
A Special Management Report From

***Ag Equipment
Intelligence***

**2012 DEALER BUSINESS
OUTLOOK & TRENDS**

FARM EQUIPMENT FORECAST

An Ag Equipment Intelligence Staff Report



TABLE OF CONTENTS

PART I — BUSINESS OUTLOOK & TRENDS

Dealers' Eye Another Exceptional Year	4
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CHARTS

US Net Farm Income & Row-Crop Tractor Sales	4
Dealers' Outlook for New Equipment Sales – 2010 to 2012	5
Dealers' Outlook for Used Equipment Sales – 2010 to 2012	5
Best Bets for Improving Equipment Unit Sales in 2012	6
North American Unit Retail Tractor Sales — 2007-11	8
North American Combine Sales — 2004-10	8
Dealer Issues and Concerns for 2012	9
Demographics of 2012 Survey Respondents	10
Change in Revenue – New Equipment, 2008 to 2012	10

TABLES

Change in Unit Sales of Tractors & Combines – 2011 vs. 2012	7
North America Revenue Projections – New & Used Equipment – 2012 ..	7
North America Unit Sales Projections – Tractors and Combines – 2012 ..	7
North America Unit Sales Projections – Other Equipment – 2012	7
Dealer Spending Plans for 2012	9
Where Dealers Will Invest in 2012	9
Dealer Issues & Concerns for 2012	9
Dealer Hiring Plans – 2011 vs. 2012	9
Dealer Projections for New Equipment Sales by Major Line Carried ..	10
Projected Unit Sales Increase/Decrease by Product Category — 2012 (weighted avg.)	10

PART II — U.S. OUTLOOK

U.S. Dealers' Optimism Carries into 2012	11
U.S. Dealers' Regional Outlook for 2012	16

CHARTS

U.S. Dealers' Responses by Mainline Supplier	11
U.S. Dealers' Projected Sales Revenue for 2012 — New Equipment	11
U.S. Dealers' Projected Sales Revenue for 2012 — Used Equipment	11
Best Bets for Improving Units Sales in 2012 — U.S.	12
U.S. Unit Retail Tractor & Combine Sales – 2007 - 2011	13
Demographics of Survey 2012 Respondents –U.S.	15
U.S. Farm Production Regions	16
U.S. Regional Expectations for Sales Revenues — 2011	17

TABLES

Projected U.S. Unit Retail Tractor & Combine Sales — 2012	12
U.S. Unit Sales Projections for Other Equipment — 2012	12
U.S. Regional Expectations for Revenue Gains in New Equipment Sales— 2011 vs. 2012	14
Dealers Expecting Revenue Gains vs.Losses — 2011 vs. 2012	14
Dealer Issues & Concerns for 2012	14
U.S. Dealer Spending Plans for 2012	15
Where U.S. Dealers Will Invest in 2012	15
U.S. Dealers' Hiring Plans 2012	15

PART III — CANADIAN OUTLOOK

Most Canadian Dealers See a Solid 2012	18
Canadian Regional Breakdown of Dealers' Outlook for 2012	21

CHARTS

Canadian Dealers' Responses by Mainline Supplier	18
Canadian Dealers' Projections for Sales Revenue 2012 – New Equipment	18
Canadian Dealers' Projections for Sales Revenue 2012 – Used Equipment	18
Best Bets for Improving Unit Sales in 2012 – Canada	19
Canadian Unit Retail Tractor Sales – 2007-2011	20
Canadian Unit Retail Combine Sales – 2007-2011	20
Regional Map of Canada	21
Canadian Regional Expectations for Sales Revenues – 2012	21
Demographics of Survey 2012 Respondents – Canada	22

TABLES

Projected Canadian Sales of Tractors & Combines – 2012	18
Projected Canadian Unit Sales of Other Equipment — 2012	19
Canadian Dealers' Hiring Plans 2011 vs. 2012	19
Where Canadian Dealers Will Invest – 2012	19
Canadian Dealers' Spending Plans for 2012	20
Canadian Dealer Issues & Concerns — 2012	22

PART IV — BREAKOUT BY MAINLINE SUPPLIERS

Introduction	23
AGCO Dealers Feeling Strong Going into New Year	24
Most Case IH Dealers See New & Used Gains in '12	26
Another Solid Sales Year Ahead for John Deere Dealers	28
Kubota Dealers Anticipate Further Sales Growth for 2012	30
Despite Management Turmoil, New Holland Dealers Still See Sales Growth	32
Independents See Strong Year Ahead for New Equipment Sales	34

CHARTS

Most Optimistic Equipment Dealers for 2012	23
Least Optimistic Equipment Dealers for 2012	23
AGCO Dealers' Projected Sales Revenues for 2012 – New Equipment ..	24
AGCO Dealers' Projected Unit Sales Revenues for 2012 – Used Equipment	24
Best Bets for Improving Unit Sales in 2012 — AGCO Dealers	25
Case IH Dealers' Projected Sales Revenues for 2012 — New Equipment	26
Case IH Dealers' Projected Sales Revenues for 2012 — Used Equipment	26
Best Bets for Improving Unit Sales in 2012 – Case IH Dealers	27
John Deere Dealers' Projected Sales Revenues for 2012 – New Equipment	28
John Deere Dealers' Projected Sales Revenues for 2012 – Used Equipment	28
Best Bets for Improving Unit Sales in 2012 — John Deere Dealers ..	29
Kubota Dealers' Projected Sales Revenues for 2012 – New Equipment ..	30

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Kubota Dealers' Projected Sales Revenues for 2012— Used Equipment . . .	30
Best Bets for Improving Unit Sales in 2012 – Kubota Dealers	31
New Holland Dealers' Projected Sales Revenues for 2012 – New Equipment	32
New Holland Dealers' Projected Sales Revenues for 2012 – Used Equipment	32
Best Bets for Improving Unit Sales in 2012 – New Holland Dealers . . .	33
Independent Dealers' Projected Sales Revenues for 2012 – New Equipment	34
Independent Dealers' Projected Sales Revenues for 2012 – Used Equipment	34
Best Bets for Improving Unit Sales in 2012 – Independent Dealers . . .	35

TABLES

AGCO Dealers' Projected Unit Sales of Tractors and Combines – 2012.	24
AGCO Dealers' Projected Unit Sales for Other Equipment – 2012.	24
Where AGCO Dealers Will Invest in 2012	24
AGCO Dealers' Demographics – 2012.	25
AGCO Dealers' Projections for Revenue from New & Used Equipment Sales in 2012	25
AGCO Dealers' Spending Plans for 2012	25
AGCO Dealers' Hiring Plans for 2011 vs. 2012	25
AGCO Dealers' Issues & Concerns — 2012	25
Case IH Dealers' Projected Unit Sales of Tractors & Combines — 2012	26
Case IH Dealers' Unit Sales Projections for Other Equipment — 2012	26
Case IH Dealer Demographics – 2012	27
Case IH Dealers' Projections for Revenue from New & Used Equipment Sales in 2012.	27
Case IH Dealer Spending Plans – 2012.	27
Case IH Dealers' Hiring Plans 2011 vs. 2012	27
Case IH Dealers' Issues & Concerns — 2012.	27
John Deere Dealers' Projected Unit Sales of Tractors & Combines – 2012	28
John Deere Dealers' Projected Unit Sales for Other Equipment – 2012	28
John Deere Dealers' Hiring Plans 2011 vs. 2012	29
John Deere Dealers' Issues & Concerns — 2012.	29
Kubota Dealers' Projected Unit Sales of Tractors and Combines — 2012	30
Kubota Dealers' Projected Unit Sales for Other Equipment — 2012	30
Where Kubota Dealers Will Invest in 2012	30
Kubota Dealers' Projections for Revenue from New & Used Equipment Sales in 2012.	31
Kubota Dealers' Hiring Plans 2011 vs. 2012.	31
Kubota Dealers' Issues & Concerns — 2012	31
New Holland Dealers' Projected Unit Sales of Tractors and Combines — 2012	32
New Holland Dealers' Projected Unit Sales for Other Equipment — 2012	32
New Holland Dealer Demographics – 2012.	33
New Holland Dealers' Projected Revenue from New & Used Equipment Sales in 2012.	33
New Holland Dealer Spending Plans for 2012.	33
New Holland Dealers' Hiring Plans 2011 vs. 2012	33
New Holland Dealers' Issues & Concerns — 2012.	33
Independent Dealer Demographics – 2012.	35
Independent Dealers' Projected Unit Sales of Tractors & Combines – 2012	35

Independent Dealers' Projected Unit Sales for Other Equipment – 2012	35
Independent Dealer Spending Plans for 2012.	35
Independent Dealers' Projections for Improved Revenue from New & Used Equipment Sales in 2012.	35
Independent Dealers' Hiring Plans 2011 vs. 2012	35
Independent Dealers' Issues & Concerns – 2012	35

PART V — EMPLOYMENT SIZE BREAKDOWN

Outlook & Promising Markets Vary for Dealers Segmented by Employee Size	36
---	----

CHARTS

Best Bets for Improving Unit Sales in 2012	
Dealers with 1-20 Employees	37
Dealers with 21-40 Employees	37
Dealers with 41-60 Employees	37
Dealers with 61+ Employees.	37

TABLES

Projected Sales Revenue Increase/Decrease by Employment Size — 2012 (weighted avg.)	36
Employment Size Breakdown – 2012	36
Revenue Projections for New Equipment by Employee Size – 2012 . . .	37
Revenue Projections for Used Equipment by Employee Size — 2012 . .	40
Unit Sales Projections for Tractors & Combines by Employee Size – 2012	38
Dealer Spending Plans for 2012	38
Where Dealers Will Invest in 2012	38
1-20 Employees Unit Sales Projections for Other Equipment in 2012. . .	39
21-40 Employees Unit Sales Projections for Other Equipment in 2012 . .	39
41-60 Employees Unit Sales Projections for Other Equipment in 2012 . .	39
61+ Employees Unit Sales Projections for Other Equipment in 2012 . .	40
Dealers' Hiring Plans 2012 vs. 2011	40

PART VI — MARKET SEGMENTS ANALYSIS & DEALER REVENUE SOURCES

U.S. Market Segment Analysis	41
Canada Market Segment Analysis.	42
Segment Analysis by Major Line Supplier.	42

CHARTS

Market Segments — 1-20 Employees	43
Market Segments — 21-40 Employees	43
Market Segments — 41-60 Employees	43
Market Segments — 61+ Employees	43

TABLES

U.S. Regional Market Segmentation – 2012	41
Breakout by Market Segment & Region — U.S.	44
Market Segmentation Dealer Revenue Sources	42
Employee Size Analysis by Market Segment.	42
Market Segment Analysis by Canada Regions	42
Breakout by Market Segment & Region — Canada	47
Major Equipment Supplier Analysis by Market Segment.	43
Segment Analysis by Major Equipment Supplier	43

APPENDIX 1

North American Farm Equipment Industry Retail Sales & Inventory. . .	44
The Global Players in the Farm Machinery Market	45

APPENDIX 2

Used Farm Equipment Pricing & Inventory.	46
--	----

APPENDIX 3

State of the Ethanol Industry	47
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PART I — DEALER BUSINESS OUTLOOK & TRENDS

Dealers Eye Another Exceptional Year for Farm Equipment Sales

With few exceptions, North American dealers are forecasting another strong year for machinery sales, and cash receipts are boosting dealers' confidence for the year ahead.

If historic farm spending patterns hold true in 2012, ag equipment dealers and manufacturers can expect another outstanding year for machinery sales.

In addition to the high level of confidence dealers are showing going into the new selling season based on the results of Farm Equipment's "2012 Business Trends & Outlook Survey," data from the USDA also points toward another strong year for farmers' investing in new equipment.

Historically, farm net income has been the most reliable indicator of farmer spending trends. In its August 30 report, USDA forecasted both farm net income and net cash income will exceed \$100 billion for the first time during 2011. At \$103.6 billion, the revised net income projections are 31% higher than the agency's 2010 outlook.

The forecast also calls for farm cash net income to increase by 16% year-over-year. In the report, the ag agency noted, "The 2011 forecast of net farm income is the second highest inflation-adjusted value recorded since 1973."

While crop cash receipts are expected to remain high, rising by 19% vs. 2010 levels to \$206.5 billion, livestock producers also appear to be back on solid footing as USDA forecasts an increase of 12% in livestock cash receipts, to \$163.8 billion.

With the strong historic correlation between total farm net income and ag equipment sales, dealers fully expect that the momentum of 2011 will positively impact sales of ag wholegoods well into 2012.

Solid Demand for New

A year ago at this time, equipment dealers exhibited a high level of confidence that the sale of new farm machinery would continue to strengthen throughout 2011. As it

turns out, their positive view didn't go unrewarded as the demand for new equipment maintained its momentum throughout the year.

According to the Assn. of Equipment Manufacturers, through August 2011, unit sales of all tractors in North America were 128,840. This compares with 128,150 units for the same period of 2010, a difference of 690 total tractors, less than 1%.

For the January-through-August period, North American combine sales stood at 7,867 units compared to 7,976 for the same period of 2010, a difference of 109 units, less than 1.5% over the 8 months.

This year, their outlook is even more self-assured. On a weighted average basis, the results of Farm Equipment's 2012 dealer forecast is for an increase in revenues from new equipment sales of 2.37% vs. 1.33% last year.

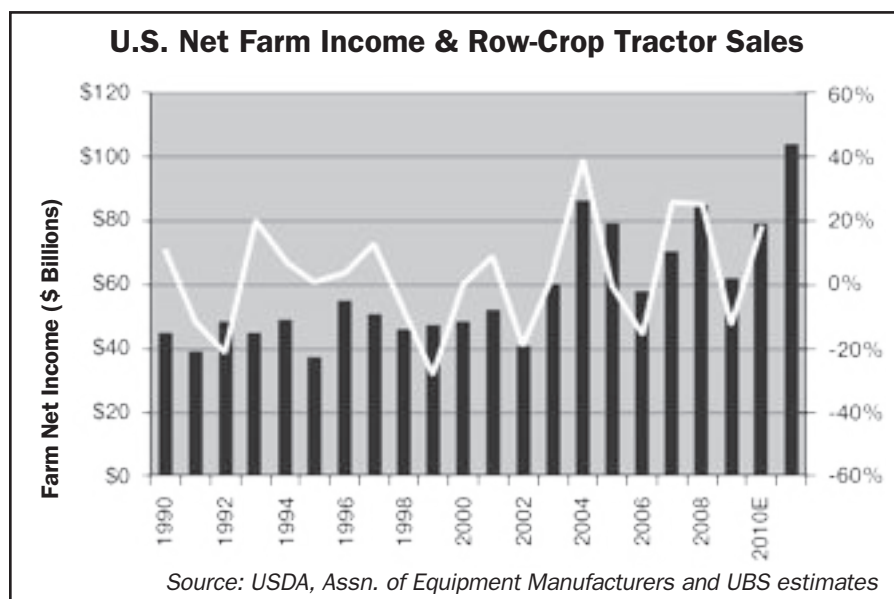
Overall, the "2012 Business Trends & Outlook Survey" indi-

cates that over half (55.3%) of North American dealers expect revenue from new equipment sales to increase by at least 2% to more than 8% in the year ahead compared with 2011.

In all, 88.5% of dealers anticipate their 2012 wholegoods revenues from sales of new machinery will be at least as good or better than what they experienced in 2011. Only 11.5% of all dealers see their sales revenues falling below 2011 levels.

This compares with 47.9% of North American dealers who projected increased sales of new equipment in 2011 vs. 2010, and only 24.4% who expected 2010 sales to surpass those in 2009.

Broken out by U.S. dealers only, 54% expect 2012 revenues to grow by at least 2% to more than 8%, while 87.6% see new equipment revenues being at least as good or better than 2011. This compares with 48.2% who last year forecasted that revenues



With the strong historic correlation between total farm net income and row-crop tractor sales, the forecast of rising net income for 2011 is setting the stage for strong overall equipment sales well into 2012.

would increase by 2% to more than 8% in 2010 vs. 2009, and 80.4% who said their revenues would be at least as good or better in 2011 than they were during the previous year.

On a weighted average basis, U.S. dealers are projecting 2012 revenues from new equipment sales will rise by 2.24% vs. 1.33% a year ago.

Canadian dealers, on the other hand, are even more confident going into 2012 than their U.S. colleagues. A solid two-thirds, or 66.7%, see revenues from new equipment sales increasing by 2% or more than 8% in the year ahead. More than 96% of Canadian dealers are forecasting 2012 new equipment revenues will be at least as good as or better than they were in the previous year. That leaves only 3.7% of all Canadian dealers who expect their revenues from new equipment sales to fall below 2011 levels.

On a weighted average basis, dealers from Canada are looking for 3.35% increase for new equipment revenues vs. 1.34% at this time last year.

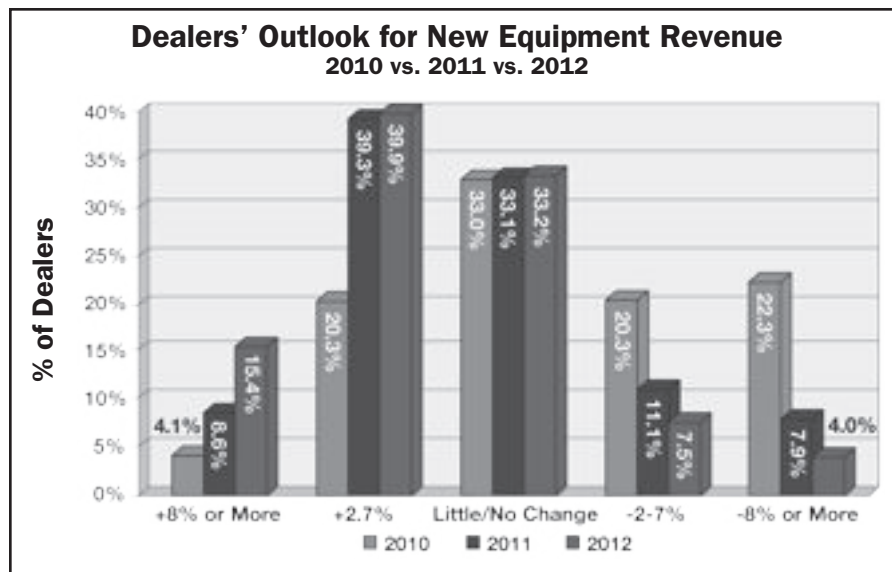
Used Revenues to Rise

Despite some concerns about a buildup of used equipment inventories, particularly combines, most dealers say that the situation is manageable and they're confident that customer demand will hold up in the coming year.

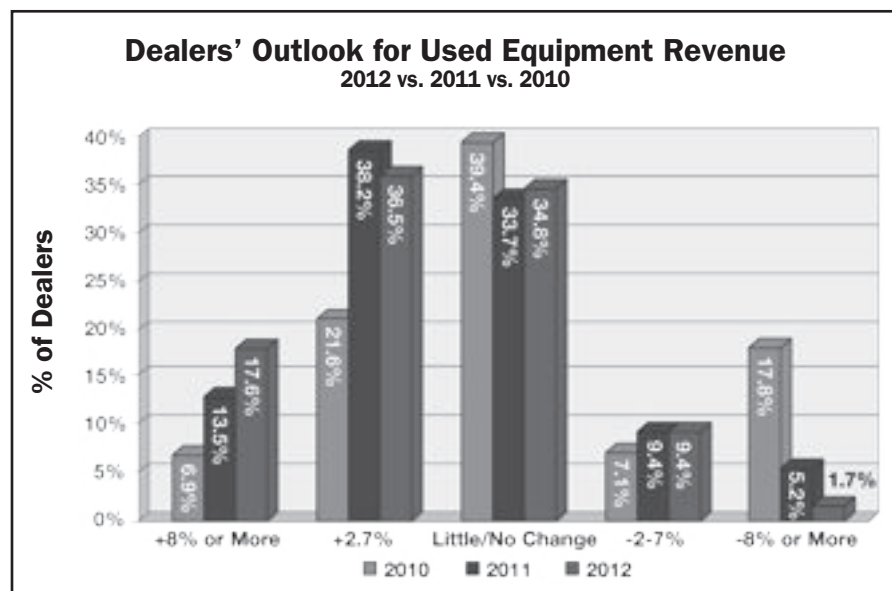
More than half, 54.1%, of North American dealers anticipate increasing their sale of used machinery in 2012 vs. the prior year. In total, nearly 90% expect their sales of previously owned equipment will be as good or better than levels seen in 2011. Only 11.1% believe used farm machinery revenues will fall below what they saw in the past year. Less than 2% of dealers anticipate that 2012 used equipment revenues will come in lower than they saw in the last year.

Last year's survey results showed that slightly fewer dealers, 51.7%, projected higher levels of equipment sales vs. the previous year. This compares with only 28.5% who forecast their 2010 sale of used machinery would surpass 2009 levels.

For U.S. dealers, slightly more than 54% expect revenues from used equipment sales rise from 2% to more



More than 55% of North American dealers expect 2012 revenues for new equipment to surpass the levels seen in the past year. Overall, 88.5% are projecting that revenues will be at least as good or better than they were in 2010.



North American equipment dealers are anticipating a strong year in used equipment sales. Some 54% expect revenues for used machinery sales to improve by 2% to more than 8% in 2012. Nearly 90% are forecasting revenues will be at least as good or better than in 2011.

than 8% in 2012. Some 88.4% project used machinery sales will be at least as good or better in the year ahead vs. the previous year. On a weighted average basis, U.S. dealers projecting an overall increase of 2.44% during 2012 vs. 2.07% rise in 2011.

Dealers in Canada also see a healthy increase in 2012 used machinery sales. More than half (52%) say they anticipate revenues from the sale of used equipment will increase from 2% to more than 8% for the year. Another 40% expects there to be

little or no change in sales revenues for used machinery, leaving only 8% who are projecting lower revenues in the year ahead.

Overall, Canadian dealers are looking for a weighted average increase in revenues of 2.68% for 2012 used equipment sales, well above last year's projected rise of only 1.09%.

Best Product Bets in '12

As has been the case since *Farm Equipment* started its annual "Dealer

Business Trends & Outlook” report in 2005, the GPS and precision farming systems product category heads the list of “Best Bets” for increasing unit sales in 2012.

These rankings are based upon the composite scores dealers assigned to 20 different product categories when asked, “Please indicate your unit sales projections for the following equipment in 2012 vs. 2011.” The score is comprised of the percentage of dealers who indicate that they expect the product category to increase in sales by at least 2% and those who expect “little or no change” to the unit sales level of the product in the coming year vs. the previous year.

When John Deere rolled out its new product line up for 2012 to its dealers and the media in August, John Lagemann, Deere’s vice president of sales and marketing for North America, dubbed the current era the “age of telematics.” Telematics is the technology that allows different systems and/or machines to wirelessly communicate with each other. With it, precision farming is moving into another level

of sophistication and complexity.

As more farmers embrace these new technologies — from auto-steer to telematics — the dealer’s ability to service and support the new systems will become a measure of his success. With the rising emphasis on precision farm products and systems, this year’s survey also including “Precision Farming Specialist” to the question of

“As more farmers embrace these new technologies — from auto-steer to telematics — the dealer’s ability to service and support the new systems will become a measure of his success.”

which positions will dealers be looking to increase staffing. While there is no reference point to compare it with, nearly 20% of dealers say they want to hire people to fill the role of precision farming specialist in the year ahead.

This year, 96.5% of the dealers see the unit sales of GPS and precision farming equipment to increase

by 2% to more than 8% or stay about the same as 2011.

Not far behind, and second on the list of top prospects for 2012, are farm loaders (95%). Mower conditioners (93.4%), 4-wheel drive tractors (93.1%) and windrowers-swathers (92.7%) round out the Top 5 product “Best Bets” for the year ahead.

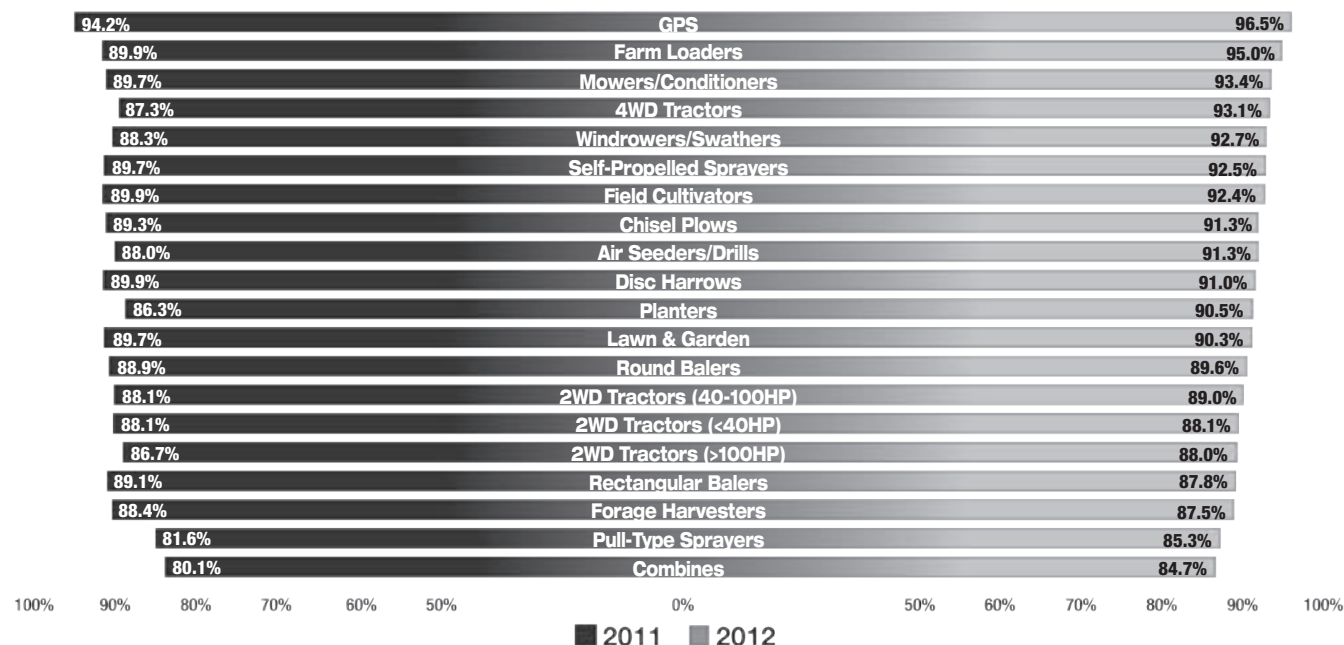
While they finished at the bottom of the list, combines (84.7%) provide for a difficult comparison coming off two exceptional years of sales. Nonetheless, nearly 59% of dealers project the sale of combines to be at least as good as it was in 2011, while 26% see unit sales growing by at least 2% in the year ahead.

Overall, sales of the various product categories of machinery are falling in line with dealers’ expectations from a year ago.

As far as tractor sales go, dealers see 4-wheel drive units as holding the best potential for growing unit sales in 2012. Nearly half (47.5%) anticipate sales of all 4-wheel drive tractors to increase by 2% to more than 8%. Another 45.6% say unit sales of this tractor category should be about the

Best Bets for Improving Equipment Unit Sales in 2012

(% of dealers forecasting 2012 sales to be as good as or better than 2011)



As it has in recent years, GPS and precision farming heads the list of products that have the best potential to improve dealers’ unit sales in 2012. Others include farm loaders, mower/conditioners, 4-wheel drive tractors and windrowers/swathers.

same as last year. This put it number 4 on the list of 20 products.

The other tractor categories finished well down the list, but still hold solid potential for unit sales growth in 2012. The mid-range group (40-100 horsepower) finished number 14 (89%), compacts (40 horsepower or smaller) finished in the 15th slot (88.1%), and row-crop (100 horsepower and larger) is number 16 on the list (88%).

Hot Button Issues — 2012

The issues that concern dealers most have changed somewhat since last year, though the top concern, the increasing cost of new equipment, remained at the top of the list in 2012 as it was in 2011. In fact, four of the top five issues as ranked by North American dealers involve rising prices and costs.

More than 95% of dealers indicated that the high price of new machinery is “most concerning” or “concerning,” while only 4.6% said they were “not concerned” with it.

Moving up to the number 2 slot from number 3 last year, is rising farm input costs, with 94.8% of dealers saying they are “concerned” or “very concerned.” Higher energy and fuel cost rose from the fifth spot last year to number 3 for 2012, as 92.9% of dealers indicating they’re “concerned” or “very concerned.”

Steel prices and supplies made the biggest leap, moving from 11th place last year to the 4th place for 2012. Nearly 92% of dealers say they’re “concerned” or “very concerned.” The availability of new equipment, the only issue of the top 5 that didn’t involve pricing, is filling the 5th slot for the year ahead, moving up from the number 8 last year. Slightly more than 90% of dealers ranked it as “concerning” or “very concerning.”

While still a major issue for dealers, the affordability of health care slipped to number 6 on the dealers’ list of major concerns, from number 2 in 2011. Slightly less than 87% of farm machinery retailers checked “concerned” or “very concerned” about being able to afford health care benefits for their employees.

(Continued on page 9)

Change in Unit Sales of Tractors & Combines* — 2011 vs. 2010

Equipment	U.S.		Canada	
	2011	2010	2011	2010
2WD Tractors (<40 hp)	-0.8%	+3.9%	+8.5%	-1.1%
2WD Tractors (40-100 hp)	+1.7%	-5.2%	+1.9%	-8.5%
2WD Tractors (>100 hp)	-1.1%	+11.9%	+1.7%	+6.7%
4WD Tractors	+6.4%	+18.3%	-2.3%	+12.7%
Total Tractors	+0.1%	+2.5%	+4.9%	-1.2%
Combines	-6.1%	+3.5%	+3.9%	+4.3%

*Year to date January through September 2010 & September 2011 - year-over-year

Source: AEM

North American Sales Revenue Projections for New & Used Equipment — 2012

Increase/ Decrease	New Equipment		Used Equipment	
	U.S.	Canada	U.S.	Canada
+8% or More	15.1%	14.8%	16.9%	14.8%
+2-7%	38.7%	51.9%	37.2%	51.9%
Little or No Change	33.8%	29.6%	34.3%	29.6%
-2-7%	8.0%	3.7%	9.7%	3.7%
-8% or More	4.4%	0.0%	1.9%	0.0%

North American Unit Sales Projections for Tractors & Combines for 2012

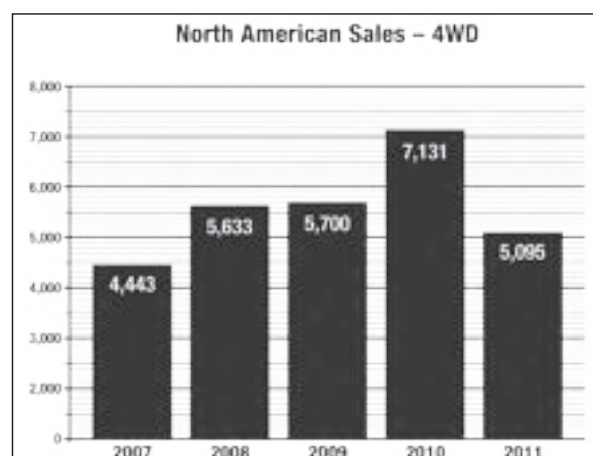
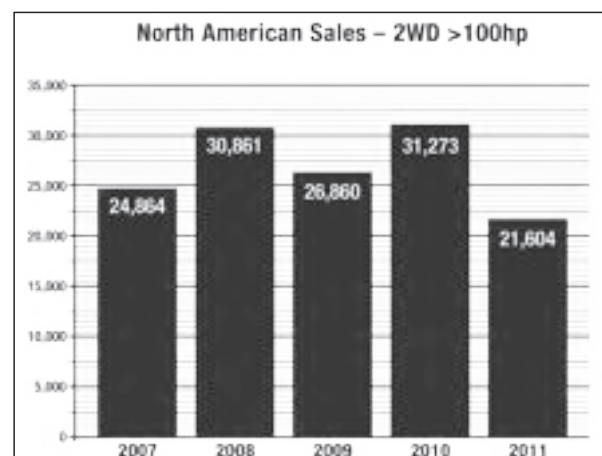
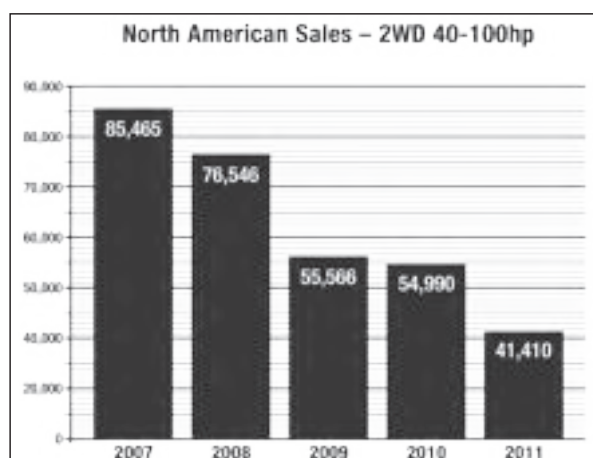
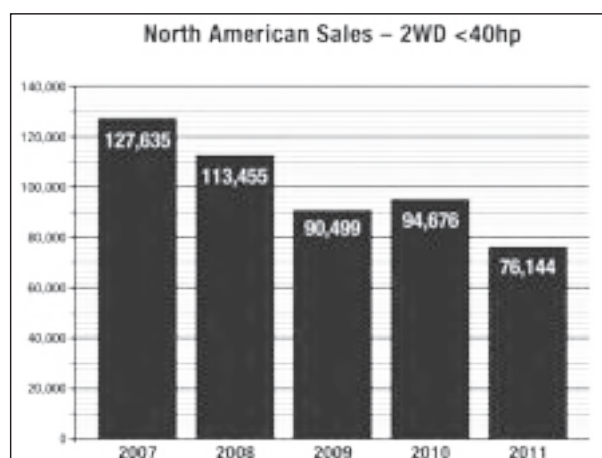
Equipment	Sales +8% or More	Sales +2-7%	Little or No Change	Sales -2-7%	Sales -8% or More
2WD (<40 hp)	8.4%	19.8%	59.9%	8.4%	3.4%
2WD (40-100hp)	6.7%	35.7%	46.6%	7.1%	3.8%
2WD (>100HP)	9.9%	32.8%	45.3%	9.5%	2.6%
4WD (All)	11.2%	36.3%	45.6%	5.6%	1.4%
Combines	4.6%	21.4%	58.7%	10.2%	5.1%

North American Unit Sales Projections for Other Equipment for 2012

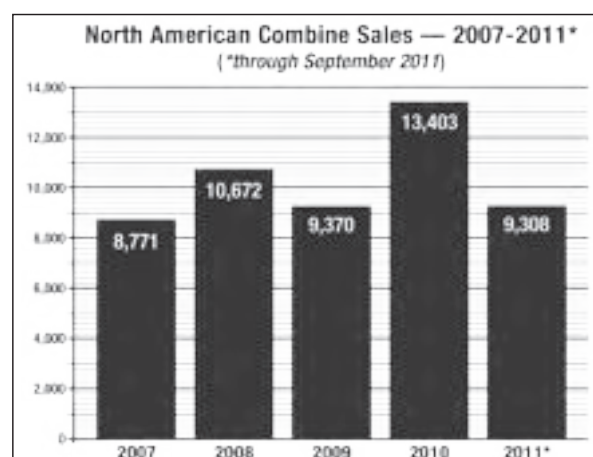
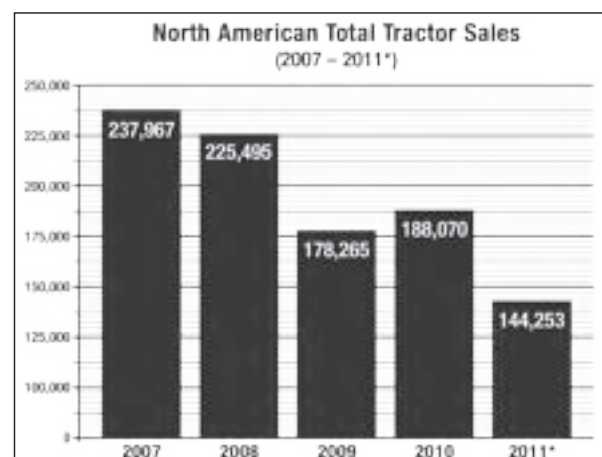
Equipment	Sales +8%	Sales +2-7%	Little or No Change	Sales -2-7%	Sales -8%
GPS/Auto Steer	26.9%	36.3%	33.3%	2.5%	1.0%
Lawn & Garden	10.6%	36.3%	45.6%	6.0%	3.7%
Round Balers	7.6%	28.0%	54.0%	6.6%	3.8%
Mower/Conditioners	3.3%	32.4%	57.7%	4.7%	1.9%
Planters (All)	13.0%	24.5%	53.0%	8.0%	1.5%
Farm Loaders	5.5%	34.5%	55.0%	4.1%	0.9%
Chisel Plows	3.0%	21.8%	66.5%	7.1%	1.5%
Self-Propelled Sprayers	11.0%	20.2%	61.3%	3.5%	4.0%
Disc Harrows	5.2%	25.6%	60.2%	6.6%	2.4%
Field Cultivators	4.6%	22.8%	65.0%	5.6%	2.0%
Windrow/Swathers	3.7%	19.9%	69.1%	4.7%	2.6%
Air Seeders/Drills	5.5%	17.5%	68.3%	6.0%	2.7%
Rectangular Balers	2.5%	19.1%	66.2%	8.3%	3.9%
Forage Harvesters	1.1%	13.7%	72.7%	8.7%	3.8%
Pull-Type Sprayers	2.7%	10.3%	72.3%	9.8%	4.9%

North American Unit Retail Tractor Sales — 2007-11*

(*through September 2011)



Through the first 9 months of 2011, total North American unit sales of all tractors were essentially “flat” compared with the same period of 2010. Total sales January through September ‘11 were 144,263 units vs. 143,328 for the same period of 2010 — only a 935 unit difference.



North American unit sales of combines declined by about 4% through the first 9 months of 2011 compared with the same period in 2010, or 393 units lower January to September 2011.

Hiring & Spending — 2012

As far as increasing staffing in the year ahead, a slightly larger percentage of dealers have plans to hire for technical service, wholegoods sales and office administration compared with last year. On the other hand, slightly fewer dealers plan to add parts department personnel in 2012 vs. 2011.

With the growth of precision farming products, for the first time, the 2012 survey also added the position of Precision Farming Specialist to the list of hiring needs. In all, 19.9% of North American dealers report that they're planning to hire for this position in the next year.

As usual, the biggest demand is for service technicians. More than 58% of dealers say they plan to add service staff in the next year vs. 56.4% in 2011.

Slightly more dealers also plan to increase their wholegoods sales teams during the coming year. Some 28% of dealers say they'll hire additional sales staff compared with 26.9% last year.

In terms of how much and where dealers are planning to invest in their operations in 2012, higher levels of spending across the board.

In the year ahead, only 31% of dealers say they will not increase facilities or systems investments beyond what they did last year.

On the other hand, 50.4% of dealers say they'll increase their spending by 1-5%. This compares with 46.6% who said they would increase spending by this level last year. More than 13% will up their facilities investment by 6-10% in 2012 vs. 7.4% in the previous year.

Nearly 5.5% of dealers report that they intend to increase their investment in facilities and/or business systems by 11% or more during

the coming year. This compares with only 2.5% who intended to spend at this level a year ago.

The area of the dealership that will receive the most attention in 2012 will be the shop and service areas. Nearly 60% of dealers say they plan to make capital improvements in their shops. This compares with 48.7% who

intended to do so last year.

More than 43% of dealers plan to invest in improving their showrooms in the year ahead.

Dealers' Confidence by Brand

On a brand-by-brand basis, dealers who handle Case IH and AGCO equipment are the most confident

Dealer Spending Plans for 2012

No Increase	31.0%
0 to +5%	50.4%
+6 to 10%	13.2%
+11	5.4%

Where Dealers Will Invest in 2012

Shop & Service Mod/Improve	Retail Improvements	Bus. Info. Systems
59.4%	43.8%	41.2%

Dealer Issues & Concerns for 2012

(% of Dealers)

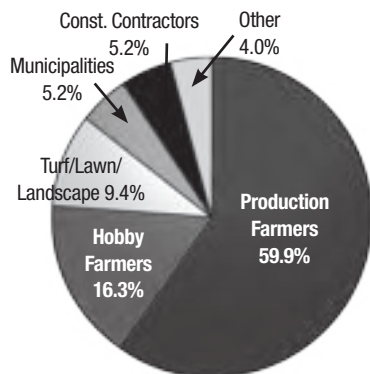
Issues	Most Concerned	Concerned	Not Concerned	2011 Ranking
1. Increasing Cost of New Equipment	51.2%	44.2%	4.6%	1
2. Farm Input Costs	39.9%	54.9%	5.2%	3
3. Energy/Fuel Costs	40.6%	52.4%	7.0%	5
4. Steel Prices/Supplies	26.1%	65.6%	8.3%	11
5. New Equipment Availability	45.3%	44.9%	9.8%	8
6. Health Care Affordability	53.7%	32.9%	13.4%	2
7. Technician Availability	42.6%	43.7%	13.7%	6
8. Farm Commodity Prices	32.4%	53.9%	13.7%	4
9. Shrinking Farm Customer Base	28.8%	54.4%	16.8%	7
10. Product Reliability	24.9%	51.4%	23.7%	9
11. Industry Consolidation	21.9%	49.0%	29.1%	12
12. Used Equip. Inventory	20.3%	50.2%	29.5%	NA
13. Finance/Floor Planning	22.7%	44.7%	32.6%	10
14. Succession Planning	22.2%	44.0%	33.8%	15
15. Dealer Purity Efforts	26.8%	39.2%	34.0%	13
16. Financing/Retail	14.2%	46.1%	39.7%	14
17. Used Equipment Availability	9.4%	48.4%	42.2%	17
18. Internet Sales	9.9%	47.6%	42.5%	16
19. Competing Box Stores	10.7%	39.9%	50.0%	15

Dealer Hiring Plans — 2011 vs. 2012

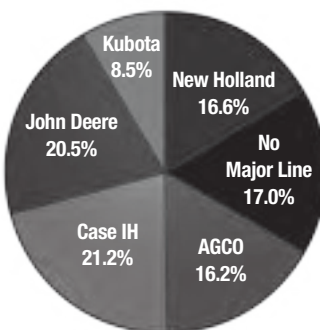
	2012			2011		
	Add Staff	No Change	Reduce/Relocate Staff	Add Staff	No Change	Reduce/Relocate Staff
Parts Department	22.3%	75.7%	2.0%	25.1%	71.6%	3.3%
Service Technicians	58.1%	41.1%	0.8%	56.4%	43.2%	0.4%
Wholegoods Sales	28.0%	70.4%	1.6%	26.9%	71.3%	1.8%
Administration	10.3%	87.3%	2.4%	8.2%	85.8%	6.0%
Precision Farming Specialist	19.9%	78.8%	1.3%	NA	NA	NA

Demographics of Survey 2012 Respondents — North America

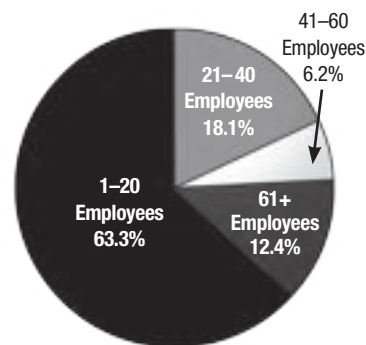
Dealer Revenue Sources



**Mainline Suppliers
(% of all respondents)**



Employment Size



Nearly 300 North American dealers participated in Farm Equipment's Business Trends & Outlook survey. The charts above show how the participants broke out by revenue sources, mainline suppliers and employment size. This year 88% of dealers were from the U.S., 12% from Canada.

going into the 2012 selling season. While it would be a misnomer to say that any of the dealers are pessimistic in their outlook for the year ahead, fewer New Holland and the Independent dealers see their prospects for improving sales vs. 2011.

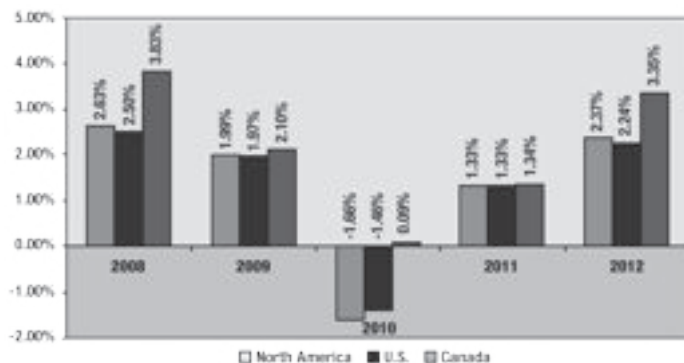
North American retailers of Case

IH equipment barely nudged out AGCO dealers when it comes to forecasting overall revenue growth from increased new machinery sales. As a group, 64.2% of Case IH dealers see the new equipment revenues expanding in 2012. This compares with 63.4% of AGCO dealerships

that expect their sales revenues to improve in the coming year.

Kubota dealers were next in line as 59.1% are projecting their revenues to improve in the year ahead. They're followed by John Deere dealers, 53% of which see sale revenue growth in 2012.

**Change in Revenue – New Equipment – 2008-12
(weighted average)**



On a weighted average basis, North American dealers are projecting revenue improvements in 2012 at nearly the same high level they forecast in 2008.

**Dealer Projections for New Equipment Sales
by Major Line Carried — 2012**

Mainline	Up 8% or More	Up 2-7%	Little or No Change	Down 2-7%	Down 8% or More
AGCO	12.2%	51.2%	26.9%	7.3%	2.4%
Case IH	18.9%	45.3%	30.1%	3.8%	1.9%
John Deere	6.1%	46.9%	32.7%	12.2%	2.1%
Kubota	13.6%	45.5%	22.8%	13.6%	4.5%
New Holland	14.3%	28.6%	42.8%	9.5%	4.8%
Independent	25.6%	23.3%	41.8%	2.3%	7.0%

**Projected Unit Sales
Increase/Decrease by
Product Category — 2012
(weighted averages)**

GPS/Auto-Steer	+ 3.59%
4WD Tractors (All)	+ 2.17%
Lawn & Garden Equip.	+ 1.82%
Farm Loaders	+ 1.74%
Planters (All)	+ 1.66%
2WD Tractors (>100 hp)	+ 1.63%
2WD Tractors (40-100 hp)	+ 1.52%
Mower/Conditioners	+ 1.36%
Self-Propelled Sprayers	+ 1.31%
Round Balers	+ 1.27%
Disc Harrows	+ 1.08%
Field Cultivators	+ 0.98%
2WD Tractors (<40 hp)	+ 0.91%
Chisel Plows	+ 0.78%
Windrowers/Swathers	+ 0.77%
Air Seeders/Drills	+ 0.74%
Combines	+ 0.46%
Rectangular Balers	+ 0.37%
Forage Harvesters	+ 0.01%
Pull-Type Sprayers	- 0.15%

PART II — U.S. OUTLOOK

U.S. Dealers' Optimism Carries into 2012

What a difference a year makes.

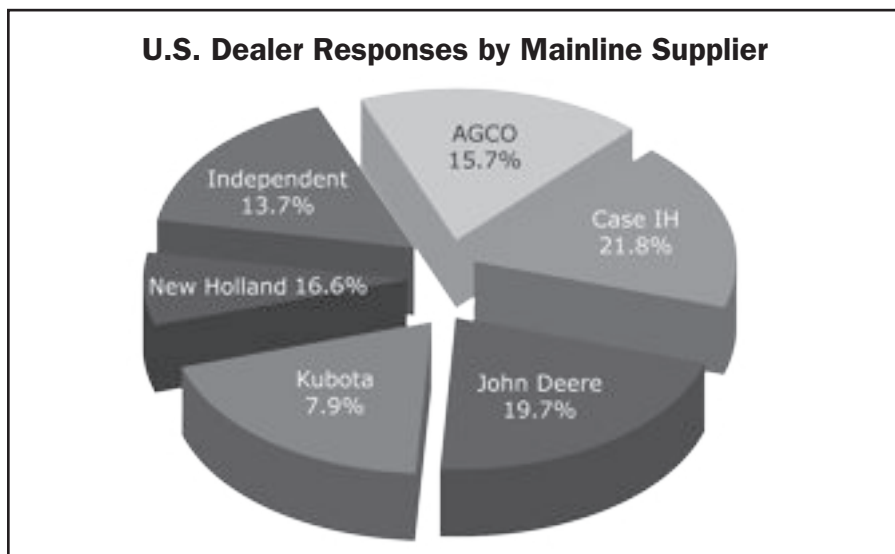
Record high farm earnings and robust farm equipment sales in 2010 buoyed dealer expectations for this year, and that optimism is clearly carrying forward into 2012.

A huge majority (87%) are anticipating that new equipment sales in 2012 will be as good or better than what they saw in 2011. Over half (54%) expect new equipment sales to increase by at least 2% in 2012, a 6% gain over last year's estimates. About one-third of U.S. dealers expect sales revenues to be flat, essentially unchanged from 2010. But the percentage of dealers expecting a sales decline fell to 12.2% for 2012, compared to 19.6 in last year's survey.

As US dealers head into the new selling season, 38.5% are anticipating increased revenues to exceed 2%, about the same as for 2011. But an additional 15.5% expect sales revenues to be 8% or more – nearly twice the percentage of the 2011 survey.

U.S. dealers have the same high hopes for used equipment sales next year, driven largely by concerns over the potential for new equipment shortages during the coming year.

In the 2010 survey, 52.6% of U.S. dealers expected sales of used machinery to improve by 2% or more. Overall, 86.4 percent believed that



Of the nearly 300 survey responses this year, 88% came from U.S. dealers. The largest volume of respondents — 21.8% — came from Case IH dealers.

sales revenues derived from used equipment sales in 2011 would be as good as or better than they were in 2010.

That compares with 88.5% who believe revenues from the sale of previously used farm machinery will be at least as good as or better in 2012 compared with this year. Of this group, 37% anticipate used equipment sales to improve by 2% to more than 8%, while 17.3% expect their sales of this machinery will increase by 8% or more.

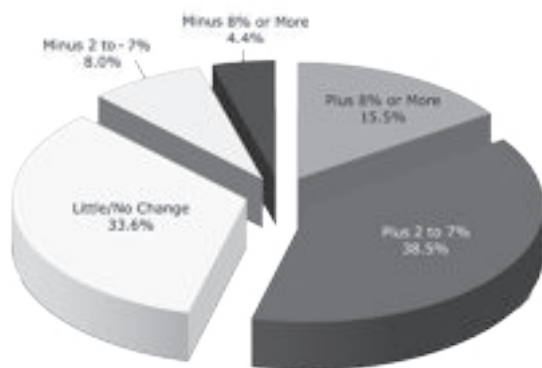
Strong Ag Fundamentals

Underpinning dealers positive views going into 2012 are solid ag fundamentals in terms of commodity prices, growing exports and the relative stability of farm input costs.

Based on current USDA projections for most farm commodities, U.S. farmers – particularly grain producers – can expect another strong year. The agency has raised its projections for net farm income and cash receipts for 2011.

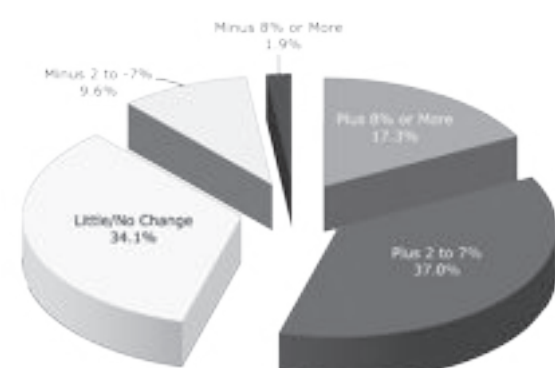
Net farm income is forecast

U.S. Dealers' Projected Sales Revenue for 2012 — New Equipment



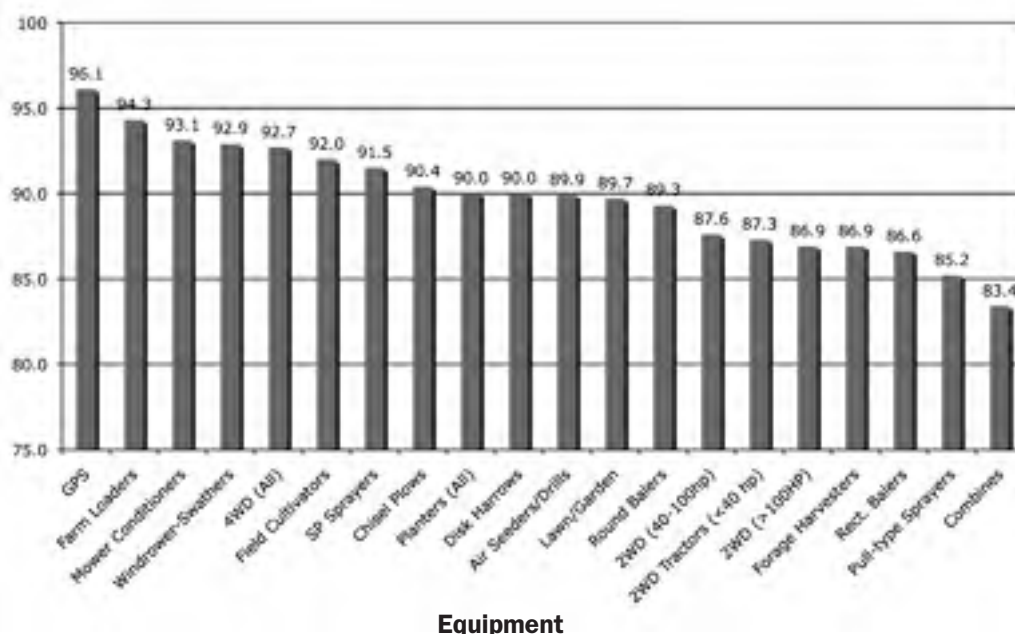
More than 87% of U.S. dealers are forecasting that sales revenues in 2012 will be at least as good as or better than they were in 2011. Over half (54%) expect revenues to improve by 2% or more.

U.S. Dealers' Projected Sales Revenue for 2012 — Used Equipment



More than half (54.3%) of U.S. dealers are projecting that revenues from the sale of used machinery will grow by more than 2% in 2012. In total, 88.4% say sales will be at least as good or better than 2011.

Best Bets for Improving Unit Sales in 2012 — U.S.



Based on the percentage of U.S. dealers that expect unit sales in 2012 to be as good as or better than in 2011, 96.1% ranked GPS/auto-steer products as their best bet. It was followed by farm loaders (94.3%), mower/conditioners (93.1%), windrower swathers (92.9%) and all 4WD equipment (92.7%).

to reach \$103.6 billion in 2011, up \$24.5 billion (31%) from 2010. It's also the second-highest inflation-

adjusted value since 1973.

Farm expenses in 2011 are projected to increase \$32 billion, or

11.4%, a substantial increase over the 2010 rate of 2.2%. Total expenses are forecast to exceed \$300 billion for the first time.

Based on USDA's September World Agricultural Supply and Demand Estimates (WASDE) report, prices for all major grains and milk were up compared to the year earlier. Following is a summary of USDA's projections and its crop progress October report.

CORN — The U.S. average cash corn price for 2011-2012 of \$6.70 per bushel is down \$.30 per bushel from September estimates. The final U.S. average corn price is currently estimated at \$5.29 per bushel for 2010-2011, compared to \$3.55 per bushel in 2009-2010, and \$4.06 per bushel in 2008-2009.

SOYBEANS — The average 2011-2012 estimated price of \$13.15 per bushel is \$1.85 per bushel above last year's estimated price of \$11.30 per bushel. The USDA expects a 42% increase in inventories as a result of the 2010 crop.

COTTON — The average price received by producers is forecast at 87.5-102.5 cents per pound. The mid-point of the interval, 95 cents per pound, represents a 21.4% increase

Projected U.S. Unit Retail Tractor & Combine Sales — 2012

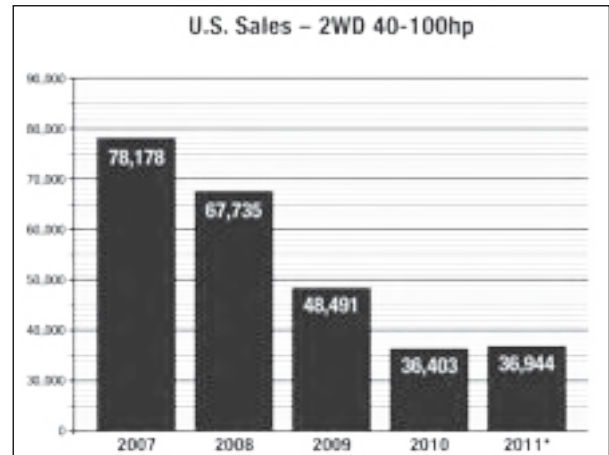
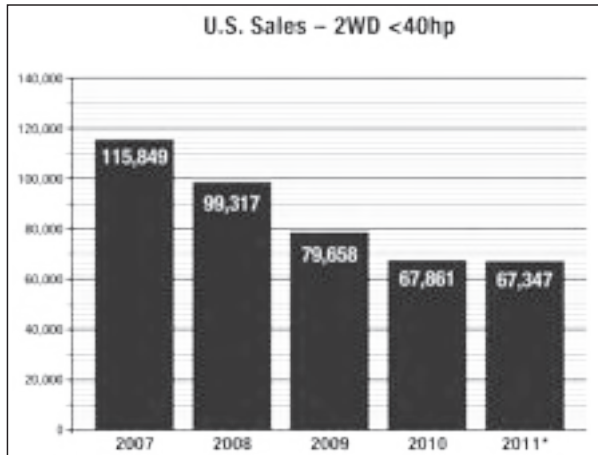
Tractor Type (size)	Up 8% or More	Up 2-7%	Little or No Change	Down 2-7%	Down 8% or More
2WD (<40 hp)	8.1%	19.0%	60.2%	9.0%	3.8%
2WD (40-100 hp)	6.6%	34.1%	46.9%	8.1%	4.3%
2WD (>100 hp)	10.1%	31.9%	44.9%	10.1%	2.9%
4WD (All)	9.9%	35.9%	46.9%	5.7%	1.6%
Combines	5.1%	20.0%	58.3%	11.4%	5.1%

Projected U.S. Unit Sales for Other Equipment — 2012

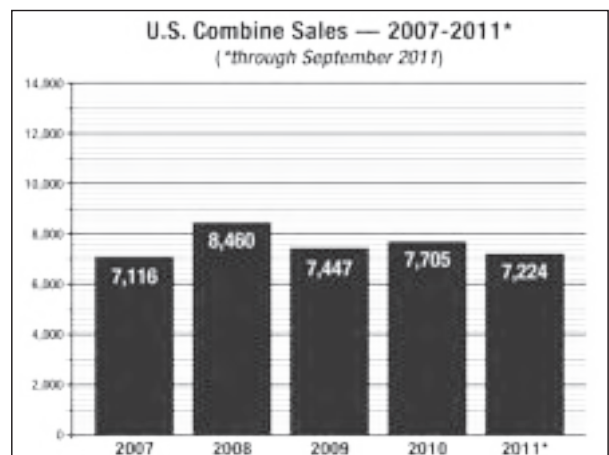
Equipment	Up 8% or More	Up 2-7%	Little or No Change	Down 2-7%	Down 8% or More
Rectangular Balers	2.8%	19.4%	64.4%	8.9%	4.4%
Round Balers	8.1%	28.0%	53.2%	11.4%	5.1%
Forage Harvesters	1.2%	13.7%	72.0%	9.3%	3.7%
Planters (All)	14.4%	25.0%	50.6%	8.3%	1.7%
Mower/Conditioners	3.2%	31.4%	58.5%	4.8%	2.1%
Windrowers/Swathers	4.1%	17.6%	71.2%	4.1%	2.9%
Field Cultivators	5.1%	22.9%	64.0%	5.7%	2.3%
Farm Loaders	4.1%	33.8%	56.4%	4.6%	1.0%
Chisel Plows	3.4%	22.0%	65.0%	7.9%	1.7%
Disc Harrows	5.3%	24.9%	59.8%	7.4%	2.6%
Air Seeders/Drills	5.0%	15.1%	69.8%	6.9%	3.1%
Self-Prop. Sprayers	11.1%	19.0%	61.4%	3.9%	4.6%
Pull-Type Sprayers	3.1%	10.5%	71.6%	9.3%	5.6%
Lawn/Garden Equip.	10.3%	35.1%	44.3%	6.2%	4.1%
GPS/Auto-Steer	27.7%	35.6%	32.8%	2.8%	1.1%

U.S. Unit Retail Tractor & Combine Sales — 2007-11*

(*YTD January through September 2011)



Through the first 9 months of 2011, total U.S. unit sales of all farm tractors were up 2.5% vs. the same period of 2010. Total units in '11 stood at 127,040 compared with 123,896 last year. (Source: AEM)



Through the first 9 months of 2011, total U.S. unit sales of all self-propelled combines were down 6.2% vs. the same period of 2010. Total units in '11 stood at 7,224 compared with 7,705 last year. (Source: AEM)

U.S. Regional Expectations for Revenue Gains New Equipment Sales — 2011 vs. 2012

Region	% Expecting Gains in 2011	% Expecting Gains in 2012
1. Southeast	72.7%	60.0%
2. Delta States	71.4%	75.0%
3. Northeast	66.6%	61.8%
4. Pacific	55.0%	84.6%
5. Corn Belt	46.6%	44.7%
6. Appalachia	44.4%	52.4%
7. Lake States	40.5%	61.3%
8. Southern Plains	40.0%	35.7%
9. Northern Plains	36.3%	43.4%
10. Mountain	15.4%	61.2%

U.S. Regional Expectations for Sales Revenue Gains vs. Losses — 2012 vs. 2011

Region	Expecting Gains	Expecting Losses	Little or No Change
Northeast	61.8%	2.9%	35.3%
Appalachia	52.4%	19.0%	28.6%
Southeast	60.0%	20.0%	20.0%
Delta States	75.0%	0.0%	25.0%
Lake States	61.4%	9.7%	28.9%
Corn Belt	44.7%	10.7%	44.6%
Northern Plains	43.4%	33.3%	23.3%
Southern Plains	35.7%	14.3%	50.0%
Mountain	61.2%	5.6%	33.2%
Pacific	84.6%	0.0%	15.4%

U.S. Dealer Top Concerns for 2012 (% of Dealers)

Rank Major Issues	Most Concerned	Concerned	Not Concerned	2011 Ranking
1. Increasing Cost of New Equipment	52.8%	43.7%	3.5%	1
2. Farm Input Costs	40.8%	54.3%	4.9%	4
3. Energy/Fuel Costs	41.4%	52.4%	6.2%	3
4. Health Care Affordability	59.6%	33.8%	6.7%	5
5. Steel Prices/Supplies	27.8%	64.1%	8.1%	9
6. New Equip. Availability	42.4%	46.4%	11.2%	15
7. Farm Commodity Prices	31.9%	55.7%	12.4%	2
8. Technician Availability	42.9%	42.5%	14.2%	8
9. Shrinking Farm Customer Base	29.1%	54.5%	16.4%	6
10. Product Reliability	24.6%	51.3%	24.1%	11
11. Industry Consolidation	20.3%	50.4%	29.3%	7
12. Finance – Retail	15.0%	46.9%	30.1%	12
13. Finance – Floor Planning	24.8%	43.8%	31.4%	10
14. Dealer Purity Efforts	26.7%	40.7%	32.6%	14
15. Succession Policies	22.7%	44.1%	33.2%	13
16. Used Equip. Availability	10.7%	48.2%	41.1%	17
17. Internet Sales	9.9%	47.5%	42.6%	16
18. Competing Box Stores	10.7%	39.7%	49.6%	18

over the midpoint of last year's October forecast.

Production is raised 52,000 bales, as increases for several states more than offset a decrease in estimated production for Texas. Domestic mill use is unchanged, but exports are reduced due to lower foreign import demand.

WHEAT — Projected U.S. wheat ending stocks are raised 76 million bushels as lower expected domestic use and exports more than offset reduced production. The 2010-11 season-average farm price is projected at \$7.10-7.90 per bushel, compared with \$7.35-8.35 last month. Wheat pricing was up 48% year-over-year vs. pricing at the same time in 2010.

MILK – Milk prices continue their upward climb from an average \$16.29/cwt in 2010 to a projected 20.10 in Oct., 2011. Dairy prices in general are 10% higher than in Sept., 2010.

Tractors & Combines

The first nine months of 2011 saw across-the-board retail sales gains in all tractor categories. The greatest year-over-year increase came in unit sales of 4WD tractors – an impressive 29.9%. Total 2WD tractor sales were up 13% year-over-year. Meanwhile, combine sales, fell 6.2%.

Following is the January-to-September summary of U.S. tractor and combine unit sales and comparisons with the same period in 2010:

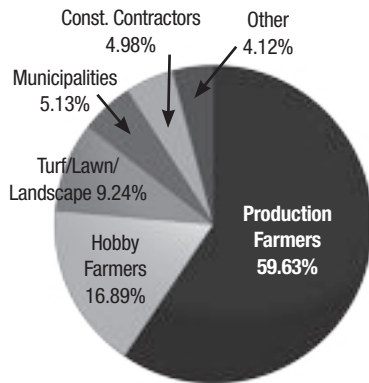
• <40 HP 2WD	76,144 units	+12.2%
• 40-100 HP 2WD	41,410 units	+13.8%
• 100+ HP 2WD	21,604 units	+14.6%
• Total 2WD	139,158 units	+13.0%
• 4WD Tractors	5,095 units	+29.9%
• Total Farm	144,253 units	+13.5%
• Combine Sales	7,224 units	-6.2%

U.S. dealers expect the current momentum in tractor sales to continue into 2012. The outlook for combine sales varies by mainline supplier, with AGCO and Case IH dealers most optimistic, and John Deere the least.

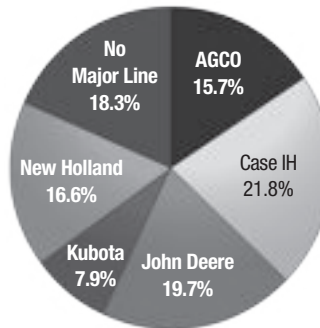
Dealers still see continued strong sales of 4WD equipment, as nearly half of the dealers surveyed projected improved unit sales at least 2% to more than 8%. Only 7.3% of U.S. dealers anticipate 4WD sales to decline in the next 12 months. Overall, dealer survey

Demographics of Survey 2012 Respondents — U.S.

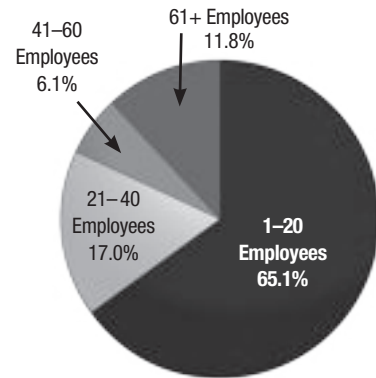
Dealer Revenue Sources



Mainline Suppliers (% of all respondents)



Employment Size



Nearly 300 North American dealers participated in Farm Equipment's Business Trends & Outlook survey. These charts show how the participants broke out by revenue sources, mainline suppliers and employment size. This year 88% of dealers were from the U.S., 12% from Canada.

respondents are projecting a 2.02% rise on a weighted average basis.

Most U.S. dealers (87.6%) say that sales of mid-range 2WD tractors will be as good or better in 2012. Only 12.4% anticipate sales of this tractor category to fall below levels of 2011. On a weighted average basis, dealers expect a 1.35% gain for the year.

Compared to their outlook last year, U.S. dealers see good potential with nearly every major product group for improving sales in the year ahead. On a weighted average basis, here's how U.S. dealers ranked the various product groups for 2012:

1. GPS/Auto-Steer	+ 3.60%
2. 4WD Tractors (All)	+ 2.02%
3. Lawn & Garden Eq.	+ 1.80%
4. Planters (All)	+ 1.77%
5. Farm Loaders	+ 1.56%
6. 2WD Tractors (>100 hp)	+ 1.56%
7. 2WD Tractors (40-100 hp)	+ 1.35%
8. Mower/Conds.	+ 1.29%
9. Round Balers	+ 1.29%
10. Self-Propelled Sprayers	+ 1.20%
11. Disc Harrows	+ 1.00%
12. Field Cultivators	+ 1.00%
13. 2WD Tractors (<40 hp)	+ 0.79%
14. Chisel Plows	+ 0.77%
15. Air Seeders/Drills	+ 0.74%
16. Windrowers/Swathers	+ 0.70%
17. Combines	+ 0.39%
18. Rectangular Balers	+ 0.34%
19. Forage Harvesters	+ 0.00%
20. Pull-Type Sprayers	- 0.15%

U.S. Dealer Spending Plans for 2012

No Increase	31.3%
0 to +5%	49.6%
+6 to 10%	13.9%
+11%	5.2%

Concerns About 2012

While U.S. dealers are optimistic going into the new selling season, several concerns are keeping them up at night. Most of them involve rising prices and costs.

Chief among these is the increasing cost of new equipment. It's followed by rising costs of farm inputs, which can cut into farmer spending on equipment. Energy and fuel costs ranked #3 and steel prices and supplies as #4. The availability of new equipment also made it to the top 5 on the dealers lists of concerns.

Last year's number one concern, health care affordability, slipped to the sixth spot for 2012..

Spending and Hiring

More than two-thirds of U.S. dealers anticipate increasing their capital spending in 2012, up 12% from the previous year. Most of these dealers say they plan to modernize their shop and service departments, about a 10% increase from last year. Nearly 44% of dealers also expect to invest in the showrooms and business infor-

Where U.S. Dealers Will Invest in 2012

Shop & Service Modernize	Retail Modernize	Bus. Info. Systems
58.3%	43.8%	43.9%

mation systems.

A solid majority of U.S. dealers also expect to hire additional help in 2012, roughly the same percentage as last year. This is the first year that "Precision Farming Specialist" appears on the list of staff to add or reduce.

As the growth in GPS, auto-steer and other precision farming systems escalates rapidly, this position is becoming increasingly important to dealers. About 18% of dealers says they plan to add staff in this area of their business in 2012.

U.S. Dealers' Hiring Plans 2012 vs. 2011

	Add Staff 2011	Add Staff 2012
Parts Department	26.0%	22.1%
Service Tech.	56.5%	56.3%
Wholegood Sales	24.4%	27.6%
Administration	6.6%	8.1%
Precision Farming Specialist	NA	18.3%

U.S. Dealers' Regional Outlook for 2012

In *Ag Equipment Intelligence's* regional breakdown, the number following "expecting revenue gains," "expecting revenue losses" and "increasing capital spending" represent the percentage of dealers. Only the "Top 5" most promising opportunities (+2% or more growth) and major concerns are shown for each region. Employment Ranges is the percentage of dealerships that fall into each category.

Northeast

Coverage: Connecticut, Maine, Maryland, Massachusetts, New Hampshire, New York, Pennsylvania, Vermont,
Employment Ranges: 1-20 = 61.8%; 21-40 = 20.6%; 41-60 = 8.8%; 61+ = 8.8%

Dealership Stores: 1-2 = 74.2%; 3-5 = 25.8%

New Equipment — Expecting Revenue Gains: 61.8%

New Equipment Wtd. Avg. Gains or (Losses): 3.27%

Used Equipment — Expecting Revenue Gains: 57%

Used Equipment Wtd. Avg. Gains or (Losses): 3.17%

Revenue Sources: Production Farm 36.6%; Hobby Farm 22.9%; Turf/Lawn 17.6%; Municipal 7.8%; Construction 6.6%; Other 8.4%

Most Promising Opportunities: Lawn/Garden, 4WD, Farm Loaders, Mower/Conditioners, 2WD (40-100 hp)

Appalachia

Coverage: Kentucky, North Carolina, Tennessee, Virginia

Employment Ranges: 1-20 = 81%; 21-40 = 9.5%; 61+ = 9.5%

Dealership Stores: 1-2 = 85.7%; 3-5 = 4.8%; 11-25 = 9.5%

New Equipment — Expecting Revenue Gains: 52.4%

New Equipment Wtd. Avg. Gains or (Losses): 1.67%

Used Equipment — Expecting Revenue Gains: 55.5%

Used Equipment Wtd. Avg. Gains or (Losses): 2.19%

Revenue Sources: Production Farm 46.6%; Hobby Farm 21.2%; Turf/Lawn 13.7%; Municipal 3.8%; Construction 8.6%; Other 6.1%

Most Promising Opportunities: GPS, Lawn & Garden, 2WD (40-100 hp), Farm Loaders, 2WD (<40 hp)

Southeast

Coverage: Alabama, Florida, Georgia, South Carolina

Employment Ranges: 1-20 = 80%; 21-40 = 20%

Dealership Stores: 1-2 = 80%; 3-5 = 20%

New Equipment — Expecting Revenue Gains: 60%

New Equipment Wtd. Avg. Gains or (Losses): 1.80%

Used Equipment — Expecting Revenue Gains: 40%

Used Equipment Wtd. Avg. Gains or (Losses): 0.90%

Revenue Sources: Production Farm 39.4%; Hobby Farm 26%; Turf/Lawn 9%; Municipal 15%; Construction 7%;

Other 3.6%

Most Promising Opportunities: Farm Loaders, Disc Harrows, Lawn & Garden, Mower/Conditioners, Planters

Delta States

Coverage: Arkansas, Mississippi

Employment Ranges: 1-20 = 50%; 21-40 = 25%; 41-60 = 25%

Dealership Stores: 1-2 = 33.3%; 3-5 = 66.7%

New Equipment — Expecting Revenue Gains: 75%

New Equipment Wtd. Avg. Gains or (Losses): 3.38%

Used Equipment — Expecting Revenue Gains: 50%

Used Equipment Wtd. Avg. Gains or (Losses): 1.13%

Revenue Sources: Production Farm 54.5%; Hobby Farm 18.7%; Turf/Lawn 5%; Municipal 8.7%; Construction 11.5%; Other 1.5%

Most Promising Opportunities: 2WD (>100 hp), 2WD (<40 hp) Farm Loaders, Disc Harrows, Lawn & Garden

Southern Plains

Coverage: Oklahoma, Texas

Employment Ranges: 1-20 + 76.9%; 61+ = 23.1%

Dealership Stores: 1-2 = 76.9%; 6-10 = 7.7%; 11-25 = 15.4%

New Equipment — Expecting Revenue Gains: 35.7%

New Equipment Wtd. Avg. Gains or (Losses): 5.45%

Used Equipment — Expecting Revenue Gains: 27.3%

U.S. Farm Production Regions



For statistical breakout purposes, the agriculture regions of the U.S. in this report follow that of the U.S. Department of Agriculture. The agency breaks out agriculture by 10 major farm producing regions based on differences in soil, slope of land, climate, distance to market and storage and marketing facilities. The regional data from the *AEI Dealer Business Outlook & Trends* survey are presented on the next several pages of this report. It is followed by state-by-state data.

Used Equipment Wtd. Avg. Gains or (Losses): 0.71%

Revenue Sources: Production Farm 50.9%; Hobby Farm 28.2%; Turf/Lawn 7.3%; Municipal 5.9%; Construction 6.3%; Other 1.5%

Most Promising Opportunities: Lawn & Garden, GPS, 4WD, 2WD (40-100 hp), Farm Loaders

Northern Plains

Coverage: Kansas, Nebraska, North Dakota, South Dakota
Employment Ranges: 1-20 = 54.8%; 21-40 = 25.8%; 41-60 = 12.9%; 61+ = 6.5%

Dealership Stores: 1-2 = 76.7%; 3-5 = 3.3%; 6-10 = 6.7%; 26+ = 13.3%

New Equipment — Expecting Revenue Gains: 44.7%

New Equipment Wtd. Avg. Gains or (Losses): 0.69%

Used Equipment — Expecting Revenue Gains: 40%

Used Equipment Wtd. Avg. Gains or (Losses): 1.75%

Revenue Sources: Production Farm 64.1%; Hobby Farm 14.8%; Turf/Lawn 10.1%; Municipal 4.5%; Construction 3%; Other 3.4%

Most Promising Opportunities: GPS, Planters, 4WD, Lawn & Garden, 2WD (40-100 hp)

Lake States

Coverage: Michigan, Minnesota, Wisconsin

Employment Ranges: 1-20 = 71.9%; 21-40 = 9.4%; 41-60 = 6.3%; 61+ = 12.5%

Dealership Stores: 1-2 = 70.6%; 3-5 = 20.6%; 6-10 = 8.8%

New Equipment — Expecting Revenue Gains: 61.3%

New Equipment Wtd. Avg. Gains or (Losses): 3.11%

Used Equipment — Expecting Revenue Gains: 61.3%

Used Equipment Wtd. Avg. Gains or (Losses): 3.11%

Revenue Sources: Production Farm 66.5%; Hobby Farm 15.5%; Turf/Lawn 8.1%; Municipal 5.2%; Construction 3.5%; Other 1.2%

Most Promising Opportunities: GPS, Planters, 4WD, Field Cultivators, Lawn & Garden, Round Balers

Corn Belt

Coverage: Illinois, Indiana, Iowa, Missouri, Ohio

Employment Ranges: 1-20 = 69%; 21-40 = 20.7%; 41-60 = 1.7%; 61+ = 8.6%

Dealership Stores: 1-2 = 68.4%; 3-5 = 17.5%; 6-10 = 10.5%; 11-25 = 1.8%; 26+ = 1.8%

New Equipment — Expecting Revenue Gains: 44.7%

New Equipment Wtd. Avg. Gains or (Losses): 1.97%

Used Equipment — Expecting Revenue Gains: 40%

Used Equipment Wtd. Avg. Gains or (Losses): 2.09%

Revenue Sources: Production Farm 64.1%; Hobby Farm 14.8%; Turf/Lawn 10.1%; Municipal 4.5%; Construction 3%; Other 3.4%

Most Promising Opportunities: GPS, Planters, 4WD, Lawn & Garden, 2WD (40-100 hp)

Mountain

Coverage: Colorado, Idaho, Montana, New Mexico, Wyoming
Employment Ranges: 1-20 = 44.4%; 21-40 = 27.8%; 41-60 = 5.6%; 61+ = 22.2%

Dealership Stores: 1-2 = 38.9%; 3-5 = 27.8%; 6-10 = 27.8%; 11-25 = 5.6%

New Equipment — Expecting Revenue Gains: 61.2%

New Equipment Wtd. Avg. Gains or (Losses): 2.70%

Used Equipment — Expecting Revenue Gains: 64.7%

Used Equipment Wtd. Avg. Gains or (Losses): 3.47%

Revenue Sources: Production Farm 59.3%; Hobby Farm 17.4%; Turf/Lawn 9.7%; Municipal 5.4%; Construction 3.4%; Other 4.9%

Most Promising Opportunities: GPS, Windrowers/Swathers, 2WD (>100 hp), 4WD, Round Balers

Pacific

Coverage: California, Oregon, Washington

Employment Ranges: 1-20 = 53.8%; 41-60 = 15.4%; 61+ = 30.8%

Dealership Stores: 1-2 = 41.7%; 3-5 = 33.3%; 6-10 = 16.7%; 11-25 = 8.3%

New Equipment — Expecting Revenue Gains: 84.6%

New Equipment Wtd. Avg. Gains or (Losses): 4.35%

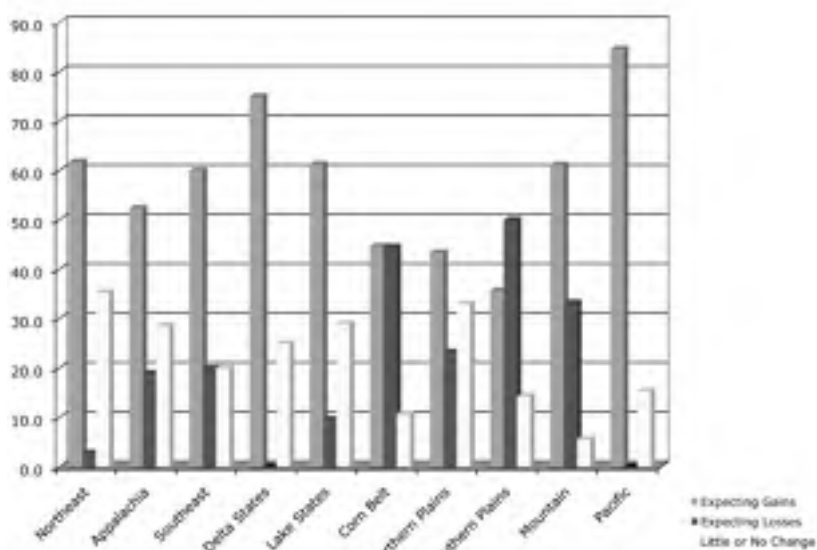
Used Equipment — Expecting Revenue Gains: 69.2%

Used Equipment Wtd. Avg. Gains or (Losses): 3.65%

Revenue Sources: Production Farm 55.1%; Hobby Farm 20.1%; Turf/Lawn 8.3%; Municipal 8.6%; Construction 4.9%; Other 3.1%

Most Promising Opportunities: GPS, 4WD, 2WD (>100 hp), 2WD (40-100 hp), Rect. Balers

U.S. Regional Expectations for Sales Revenues — 2012

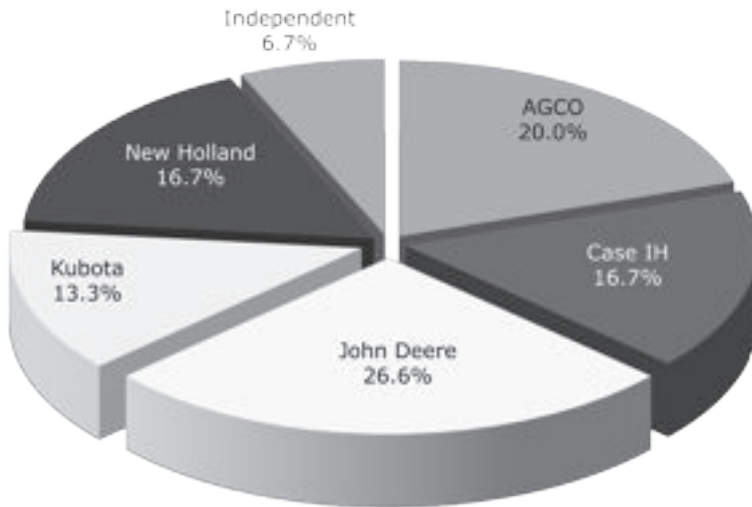


Dealers in the Delta States and Pacific States regions are most optimistic about improving sales in 2012. Those in the Southern Plains see a challenging year ahead.

PART III — CANADIAN OUTLOOK

Most Canadian Dealers See a Solid 2012

Canada Dealers' Responses by Mainline Supplier



Of the nearly 300 dealer responses to this year's AEI survey, 12% came from Canadian dealers. The largest volume of responses – 26.6% – came from John Deere dealers.

Canadian farm equipment dealers are more somewhat more optimistic than their U.S. counterparts when it comes to revenue growth sales prospects in the coming year — which is saying a lot.

In terms of revenue from new equipment sales in 2012 vs. 2011, 96% of Canadian dealers see sales being as good or better next year than they were in the past year. This compares with 87% of U.S. equipment sellers that see revenue growth staying at about the same level or improving.

The Canadian's more optimistic outlook is also seen in the dealers' expectations for used equipment sales. Nearly all Canadian dealers — 92% — expect used equipment sales to be as good or better in 2012 as in 2011. This compares with 88.5% of U.S. dealers who hold similar expectations for the year ahead.

On a weighted average basis, Canadian dealers expect an overall rise of +3.35% for new machinery and +2.68% for used equipment.

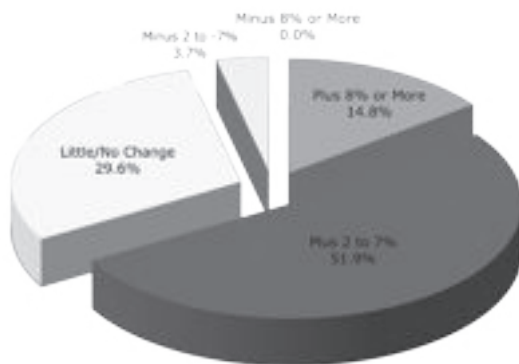
Canadian Best Bets

On a “as good as or better than” basis, Canadian farm equipment retailers say that chisel plows, farm loaders, precision farming systems, self-propelled sprayers, disc harrows,

Projected Canadian Sales of Tractors & Combines — 2012

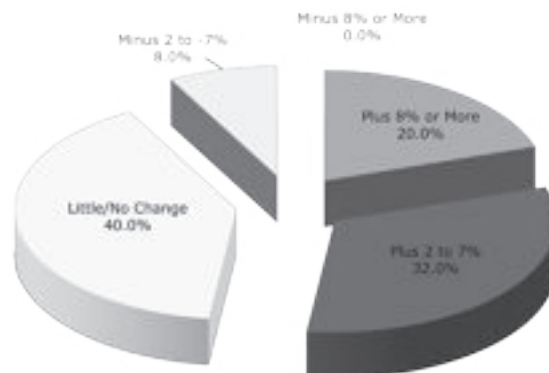
Tractor Type (Size)	Sales +8%	Sales +2-7%	Little or No Change	Sales -2-7%	Sales -8%	Forecasting Growth	Loss
2WD (<40 hp)	11.5%	26.9%	57.7%	3.8%	0.0%	38.4%	3.8%
2WD (40-100 hp)	7.4%	48.1%	44.4%	0.0%	0.0%	40.7%	3.7%
2WD (>100 hp)	8.0%	40.0%	48.0%	4.0%	0.0%	48.1%	14.8%
4WD (All)	21.7%	39.1%	39.1%	34.8%	4.3%	44.0%	20.0%
Combines	0.0%	33.3%	61.9%	0.0%	4.8%	28.0%	16.0%

Canadian Dealers' Projections for Sales Revenue 2012 — New Equipment



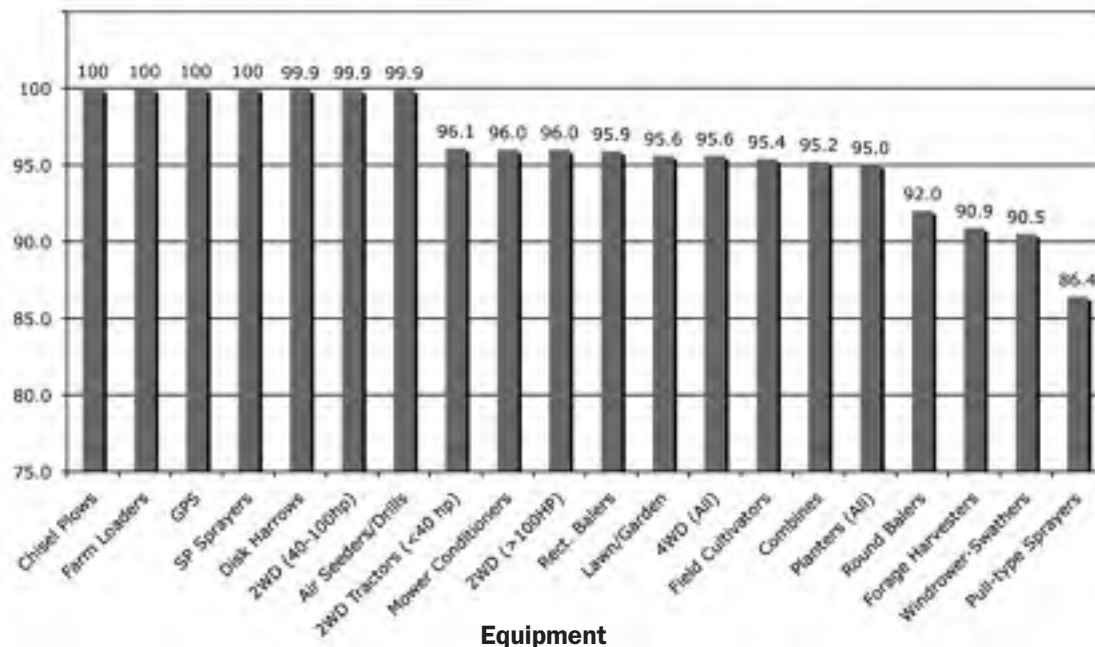
Slightly over 96% of Canadian dealers see their 2012 revenues from sales of new farm machinery being as good as or better than levels achieved in 2011.

Canadian Dealers' Projections for Sales Revenue 2012 — Used Equipment



Canadian dealers see a very strong year ahead for sales of used equipment. For 2012, nearly 92% expect revenues from sales of used machinery to be as good as or better than in 2011.

Best Bets for Improving Unit Sales in 2012 — Canada



In their rankings of “Best Bets” for improving sales in 2012, all of the Canadian dealers expect sales of chisel plows, farm loaders, GPS and self-propelled sprayers to be as good as or better than they were last year.

mid-range tractors and air seeders/drills will be their best prospects for growing sales in 2012.

Using weighted average as a measure for potential, their list changes somewhat. The following list shows how the dealers ranked their best bets for growing sales in 2012.

1. GPS/Auto-steer +3.54%
2. 4WD (All) +3.30%
3. Farm Loaders +3.08%
4. 2WD (40-100 HP) +2.76%
5. 2WD (>100 HP) +2.26%
6. Air Seeders/Drills +2.16%
7. S.P. Sprayers +2.15%
8. Lawn/Garden +2.02%
9. 2WD Tractors (<40 HP) +1.96%
10. Mower/Conditioners +1.94%
11. Disc Harrows +1.79%
12. Windrower/Swathers +1.29%
13. Combines +1.11%
14. Round Balers +1.08%
15. Chisel Plows +0.90%
16. Field Cultivators +0.82%
17. Planters (All) +0.68%
18. Rect. Balers +0.56%
19. Forage Harvesters +0.05%
20. Pull-Type Sprayers -0.20%

Like their counterparts in the U.S., the only product category Canadian dealers anticipate declining in the next year is pull-type sprayers.

Projected Canadian Unit Sales of Other Equipment — 2012

Equipment	Up 8% or More	Up 2-7%	Little or No Change	Down 2-7%	Down 8% or More
Rect. Balers	0.0%	16.7%	79.2%	4.2%	0.0%
Round Balers	4.0%	28.0%	60.0%	4.0%	4.0%
Forage Harvesters	0.0%	13.6%	77.3%	4.5%	4.5%
Planters (All)	0.0%	20.0%	75.0%	5.0%	0.0%
Mower Conditioners	4.0%	40.0%	52.0%	4.0%	0.0%
Windrower-Swathers	0.0%	38.1%	52.4%	9.5%	0.0%
Field Cultivators	0.0%	22.7%	72.7%	4.5%	0.0%
Farm Loaders	16.0%	40.0%	44.0%	0.0%	0.0%
Chisel Plows	0.0%	20.0%	80.0%	0.0%	0.0%
Disc Harrows	4.5%	31.8%	63.6%	0.0%	0.0%
Air Seeders/Drills	8.3%	33.3%	58.3%	0.0%	0.0%
SP Sprayer	10.0%	30.0%	60.0%	0.0%	0.0%
Pull-Type Sprayers	0.0%	9.1%	77.3%	13.6%	0.0%
Lawn/Garden	13.0%	26.1%	56.5%	4.3%	0.0%
GPS	20.8%	41.7%	37.5%	0.0%	0.0%

Canadian Dealers' Hiring Plans 2012 vs. 2011

	2012			2011		
	Add Staff	No Change	Reduce/Relocate Staff	Add Staff	No Change	Reduce/Relocate Staff
Parts Department	23.3%	76.7%	0.0%	17.2%	79.3%	3.4%
Service Techs	72.4%	27.6%	0.0%	55.2%	44.8%	0.0%
Wholegood Sales	31.0%	65.5%	3.4%	48.3%	51.7%	0.0%
Administration	26.7%	73.3%	0.0%	23.1%	73.1%	0.0%

Where Canadian Dealers Will Invest — 2012

Shop & Service Modernize	Retail Modernize	Bus. Info. Systems
67.9%	44.0%	50.0%

Spending & Hiring in 2012

Canadian optimism for the new sales year was also reflected in the facilities and systems investment plans, as well as the aggressive hiring levels they're planning for 2012.

Nearly 72% of Canada's dealers plan to increase spending in 2012, compared to 55% a year ago. Two-thirds say they'll focus on improvements in the shop and service areas, and half also plan to upgrade their business information systems.

More than 72% of the equipment dealers indicate they're looking to hire service techs in 2012.

Nearly one-third plan to increase the size of their wholegoods sales force, which is down from last year's 48.3% who said they would add salespeople. An additional 3.4% say they plan to reduce their sales force, which is surprising considering the strong overall market conditions in agriculture.

Precision Farming Specialist was

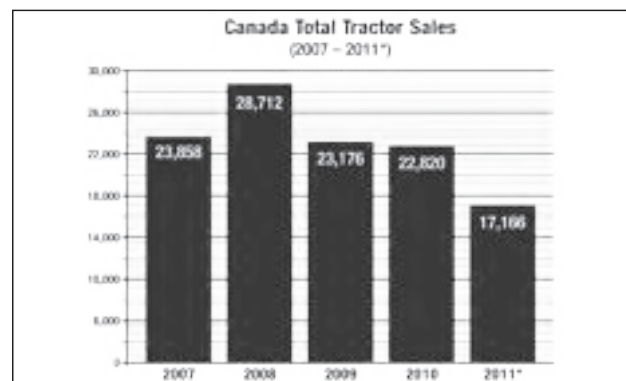
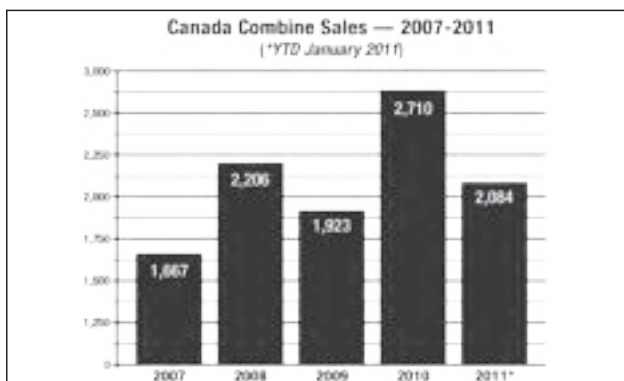
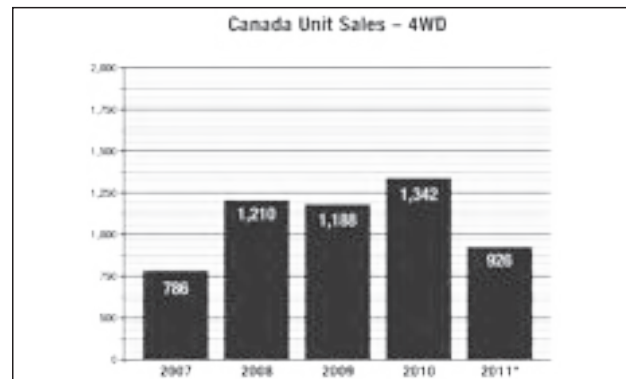
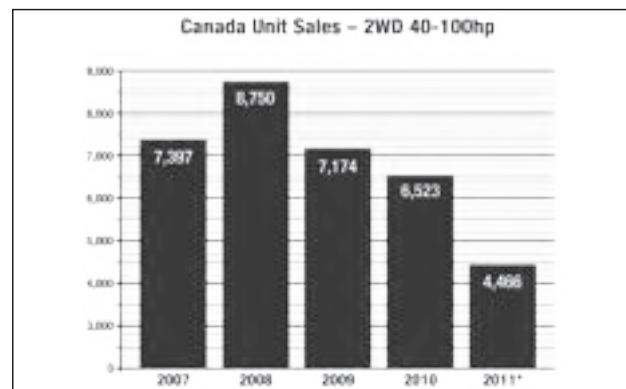
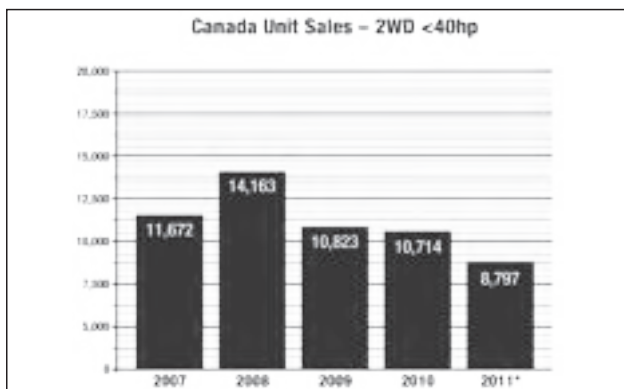
Canadian Dealers' Spending Plans for 2011

No Increase	28.6%
0 to +5%	57.1%
+6 to 10%	7.1%
+10%	7.1%

added to the list of workforce titles for 2012. Nearly one-third (32.1%) of Canadian dealers say they're looking for people who can handle the service for this gear.

Canadian Unit Retail Tractor Sales — 2007-11*

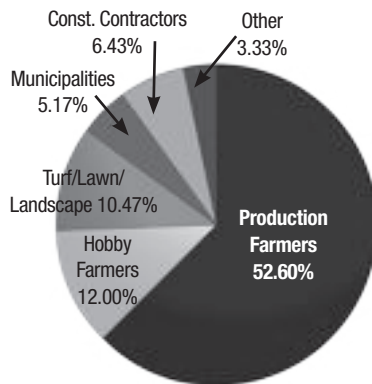
(*YTD January through September 2011)



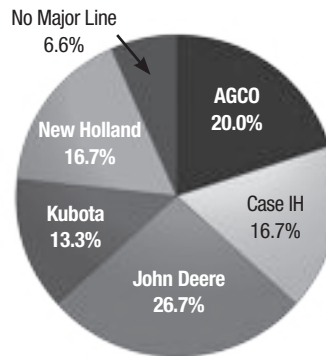
During the January-to-September period in 2011, Canadian unit sales of all classes of tractors increased by 4.9% compared to the same period in 2010. Sales of 4WD tractors declined by 2.3%. (Source: AEM)

Demographics of Survey 2012 Respondents — Canada

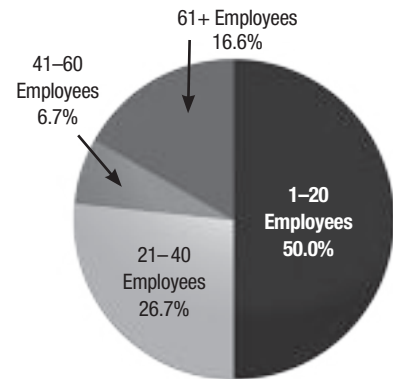
Dealer Revenue Sources



Mainline Suppliers (% of all respondents)



Employment Size



Nearly 300 North American dealers participated in Farm Equipment's Business Trends & Outlook survey. The charts below show how the participants broke out by revenue sources, mainline suppliers and employment size. This year 88% of dealers were from the U.S., 12% from Canada.

Hot Button Issues — 2012

For Canadian dealers the biggest concern going into the new selling season is the availability of new equipment. As commodity prices have risen in the past two years, so has farmer demand for new machinery.

Clearly, the two major factors that will determine the level of equipment sales in early 2012 are crop yields and new equipment availability. Either one of these could hamstring demand.

Most of the dealers' other big concerns going into the new year involve higher costs.

The rising cost of farm inputs, particularly fertilizer, is also a cause for concern for Canadian dealers, and was ranked as their #2 issue.

Concerns about finding good service technician came in at #3. It is followed by steel prices and supplies (#4) as well as higher fuel prices (#5).

Number 6 on the Canadian deal-

ers' list of concerns is the rising price of new farm machinery — which was #1 on the U.S. dealers list.

Longer term worries include the shrinking farm customer base and overall product reliability. As farm equipment continues to get more complex, its reliability and maintenance concern is moving to the top of dealers' minds.

Canadian Dealer Issues & Concerns — 2012 (2011 Rank)

Issue	Most Concerned	Concerned	Not Concerned
1. New Equipment Availability (8)	66.7%	33.3%	0.0%
2. Farm Input Costs (2)	33.3%	60.0%	6.7%
3. Steel Prices/Supplies (15)	13.3%	76.7%	10.0%
4. Technician Availability (3)	40.0%	50.0%	10.0%
5. Energy/Fuel Costs (6)	34.5%	51.7%	13.8%
6. Increasing Price of New Equipment (4)	37.9%	48.3%	13.8%
7. Shrinking Farm Customer Base (5)	26.7%	53.3%	20.0%
8. Product Reliability (7)	26.7%	51.7%	20.7%
9. Commodity Prices (1)	36.7%	40.0%	23.3%
10. Industry Consolidation (10)	35.4%	37.9%	27.6%
11. Succession Policies (9)	17.9%	42.9%	39.3%
12. Finance – Floor Planning (11)	6.9%	51.7%	41.4%
13. Internet Sales (12)	10.3%	48.3%	41.4%
14. Dealer 'Purity' Efforts (13)	27.6%	27.6%	44.8%
15. Used Equipment Availability (16)	0.0%	50.0%	50.0%
16. Finance – Retail (14)	7.1%	39.3%	53.6%
17. Impact of Competing Box Stores (17)	10.7%	35.7%	56.3%
18. Health Care Affordability (16)	10.0%	26.7%	63.3%

Canadian Regional Breakdown of Dealers' Outlook for 2012

Eight agricultural-producing provinces are combined under three regions in *Ag Equipment Intelligence's* 2012 Dealer Business Trends & Outlook report. The eastern region is represented by New Brunswick, Nova Scotia, Prince Edward Island and Quebec. The central region covers Ontario. The western region includes Alberta, British Columbia, Manitoba and Saskatchewan.



EASTERN CANADA

Coverage: Nova Scotia, Prince Edward Island, New Brunswick, Quebec

Employment Ranges: 1-20 = 66.7%; 21-40 = 33.3%

Dealership Stores: 1-2 = 66.7%; 3-5 = 33.3%

New Equipment — Expecting Revenue Gains: 100%

New Equipment Wtd. Avg. Gains or (Losses): 5.67%

Used Equipment — Expecting Revenue Gains: 33.3%

Used Equipment Wtd. Avg. Gains or (Losses): 1.50%

Revenue Sources: Production Farm 75%; Hobby Farm 11.7%; Turf/Lawn 1.7%; Municipal 3.3%; Construction 3.3%; Other 5%

Most Promising Opportunities: 2WD (40-100 hp), 4WD, Round Balers, Farm Loaders, Lawn & Garden

Gains: 71.4%

New Equipment Wtd. Avg. Gains or (Losses): 3.39%

Used Equipment — Expecting Revenue Gains: 61.6%

Used Equipment Wtd. Avg. Gains or (Losses): 3.50%

Revenue Sources: Production Farm 66.5%; Hobby Farm 15.5%; Turf/Lawn 8.1%; Municipal 5.2%; Construction 3.5%; Other 1.2%

Most Promising Opportunities: GPS, Planters, 4WD, Field Cultivators, Lawn & Garden, Round Balers

Weighted Average Gains or (Losses): 3.4%

Revenue Sources: Production Farm 73%; Hobby Farm 11.3%; Turf/Lawn 4.3%; Municipal 5.1%; Construction 6.1%; Other 0.2%

Most Promising Opportunities: 4WD, Windrow/Swathers, GPS, 2WD (>100 hp), 2WD (<40 hp)

CENTRAL CANADA

Coverage: Ontario

Employment Ranges: 1-20 = 54.5%; 21-40 = 18.2%; 41-60 = 18.2%; 61+ = 9.1%

Dealership Stores: 1-2 = 70.6%; 3-5 = 20.6%; 6-10 = 8.8%

New Equipment — Expecting Revenue Gains: 50%

New Equipment Wtd. Avg. Gains or (Losses): 2.60%

Used Equipment — Expecting Revenue Gains: 44.4%

Used Equipment Wtd. Avg. Gains or (Losses): 1.89%

Revenue Sources: Production Farm 66.5%; Hobby Farm 15.5%; Turf/Lawn 8.1%; Municipal 5.2%; Construction 3.5%; Other 1.2%

Most Promising Opportunities: GPS, Farm Loaders, Mower/Conditioners, 2WD (40-100 hp), Round Balers, Disc Harrows

WESTERN CANADA

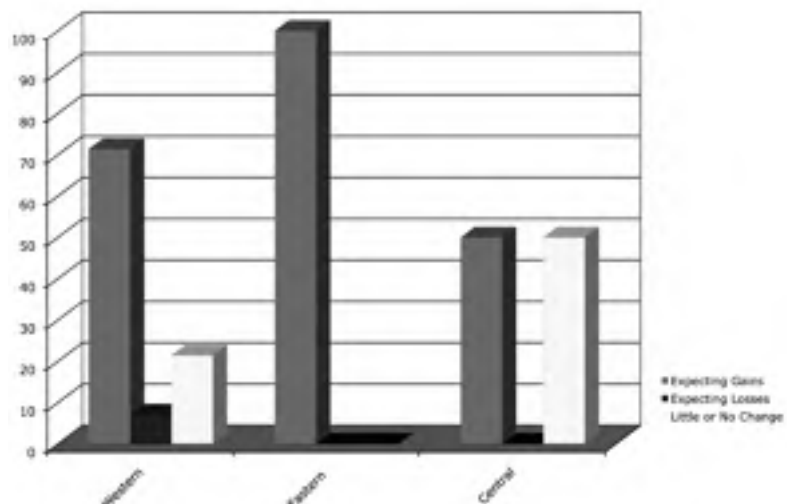
Coverage: British Columbia, Alberta, Saskatchewan & Manitoba

Employment Ranges: 1-20 = 43.7%; 21-40 = 31.3%; 61+ = 25%

Dealership Stores: 1-2 = 62.4%; 3-5 = 18.8%; 6-10 = 18.8%

New Equipment — Expecting Revenue

Canadian Regional Expectations for Sales Revenue — 2012



Most of the dealers in the Eastern and Western regions see sales gains in 2012, while slightly less than half of Central region dealers are anticipating increased sales.

PART IV — BREAKOUT BY MAINLINE SUPPLIERS

As in previous *Ag Equipment Intelligence Dealer Business Outlook & Trends* reports, this part of the report breaks out dealer responses by their major equipment supplier. Dealers that do not handle any of the major tractor lines are referred to as “independent” or shortline only.

Dealer responses by brand to this year’s survey represent a good cross section of all of the major equipment makers as well as shortline-only dealerships.

Overall, each of the dealer groups is far more optimistic in their outlook going into the new selling season than they were a year ago. Case IH dealers were at the top of the list when it comes to confidence for improving sales in 2012. Of the Case IH dealers who responded this year, more than 94% see business levels being as good as or better in 2012 than they were in 2011 (+8% or more = 18.9%, +2-7% = 45.3, Little/No Change 30.2%). Only about 71% of Case IH dealers held those expectations last year.

Likewise, fewer Case IH dealers (5.7%) anticipate lower revenues in the coming year than they saw in 2011.

Independent dealers ranked number two on the list in terms of optimism for the coming year, with 90.7% (+8% or more = 25.65, +2-7% = 23.3%, Little/No Change = 41.8%) seeing sales being better than or about the same compared with 87% last year. Only about 9% of shortline-only dealers expect revenues to fall below levels of the year prior.

Following on the heels of the Independents, AGCO dealers claimed third in the rankings of most optimistic dealers going into 2012. This year, 90.3% of its dealers see sales matching or exceeding the levels of 2011 (+8% or more = 12.2%, +2-7% = 51.2%, Little/No Change = 41.8%). This compares with 87% who reflected the same attitude a year ago. Less than 10% of AGCO dealers expects revenues to decline below those in 2011.

More than 85% of both New Holland and John Deere dealers anticipate as good as or better than 2011 sales revenues for 2012. For the coming year, 85.8% of New

Holland dealers see sales reaching or surpassing 2011 levels (+8% or more = 14.3%, +2-7% = 28.6%, Little/No change = 42.8%). Only 78% had expected 2011 sales to be about the same or better than they were the previous year.

John Deere dealers ranked fifth on the optimism scale going into the new year, as 85.7% expect sales levels to be as good as or better than they were in the last year (+8% or more = 6.1%, +2-7% = 46.9%, Little/No Change = 32.7%). A year ago, 79% expected similar results.

Deere dealers had the smallest percentage (6.1%) of dealers who project sales revenues to reach or exceed the +8% mark in the year ahead.

About 82% of Kubota dealers see sales revenue equaling or surpassing 2011 levels (+8% = 13.6%, +2-7% = 45.5%, Little/No Change = 22.8%). This is a small decline from the 84% who saw it that way a year ago.

With over 18% of Kubota dealers expecting sales revenues to decline compared with 2011, they were the least optimistic dealer group going into the new selling season. Last year at this time, 16% of this dealer group expected sales revenues to decline during 2011.

Despite the rankings, dealers of all brands and equipment colors are demonstrating a high level of confidence going into the new year. As farmers’ net income levels and cash receipts rise to new heights in 2011, it’s more than a good bet that solid equipment sales will follow.

AGCO — % of Total Responses 16.2%

Case IH — % of Total Responses 21.2%

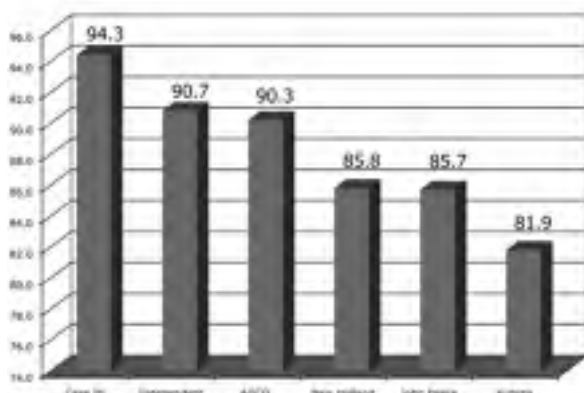
John Deere — % of Total Responses 20.5%

Kubota — % of Total Responses 8.5%

New Holland — % of Total Responses 16.6%

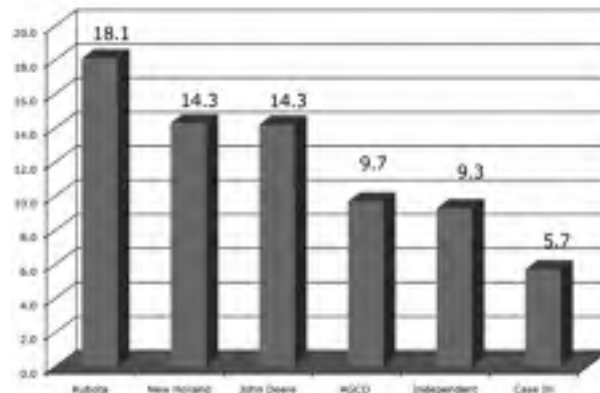
Independent Dealers — % of Total Responses 17.0%

Most Optimistic Equipment Dealers for 2012
(% of dealers expecting revenue gains)



Over 94% of Case IH dealers. 90.7% of Independent dealers expect revenue gains of 2% or more during 2012.

Least Optimistic Equipment Dealers for 2012
(% of dealers expecting revenue losses)



Over 18% of Kubota, 14.3% of New Holland and 14.2% of John Deere dealers expect sales revenues to decline by 2% or more in 2012.

AGCO Dealers Feeling Strong Going into New Year



A year ago, 86% of AGCO's dealers expected sales to match or surpass the sales revenues they saw in 2010. This time around, 90.3% are projecting that new equipment sales levels will be at least as good and most likely better than they were in 2011. Of that group 12.2% see business growing at a 8% or greater clip, while 51.2% are anticipating sales gains of 2-7% for 2012.

When it comes to used machinery, a resounding 97.3% of AGCO's dealers say that business levels will be as good or better than what they saw in 2011. In fact, a large majority anticipate real sales revenue growth during the coming year: 18.9% forecast gains of 8% or more and 37.8% are projecting increases ranging from 2-7%. Only 2.7% see revenues from used machinery sales falling below 2011 levels.

Compared with last year, AGCO dealers see their best potential to match or surpass sales in 2011 will come from self-propelled sprayers, windrower/swathers and mower conditioners.

Along these same lines, AGCO dealer also see good potential for increasing sales precision farming

AGCO Dealers' Projected Unit Sales of Tractors & Combines — 2012

Tractor Type (Size)	Sales +8%	Sales +2-7%	Little or No Change	Sales -2-7%	Sales -8%	Forecasting Growth	Forecasting Loss
2WD (<40 hp)	7.7%	12.8%	61.5%	15.4%	2.6%	20.5%	18.0%
2WD (40-100 hp)	7.9%	31.6%	50.0%	5.3%	5.3%	39.5%	10.6%
2WD (>100 hp)	7.7%	33.3%	43.6%	12.8%	2.6%	41.0%	15.4%
4WD (All)	15.2%	39.4%	39.4%	6.1%	0.0%	54.6%	6.1%
Combines	5.9%	26.5%	58.8%	8.8%	0.0%	32.4%	8.8%

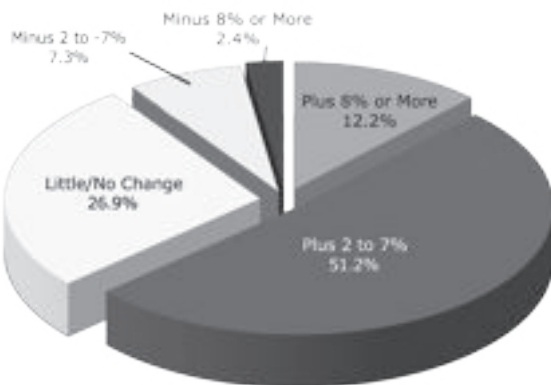
AGCO Dealers' Projected Unit Sales for Other Equipment — 2012

Equipment Category	Sales +8%	Sales +2-7%	Little or No Change	Sales -2-7%	Sales -8%
Rectangular Balers	2.9%	29.4%	58.8%	8.8%	0.0%
Round Balers	8.1%	21.6%	62.2%	5.4%	2.7%
Forage Harvesters	0.0%	14.3%	75.0%	10.7%	0.0%
Planters (All)	2.7%	24.3%	62.2%	10.8%	0.0%
Mower/Conditioners	5.1%	41.0%	53.8%	0.0%	0.0%
Windrowers/Swathers	5.9%	35.3%	58.8%	0.0%	0.0%
Field Cultivators	2.9%	20.6%	64.7%	11.8%	0.0%
Farm Loaders	0.0%	32.4%	62.2%	5.4%	0.0%
Chisel Plows	3.1%	31.3%	62.5%	3.1%	0.0%
Disc Harrows	10.3%	28.2%	56.4%	5.1%	0.0%
Air Seeders/Drills	3.2%	19.4%	74.2%	3.2%	0.0%
Self-Propelled Sprayers	15.4%	38.5%	46.2%	0.0%	0.0%
Pull-Type Sprayers	3.3%	13.3%	80.0%	3.3%	0.0%
Lawn/Garden Equip.	15.2%	27.3%	51.5%	6.1%	0.0%
GPS	22.9%	48.6%	25.7%	2.9%	0.0%

Where AGCO Dealers Will Invest in 2012

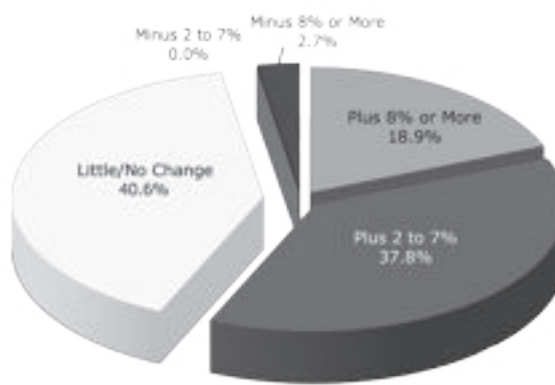
Modernize Shop & Service	Modernize Retail	Bus. Info. Systems
61.5%	44.7%	39.5%

AGCO Dealers' Projected Sales Revenues 2012 — New Equipment



Nearly two-thirds (63.5%) of AGCO dealers expect 2012 sales of new equipment to improve over sales levels in 2011 by 2% or more.

AGCO Dealers' Projected Sales Revenues 2012 — Used Equipment



When compared with 2011, used equipment sales are forecast to improve in 2012 by 2% or more by 56.7% of AGCO equipment dealers.

equipment, some tillage tools and air seeders/drills.

While rising fuel costs rated as AGCO dealers' #7 concern last year, it moved up to the top of their list for 2012. The increasing cost of new equipment, #1 last year, fell to the second spot on their list this year.

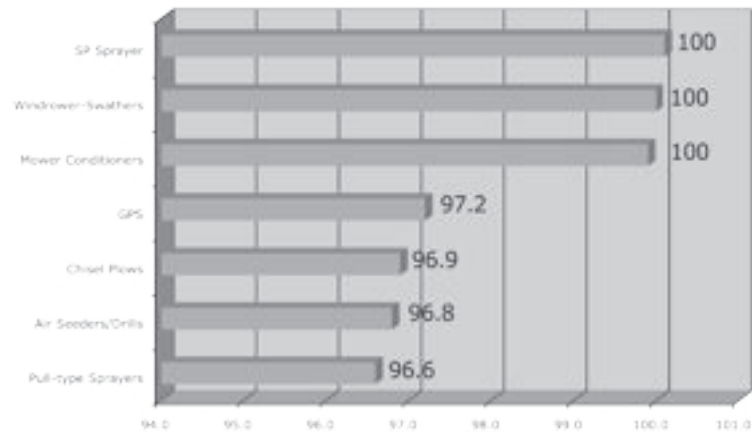
Also making the the top five for 2012 are commodity prices, higher farm input costs and new equipment availability.

Concerns with health care affordability declined from fourth place last year to number 11 for 2012.

Despite the concerns, 80% of AGCO dealers say they plan to increase capital spending in 2012.

More than 54% of the dealers are planning to add service techs to their staff in the year ahead..

Best Bets for Improving Unit Sales in 2012 AGCO Dealers



AGCO dealers rated self-propelled sprayers, windrower-swathers and mower conditioners as the best prospects for growing sales in 2012.

AGCO Dealers' Major Revenue Sources — 2011

Revenue by Market Segment:

- Production Farmers: 68.7%
- Hobby Farmers: 13.0%
- Turf & Lawn: 5.2%
- Municipalities/Parks: 5.2%
- Const. Contractors: 4.5%
- Other: 3.4%

AGCO Dealers' Hiring Plans for 2012 vs. 2011

	2012			2011		
	Add Staff	No Change	Reduce/Relocate Staff	Add Staff	No Change	Reduce/Relocate Staff
Parts Department	26.8%	73.2%	0.0%	32.7%	63.3%	4.1%
Service Techs	54.8%	45.2%	0.0%	60.0%	40.0%	0.0%
Wholesale Sales	36.6%	63.4%	0.0%	25.5%	72.5%	2.0%
Administration	9.5%	90.5%	0.0%	10.4%	87.5%	2.1%
Precision Farming Specialist	19.5%	80.5%	0.0%	NA	NA	NA

AGCO Dealers' Projections for Improved Revenue from New & Used Equipment Sales in 2012

	New Equipment	Used Equipment
+8%	12.2%	18.9%
+2-7%	51.2%	37.8%
Little or No Change	26.9%	40.6%
-2-7%	7.3%	0.0%
-8%	2.4%	2.7%

AGCO Dealer Spending Plans for 2012

No Increase	19.5%
0 to +5%	51.3%
+6 to 10%	14.6%
+10%	14.6%

AGCO Dealers' Issues and Concerns — 2012 (2011) Rank

Issue	Most Concerned	Concerned	Not Concerned
1. Energy/Fuel Costs (7)	40.5%	57.1%	2.4%
2. Increasing Cost of New Equip. (1)	52.4%	40.5%	7.1%
3. Commodity Prices (3)	40.5%	52.4%	7.1%
4. Farm Input Costs (5)	45.2%	47.6%	7.1%
5. New Equipment Availability (6)	50.0%	42.9%	7.1%
6. Steel Prices/Supplies (12)	26.2%	64.3%	9.5%
7. Technician Availability (9)	56.1%	31.7%	12.2%
8. Product Reliability (2)	26.2%	52.4%	21.4%
9. Shrinking Customer Base (8)	28.6%	50.0%	21.4%
10. Health Care Affordability (4)	54.8%	21.4%	23.8%
11. Industry Consolidation (13)	16.7%	52.4%	31.0%
12. Finance – Floor Planning (10)	7.1%	54.8%	38.1%
13. Dealer Purity Efforts (11)	17.1%	43.9%	39.0%
14. Finance – Retail (16)	7.3%	51.2%	41.5%
15. Succession Policies (14)	9.8%	39.0%	51.2%
16. Used Equipment Availability (15)	9.5%	38.1%	52.4%
17. Internet Sales (17)	10.0%	37.5%	52.5%
18. Competing Box Stores (18)	4.9%	31.7%	63.4%

Most Case IH Dealers See New & Used Gains in 2012



More than 64% of Case IH dealers are anticipating sales revenues from new equipment to grow by 2% or more in the year ahead, and another 30.1% see little or no change from last year. Of this group, 45.3% believe revenues will increase by 2-7% and another 18.9% expect sales gains of 8% or more.

Nearly 90% of Case IH dealers say sales revenues from used machinery will be as good or better than they were in 2011. Of these, 24.5% see growth in this area of 8% or more and another 32.7% are projecting sales of used equipment growing at 2-7% clip.

Overall, the products that Case IH dealers see as having good potential to be as good or better than last year, mower/conditioners, precision farming and farm loaders are their top choices. Also in their top five list are self-propelled sprayers and field cultivators. Increase sales in the coming year.

Over half of the Case IH dealers also see strong potential for improving sales from high horsepower (100+) and four-wheel drive tractors.

When it comes to what's keeping Case IH dealers up at night, 94.5% of respondents ranked farm

Case IH Dealers' Projected Unit Sales of Tractors and Combines — 2012

Tractor Type (Size)	Sales +8%	Sales +2-7%	Little or No Change	Sales -2-7%	Sales -8%	Forecasting Growth	Forecasting Loss
2WD (<40 hp)	3.8%	22.6%	54.7%	11.3%	7.5%	26.4%	18.8%
2WD (40-100 hp)	11.1%	29.6%	42.6%	7.4%	9.3%	40.7%	16.7%
2WD (>100 hp)	20.4%	38.9%	27.8%	9.3%	3.7%	59.3%	13.0%
4WD (All)	14.9%	42.6%	31.9%	8.5%	2.1%	57.5%	10.6%
Combines	10.2%	32.7%	46.9%	6.1%	4.1%	42.9%	10.2%

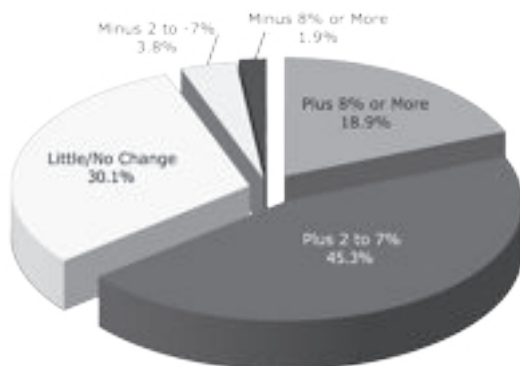
Case IH Dealers' Unit Sales Projections for Other Equipment in 2012

Equipment Category	Sales +8%	Sales +2-7%	Little or No Change	Sales -2-7%	Sales -8%
Rectangular Balers	4.3%	17.4%	63.0%	8.7%	6.5%
Round Balers	8.9%	20.0%	62.2%	8.9%	0.0%
Forage Harvesters	2.3%	14.0%	74.4%	9.3%	0.0%
Planters (All)	20.0%	34.0%	38.0%	8.0%	0.0%
Mower/Conditioners	4.3%	25.5%	68.1%	2.1%	0.0%
Windrower/Swathers	2.3%	16.3%	72.1%	7.0%	2.3%
Field Cultivators	8.9%	26.7%	60.0%	2.2%	2.2%
Farm Loaders	6.5%	28.3%	63.0%	2.2%	0.0%
Chisel Plows	6.8%	34.1%	52.3%	6.8%	0.0%
Disc Harrows	4.3%	27.7%	61.7%	6.4%	0.0%
Air Seeders/Drills	7.7%	15.4%	69.2%	7.7%	0.0%
Self-Propelled Sprayers	18.9%	16.2%	62.2%	2.7%	0.0%
Pull-Type Sprayers	2.4%	19.5%	65.9%	9.8%	2.4%
Lawn/Garden Equip.	6.7%	26.7%	55.6%	6.7%	4.4%
GPS	39.6%	37.5%	20.8%	2.1%	0.0%

Where Case IH Dealers Will Invest in 2012

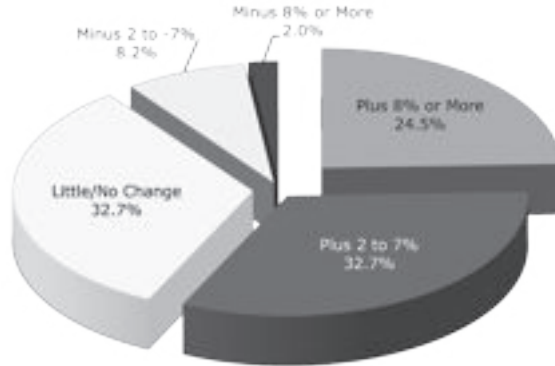
Modernize Shop & Service	Modernize Retail	Bus. Info. Systems
68.5%	52.8%	47.2%

Case IH Dealers' Projections for Sales Revenues 2012 — New Equipment



Slightly more than 64% of Case IH dealers anticipate new equipment sales revenues in 2012 to increase by 2% or more.

Case IH Dealers' Projections for Sales Revenues 2012 — Used Equipment



Overall, 62.2% of Case IH dealers see used equipment revenues growing by 2% to more than 8% in 2012 compared with 2011.

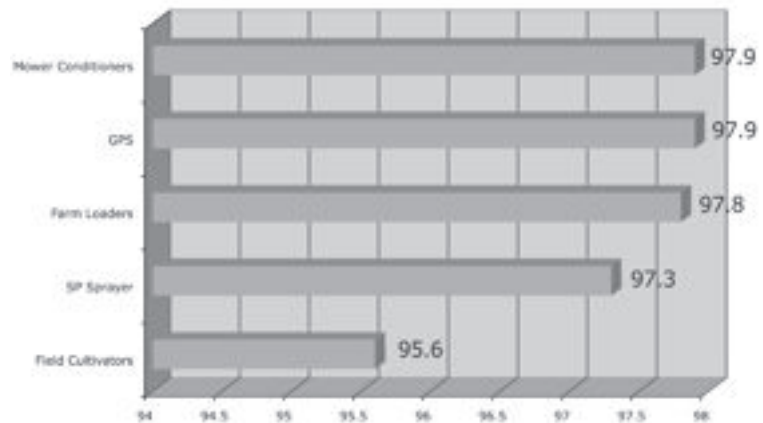
input costs as their biggest concern. This issue was also number one last year for this group of dealers.

New equipment availability, which was ranked #14 last year, moved up to #2 on Case IH dealers' list of concerns for the year ahead. Health care affordability, rising fuel costs and the availability of service technicians rounded out their list of biggest concerns.

Most Case IH dealers (70%) plan to increase capital spending next year, and 68% plan to modernize their service and sales departments. Over half (52.8%) also plan to update their retail showrooms in the next year.

While the search for service techs top Case IH dealers recruitment efforts in the new year, 27.5% also plan to add precision farming specialists to their staff in 2012.

Best Bets for Improving Unit Sales in 2012 Case IH Dealers



Mower conditioners, GPS and farm loaders are at the top of Case IH dealers' list for having the most potential to grow sales in 2012.

Case IH Dealers' Major Revenue Sources — 2011

Revenue by Market Segment:

- Production Farmers: 76.4%
- Hobby Farmers: 9.2%
- Turf & Lawn: 5.4%
- Municipalities/Parks: 3.6%
- Const. Contractors: 4.1%
- Other: 1.3%

Case IH Dealers' Hiring Plans 2012 vs. 2011

	2012			2011		
	Add Staff	No Change	Reduce/Relocate Staff	Add Staff	No Change	Reduce/Relocate Staff
Parts Department	27.8%	72.2%	0.0%	28.9%	68.4%	2.6%
Service Techs	75.5%	24.5%	0.0%	70.3%	29.7%	0.0%
Wholegood Sales	23.1%	76.9%	0.0%	31.6%	68.4%	0.0%
Administration	13.7%	86.3%	0.0%	5.3%	86.8%	7.9%
Precision Farming Specialist	27.5%	70.6%	2.0%	NA	NA	NA

Case IH Dealers' Projections for Improved Revenue from New & Used Equipment Sales in 2011

	New Equipment	Used Equipment
+8%	18.9%	24.5%
+2-7%	45.3%	32.7%
Little or No Change	30.1%	32.7%
-2-7%	3.8%	8.2%
-8%	1.9%	2.0%

Case IH Dealer Spending Plans for 2012

No Increase	30.2%
0 to +5%	41.5%
+6% to 10%	20.8%
+10%	7.5%

Case IH Dealers' Issues and Concerns — 2012 (2011 Rank)

Issue	Most Concerned	Concerned	Not Concerned
1. Farm Input Costs (1)	43.6%	50.9%	5.5%
2. New Equipment Availability (14)	43.6%	49.1%	7.3%
3. Health Care Affordability (2)	50.9%	41.8%	7.3%
4. Energy/Fuel Costs (6)	33.3%	57.4%	9.3%
5. Technician Availability (5)	40.0%	45.5%	14.5%
6. Steel Prices/Supply (10)	21.8%	63.6%	14.5%
7. Farm Commodity Prices (4)	40.0%	40.0%	20.0%
8. Increasing Cost New Equip. (3)	50.0%	44.4%	22.2%
9. Shrinking Customer Base (9)	33.3%	44.4%	22.2%
10. Product Reliability (8)	20.4%	55.6%	24.1%
11. Industry Consolidation (13)	27.8%	46.3%	25.9%
12. Dealer Purity Efforts (12)	25.9%	42.6%	31.5%
13. Succession Policies (16)	25.0%	42.3%	32.7%
14. Finance – Floor Planning (7)	20.4%	42.6%	37.0%
15. Finance – Retail (11)	14.8%	35.2%	50.0%
16. Used Equipment Availability (18)	5.5%	41.8%	52.7%
17. Impact of Box Stores (17)	9.4%	35.8%	54.7%
18. Internet Sales (15)	3.7%	40.7%	55.6%

Another Solid Sales Year Ahead for John Deere Dealers



Overall, John Deere dealers are looking for a solid sales year ahead, but fewer of them see “big” gains in 2012.

Only 6.1% of Deere retailers expect new equipment revenues to reach 8% or more next year. This is the smallest percentage of all dealers.

Nonetheless, more than half (53%) of Deere dealers see revenues increasing by 2% or more, and another 32.7% expect new equipment revenues to be about the same as they were in 2011.

Deere dealers also see a strong year ahead for used machinery. In total, more than 86% project the sales of used equipment will be at least as good or better than in 2011. Some 51% are planning for sales increases in the 2-7% range, while 15.7% are looking for gains of over 8%. Last year, fewer (56.3%) of Deere dealers were expecting sales growth of more than 2%.

A large majority of Deere dealers see strong growth potential for GPS and precision farming products, four-wheel drive tractors and farm loaders. They're also looking for solid results from growing sales of tractors (both 40 horsepower and 40-100 horsepower units).

The biggest worries for Deere

John Deere Dealers' Projected Unit Sales of Tractors and Combines — 2012

Tractor Type (Size)	Sales +8%	Sales +2-7%	Little or No Change	Sales -2-7%	Sales -8%	Forecasting Growth	Forecasting Loss
2WD (<40 hp)	11.8%	33.3%	49.0%	3.9%	2.0%	45.2%	5.9%
2WD (40-100 hp)	7.8%	49.0%	37.3%	5.9%	0.0%	56.8%	5.9%
2WD (>100 hp)	10.0%	46.0%	38.0%	6.0%	0.0%	56.0%	6.0%
4WD (All)	6.3%	31.3%	58.3%	4.2%	0.0%	37.6%	4.2%
Combines	0.0%	21.3%	52.3%	17.0%	8.5%	21.3%	25.5%

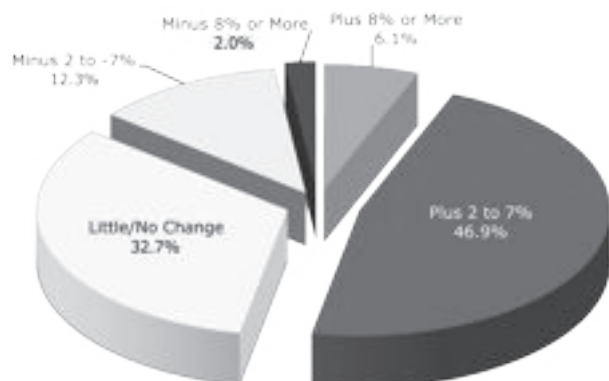
John Deere Dealers' Unit Sales Projections for Other Equipment in 2012

Equipment Category	Sales +8%	Sales +2-7%	Little or No Change	Sales -2-7%	Sales -8%
Rectangular Balers	2.2%	15.6%	73.3%	8.9%	0.0%
Round Balers	14.9%	40.4%	38.3%	6.4%	0.0%
Forage Harvesters	0.0%	9.3%	76.7%	9.3%	4.7%
Planters (All)	20.9%	18.6%	51.2%	7.0%	2.3%
Mower/Conditioners	2.1%	37.5%	54.2%	6.3%	0.0%
Windrower/Swathers	0.0%	28.3%	63.0%	6.5%	2.2%
Field Cultivators	2.3%	27.3%	63.6%	6.8%	0.0%
Farm Loaders	8.2%	46.9%	40.8%	4.1%	0.0%
Chisel Plows	0.0%	11.4%	77.3%	11.4%	0.0%
Disc Harrows	2.1%	27.7%	59.6%	8.5%	2.1%
Air Seeders/Drills	9.1%	25.0%	52.3%	11.4%	2.3%
Self-Propelled Sprayers	12.8%	27.7%	48.9%	6.4%	4.3%
Pull-Type Sprayers	0.0%	7.1%	71.4%	16.7%	4.8%
Lawn/Garden Equip.	16.3%	38.8%	38.8%	2.0%	4.1%
GPS	40.4%	42.6%	14.9%	2.1%	0.0%

Where John Deere Dealers Will Invest in 2012

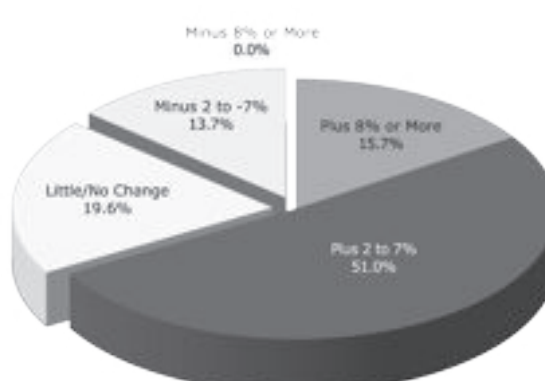
Modernize Shop & Service	Modernize Retail	Bus. Info. Systems
62.7%	44.0%	54.0%

John Deere Dealers' Projections for Sales Revenues 2012 — New Equipment



Nearly 86% of Deere dealers believe sales of new equipment in 2012 will be as good as or better than 2011 and 53% see “real” growth.

John Deere Dealers' Projections for Sales Revenues 2012 — Used Equipment



Similarly, 84% of Deere dealers expect 2012 revenues from the sale of used equipment to be as good as or better than 2011.

dealers in the year ahead include rising farm input costs, up from #4 last year. Availability of new equipment ranked as #2, the same as last year. The increasing cost of new equipment, #1 last year, fell to the third spot this year. It's followed by the availability of top-notch technicians and higher steel prices.

Nearly 70% of Deere dealers are planning to increase their capital spending in 2012, with 58.8% projecting 1-5% rise. Two-thirds say they'll focus on their shop areas and 54% planning improvements to the business information systems.

There's no doubt where Deere dealers are focusing on in terms of talent in 2012: 83% are searching for service technicians and 43.1% want to find precision farming specialists.

John Deere Dealers' Major Revenue Sources — 2011

Revenue by Market Segment:

- Production Farmers: 63.7%
- Hobby Farmers: 10.1%
- Turf & Lawn: 12.4%
- Municipalities/Parks: 5.1%
- Const. Contractors: 3.1%
- Other: 5.6%

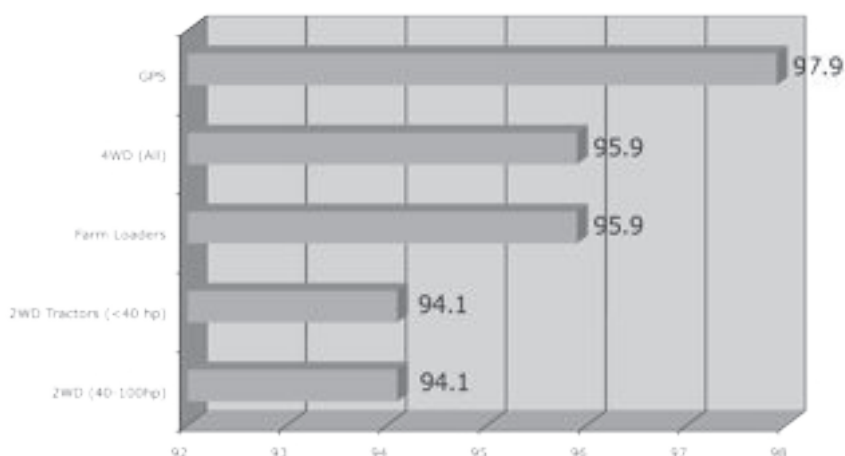
John Deere Dealers' Projections for Improved Revenue from New & Used Equipment Sales in 2011

	New Equipment	Used Equipment
+8%	6.1%	15.7%
+2-7%	46.9%	51.0%
Little or No Change	32.7%	19.6%
-2-7%	12.3%	13.7%
-8%	2.0%	0.0%

John Deere Dealer Spending Plans for 2012

No Increase	31.4%
0 to +5%	58.8%
+6% to 10%	7.8%
+10%	2.0%

Best Bets for Improving Unit Sales in 2012 John Deere Dealers



Atop Deere dealers' rankings of products that will see the biggest sales revenue improvements in 2012 are GPS/auto-steer products, 4WD equipment, and farm loaders.

John Deere Dealers' Hiring Plans 2012 vs. 2011

	2012			2011		
	Add Staff	No Change	Reduce/Relocate Staff	Add Staff	No Change	Reduce/Relocate Staff
Parts Department	28.6%	69.4%	2.0%	29.2%	66.7%	4.2%
Service Techs	82.7%	17.3%	0.0%	58.3%	41.7%	0.0%
Wholegood Sales	29.4%	68.6%	2.0%	23.3%	72.6%	4.1%
Administration	12.0%	82.0%	6.0%	5.6%	83.1%	11.3%
Precision Farming Specialist	43.1%	56.9%	0.0%	NA	NA	NA

Deere Dealers' Issues & Concerns — 2012 (2011 Rank)

Issue	Most Concerned	Concerned	Not Concerned
1. Farm Input Costs (4)	38.0%	62.0%	0.0%
2. New Equip. Availability (2)	64.7%	33.3%	2.0%
3. Increasing Cost New Equip. (1)	44.2%	51.9%	3.8%
4. Technician Availability (7)	47.1%	49.0%	3.9%
5. Steel Prices/Supplies (12)	18.0%	76.0%	6.0%
6. Energy/Fuel Costs (8)	30.0%	62.0%	8.0%
7. Health Care Affordability (3)	45.1%	43.1%	11.8%
8. Shrinking Customer Base (6)	16.0%	72.0%	12.0%
9. Farm Commodity Prices (5)	35.3%	45.1%	19.6%
10. Product Reliability (11)	29.4%	41.2%	29.4%
11. Industry Consolidation (10)	25.5%	43.1%	31.4%
12. Internet Sales (16)	12.0%	56.0%	32.0%
13. Finance – Floor planning (13)	26.9%	36.5%	36.5%
14. Used Equip. Availability (17)	9.6%	53.8%	36.5%
15. Succession Policies (14)	33.3%	27.5%	39.2%
16. Finance – Retail (15)	9.8%	47.1%	43.1%
17. Dealer Purity Efforts (9)	30.0%	26.0%	44.0%
18. Impact of Box Stores (18)	11.8%	39.2%	49.0%

Kubota Dealers Anticipate Further Sales Growth in 2012



Nearly 60% of Kubota dealers see real sales growth for new equipment of 2% to more than 8% in 2012. This compares with only 18.1% who are expecting a dropoff in sales revenues in the next year. The remainder, 22.8%, see little or no change in revenues compared with 2011.

Of those dealers anticipating sales gains in new equipment, 13.6% are looking for an increase of 8% or more and 45.5% for 2-7%.

Nearly 90% of Kubota dealers expect used equipment revenues to be as good as or better than they were in the previous year.

Of these, 22.2% see sales of used machinery improving by 8% or more, while 38.9% expect sales to increase by 2-7%.

Kubota dealers point to five product groups where they see solid growth for 2012, including all three categories of two-wheel drive tractors, lawn and garden equipment and farm loaders. Four-wheel drive tractors will also give dealers the opportunity to improve sales in the year ahead.

Going into 2012, the biggest concerns for Kubota dealers are the increasing cost of new equipment. This is followed by rising steel prices.

Kubota Dealers' Projected Unit Sales of Tractors and Combines — 2012

Tractor Type (Size)	Sales +8%	Sales +2-7%	Little or No Change	Sales -2-7%	Sales -8%	Forecasting Growth	Forecasting Loss
2WD (<40 hp)	5.0%	10.0%	80.0%	5.0%	0.0%	15.0%	5.0%
2WD (40-100 hp)	0.0%	35.0%	60.0%	5.0%	0.0%	35.0%	5.0%
2WD (>100 hp)	0.0%	26.3%	68.4%	5.3%	0.0%	26.3%	5.3%
4WD (All)	15.8%	42.1%	31.6%	10.5%	0.0%	57.9%	10.5%
Combines	0.0%	8.3%	83.3%	8.3%	0.0%	8.3%	8.3%

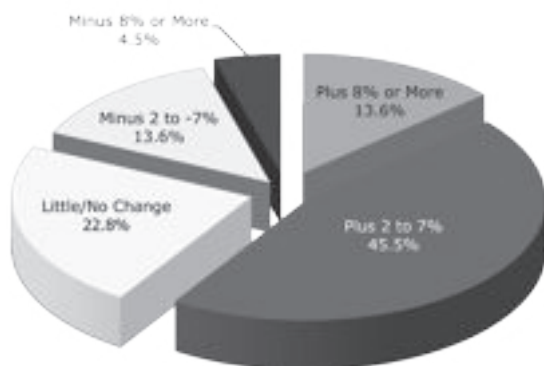
Kubota Dealers' Unit Sales Projections for Other Equipment in 2012

Equipment Category	Sales +8%	Sales +2-7%	Little or No Change	Sales -2-7%	Sales -8%
Rectangular Balers	0.0%	8.3%	83.3%	8.3%	0.0%
Round Balers	0.0%	7.7%	84.6%	7.7%	0.0%
Planters (all)	0.0%	0.0%	69.2%	7.7%	0.0%
Forage Harvesters	0.0%	0.0%	90.9%	9.1%	0.0%
Mower/Conditioners	0.0%	7.7%	84.6%	7.7%	0.0%
Windrower/Swathers	0.0%	0.0%	90.9%	9.1%	0.0%
Field Cultivators	0.0%	30.8%	61.5%	7.7%	0.0%
Farm Loaders	6.3%	50.0%	37.5%	6.3%	0.0%
Chisel Plows	0.0%	30.8%	61.5%	7.7%	0.0%
Disc Harrows	7.1%	42.9%	42.9%	7.1%	0.0%
Air Seeders/Drills	0.0%	7.7%	84.6%	7.7%	0.0%
Self-Propelled Sprayers	0.0%	8.3%	83.3%	8.3%	0.0%
Pull-Type Sprayers	8.3%	8.3%	75.0%	8.3%	0.0%
Lawn/Garden Equip.	5.9%	47.1%	41.2%	5.9%	0.0%
GPS	7.7%	23.1%	61.5%	7.7%	0.0%

Where Kubota Dealers Will Invest in 2012

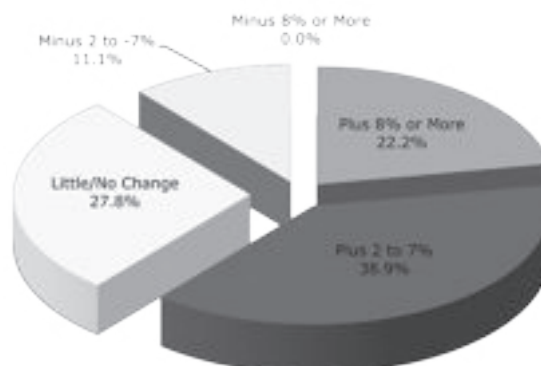
Modernize Shop & Service	Modernize Retail	Bus. Info. Systems
45.5%	33.3%	45.5%

Kubota Dealers' Projections for Sales Revenue in 2012 — New Equipment



For the coming year, about 82% of Kubota dealers expect revenues from new equipment sales to be as good as or better than in 2011.

Kubota Dealers' Projections for Sales Revenue in 2012 — Used Equipment



Revenues from the sales of used machinery for 2012 is expected to be as good as or better in 2011 by nearly 90% of Kubota dealers.

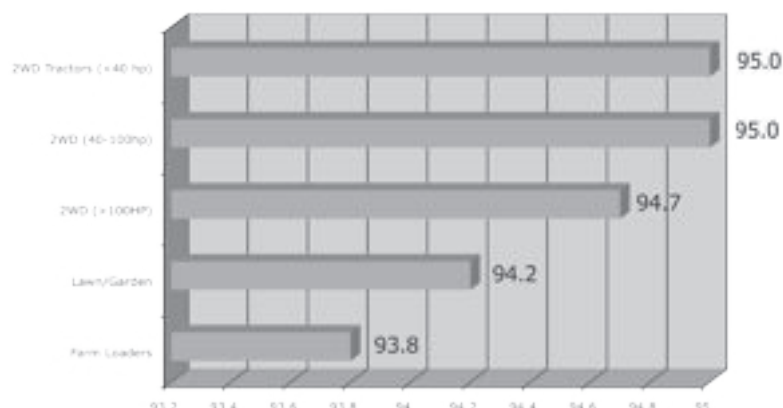
es and a shortage of steel supplies. Rising fuel prices ranked #3 on their list of concerns, along with health care affordability and higher farm input costs. Last year, Kubota dealers were most concerned with affordable health care costs.

Otherwise, the issues making the biggest jump from 2011 to 2012 is Internet sales, which moved from 17th place to 6th.

Most dealers (72.7%) plan to increase spending in the coming year. Updating their service areas and business information systems will get top priority when it comes to capital spending.

Like most other retailers, Kubota dealers will focus most of its recruiting efforts on finding talent for their service departments.

Best Bets for Improving Unit Sales in 2012 Kubota Dealers



While Kubota dealers' didn't rank many product groups as "Best Bets" for increasing sales in 2012, all 2WD tractors were highest on their list.

Kubota Dealers' Major Revenue — 2012

Revenue by Market Segment:

- Production Farmers: 32.1%
- Hobby Farmers: 33.5%
- Turf & Lawn: 11.8%
- Municipalities/Parks: 9.1%
- Const. Contractors: 7.1%
- Other: 6.4%

Kubota Dealers' Hiring Plans 2012 vs. 2011

	2012			2011		
	Add Staff	No Change	Reduce/Relocate Staff	Add Staff	No Change	Reduce/Relocate Staff
Parts Department	9.1%	90.9%	0.0%	13.0%	78.3%	8.7%
Service Techs	31.8%	68.2%	0.0%	17.4%	82.6%	0.0%
Wholesale Sales	27.3%	72.7%	0.0%	16.7%	79.2%	4.2%
Administration	9.5%	85.7%	4.8%	0.0%	90.9%	9.1%
Precision Farming Specialist	0.0%	90.9%	9.1%	NA	NA	NA

Kubota Dealers' Projections for Improved Revenue from New & Used Equipment Sales in 2012

	New Equipment	Used Equipment
+8%	13.6%	22.2%
+2-7%	45.5%	38.9%
Little or No Change	22.8%	27.8%
-2-7%	13.6%	11.1%
-8%	4.5%	0.0%

Kubota Dealer Spending Plans for 2012

No Increase	27.3%
0 to +5%	63.6%
+6% to 10%	9.1%
+10%	0.0%

Kubota Dealers' Issues and Concerns — 2012 (2010 Rank)

Issue	Most Concerned	Concerned	Not Concerned
1. Increasing Cost of New Equip. (2)	42.9%	57.1%	0.0%
2. Steel Prices/Supplies (8)	14.3%	81.0%	4.8%
3. Energy/Fuel Costs (3)	42.9%	47.6%	9.5%
4. Health Care Affordability (1)	66.7%	19.0%	14.3%
5. Farm Input Costs (7)	20.0%	65.0%	15.0%
6. Internet Sales (17)	9.5%	71.4%	19.0%
7. Dealer Purity Efforts (10)	20.0%	60.0%	20.0%
8. New Equipment Availability (11)	14.3%	61.9%	23.8%
9. Commodity Prices (12)	9.5%	66.7%	23.8%
10. Shrinking Customer Base (5)	5.0%	70.0%	25.0%
11. Succession Policies (14)	10.5%	63.2%	26.3%
12. Technician Availability (6)	33.3%	38.1%	28.6%
13. Product Reliability (13)	14.3%	57.1%	28.6%
14. Industry Consolidation (4)	15.0%	50.0%	35.0%
15. Finance – Floor Planning (15)	4.8%	47.6%	47.6%
16. Impact of Box Stores (16)	4.8%	47.6%	47.6%
17. Finance – Retail (9)	9.5%	38.1%	52.4%
18. Used Equipment Availability (18)	5.3%	42.1%	52.6%

Despite Management Turmoil, New Holland Dealers See More Sales Growth



With yet more shake ups in top management in 2011, New Holland dealers are still feeling uncertain about the long-term fate of the blue tractor company.

It's showing up again this year.

Last year at this time, less than half (48%) of New Holland dealers expected to increase sales by 2% or more in 2011. This time around, only about 43% are forecasting gains of 2% to more than 8% for 2012.

Overall, 86% of New Holland dealers are projecting business levels in the year ahead to be at least as good or better than they were in the year past.

On the used-equipment side of the ledger, 44.4% see sales revenues improving by 2% or more and 87.2% say that sales will be at least as good or better than last year. This compares with 53.4% expected real sales gains from used machinery sales in 2011 and 77.8% expected to be at least as good or better than the previous year.

New Holland say seven products groups could be the difference in 2012 in terms of improving revenue.

Specifically, they point to plant-

New Holland Dealers' Projected Unit Sales of Tractors and Combines — 2012

Tractor Type (Size)	Sales +8%	Sales +2-7%	Little or No Change	Sales -2-7%	Sales -8%	Forecasting Growth	Forecasting Loss
2WD (<40 hp)	14.6%	17.1%	56.1%	9.8%	2.4%	31.7%	12.2%
2WD (40-100 hp)	2.4%	39.0%	43.9%	12.2%	2.4%	41.4%	14.6%
2WD (>100 hp)	4.8%	23.8%	52.4%	14.3%	4.8%	28.6%	19.1%
4WD Tractors (All)	8.1%	32.4%	51.4%	5.4%	2.7%	40.5%	8.1%
Combines	2.9%	14.7%	70.6%	5.9%	5.9%	17.6%	11.8%

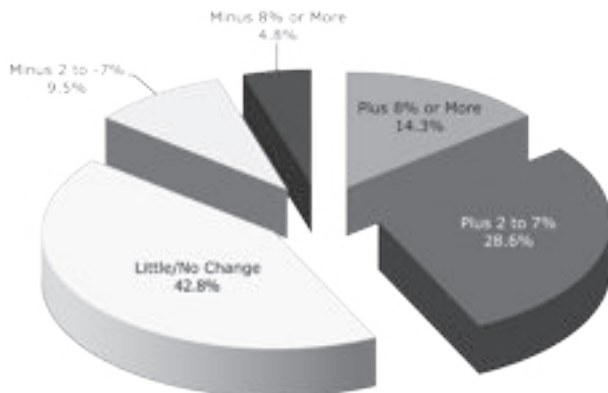
New Holland Dealers' Unit Sales Projections for Other Equipment in 2012

Equipment Category	Sales +8%	Sales +2-7%	Little or No Change	Sales -2-7%	Sales -8%
Rectangular Balers	0.0%	24.4%	58.5%	7.3%	9.8%
Round Balers	2.4%	45.2%	33.3%	4.8%	14.3%
Forage Harvesters	0.0%	21.1%	63.2%	5.3%	10.5%
Planters (All)	11.1%	22.2%	55.6%	8.3%	2.8%
Mower/Conditioners	2.5%	40.0%	42.5%	7.5%	7.5%
Windrower/Swathers	8.6%	8.6%	74.3%	2.9%	5.7%
Field Cultivators	5.4%	21.6%	64.9%	5.4%	2.7%
Farm Loaders	2.6%	34.2%	55.3%	5.3%	2.6%
Chisel Plows	0.0%	13.9%	75.0%	5.6%	5.6%
Disc Harrows	5.4%	18.9%	62.2%	8.1%	5.4%
Air Seeders/Drills	0.0%	9.7%	83.9%	0.0%	6.5%
Self-Propelled Sprayer	0.0%	16.7%	73.3%	3.3%	6.7%
Pull-Type Sprayers	0.0%	3.2%	77.4%	3.2%	16.1%
Lawn/Garden Equip.	5.0%	35.0%	45.0%	10.0%	5.0%
GPS	15.8%	28.9%	50.0%	2.6%	2.6%

Where New Holland Dealers Will Invest in 2012

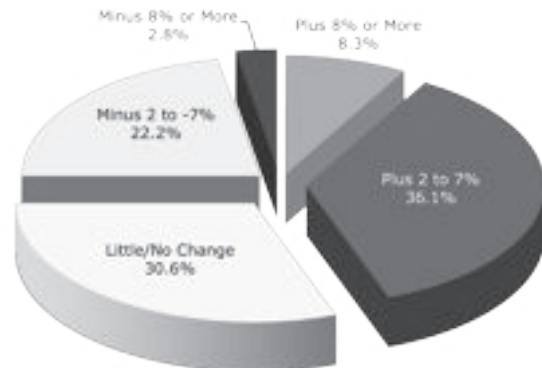
Modernize Shop & Service	Modernize Retail	Bus. Info. Systems
54.8%	29.3%	36.6%

New Holland Dealers' Projections for Sales Revenues in 2012 — New Equipment



A full 88% of New Holland dealers expect new equipment sales to be as good or better in 2012 compared with 2011.

New Holland Dealers' Projections for Sales Revenues in 2012 — Used Equipment



Over half of New Holland dealers expect sales revenues from used equipment to increase by 2% or more in 2012.

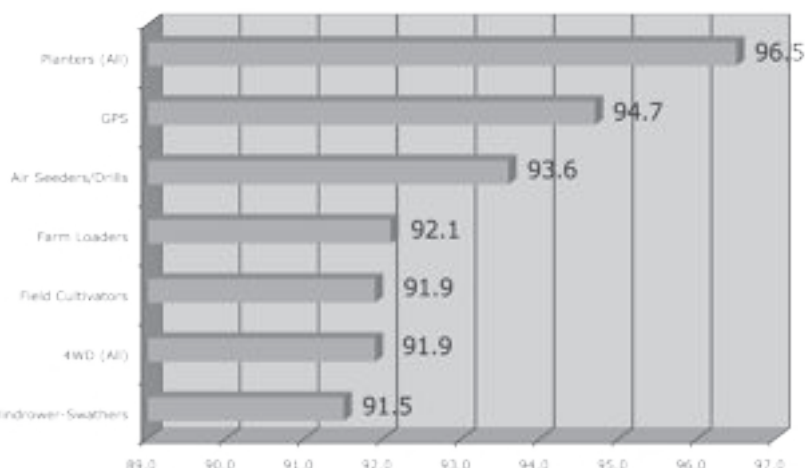
ers, precision farming equipment, air seeders and drills, farm loaders, field cultivators, four-wheel drive tractors and windrower/swathers.

The availability of new equipment and delays in deliveries have been New Holland dealers' biggest complaints going into 2012. Last year it was #11 on their list.

Their other concerns include, increasing cost of new equipment, rising farm input costs and farm commodity prices.

Most New Holland dealers (55%) expect to increase capital spending in the coming year, with shop and service modernization slated to get the most attention. Compared to other dealers, it appears that New Holland retailers will not focus on hiring this year, though 30% say they're looking to add service techs.

Best Bets for Improving Unit Sales in 2012 New Holland Dealers



4WD tractors, GPS systems and farm loaders top New Holland dealers' rankings for the products with the most potential to improve sales in 2012.

New Holland Dealers Major Revenue Sources — 2011

Revenue by Market Segment:

- Production Farmers: 60.9%
- Hobby Farmers: 20.5%
- Turf & Lawn: 6.0%
- Municipalities/Parks: 4.8%
- Const. Contractors: 5.7%
- Other: 2.1%

New Holland Dealers' Hiring Plans 2011 vs. 2012

	2012			2011		
	Add Staff	No Change	Reduce/Relocate Staff	Add Staff	No Change	Reduce/Relocate Staff
Parts Department	13.6%	75.8%	10.6%	19.6%	78.4%	2.0%
Service Techs	30.3%	62.1%	7.6%	72.5%	25.5%	2.0%
Wholesale Sales	18.2%	77.3%	4.5%	42.0%	58.0%	0.0%
Administration	7.6%	84.8%	7.6%	14.0%	82.0%	4.0%
Precision Farming Specialist	7.3%	90.3%	2.4%	NA	NA	NA

New Holland Dealers' Projections for Improved Revenue from New & Used Equipment Sales in 2012

	New Equipment	Used Equipment
+8%	14.3%	8.3%
+2-7%	28.6%	36.1%
Little or No Change	42.8%	30.6%
-2-7%	9.5%	22.2%
-8%	4.8%	2.8%

New Holland Dealer Spending Plans for 2012

No Increase	45.2%
0 to +5%	42.9%
+6% to 10%	11.9%
+10%	0.0%

New Holland Dealers' Concerns — 2012 (2011 Rank)

Issue	Most Concerned	Concerned	Not Concerned
1. New Equip. Availability (11)	47.6%	50.0%	2.4%
2. Increasing Cost New Equip. (1)	57.1%	38.1%	4.8%
3. Farm Input Costs (2)	33.3%	61.9%	4.8%
4. Farm Commodity Prices (3)	28.6%	66.7%	4.8%
5. Steel Prices/Supplies (9)	37.5%	55.0%	7.5%
6. Shrinking Customer Base (6)	45.2%	45.2%	9.5%
7. Health Care Affordability (8)	64.3%	26.2%	9.5%
8. Finance - Floor planning (7)	40.5%	47.6%	11.9%
9. Technician Availability (5)	38.1%	50.0%	11.9%
10. Product Reliability (10)	31.0%	52.4%	16.7%
11. Succession Policies (16)	34.1%	48.8%	17.1%
12. Energy/Fuel Costs (4)	45.2%	35.7%	19.0%
13. Mfr. Purity Efforts (13)	45.2%	35.7%	19.0%
14. Industry Consolidation (14)	26.8%	53.7%	19.5%
15. Finance - Retail (12)	14.3%	52.4%	33.3%
16. Internet Sales (15)	9.5%	47.6%	42.9%
17. Used Equip. Availability (17)	11.9%	45.2%	42.9%
18. Impact of Box Stores (18)	7.3%	43.9%	48.8%

Independents See Strong Year Ahead for New Equipment Sales

Nearly all (90.7%) of the independent dealers are projecting 2012 sales revenues from new equipment to be as good or better than 2011. This puts them in second place on this year's list for most optimistic farm equipment retailers.

Of this group, 23.3% are expecting sales growth of 2-7%, while 25.6% are looking at sales increases of 8% or more, for a total of 58.9% who anticipate real growth in 2012.

This compares to 87.1% last year who forecast that revenues would be as good or better than those of 2010. Over one-third (35.9%) predicted that sales revenues would increase by 2% or more a year ago.

That optimism carries into used equipment sales. Overall, 94.8% expect sales revenues from used equipment to be as good or better than levels seen in 2011, with 23.1% forecasting sales increase of 2-7% and 12.7% seeing sales improving by 8% or more.

Last year, 84% saw sales revenues of used machinery being as good or better than the previous year, with 34.2% expecting an increase of 2-7% and 14% projecting gains of 8% or more.

The independents see their best opportunities to improve sales revenues or at least stay even with 2011 levels coming from four-wheel drive

Independent Dealers' Projected Unit Sales of Tractors and Combines — 2012

Tractor Type (Size)	Sales +8%	Sales +2-7%	Little or No Change	Sales -2-7%	Sales -8%	Forecasting Growth	Forecasting Loss
2WD (<40 hp)	6.7%	10.0%	76.7%	3.3%	3.3%	16.7%	6.6%
2WD (40-100hp)	6.7%	26.7%	60.0%	3.3%	3.3%	43.4%	6.6%
2WD (>100HP)	7.7%	15.4%	65.4%	7.7%	3.8%	23.1%	11.5%
4WD (All)	10.0%	33.3%	53.3%	0.0%	3.3%	43.3%	3.3%
Combines	5.0%	5.0%	65.0%	15.0%	10.0%	10.0%	25.0%

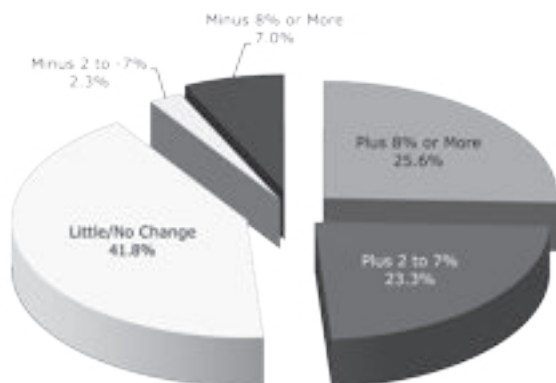
Independent Dealers' Unit Sales Projections for Other Equipment in 2011

Equipment Category	Sales +8%	Sales +2-7%	Little or No Change	Sales -2-7%	Sales -8%
Rect. Balers	4.2%	12.5%	70.8%	8.3%	4.2%
Round Balers	4.0%	12.0%	72.0%	8.0%	4.0%
Forage Harvesters	5.0%	15.0%	65.0%	10.0%	5.0%
Planters (All)	10.0%	15.0%	65.0%	5.0%	5.0%
Mower Conditioners	4.0%	24.0%	60.0%	8.0%	4.0%
Windrower-Swathers	4.8%	14.3%	71.4%	4.8%	4.8%
Field Cultivators	4.2%	8.3%	79.2%	0.0%	8.3%
Farm Loaders	9.7%	22.6%	61.3%	3.2%	3.2%
Chisel Plows	7.4%	14.8%	66.7%	7.4%	3.7%
Disc Harrows	3.8%	15.4%	69.2%	3.8%	7.7%
Air Seeders/Drills	8.0%	20.0%	60.0%	4.0%	8.0%
SP Sprayers	9.5%	0.0%	76.2%	0.0%	14.3%
Pull-type Sprayers	3.8%	3.8%	73.1%	15.4%	3.8%
Lawn/Garden Equip.	12.9%	32.3%	41.9%	6.5%	6.5%
GPS	5.0%	20.0%	70.0%	0.0%	5.0%

Where Independent Dealers Will Invest in 2012

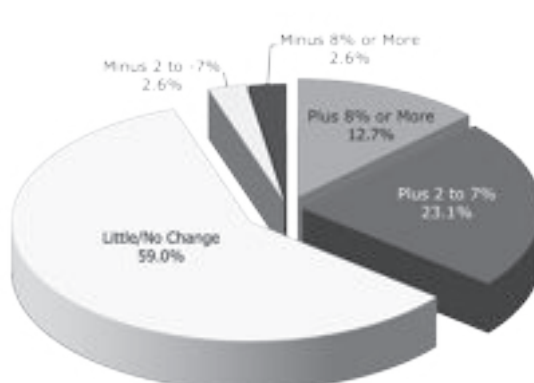
Modernize Shop & Service	Modernize Retail	Bus. Info. Systems
50.0%	50.0%	47.6%

Independent Dealers' Projections for Sales Revenues in 2011 — New Equipment



More than 90% of independent dealers expect new equipment sales revenues for 2012 to be as good or better than that of 2011.

Independent Dealers' Projections for Sales Revenues in 2012 — Used Equipment



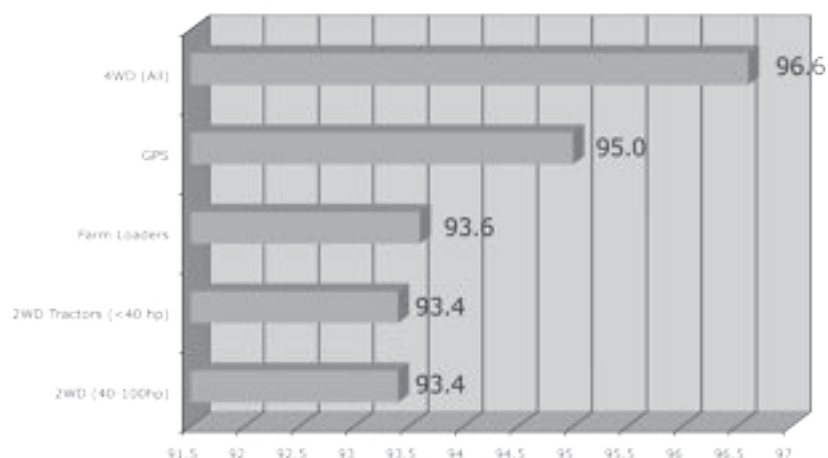
Nearly 94.8% of independent dealers expect 2012 sales of used equipment to be as good as or better than 2011.

tractors, precision farming equipment and systems. Also higher on their list is farm loaders, two-wheel drive tractors, 40 horsepower and lower, and tractors in the 40-100 horsepower range.

The biggest concern for independent dealers is rising steel prices, up from number seven last year. The #1 concern going into 2011, health care affordability, dropped to number seven. The next major concern going into 2012 is increasing cost of new equipment, followed by farm input costs. In fact, financing floor plan equipment saw the biggest move of any of the independent dealer's main concerns, dropping from fifth place in 2011 to #13 for the year ahead.

Internet sales also rose on dealers' list of concerns, from #17 in 2011 to #12 for the coming year.

Best Bets for Improving Unit Sales in 2012 Independent Dealers



Independent dealers expect 4WD equipment, GPS, farm loaders, 2WD tractors <40 hp and 2WD tractors 40-100 hp to be their "best bets" for improving sales revenues during 2012.

Independent Dealers Major Revenue Sources — 2011

Revenue by Market Segment:

- Production Farmers: 39.9%
- Hobby Farmers: 22.2%
- Turf & Lawn: 17.7%
- Municipalities/Parks: 6.0%
- Const. Contractors: 7.0%
- Other: 7.2%

Independent Dealers' Hiring Plans 2011 vs. 2012

	2012			2011		
	Add Staff	No Change	Reduce/Relocate Staff	Add Staff	No Change	Reduce/Relocate Staff
Parts Department	9.3%	88.4%	2.3%	20.5%	79.5%	0.0%
Service Techs	28.6%	69.0%	2.4%	35.9%	64.1%	0.0%
Wholesale Sales	19.5%	78.0%	2.4%	16.7%	83.3%	0.0%
Administration	7.3%	97.2%	2.4%	11.1%	88.9%	0.0%
Precision Farming Specialist	0.8%	97.2%	2.8%	NA	NA	NA

Independent Dealers' Projections for Improved Revenue from New & Used Equipment Sales in 2012

	New Equipment	Used Equipment
+8%	25.6%	12.7%
+2-7%	23.3%	23.1%
Little or No Change	41.8%	59.0%
-2-7%	2.3%	2.6%
-8%	7.0%	2.6%

Independent Dealer Spending Plans for 2012

No Increase	30.2%
0 to +5%	51.2%
+6 to 10%	11.6%
+10	7.0%

Independent Dealers' Concerns — 2012 (2011 Rank)

Issue	Most Concerned	Concerned	Not Concerned
1. Steel Prices/Supplies (7)	38.5%	59.0%	2.6%
2. Increasing Cost of New Equip. (2)	58.5%	36.6%	4.9%
3. Farm Input Costs (6)	47.4%	47.4%	5.3%
4. Energy/Fuel Costs (3)	56.1%	34.1%	9.8%
5. Farm Commodity Prices (4)	28.2%	61.5%	10.3%
6. Shrinking Customer Base (9)	34.2%	55.3%	10.5%
7. Health Care Affordability (1)	48.7%	35.9%	15.4%
8. Product Reliability (11)	24.3%	56.8%	18.9%
9. Finance – Retail (8)	28.2%	51.3%	20.5%
10. Used Equipment Availability (16)	13.2%	65.8%	21.1%
11. Technician Availability (10)	37.5%	40.0%	22.5%
12. New Equipment Availability (17)	28.9%	44.7%	26.3%
13. Finance – Floor Planning (5)	28.9%	42.1%	28.9%
14. Impact of Box Stores (15)	20.5%	46.2%	33.3%
15. Industry Consolidation (13)	13.2%	52.6%	34.2%
16. Succession Planning (14)	13.2%	52.6%	34.2%
17. Internet Sales (12)	12.8%	48.7%	38.5%
18. Dealer Purity Efforts (18)	15.8%	42.1%	42.1%

PART V — EMPLOYMENT SIZE BREAKDOWN

Outlook & Promising Markets Vary for Dealers Segmented by Employee Size

How North American dealers view the year ahead and where they see their best potential for growing sales revenues in 2012 varies with the employment size of the dealership.

Revenue Growth

Dealerships with 21-40 employees are most optimistic about their prospects for improving sales revenues in 2012. Nearly 70% of this dealer group are forecasting revenues from new equipment sales will match or surpass the levels seen in 2011. Of this group, 51.1% see revenues growing by 2-7% and 17.8% expect growth to equal or surpass 8%.

Two-thirds (67.5%) of these dealers anticipate real growth in used equipment sales from 2% to more than 8%, with another 23% seeing little or no change in the year ahead.

These dealers look to self-propelled sprayers to best increase sales in the coming year. Farm loaders and air seeders/drills also made their list of "Best Bets" for 2012.

Dealerships with 61 or more employees are also very bullish about their prospects for 2012, with nearly 68% forecasting real revenue growth.

In total, 93.5% of these big dealers are projecting revenue from new

equipment sales will be at least as good or better than 2011.

They see their best potential for revenue growth in the year ahead coming from the sale of field cultivators, GPS/auto-steer type equipment and 4WD tractors.

When it comes to revenue from used equipment, the largest dealer group also see solid potential. About 70% see revenues growing from 2% to more than 8% in 2012.

In terms of real revenue growth in 2012, the smallest dealerships, those with 1-20 employees, are the least bullish about their sales prospects for new machinery — about half (49.4%) expect overall revenues to increase.

They see their best bets products for the new year will include precision farming equipment, farm loaders and windrowers/swathers.

Nearly half (46.8%) of the smaller dealer group anticipate real growth of 2% or more in the sale of used machinery moving into 2012.

Farm equipment dealers who employ between 41-60 people generally fall in the middle of the pack when it comes to their outlook for the coming year.

More than half of them (56.3%)

are forecasting real growth of 2% or more for new equipment in 2012. Another 19% project little or no change from 2011 revenue levels.

This group's outlook for used machinery sales mirrors their sentiments about new: 56.3% antici-

Projected Sales Revenue Increase/Decrease by Employment Size for 2012 (weighted avg.)

Employee Size	
1-20	+1.34%
21-40	+1.59%
41-60	-1.71%
61+	+1.81%

EMPLOYMENT SIZE BREAKDOWN — 2012

Employee Size	% of Responses	Avg. Employees
1-20	63.3%	10.83
21-40	18.1%	27.42
41-60	6.2%	51.19
61+	12.4%	183.43

Revenue Projections for New Equipment by Employee Size — 2012

Employee Size	Sales +8%	Sales +2-7%	Little or No Change	Sales -2-7%	Sales -8%	Forecasting Growth	Forecasting Decline
North America	15.4%	39.9%	33.2%	7.5%	4.0%	55.3%	11.5%
1-20 Employees	15.0%	34.4%	36.8%	8.8%	5.0%	49.4%	13.8%
21-40 Employees	17.8%	51.1%	28.9%	0%	2.2%	68.9%	2.2%
41-60 Employees	12.5%	43.8%	18.7%	18.7%	6.3%	56.3%	25.0%
61+ Employees	16.1%	51.6%	25.8%	6.5%	0.0%	67.7%	6.5%

Revenue Projections for Used Equipment by Employee Size — 2012

Employee Size	Sales +8%	Sales +2-7%	Little or No Change	Sales -2-7%	Sales -8%	Forecasting Growth	Forecasting Decline
North America	13.5%	38.2%	33.7%	9.4%	5.2%	51.7%	14.6%
1-20 Employees	14.9%	31.9%	43.3%	7.1%	2.8%	46.8%	9.9%
21-40 Employees	16.3%	51.2%	23.2%	9.3%	0.0%	67.5%	9.3%
41-60 Employees	6.3%	50.0%	18.7%	25.0%	0.0%	56.3%	25.0%
61+ Employees	36.7%	33.3%	16.7%	13.3%	0.0%	70.0%	13.3%

pate growth of 2% to more than 8%, and another 19% seeing little or no change from revenue levels in 2011.

Hiring Trends

It appears that most dealer groups, regardless of employee size, will be aggressive in seeking out technical service help in the coming year.

In the dealer group with 21-40 employees, 50% want to add service technicians. Nearly 70% of those employing 21-40 employees want to add to their service staff. Of the next

dealer group in terms of size (41-60 employees), 56.3% says they're looking for shop help.

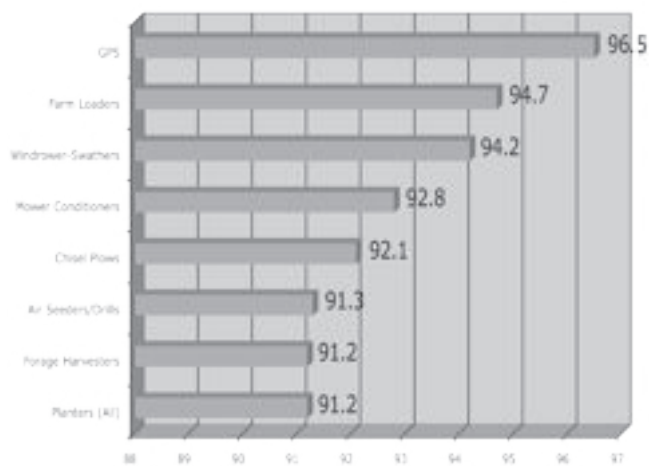
But its the largest dealers (61-plus employees) who will be most aggressive. Nearly 90% of dealers in this group says they're looking for technical talent in 2012.

This year, Precision Farming Specialist was added to the list of talent dealers are looking for. Again, its the biggest dealers who are in most need of talent to service GPS, auto-steer and other precision equipment.

More than half (53.3%) of these dealers say they're seeking support staff in this area.

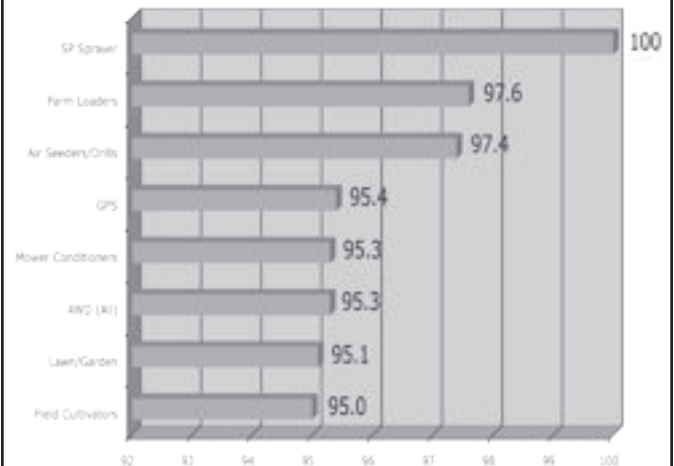
The need to fill precision farming service jobs is also getting the attention of the other dealer groups. In the 1-20 employee group, only 9.5% say they need precision farming techs. Of the dealers who employ 21-40 people, 31.8% are looking for talent in this area, and 18.8% of dealers employing 41-60 people say they want to hire people with the talent to service precision ag systems.

Best Bets for Improving Sales in 2012 Dealers with 1-20 Employees



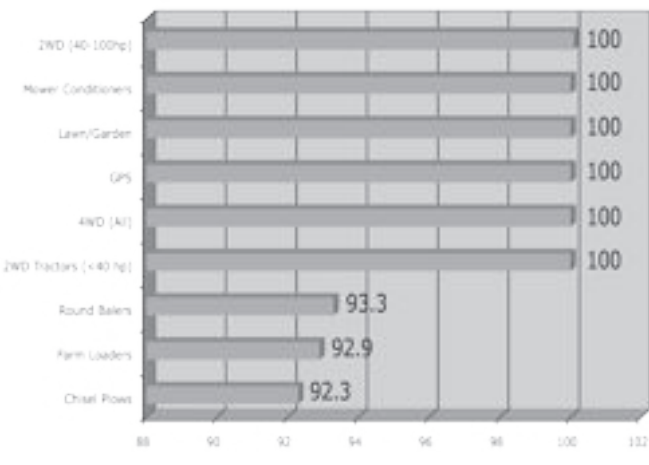
Dealers with 1-20 employees see GPS, farm loaders, windrower-swathers and mowers/conditioners with the most potential to improve sales in 2012.

Best Bets for Improving Sales in 2012 Dealers with 21-40 Employees



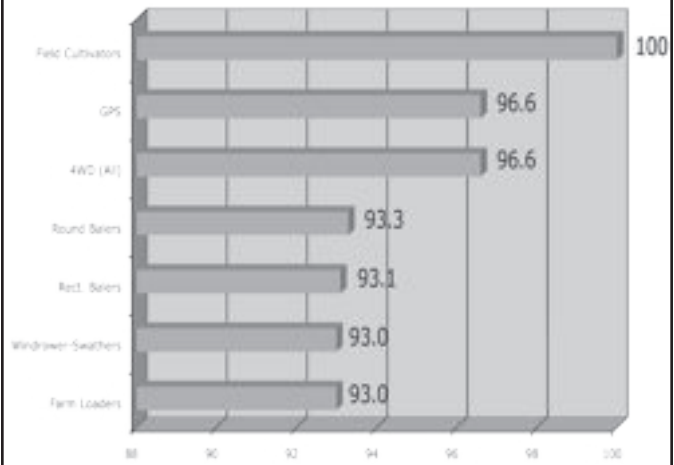
Self-propelled sprayers, farm loaders and air seeders/drills top the 2012 "Best Bets" list of dealers employing 21-40 people.

Best Bets for Improving Sales in 2012 Dealers with 41-60 Employees



2WD tractors under 100 hp, 4WD equipment, mower conditioners, lawn and garden equipment and GPS were ranked as 2011 "Best Bets" by dealers who employ 41-60 people.

Best Bets for Improving Sales in 2012 Dealers with 61+ Employees



The largest dealers, those with 61 or more employees, see the most potential to increase sales in 2012 with field cultivators, GPS and 4WD equipment.

Unit Sales Projections for Tractors & Combines by Employee Size — 2012

	Sales +8%	Sales +2-7%	Little or No Change	Sales -2-7%	Sales -8%	Forecasting Growth	Forecasting Decline
Tractors							
2WD (<40 hp)							
North America Average	8.4%	19.8%	60.0%	8.4%	3.4%	27.8%	11.8%
1-20 Employees	7.1%	19.1%	62.3%	8.5%	2.8%	21.6%	14.4%
21-40 Employees	9.1%	22.7%	59.1%	6.8%	2.3%	37.3%	9.0%
41-60 Employees	12.5%	37.5%	50.0%	0.0%	0.0%	25.0%	25.0%
61+ Employees	13.3%	10.0%	50.0%	16.7%	10.0%	37.2%	2.9%
2WD (40-100 hp)							
North America Average	6.7%	35.7%	46.7%	7.1%	3.8%	36.5%	11.9%
1-20 Employees	6.3%	33.8%	48.0%	7.0%	4.9%	34.3%	12.2%
21-40 Employees	9.3%	32.6%	51.2%	7.0%	0.0%	38.6%	12.8%
41-60 Employees	12.5%	43.8%	43.7%	0.0%	0.0%	33.4%	16.6%
61+ Employees	3.2%	45.2%	35.4%	9.7%	6.5%	41.6%	8.3%
2WD (>100 hp)							
North America Average	9.9%	32.8%	45.2%	9.5%	2.6%	32.2%	13.3%
1-20 Employees	7.2%	29.0%	52.3%	7.2%	4.3%	29.9%	11.9%
21-40 Employees	14.0%	32.6%	46.4%	7.0%	0.0%	32.3%	10.8%
41-60 Employees	6.3%	50.0%	24.9%	18.8%	0.0%	33.3%	33.3%
61+ Employees	12.9%	45.2%	22.5%	19.4%	0.0%	31.7%	16.7%
4WD (All)							
North America Average	11.2%	36.3%	45.5%	5.6%	1.4%	47.5%	12.7%
1-20 Employees	6.5%	37.9%	45.9%	7.3%	2.4%	47.6%	9.3%
21-40 Employees	16.7%	23.8%	54.7%	4.8%	0.0%	52.3%	15.9%
41-60 Employees	13.3%	40.0%	46.7%	0.0%	0.0%	38.5%	15.4%
61+ Employees	23.3%	40.0%	33.4%	3.3%	0.0%	44.4%	19.4%
Combines							
North America Average	4.6%	21.4%	58.7%	10.2%	5.1%	22.9%	19.9%
1-20 Employees	4.7%	15.9%	66.4%	9.3%	3.7%	17.4%	13.2%
21-40 Employees	4.7%	27.9%	53.4%	14.0%	5.3%	29.9%	21.1%
41-60 Employees	6.3%	25.0%	43.7%	0.0%	25.0%	0.0%	20.0%
61+ Employees	3.6%	32.1%	42.9%	14.3%	7.1%	34.3%	37.2%

Dealer Spending Plans for 2012 by Employee Size

No. Employees	No Increase	0-5%	6-10%	10%
1-20 Employees	34.4%	50.6%	12.5%	2.5%
21-40 Employees	24.5%	51.1%	13.3%	11.1%
41-60 Employees	24.9%	56.3%	18.8%	0.0%
61+ Employees	28.1%	43.8%	15.6%	12.5%

Where Dealers Will Invest in 2012 by Employee Size

No. Employees	Shop & Service	Retail	Business Info. Systems
1-20 Employees	51.3%	40.8%	43.3%
21-40 Employees	71.7%	45.7%	48.9%
41-60 Employees	60.0%	33.3%	38.5%
61+ Employees	78.1%	58.1%	50.0%

1-20 Employees Unit Sales Projections for Other Equipment in 2012

Equipment Category	Sales +8%	Sales +2-7%	Little or No Change	Sales -2-7%	Sales -8%
Rectangular Balers	2.6%	20.5%	63.2%	7.7%	6.0%
Round Balers	4.9%	29.5%	55.8%	5.7%	4.1%
Forage Harvesters	2.0%	9.8%	79.4%	5.9%	2.9%
Planters (All)	10.5%	22.8%	57.9%	7.0%	1.8%
Mowers/Conditioners	3.2%	36.0%	53.6%	4.8%	2.4%
Windrower/Swathers	2.9%	19.2%	72.1%	2.9%	2.9%
Field Cultivators	3.5%	27.8%	59.1%	7.0%	2.6%
Farm Loaders	6.9%	30.5%	57.3%	3.8%	1.5%
Chisel Plows	4.4%	21.9%	65.8%	5.3%	2.6%
Disc Harrows	4.1%	26.8%	59.3%	6.5%	3.3%
Air Seeders/Drills	4.8%	12.5%	74.1%	4.8%	3.8%
Self-Propelled Sprayers	4.2%	13.7%	72.6%	4.2%	5.3%
Pull-Type Sprayers	2.9%	8.7%	76.7%	6.8%	4.9%
Lawn/Garden Equip.	10.2%	30.5%	47.6%	7.8%	3.9%
GPS-Auto Steer	14.3%	39.3%	42.8%	1.8%	1.8%

21-40 Employees Unit Sales Projections for Other Equipment in 2012

Equipment Category	Sales +8%	Sales +2-7%	Little or No Change	Sales -2-7%	Sales -8%
Rectangular Balers	2.6%	17.9%	66.6%	10.3%	2.6%
Round Balers	15.0%	27.5%	42.5%	7.5%	7.5%
Forage Harvesters	0.0%	10.3%	69.2%	15.4%	5.1%
Planters (All)	14.6%	19.5%	58.6%	7.3%	0.0%
Mower Conditioners	2.4%	28.6%	64.2%	2.4%	2.4%
Windrowers/Swathers	5.0%	17.5%	67.5%	7.5%	2.5%
Field Cultivators	7.5%	12.5%	75.0%	2.5%	2.5%
Farm Loaders	4.9%	36.6%	56.1%	2.4%	0.0%
Chisel Plows	2.4%	22.0%	68.3%	7.3%	0.0%
Disc Harrows	12.2%	9.8%	70.7%	7.3%	0.0%
Air Seeders/Drills	5.3%	26.3%	65.8%	2.6%	0.0%
Self-Propelled Sprayers	13.2%	26.3%	60.5%	0.0%	0.0%
Pull-Type Sprayers	5.1%	2.6%	76.9%	12.8%	2.6%
Lawn/Garden Equip.	9.8%	39.0%	46.4%	2.4%	2.4%
GPS-Auto Steer	36.4%	29.5%	29.6%	4.5%	0.0%

41-60 Employees Unit Sales Projections for Other Equipment in 2012

Equipment Category	Sales +8%	Sales +2-7%	Little or No Change	Sales -2-7%	Sales -8%
Rectangular Balers	0.0%	13.3%	73.4%	13.3%	0.0%
Round Balers	6.7%	13.3%	66.7%	13.3%	0.0%
Forage Harvesters	0.0%	21.4%	50.0%	14.3%	14.3%
Planters (All)	20.0%	20.0%	40.0%	20.0%	0.0%
Mowers/Conditioners	0.0%	35.7%	64.3%	0.0%	0.0%
Windrowers/Swathers	6.7%	13.3%	66.6%	6.7%	6.7%
Field Cultivators	14.3%	14.3%	57.1%	14.3%	0.0%
Farm Loaders	0.0%	28.6%	64.3%	7.1%	0.0%
Chisel Plows	0.0%	15.4%	76.9%	7.7%	0.0%
Disc Harrows	0.0%	43.8%	43.6%	6.3%	6.3%
Air Seeders/Drills	7.1%	21.4%	50.1%	14.3%	7.1%
Self-Propelled Sprayers	16.7%	25.0%	41.7%	8.3%	8.3%
Pull-Type Sprayers	0.0%	25.0%	50.0%	16.7%	8.3%
Lawn/Garden Equip.	13.3%	46.7%	40.0%	0.0%	0.0%
GPS-Auto Steer	35.7%	50.0%	14.3%	0.0%	0.0%

**61+ Employees Unit Sales Projections
for Other Equipment in 2012**

Equipment Category	Sales +8%	Sales +2-7%	Little or No Change	Sales -2-7%	Sales -8%
Rectangular Balers	3.4%	20.7%	69.0%	6.9%	0.0%
Round Balers	10.0%	30.0%	53.3%	6.7%	0.0%
Forage Harvesters	0.0%	23.1%	69.2%	7.7%	0.0%
Planters (All)	14.8%	37.0%	37.1%	7.4%	3.7%
Mower/Conditioners	6.9%	24.1%	58.7%	10.3%	0.0%
Windrower/Swathers	3.4%	31.0%	58.7%	6.9%	0.0%
Field Cultivators	0.0%	19.2%	80.8%	0.0%	0.0%
Farm Loaders	3.4%	51.7%	38.0%	6.9%	0.0%
Chisel Plows	0.0%	26.9%	57.7%	15.4%	0.0%
Disc Harrows	3.7%	33.3%	55.6%	7.4%	0.0%
Air Seeders/Drills	8.0%	24.0%	56.0%	12.0%	0.0%
Self-Propelled Sprayers	30.8%	30.8%	30.8%	3.8%	3.8%
Pull-Type Sprayers	0.0%	15.4%	61.5%	15.4%	7.7%
Lawn/Garden Equip.	10.7%	32.1%	43.0%	7.1%	7.1%
GPS-Auto Steer	55.2%	27.6%	13.8%	3.4%	0.0%

Dealers' Hiring Plans 2012 vs. 2011 by Employee Size

	2012			2011		
	Add Staff	No Change	Reduce/Relocate Staff	Add Staff	No Change	Reduce/Relocate Staff
Parts Department						
1-20 Employees	16.4%	81.1%	2.5%	20.3%	76.4%	3.3%
21-40 Employees	26.7%	73.3%	0.0%	30.6%	66.6%	2.8%
41-60 Employees	31.3%	62.4%	6.3%	15.4%	84.6%	0.0%
61+ Employees	41.9%	58.1%	0.0%	38.9%	55.5%	5.6%
Service Department						
1-20 Employees	50.0%	48.7%	1.3%	45.5%	53.9%	0.6%
21-40 Employees	67.4%	32.6%	0.0%	67.6%	32.4%	0.0%
41-60 Employees	56.3%	43.7%	0.0%	61.5%	38.5%	0.0%
61+ Employees	87.1%	12.9%	0.0%	80.6%	19.4%	0.0%
Sales Department						
1-20 Employees	22.9%	75.2%	1.9%	25.5%	73.8%	0.7%
21-40 Employees	34.8%	63.0%	2.2%	25.0%	70.8%	4.2%
41-60 Employees	31.3%	68.7%	0.0%	15.4%	84.6%	0.0%
61+ Employees	38.7%	61.3%	0.0%	41.7%	55.5%	2.8%
Administration						
1-20 Employees	8.4%	89.7%	1.9%	4.1%	92.5%	3.4%
21-40 Employees	6.7%	91.1%	2.2%	7.1%	84.3%	8.6%
41-60 Employees	6.3%	93.7%	0.0%	7.7%	84.6%	7.7%
61+ Employees	25.8%	67.7%	6.5%	27.8%	61.1%	11.1%
Precision Farming Specialist						
1-20 Employees	9.5%	88.5%	2.0%	NA	NA	NA
21-40 Employees	31.8%	68.2%	0.0%	NA	NA	NA
41-60 Employees	18.7%	81.3%	0.0%	NA	NA	NA
61+ Employees	53.3%	46.7%	0.0%	NA	NA	NA

PART VI — MARKET SEGMENTS & DEALER REVENUE SOURCES

This section of *Ag Equipment Intelligence's 2012 Dealer Business Trends & Outlook* report focuses on the various market segments and revenue sources for North American farm equipment dealers.

In addition to their production farm customers, dealers have sought to develop new revenue streams to improve their bottom lines by modifying their business models and attracting other types of customers. This has resulted in changing customer bases in the dealer territories.

The most notable of these new revenue sources is the hobby farmer and large-property owner — also known as rural lifestyle — that require ag-type machinery to maintain their acreage and develop their “sideline” interests.

Overall, North American farm equipment dealers derive most of their revenues from five customer bases. These include the following segments along with the percentage of total dealership revenues that were derived from each customer group:

- Production Farmers 59.9%
- Hobby Farmers/LPOs 16.3%
- Turf/Lawn/Landscape Contractors 9.4%
- Construction Contractors 5.2%
- Municipalities/Park Depts. 5.2%
- Other 4.0%

In many cases, dealers choosing to move into or even specialize in other markets will need to expand their equipment lineup to include lawn and garden equipment, compact tractors, power hand tools, all-terrain and utility vehicles, as well as other equipment required by the newly acquired customers.

In some cases, dealers have also sought to expand into other, more specialized markets. Some of these include golf courses, municipalities and park districts, landscapers and construction contractors.

This part of the *2012 Dealer Business & Outlook Trends* report breaks out the responses of nearly 300 dealers across North America regarding these new market opportunities.

It provides market trends by country and region for both the U.S. and Canada, as well as dealership employment size and equipment brand.

While these markets are becoming increasingly important to equipment dealers, based on the responses to this survey, it's clear that the professional farmer remains the lifeblood of nearly all farm equipment dealerships in both the U.S. and Canada. Because of this, some dealers have chosen to operate different stores for different customers.

U.S. Segment Analysis

In 2011, 59.6% of the revenues generated by U.S. dealers came from equipment sales to professional farmers. This compares with 55.6% reported in 2010. Rural lifestyle accounted for 16.9% of wholegood sales dollars compared with 19.3% in the previous year.

Production Farming. On a regional basis, dealers in the Northern Plains are most dependent upon production farm customers

(Continued on page 45)

U.S. Regional Market Segmentation — 2012

Northeast		Southern Plains	
Production Farmers	36.7%	Production Farmers	50.9%
Hobby Farmers	22.9%	Hobby Farmers	28.2%
Turf/Lawn/Landscape Contractors	17.6%	Turf/Lawn/Landscape Contractors	7.3%
Municipalities/Park Depts	7.8%	Municipalities/Park Depts	5.9%
Construction Contractors	6.6%	Construction Contractors	6.3%
Other	8.4%	Other	1.4%
Appalachia		Northern Plains	
Production Farmers	46.6%	Production Farmers	83.1%
Hobby Farmers	21.2%	Hobby Farmers	5.3%
Turf/Lawn/Landscape Contractors	13.7%	Turf/Lawn/Landscape Contractors	1.9%
Municipalities/Park Depts	3.8%	Municipalities/Park Depts	2.2%
Construction Contractors	8.6%	Construction Contractors	2.6%
Other	6.1%	Other	4.9%
Southeast		Corn Belt	
Production Farmers	39.4%	Production Farmers	64.1%
Hobby Farmers	26.0%	Hobby Farmers	14.8%
Turf/Lawn/Landscape Contractors	9.0%	Turf/Lawn/Landscape Contractors	10.1%
Municipalities/Park Depts	15.0%	Municipalities/Park Depts	4.5%
Construction Contractors	7.0%	Construction Contractors	3.0%
Other	3.6%	Other	3.5%
Delta States		Mountain	
Production Farmers	54.5%	Production Farmers	64.7%
Hobby Farmers	18.7%	Hobby Farmers	11.9%
Turf/Lawn/Landscape Contractors	5.0%	Turf/Lawn/Landscape Contractors	4.9%
Municipalities/Park Depts	8.8%	Municipalities/Park Depts	4.7%
Construction Contractors	11.5%	Construction Contractors	9.1%
Other	1.5%	Other	4.7%
Lake States		Pacific	
Production Farmers	66.5%	Production Farmers	61.2%
Hobby Farmers	15.5%	Hobby Farmers	23.3%
Turf/Lawn/Landscape Contractors	8.1%	Turf/Lawn/Landscape Contractors	6.3%
Municipalities/Park Depts	5.2%	Municipalities/Park Depts	4.6%
Construction Contractors	3.5%	Construction Contractors	3.1%
Other	1.2%	Other	1.5%

for the largest share of their yearly wholegood sales — 83.1%. Other regions where the professional farmer accounts for at least half of dealer equipment sales are the Lake States (66.5%), the Mountain Region (64.7%), Corn Belt (64.1%), Pacific (61.2%) and Southern Plains (50.9%).

Rural Lifestylers. Of the ten agricultural regions, dealers from five regions report earning 20% or more of their annual revenues from the sale of equipment to hobby farmers and/or large property owners.

Dealers in the Southern Plains reported the highest percentage of sales to this segment at 28.2%. The other regions where the sale of equipment equals or surpasses 20% of revenues include the Southeast (26%), Pacific Region (23.3%), Northeast (22.9%) and Appalachia (21.2%).

Northeast Region dealers report the highest percentage of sales from landscape contractors (17.6%).

Canada Segment Analysis

Nearly 63% of Canadian equipment dealer revenues are generated through the traditional growers, slightly higher than that of U.S. deal-

ers. Canadian equipment retailers derive 12% of their overall revenues from the rural lifestyle market.

As in the U.S., production farmers remain the dominant customers for Canadian dealers, where those in the Eastern region deriving 75% of total sales and Western Canada dealers generating 73% of sales.

Only 11-13% of wholegoods revenue is derived from the rural lifestyle market in each of the three Canadian regions.

Dealers in Central Canada derive 21% of their revenue from sales to landscape contractors — well above the low single digit percentages reported in the other two regions.

Segment Analysis by Major Line Supplier

Case IH dealers are clearly reliant on the production farmer, as 76.4% of their sales revenues in 2011 were derived from full-time producers. Only 9.2% of their total equipment sales came from the rural lifestyle base, which was the lowest among all the major equipment brands and independent dealers.

AGCO dealers were second on

the list when it comes to sales to production farmers, deriving nearly 69% of their annual revenues from full-time growers. AGCO dealers also reported that 13% of revenues resulted from sales to customers in the rural lifestyle market.

Nearly 64% of John Deere dealers revenue in 2011 came from production farmers, while about 10% came from rural lifestyle customers.

New Holland dealer revenues from the two major customer bases, breaks down by 60.9% from production farmers and 20.5% from rural lifestylers.

As would be expected, the equipment brand with the highest percentage of revenue derived from the rural lifestyle customer base is Kubota. These dealers report that a full one-third (33.5%) of annual revenues come from hobby farmers and large property owners.

Another one-third (32.1%) of Kubota dealer sales are derived from production growers.

The breakdown in revenues from the independent dealers is about 40% from production farmers and 22.2% from hobby farmers and large property owners.

Market Segmentation Dealer Revenue Sources

Customer Segment	North America	U.S.	Canada
Production Farmers	59.9%	59.6%	62.6%
Hobby Farmers	16.3%	16.9%	12.0%
Turf/Lawn/Landscape Contractors	9.4%	9.2%	10.5%
Municipalities/Park Depts	5.1%	5.2%	5.2%
Construction Contractors	5.2%	4.9%	6.4%
Other	4.1%	4.0%	3.3%

Employee Size Analysis by Market Segment (Revenue)

1-20 Employees		41-60 Employees	
Production Farmers	56.3%	Production Farmers	68.9%
Hobby Farmers	19.1%	Hobby Farmers	9.8%
Turf/Lawn/Landscape Contractors	10.8%	Turf/Lawn/Landscape Contractors	7.7%
Municipalities/Park Depts	5.6%	Municipalities/Park Depts	4.8%
Construction Contractors	4.7%	Construction Contractors	6.3%
Other	3.5%	Other	2.5%
21-40 Employees		61+ Employees	
Production Farmers	62.7%	Production Farmers	71.7%
Hobby Farmers	11.7%	Hobby Farmers	8.8%
Turf/Lawn/Landscape Contractors	7.5%	Turf/Lawn/Landscape Contractors	6.6%
Municipalities/Park Depts	4.7%	Municipalities/Park Depts	4.3%
Construction Contractors	5.3%	Construction Contractors	6.9%
Other	8.1%	Other	1.7%

Market Segment Analysis by Canada Regions

Central Canada

Production Farmers	44.1%
Hobby Farmers	13.2%
Turf/Lawn/Landscape Contractors	21.8%
Municipalities/Park Depts	5.7%
Construction Contractors	7.7%
Other	7.5%

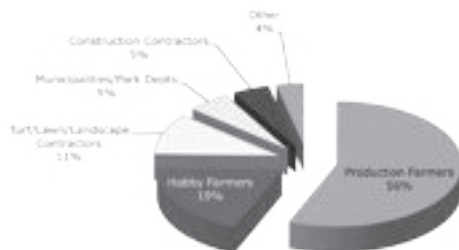
Eastern Canada

Production Farmers	75.0%
Hobby Farmers	11.7%
Turf/Lawn/Landscape Contractors	1.7%
Municipalities/Park Depts	3.3%
Construction Contractors	3.3%
Other	5.0%

Western Canada

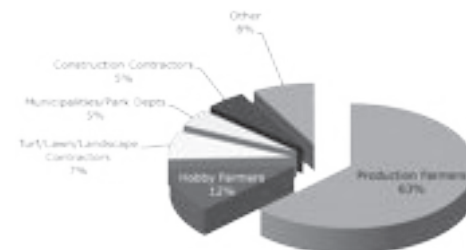
Production Farmers	73.0%
Hobby Farmers	11.3%
Turf/Lawn/Landscape Contractors	4.3%
Municipalities/Park Depts	5.1%
Construction Contractors	6.1%
Other	0.2%

Market Segments - 1-20 Employees



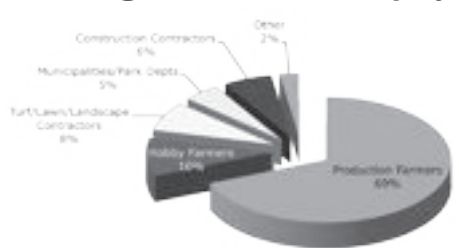
More than half of revenues for the smallest dealers come from production farming and less than 20% from the hobby farm/rural lifestyle market.

Market Segments - 21-40 Employees



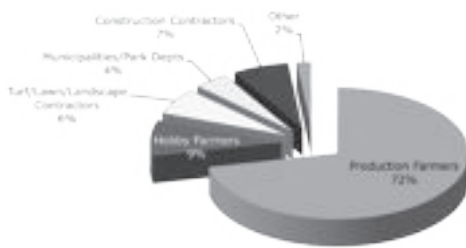
Production farming easily dominates the customer base of dealers employing 21-40 employees, while hobby farmers are contributing 12% of sales revenues.

Market Segments - 41-60 Employees



Dealers with 41-60 employees generated 10% of their sales dollars from the hobby farm market, and rely largely on production farming for more than two-thirds of their revenue.

Market Segments - 61+ Employees



The largest dealers draw 72% of their annual sales revenues from the production farm market. Some 9% of sales are derived from the hobby farm/large-property owner market.

Major Equipment Supplier Analysis by Market Segment (Revenue)

AGCO

Production Farmers	68.7%
Hobby Farmers.....	13.0%
Turf/Lawn/Landscape Contractors.....	5.2%
Municipalities/Park Depts.....	5.2%
Construction Contractors	4.5%
Other.....	3.4%

Case IH

Production Farmers	76.4%
Hobby Farmers.....	9.2%
Turf/Lawn/Landscape Contractors.....	5.4%
Municipalities/Park Depts.....	3.6%
Construction Contractors	4.1%
Other.....	1.3%

John Deere

Production Farmers	63.7%
Hobby Farmers.....	10.1%
Turf/Lawn/Landscape Contractors.....	12.4%
Municipalities/Park Depts.....	5.1%
Construction Contractors	3.1%
Other.....	5.6%

New Holland

Production Farmers	60.9%
Hobby Farmers.....	20.5%
Turf/Lawn/Landscape Contractors.....	6.0%
Municipalities/Park Depts.....	4.8%
Construction Contractors	5.7%
Other.....	2.1%

Kubota

Production Farmers	32.1%
Hobby Farmers.....	33.5%
Turf/Lawn/Landscape Contractors.....	11.8%
Municipalities/Park Depts.....	9.1%
Construction Contractors	7.1%
Other.....	6.4%

Independent

Production Farmers	39.9%
Hobby Farmers.....	22.2%
Turf/Lawn/Landscape Contractors.....	17.7%
Municipalities/Park Depts.....	6.0%
Construction Contractors	7.0%
Other.....	7.2%

Segment Analysis by Major Equipment Supplier (Revenue)

Production Farmers

Case	76.4%	1
AGCO	68.7%	2
John Deere	63.7%	3
New Holland	60.9%	4
Independent	39.9%	5
Kubota	32.1%	6

Hobby Farmers

Kubota	33.5%	1
Independent	22.2%	2
New Holland	20.5%	3
AGCO	13.0%	4
John Deere	10.1%	5
Case	9.2%	6

Turf/Lawn/Landscape Contractors

Independent	17.7%	1
John Deere	12.4%	2
Kubota	11.8%	3
New Holland	6.0%	4
Case	5.4%	5
AGCO	5.2%	6

Municipalities/Parks Dept

Kubota	9.1%	1
Independent	6.0%	2
AGCO	5.2%	3
John Deere	5.1%	4
New Holland	4.8%	5
Case	3.6%	6

Construction Contractors

Kubota	7.1%	1
Independent	7.0%	2
New Holland	5.7%	3
AGCO	4.5%	4
Case	4.1%	5
John Deere	3.1%	6

Other

Independent	7.2%	1
Kubota	6.4%	2
John Deere	5.6%	3
AGCO	3.4%	4
New Holland	2.1%	5
Case	1.3%	6

APPENDIX 1

North American Farm Equipment Industry Retail Sales & Inventory

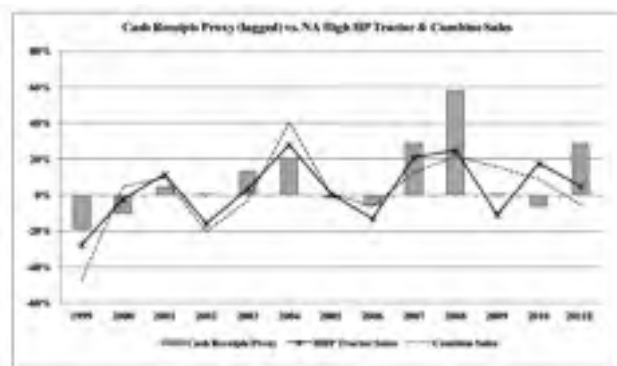
The following tables represent month-by-month unit sales and on-the-ground inventory of the five core farm equipment product categories: 40 horsepower and smaller tractors, 40-100 horsepower tractors, 100 horsepower tractors, four-wheel drive tractors and combines.

This information is compiled and published around the tenth of each month throughout the year by the Assn. of Equipment Manufacturers.

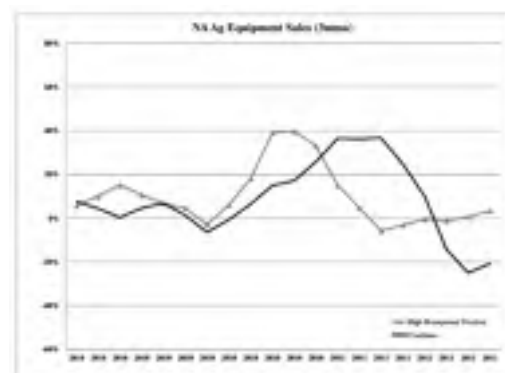
NORTH AMERICAN FARM EQUIPMENT RETAIL SALES														
	Units							% change year-over-year						
	<40 HP	40-100 HP	>100 HP	4-WD	Total Tractor	High HP	Combines	<40 HP	40-100 HP	>100 HP	4-WD	Total	High HP	Combines
Jan-10	3,687	3,181	2,606	327	9,801	2,933	633	(1%)	(8%)	31%	4%	3%	27%	14%
Feb-10	3,893	2,670	1,947	456	8,966	2,403	584	(8%)	(19%)	8%	19%	(8%)	10%	(8%)
Mar-10	8,018	4,253	2,930	707	15,908	3,637	746	15%	(11%)	5%	41%	6%	10%	(2%)
Apr-10	12,604	5,743	3,287	853	22,487	4,140	825	15%	(7%)	6%	40%	8%	11%	25%
May-10	13,019	5,769	2,441	461	21,690	2,902	910	9%	5%	(1%)	(10%)	6%	(3%)	1%
Jun-10	10,726	5,750	2,195	570	19,241	2,765	1,146	(8%)	(12%)	(1%)	31%	(8%)	4%	(10%)
Jul-10	8,635	5,122	1,896	435	16,088	2,331	1,576	(2%)	2%	(11%)	(3%)	(2%)	(10%)	(7%)
Aug-10	7,150	4,111	1,887	412	13,560	2,299	1,598	3%	7%	44%	3%	9%	34%	17%
Sep-10	7,564	4,340	2,644	653	15,201	3,297	1,731	(1%)	(12%)	43%	16%	1%	37%	12%
Oct-10	7,067	5,290	4,091	1,117	17,565	5,208	1,464	3%	10%	39%	62%	15%	43%	17%
Nov-10	4,973	3,373	1,981	394	10,721	2,375	704	12%	12%	39%	25%	17%	37%	33%
Dec-10	6,633	5,620	3,445	754	16,452	4,199	1,532	17%	21%	18%	39%	19%	21%	32%
Jan-11	3,705	3,493	2,296	507	10,001	2,803	935	0%	10%	(12%)	55%	2%	(4%)	48%
Feb-11	4,448	3,074	1,764	462	9,748	2,226	777	14%	15%	(9%)	1%	9%	(7%)	33%
Mar-11	8,894	4,973	2,816	624	17,307	3,440	973	11%	17%	(4%)	(12%)	9%	(5%)	30%
Apr-11	11,412	5,413	3,325	885	21,035	4,210	941	(9%)	(6%)	1%	4%	(6%)	2%	14%
May-11	12,601	5,133	2,403	588	20,725	2,991	815	(3%)	(11%)	(2%)	28%	(4%)	3%	(10%)
Jun-11	12,102	5,966	2,076	428	20,572	2,504	722	13%	4%	(5%)	(25%)	7%	(9%)	(37%)
Jul-11	7,702	4,728	2,098	457	14,985	2,555	1,188	(11%)	(8%)	11%	5%	(7%)	10%	(25%)
Aug-11	7,318	4,180	2,152	448	14,098	2,600	1,523	2%	2%	14%	9%	4%	13%	(5%)
Sep-11	7,843	4,570	2,735	700	15,848	3,435	1,446	4%	5%	3%	7%	4%	4%	(16%)

NORTH AMERICAN FARM EQUIPMENT INVENTORY														
	Units							% change year-over-year						
	<40 HP	40-100 HP	>100 HP	4-WD	Total Tractor	High HP	Combines	<40 HP	40-100 HP	>100 HP	4-WD	Total	High HP	Combines
Dec-09	50,702	27,289	9,697	871	88,559	10,568	984	57%	49%	36%	15%	50%	32%	8%
Jan-10	51,307	27,106	8,936	1,016	88,365	9,952	1,096	57%	49%	32%	18%	49%	30%	9%
Feb-10	53,071	27,410	9,034	1,154	90,669	10,188	1,358	59%	50%	33%	20%	51%	30%	11%
Mar-10	54,430	27,854	8,570	1,151	92,005	9,721	1,387	60%	51%	31%	19%	51%	29%	11%
Apr-10	51,559	27,766	8,127	1,023	88,475	9,150	1,507	56%	51%	29%	16%	49%	27%	12%
May-10	47,800	26,70	18,013	1,149	83,663	9,162	1,932	51%	49%	29%	19%	46%	27%	15%
Jun-10	46,417	26,475	7,868	1,094	81,854	8,962	2,202	50%	49%	28%	17%	45%	26%	18%
Jul-10	46,618	26,538	8,361	1,407	82,924	9,768	2,546	51%	49%	30%	22%	46%	29%	21%
Aug-10	47,813	26,499	9,015	1,405	84,732	10,420	2,557	52%	49%	32%	22%	47%	30%	20%
Sep-10	48,820	25,850	8,944	1,504	85,118	10,448	2,207	53%	48%	31%	23%	47%	29%	17%
Oct-10	51,598	25,735	8,411	1,171	86,915	9,582	1,317	56%	48%	28%	17%	47%	26%	10%
Nov-10	55,248	26,251	8,420	1,354	91,273	9,774	1,714	59%	48%	27%	20%	49%	26%	13%
Dec-10	58,708	24,800	7,832	1,203	92,543	9,035	1,810	62%	45%	25%	17%	49%	23%	13%
Jan-11	60,357	25,451	7,219	1,125	94,152	8,344	1,735	64%	46%	23%	15%	50%	22%	13%
Feb-11	63,810	26,495	7,200	1,221	98,726	8,421	2,083	67%	47%	23%	17%	52%	22%	15%
Mar-11	65,267	27,435	7,716	1,213	101,631	8,929	2,128	68%	48%	25%	17%	53%	24%	15%
Apr-11	63,035	26,919	7,499	1,053	98,506	8,552	2,136	67%	48%	24%	14%	52%	22%	15%
May-11	58,905	26,579	6,951	1,122	93,557	8,073	1,826	63%	48%	23%	15%	50%	21%	13%
Jun-11	55,357	25,691	7,372	1,274	89,694	8,646	2,228	58%	46%	24%	18%	47%	23%	16%
Jul-11	55,120	25,713	7,971	1,594	90,398	9,565	2,715	58%	46%	26%	22%	48%	25%	20%
Aug-11	54,880	26,320	8,584	1,740	91,524	10,324	2,607	58%	47%	28%	24%	49%	27%	20%

Commodity Price Trends Cash Receipts vs. Out Year Equipment Sales



North American Ag Equipment Sales (3-month moving average)



The USDA's crop supply and demand update for the 2011-12 crop year in September shows another upward revision to prices for the most important crops, corn, soybeans and wheat. According to Curt Siegmeyer of Cleveland Research Co., this suggests higher expected cash receipts vs. last month, as depicted in this simplified cash receipts proxy (top chart). The impact to this simplified farmer crop cash receipt proxy is an increase of over \$2 billion, to almost \$146 billion, or about 24% above last year's level. This follows last year's record level of cash receipts with this proxy showing a 29% increase for the 2010-11 crop year. Farmer cash receipts are highly correlated with new equipment sales as shown, so the more optimistic outlook is a positive indicator for 2012 North American ag machinery demand.

The "Out Year" reference in the top chart refers to the lag effect in machinery demand following prior year cash receipts. So, the 2012 equipment demand forecast would usually follow the increase in 2011 cash receipts directionally, but not necessarily in magnitude. This correlation has been true in 9 of the last 11 years.

The Global Players in the Farm Machinery Market

In the farm equipment industry, there are four major players. Three of them — Deere, CNH Global, AGCO — are full-line manufacturers based in North America/Western Europe, and together they dominate those markets. Deere is the market leader with approximately 20% globally, and in Western countries, such as the U.S. We estimate that its market share is greater than 30% and approximately 50% in high horsepower categories like row-crop, 4WD tractors, and combines.

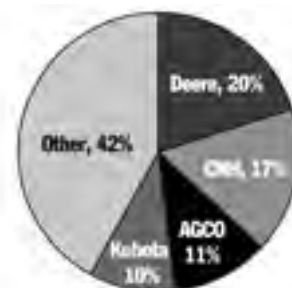
The second biggest global player is CNH Global with overall share approaching 20%. Like Deere, CNH Global has strong market shares in Western countries, ranging from 20% to 30%, and the percentage is greater in high horsepower categories. AGCO has the third largest market share globally, and it has leading market positions in several countries, including Germany and Brazil. The fourth major player, Kubota, is Japanese, and has been able to make significant inroads internationally, particularly in smaller, compact tractors under 40 horsepower, as have other overseas producers from China, Korea and India offering lower-cost options in to North America.

While these 4 competitors account close to 60% of the market, the balance is split across multiple players. There are several Western European farm equipment makers, such as SDF (Deutz and Same, Argo (Landini and McCormick), and Claas (number 5 in the North American combine market), and in some countries, they do enjoy strong market positions.

In Eastern Europe and Russia/CIS, where agricultural modernization is underdeveloped, the major global players are making inroads, particularly with high productivity, high horsepower farm equipment, but the market is still full of "local" manufacturers, such as Zetor (Czech Republic), MTZ (Belarus), and Rostselmash (Russia), to name a few.

Another significant global trend is taking place in markets like India and China, where producers such as Mahindra & Mahindra (India) and China's First Tractor are gaining scale and scope outside their domestic markets. In the rest of the world, there are numerous, small farm equipment manufacturers that are usually focused on low horsepower tractors that are sold in local markets and/

Farm Equipment Industry: Global Market Shares (Estimated)



Source: CRII, Company Reports

or selected export markets. It is also worth mentioning that in addition to full-line manufacturers and companies focused on manufacturing tractors, there are a number of short-line manufacturers that also compete in the market. These shortliners are small, independent manufacturers that focus on specialized farm machinery, such as augers, buckets, drills, and wagons.

— Timothy Thein, machinery analyst, Citigroup Global Markets

APPENDIX 2

Used Farm Equipment Pricing & Inventory

As the sale of new farm machinery increased throughout 2011, the inventory of used equipment has also grown to a point where dealers expressed significant concern.

Since May 2011, *Ag Equipment Intelligence* and Cleveland Research Co. have tracked value and inventory trends for used ag machinery by surveying North American dealers. Nearly 350 dealers responded to the most recent survey in September and reveal pricing and inventory trends through August.

The charts here illustrate movement of used equipment values on a year-over-year and month-to-month basis, as well as inventory levels since April 2011.

Pricing

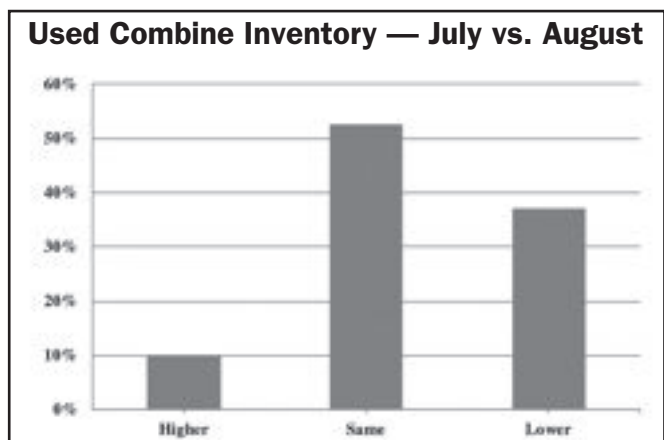
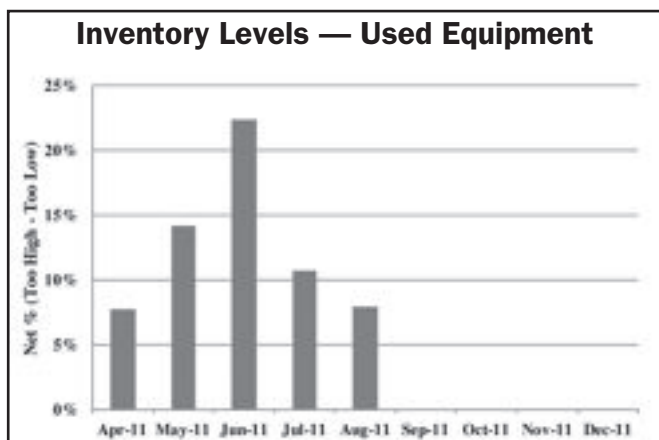
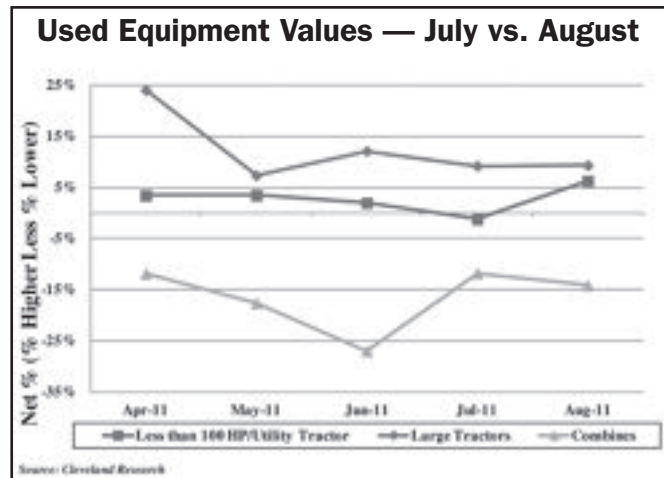
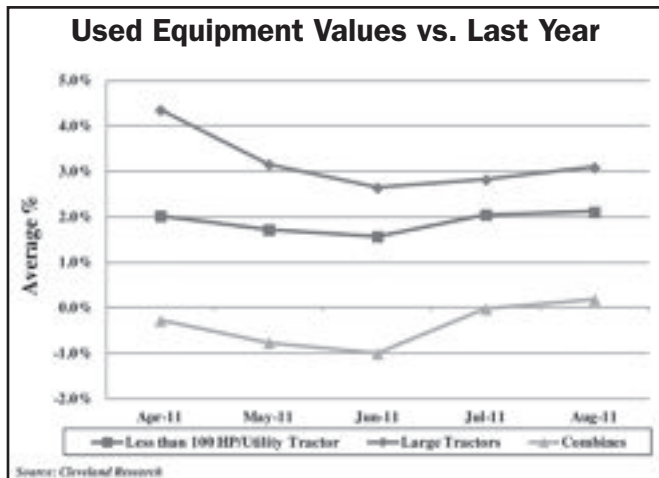
Dealers reported roughly consistent used equipment prices in August compared to the July survey. By category, tractors over 100 horsepower were up 3.1% year-over-year on average in August vs. 2.8% in July, while prices for used tractors under 100 horsepower were up 2.1% in August, which was consistent with July. Used combine values came in slightly higher year-over-year, rising 0.2% in August, up from a flat reading in July.

Sequentially, a net 6% of dealers report higher values for under 100 horsepower/utility tractors (11% higher; 85% same; 5% lower), up from July's finding of a net 1% reporting lower values. For over 100 horsepower tractors, a net 9% of dealers reported higher values in August vs. July (16% higher; 77% same; 7% lower), which was consistent with July. A negative net 14% reported used combine values were lower in August vs. July (12% higher; 63% same; 26% lower), down from a negative net of 12% in July.

Inventory

A net 8% of dealers categorize their used inventory level as "too high" (27% too high; 53% about right; 19% too low) compared to a net 11% in July. While still high, it's encouraging to see more dealers feeling more comfortable with used equipment, as strong seasonal sales appear to be contributing to the improvement.

Regarding used combine inventories, a net 27% of dealers reported used combine levels declined compared to July (10% higher; 53% same; 37% lower). Commentary on combine inventory suggests that while there was sequential improvement, a significant overhang still exists.



APPENDIX 3

State of the Ethanol Industry

As part of *Ag Equipment Intelligence's* "2012 Dealer Business Outlook & Trends" survey, we asked North American farm equipment dealers about their opinions regarding the use of corn for ethanol and its benefits to both the farm equipment industry and overall national economy.

While it appears that the subsidies and tariffs the industry has enjoyed for several year is coming to an end, the industry looks like its in a healthy enough position that it will be able to weather the their loss and remain profitable.

In the 2012 survey, we asked dealers if they believed that continuing and/or increasing ethanol production from corn is a good for the country?

Of the nearly 300 dealers who responded to the survey, 47.1% said "No." The remaining 52.9% said "Yes," ethanol production is good for the economy as a whole.

The same question was posed but in the context of ethanol's benefit to agriculture.

We asked, "Do you believe that continuing and/or increasing the production of ethanol from corn is good for agriculture?"

The dealers' response to this question was decidedly more positive toward ethanol. More than 64% said "Yes," and 35.8% said "No."

The Ethanol Industry

In an October 14, 2011, note to investors, Ann Duignan, machinery analyst for JP Morgan said, "Ethanol remains the key risk facing the agriculture industry, with tariffs and credits expected to expire at year-end and with multiple political challenges. Two recent bills in the U.S. Congress call for altering or eliminating the Renewable Fuel Standard (RFS), which could have significant ramifications on the corn industry. While passage of either bill is unlikely in the near term, in this note we analyze the potential of the most recent bill (H.R. 3097) on corn inventories and corn prices.

"Overall, our analysis highlights the potentially devastating impact

that a mandate reduction would likely have on the industry," she says.

In one example, Duignan pointed to USDA's October projections for the current crop year, H.R. 3097 would reduce the RFS by 15%, or approximately 2.1 billion gallons assuming a 14 billion gallon year, for the following calendar year. This would reduce corn usage by 764 million bushels and raise stocks-to-use to 13.6% from the current 6.8% today.

"According to our work, this could bring corn prices down to below \$3.00 per bushel from a \$6.70 projection in a short period," says Duignan. "The instability in corn prices would reach far beyond the ethanol space, in our view, into food and animal feed markets."

But in the end, Duignan believes that passage of H.R.3097 is unlikely due to its timing and the current political atmosphere. "If the bill were to pass next year, the most likely scenario is that the 2013 RFS would be affected, leaving 2012 intact. We continue to believe that politicians are unlikely to support a bill that increases U.S. reliance on foreign oil or puts U.S. jobs at risk as ethanol directly employs ~70,000 people," Duignan says.

DDGS Exports. Another risk is a decrease in U.S. exports of distillers dried grain (DDGS). This set a record in 2009-10, at 149 million equivalent bushels of corn, up 43% year-over-year, according to the Agricultural Marketing Resource

Center at Iowa State Univ. Exports are expected to continue to grow in 2010-11 (up 40%) and 2011-12 (up 15%) as use in livestock feed vs. more expensive corn continues. According to Duignan's note, China has become a key importer of DDGS, importing 28% of U.S. DDGS exports in 2010; modernization of key livestock industries, such as pork, is leading to a shift to corn and DDGS-based feed, as opposed to human food leftovers and other products. Other importers include Mexico (18%), Canada (11%) and South Korea (6%).

DDGS demand is further bolstering ethanol production economics;

any near-term demand destruction in ethanol will result in lower DDGS supply, which could put even more pressure on the protein sector. DDGS prices have increased 78% year-over-year thus far in 2011, says Duignan.

Ethanol Remains Profitable.

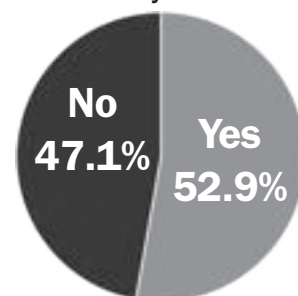
Despite the volatility in corn prices, Duignan reports that ethanol producers are making money. "According to our analysis, at current prices of ethanol, corn, natural gas and DDGS, ethanol producers' gross margins are ~13.4% and have declined from a peak of 24.7% at the end of November '09 but are up from our last ethanol review of 8% in August '11.

"Margins have increased with a 13% decline in corn input prices and an 11% decline in natural gas partially offset by a 7% decline in market ethanol prices since August."

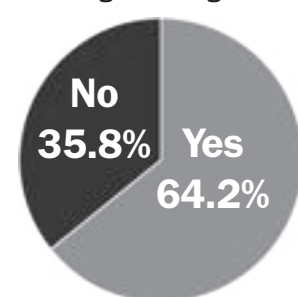
She says that ethanol prices would have to decline to \$2.19 per gallon or corn would have to increase to ~\$7.50 per bushel for the industry to fall to break-even levels.

Dealers Split on Ethanol

Do you believe continuing/increasing ethanol production from corn is a good idea for the country?



Do you believe that continuing/increasing production of ethanol from corn is good for agriculture?



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