 13,645    | 1,827      | 13.4%      | \$3.40-3.90 | February             | 24,810     | 26,507    | 5,638      | 21.3%      |
| March                             | 14,216     | 11,895       | 1,800   | 13,695    | 1,777      | 13.0%      | \$3.50-3.90 | March                | 24,746     | 26,549    | 5,517      | 20.8%      |
| Corn Futures Price: <b>\$3.90</b> |            |              |         |           |            |            |             |                      |            |           |            |            |
| Change m/m                        | 0          | 0            | 50      | 50        | -50        | -0.4%      | \$0.05      | Change m/m           | -64        | 42        | -122       | -0.5%      |
| Change y/y                        | 387        | 358          | -117    | 241       | 545        | 3.8%       | (\$0.76)    | Change y/y           | -385       | 562       | -28        | -0.6%      |

| SOYBEANS - DOMESTIC                  |            |              |         |           |            |            |              | SOYBEANS - INTERNATIONAL |            |           |            |            |
|--------------------------------------|------------|--------------|---------|-----------|------------|------------|--------------|--------------------------|------------|-----------|------------|------------|
| Year                                 | Production | Domestic Use | Exports | Total Use | End Stocks | Stocks/Use | Avg Price    | Year                     | Production | Total Use | End Stocks | Stocks/Use |
| 2012/13                              | 3,042      | 1,794        | 1,317   | 3,111     | 141        | 4.5%       | \$14.40      | 2012/13                  | 6,833      | 7,803     | 1,968      | 25.2%      |
| 2013/14                              | 3,358      | 1,831        | 1,647   | 3,478     | 92         | 2.6%       | \$13.00      | 2013/14                  | 7,068      | 8,200     | 2,345      | 28.6%      |
| 2014/15                              |            |              |         |           |            |            |              | 2014/15                  |            |           |            |            |
| February                             | 3,969      | 1,911        | 1,790   | 3,701     | 385        | 10.4%      | \$9.45-10.95 | February                 | 7,607      | 8,691     | 2,895      | 33.3%      |
| March                                | 3,969      | 1,911        | 1,790   | 3,701     | 385        | 10.4%      | \$9.45-10.95 | March                    | 7,607      | 8,690     | 2,905      | 33.4%      |
| Soybean Futures Price: <b>\$9.82</b> |            |              |         |           |            |            |              |                          |            |           |            |            |
| Change m/m                           | 0          | 0            | 0       | 0         | 0          | 0.0%       | \$0.00       | Change m/m               | 0          | -1        | 10         | 0.1%       |
| Change y/y                           | 611        | 80           | 143     | 223       | 293        | 7.8%       | (\$2.80)     | Change y/y               | 540        | 490       | 560        | 4.8%       |

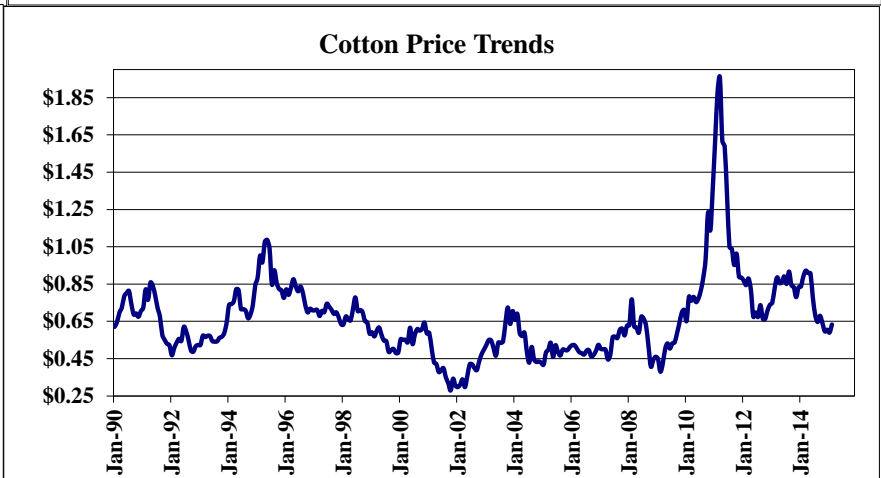
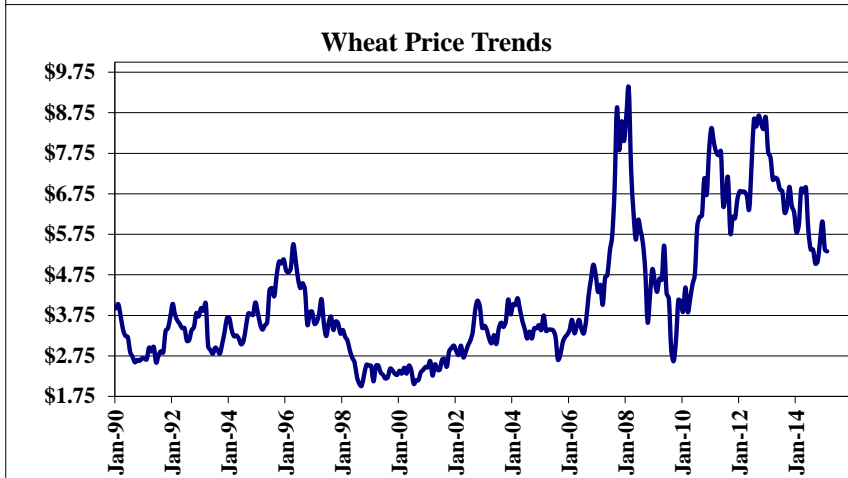
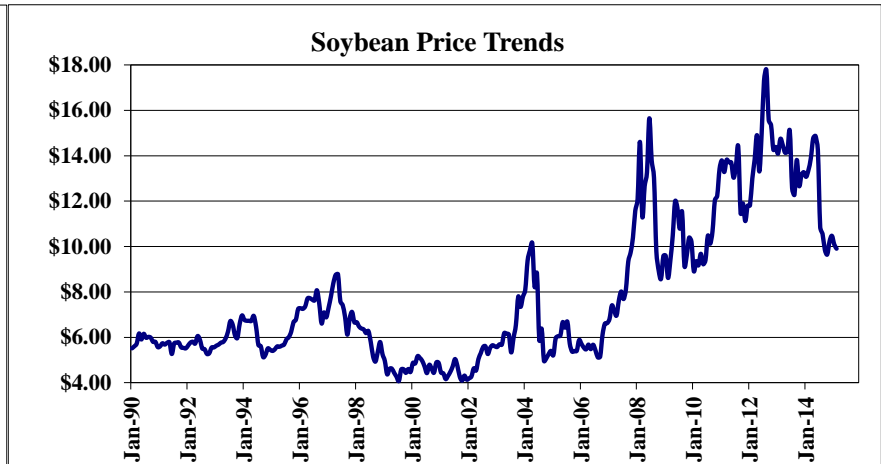
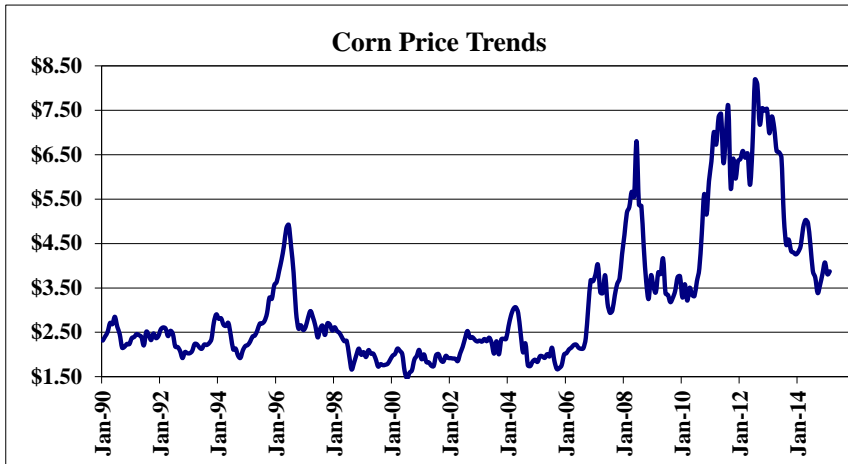
| WHEAT - DOMESTIC                   |            |              |         |           |            |            |             | WHEAT - INTERNATIONAL |            |           |            |            |
|------------------------------------|------------|--------------|---------|-----------|------------|------------|-------------|-----------------------|------------|-----------|------------|------------|
| Year                               | Production | Domestic Use | Exports | Total Use | End Stocks | Stocks/Use | Avg Price   | Year                  | Production | Total Use | End Stocks | Stocks/Use |
| 2012/13                            | 2,252      | 1,388        | 1,012   | 2,400     | 718        | 29.9%      | \$7.77      | 2012/13               | 21,944     | 23,590    | 5,734      | 24.3%      |
| 2013/14                            | 2,135      | 1,255        | 1,176   | 2,431     | 590        | 24.3%      | \$6.87      | 2013/14               | 24,177     | 24,620    | 6,299      | 25.6%      |
| 2014/15                            |            |              |         |           |            |            |             | 2014/15               |            |           |            |            |
| February                           | 2,026      | 1,184        | 900     | 2,084     | 692        | 33.2%      | \$5.85-6.15 | February              | 24,615     | 25,075    | 6,577      | 26.2%      |
| March                              | 2,026      | 1,185        | 900     | 2,085     | 691        | 33.1%      | \$5.90-6.10 | March                 | 24,604     | 25,069    | 6,574      | 26.2%      |
| Wheat Futures Price: <b>\$5.37</b> |            |              |         |           |            |            |             |                       |            |           |            |            |
| Change m/m                         | 0          | 1            | 0       | 1         | -1         | -0.1%      | \$0.00      | Change m/m            | -10        | -6        | -4         | 0.0%       |
| Change y/y                         | -109       | -70          | -276    | -346      | 101        | 8.9%       | (\$0.87)    | Change y/y            | 428        | 449       | 275        | 0.6%       |

| FARMER CROP RECEIPTS PROXY |             |          |       |                |          |        |                     |          |          |           |  |              |
|----------------------------|-------------|----------|-------|----------------|----------|--------|---------------------|----------|----------|-----------|--|--------------|
| Year                       | Production: |          |       | Average Price: |          |        | Crop Cash Receipts* |          |          |           |  | % change y/y |
|                            | Corn        | Soybeans | Wheat | Corn           | Soybeans | Wheat  | Corn                | Soybeans | Wheat    | Total     |  |              |
| 2010/11                    | 12,447      | 3,329    | 2,207 | \$5.18         | \$11.30  | \$5.70 | \$64,475            | \$37,618 | \$12,580 | \$114,673 |  | 28%          |
| 2011/12                    | 12,360      | 3,094    | 1,999 | \$6.22         | \$12.50  | \$7.24 | \$76,879            | \$38,675 | \$14,473 | \$130,027 |  | 13%          |
| 2012/13                    | 10,755      | 3,042    | 2,252 | \$6.89         | \$14.40  | \$7.77 | \$74,102            | \$43,805 | \$17,498 | \$135,405 |  | 4%           |
| 2013/14                    | 13,829      | 3,358    | 2,135 | \$4.46         | \$13.00  | \$6.87 | \$61,677            | \$43,654 | \$14,667 | \$119,999 |  | -11%         |
| 2014/15                    |             |          |       |                |          |        |                     |          |          |           |  |              |
| February                   | 14,216      | 3,969    | 2,026 | \$3.65         | \$10.20  | \$6.00 | \$51,888            | \$40,484 | \$12,156 | \$104,528 |  | -13%         |
| March                      | 14,216      | 3,969    | 2,026 | \$3.70         | \$10.20  | \$6.00 | \$52,599            | \$40,484 | \$12,156 | \$105,239 |  | -12%         |

Source: USDA; Cleveland Research estimates. \*Note: Cash receipts estimated as USDA production X USDA average price forecast

# 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            |
| <b>Total Supply (MM bu)</b>              | <b>14,183</b> | <b>13,517</b> | <b>11,931</b> | <b>14,781</b> | <b>15,668</b> | <b>15,478</b> | <b>15,698</b> | <b>15,868</b> | <b>16,048</b> | <b>16,153</b> | <b>16,293</b> | <b>16,373</b> | <b>16,488</b> | <b>16,628</b> | <b>16,778</b> |
| 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         |
| <b>Total Use</b>                         | <b>13,054</b> | <b>12,528</b> | <b>11,111</b> | <b>13,635</b> | <b>13,660</b> | <b>13,745</b> | <b>13,960</b> | <b>14,115</b> | <b>14,275</b> | <b>14,405</b> | <b>14,540</b> | <b>14,670</b> | <b>14,805</b> | <b>14,960</b> | <b>15,120</b> |
| 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           |
| <b>Average Farm Price (\$/bu)</b>        | <b>\$5.18</b> | <b>\$6.22</b> | <b>\$6.89</b> | <b>\$4.55</b> | <b>\$3.50</b> | <b>\$3.40</b> | <b>\$3.50</b> | <b>\$3.50</b> | <b>\$3.50</b> | <b>\$3.55</b> | <b>\$3.55</b> | <b>\$3.60</b> | <b>\$3.65</b> | <b>\$3.70</b> | <b>\$3.75</b> |
| 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            |
| <b>Total Supplies</b>              | <b>3,495</b>   | <b>3,325</b>   | <b>3,239</b>   | <b>3,519</b>   | <b>4,065</b>   | <b>4,285</b>  | <b>4,164</b>  | <b>4,031</b>  | <b>3,952</b>  | <b>3,973</b>  | <b>4,003</b>  | <b>4,057</b>  | <b>4,097</b>  | <b>4,141</b>  | <b>4,179</b>  |
| 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           |
| <b>Total Use</b>                   | <b>3,280</b>   | <b>3,155</b>   | <b>3,099</b>   | <b>3,395</b>   | <b>3,615</b>   | <b>3,766</b>  | <b>3,769</b>  | <b>3,749</b>  | <b>3,709</b>  | <b>3,735</b>  | <b>3,771</b>  | <b>3,821</b>  | <b>3,856</b>  | <b>3,896</b>  | <b>3,931</b>  |
| 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%          |
| <b>Average Price (\$/bu)</b>       | <b>\$11.30</b> | <b>\$12.50</b> | <b>\$14.40</b> | <b>\$13.10</b> | <b>\$10.00</b> | <b>\$8.50</b> | <b>\$8.55</b> | <b>\$8.80</b> | <b>\$9.10</b> | <b>\$9.20</b> | <b>\$9.30</b> | <b>\$9.35</b> | <b>\$9.40</b> | <b>\$9.45</b> | <b>\$9.55</b> |
| 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           |
| <b>Total Supplies</b>              | <b>3,279</b>  | <b>2,974</b>  | <b>3,131</b>  | <b>3,018</b>  | <b>2,786</b>  | <b>2,949</b>  | <b>2,930</b>  | <b>2,915</b>  | <b>2,918</b>  | <b>2,929</b>  | <b>2,953</b>  | <b>2,961</b>  | <b>2,982</b>  | <b>2,996</b>  | <b>3,023</b>  |
| 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         |
| <b>Total Use</b>                   | <b>2,417</b>  | <b>2,231</b>  | <b>2,414</b>  | <b>2,424</b>  | <b>2,141</b>  | <b>2,249</b>  | <b>2,250</b>  | <b>2,252</b>  | <b>2,264</b>  | <b>2,276</b>  | <b>2,287</b>  | <b>2,299</b>  | <b>2,321</b>  | <b>2,333</b>  | <b>2,355</b>  |
| 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%         |
| <b>Average Price (\$/bu)</b>       | <b>\$5.70</b> | <b>\$7.24</b> | <b>\$7.77</b> | <b>\$6.87</b> | <b>\$5.90</b> | <b>\$5.00</b> | <b>\$4.65</b> | <b>\$4.75</b> | <b>\$4.80</b> | <b>\$4.80</b> | <b>\$4.80</b> | <b>\$4.80</b> | <b>\$4.85</b> | <b>\$4.85</b> | <b>\$4.85</b> |
| 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          |
|-------------------------------|------------------|------------------|------------------|------------------|------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|------------------|------------------|------------------|
| <b>Total Corn, Soy, Wheat</b> |                  |                  |                  |                  |                  |                 |                 |                 |                 |                 |                 |                 |                  |                  |                  |
| 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           |
| <b>Value of Production</b>    | <b>\$114,675</b> | <b>\$130,024</b> | <b>\$135,571</b> | <b>\$121,076</b> | <b>\$101,958</b> | <b>\$88,958</b> | <b>\$89,475</b> | <b>\$91,080</b> | <b>\$93,238</b> | <b>\$95,242</b> | <b>\$96,621</b> | <b>\$98,318</b> | <b>\$100,372</b> | <b>\$102,321</b> | <b>\$104,505</b> |
| % 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

