From the editors of *Farm Equipment...*

Ag Equipment Intelligence

News, Information & Analysis for the Ag Equipment Marketer

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- Dealer vs. Deere Suit
- Big Dealer List Update
- 33% Growth for Titan

Top New Holland Sales Exec Leaves to 'Pursue Other Interests'

Less than 2 years into his stint as vice president of sales and marketing for New Holland Agricultural Equipment in North America, John Stevenson has left the company looking for other challenges. And once again, management turnover at the company leaves New Holland's dealers wondering where the company is heading.

In an April 8 letter to New Holland dealers, New Holland President & CEO Barry Engle said that the move would become effective April 12.

"During his tenure with New Holland, John implemented a number of strategic initiatives designed to grow the brand's position in North America. He also developed a stronger partnership with you, our dealers, by establishing more direct lines of communications," Engle told the dealers.

He indicated that Stevenson's replacement would be named at a later date. In the meantime, Engle will assume responsibility for the company's North American business.

Engle also mentioned that he would be working closely with the rest of the leadership team, Cleo Franklin, David Greenberg, Ron Shaffer, Chun Yue and Jeff Middleton, "to ensure our strategic direction remains constant. Your voice will continue to be heard and represented within CNH and most importantly we will be successful together going forward."

Not a 'Maintenance' Type. In an exclusive interview with *Ag Equipment Intelligence* sister publication *Farm Equipment* in January 2009, Stevenson described himself as the "kind of a guy who likes a challenge, to turn it around, get it as good as it can be and hand it off to somebody else. I'm not a maintenance-type individual."

According to a company spokesperson, "John told us what he was going to do, so his departure wasn't a surprise."

In the 2008 *Farm Equipment* interview, Stevenson said priorities for his new job included "to make sure the company was profitable, that our dealers are profitable and that the franchise value increases."

What New Holland dealers wanted, he said at the time, was stability at the top of the company and to know where the company was headed.

Management Turnover. From the time Bob Crain left for AGCO in January 2006 until they hired Engle and Stevenson to lead the company in August 2008, New Holland turned over 5 top executives.

Rumors swirled around the

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Is Deere's 'Build-to-Order' Focus Eroding Customer Loyalty?

Farmers have long been accused of being color blind and too brand loyal when it comes to their equipment purchases. Red equipment buyers would never think of trying green machinery, and those devoted to blue won't consider orange. That may be changing, but according to a recent survey, dealers say they haven't noticed a major shift in market share in the past year, except that Deere may have actually increased its overall portion of equipment sales.

Fading Loyalty? An April 9 report from *Bloomberg BusinessWeek*, *Rivals Capitalizing on Deere Equipment Shortage*, cites one Kansas farmer who recently broke his family's 50-year tradition by buying a major piece of equipment that wasn't from John Deere.

Jay Armstrong, who raises 2,500 acres of corn, soybeans and wheat, purchased a Dragotec corn head that will be delivered in May. He said the same equipment from Deere wouldn't be delivered until August.

"They have taken me as a loyal John Deere customer for granted, thinking I will pay whatever and wait however long it takes. I used to be blind to all colors but green and yellow, and my color blindness is now gone," Armstrong said.

The report said, "Deere's focus on becoming a 'build-to-order company' has helped bolster prices and profit, even as some dealers say they are losing sales. Deere shrank its inventory 28% from a year earlier to $2.75 billion on January 31. Inventory as a percentage of sales in the previous 12 months was the lowest of 15 farm and construction equipment makers including AGCO Corp. and Caterpillar Inc., according to the most recent filings."

A Deere dealer in Iowa expects to lose at least a half dozen deals this month. He added that his dealership's sales could be up 10-20% if he had the inventory to meet customer demand.

But if a recent survey of deal-

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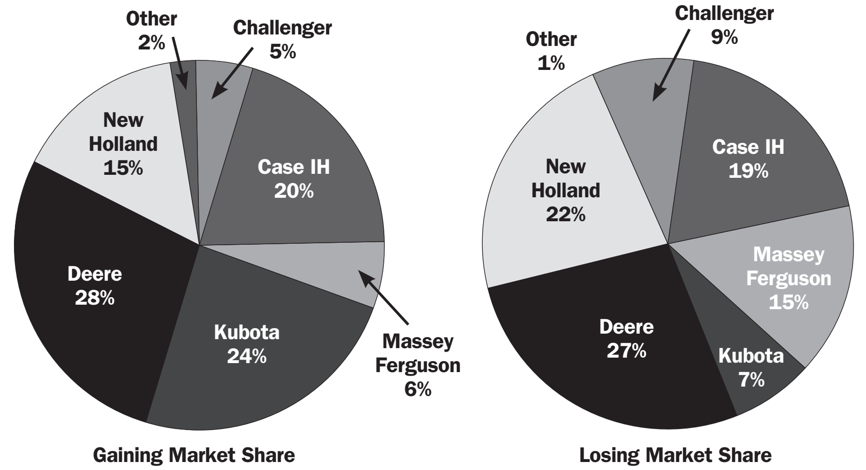
Market Share Shifts



In the most recent dealer survey conducted by UBS Global Equity Research, 41% of farm equipment retailers indicated they believe that there has been a "significant" shift in overall market share in the past 12 months, while 59% say they haven't seen a significant change.

ers conducted by UBS Global Equity Research is accurate, most farm equipment retailers haven't seen a significant shift in overall market share in the past year. In fact, it looks as if Deere may be adding to its already dominant place in the farm machinery market.

The Survey Says. In the UBS dealer survey conducted earlier this year, dealers generally reported they've experienced stable market share during the past 12 months.

When asked, "Have there been significant changes in market share (new machinery) in your region over the last 12 months?" Some 41% reported there had been significant change, but 59% say they have not seen significant change in overall market share in the past year.

In his analysis of the survey, Henry Kirn said, "We note that the 41% of dealers who responded that there has been a significant change in market share over the last 12 months is below the 50% of dealers that indicated significant market share changes the last time we asked this question in Survey 23 conducted in January 2008."

Who Is, Who Isn't? The dealers were also asked which brands have been gaining or losing market share.

Of the total responses, 28% and 24% indicated that Deere and Kubota had gained market share, respectively, with 20% indicating that Case had gained share, 15% believe that New Holland had gained share, 6% say Massey Ferguson had gained share, 5% report that Challenger had gained share and 2% indicated "Other."

Kirn added that the 28% of dealers indicating that Deere is gaining market share in the current survey is in line with the 27% result from 2 years ago. Kubota received 24% of the gaining share responses in this survey, down from the 29% result from the 2008 survey.

At the same time, when the dealers were asked who is losing market share, roughly 27% responded that Deere had lost market share (vs. 24% in the previous survey), 22% said that New Holland had lost market share (compared with 19% in 2008 poll), 19% responded that Case had lost market share (vs. 24%), 15% reported that Massey Ferguson had lost market share and 9% responded that Challenger had lost market share (27% reported AGCO had lost share in the previous survey), and 7% said that Kubota had lost market share (vs. 6% in earlier survey).

Reducing Inventories. The ag machinery industry as a whole has been trying to reduce equipment inventories, Kirn said in the *BusinessWeek* report. Deere and AGCO had smaller inventories at the end of the most recent quarter than at the same time a year earlier.

Deere's inventory as a percentage of trailing 12-month sales fell to 12.3% in the quarter ended January 31, down from 13.7% a year earlier, data compiled by Bloomberg show. AGCO increased inventory to 17.9% from 16.5%.

"Deere is likely a little ahead as it has carried less inventory than its competitors over the last few years," said Kirn. "Deere has focused on taking inventories out of the channel and becoming leaner over time."

Not Enough, Too Much. Deere's intense focus on managing inventory has improved its performance and allows the company to design better products for customers and expand its markets, said Ken Golden, a spokesman for the company.

Deere's 52% decline in trailing 12-month profit was smaller than AGCO's 65% decline.

"We have not seen widespread evidence of customers choosing a competitive product as our market shares have remained very comparable to the past," Golden told *BusinessWeek*. "Deere customers want the new features and increased productivity of our products."

Another Deere dealer with locations in Illinois and Wisconsin agrees that Deere is on the right track. "It's better to have not enough than too much," says Tom Sloan, CEO of Sloan Implement Co. "Most Deere people, they will probably wait. They are loyal customers." **AEI**

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equipment maker each time a new face was brought in, leading some to believe that the brand would be spun off.

Others openly expressed fears of the longer-term consequences of a "brain drain" that they saw taking place.

One New Holland dealer told *Ag Equipment Intelligence* at the time, "If they're planning to spin this thing off, they're not doing themselves any favors with all these changes." Other dealers said that they were doing their best to insulate their customers from what was happening at the top management levels.

When Engle and Stevenson joined the ag equipment maker in 2008, New Holland dealers hoped they would finally bring stability to leadership of the farm machinery maker and provide some strategic direction they could hang their hats on to make their own plans.

Lousy Timing. Following the announcement of Stevenson's departure, one New Holland dealer told *Ag Equipment Intelligence* that the he was surprised to hear that he was leaving, especially when he had just played a significant part in the company's dealer meeting in March.

"He should have dropped out before the meeting or waited longer after the meeting to announce he was leaving," said the dealer who asked not to be identified.

Reminded that Stevenson said that he wasn't a "maintenance-type individual" but considered himself a turnaround expert, the dealer replied, "He can't say things have been turned around here. New Holland has a lot of issues to deal with, including losing market share.

"New Holland is a great company, but until it solves the problem of retaining senior leadership, we don't have a real direction to follow. Every time this happens, it precludes the company from maintaining a consistent, strategic path and implementing the changes that need to be made," said the dealer, who owns multiple New Holland stores.

"The next guy to come in will have his own ideas and we'll end up starting all over. Maybe it would be best if Barry (Engle) maintains the responsibilities for a while to keep things pointed in one direction. It looks as if he and David Greenburg (senior director of marketing) will be the key guys to keep things on track."

He added, "It's really difficult for dealers to develop a long-term plan for the business and follow through on it when it's not at all clear what direction New Holland is heading. AEI

RISING STEEL COSTS WILL INCREASE EQUIPMENT PRICES

The rising cost of steel was an oft-voiced concern shared by suppliers and wholegood manufacturers at the Farm Equipment Manufacturers Assn. annual meeting in Kansas City on April 8-10. Several manufacturers shared how the price of steel had risen 25% or more since January, with another 10% rise expected in the near future — as the industry starts building once again.

"Last year, all the manufacturers cut their inventories down to zero," one steel supplier told *Ag Equipment Intelligence*. "All the steel-making input costs — iron ore, coal, scrap — have been up the last 3 months, and demand is picking up again now that orders are coming back."

JP Morgan analyst Ann Duignan sees rising input costs, steel in particular, as a major issue confronting equipment manufacturers in the near term. "Key headwinds for operating leverage are rising input costs vs. lack of pricing power," she said recently in a note to investors.

JP Morgan's commodity analyst also expects a 65% increase in iron ore prices in 2010, followed by another 10% increase in 2011. Cold rolled steel prices, which are already up 50% year-to-date, are likely to follow iron ore prices. Additionally, copper prices are up 74% since the beginning of the year.

FARM MACHINERY TICKER (AS OF 4/12/2010)

Mfr.	Symbol	3/11/20 Price	3/11/10 Price	1-Year High	1-Year Low	P/E Ratio	Avg. Volume	Market Cap.
AGCO	AGCO	$38.99	$34.20	$39.06	$21.65	27.04	990,744	3.60 B
Alamo	ALG	$20.70	$17.99	$20.70	$9.77	12.55	49,986	243.14 M
Art's Way	ARTW	$5.99	$5.60	$7.12	$3.06	31.41	7,748	23.94 M
Caterpillar	CAT	$66.73	$58.90	$67.00	$28.50	46.66	9.61 M	41.69 B
CNH	CNH	$33.09	$26.58	$33.33	$11.51	NA	309,237	7.86 B
Deere	DE	$62.04	$57.73	$62.39	$34.90	28.91	4.85 M	26.31 B
Kubota	KUB	$46.17	$46.78	$51.08	$29.31	842.52	30,669	11.74 B
Titan Machinery	TITN	$14.55	$12.80	$17.00	$8.61	16.82	98,583	258.60M

Update: 'Big Dealer' List Grows to 162 Companies

The first list of farm equipment "Big Dealers" that appeared in the April 2009 *Ag Equipment Intelligence* showed 151 dealer groups that operated 5 or more stores.

This year, *AEI*, together with its partner is this ongoing project, Currie Management Consultants, has updated the list. It's now comprised of 162 North American ag machinery retailers. That's a 6.8% increase in larger dealer groups, which demonstrates the continuing consolidation of dealers selling farm machinery.

According to our ongoing research, 84 dealer groups, or slightly more than half of the entire list, handle John Deere equipment. This is an indication of how aggressively Deere has pursued dealer consolidation.

Of the dealers primarily selling Case IH equipment, 32 groups operate 5 or more store locations, while 31 AGCO dealers have 5 or more stores.

About half that many New Holland (15) and Kubota (12) dealer groups own and operate 5 or more locations.

As might be expected, these big dealers account for a significant percentage of annual equipment sales for each of the major brands of farm machinery. By brand, we estimate that these dealer networks cover nearly 50% of John Deere annual sales dollars, approximately 30% of Case IH and AGCO's, and only about 10% of New Holland and Kubota's yearly sales totals.

Brand Structure of the Largest North American Farm Equipment Dealers

(multiple brands at many stores within an owner group)

Number of Ag Stores	Large Dealer Owner Groups	Deere	AGCO Brands	Case IH	New Holland	Kubota
>15	13	8	3	2	1	
10-15	35	15	16	2	1	
7-9	46	23	8	9	3	3
5-6	69	38	4	19	10	9
TOTAL	163	84	31	32	15	12

Updated estimates by *AEI* and Currie Management Consultants shows that 162 farm equipment ownership groups operate 5 or more dealership locations in North America. Multiple brands may be carried at different locations within an owner group. AGCO brands include AGCO, Massey Ferguson, Challenger and Fendt tractors as well as Lexion combines. The figures in this table don't necessarily total across as several dealers handle multiple brands of equipment.

	Dealer Group	Total Stores	Ag Stores	Main Ag Brands	State/ Province
1	Titan Machinery	74	47	CIH, NH	ND, SD, IA, MN
2	RDO	58	25	JD	ND, AZ, CA, MN, MT, OR, SD, TX, WA
3	Brandt Holdings	32	23	JD	ND, MN, SD, NE, CA
4	Romer (James River Eq/Colorado Eq)	35	23	JD	VA, NC, SC, CO, WY
5	Empire Cat	23	22	Challenger	AZ, CA
6	Greenway	22	22	JD	AR,MO
7	Ziegler Cat	20	19	Challenger	MN, IA, WI
8	Petersen Holding	19	19	Challenger, MF	CA, OR
9	Rocky Mtn Equipment	25	19	CIH, Kubota	AB, MB, SK
10	Trigreen	19	18	JD	AL, TN
11	C&B Opera,ons	16	16	JD	SD,MN,WY,ID,MT
12	Cervus/Agro Eq/Greenline	22	16	JD	AB, MB, SK
13	Sloans	16	16	JD	IL, WI
14	Ring Power Cat	25	15	Challenger	FL
15	Warren Cat	15	15	Challenger, Fendt	TX, OK, NM
16	Hewic Eq./Atlan,c Tractor	15	15	Challenger, MF, F	QC, NA, NB, PE
17	HGI (N C Mach, Trac & Eq)	24	14	Challenger	WA, MT, ND, WY
18	Wagner Equipment	14	14	Challenger	CO, TX, NM
19	Whayne Cat	20	14	Challenger, MF	KY
20	Pioneer Eq	14	14	CIH, NH, Kub	TX,CA, ID
21	Greensouth	14	14	JD	GA, FL, SC
22	Plains Power/Southwest Imp/Central Imp	14	14	JD	NE, KS, AZ,CO
23	SunSouth	14	14	JD	AL, GA
24	Holt of Texas Cat	19	13	Challenger	TX
25	Holt of California Cat	19	13	Challenger, MF	CA
26	Arizona Machinery Group	13	13	JD	AZ, CA, NV, UT
27	East Coast Equipment	13	13	JD	NC, VA
28	Maple Mt Eq	13	13	JD	PA, NY, MD
29	Agritex	12	12	JD	QC
30	Mazer Group	13	12	NH, CIH	MB
31	Milton Cat	12	11	Challenger	MA, NY, NE
32	Western States Cat	11	11	Challenger	ID, MT, OR
33	Butler Machinery	11	11	Challenger, AG,	MF ND, SD
34	Quinn Cat	37	11	Challenger, MF	CA, AZ
35	Wheeler Machinery Co.	12	11	Challenger, MF	UT, NV
36	Birkeys	14	11	CIH, NH	IL
37	Cazenovia Eq	11	11	JD	NY
38	Goldman Eq	11	11	JD	LA,MS
39	Van Wall Group	14	11	JD	IA, KS, NE
40	Atlantic Tractor	11	11	JD, Kub	MD, PA, DE
41	Altorfer	10	10	Challenger	IA, IL, MO
42	Riggs Cat	10	10	Challenger	AR
43	Thompson Machinery	10	10	Challenger	TN, MS
44	Ag-Power	10	10	JD	TX
45	Quality Equipment	10	10	JD	NC
46	South Texas Imp / Tractor City	10	10	JD	TX
47	Koenig Eq	12	10	JD, CIH	OH, IN
48	Fabrick Cat	9	9	Challenger	MO, IL
49	Nebraska Machinery	9	9	Challenger	NE, IA
50	Baker Implement	9	9	CIH	MO, AR
51	Vecer Eq	9	9	CIH	IA
52	Scoc Tractor	37	9	CIH, NH	AR, LA
53	Huron Tractor	9	9	JD	ON
54	JayDee AgTech	9	9	JD	SK
55	Martin Eq / Deerline	11	9	JD	AB
56	P&K Eq	9	9	JD	OK
57	Sydenstricker	9	9	JD	MO
58	Tennessee Tractor	9	9	JD	TN
59	Agri-Service	8	8	AGCO	ID, OR, UT
60	Finning Int'l	8	8	Chlgr Scrapers	AB
61	Kelly Tractor	8	8	Chlgr, AGCO	FL
62	Monroe Tractor	11	8	CIH	NY
63	Kayton Int'l/Horizon Eq. West/Nebraska	8	8	CIH, NH	NE, MN, WY
64	Barker Implement	8	8	JD	IA
65	Gooseneck Impl	8	8	JD	ND, SD
66	Green Diamond Eq	8	8	JD	NB, NS, PE
67	Green Line Eq	8	8	JD	NE
68	Riesterer & Schnell	8	8	JD	WI
69	South Country Eq	8	8	JD	SK
70	Tractor Central	8	8	JD	WI
71	Western Eq	9	8	JD	OK, TX

Dealer Group	Total Stores	Ag Stores	Main Ag Brands	State/ Province
72 Frontier Ag & Turf	8	8	JD, Kub	WI, MN
73 Ahern Rental	8	8	Kub	CA, NV, UT
74 KanEquip	8	8	NH, CIH, Kub	KS
75 Bingham	11	8	NH, Kub, AGCO	AZ
76 Lang Diesel	7	7	AG, MF, Chlgr	KS
77 Kramer Cat	7	7	Challenger	SK
78 Ohio Cat	7	7	Challenger	OH
79 Hi-way Equipment Support Services	11	7	CIH	TX
80 Stanley / West Plains	7	7	CIH	ND
81 Straub Intl	7	7	CIH	KS
82 Hlavinka	7	7	CIH	TX
83 Jacobi Sales	7	7	CIH, Kub	IN, KY
84 Ag Pro	7	7	JD	AR
85 Albany Trac/Flint Eq	17	7	JD	GA, NC, SC, AL
86 Fisher Farm & Lawn	7	7	JD	OR , WA
87 PrairieLand Partners	7	7	JD	KS
88 Quality Impl	8	7	JD	TX
89 Reynolds	7	7	JD	IN, OH, KY
90 Wade	7	7	JD	MS
91 Z & M Ag & Turf	7	7	JD	NY
92 Moody's Equipment	7	7	NH	SK
93 SS Equipment	7	7	NH	WA, OR
94 Empire Tractor	6	6	NH CIH, Kub	NY
95 Dean Machinery	6	6	Chlgr, AG, MF	MO, KS
96 Red Power / Bancroj	6	6	CIH	IA
97 Centre Agricole Nicolet	6	6	CIH	QC
98 Stoller Int'l	6	6	CIH	IL
99 Torgerson's LLC	6	6	CIH, NH	MT
100 Fairbanks Int'l	6	6	CIH, NH, AGCO	NE
101 Ayres-Delta / Planters Eq	6	6	CIH, NH, Kub	MS
102 H&R Agri-Power	6	6	CIH, NH, Kub	KY, IL
103 Service Motor	6	6	CIH, NH, Kub	WI
104 21st Century Eq	6	6	JD	NE
105 A&M Greenpower	6	6	JD	IA
106 American Implement Inc	6	6	JD	KS
107 B.E. Implement	6	6	JD	TX
108 Bodensteiner Impl.	6	6	JD	IA
109 Enns Brothers	7	6	JD	MB
110 Everglades Farm Eq	6	6	JD	FL
111 Heritage Tractor	6	6	JD	KS
112 Hogan Walker	6	6	JD	IL
113 Horizon Equip	6	6	JD	IA
114 Hutson	6	6	JD	KY
115 JD Equip	6	6	JD	OH
116 Lakeland Equip	6	6	JD	NY
117 LandMark Implement	6	6	JD	NE, KS
118 Producers Tractors	6	6	JD	AR
119 Ray Lee Eq	6	6	JD	TX, NM
120 SEMA	6	6	JD	MN
121 Western Sales	6	6	JD	SK
122 Brim Tractor	6	6	NH	WA, OR
123 Garton Tractor	6	6	NH	CA
124 Swiderski Eq	6	6	NH, AGCO	WI
125 J. M. Equipment Co.	5	5	AGCO	CA
126 Ariz.Prod.Mach / Iron City Eq	5	5	AGCO, CIH	AZ, NM, TX
127 Johnson Cat	5	5	Challenger	CA
128 Allied Eq	5	5	CIH	HI
129 Progressive Tractor	5	5	CIH	LA
130 St. John Hardware	5	5	CIH	WA, ID
131 Young's Eq	5	5	CIH	SK
132 Arnold's	5	5	CIH	MN
133 Bane Equip	5	5	CIH	IN
134 Bruna Impl Co	5	5	CIH	KS
135 Ag West Supply	5	5	CIH, AG, MF	OR
136 Crown Power & Eq	5	5	CIH, NH	MO
137 Farm Pride	6	5	CIH, NH	IL
138 Agraturf	5	5	JD	ON
139 Bader & Sons	5	5	JD	MI
140 Blanchard Eq	5	5	JD	GA
141 Campbell Tractor & Imp	5	5	JD	ID
142 Elder Impl	5	5	JD	IA
143 Elmira Farm Service	5	5	JD	ON
144 Hurst Farm Supply	5	5	JD	TX
145 Kay Jay, Inc.	5	5	JD	CO, KS
146 Limestone Farm Lawn Worksite	5	5	JD	KY
147 Maple Farm Eq	5	5	JD	SK
148 Nelson Motors	5	5	JD	SK
149 Shoppa's Farm Supply	5	5	JD	TX
150 South Plains Impl	5	5	JD	TX
151 Valley Truck & Tractor	5	5	JD	CA
152 Mid-State Eq	5	5	JD, Kub	WI
153 Lampson Tractor & Eq	5	5	Kub	CA
154 E Bourassa & Sons	5	5	NH	SK
155 Hobdy, Dye & Read	5	5	NH	KY
156 St. Joseph Equip	7	5	NH, CIH, Kub, MF	WI, MN
157 Douglas Lake Eq	5	5	NH, Kub	BC, AB
158 MacAllister Mach.	7	4	Chlgr, Kub, AG, MF	IN
159 Unicoop Coop Agricole	6	4	NH	QC
160 Finch Services	7	2	JD	MD, PA
161 Highland Tractor	5	2	JD	FL
162 Sunshine Eq	6	2	JD	LA

Data for this study was collected from various sources and much of it was verified by the dealers and manufacturers. This is an ongoing work. As dealer acquisitions, mergers and sales occur this list will continually change. Anyone wishing to contribute to this project should contact Dave Kanicki at dkanicki@lesspub.com.

Equipment, Input Costs Affeting Farmer Purchase Decisions

During a conference call with JP Morgan investors on April 14, Richard Guse, a corn and soybean farmer from Waseca, Minn., said, given current profitability, he expects to continue to roll his equipment annually unless corn falls below $3 a bushel.

But a bigger issue is the rising cost of seed, according to Guse. He reports that there has been some backlash in his area to Monsanto's seed price increases. Specifically, in the fall of 2008, Monsanto raised pricing on its SmartStack seeds by $50/bag. As a result, Guse lowered his Monsanto usage by 10% in 2009, switching to Pioneer products. However, he paid for it with lower yields and has begrudgingly reverted to his 2008 mix going into 2010.

A recent report in the *Wall Street Journal* said that Monsanto signaled that it would lower some seed prices due to resistance from farmers to price increases. The company adds that it will back off its long-range profit goals after realizing a 19% drop in fiscal second-quarter earnings.

Hugh Grant, chief executive for Monsanto, told Wall Street analysts that the company is "operating in a very dynamic and competitive environment," which is trumping the company's recent assertions that its superior genetically modified seeds would allow it to charge premium prices for seed.

Also on pricing, Lewis Hagedorn, JP Morgan commodities strategist, says he doesn't expect any big surprises in the May 11th WASDE report. Fundamentals are more bearish than bullish right now for corn. He also adds that soybeans are still considered overpriced. AEI

Dairy Farmers in Buying Mood, But Remain Jittery About Milk Prices

Dairy farmers were hopeful about their economic outlook earlier this year as milk prices climbed from the basement. But prices dipped again in March, dimming prospects for sustained recovery.

Suppliers and equipment dealers attending the Wisconsin Public Service Farm Show, March 30-April 1 in Oshkosh, Wis., told *Ag Equipment Intelligence* that many dairy farmers are looking to buy utility tractors, hay and forage equipment, feed mixers and other machinery, but are waiting for milk prices to stabilize over a period of time to pull the trigger on major purchases.

Class III milk prices dropped in March for the third month in a row to $12.78 per hundredweight — down $1.50 from the month before, but $2.34 above year-ago levels, according to USDA data. The 2010 average is $13.85, up from $10.18 in March 2009.

The Class IV price was up by 2 cents from last month at $12.92, and $3.28 more than last year at this time.

Ron Zygarlicke, of Marshfield, Wis.-based H&S Manufacturing, says manure spreaders and forage boxes have been selling well. He's traveled to 8 or 9 farm shows since January and believes most dairymen are positive about the future.

"Many farmers are holding off on buying equipment, but those who are buying see that their equipment turnover cycles are ending, or they've seen models they like. And some of the farms are just getting bigger," Zigarlicke said. "If farmers get to $14-$15 per hundredweight, they'll be buying equipment."

"Farmers are cautious and rightfully so," said Daniel Glenn, a district sales manager for T-L Irrigation. "They want better prices and they still want to make some capital improvements."

Decreased Net Worth. Times were difficult for dairy farmers across the U.S. last year. Economists from the Univ. of Wisconsin-Madison who wrote the 2010 "Status of Wisconsin Agriculture" report estimated that the Wisconsin all-milk price averaged around $13 for 2009, down from a record $19.27 in '08.

The drop was largely because export markets dried up, leaving more milk to be absorbed by domestic markets that were already crimped by the recession.

The report's authors calculate that Wisconsin dairy farmers' aggregated net worth decreased by an estimated $1.8 billion. Two-thirds of that came from a drop in the value of cows and heifers. Another 20% was because of a drop in the value of farm real estate, while the rest represents negative cash flow.

Dairy farm indebtedness increased, the report said. The aggregate dairy farm debt-to-equity ratio rose from .15 to .18. In other words, on average, Wisconsin milk producers owe 18 cents per dollar of assets they own, up from 15 cents in 2008.

"Nonetheless, a debt-to-asset position of position of less than .20 still represents a sound financial position overall, despite some serious problems on the individual farm level," the report said.

Economists noted that Wisconsin dairy farmers fared considerably better than their counterparts in the western U.S., where milk prices were lower and feed costs were higher.

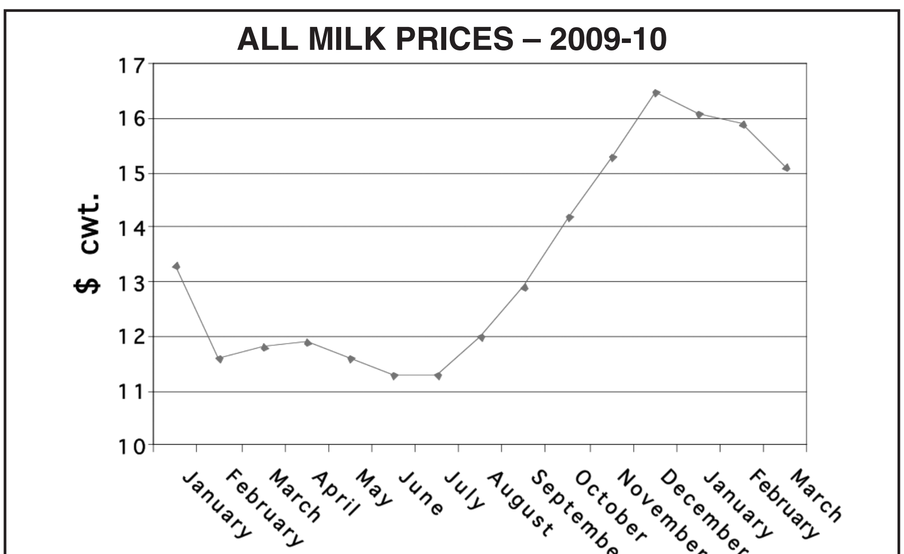
Improving Markets. The report suggests conditions for dairy farmers will improve this year as the nation's cow herd continues to shrink and domestic consumption and exports of dairy products strengthen. The report's authors expect a Wisconsin all-milk price of around $17.50, up by $4.50 from 2009.

The Food and Agricultural Policy Research Institute at the Univ. of Missouri-Columbia predicted last year that U.S. farm-level milk prices will hover around $14 a hundredweight in 2010, rise to about $16 in 2011 and continue rising through 2018 to about $19.

An important factor for retailers to consider is how well off farmers were financially before milk prices began their drop, says Tim Baumgarten of Baraboo, Wis.-based Badgerland Financial. "Prices are better than they were last year, but I don't think anybody considers them to be great," he says. "We're getting closer to that break-even level."

"These farmers can't cash flow at $10 milk," adds Jim Evans, regional manager for Schaefer Ventilation Equipment in Sauk Rapids, Minn. "It would be nice to see $19 milk and have it hold for a while."

Continued Caution. "We're starting to hear some optimism out there, but they're still cautious. The ordering is getting better, so we hope that maybe we've found the bottom," says Mike Everson, a product support representative for Kuhn North America. AEI



Source: UBS Agricultural Dealer Surveys #1-26

Cervus Equipment's Revenues Rise 8.3% in 2009

Publicly held Cervus Equipment Corp. (CVL – TSX Venture), one of Deere & Co.'s largest farm machinery retailers, reports that its revenue from sales of ag and construction equipment increased by $28.8 million to $377.5 million compared with $348.7 million in 2008 for the year ended December 31.

Same-store agricultural equipment segment sales contributed $31.7 million of the overall increase. Total same-store sales were $325.6 million for 2009 compared to $338.3 million in 2008, a falloff of $12.7 million due to the decrease in sales in the construction equipment segment.

Net earnings decreased by $5 million in 2009 to $17.2 million. The agricultural equipment segment contributed $18 million — an increase of $2.2 million over 2008. The construction equipment segment incurred a loss of $831,000 — a decrease of $7.2 million from 2008.

Revenues and earnings for the ag machinery segment have continued to outperform the construction equipment segment during 2009, which had been anticipated due to stronger global grain commodity prices and increased farm income in contrast to the decreased housing and construction sectors of the Alberta economy. The construction equipment segment operates solely in the Alberta market.

As a result of the falloff in earnings and non-cash working capital adjustments of $15.4 million, cash flows from operating activities decreased to $7.7 million ($0.55 per basic share) from $26.4 million ($2.02 per basic share) in 2008 and EBITDA1 decreased to $24.4 million ($1.73 per basic share) in 2009 when compared to $27.9 million ($2.13 per basic share) for 2008.

"We are very pleased with the performance of our agriculture sector in 2009," Peter Lacey, CEO said. The overall reduction in earnings was caused primarily from the economic downturn being experienced during the year and the affect it has had on our construction equipment segment, whose overall revenues decreased by over 40%. In addition we incurred fairly substantial costs related to our conversion to a public corporate entity from a public limited partnership, including $850,000 in professional fees and $900 thousand related to future income taxes on conversion."

Cervus purchased 3 John Deere dealerships in Alberta and British Columbia and have also established partnerships with other entities. "Through our investment in Agriturf Ltd. we hope to close during the second quarter of 2010 on a 42% interest in a group of John Deere dealerships operating on the north island of New Zealand," Lacey said.

"Cervus completed the sale of its business and net assets of two John Deere dealerships to Maple Farm Equipment Partnership for a 20% interest in the now 7-store Maple group...."

In addition, Cervus completed the sale of its business and net assets of two John Deere dealerships located in Russell, Manitoba and Moosomin, Saskatchewan to Maple Farm Equipment Partnership for a 20% interest in the now 7-store Maple partnership.

Cervus further diversified its business by adding an industrial equipment segment on January 4, 2010 through the purchase of A.R. Williams Materials Handling Ltd. ARW sells rents and services industrial products and equipment in 9 locations in Alberta, Saskatchewan and Manitoba.

"Through these transactions and hopefully with the emergence from the worst economic downturn experienced in some time, Cervus has positioned itself to become the leader in its industry," Lacey said.

During 2009, Cervus operated 17 John Deere dealerships in British Columbia, Alberta, Saskatchewan and Manitoba and 5 construction equipment dealerships in Alberta that sell Bobcat, JCB and JLG equipment. **AEI**

Cervus Equipment Corp.
Fourth Quarter & Year-End Results — 2009
(000 $ except per unit amounts)

	Dec. 31 2009	Dec. 31 2008	Dec. 31 2007	Dec. 31 2006
Revenues	377,475	348,675	304,984	269,134
Gross Profit	71,955	67,412	53,984	44,104
Gross Margin	19.1%	19.3%	17.7%	16.3%
Net earnings	17,177	22,208	11,385	8,597
Net earnings per share/unit				
Basic	1.22	1.70	1.03	0.92
Diluted	1.19	1.68	1.00	0.86
Cash provided by operating activities	7,749	26,433	18,138	3,847
EBITDA[1]	24,386	27,881	17,106	13,771
EBITDA Margin[1]	6.5%	8.0%	5.6%	5.1%
Total Assets	225,845	144,333	113,292	107,515
Long-Term Liabilities	59,591	4,874	8,901	9,276
Total Debt	126,751	54,314	64,891	71,355
Shareholders' Equity	99,094	90,019	48,401	36,160
Net Book Value Share/Unit – Diluted	6.88	6.82	4.18	3.62

[1] These financial measures are identified and defined under the section "Non-GAAP Financial Measures" in the MD&A.

Dealers Win 5-Year Legal Battle Against Deere

A federal jury has awarded $5.9 million to two farm equipment dealers in Michigan's Thumb area whose contracts were terminated by Deere & Co. several years ago.

Following a 19-day trial in February, the jury deliberated 4 days before siding with plaintiffs Laethem Equipment Co. (LEC), Laethem Farm Service Co. (LFS) and Michael and Mark Laethem, according to court records. About $3.7 million of the judgment went to LEC, with about $1.6 million going to LFS, $270,900 to Michael Laethem and $267,600 to Mark Laethem.

The dealership owners declined all comment on the February 26 verdict and judgment as appeals and other motions are still pending. It's not clear if Deere & Co. will appeal the case. Deere's attorneys have filed a motion asking for a federal judge to set aside parts of the jury's verdict, or grant a new trial, saying the verdict "was against the great weight of the evidence."

In an April 8 statement, Deere's attorneys also told *Ag Equipment Intelligence* that the judgment is not final or complete. Additional motions are slated for a June 29 hearing in federal court, "to consider alterations and amendments to the judgment regarding the amount of damages and set-offs/credits, because the plaintiffs have obtained the same damages in other suits against other parties," the attorneys said. "Any appeal will not occur until after those motions are resolved."

The Laethems filed a 7-count lawsuit against Deere in U.S. District Court in 2005, alleging that Deere breached its dealership agreements with the plaintiffs, interfered with the business relationships of LEC and LFS and "misappropriated" trade secrets from the two Michigan dealerships.

Michael and Mark Laethem signed dealer agreements with Deere in 1994 after buying the businesses from their late father's trust. Deere & Co. later asked the Laethems to consolidate their business interests with other dealerships in eastern Michigan.

The lawsuit says the Laethems didn't immediately commit to all of Deere's consolidation plans, which prompted Deere to "engineer" the removal of the Laethems from management of their dealerships. Deere terminated its contracts in 2003 with LEC and LFS, whose assets were purchased by J&D Implement, an Ohio corporation.

Lawyers for Laethems argued that LEC and LFS were protected under the Michigan Farm and Utility Equipment Act (MFUEA), which would have prohibited Deere from canceling, terminating, changing or failing to renew contracts with the dealerships without "good cause."

The jury ruled in favor of LEC, LFS and the Laethems on 3 counts of the lawsuit accusing Deere of breach of MFUEA, breach of contract and "tortuous interference with business relationships."

Four other counts were dismissed, including one asserting that LEC and LFS had a franchise agreement with Deere, and that Deere violated Michigan's Franchise Investment Law. The Laethems now operate Farm Depot Ltd., with stores in Caro and Schoolcraft, Mich., carrying the Challenger and several shortlines.

It was the second significant legal decision for the Laethems in just a few months. The Laethems and Canusa Equipment Co. also sued J&D Implement in 2005 in Tuscola County Circuit Court on charges that included conversion, misappropriation of trade secrets and intentional interference with business relations.

A jury last November ruled in favor of LEC, LFS and Canusa in that suit. J&D Implement has since ceased operations.. AEI

Tonutti Seeks North American Partner for Storti Line

A joint-venture partner is being sought to help introduce the Storti line of cattle feeders to the North American market. The move follows an alliance between Tonutti Group, which has an established sales and distribution presence in the U.S., and Storti SpA, a fellow-Italian manufacturer of feeders in which Tonutti acquired a 30% share last summer.

At the time the deal was announced, Tonutti Group President & CEO Carlo Tonutti said the two companies would collaborate to take advantage of group synergies in serving international markets.

"This participation in Storti will further strengthen the Tonutti Group's market position and enable us to continue our strategy for growth on a global level," he added.

This process began in 2007 with the acquisition of Wolagri, an Italian manufacturer of round balers and bale wrappers, and continued the following year with the purchase of technology and manufacturing rights to the Tecnoagricola company's innovative Quasar air seeder.

The new partners' product lines are complementary in that existing Tonutti Group companies produce hay-making and packaging equipment. Storti's focus is on mixing and dispensing forage-based feeds. Combined sales of the two enterprises were the equivalent of $104.7 million in 2008.

Tonutti already sells its products through a U.S. subsidiary in Memphis, Tenn. While Storti supplies distributors throughout South America, it has no presence in the U.S.

"We have plans to enter the U.S. and Canadian markets with the Storti product line and are currently looking around to find the right partner for local production," says spokesman Gianmaria Tonutti. "We want to repeat what we have already done with our branches in Russia and China — to supply the core parts from Italy and complete the machines according to the requirements of the destination markets."

Storti builds horizontal and tub-type feeders up to 28-cubic meter capacity at its factory near Verona in northeast Italy. It also offers trailed and self-propelled variants that include self-loading models. AEI

Farm Factoids Help Fund Managers Appreciate Agriculture

Throughout the Ag Day conference held last month in New York for interested fund managers, speakers used various farming factoids to help the attending investment fund managers better understand agriculture. *Ag Equipment Intelligence* and Morgan & Joseph, a New York City investment banking firm, co-sponsored the annual Ag Day conference.

Here's what *Ag Equipment Intelligence* picked up from the conference:

- The price of a barrel of oil divided by 20 normally represents the price of a bushel of corn, says Charlie Rentschler, an Indiana farmer and market analyst with Morgan & Joseph.
- There's more biotech research being done in China today than in the rest of the world combined, according to Monsanto scientists.
- Univ. of Wisconsin weed scientists have quit evaluating herbicides under no-till conditions because there aren't enough growing weeds to make proper evaluations.
- Ethanol at 105 octane needs to be priced 30-40 cents per gallon cheaper than gasoline to be efficient, says Troy Prescott, president of Cardinal Ethanol in Winchester, Ind.
- If the seed industry can get corn growers to move up from seeding 30,000 kernels per acre to 45,000, it will double seed sales, says veteran no-tiller Allen Berry of Nauvoo, Ill.
- Western Ohio growers are being paid $70 per acre by the government for raising cover crops and spending only $40 per acre, says Joe Nester, a crop consultant form Bryan, Ohio. He says cover crops dramatically improve water infiltration.
- As crop input costs continue to rise, Jim Leverich, a no-till farmer from Sparta, Wis., expects growers to invest more dollars in irrigation to reduce the higher risks with crop production. Leverich is also an on-farm research coordinator for the Univ. of Wisconsin. AEI

SKIERS ON TARGET WITH GPS

Products developed by Hemisphere GPS, manufacturers of precision ag systems, played a big role during the recent winter Olympics in western Canada.

On the slalom and downhill runs in the skiing competition, Hemisphere GPS President Steven Koles used the firm's GPS system to map the exact location of each pole used as gates in the men's and women's competitions on the Whistler mountains.

"The location of every pole was marked with GPS coordinates and then removed so the snow grooming machines could smooth out the mountain runs at night," says Koles. "Starting at 4:30 a.m., we went out to the hill and remarked the exact GPS location for each of the 120-150 poles from the top of the slope to the bottom of the hill at the finish line."

Fendt Pushing for Growth Despite Halting Expansion Plans

Despite putting a factory expansion project on ice, managers at AGCO Corp.'s Fendt tractor unit in Germany are keeping ambitious growth targets firmly in their sights.

Building work, machine tool installation and logistics systems were already under way when the rapid decline in tractor demand hit last year and the program was put on hold.

"The Fendt Ahead2 project for expanding production capacity to 20,000 units will provide a realistic opportunity for Fendt's continued sustainable growth," says management board spokesman, Peter-Josef Paffen. "But after evaluating the market situation, we decided to halt the project for 6 months."

AGCO sanctioned the $238 million program at a time when demand for its premium brand tractors was surging. In 2008, the factory in southern Germany sold a record 15,428 units, 16% up from the year before.

Revenues from the high-ticket machines helped AGCO GmbH — which also distributes Fendt harvesters and Challenger tracked tractors in Germany — achieve net sales equivalent to $1.84 billion at current rates of exchange, 25% higher than in the year prior.

"Having reached our capacity ceiling in 2008, the positive trend continued in the first half of 2009, which was our best-ever 6-month period," adds Paffen.

"But in the second half, we could not escape the general downward trend when, after a long period of growth, the agricultural commodities markets sobered faster than expected."

Last fall, managers adjusted the 2009 production target to 14,000 units — still the highest figure in 20 years despite the difficult business environment.

"The important thing to remember is that we continue to forecast on an excellent outlook for agriculture and the agricultural equipment industry worldwide for the medium and long term," says Paffen. "The current situation, though, has shown us that we must be prepared for stronger short-term market fluctuations."

AGCO clearly shares that view, having increased its investment in Fendt research by more than 20% from almost $50 million in 2008 at current exchange values to $61 million last year.

That comes on top of the $41 million spent on other corporate aspects of the German business.

Paffen remains optimistic that the Fendt tractor's high-tech, high-value formula will be embraced by more farmers outside its Western and Central European heartland, which accounts for 95% of sales.

"The remaining 5% go to North America, Australia, Asia and Eastern Europe — all areas in which we see good potential for Fendt growth in the future," he says. AEI

Kuhn Group Cuts 600 Staff as Sales Fall

Managers at Kuhn Group headquarters in Saverne, France, responded to a sharp downturn in demand for agricultural implements last year by making rapid adjustments to its flexible manufacturing facilities and shedding more than 600 employees.

At the same time, they strengthened Kuhn's position in the North American hay tool market by filling gaps in the range with new packaging products acquired from Kverneland.

Group net sales in 2009 were equivalent to $901 million at current exchange rates, down 14.2% (or currency-adjusted 8.9%) from the 2008 record figure of $1.05 billion.

Order intake fell by 40% to just short of $700 million from $1.16 billion in 2008 as farmers made sharp cuts in capital spending. This lead to cancelled orders made during the previous year and high inventory stocks with importers and dealers.

KUHN SALES & ORDER FIGURES (MILLIONS $)

	2008	2009
Net sales	$1,051	$901
Order intake	$1,164	$699

"During the year, the Kuhn division succeeded in largely aligning inventory levels throughout the value chain to the lower demand," says Philip Mosimann, CEO at Kuhn's Swiss parent group, Bucher Industries. "Thanks to its flexible cost structure, Kuhn Group managed to reduce manpower by 18.7% or 665 full-time equivalent posts without incurring additional costs."

During the first half of the year, farmers had to contend with both the credit crunch and plummeting milk prices, observes Mosimann. U.S. sales of hay harvesting and forage machinery slumped dramatically while demand for all product types in Eastern Europe and the Commonwealth of Independent States (CIS), including Russia, came to a virtual halt.

Despite the difficult commercial environment, the value of Kuhn's $161 million acquisition of Kverneland's Geldrop hay equipment factory in the Netherlands became more evident.

Apart from adding sales revenues — which amounted to $163 million in 2008 — the purchase has completed Kuhn's hay tools product line (with the exception of self-loading forage wagons) to give it a more comprehensive offering than any competitor in both grain and grass sectors.

Sales of the new hay tools, together with a contribution from the newly acquired Blanchard sprayer business in France, accounted for 13.5% of 2009 group net sales.

These will likely contribute more in the future as the square and round balers, bale wrappers and tedders launched into the North American market become more familiar to potential buyers and the 2-year parallel marketing agreement with Kverneland comes to an end.

The addition of these products also has strategic value in maintaining the appeal of the Kuhn franchise among the companies's 1,000-plus independent farm equipment dealers in North America. The value of products they handled approached a quarter of group net sales.

Art's Way's 1Q Profit Increases Year-Over-Year by $30,000

Arts Way Manufacturing, (Nasdaq: ARTW), a manufacturer and distributor of agricultural machinery, equipment and services, based in Armstrong, Iowa, reported on April 13 that its latest quarterly profit for the 3 months ending February 28 was up by $30,000 over the same period last year.

Chairman Ward McConnell said the manufacturer of farm machinery niche equipment earned $123,427 for the quarter, up from $97,637 a year earlier.

The increased profit was accomplished despite a 17% drop in revenues to $5.8 million.

"We are very pleased with our strong start to the fiscal year, particularly with our net income and gross margins," says McConnell. "We continue to focus on growing sales and improving our execution, discipline and profitability by tightly managing our variable costs. We also continue to fund our investments in capital expenditures and acquisitions that are designed to fuel future growth for years to come."

Financial Highlights for the 3 Months Ended February 28, 2010 included:

- Net income for the quarter increased 858% over 1Q 2009.
- Operating income for the quarter increased 26.4% vs. 1Q 2009.
- Consolidated order backlog as of February 28 was $17,450,000 vs. $13,127,000 on February 28, 2009.

Consolidated gross profit margin for the first fiscal quarter of 2010 was 23.8%, compared to 19.7% for the same period one year ago.The gross profit margin of Art's Way Manufacturing increased from 21.5% in the first fiscal quarter of 2009 to 28.2% in the 3-month period.

"After the purchase of the Miller Pro product line, we had many orders that we were unable to produce in a timely fashion," the company reported. "In order to satisfy our customers, we agreed to sell these goods at lower prices initially quoted in 2007. We have completed our commitments on the 2007 pricing. During the first quarter of 2010 our products were more appropriately priced compared to our material costs and, as a result, we saw an increase in our gross margins," the company said.

FOR THE 3 MONTHS ENDED

	2/28/10	2/28/09	Change
Revenue	$5,579,841	$6,690,866	-16.6%
Operating Income	123,427	97,637	26.4%
Net Income	34,425	3,595	857.6%

March Ag Equipment Sales Remain Solid

While North American sales of large farm equipment maintained its strong growth trend in seasonally important March, sales of compact tractors showed its first positive signs in nearly 2 years.

"U.S. and Canada row-crop and 4WD tractor sales increased 5% and 42%, respectively, as the spring selling season begins," reports RW Baird analyst Robert McCarthy. "Combine sales declined slightly year-over-year. Inventory growth appears to have moderated or reversed, with positive implications for future production schedules, as well as the new equipment-pricing environment.""

Here's McCarthy's summary of March equipment sales based on the latest sales figures from AEM.

- Row-crop tractor sales increased 5.2% year-over-year in March, modestly below the 8.6% increase seen in February in one of the seasonally most important months of the year (10.5% of annual row-crop tractor sales historically). Sales increased 14.1% year-over-year in the 1Q.
- Row-crop inventories fell 4.2% below February 2009 levels, but increased on a days-sales basis to 111 days from 105 a year ago.
- 4WD tractor sales jumped in March, up 41.7% year-over-year following a 19.4% increase in February, though against an easier prior-year comparison. 1Q sales increased nearly 25% year-over-year.
- Inventories increased 6.5% year-over-year on an absolute basis, reaching 66 days-sales vs. 64 days-sales at this time last year.
- Combine sales declined 2% year-over-year, following a 7.7% decline in February, though March is a seasonally weak month for combine sales (5.9% of annual sales).
- On an absolute basis, combine inventories were unchanged from year-ago levels, but declined 5 days on a days-sales basis to 38 days-sales.
- Compact tractor sales comparisons turned positive in March, up 14.6% year-over-year following 17 consecutive declines. Mid-range tractor sales were off 10.5% year-over-year. AEI

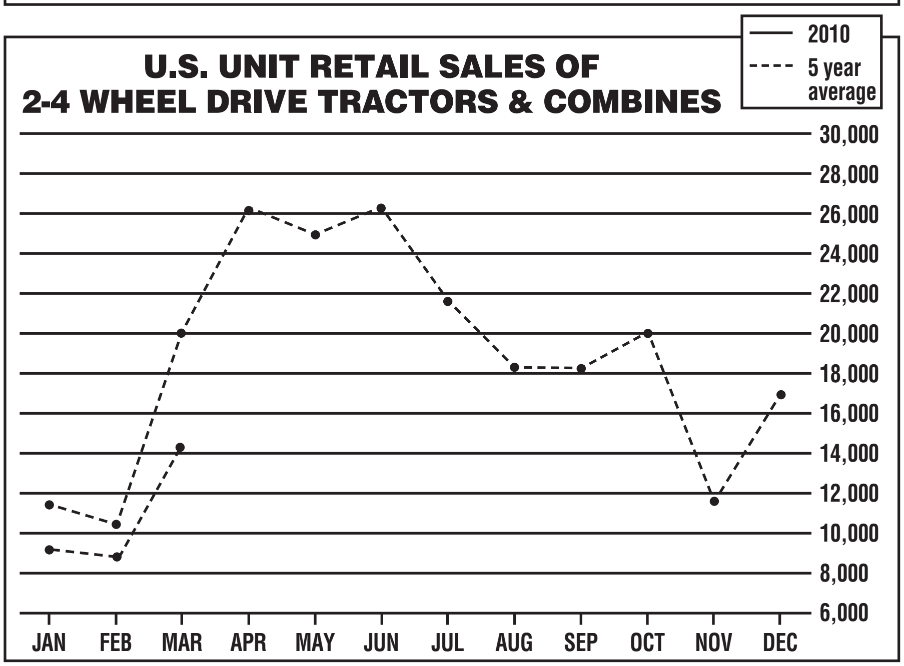
MARCH U.S. UNIT RETAIL SALES

Equipment	March 2010	March 2009	Percent Change	YTD 2010	YTD 2009	Percent Change	March 2010 Field Inventory
Farm Wheel Tractors-2WD							
Under 40 HP	7,467	6,417	16.4	14,304	13,538	5.7	46,311
40-100 HP	3,839	4,198	-8.6	9,007	10,134	-11.1	24,268
100 HP Plus	2,571	2,437	5.5	6,682	5,822	14.8	7,182
Total-2WD	13,877	13,052	6.3	29,993	29,494	1.7	77,761
Total-4WD	558	381	46.5	1,191	903	31.9	834
Total Tractors	14,435	13,433	7.5	31,184	30,397	2.6	78,595
SP Combines	622	584	6.5	1,677	1,626	3.1	1,017

MARCH CANADIAN UNIT RETAIL SALES

Equipment	March 2010	March 2009	Percent Change	YTD 2010	YTD 2009	Percent Change	March 2010 Field Inventory
Farm Wheel Tractors-2WD							
Under 40 HP	551	581	-5.2	1,285	1,460	-12.0	6,760
40-100 HP	414	556	-25.5	1,077	1,314	-18.0	3,142
100 HP Plus	359	348	3.2	795	736	8.0	1,852
Total-2WD	1,324	1,485	-10.8	3,157	3,510	-10.1	11,754
Total-4WD	149	118	26.3	299	291	2.7	320
Total Tractors	1,473	1,603	-8.1	3,456	3,801	-9.1	12,074
SP Combines	124	177	-29.9	285	323	-11.8	341

U.S. UNIT RETAIL SALES OF 2-4 WHEEL DRIVE TRACTORS & COMBINES



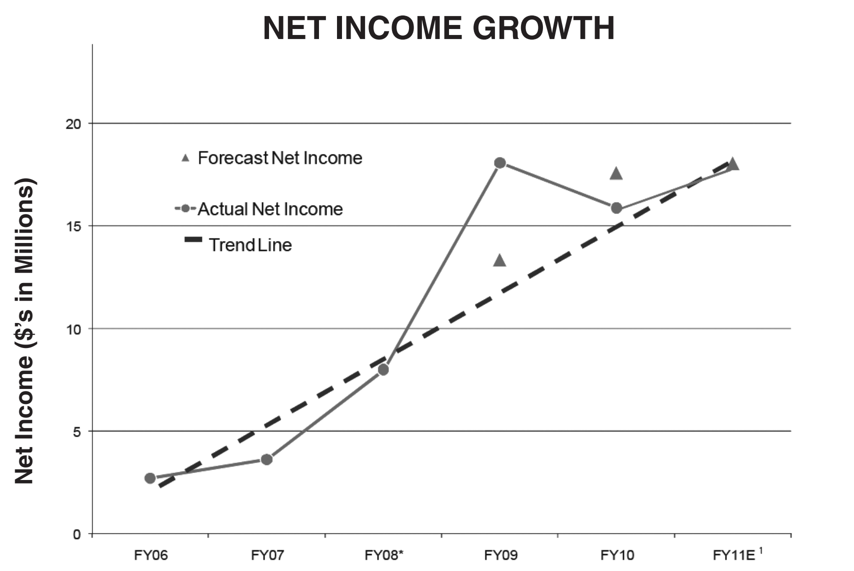
—Assn. of Equipment Manufacturers

Titan Increases Revenue 22% to $839 Million in FY10

Results from Titan Machinery's 2010 fiscal year demonstrate that the farm machinery industry continues to operate on solid ground. On April 15, Titan, the 73-store dealer group headquartered in Fargo, N.D., reported that its revenues for the 12 months ended January 31, 2010, grew by 21.5% to $838.8 million from $690.4 million in fiscal 2009. Revenue from the dealer's agriculture segment was $751.3 million for the year, compared to $624 million in fiscal 2009.

Gross profit for fiscal 2010 was $141.1 million, compared to $119.9 million in fiscal 2009. Gross margin for the past fiscal year was 16.8%, compared to 17.4% in fiscal 2009.

Pre-tax income for the 12-month period was $27 million for a pre-tax margin of 3.2%, compared to $30.5 million, or a pre-tax margin of 4.4%. Pre-tax income for the company's ag segment was $36.1 million in fiscal 2010, compared to $32 million in the previous fiscal period. Net income for the full year fiscal 2010 was $15.7 million, or $0.88 per diluted share, compared to $18.1 million, or $1.08 per diluted share, in fiscal 2009.



*Excludes One Time IPO Related Costs
[1]Net Income is based on the average range of 2011 projections

TITAN MACHINERY 4Q & FISCAL 2010 FINANCIAL PERFORMANCE (MILLIONS $)

Full Year	FY 2010	FY 2009	Change
Total Revenue	$838.8	$690.4	+21.5%
- Equipment	$643.2	$540.3	+19.0%
- Parts	$119.5	$ 95.0	+25.8%
- Service	$ 59.0	$ 44.2	+33.4%
Gross Profit	$141.1	$119.9	+17.7%
Gross Profit Margin	16.8%	17.4%	–60 bps
Operating Expenses	13.0%	12.6%	+40 bps
Pre-Tax Income	$ 27.0	$ 30.5	–12%
- Agriculture	$36.1	$ 32.0	+13%
- Construction	–$6.8	$ 0.6	–1,232%
Pre-Tax Margins	3.2%	4.4%	–120 bps
Fourth Quarter			
Total Revenue	$252.3	$189.0	+33.5%
Gross Profit	$ 37.0	$ 32.5	+13.8%
Gross Profit Margin	14.7%	17.2%	–250 bps
Operating Expenses	11.8%	13.8%	–200 bps
Pre-Tax Margins	2.4%	2.8%	–40 bps
Organic Growth Full Year			
Same Store Sales	$670.8	$639.5	+4.9%
-Agriculture	$626.3	$578.7	+8.2%
- Construction	$44.5	$60.8	–26.8%
Same Store Gross Profit	$112.2	$110.3	+1.7%
-Agriculture	$101.7	$98.7	+3.0%
-Construction	$ 10.5	$ 11.6	–9.4%

4Q Results. In Titan's fourth quarter, revenue increased 33.5% to $252.3 million from revenue of $189 million in the fourth quarter last year. Equipment sales were $203.8 million, compared to $153.6 million last year. Parts sales were $27.7 million compared to $20.1 million, and revenue generated from service improved to $14.9 million in the quarter, vs. $11.6 million last year.

Revenue generated from Titan's ag segment was $226.9 million in the period compared to $170.5 million last year. Gross profit for the fiscal fourth quarter increased 13.8% to $37 million, compared to $32.5 million last year. Gross profit margin was 14.7% in the quarter, compared to 17.2% in the fourth quarter last year.

12-Month Outlook. Looking ahead, David Meyer, Titan's chairman & CEO, told *Ag Equipment Intelligence* that the company is anticipating increased revenue for the full year ending January 31, 2011 in a range of $920-$980 million. Net income is expected to be in the range of $16.7-$18.5 million.

Meyer says that Titan expects organic growth of about 5% and 10-15% from acquisitions during the coming year.

"In fiscal 2011, we are confident that we can achieve overall revenue and profit growth as compared to fiscal 2010. Having completed six acquisitions and two store openings in fiscal 2010, our business will benefit from our expanded footprint as well as anticipated organic growth in both our agriculture and construction business segments." **AEI**