From the editors of *Farm Equipment...*

Ag Equipment Intelligence

March 15, 2009
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News, Information & Analysis for the Ag Equipment Marketer

- German Sales Up 24%
- Amazone's New Plant
- February Sales Mixed

Exchange Rate Will Slow Overseas Equipment Sales in 2009

By any measure, sales of ag equipment were exceptional in 2008. While manufacturers are hopeful of another solid year in 2009, the continuing deterioration of overseas economies will likely stunt profit growth the equipment makers saw last year.

Recapping 2008's farm equipment sales by the full-line manufacturers — AGCO, CNH and John Deere — shows that each of their overseas sales rose dramatically last year, aided in large part by very favorable foreign exchange (FX), which added significantly to each company's bottom line last year.

Ag Equipment Intelligence (AEI) analyzed the 2008 fiscal performance of the three major manufacturers and it showed that their composite overseas sales rose by 24.6% when compared to 2007. Each of the majors registered solid growth in both North American and overseas markets, but FX raised the profitability of sales outside of the U.S. and Canada more significantly. Speculation during the past year that equipment shortages experienced by North American dealers resulted from increased overseas sales apparently had some basis in fact.

Together, total net sales of farm equipment by AGCO, CNH and John Deere amounted to nearly $38 billion in 2008. This was an increase of 23.8% compared with total net sales for ag machinery of nearly $29 billion in 2007.

Last year, sales to markets outside of the U.S. and Canada totaled $21.6 billion, up from $15.7 billion in the previous year, an increase of about

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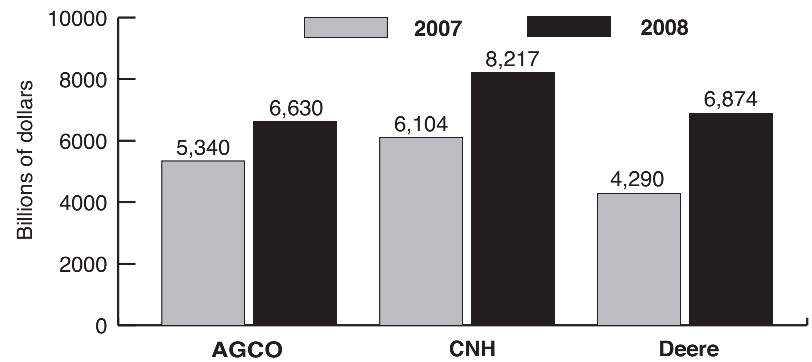
Ag Equipment Sales Outside of North America — 2008 vs. 2007



In 2008, the combined sales of farm equipment by AGCO, CNH and John Deere to markets outside of the U.S. and Canada totaled $21.6 billion, up from $15.7 billion in the previous year.

CNH Launches New 'Work EZ' Implement Line

It may have taken a while, but six years after John Deere launched its second brand of implements, Frontier, Case IH and New Holland have responded with its own new line of farm tools — Work EZ.

In an exclusive interview with *AEI*, CNH says they're introducing the new brand to fill a void for its dealers in segments outside of the production agricultural "core." Both New Holland and Case IH will share the new, black equipment. The line includes loaders, box blades, disc harrows, landscape rakes and rear blades.

According to Case IH officials, the Work EZ loader and implement line supports the needs of Case IH dealers, especially those with customer segments outside of traditional production agriculture — like homeowners, landscapers and others who still purchase tractors and implements smaller than those offered in its current lineup.

"These customer segments may be less familiar with the Case IH brand and heritage," says Ron Morishita, marketing manager, loaders and compact equipment. "It offers dealers an opportunity to consolidate more of their total business with one primary supplier, while still participating in segments where Case IH had not previously offered a line."

According to Case IH, orders for Work EZ loaders will begin later this month. Ordering for Work EZ implements has already begun and are available now at some Case IH locations.

Alo North America, Niagara Falls, Ontario, is the supplier of the Work EZ loader, while Modern Ag Products, Beaumont, Texas, supplies the line's implements. AEI

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27%. It should be noted that Deere's net sales are not segmented by market in its "outside the U.S. and Canada" numbers. As a result, the same percentages of its North American net sales of ag equipment during 2008 and 2007 were applied to its worldwide equipment sales to arrive at an estimated figure for total equipment sales. More detail is given below.

AGCO in 2008. Overall, AGCO's net sales rose in 2008 to $8.4 billion, up from $6.8 billion in 2007. North American net sales grew to nearly $1.8 billion from $1.5 billion in '07, or 17%. At the same time, net sales to markets outside of the U.S. and Canada rose to $6.6 billion from $5.3 billion in the previous year, or by 19%.

This isn't surprising as AGCO has always been much stronger overseas and even dominant in some markets. In 2007, net sales to North American markets comprised only 22% of the company's total. This dropped only slightly last year to 21%.

CNH in 2008. Net sales of Case IH and New Holland farm equipment in 2008 totaled $12.9 billion vs. $9.9 billion in the previous 12 months, a 23% increase year-over-year. During the same period, CNH sales to overseas markets grew by nearly 26% — $8.2 billion in '08 vs. $6.1 billion '07.

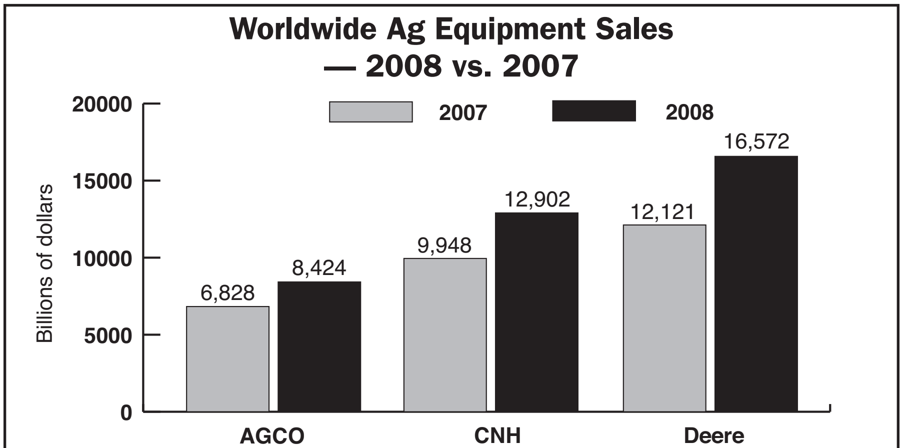
Last year, sales of ag machinery overseas comprised nearly 64% of CNH's total, compared with 61% in 2007.

Deere in 2008. Because John Deere doesn't segment sales of its overseas markets, it's difficult to pinpoint how much of the the growth the company experienced in 2008 can be attributed to ag equipment.

In any case, 64% of Deere's total net sales of equipment in 2008 ($25.8 billion) came from sales of farm machinery. This compares with 56% of total net sales of equipment in '07 ($21. 5 billion).

Total net sales of Deere equipment to markets outside of the U.S. and Canada in 2008 rose to $10.7 billion from nearly $7.7 billion during the previous year, a healthy increase of 28%. Assuming the same percentages of North American farm machinery sold in North America applies to overseas shipments (64% in '08 and 56% in '07), the company's sales of ag equipment outside the U.S. and Canada are estimated at $6.8 billion in 2008 and $4.3 billion during 2007.

Outlook for '09. While overseas markets proved to be a boon for farm equipment makers in 2008, their year-end reports project that most markets outside of North America will be down — some dramatically — in 2009.



Together, total net sales of farm equipment by AGCO, CNH and John Deere amounted to nearly $38 billion in 2008. This was an increase of 23.8% compared with $29 billion in 2007.

Looking ahead, Ann Duignan, analyst for JP Morgan, says that FX, which benefited the ag machinery group last year, "has turned from a tailwind into a headwind."

AGCO's 2009 outlook calls for net sales drop to $7.5-$7.8 billion. The company says that as much as $800-$900 million of the decline will result from the impact of unfavorable currency translation.

CNH expects equipment operations net sales for full year 2009 to be down 10 to 20% from 2008 as "some first-half strength in North American high-horsepower tractors and combines is offset by declines in all other agricultural equipment markets and further weakness in construction equipment sales."

Overall, CNH is anticipating during the first quarter that worldwide industry retail unit sales of over-40 horsepower tractors will decline 10-15% and industry retail unit sales of combines to be down 20-25%.

Deere, which reported its first-quarter 2009 financials on February 18, saw ag equipment sales rise by 18% compared with the same period in 2008. For the year, the company expects industry sales to be flat to up 5% for the year in the U.S. and Canada. Worldwide, it is forecasting a 2% decrease for the full year, including a negative effect of 7% for FX.

In comparing the prospects of ag equipment to other machinery groups, Duignan says, "Ag machinery faces a potentially greater FX headwind. In ag machinery, currency contributed on average 3.1% to revenue growth from 2006-2008. This compares to 1.9% for construction and 2.0% for diversified industrials. FX revenue growth contribution peaked at 9% when the dollar troughed vs. the euro. In the latest quarter, currency represented a greater headwind for the ag sector (-9.6%) than for construction (-5.1%) and diversified industrials (-5.5%)." **AEI**

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Amazone Building New $32 Million Plant for Tillage, Seeding Equipment

German farm equipment maker Amazone has started building a new factory complex that will replace its second-largest production facility.

The project, which indicates the company's confidence in the continued health of the global agricultural machinery market, will result in improved efficiency and transport access. Production will move from the town center location of the founding plant to a site 6 miles out of town.

"This is a huge step for our company," say general managers Christian and Justus Dreyer, whose great grandfather established Amazonen-Werk H. Dreyer & Son. "Over the past years, Amazone has grown tremendously; building the new factory is the only way we can meet increasing demand for our machinery."

The new site extends to 37 acres in all, for which an initial investment equivalent to $32 million has been budgeted. This includes $13 million being spent on a new painting facility.

The Hude factory, which will gradually transfer to the new premises, builds power harrows, rotary tillers and other cultivation implements, grain drills and precision seeders. It employs 420 people.

With sales revenues topping $422 million in 2007 — up 20% over the prior year — Amazone is ranked the world's fourth-largest farm implement manufacturer after Kuhn of France, Krone of Germany and Norway's Kverneland. **AEI**

With Russian Ag on Its Back, Europeans Eye U.S. for Growing Sales

With the Russian market for new farm equipment at a virtual standstill and a more favorable exchange rate for the dollar, European exhibitors at the 2009 SIMA International Agri-Business Show in Paris say they're looking at the U.S. to grow sales in the coming year.

AEI visited with dozens of the more than 1,300 exhibitors at the show that drew more than 135,000 attendees between February 22 and 26.

The last time the SIMA event was held two years ago, European exhibitors had their sights clearly focused on the enormous Russian market and its need for big equipment.

Responding to that need, the Europeans developed the larger, more productive machinery required by the expansive farming operations in the agriculturally rich regions of the former Soviet Union. But as credit has dried up for Russian growers, European manufacturers see the U.S. and Canada as the only viable market for the larger machinery.

Many of the companies *AEI* talked with at SIMA believe the large and diverse agricultural sector in North America is ready to embrace to European technology.

Repeatedly, *AEI* was questioned about our view of the impact of the U.S. economic "crisis" on North American agriculture.

Clearly the general recession in the U.S. is affecting European confidence, and may delay expansion plans for North America. The current value of the dollar to the Euro has improved modestly compared to two years ago, pointing to greater opportunity in North America for European manufacturers should this currency trend continue. **AEI**

Brazil Equipment Sales Up in January

Associação Nacional dos Fabricantes de Veículos Automotores (ANFAVEA) in Brazil reports that year-over-year total tractor sales for January '09 rose 18% at 2,393 units vs. in December '08. Combine sales dropped by 27% in January to 313 units vs. -3% year-over-year in December '08.

For the year, tractor sales were up 39% at 43,417 units and combine sales were rose 88% with 4,458 units.

FARM MACHINERY TICKER (AS OF 3/10/2009)

Mfr.	Symbol	3/10/09 Price	2/10/09 Price	1-Year High	1-Year Low	P/E Ratio	Avg. Volume	Market Cap.
AGCO	AG	$16.58	$22.08	$71.19	$14.62	4.05	2.46 M	1.52 B
Alamo	ALG	$10.40	$13.10	$26.46	$9.45	9.41	39,886	103.18 M
Art's Way	ARTW	$3.75	$4.80	$19.52	$2.90	8.19	11,809	14.95 M
Caterpillar	CAT	$26.51	$30.92	$85.96	$21.71	4.68	14.8 M	15.95 B
CNH	CNH	$8.01	$9.08	$58.00	$5.69	2.31	525,349	1.90 B
Deere	DE	$27.84	$38.40	$94.89	$24.51	6.36	6.24 M	11.77 B
Kubota	KUB	$25.22	$27.45	$43.41	$17.72	11.57	73,777	6.42 B
Titan Machinery	TITN	$8.41	$11.84	$34.49	$7.50	8.34	257,031	148.40 M

German Ag Equipment Sales Increased by 24% in 2008

Sales of farm equipment by German manufacturers grew to $9.7 billion last year, up 24% compared to 2007, according to a report issued on February 4 by the Frankfurt-based VDMA, Germany's Agricultural Machinery Assn. The group says it expects demand for farm machinery to slow slightly in 2009.

The industry grew by 29% in the first half of 2008 and by 17 % in the second half, compared to the same periods of 2007. VDMA estimates that ag machinery manufactured by German companies accounted for nearly 11% of worldwide production.

Tractors accounted for $4.6 billion (47%) of sales. In 2008, a total of 65,500 units were produced (+8 %) at the three main locations for production of high-horsepower tractors — in Mannheim, Marktoberdorf and Lauingen. The percentage of tractors with an engine output of more than 150 horsepower rose to 37%. The number of tractors exported reached 54,200, or 83% of total production. Nearly 70% were exported to EU countries and 10% each to Eastern Europe and the U.S.

Sales of other ag equipment increased more than 30 %. VDMA reports that above-average growth rates were seen for cultivation equipment, including soil tillage, seed sowing, fertilization and plant protection equipment. The same applies to the combine production, with sales of $1.53 billion, which was 52% higher than in 2007. Despite rising demand for combines in Germany, exports rose to 85% of production. France was the largest purchaser of German combines, followed by the Ukraine, Russia and Poland.

Rising Exports. In 2008, export volumes of VDMA members increased by 25% to $7.3 billion. Sales to France and Great Britain grew by 20%. Similar growth levels were experienced in sales to Russia, the second-largest export market for German equipment.

"Business conditions in Eastern Europe will remain difficult throughout 2009..."

Following a decline in exports to the U.S. in 2007, German manufacturers increased their North American sales by 23% last year. Growth rates of 30% and 40% was also seen in most Central European markets; while purchases by the Ukraine rose by 60% compared to the year earlier. Several large projects also made the Central Asian countries of Kazakhstan, Turkmenistan and Uzbekistan a focus of attention for the first time.

Imports Also Grew. According to a preliminary estimate of imports, the German market expanded by 23% to $5.85 billion, with $2.43 billion from German production. The tractor market increased by 10% to 31,250 units — the highest sales volume since 1987. On average, the horsepower of new tractors sold was 138 horsepower.

For other machinery, demand was

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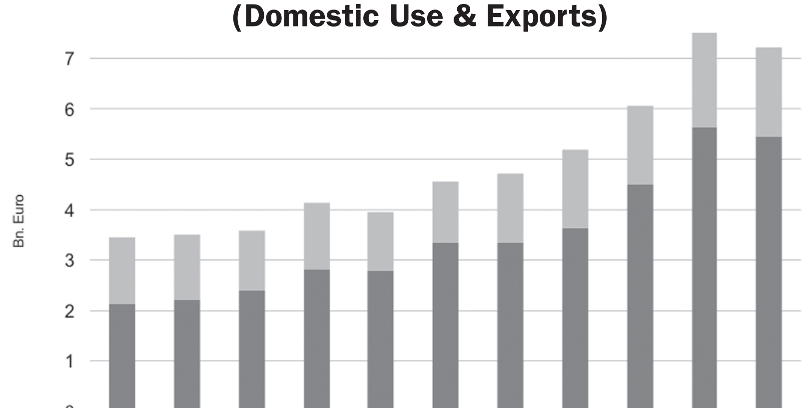
Sales of German Ag Equipment – 1999-2009
(Domestic Use & Exports)

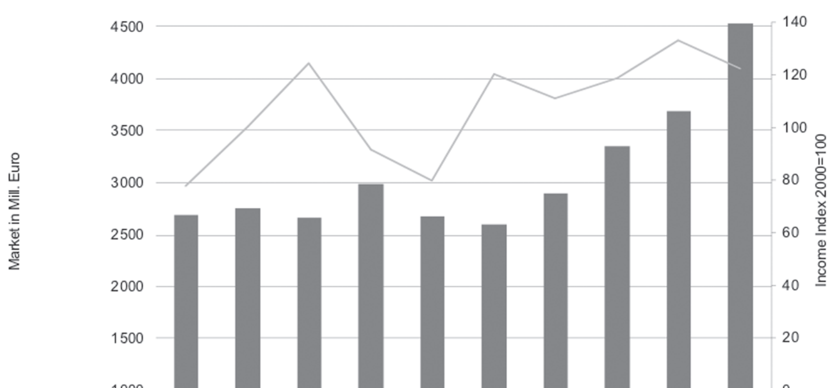


	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009E
Germany	1,30	1,30	1,20	1,31	1,14	1,22	1,37	1,56	1,57	1,88	1,75
Exports	2,15	2,21	2,40	2,82	2,80	3,33	3,35	3,63	4,49	5,63	5,45

Source: VDMA Agricultural Machinery Assn.

After reaching sales of 5.6 billion euro in 2008, German farm equipment manufacturers expect a slight decline in 2009 to 5.45 euro billion.

German Ag Equipment
Market vs. Farm Income Index



	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008e
Ag. Machinery	2.682	2.756	2.668	2.990	2.670	2.592	2.895	3.347	3.689	4.530
Ag. Income	77	100	124	91	79	120	111	118	133	122

Source: VDMA Agricultural Machinery Assn. & Eurostat

After experiencing three consecutive years of rising farm income from 2005-2007, German producers saw income growth begin to slow in 2008.

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also higher than in previous years. This included sales of 2,800 plows (+30%) and 4,800 fertilizer spreaders (+60%). The 2007-08 harvesting machinery season ended with growth rates of 22% for combines (2,365 units), 33% for round balers (2,057 units) and 8% for forage harvesters (540 units).

A Slower 2009. With 3 years of rising income and significant investment in new equipment behind them, VDMA expects the need to upgrade and replace ag machinery by Germany's farmers to slow somewhat in the coming year. At the same time, the group says that structural changes in the industry, including and overall reduction in the number of farms and expansion of the remaining operations, continues unabated.

In the large export markets of Central and Eastern Europe, the need for investment has not yet diminished, according to VDMA. This, along with rising pressure to increase the production of foodstuffs, feed and renewable raw materials, is expected to lead to increased mechanization of area cultivation in large parts of the world, which will sustain the global demand for agricultural machinery on a long-term basis.

"Although there is currently a dramatic worldwide economic downturn, the agricultural industry, including machinery manufacturers, is exhibiting a certain independence from the global economic situation," says VDMA. For 2009, the group estimates that sales volumes will decline by 4% to $9.3 billion. It believes this level of sales will be maintained as few existing equipment orders have been cancelled and a healthy backlog of orders remains from last year.

On the other hand, VDMA reports that orders have slowed in the past 2 months, and it expects business conditions to remain difficult in the large Eastern European markets, where considerable declines are expected in 2009. AEI

Agricultural Machinery Industry in Germany: Result of Turnover 2008

Values in Millions of Euro

Total Turnover	2007	2008	2008/07 Change
Ag Machinery	3,037.3	3,955.6	+30.8%
Tractors	3,023.5	3,547.9	+17.3%
Total	6,060.8	7,503.6	+23.8%
Germany			
Ag Machinery	925.4	1126.6	+21.7%
Tractors	642.1	751.2	+17.0%
Total	1567.5	1,877.8	+19.8%
Exports			
Ag Machinery	2,111.9	2,829.0	+34.0%
Tractors	2,381.3	2,796.8	+17.4%
Total	4,493.2	5,625.8	+25.2%

Source: VDMA Agricultural Machinery Assn.

AGCO's Valtra Set to Increase Production

AGCO's Valtra operation in Finland is set to get a shot in arm with the launch of new models that fill significant gaps in the product range.

They include a high-horsepower row-crop tractor range developed in conjunction with AGCO's Massey Ferguson unit in France and new versions of the current 'N' and 'T' series mid-range tractors featuring stepless drive for the first time.

Last year, Valtra's Finnish and Brazilian operations contributed the equivalent of $1.17 billion to AGCO's revenues. Managers expect the revamped European range to help make a bigger contribution over the next few years.

Increasing Production. "Our best-ever tractor range will help us achieve our goal of increasing annual production at the Suolahti factory to 15,000 units within 5 years," says Jari Rautjarvi, Valtra vice president and managing director.

With production set to hit a record 11,000 units this year and perhaps surpass Valtra's Brazilian plant for the first time, that target suggests an ambitious sales and dealer recruitment campaign is being prepared.

The new models will certainly help: Valtra's previous 200-horsepower-plus tractor range was not well received and eventually was confined to a single 280-horsepower model with an outclassed semi-powershift transmission.

The new 'S' series is an altogether better proposition; it runs to 5 models with peak engine outputs from 270-370 horsepower and all have AGCO's Fendt Vario stepless drive. Mechanically, it is identical to the Massey Ferguson 8600 range currently being launched in Europe and it will be built on the same assembly line at AGCO's Beauvais plant in France.

Production of the new 'Versu' powershift and 'Direct' CVT versions of the four- and six-cylinder mid-range tractors will remain at Suolahti, where extra capacity is being released by shifting assembly of Valtra 'A' series utility tractors to a contract operation in Turkey.

Cold-Weather CVT. Valtra has come late to the CVT party but with good reason — cold-climate trials showed proprietary systems from ZF and Fendt were intolerant of the extreme cold experienced in northern Scandinavia.

Valtra engineers developed a transmission that is disengaged from the engine to minimize drag at start-up and uses additives keep the oil viscous at very low temperatures.

To keep costs in check, the design team managed to produce a new semi-powershift transmission at the same time that uses much the same hardware as the CVT. AEI

Transmission Specialist ZF Banking on Growing Trend to CVTs

Power transmission specialist ZF hopes to see North American 4WD tractors running with stepless CVT (continuous variable transmission) drivelines before long. It has produced a suitable unit — the Eccom 5.0 — and reportedly has tractors with the transmission installed running in trials.

Eccom 5.0 is the biggest power splitting stepless transmission from any manufacturer. Capable of handling up to 500 horsepower, it is at the top of a range of five Eccom units catering for tractors from 100 horsepower.

According to Manfred Schwab, who heads ZF's Off-Road Drivelines Technology & Axles division, demand from end users for the productivity, driving ease and fuel economy benefits of stepless drive will see sales continuing to rise.

In Western Europe, they are estimated to account for 15% of the 160,000 or so new tractors sold.

ZF supplies its Eccom and similar S-Matic CVTs to John Deere, Same Deutz-Fahr, Claas and CNH Global's Case IH and New Holland.

AGCO has its own CVT drives; the Vario unit is installed in Fendt, Massey Ferguson and Challenger tractors and there is the new Direct CVT developed by Valtra.

Powershift Not Dead Yet. Despite its growing popularity, Schwab does not anticipate CVT eclipsing powershift and conventional transmissions just yet.

A few years ago, he says, it was thought that powershift would suffer a slow death given the advantages of stepless ratio shifting. But new tractor-building initiatives in markets not yet ready for CVT — such as China, and Russia, Poland and Turkey in Eastern Europe — are creating demand that suggests it will be around for a long time to come.

That is good news for the Off-Road division's agricultural business unit, which makes synchromesh gearboxes and transaxles, as well as front-drive axles and harvest machine drivelines in addition to the CVT units.

Last year, division sales grew 12% to the equivalent of $338 million; and according to a report in Britain's *Farmers Guardian*, it is on target to lift that figure to $418 million with ambitions to double that over the next 5 years. **AEI**

Net Sales Rise 51% for Canadian Dealership Group As They Acquire Another Location

Rocky Mountain Dealerships (RME), the ag and construction equipment group based in Calgary, reported on March 10 that its net sales rose by 51% in the fourth quarter of 2008. The firm also announced its intention to acquire Heartland Equipment Ltd., a farm equipment dealership in Drumheller, Alberta.

For the fiscal 2008 fourth quarter, ended December 31, net sales increased to $146.9 million, compared to net sales of $99 million for the same period in 2007. New equipment sales were $90.5 million vs. $69 million in the fourth quarter of the prior year. Used equipment sales were $32.8 million, up 175.6% compared to $11.9 million in the previous year. Revenue generated from product support increased to $22 million compared to $15.1 million in the fourth quarter of 2007.

Gross profit for the fiscal 2008 fourth quarter increased 42% to $24.6 million, compared to $17.4 million in the fourth quarter of the prior year. The company's gross profit margin was 16.8% in the fiscal 2008 fourth quarter vs. 17.6% in the fourth quarter of the prior year.

For all of '08, net sales increased $90.7 million, or 29%, to $404.1 million from net sales of $313.4 million for the same 12-month period of 2007. Net loss was $87.7 million, or $6.88 per share, for fiscal 2008, compared to earnings from operations of $14.8 million in fiscal 2007.

New Acquisition. The company says its expects to close the acquisition of Heartland Equipment on April 1. The dealership handles the Case IH agriculture brand, as well as Kubota, Bourgault and Farm King equipment. In its most recent fiscal year ended October 31, 2008, Heartland reported revenues of $28.1 million.

Rocky Mountain was formed on September 17, 2007 but did not carry on any business until it completed the acquisition of Hammer Equipment Sales Ltd. and the Hi-Way Service group on December 20, 2007. **AEI**

AEM: Farm Equipment Exports Grew 26% in '08

U.S. exports of agricultural-related machinery totaled $10.4 billion dollars in 2008, an increase of 26% compared to the previous year, according to the Assn. of Equipment Manufacturers (AEM). The trade group consolidates U.S. Commerce Department data for off-road equipment with other sources into quarterly export trend reports.

U.S. farm equipment exports to Australia/Oceania totaled $794 million, a 59% increase for 2008. Exports to Canada grew 31% in 2008, with purchases totaling $2.8 billion. South America took delivery of $888 million worth of American-made agricultural equipment in 2008, a gain of 29%, and exports to Europe increased 23% and totaled $4 billion.

Asia bought $793 million worth of U.S. agricultural machinery, a 12% increase, while Central America's export purchases of $813 million represented a 13% increase. Africa's farm equipment export purchases were $299 million, a gain of 21%. **AEI**

February Sales Mixed, March Numbers Could Set Tone for '09

While the sales of big farm equipment in February finished mixed, March figures will bear closer scrutiny as they could very well set the tone for the remainder of 2009. That's the assessment of Robert McCarthy of RW Baird in his analysis of the latest sales numbers coming from the Assn. of Equipment Manufacturers.

"Agricultural equipment industry retail sales comparisons were mixed in seasonally weak February, but next month's data will be critical, as the spring tractor selling season starts in earnest in March," he says.

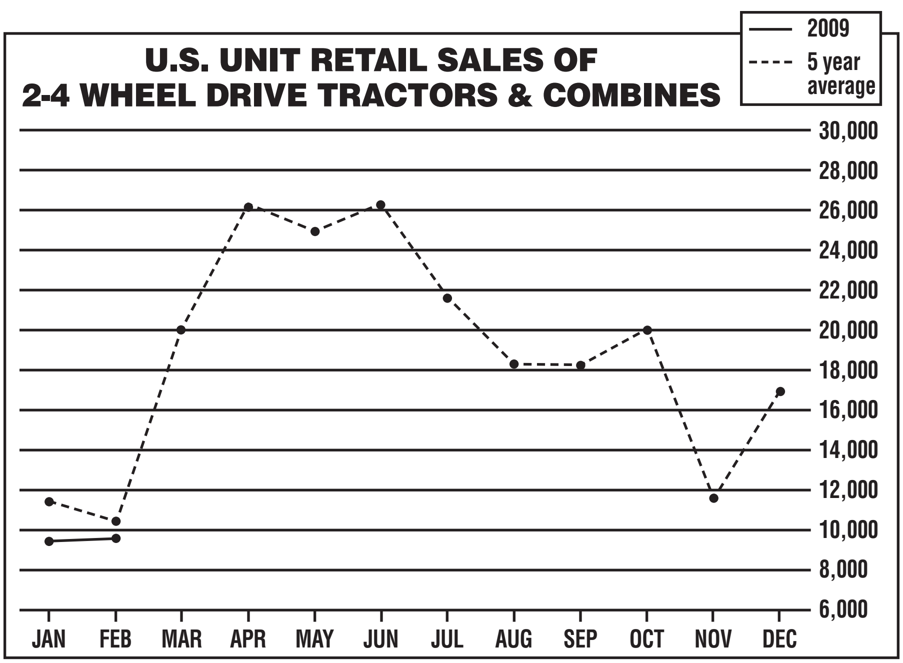
- Historically, February is a below-average month seasonally for row-crop and 4WD tractor sales, contributing 6% of annual sales on average.
- Row-crop tractor sales declined 14% year-over-year after a 7% increase in January. On a last 3-month basis, sales declined 3% year-over-year.
- Sales of 4WD tractors increased 34% and were up 24% on a last 3-month basis.
- Combine sales surged 46% year-over-year, albeit in the least important month of the year seasonally. February typically contributes less than 4% of full-year sales. Combine sales had increased 13% year-over-year in January and were up 14% in the last 3-month period. U.S.-only sales rose 40.7% in February.
- Comparisons for utility and mid-range tractors remained extremely weak, falling 29% and 25% year-over-year, respectively. U.S.-only sales of under 40-hp units dropped nearly 26%, while 40-100-hp tractors fell nearly 32%.
- Inventories for large equipment remain relatively lean. Inventories for 4WD tractors and combines declined roughly 24% on a days-sales basis and absolute inventory levels were down 8-9% year-over-year. Row-crop tractor inventories increased 15% year-over-year, however, it was their third consecutive year-over-year increase. **AEI**

FEBRUARY U.S. UNIT RETAIL SALES

Equipment	February 2009	February 2008	Percent Change	YTD 2009	YTD 2008	Percent Change	Feb. 2009 Field Inventory
Farm Wheel Tractors-2WD							
Under 40 HP	3,833	5,153	-25.6	7,072	9,093	-22.2	57,587
40-100 HP	2,889	4,224	-31.6	5,962	7,883	-24.4	32,039
100 HP Plus	1,606	1,857	-13.5	3,399	3,544	-4.1	6,794
Total-2WD	8,328	11,234	-25.9	16,433	20,520	-19.9	96,420
Total-4WD	284	238	19.3	524	486	7.8	742
Total Tractors	8,612	11,472	-24.9	16,957	21,006	-19.3	97,162
SP Combines	536	381	40.7	1,045	831	25.8	822

FEBRUARY CANADIAN UNIT RETAIL SALES

Equipment	February 2009	February 2008	Percent Change	YTD 2009	YTD 2008	Percent Change	Feb. 2009 Field Inventory
Farm Wheel Tractors-2WD							
Under 40 HP	396	488	-18.9	876	1,029	-14.9	6,999
40-100 HP	405	445	-9.0	772	865	-10.8	3,640
100 HP Plus	196	232	-15.5	393	410	-4.1	1,363
Total-2WD	997	1,165	-14.4	2,041	2,304	-11.4	12,002
Total-4WD	98	47	108.5	173	72	140.3	219
Total Tractors	1,095	1,212	-9.7	2,214	2,376	-6.8	12,221
SP Combines	99	53	86.8	147	95	54.7	239



—*Assn. of Equipment Manufacturers*

Demand Growing for Specialized Ag Equipment

Demand for crop spraying equipment and ag machinery guidance systems is increasing as U.S. farmers seek to squeeze more profit from their acres. This was just one of the significant trends cited during the "Ag Day" conference held in New York City in March.

Fifty top investment fund managers attended the event, co-sponsored by Ag Equipment Intelligence and Wall Street Access.

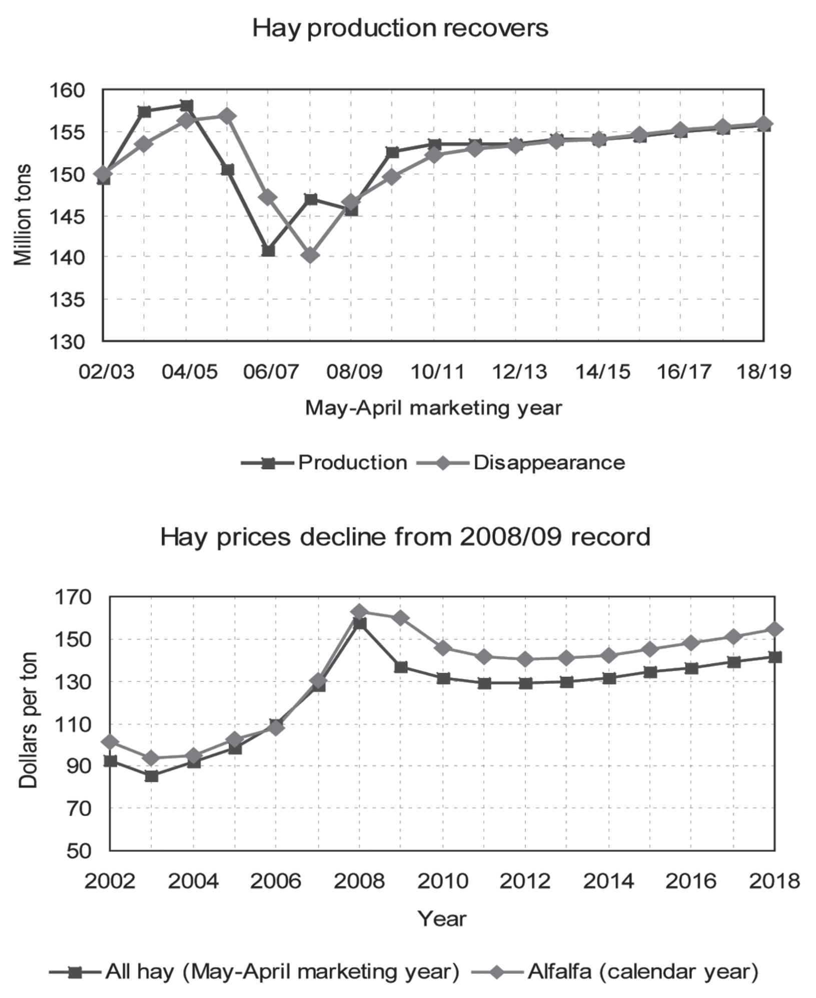
Matt Hays of Equipment Technologies told fund managers that sales of self-propelled sprayers to farmers continue to rise as growers seek more control over the timely application of pesticides.

Steve Koles of Hemisphere GPS says guidance systems are currently being used on only about 30% of farms with more than 500 acres. Autosteer is still in its infancy with only about 10% market penetration.

"There are 3.5 million tractors and combines working in the field today and they are prime candidates for the sale of GPS equipment," he says. "Less than 20% of the new tractors produced each year are GPS-equipped, even though the typical payback period for GPS is 12 to 18 months."

Koles says the technology for a single operator in a pickup truck to operate four combines within the same field is available. "We can do it, but the acceptance of this concept is still a few years away," he says. AEI

As Hay Production Recovers, Prices Decline



Slightly lower hay production resulted in very tight hay markets in 2008-09, according to baseline report released on March 6 by the Food and Agricultural Policy Research Institute (FAPRI) at the University of Missouri–Columbia's College of Agriculture, Food and Natural Resources. A projected modest increase in both area harvested and yields allows hay stocks to rebuild in 2009-10. It's expected that hay acreage will remain fairly stable after 2010, so the projected increase in production is a result of slow growth in yields per acre. Tight supplies also led to record hay prices in 2008-09. As hay supplies increase relative to cattle numbers, hay prices will fall in 2009-10, but remain high by historical standards. Hay markets are more fragmented than markets for most other agricultural commodities, so trends in national average prices may not reflect local conditions.

USDA Lowers Corn & Soybean Ending Stocks Forecasts

USDA released its monthly World Ag Supply & Demand Estimates on March 11 and lowered its corn and soybeans forecasts.

Corn stocks were reduced by 3%, largely driven by higher forecast ethanol use, partially offset by reduced exports, according to UBS analyst Henry Kirn. Soybean ending stocks are now projected 12% lower than previous estimates (following a 7% reduction last month) at 185 million bushels, down 10% year-over year. The agency also raised its wheat ending stocks forecast by 9% to 712 million bushels, up 133% year-over-year.

USDA increased the midpoints of its corn price forecast to $4.10/bushel, from $3.90/bushel, and soybean price forecast to $9.35/bushel, from $9.25/bushel. It left the midpoint of its wheat price forecast unchanged at $6.80/bushel. AEI