From the editors of *Farm Equipment*...

Ag Equipment Intelligence

News, Information & Analysis for the Ag Equipment Marketer

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- Variables in 2011
- Depreciation Changes
- Ag Exports Rising

Are Farmers' Loyalties to Colors Fading?

Are farmers as dedicated to their favorite brands of farm equipment today as they were 5 years ago?

While some dealers and specialty equipment manufacturers like to believe that's the case, a survey of Midwest farmers conducted by *Ag Equipment Intelligence* doesn't bear this out. It seems farmers are as loyal or more so to their favorite equipment as they were 5 years ago.

In October, *AEI* along with Farm Progress Companies polled a random sample of 2,000 high-income farmers about their brand preference in ag machinery today vs. 5 years ago and how it affected perceptions about their dealers. These farmers had annual incomes of $500,000 or higher.

Besides their steadfast allegiance to their favorite brand, the survey also showed dealers play a key role in maintaining brand loyalty.

Among all respondents, 66.7% said their primary brand of tractor and/or combine was the green equipment of John Deere. Slightly over 17% named red Case IH machinery as their personal preference, while 9.1% said they lean toward the colors of New Holland. Only 4% named one of the AGCO brands — Massey Ferguson, Challenger and Gleaner — as their primary farm equipment brand, and 3% didn't claim any of the majors as their preferred brand of machinery.

When farmers were asked, "*Would you describe yourself as 'brand loyal' in your purchase of tractors, field equipment or combines?*" nearly two thirds — or 64.6% — of all respondents said "yes." Overall, they continue to be faithful to their primary brand when purchasing farm machinery.

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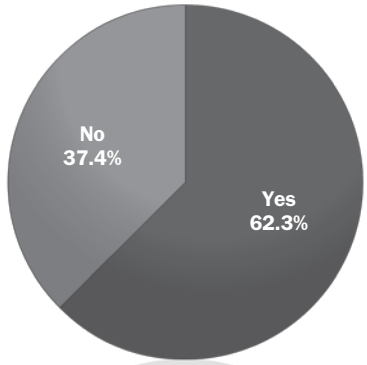
Are You Brand Loyal? (all farmers)



Would you describe yourself as "brand loyal" when you purchase tractors, field equipment or combines?

Titan Machinery Parlays Crop Yields, Tier 3 Sales into Strong 3Q Earnings

Continuing strong ag fundamentals showed up on Titan Machinery's bottom line in the third quarter of the company's fiscal 2011 as revenues rose 37.1% to $311.3 million vs. $227 million in the third quarter last year.

Net income for the period was $7.7 million vs. $5.7 million in the third quarter of fiscal 2010.

All three of the company's main revenue sources — equipment, parts and service — contributed to this period-over-period revenue growth. Equipment sales were $241.1 million for the third quarter of fiscal 2011, compared to $173.4 million in the third quarter last year. Parts sales were $42 million compared to $33 million last year. Revenue generated from service was $20.8 million compared to $15.9 million in the third quarter last year.

"In the quarter, the growth in our agriculture business was driven by a number of factors including favorable harvest conditions and crop yields across our footprint and increased demand for our current Tier 3 equipment inventory," says David Meyer, Titan Machinery's chairman and CEO.

Same-store revenues increased 29.8% as construction segment same-store revenues rose 32.5% and agriculture same-store revenues rose 29.5%.

Margins Up. Gross profit for the third quarter of fiscal 2011 was $48 million, compared to $39.6 million last year. The company's gross profit margin was 15.4% compared to 17.4% last year. Gross profit from parts and service revenue contributed 54% of overall gross profit for the period compared to 53% a year earlier.

"Our fourth-quarter estimate calls for equipment margins to expand as industry supplies have tightened and volume incentives are recognized," says Nelson. "We look for a continued narrowing in construction losses as strategies to improve profitability are pulling together.

"Floor plan interest expense should benefit from lower cost floor plan lines beginning in the next quarter. Our fiscal 2012 EPS estimate conservatively calls for 4% same-store

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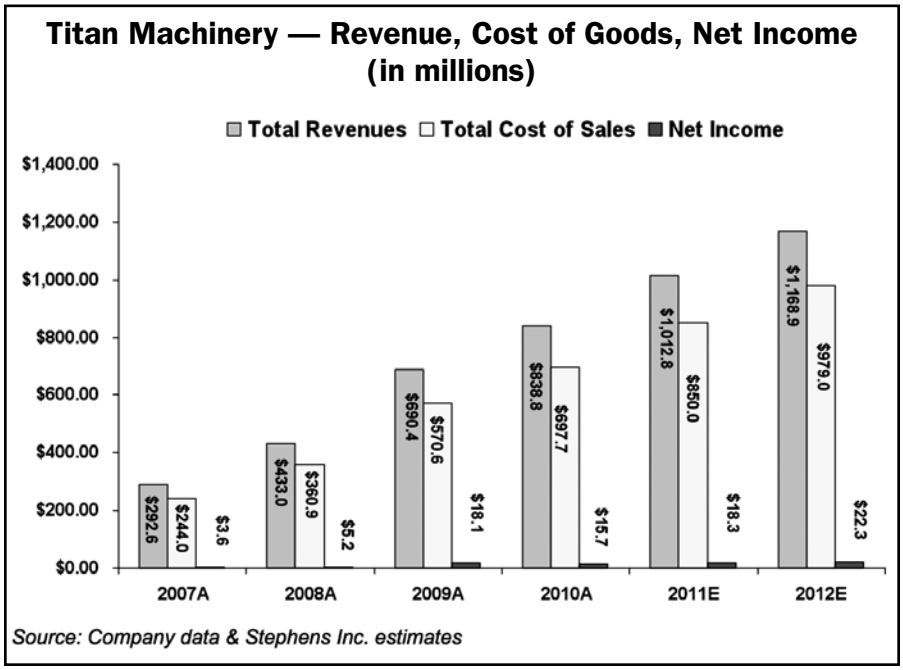
Titan Machinery Parlays… Continued from page 1

growth and assumes a flat industry environment consistent with CNH projections. We note the year-end transition from Tier 3 to Tier 4 Interim in combines should result in stepped up demand for Tier 3 combines, similar to what occurred in tractors this year. We forecast equipment margins to improve slightly assuming industry supplies remain tight," Nelson says.

Solid Outlook. "We've seen favorable commodity prices in recent months, and this, coupled with decreased global supply, should create a strong operating environment for farmers in our markets," says Meyer.

The company expects to achieve revenue of $970 million to $1.02 billion for the full year ending January 31, 2011 vs. its previous range of $920-980 million. Net income is expected to reach $17.2-$18.6 million vs. previous guidance of $16.7-$18.5 million. AEI



Fairbanks Acquisition Expands Titan's Ag Reach into Nebraska, Expect More Buys

When it completes its December 6 acquisition of Fairbank International's 6 Nebraska stores, the Titan Machinery network will consist of 77 dealerships in North Dakota, South Dakota, Iowa, Minnesota, Montana, Nebraska and Wyoming.

"Acquisitions remain an integral part of Titan's growth strategy and the company remains committed to a 10-15% annual growth target," Rick Nelson, analyst for Stephens Inc., said in a December 9 note to investors.

"The Fairbanks acquisition is a good fit with 6 dealerships along the I-80 corridor of Nebraska and $85 million in revenues last year. Current revenues are likely to top $100 million.

"We see an opportunity to improve Fairbanks performance via deploying the Titan store model, particularly in resource planning and service/parts, and efficiency gains to be derived from Titan's ERP system. With its first ag stores in Nebraska, we think Titan will pursue additional acquisitions in the state and contiguous markets. Purchase price of the Fairbanks acquisition was not disclosed, but we understand pricing disciplines were maintained and the acquisition should be accretive to EPS next year."

Titan also announced it plans to file a $250 million "mixed shelf registration statement" that will allow flexibility to respond to future acquisition opportunities. "This would lead observers to conclude an equity offering could be in the cards," says Nelson. "The company doesn't want financing to be a factor in its pursuit of other acquisition candidates."

Pending Tax Package Could Allow 100% Depreciation on Assets

Congress is reportedly close to a tax deal that would encourage more investment in plant and equipment by allowing companies to depreciate 100% of most asset investments in 2011.

The current proposal would allow companies to immediately write off 100% of capital expenditures purchased and put in place after September 8, 2010 and before January 1, 2012.

According to published reports, this would likely result in the pull-forward of some equipment purchases into 2011. Passage is considered particularly positive for farm machinery.

"Agricultural machinery sales have a high correlation with total farm cash receipts and we currently forecast record total farm cash receipts of $336 billion in 2011," said JP Morgan analyst Ann Duignan in a December 13 note.

"Should farmers generate record income, an accelerated deprecation schedule should serve as a strong incentive for farmers to purchase equipment because it gives them a way to shield more income from tax obligations."

She also notes that large farm owners have been trading equipment on an annual basis over the past few years. As a result, the incremental upside to sales may be somewhat limited. AEI

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Despite Downturn, European Equipment Makers Move Ahead with Expansion Plans

Europe's farm equipment manufacturers are still investing in production and sales, service and distribution resources despite the current slowdown in European and other farm equipment markets around the world.

By plowing back some of the profits earned in the exceptional 2008 market year, they're preparing for future growth with more efficient facilities and greater capacity for both production and after-sales support.

In 2008, front line European manufacturers saw sales revenues rocket an average of 24% to as much as 40% in some cases over the year prior that also generated healthy revenues.

Horsch Logistics. The manufacturer of planting and cultivating equipment, Horsch Maschinen, was an exceptional case. It recorded 75% sales growth from 2007- 08, generating the equivalent of $239 million at current exchange rates. Seven years earlier, revenues were $46 million.

In 2009, revenues dropped in line with the rest of the industry — but at $180 million, they still exceeded 2007 figures by 30%.

Its flagship project is a new worldwide parts logistics center being built at the company's Sitzenhof headquarters in Germany. The first phase of this $13 million investment will provide enough capacity to hold two-and-a-half times as many parts.

The company is involved in the U.S. joint venture Horsch Anderson, Andover, S.D., is also investing in export markets. In Russia, Horsch has formed its own sales operation and plans to assemble implements at a new service center built this year in partnership with Ropa, a non-competing German manufacturer of sugar beet harvesting machinery.

"European manufacturers are preparing for future growth and greater capacity for production and after-sales support..."

In the U.K., Horsch will revert to its own sales, parts and service operation in 2011, ending a 12-year partnership with Simba International.

This move prompted Simba to look for an alternative source of seed drills and led to its acquisition by Great Plains. It will enable the German company to expand its product offering in the U.K. with implements that clashed with Simba's own product line.

Amazone Expansion. Along with completing a new production plant, Amazone equipment manufacturer H. Dreyer & Son expanded its worldwide parts center last year/ They spent the equivalent of $1.3 million on a facility to support users of its tillage equipment, sprayers and fertilizer spreaders.

Parts sales represent 10% of sales, and last year amounted to $383.5 million. This is the same as in 2007 and back to normal levels after the record $502.5 million generated in '08.

Lemken Investments. Fellow German company Lemken has committed to a $2.64 million spend on a new production facility for crop sprayers, which is still a relatively new market sector for the tillage machinery specialist.

The 137,000-square foot facility will focus on tractor-mounted sprayers. It will operate in with an existing plant building trailed sprayers. Offices, training facilities and showroom will be part of the complex.

Lemken has spent around $30 million over the past 3 years on new and renewed production facilities. Sales last year of $284 million were more in line with the company's recent growth trend than the $330 million generated in 2008. AEI

FARM MACHINERY TICKER (AS OF 12/10/2010)

Equipment Mfr.	Symbol	12/10/10 Price	11/11/10 Price	1-Year High	1-Year Low	P/E Ratio	Avg. Volume	Market Cap.
AGCO	AGCO	$47.19	$46.65	$49.34	$25.48	26.83	1.68 M	4.39 B
Alamo	ALG	$26.74	$25.02	$27.72	$14.88	12.58	29,835	315.80 M
Art's Way	ARTW	$9.90	$10.35	$9.90	$3.54	26.98	39,677	39.52 M
Caterpillar	CAT	$89.94	$82.44	$92.00	$50.50	29.58	7.63 M	57.09 B
CNH	CNH	$46.22	$43.79	$47.05	$21.56	40.62	350,526	11.00 B
Deere	DE	$82.14	$78.79	$82.50	$48.33	18.88	4.19 M	34.68 B
Kubota	KUB	$47.00	$47.97	$51.08	$37.35	20.61	25,029	11.95 B
Dealer Groups								
Cervus Equipment	CVL	$11.67	$13.20	$14.72	$10.10	NA	NA	NA
Rocky Mtn Dealerships	RME	$8.65	$8.94	$10.83	$7.50	10.94	19,988	158.57
Titan Machinery	TITN	$19.99	$22.08	$20.30	$10.56	26.98	236,452	356.86 M

Signs Still Pointing Up for Equipment Sales, But Watch for 'Variables'

Despite all it has going for it, the 2011 outlook for ag equipment could go in almost any direction, but most signs continue to point up.

As the industry wraps up a solid performance in 2010, analysts point to a number of "headwinds," "tailwinds" and a range of "variables" that could have a significant bearing on how the ag machinery industry fares in the coming 12 months.

"Crop prices remain very strong, with an upward bias, and input costs remain at reasonable levels — corn and bean variable profits could be >60% in 2011-12, suggesting a significant battle for acres and strong, perhaps record, cash receipts," Ann Duignan, machinery analyst for JP Morgan, recently told investors.

"We expect food inflation to become an issue in 2011, and this time the ethanol industry may be at risk as it cannot use high oil prices as the reason for higher food prices, as it did in 2008. In our view, this means that the ethanol industry represents the key risk to U.S. agriculture."

Tier 3 vs. Tier 4. One of the major variables to watch is how the run up in the purchase of equipment with Tier 3 engines during the last quarter of the year affects the sale of Tier 4 machinery that is being mandated for 2011.

"With absolute sales measures approaching multi-decade highs and fueled with contributions from a regulatory pull-forward of demand, we see negative implications for post-standards large tractor demand in 2011," says Robert McCarthy, analyst for RW Baird, in a December 10 note to investors.

Titan Machinery, Case IH's largest North American farm equipment dealer network, attributed strong Tier 3 sales as one of the contributing factors in its exceptional third-quarter earnings report on December 9.

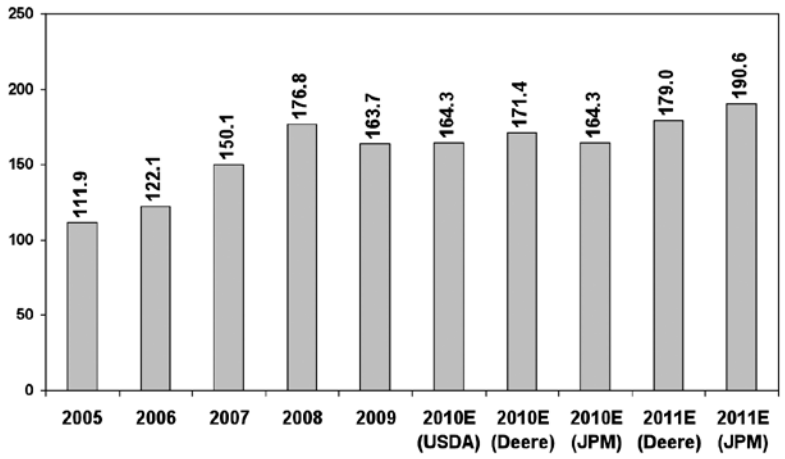
"In 2010, improving fundamentals, driven by rising crop prices and low input costs, and a 2010 pre-buy ahead of Tier 4 Interim emission standards will likely result in sales growth for both over 100 horsepower tractors and combines, and we expect year-over-year unit sales up 16% and 6%, respectively," says Duignan in a November 19 note.

NA Flat Sales. Possibly because of its solid performance during 2010, all three of the major equipment companies are projecting "flat" sales in 2011.

During analysts meetings on December 9, John Deere management noted some headwinds in launching the most new products in recent history. This resulted from introducing Tier 4 Interim equipment and its strategy to wind down production of current models before launch, according to Duignan's note.

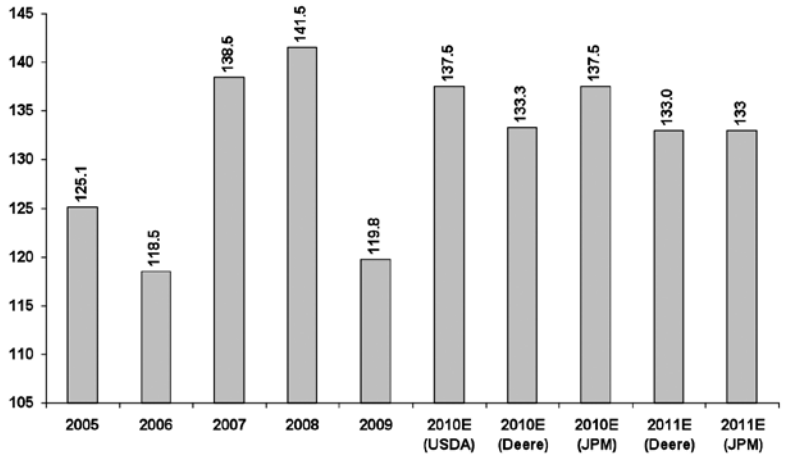
"Deere has the ability to increase production in fiscal 2011 for larger row-crop equipment by only 10%. Additionally, the company is monitoring the growing inventory of used

Total U.S. Crop Receipts (billions)



Source: USDA, Company reports, JP Morgan

Total U.S. Livestock Receipts (billions)



Source: USDA, Company reports, JP Morgan

Crop cash receipts are expected to be $164.3 billion, up slightly year-over-year in 2010. Livestock receipts are projected to be $137.5 billion, up 15% vs. 2009. In 2011, cash receipts could reach $335.5 billion, up 7% year-over-year and above the 2008 peak of $330.6 billion. "Major crop receipts could be up 28%, based on current futures prices — and should the competition drive prices into the spring, U.S. crop farmers could be looking at record receipts in 2011 and perhaps into 2012 also," says Ann Duignan, analyst for JP Morgan.

equipment, which is trending above average as a percentage of trailing 12-month sales."

The company also pointed to a longer-term problem in that used equipment post-2011 will not be as easy to export because most countries do not have access to ultra-low sulfur diesel fuels needed to operate Tier 4 engines properly.

Deere also pointed out that row-crop farmers have been trading equipment aggressively for the past 2-3 years. This trend is likely to slow, though demand should remain at higher than historical levels. The company acknowledged fundamentals for U.S. crop farmers have improved in recent months.

Food Inflation. With rising demand and falling inventories for the major crops (corn, soybeans, wheat) comes increased commodity pricing.

"In the longer term, post-2011 used equipment will not be as easy to export as most countries don't have access to the ultra-low sulfur diesel fuels needed to properly operate Tier 4 engines..."

This is good for grain farmers, but not so much for livestock producers or consumers. Difficult decisions will need to be made in terms of whether to plant corn or soybeans in 2011.

Recently, the FAO (Food and Agriculture Organization of the United Nations) reported that the food price index is nearing the high set in mid-2008. It said "the tightening of the overall situation as we go into 2011 means eventually even those basic food commodities that haven't risen so much could be influenced."

Look for the ag industry to catch a lot of flak in the coming year.

Livestock Inputs. In October, meat prices were up 18% year-over-year while dairy prices are up 29% in the same period. The JP Morgan analyst adds, "With the recent reduction in herds, there is not much opportunity for further consolidation in the protein sector, suggesting higher input costs will likely get passed on to the processors and/or retailers."

Corn/Bean Acres. Recent future prices and input costs suggest U.S. grain farmers are more likely to plant soybeans than corn in 2011.

"Corn variable margins for the 2011-12 season are forecast to be about 60% and bean margins 68%. If land is rented, margins for corn and beans fall to 33% and 30%, respectively. This implies that corn prices will have to rise for farmers to buy extra acres — making 2011 a very important planting season," says Duignan.

Grain farmers are caught between a rock and a hard place in deciding which direction to go. Some may call it a "win-win" situation.

The U.S., Brazil and Argentina produce more than 80% of the world's soybeans. Since South American farmers have already planted or are nearly finished planting the soybean crop, U.S. farmers will need to make up any shortfalls in supply by adding acres.

At the same time, the U.S. is also the biggest worldwide corn producer (39%) and China is the second largest grower (21%). But China is also the largest corn user and even with an excellent harvest this year, the country is anticipating a severe corn shortage. This will put more pressure on U.S. growers to decide what to plant in the coming year.

UBS analyst Henry Kirn sees this a signal that corn prices will rise substantially in the year ahead.

"We believe Chinese corn imports have helped to propel corn prices ahead in 2010 and see additional imports as a potential catalyst for corn prices to appreciate further," he says.

Ethanol May Slip. While corn for ethanol represents 37% of corn production, this is expected to fall to about 34%, according to USDA. "We would expect corn prices to rise to a point where ethanol producers are no longer incentivized to produce above the mandated level. This in effect would add about 125 million bushels of corn back into the market," Duignan says.

As a result, ethanol remains a major swing factor going into 2011.

Nonetheless, grain farmers are expected to be the big winners next year and 2012. Livestock producers are also expected to fare pretty well in the year ahead.

"We are forecasting farm cash receipts to be $313.7 billion in 2010, above the 2009 level of $295.7 billion but below the recent 2008 peak of $330.6 billion," says Duignan.

With ag equipment sales historically tracking the ups and downs of farm cash receipts, North American farm machinery sales are expected to remain solid, if not stellar, during the coming year. AEI

Ag Exports Expected to Surpass 2008 Record

Based on current projections, fiscal 2011 ag exports are forecast at a record $126.5 billion, up $13.5 billion from the August forecast and $17.8 billion above final 2010 exports, according USDA's November 30 report. Exports are forecast to exceed the previous record set in 2008 by more than $11.5 billion. Sharply higher values for leading export commodities account for most of the increases.

The fiscal 2011 forecast for grain and feed exports has been raised by $3.9 billion from August to $35.4 billion, the second highest on record. Most of the increase is due to higher forecasts for coarse grain and wheat.

Corn was raised by $1.7 billion to $12.3 billion due to sharply higher unit values. Wheat exports are up by $1.7 billion to $9.8 billion on sharply higher volumes and unit values. Fiscal 2011 forecast for oilseeds and products was increased to $28.3 billion, up $6.3 billion from the August forecast.

Great Plains Mfg.-Simba Int'l Venture Off to a Fast Start

Managers and engineers at Great Plains Manufacturing and its newly acquired English subsidiary, Simba International, are wasting no time exploiting their new relationship.

Members of Simba's export staff have travelled to other European countries to see Great Plains products in action to assess their suitability for markets where Simba is active. At the same time, personnel from Great Plains and its distributors covering eastern European countries, including Russia, Ukraine and Bulgaria, are getting to know the Simba products and philosophy.

"Our partnership with Great Plains is opening new market opportunities, especially in eastern Europe but also in South Africa and Canada," says Simba export director Simon Revell. "I'm confident the groundwork we're doing at present will really start to pay off next year."

Simba's product development manager, Ben Covell, adds that a project to engineer a new jointly developed Simba-Great Plains cultivator drill for Europe is on track.

"Linking the computer design facilities of the two companies has greatly assisted the development process," he says. "We've tried a multitude of different disc types, angles and spacings, and have now decided on the coulter design and the cultivation and central pressing elements.

"One thing that impressed everyone at Simba is the sheer speed of the design and development process," Covell added. "As an example, we proposed a new coulter design and just 7 days later we were discussing the test results obtained from a prototype put together in the Great Plains R&D department."

As a market-leading supplier of minimum tillage seed drills to British farmers, the new product will be an important replacement for the German-built Horsch seeders that Simba will no longer sell starting next month.

Simba is also anticipating the arrival for testing of Great Plains implements that could complement the new drill and fill out its product line, such as the Discovator seedbed cultivator.

At the same time, U.S. dealers are being introduced to the Simba products that Great Plains owner Roy Applequist believes could find buyers in the U.S.

At the company's convention in Kansas held shortly after Simba, the innovative X-Press high-speed shallow cultivator with its adjustable-angle discs and optional tine toolbar was singled out as a potential North American product and an illustration of the synergies of the new partnership.

Applequist explained that Simba's products are highly respected and utilized in Western Europe, while Great Plains' technology is more suited to eastern European and Russian markets. A *Farm Equipment* report on the convention also noted Applequist's observation that Simba has technology in wheat and canola planting that is attractive to Great Plains.

A key element of Simba International's success in the past 10-15 years has been its pioneering introduction of minimum tillage techniques in Britain and other European markets. Importantly, the company not only engineered specialized implements for this non-inversion approach, but also the agronomy expertise needed to help growers apply it successfully.

With new managing director Colin Adams at the helm, Simba is embracing the opportunities offered by its close association with North America's biggest seeding and tillage implement maker. AEI

Kverneland Gets Back into the Hay Baler Business

Norway-based Kverneland has invested the equivalent of $5.5 million in its new baler manufacturing partner Gallignani by acquiring a nearly 40% shareholding in the Italian business — a slightly bigger stake than originally envisioned.

The deal cements a strategic alliance between the two companies for providing replacements for the baler and bale wrapper product lines that Kverneland sold to Kuhn Group of France for $153 million 2 years ago.

Some of Kverneland's capital investment will go toward installing a fourth assembly line in Gallignani's factory to meet anticipated demand.

Group chairman Augusto Callegati Gallignani told *Ag Equipment Intelligence* the new bale wrapper production line would begin operating next month. An existing line producing conventional square balers and other products will operate a second shift starting in March.

"We have taken several initiatives to improve the cost-efficiency of the production process, including the adoption of lean production principles for our two lines dedicated to round balers," says Gallignani. "Now we shall increase our capacity for other equipment in line with anticipated demand from the Kverneland distribution network."

Kverneland has been awarded distribution rights for all Gallignani hay tools in most markets around the world. Italy, Gallignani's domestic market, is one of the few exceptions. The hay tool line will include the conventional square balers that will be incorporated into the group's Vicon line for the first time.

Augusto Gallignani believes the attention on the company since the announcement of its new partnership has already had an impact on sales.

"In October this year, we took orders for 155 round balers in the original Gallignani brand compared with just 20 in the same month the year before," he says.

"It may be because dealers are concerned about supplies, but it may also be because of Kverneland's choice of a partner."

The Gallignani Group, which also produces precision seeders and tractor loaders, exports 90% of production to 70 countries. It claims to be the world's number one in conventional baler production. AEI

November Sales Add to Strong Year-End

North American retail sales of farm machinery in November continued a string of notable sales months, according to the figures released by the Assn. of Equipment Manufacturers.

"U.S. and Canadian large tractor retail sales comparisons remained impressive in November, up 37.5% year-over-year but moderating after the blowout 44% increase in the seasonally paramount October," Robert McCarthy, RW Baird analyst, said in a December 10 note. But November typically delivers only 5% of annual large tractor and combine sales.

• Row-crop tractor comparison remained strong and stable, up 40% in November for the fourth consecutive month. This tractor category includes the largest number of tractors in the 175-plus horsepower range affected by the 2011 transition to Tier 4 Interim emissions standards. On a trailing 3-months basis, row-crop sales have returned to within 7% of prior peaks in 2008 and 1998.

U.S. row-crop tractor inventories remained down (17.7%) year-over-year as Tier 3 tractor inventories disappear, moderating to 96 days-sales.

• 4WD tractor comparison moderated in November, increasing 25% year-over-year in a seasonally minor month (after spiking 62.6% year-over-year in seasonally critical October). Except for 4 months in 1997, the past 3-months U.S. and Canada sales total is the highest in 20 years. U.S. dealer inventories of 4WD tractors were up 11% year-over-year in October, but fell to 59 days-sales.

• Combine retail sales surged 38% year-over-year in November, the fourth consecutive month of double-digit year-over-year growth albeit in a month that typically accounts for just 4-6% of annual sales. U.S. inventories of combines were 11% above October 2009 levels, but were flat year-over-year at 36 days-sales.

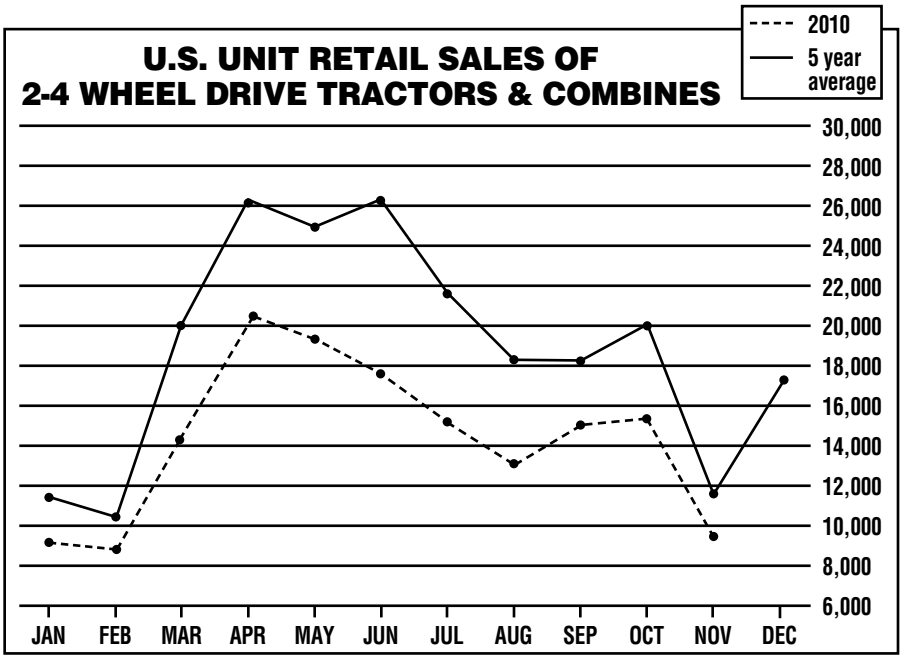
• Mid-range tractor sales increased 13% year-over-year, the second consecutive double-digit positive comparison and only the fifth such comp since the first quarter of 2005. AEI

NOVEMBER U.S. UNIT RETAIL SALES

Equipment	November 2010	November 2009	Percent Change	YTD 2010	YTD 2009	Percent Change	November 2010 Field Inventory
Farm Wheel Tractors-2WD							
Under 40 HP	4,262	3,658	16.5	78,137	74,739	4.5	45,485
40-100 HP	2,825	2,387	18.3	43,411	44,362	-2.1	22,290
100 HP Plus	1,695	1,132	49.7	24,058	20,271	18.7	6,869
Total-2WD	8,782	7,177	22.4	145,606	139,426	4.4	74,644
Total-4WD	317	242	31.0	5,162	4,063	27.0	895
Total Tractors	9,099	7,419	22.6	150,768	143,489	5.1	75,539
SP Combines	549	377	45.6	9,360	8,719	7.4	1,012

NOVEMBER CANADIAN UNIT RETAIL SALES

Equipment	November 2010	November 2009	Percent Change	YTD 2010	YTD 2009	Percent Change	November 2010 Field Inventory
Farm Wheel Tractors-2WD							
Under 40 HP	711	771	-7.8	9,949	10,027	-0.8	6,113
40-100 HP	548	591	-7.3	5,593	6,590	-9.7	3,445
100 HP Plus	286	280	2.1	3,781	3,668	3.1	1,542
Total-2WD	1,545	1,642	-5.9	19,683	20,385	-3.0	11,100
Total-4WD	77	73	5.5	1,217	1,095	11.1	276
Total Tractors	1,622	1,715	-5.4	20,900	21,380	-2.2	11,376
SP Combines	155	134	15.7	2,512	2,399	4.7	305



—Assn. of Equipment Manufacturers

A Famer's Loyalties... Continued from page 1

As a group, these farmers also say their brand allegiance has not shifted much — except to get somewhat stronger — during the past 5 years.

When asked to describe their feelings about their primary brand today compared to 5 years ago, only 18.2% were "slightly less" or "significantly less" loyal.

More than half — 55.5% —feel "about the same" about their primary brand as they did 5 years ago.

At the same time, 26.3% of the farmers were "slightly more" or "significantly more" loyal to their primary equipment brand compared to how they felt 5 years ago.

#1 John Deere. As might be expected, the degree of loyalty among farmers varies dramatically by brand.

Not only did John Deere farm customers dominate when it came to the largest percentage of responses (67%), but they also demonstrated a higher level of brand loyalty.

Of all farmers who identified themselves as John Deere customers, 77.3% described themselves as "brand loyal." Among this group, 78.8% also said "yes" when asked, "*Do you begin your purchase process for new equipment with the desire to purchase the same brand as your tractor and/or combine?*"

Asked to describe their feelings about their primary brand today vs. 5 years ago, nearly one third, or 30.3%, of Deere customers said they were "slightly more" (21.2%) or "significantly more" brand loyal (9.1%) today. Nearly 58% said they feel "about the same" about John Deere as they did 5 years ago. Only 12.1% reported feeling "slightly less brand loyal" (9.1%) or "significantly less brand loyal" (3%) today compared with 5 years ago.

#2 New Holland. Second in terms of brand loyalty, but trailing by a significant margin in the "loyalty ratings," was New Holland. A little over 44% o farmers who called themselves "brand loyal" also identified themselves as New Holland customers. When they begin the purchase process for new ag machinery, 55.6% first look to purchase New Holland equipment.

Nearly two thirds (66.7%) of these same producers indicate they are about as loyal to the New Holland brand as they were 5 years ago. Slightly over 11% say they're "slightly more," while 22.2% report feeling "significantly less" loyal to New Holland equipment then 5 years earlier.

#3 Case IH. Of those farmers who say they're customers of Case IH, a little over one third (35.3%) consider themselves "brand loyal." When this group begins looking for new equipment, 52.9% first look at what Case IH has to offer.

In terms of how they feel about their primary brand today vs. 5 years ago, 52.9% say they feel "about the same" about Case IH equipment as they did 5 years ago. Another 11.8% of these growers report feeling "significantly more" (5.9%) or "slightly more" brand loyal (5.9%) toward Case IH compared with 5 years ago. More than 35% indicate their loyalty toward the red equipment has declined "significantly" (5.9%) or "slightly" (29.4%) over the past 5 years.

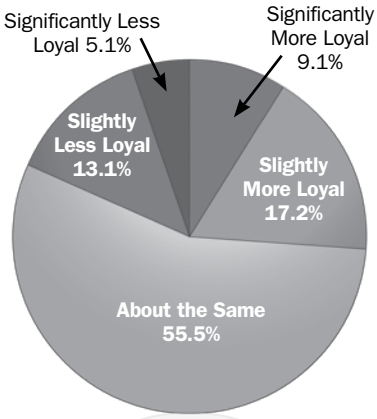
#4 AGCO. One-quarter (25%) of the farmers who call one of the AGCO brands — Massey Ferguson, Challenger or Gleaner — their primary choice for farm machinery, describe themselves as "brand loyal."

When this group of producers begins the process of purchasing new equipment, 75% look at AGCO branded machinery first.

Compared with 5 years ago, these growers are evenly split on how they feel about the AGCO brands today: 25% report being "significantly more," 25% say they're "slightly more" loyal," 25% indicate they feel "about the same" and "25% answered that they were "slightly less" loyal. None of the AGCO machinery buyers indicated they were "significantly less" loyal to the brand than 5 years ago.

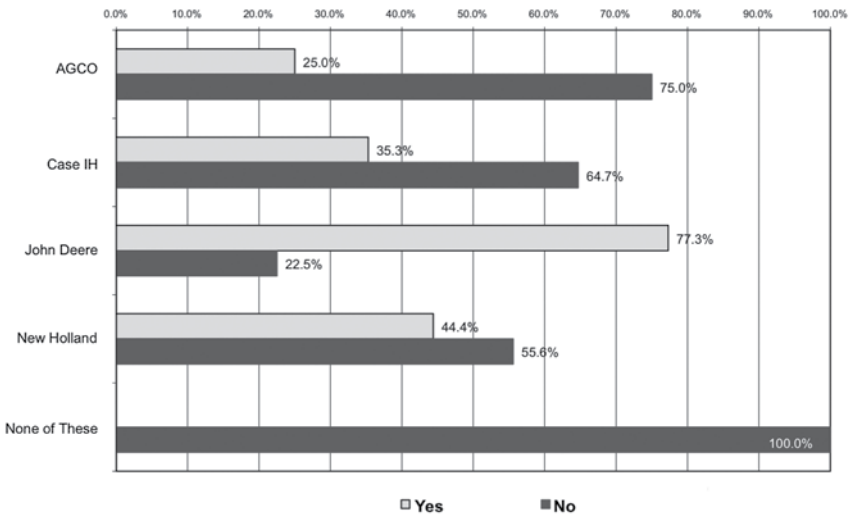
A detailed report on farmer brand preference, appears in the January issue of Farm Equipment and will be posted on www.farm-equipment.com.

Level of Loyalty to Primary Brand Current vs. 5 Years Ago (all farmers)



Farmers were asked to describe their feelings about their primary brand preference today vs. 5 years ago.

Are You Brand Loyal? (by brand)



A cross tabulation of all farmers who responded to *Farm Equipment's* survey shows that farmers who consider John Deere as their primary brand of equipment feel far more loyal to their brand than do customers of the other major equipment brands.