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A Special Management Report From

***Ag Equipment  
Intelligence***

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**2013 DEALER BUSINESS  
OUTLOOK & TRENDS**

**FARM EQUIPMENT FORECAST**

*An Ag Equipment Intelligence Staff Report*



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# PART I — DEALER BUSINESS OUTLOOK & TRENDS

## Dealers Confident — But Guarded About 2013

**Current high commodity prices and crop insurance give some reason for dealers to breathe easier, but uncertainties persist.**

It wasn't that long ago that the dealers we spoke with weren't feeling at all certain about their business prospects for the year ahead. Many of their customers who were most impacted by the 2012 drought were in a "bad mood" as they watched their crops wither in the field. Talking about buying new ag equipment wasn't high on their list of priorities.

But as forecasted crop yields declined with every new government report, the projected price of commodities rose to levels unheard of in agriculture. As farmers absorbed what the impact of rising crop prices combined with their crop insurance payout would have on their bottom lines, their mood improved markedly. As the outlook of their customers improved, dealer confidence followed.

By the time *Farm Equipment* conducted its annual Dealer Business Trends & Outlook survey during the last week of August through the first week of September, it was obvious dealers were far more optimistic that 2013 would be a decent year after all. At the same time, they're not quite as confident as they were one-year ago, but most still see solid sales prospects during the year ahead.

### Reasons for Uncertainty

Despite the per-bushel price of corn and soybeans rising to record levels, a fair amount of uncertainty lingers as equipment dealers speculate about what farmers will do with crop insurance payouts that they've seldom had to consider. USDA estimates 85% of U.S. farmers took out crop insurance for the 2012 marketing year. According to National Crop Insurance Services, farmers invested more than \$4 billion to purchase more than 1.2 million crop insurance policies. In total, the NCIS estimates the policies would provide \$115 billion in liability protection.

In addition to the traditional concerns with election years, there

are several other unknowns that also have dealers scratching their heads this year. Questions many dealers are asking themselves include: "Will ag machinery buyers spend their insurance payments on new or used equipment? Or, out of fear, will they view that money somehow differently and choose to save it for a rainy day — or as "insurance" against another drought year? Along with the fact that farmers have been updating their machinery, at least their high horsepower tractors and combines, at more regular intervals, they may not feel compelled to do so in the next year. Reportedly, some farmers didn't even take their combines out of the shed this past year.

Another unknown is how many farmers sold their crops early and will miss the windfall of \$8 a bushel corn and \$16 soybeans.

And then there's the other side of the "crop" story. While higher commodity prices and crop insurance should bolster row-crop farmers' income for 2012 and into 2013, livestock farmers and their equipment

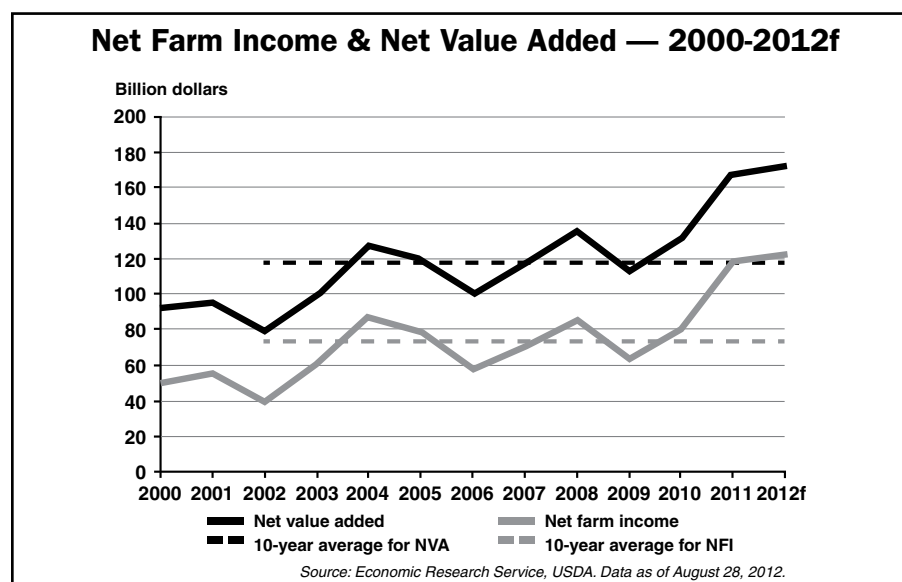
dealers aren't necessarily singing from the same songbook.

For example, in its September 18 report, USDA notes with higher feed costs resulting from the rising price of corn, along with low milk prices, dairy cow slaughter has been running ahead of 2011 levels. Low and costly feed supplies also led beef cattle ranchers to cull their herds. This, on top of the exceptionally high slaughter of 2011, is giving dealers serving these markets something to fret about.

Again, dealers' confidence is highly dependent on the weather this fall. With enough moisture to replenish forage production, livestock farmers and their dealers could start feeling better about their prospects for higher sales revenues come 2013.

Despite these setbacks and the higher level of caution that dealers are expressing about the new year, overall, the picture for new ag machinery sales in the coming year remains solid.

According to USDA, in current dollars, and ignoring the effects of



In current dollars, and ignoring the effects of inflation, U.S. net farm income is projected to hit \$122.2 billion in 2012, up 3.7% vs. 2011. Net value added is projected to increase by \$5.9 billion in 2012 to \$172.6 billion. (2012f = forecast)

inflation, U.S. net farm income is projected to hit \$122.2 billion in 2012, up 3.7% vs. 2011. Net cash income is forecast to reach \$139.3 billion, up 3.4% vs. the previous year. Net value added is projected to increase by \$5.9 billion in 2012 to \$172.6 billion.

In its September report, USDA said, "The expected increase in income reflects large price-led gains in corn and soybean receipts, as well as large increases in crop insurance indemnities.

"Crop farm gains should be more than enough to offset livestock farmers' higher feed expenses and a decline in sales of wholesale milk. Extreme hot and dry conditions in the Plains and Corn Belt are drastically cutting projected corn and soybean yields. With corn and soybean supplies for the 2012 marketing year expected to be the lowest in nine years, prices are increasing dramatically, resulting in higher than expected 2012 calendar-year receipts for many crops."

At the same time, it's expected there will be considerable regional disparities in farm business income for 2012 as drought conditions put upward pressure on crop (and feed) prices and increased insurance indemnity payments. (See *Appendix 1 on P. 43* for additional detail.)

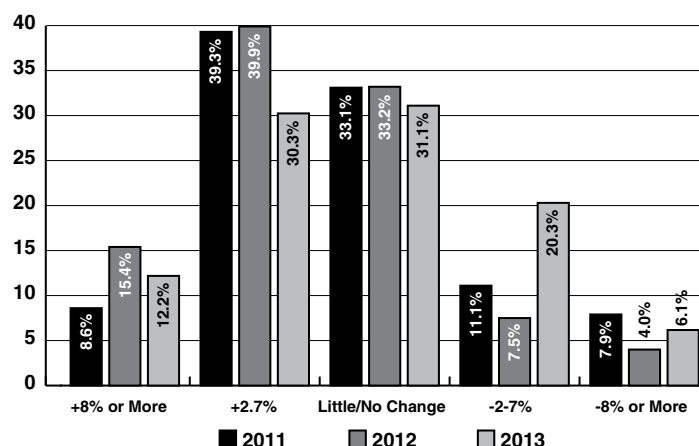
### 2013 Dealers' View

When it comes to the direction of new equipment sales in 2013, nearly 74% of dealers surveyed expect revenues to be at least as good as or better than their sales levels of 2012.

Based on nearly 200 responses to *Ag Equipment Intelligence's* 2013 Dealer Business Trends & Outlook survey, 42.5% of North American dealers see sales revenue from new equipment rising by at least 2% to more than 8% in 2013 vs. 2012. This is down from 55.3% of dealers who forecast their revenues would rise from 2% to more than 8% last year at this time. Of all respondents, 12.2% see revenues improving by 8% or more and 30.3% expect revenues to rise by 2-7%.

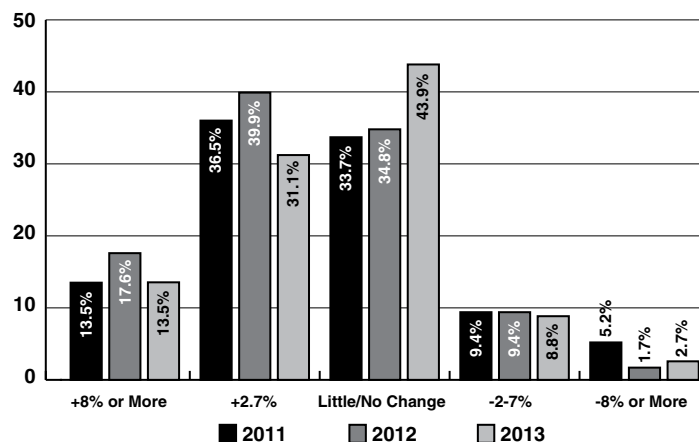
A little more than one-quarter (26.4%) of these dealers expect that 2013 will be a down year for new equipment sales revenues. Slightly over 20% are anticipating that rev-

### Dealers' Outlook for New Equipment Revenue 2011 vs. 2012 vs. 2013



While they see solid results in 2013, North American farm equipment dealers aren't quite as optimistic as they were a year ago, with 42.5% expecting higher revenues from new equipment sales vs. 55.3% last year.

### Dealers' Outlook for Used Equipment Revenue 2011 vs. 2012 vs. 2013



A year ago, 54.1% of North American dealers were projecting higher revenues from used equipment sales. Looking toward 2013, the number of dealers looking for increased used equipment revenues has fallen to 44.6%.

enues will drop off by 2-7%, while 6.1% of dealers see sales falling by 8% or more. One year ago, only 11.5% of dealers were projecting lower revenues vs. the previous year.

The remaining dealers, or 31.1%, are projecting little or no change in new equipment revenues in 2013 compared with 2012.

On the used equipment side of the business, a far larger percentage of dealers see solid prospects for increasing revenue than those who see revenues declining. An overwhelming 88.5% of all dealers surveyed are projecting 2013 revenue

from the sales of used machinery will be as good as or better than sales of this equipment in 2012.

In terms of purely increasing revenues, 44.6% of North American dealers expect used equipment to rise in 2013 compared to levels seen in the past year. Of these, 13.5% are projecting an 8% or more improvement in revenues, 31.1% forecast a 2-7% rise, while 31.1% anticipate little or no change in used equipment sales in the year ahead.

Only 11.5% see sales of used equipment declining in 2013. Of this group, nearly 9% see sales slipping by



Revenue Outlook for New Equipment — 2013 vs. 2012 (% of survey respondents)						
New Equipment	North America		U.S.		Canada	
Revenue Outlook	2013	2012	2013	2012	2013	2012
+8% or More	12.2%	15.4%	12.3%	15.5%	13.7%	14.8%
+2-7%	30.4%	39.9%	31.5%	38.5%	30.5%	51.9%
Little or No Change	21.1%	33.2%	29.2%	33.6%	46.6%	29.6%
-2-7%	20.3%	7.5%	20.8%	8.0%	6.9%	3.7%
-8% or More	6.1%	4.0%	6.2%	4.4%	2.3%	0.0%
Weighted Avg.	0.94%	2.37%	0.97%	2.24%	1.97%	3.35%

Dealer Outlook for Used Equipment — 2013 vs. 2012 (% of survey respondents)						
Used Equipment	North America		U.S.		Canada	
Revenue Outlook	2013	2012	2013	2012	2013	2012
+8% or More	13.5%	17.6%	11.1%	16.9%	11.8%	20.0%
+2-7%	31.1%	36.5%	22.2%	37.2%	35.3%	32.0%
Little or No Change	43.9%	34.8%	44.4%	34.3%	23.5%	40.0%
-2-7%	8.8%	9.4%	16.7%	9.7%	23.5%	8.0%
-8% or More	2.7%	1.7%	5.6%	1.9%	5.9%	0.0%
Weighted Avg.	1.87%	2.49%	0.69%	2.44%	1.00%	2.68%

2-7% and the remaining 2.7% anticipate used machinery revenues falling off by 8% or more.

### Country Views Differ

Breaking out the North American responses by country, a marked difference between how U.S. and Canadian dealers view sales revenue prospects for 2013 is evident.

When it comes to new equipment sales, 43.8% of U.S. dealers expect business levels to be 2% or higher in the year ahead, while only one-third, or 33.3%, of Canadian equipment retailers are looking for 2013 revenues to be 2% or higher than in 2012. At the other end of the scale, 27% of U.S. dealers expect 2013 new equipment sales to decline by 2% or more during 2013, compared with 22.3% of Canadian farm equipment dealers.

The major difference between the two dealer groups

Dealer Capital Spending Plans		
	2013	2012
No Increase	38.3%	31.0%
+1-5%	44.5%	50.4%
+6-10%	11.0%	13.2%
+11%	6.2%	5.4%

Where Dealers Will Invest		
	2013	2012
Shop & Service	55.9%	59.4%
Retail/Showroom	36.7%	43.8%
Business Info. Sys.	45.1%	44.6%
Mobile Service Vehicles	43.0%	NA

is 29.2% of U.S. dealers anticipate little or no change between 2013 and 2012 new equipment revenues. For Canadian dealers, that number is a significantly higher 44.4% who are projecting flat sales in the year ahead vs. 2012.

A big difference in revenues from used equipment sales can also be seen between dealers in the two countries, with far more Canadians anticipating slower used sales.

Whereas, a similar percentage of dealers from the U.S. (44.2%) and Canada (47.1%) expect used equipment revenues to increase by 2% or more during 2013, a large discrepancy is evident when it comes to declining sales levels.

Nearly 30% (29.4%) of Canadian dealers are forecasting used equipment sales to fall off by 2% or more in the year ahead, only 9.2% of U.S.

dealers see sales declining. Nearly half, or 46.6% of U.S. equipment retailers are projecting flat used equipment sales for 2013, about half of that, or 23.5%, of Canadian dealers see little or no change in used equipment sales levels in 2013 compared with the previous year.

### Tractor & Combines in 2012

Part of the discrepancy in how dealers from the two countries are looking at the new year ahead may be the result of their sales performance through the first eight months of 2012.

According to the Assn. of Equipment Manufacturers, total U.S. sales of two-wheel drive farm tractors between January and August (latest data available) are up by 8.3% vs. the same period in 2011. At the same time, Canadian sales of two-wheel drive tractors increased in the January through August period by only 2.3%.

The same trends can be observed with four-wheel drive and total farm tractor sales for the eight-month period in 2012. U.S. sales of four-wheel drive tractors were up for the period by 9% and total tractor sales increased by 8.3%.

Canadian dealer sales of four-wheel drive equipment were up 3.4% January through August, and total farm tractor sales rose by 2.4% in this time frame.

Combine sales in both countries were down significantly for both countries, with Canadian sales off much more than those in the U.S. The latest AEM data shows Canadian unit sales of combines were down 18.3% vs. the same period of 2011, while U.S. combine sales fell by 11.8% between January and August.

## Tractor & Combines in 2013

If the dealers' outlook for the year ahead are correct, 2013 should come in at levels similar to 2012, while combine sales will probably struggle to match the past year.

Overall, of all the dealers surveyed, 27.8% see unit sales of under-40 horsepower tractors increasing by 2% or more (U.S. 27.8%; Canada 27.8%), while 13.2% expect sales to decline by 2% or more (U.S. 14.2%; Canada 5.6%).

In the 40-100 horsepower range, 32.1% of all dealers are forecasting unit sales to rise (U.S. 31.9%; Canada 33.3%), while 7.3% of all North American dealers anticipate sales falling below 2012 levels (U.S. 7.5%; Canada 5.6%).

In the row-crop tractor category (100 horsepower and up), 29.5% of all dealers combined are forecasting sales of these units will be as good as

or surpass 2012 levels by 2% or more during the year ahead (U.S. 27.5%; Canada 43.8%), with 11.6% expecting unit sales to fall by 2% or more (U.S. 13.3%; Canada 0.0%).

Four-wheel drive tractors is where North American dealers see their best prospects going into 2013, as 48.9% of all dealers projecting growth of 2% or more (U.S. 48.7%; Canada 50%), and only 12.4% anticipating a falloff during the year (U.S. 12%; Canada 16.7%).

Combines is where the biggest discrepancy can be found between dealers in the two countries. While only 17.2% of all dealers see growth of 2% or more in the unit sales of combines, 30.8% of Canadian dealers see strong potential for increasing sales of this equipment compared with half that, or 15.1% of U.S. dealers. At the same time, the percentage of dealers who expect combine sales

to decline is very similar for the two groups of dealers. Nearly 21% of U.S. equipment retailers project combine sales to slip by 2% or more in 2013, compared with 23.1% of Canadian dealers. Combined, 17.2% of dealers see declining sales of combines in the year ahead.

## Best Bets for 2013

Looking at 20 different ag equipment categories, including tractors and combines, as they have since *Ag Equipment Intelligence* initiated its first annual Dealer Business Trends & Outlook survey in 2005, North American dealers see their best potential for increasing 2013 revenues in GPS and precision farming products and systems.

These products are ranked by combining dealer responses of "+8% or more" increase in unit sales with "+2-7%" increase in unit sales and

## Best Bets for Improving Equipment Unit Sales in 2013

(% of dealers forecasting 2013 sales to be as good as or better than 2012)

2013 Ranking	2012 Ranking	2013 Forecast	2012 Forecast
1. GPS	1	96.5%	96.4%
2. Self-Propelled Sprayers	6	92.5%	94.0%
3. 2WD Tractors (40 - 100HP)	14	89.0%	92.7%
4. Farm Loaders	2	95.0%	92.4%
5. Lawn & Garden	12	90.3%	91.5%
6. Planters	11	90.5%	90.6%
7. Field Cultivators	7	92.4%	89.9%
8. Air Seeders/Drills	9	91.3%	89.1%
9. Disc Harrows	10	91.0%	88.7%
10. 2WD Tractors (>100HP)	16	88.0%	88.4%
11. 4WD Tractors	4	93.1%	87.7%
12. 2WD Tractors (<40HP)	15	88.1%	86.8%
13. Rectangular Balers	17	87.8%	85.7%
14. Chisel Plows	8	91.3%	85.5%
15. Mowers/Conditioners	3	93.4%	85.3%
16. Windrowers/Swathers	5	92.7%	85.3%
17. Pull-Type Sprayers	19	85.3%	84.8%
18. Forage Harvesters	18	87.5%	82.3%
19. Round Balers	13	89.6%	80.7%
20. Combines	20	84.7%	78.8%

Significant shifts can be seen in the products that farm equipment dealers see as their "best bets" for improving unit sales in 2013 vs. what they forecast in 2012. The biggest change is their ranking of two-wheel drive tractors in the 40-100 horsepower range, which moved from 14 last year into third place for 2013.

“Little or No Change” in 2013 vs. 2012 in unit sales.

Overall, GPS/precision farming ranked first with a score of 96.4%. It

was followed by self-propelled sprayers (94%), which rose from a sixth-place ranking in 2012.

Number three on the list of “best bets” for increasing unit sales in 2013 is two-wheel drive tractors in the 40-100 horsepower range (92.7%), which jumped all the way up from 14 on the list last year. They were followed by farm loaders (92.4%), which was ranked number two in 2012. Lawn and garden equipment also made a significant move upward for 2013 compared with the previous year. Dealers placed this equipment as number five on their list of best bets for the coming year.

While the impact the 2012 drought was having on corn and soybeans dominated ag headlines through much of the summer, the weather was equally devastating to the hay and forage segment of the industry. So it should come as no surprise that hay tools found themselves falling out of favor with dealers when they ranked their best prospects for improving unit sales in 2013.

The biggest drops were for mowers/conditioners, which came in at 15 on the dealers’ list after placing third place a year ago. They were followed by windrowers/swathers at 16 after being ranked number five on the best bets list last year.

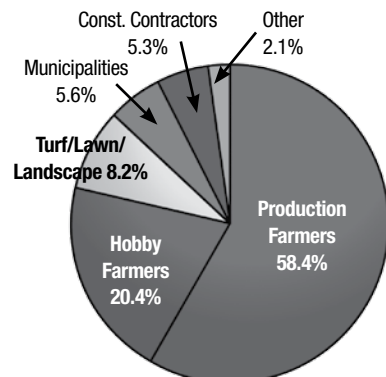
On a weighted average basis, the dealers ranked their best prospects for improving new wholegoods unit sales in 2013 as follows:

- GPS/Precision Ag .....+2.93%
- Lawn & Garden .....+2.05%
- 4WD Tractors .....+2.02%
- Farm Loaders .....+1.48%
- Planters .....+1.30%
- Disc Harrows .....+1.28%
- 2WD Tractors (40-100HP) +1.22%
- Self-Propelled Sprayers .....+1.16%
- 2WD Tractors ..(>100HP) +0.94%
- Field Cultivators .....+0.92%
- 2WD Tractors (<40HP) .....+0.75%
- Mower/Conditioners .....+0.75%
- Air Seeders/Drills .....+0.62%
- Rectangular Balers .....+0.41%
- Round Balers .....+0.35%
- Windrowers/Swathers .....+0.31%
- Chisel Plows .....+0.25%
- Pull-Type Sprayers .....-0.22%
- Combines .....-0.36%
- Forage Harvesters .....-0.38%

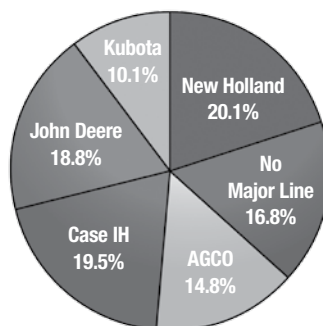
## Demographics of 2013 Survey Respondents

Some 200 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, employment size and average stores per dealer. This year 88.3% of dealers were from the U.S., 11.7% from Canada.

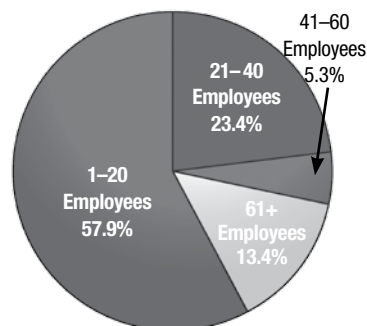
### Dealer Revenue Sources



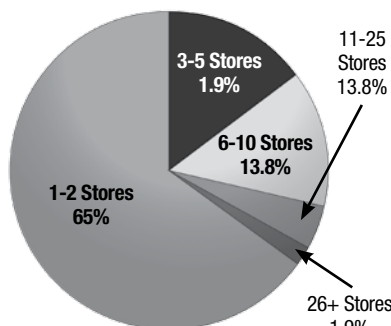
### Mainline Suppliers (% of all respondents)



### Employment Size



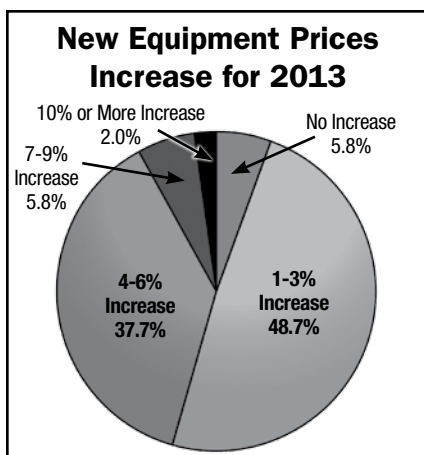
### Average Stores Per Dealer North America — 2013



## Dealer Hiring Plans — 2013 vs. 2012

	Add Staff	No Change	Reduce/Relocate Staff
<b>2013</b>			
Parts Department	23.6%	75.7%	<1%
Service Department	63.4%	35.9%	<1%
Wholegoods Sales	36.1%	63.2%	<1%
Admin./Office	11.1%	86.1%	2.8%
Precision Farming Specialist	28.0%	71.2%	<1%
<b>2012</b>			
Parts Department	22.3%	75.7%	2.0%
Service Department	58.1%	41.1%	0.8%
Wholegoods Sales	28.0%	70.4%	1.6%
Admin./Office	10.3%	87.3%	2.4%
Precision Farming Specialist	19.9%	78.9%	1.2%





A large majority (94.2%) of North American farm equipment dealers are expecting a price hike ranging from 1% to more than 10% for 2013 new machinery orders.

### Rising Costs Top Concerns

There was very little movement in dealers' biggest concerns for the year ahead compared to what was bothering them one year ago. As was the case last year, the three chief concerns for dealers going into 2013 are the rising costs of new equipment, crop input and energy and fuel costs.

Escalating cost of new farm machinery continues as the most significant issue confronting North American dealers as 93.5% of those surveyed said it was the one matter that they were "concerned" with or "most concerned" with.

In another survey question added this year, dealers were asked if they were expecting a price increase from their equipment suppliers for 2013 products and what level of price hike did they anticipate.

Only 5.8% of all dealers said they did not expect to see a price increase for new equipment from their main-line supplier in 2013.

The remaining 94.2% indicated they have already been told or are anticipating prices to rise from 1-3% to more than 10%, with nearly half (48.7%) of responding dealers reporting new equipment price hikes of 1-3%, another 37.7% reported an expected price increase of 4-6%.

### Hiring & Investment — 2013

If adding staff were any indication of how dealers view their business prospects in the year ahead, it would be safe to say that overall they're looking for solid results. This

<b>Tractor &amp; Combine Sales Outlook — 2013</b> (dealers projecting sales +2% or higher vs. 2012/-2% or lower vs. 2012)			
	<b>All Dealers</b>	<b>U.S.</b>	<b>Canada</b>
2WD Tractors <40 HP	27.8% / 13.2%	27.8% / 14.2%	27.8% / 5.6%
2WD Tractors 40-100 HP	32.1% / 7.3%	31.9% / 7.6%	33.3% / 5.6%
2WD Tractors >100 HP	29.5% / 11.6%	27.5% / 13.3%	43.8% / 0.0%
4WD Tractors (All)	48.9% / 12.4%	48.7% / 12.0%	50.0% / 16.7%
Combines	17.2% / 21.2%	15.1% / 20.9%	30.8% / 23.1%

isn't necessarily the case when it comes to capital investment, though.

**Hiring Up.** Coming off another strong year, many North American dealers will be looking to beef up their staffs in the coming year, especially when it comes to precision farming specialists and salespeople.

Perhaps the most striking aspect of the responses to the "hiring" questions was that almost no dealers are

***"Despite uncertainties caused by the drought, overall North American farm equipment dealers expect 2013 to be a pretty good year..."***

looking to reduce staff in 2013. In fact, the only staffing category that dealers are looking to reduce is in the

area of administrative/office personnel. Even at that, less than 3% of dealers are considering cutbacks there.

In the other departments — parts, service, sales and precision technology — less than 1% of dealers expect to reduce staff. At the same time, dealers who will be searching for qualified personnel far outnumber those considering cutbacks.

As has been the case since *Ag Equipment Intelligence* launched its annual Dealer Business Trends & Outlook survey, a large majority of dealers will be pushing hard to find and retain qualified service technicians. This year 63.4% of all dealers responding indicate they would like to add staff in the service department. This compares with 58.1% a year ago.

With rapid emergence of precision farming equipment and systems, it shouldn't come as a surprise that dealers are looking for support personnel who will specialize in servicing advanced technology prod-

### One Farmer's View on 2013 Equipment Purchases

If North American farm equipment dealers are guarded about their sales prospects for 2013, it's because a lot of farmers are uncertain about their spending plans and the timing of new machinery purchases.

In a late-August note to investors, Ann Duignan, machinery analyst for JP Morgan's North American Equity Research, included an email she received from one of her Iowa farmer contacts that, she said, sums up what she's been hearing from the field. "It captures what we have heard repeatedly from farmers in the Midwest."

In his email, the farmer said, "You get paid once a year. Your employer tells you that you will probably get 50% of your normal wages. And later on, you may get most of the rest. Are you going to go buy a new car, a new house and lavish vacation? Not until you get the money is my guess."

"I think amongst farmers, over three-fourths of them have some crop insurance. Most have it at a high enough level they will see 80-90% of normal income. Nonetheless, nobody is going to spend big until the harvest is done, claims are submitted and the cash is in hand. Now if I had bins full of grain, and some sort of hedge on its value, I would have ordered new iron before Thanksgiving. But here, I'm not even considering an order until I cash the check."

Duignan goes on to note, "Farmers can use Section 451(d) of the tax code to actually split insurance payments over two years and avoid receiving 100% of 2012 crop revenues on top of some of 2011's crop revenue this year. Likely, many farmers will choose this option."

## Dealer Projections for New Equipment Sales Revenues by Major Line Carried — 2013

Mainline	Up 8% or More	Up 2-7%	Little or No Change	Down 2-7%	Down 8% or More
AGCO	15.0%	25.0%	30.0%	25.0%	5.0%
Case IH	0.0%	24.2%	37.9%	34.5%	3.4%
John Deere	8.7%	47.8%	17.5%	13.0%	13.0%
Kubota	6.3%	37.5%	37.4%	12.5%	6.3%
New Holland	20.7%	27.6%	27.6%	20.7%	3.4%
Independent	21.4%	28.6%	32.2%	10.7%	7.1%

## North American Dealer Issues & Concerns — 2013

Greatest Concerns	Most Concerned	Concerned	Not Concerned	2012 Ranking
1. Increasing Cost of New Equipment	43.9%	49.6%	6.5%	1
2. Farm Input Costs	38.8%	54.5%	6.7%	2
3. Energy/Fuel Costs	42.8%	48.6%	8.7%	3
4. Health Care Affordability	54.3%	32.6%	13.0%	6
5. Technician Availability	50.0%	37.0%	13.0%	7
6. Farm Commodity Prices	34.1%	52.2%	13.8%	8
7. New Equipment Availability	27.0%	58.4%	14.6%	5
8. Shrinking Farm Customer Base	25.9%	53.2%	20.9%	9
9. Steel Prices/Supplies	14.7%	62.5%	22.8%	4
10. Product Reliability	24.1%	51.8%	24.1%	10
11. New Farm Bill	26.9%	45.5%	27.6%	N/A
12. Used Equipment Inventory	23.5%	48.5%	27.9%	12
13. Industry Consolidation	18.3%	49.6%	32.1%	11
14. Finance/Floor Planning	18.1%	44.2%	37.7%	13
15. Dealer Purity Efforts	17.9%	44.0%	38.1%	15
16. Manufacturer Succession Policies	11.8%	44.1%	44.1%	14
17. Financing/Retail	9.4%	42.0%	48.6%	16
18. Used Equipment Availability	10.3%	40.4%	49.3%	17

ucts. The position of “precision farming specialist” was added to Farm Equipment’s survey last year. At that time, 19.9% of dealers indicated they were looking for people to fill this increasingly important role. This jumped to 28% for 2013. It’s expected this number will continue growing as the search for these rare individuals heats up in coming years.

The number of dealers, who are planning to expand their sales forces in the year ahead grew by 8% compared with the same time last year. Slightly over 36% of responding dealers say they’re looking to enlarge their sales staffs vs. 28% in 2012.

Plans to expand parts department staff are up only slightly, as 23.6% of dealers indicate they’re looking for additional parts people compared with 22.3% last year.

**Capital Spending.** Unlike the need to staff up in most areas of deal-

ership operations, the number of farm equipment retailers planning to invest in their facilities are down compared to one year ago.

In total, 38.4% of dealers say they have no plans to increase capital investments in 2013. This compares with 31% last year.

As for those with plans to invest in facilities and other business-related products, 44.5% will increase spending in the range of 1-5% (vs. 50.4% in 2012), another 11% will up capital expenditures by 6-10% (vs. 13.2% last year) and 6.2% will raise spending by 11% or more (vs. 5.4% in 2012).

The area that will received the most attention when it comes to investment in 2013 will be the shop and service areas of the dealership, according to the dealers surveyed. But overall, fewer dealers are planning significant investments compared to 2012.

All together, 55.9% of dealers will spend to upgrade shop and service facilities and equipment. This compares with 59.4% last year. Slightly more than 45% will invest in business information systems vs. 44.6% in 2012. Another 36.7% of dealers will spend to upgrade their retail and showroom areas of their dealerships, which compares with 43.8% in 2012.

Added to the “spending” categories this year was mobile service vehicles. More than 40% of dealers say they plan to increase their investment in this area in 2013.

## Too Many Unknowns

While many signs point to another strong year for farm equipment sales in 2013, in the commentary section of this year’s Dealer Business Trends & Outlook survey, uncertainty was evident and, in some cases, dealers expressed a lukewarm view of next year’s sales prospects.

Asked what his biggest challenge will be in the year ahead, one Missouri dealer responded, “I’m trying to anticipate stocking levels and control expenses with the fragile economy, election, farm economy and drought conditions.”

An Indiana dealer put it this way, “Farm income is such an unknown for 2013, and I am not sure where it will end up. I have given my answers [to the survey] but I am not confident they will be accurate as time plays out. I plan to be very cautious in ordering in 2013 until I have a clearer picture of the conditions we will be dealing with.”

For a Kentucky dealer, 2013 won’t be the problem, it’s the next year that is already concerning him. He wrote, “2013 should be OK because most farmers sell crop into the next year. I think 2014 could be a tough year if we don’t have an outstanding crop in 2013.”

## Delivery Times Continue to Stretch, While More Dealers See Early Orders Decline

Dealers report that the time between when large equipment is ordered and when it's delivered continued to expand in 2012. At the same time, it's probable that the drought this past year also served to reduce early orders placed for 2013, but cancelled orders don't appear any higher than a year ago.

**Equipment Deliveries.** For tractors over 100 horsepower, slightly over half (51.9%) of the dealers reporting that it's taking between 4-6 months to receive delivery from the time the order was placed. Another 23.7% report taking 7-9 months to receive orders for high horsepower tractors. Slightly over 19% say the lag is running between 1-3 months, while the remaining 5.2% say it takes 10 months or more.

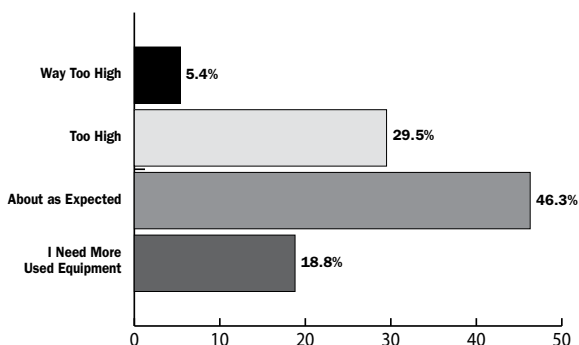
Combine deliveries were even longer: 2.9% say it's taking 1-3 months; 25.8% report 7-9 month lead times; 56.1% say it take 4-6 months for a new combine; and 15.2% say it's running 10-plus months.

**Early Orders.** While nearly 40% of dealers say their level of early order equipment was about the same as last year, 34.9%, their pre-sells fell below last year's levels (21.2% down 1-5%; 13.7% down 6-10%). The remaining 25.3% of dealers reported their early orders were up compared with the previous year (17.1% up 1-5%; 8.2% up 6-10%).

**Cancelled Orders.** While equipment delivery times continue to stretch and early orders appear to be down vs. 2012, overall,

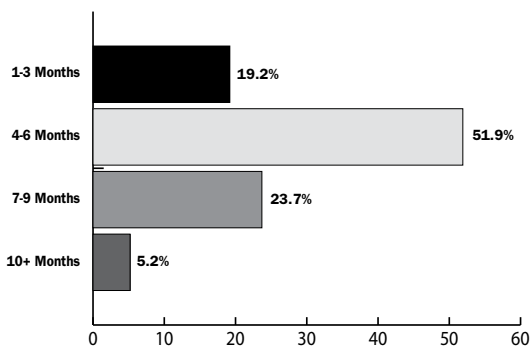
dealers say they haven't seen a significant trend toward cancelled orders.

### How Dealers Describe Current Used Equipment Inventory



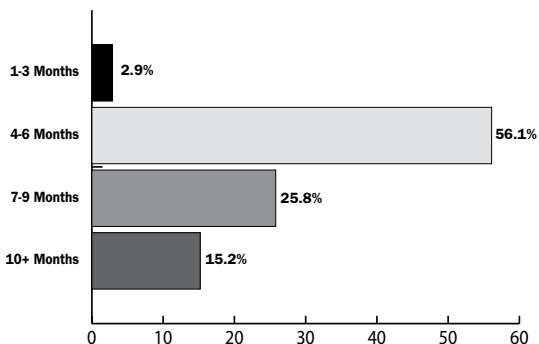
Despite concerns of growing inventories of used farm machinery in 2012, nearly half (46.3%) of the dealers in *Farm Equipment's* 2013 Dealer Trends & Business Outlook described their situation as "About as Expected." Nearly 35% say it's "Way Too High" (5.4%) or "Too High" (29.5%). The remaining 18.8% say they "Need More Used Equipment."

### From Order to Delivery — Row-Crop Tractors



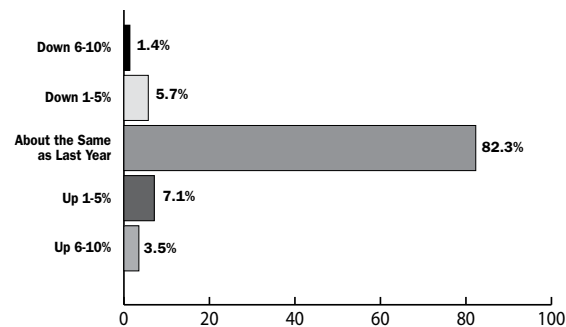
More than 75% of dealers surveyed for *Ag Equipment Intelligence's* 2013 Dealer Business Outlook & Trends report say it is taking between four and nine months to receive a high horsepower tractor once the order is placed. Slightly more than 10% report it takes more than 10 months to fill their order for a new row-crop tractor.

### From Order to Delivery — Combines

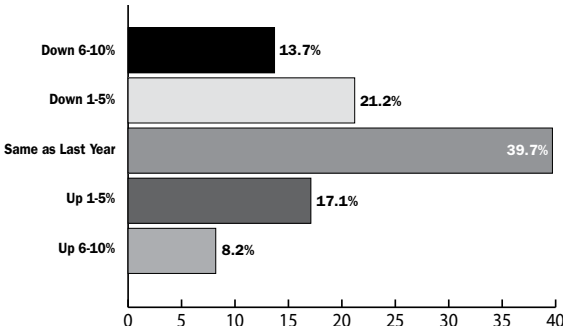


Nearly 82% of dealers report that it takes between four months and nine months to deliver a new combine to their customers once they place their order. More than 15% say it takes 10 months or more between ordering and delivery of combines from their manufacturers.

### Order Cancellations vs. Previous Year



### Status of Early Order vs. 2012



The implications of the 2012 drought have carried over dealers' early orders and cancelled orders for new farm machinery for 2013. Nearly 40% of dealers report that their early orders going into the new year are about the same level as the previous year. About 35% report that early orders are down compared with last year, while another 25.3% say their early orders are up vs. 2012. Less impact was seen when it comes to farmers outright cancelling new equipment orders, as 82.3% of dealers report that cancels are at about the same level as the previous year. Nearly 10.5% of dealers are seeing order cancellations at a higher level than a year ago, while 7.1% say they're down compared to a year earlier.

## PART II — U.S. OUTLOOK

### U.S. Dealers Not as Confident as a Year Ago

Visibility into the year ahead isn't as clear for U.S. farm equipment dealers as it was a year ago. With more unknowns than usual going into the new selling season — ranging from implications of the drought to uncertainty about equipment availability — U.S. dealers aren't displaying the level of confidence about their potential for growing sales that they did last year.

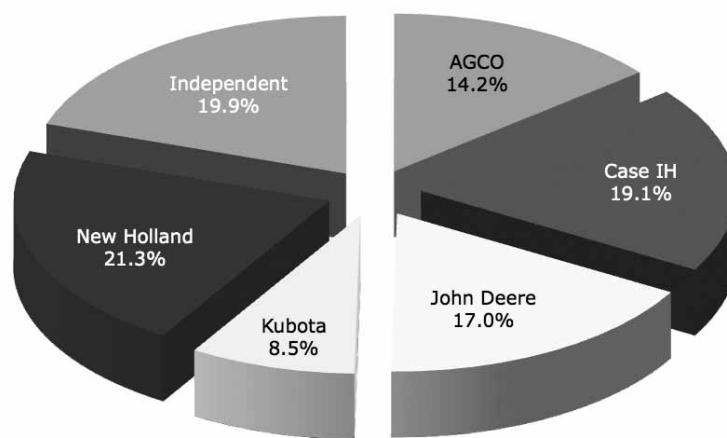
This uncertainty is reflected in dealers' responses to *Ag Equipment Intelligence's* 2013 Dealer Business Outlook & Trends survey.

Last year, 87.6% of dealers surveyed indicated they expected their revenues from the sale of new ag equipment to be at least as good or better than in the previous year (54% up 2% or more and 33.6% little or no change). Going into 2013, this number has dropped to 73% (43.8% up 2% or more and 29.2% little or no change vs. 2012).

One year ago, only 12.4% of dealers expected revenues to falloff from the levels they saw in the previous year (8% down 2-7%, 4.4% down 8% or more). For 2013, 27% of U.S. dealers see revenues from new equipment sales falling by 2% (20.8% down 2-7%, to more than 8% (6.2%).

So 14% fewer dealers expect sales revenues to increase in 2013,

#### U.S. Dealer Responses by Mainline Supplier — 2013



Responses to the 2013 Dealership Business Trends & Outlook survey represented a good cross section of U.S. farm machinery retailers by equipment brand as well as independent dealers.

and about the same number see sales revenues decreasing in the year ahead.

At the same time, dealers also know they're coming off at least three solid years of new equipment gains and few are alarmed about moderating sales in 2013.

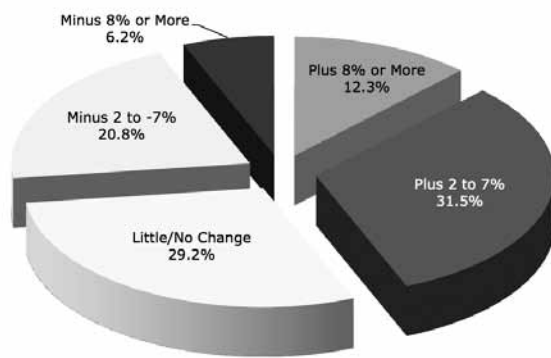
#### Strong Used Equipment Sales

Despite dealer concerns about growing used equipment inventories throughout 2012, their outlook for sales revenues from previously

owned farm machinery in 2013 pretty much reflects their strong forecast from a year ago.

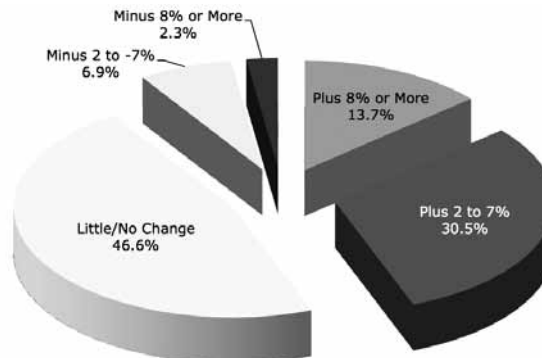
Last year, 54.3% of dealers projected revenues from used equipment sales to rise by 2% or more, while another 34.1% expected sales to come in at about the same level as the previous year. So 88.4% of the dealers anticipated used equipment revenues to be as good or better is 2012 as they were in 2011. Only 11.6% forecast these revenues

#### U.S. Dealers' Projected Sales Revenue for 2013 — New Equipment



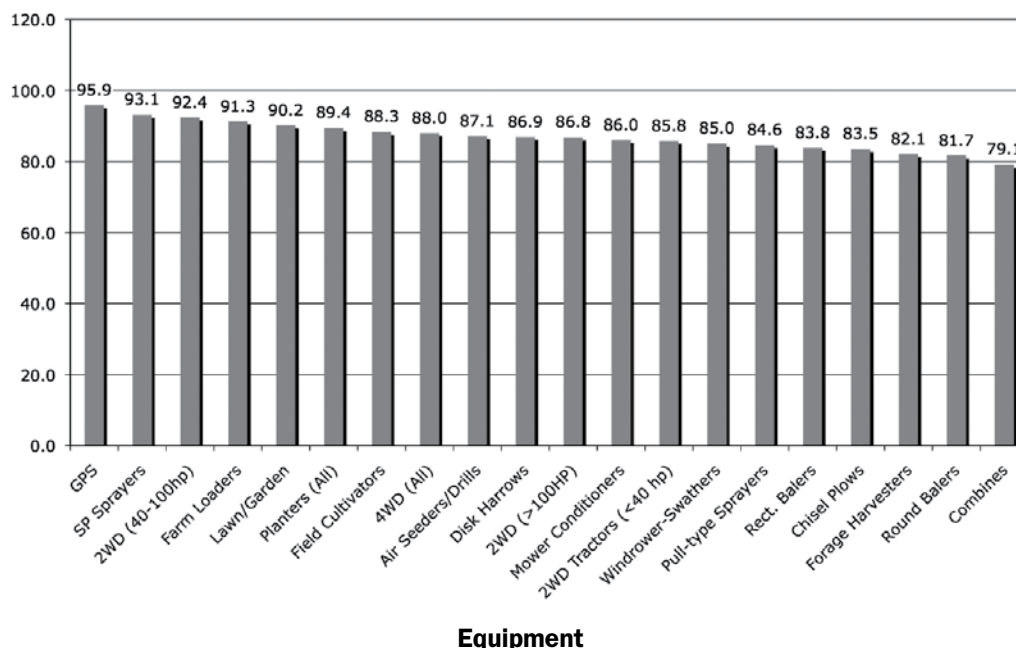
U.S. dealers who expect new equipment sales levels to decline 2% or more in 2013 (27%) more than doubled vs. one year ago (12.4%). Those who project improved sales by 2% or more dropped from 54% last year to 43.8% for the year ahead.

#### U.S. Dealers' Projected Sales Revenue for 2013 — Used Equipment



Less than 10% of U.S. dealers see used machinery sales declining by 2% or more in 2013, while 44.2% expect sales of this equipment to increase by 2% or more. These numbers are generally in line with dealers' forecast in 2012.

## Best Bet Products for Improving U.S. Unit Sales in 2013



Based on the percentage of U.S. dealers who expect unit sales in 2013 to be as good as or better than in 2012, 95.9% ranked GPS/auto-steer products as their best bet to increase unit sales in the year ahead. Precision products are followed by self-propelled sprayers (93.1%), 2WD tractors in the 40-100 horsepower category (92.4%), farm loaders (91.3%), lawn & garden products (90.2%) and all planters (89.4%).

to decline for the year.

For 2013, 90.8% of U.S. dealers see revenues from used equipment sales to be as good or better than what they saw in 2012 (13.7% up 8% or more; 30.5% up 2-7%; 46.6% little or now change). Less than 10% of these dealers (9.2%) expect lower revenues for used equipment sales during the year ahead.

### Best Product Prospects

In identifying what product cat-

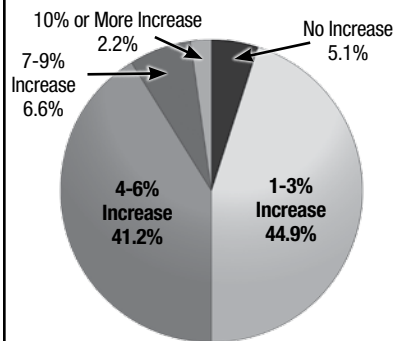
egories they expect will offer the best potential for increasing unit sales in 2013, as they have in past

years, U.S. dealers point to GPS and precision farming products as their best bet. Nearly 96% of U.S. dealers

### Projected U.S. Unit Tractor & Combine Sales — 2013

Tractor Type (size)	Up 8% or More	Up 2-7%	Little or No Change	Down 2-7%	Down 8% or More
2WD (<40 hp)	7.6%	20.2%	58.0%	9.2%	5.0%
2WD (40-100 hp)	5.0%	26.9%	60.5%	5.9%	1.7%
2WD (>100 hp)	12.8%	20.4%	59.3%	10.6%	2.9%
4WD (All)	12.8%	35.9%	39.3%	9.4%	2.6%
Combines	2.3%	12.8%	64.0%	15.1%	5.8%

### New Equipment Price Increases for 2013



Only about 5% of dealers say they don't expect a price increase for new 2013 equipment, while a large majority (86.2%) are anticipating price hikes ranging from 1-6%.

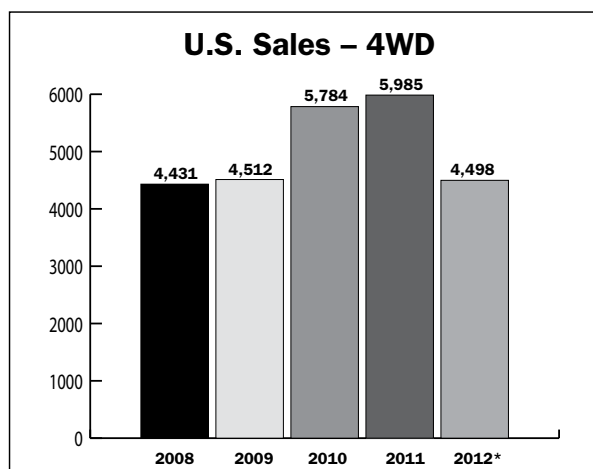
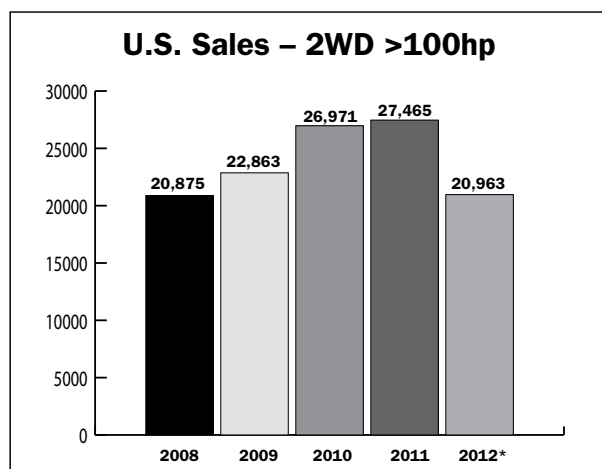
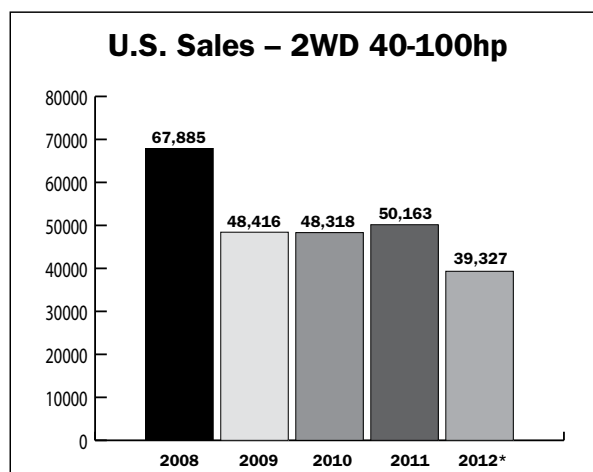
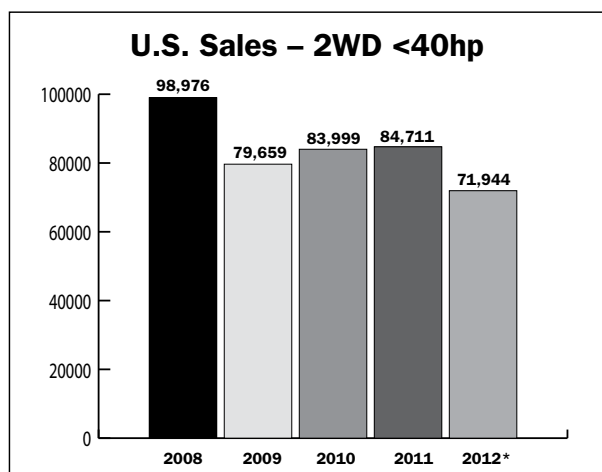
### Projected U.S. Unit Sales for All Other Equipment — 2013

Equipment	Up 8% or More	Up 2-7%	Little or No Change	Down 2-7%	Down 8% or More
Rectangular Balers	2.0%	22.2%	59.7%	13.1%	3.0%
Round Balers	3.8%	26.0%	52.0%	14.4%	3.8%
Forage Harvesters	1.2%	11.9%	69.0%	11.9%	6.0%
Planters (All)	6.4%	29.8%	53.2%	8.5%	2.1%
Mower/Conditioners	0.9%	31.8%	53.3%	11.2%	2.8%
Windrowers/Swathers	2.1%	19.1%	63.8%	11.7%	3.2%
Field Cultivators	4.3%	26.6%	57.4%	6.4%	5.3%
Farm Loaders	7.8%	28.7%	54.8%	7.0%	1.7%
Chisel Plows	3.3%	16.5%	63.7%	14.3%	2.2%
Disc Harrows	6.1%	30.3%	50.5%	10.1%	3.0%
Air Seeders/Drills	4.7%	16.5%	65.9%	9.4%	3.5%
Self-Prop. Sprayers	5.7%	16.1%	71.3%	4.6%	2.3%
Pull-Type Sprayers	1.1%	13.2%	70.3%	11.0%	4.4%
Lawn/Garden Equip.	10.7%	36.6%	42.9%	8.9%	0.9%
GPS/Auto-Steer	20.4%	29.6%	45.9%	4.1%	0.0%

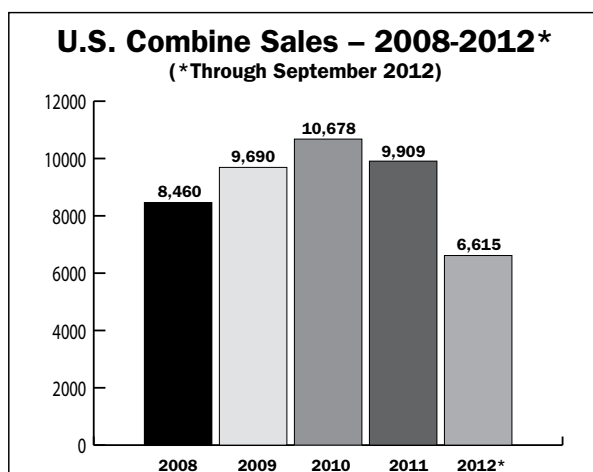
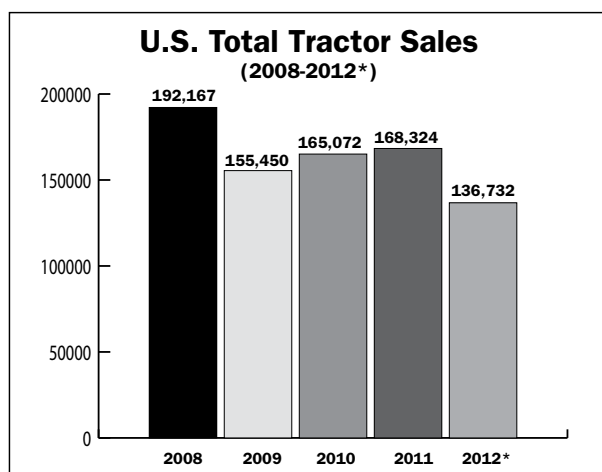


## U.S. Unit Retail Tractor & Combine Sales — 2008-12\*

(\*YTD January through September 2012)

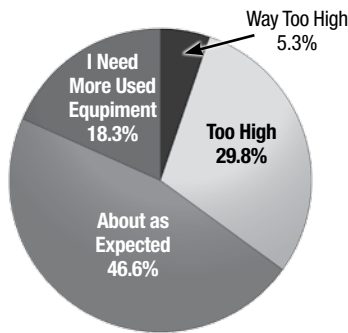


Through the first nine months of 2012, U.S. unit sales of all farm tractors were up 7.7%. Year-over-year, 2WD (<40HP) were up 6.8%; 2WD (40-100HP) were up 6.7%; 2WD (100 HP+) were up 12.7%; 4WD were up 8.4%. (Source: AEM)



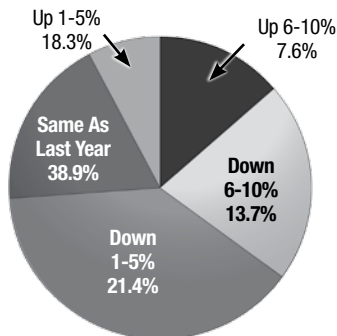
Through the first nine months of 2012, total U.S. unit sales of all farm tractors were up 7.7% vs. the same period of 2011. At the same time, from January through September 2012, total U.S. unit sales of all self-propelled combines were down 8.4% vs. the same period of 2010. Total units sales of combines for the full year of 2011 came in at 9,909 vs. 10,678 2010. (Source: AEM)

### U.S. Dealers' View of Used Equipment Inventory



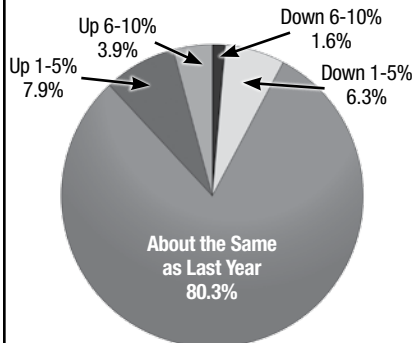
Despite consternation over growing inventories of used machinery in 2012, nearly half of dealers report that their backlog is currently about where they expected it to be.

### U.S. Early Orders 2013 vs. 2012



Early orders for new equipment appear to have declined compared with last year. More than 35% of dealers are reporting fewer early orders for 2013 than they saw for 2012.

### U.S. Cancelled Orders 2013 vs. 2012



Cancellation of orders placed for 2013 machinery don't appear to be significantly higher than they were one year ago. Some 80% of dealers say they're about the same.

### Ranking U.S. Regional Expectations for Revenue Gains New Equipment Sales — 2013 vs. 2012

Region	% Expecting Gains in 2013	% Expecting Gains in 2012
1. Delta States	100.0%	75.0%
2. Southern Plains	66.7%	35.7%
3. Pacific	61.5%	84.6%
4. Southeast	57.1%	60.0%
5. Northeast	42.9%	61.8%
6. Corn Belt	40.0%	44.7%
7. Appalachia	37.5%	52.4%
8. Mountain	37.5%	61.2%
9. Northern Plains	33.4%	43.4%
10. Lake States	22.7%	61.4%

### U.S. Regional Expectations for Sales Revenue Gains vs. Losses — 2013

Region	Expecting Gains	Expecting Losses	Little or No Change
Northeast	42.9%	28.6%	28.5%
Appalachia	37.5%	37.5%	25.0%
Southeast	57.1%	0.0%	42.9%
Delta States	100.0%	0.0%	0.0%
Lake States	22.7%	31.8%	45.5%
Corn Belt	40.0%	33.3%	26.7%
Northern Plains	33.4%	44.4%	22.2%
Southern Plains	66.7%	8.3%	25.0%
Mountain	37.5%	37.5%	25.0%
Pacific	61.5%	7.7%	30.8%

### U.S. Dealer Top Concerns for 2013 (% of Dealers)

Rank Major Issues	Most Concerned	Concerned	Not Concerned	2012 Ranking
1. Health Care Affordability	61.4%	33.3%	5.3%	4
2. Increasing Cost of New Equipment	46.2%	47.7%	6.1%	1
3. Energy/Fuel Costs	46.6%	46.6%	6.2%	3
4. Farm Input Costs	40.8%	54.3%	6.9%	2
5. Farm Commodity Prices	37.1%	50.0%	12.9%	7
6. Technician Availability	47.3%	38.9%	13.7%	8
7. New Equipment Availability	27.7%	55.4%	16.9%	6
8. Shrinking Farm Customer Base	25.8%	54.5%	19.7%	9
9. New Farm Bill	30.8%	49.2%	20.0%	NA
10. Steel Prices/Supplies	16.9%	60.8%	22.3%	5
11. Product Reliability	22.9%	54.2%	22.9%	10
12. Used Equipment Inventory	24.0%	50.4%	25.6%	NA
13. Industry Consolidation	20.2%	49.2%	30.6%	11
14. Finance – Floor Planning	21.4%	45.0%	33.6%	13
15. Dealer Purity Efforts	18.8%	44.5%	36.7%	14
16. Succession Policies	12.2%	45.0%	42.7%	15
17. Finance – Retail	10.7%	45.8%	43.5%	12
18. Used Equip. Availability	11.5%	41.5%	46.9%	16

## Where U.S. Dealers Will Invest in 2013

	2013	2012
Shop & Service	55.7%	67.9%
Retail/Showroom	35.7%	44.0%
Business Info. Sys.	44.1%	50.0%
Mobile Service Vehicles	42.5%	NA

## U.S. Dealer Spending Plans for 2013

No Increase	38.2%
0 to +5%	44.3%
+6 to 10%	11.5%
+11%	6.0%

see sales of precision ag equipment being as good or better than the levels seen in the past year: 20.4% see

sales rising by 8% or more; 29.6% expect increases ranging from 2-7%; and 45.9% project sales to be about the same as in the previous year.

Precision products are followed by self-propelled sprayers, where 93.1% of dealer see good growth potential. Next on their list are 2WD tractors in the 40-100 horsepower category (92.4%), farm loaders (91.3%), lawn & garden products (90.2%) and planters (89.4%).

In addition to these product groups, most tractor classifications were ranked higher on the U.S. dealers' best bets list than they werelast

year, as well: 2WD tractors from 40-100 horsepower (92.4%), 4WD tractors (88%), 2WD tractors over 100 horsepower (86.8%) and 2WD tractors 40 horsepower and lower (85.8%).

As a group, most U.S. dealers have been told to expect price hikes for new 2013 equipment, with only 5.1% saying they don't anticipate any significant increases. For those who have already been informed of pricing increase for new equipment, 44.9% are looking for prices hikes to range between 1-3%, 41.2% say prices will rise 4-6%, 6.6% see price increasing by 7-9% and the remaining 2.2% of dealers anticipating a price hike of 10% or more.

## Early Orders & Cancellations

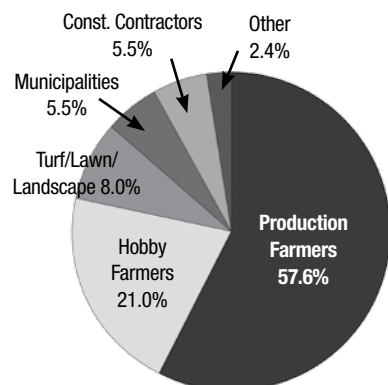
U.S. dealers also report that their early orders are down from the previous year, largely a result of the 2012 drought. Nearly 14% say their early orders are down 6-10%, while another 21.4% say theirs are down 1-5% vs. last year. Nearly 39% say their early orders are at about the same level as they were last year. The remaining dealers indicate early orders are up, with 18.3% saying they are up by 1-5% and another 7.6% reporting increases in the 6-10% range.

At the same time, it doesn't appear that the drought has caused a rash of equipment order cancellations. Overall, 80.3% of dealers report that cancelled orders are running at about the same level as a year earlier. About 8% say their cancelled orders are up between 1-5% and another 3.9% report their cancellations have risen 6-10%.

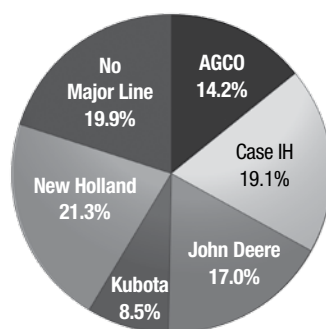
Less than 2% of farm equipment dealers are reporting their cancelled orders are down 6-10% and another 6.3% say they are down 1-5%.

## Demographics of Survey 2013 Respondents — U.S.

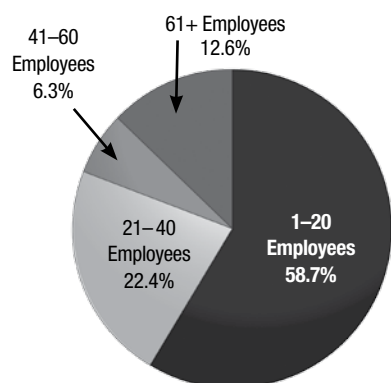
### Dealer Revenue Sources



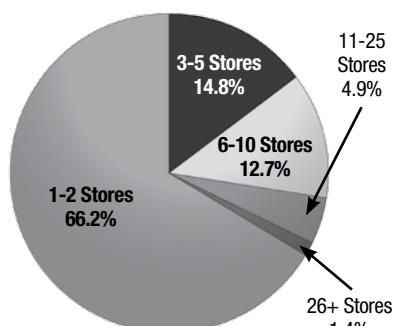
### Mainline Suppliers (% of all respondents)



### Employment Size



### Average Stores Per U.S. Dealer



Nearly 58% of all U.S. dealers' revenue comes from their production farmer customers, followed by hobby farmers and large property owners who comprise 21% of revenues. A good cross section of the major line suppliers are represented in the 2013 survey results, with the largest number of respondents (21.3%) being New Holland dealers, followed by independent (19.9%) and Case IH dealers (19.1%). A majority of dealerships represented in this year's survey results (58.7%) came from those employing 1-20 employees, followed by mid-size dealers who employ 21-40 employees (22.4%). More than 66% of the dealers responding to the survey this year indicate they operate 1-2 stores, while 27.5% have 3-10 store locations.

## U.S. Dealers' Hiring Plans 2013 vs. 2012

	Add Staff 2013	Add Staff 2012
Parts Department	20.2%	22.1%
Service Tech.	63.1%	56.3%
Wholesale Sales	34.4%	27.6%
Administration	10.2%	8.1%
Precision Farming Specialist	26.3%	18.3%

# U.S. Dealers' Regional Profile & Outlook for 2013

In *Ag Equipment Intelligence's* regional breakdown, the percentages represent the number of dealer responses vs. total dealer responses, except for "Weighted Averages." The "Most Promising Opportunities" are the top three to five product categories that dealers indicated would gain at least 2% to more than 8% in unit sales for the coming year.

## Northeast

**Coverage:** Connecticut, Maine, Maryland, Massachusetts, New Hampshire, New York, Pennsylvania, Vermont  
**Avg. Employees/Location:** 50% have 1-20 emp.; 37.5% have 21-40 emp.; 12.5% have 61+ emp.  
**Avg. Stores/Dealer:** 62.5% have 1-2 stores; 37.5% have 3-5 stores  
**New Equipment — Expecting Revenue Gains:** 42.9%  
**New Equipment Wtd. Avg. Gains or (Losses):** 1.14%  
**Used Equipment — Expecting Revenue Gains:** 50%  
**Used Equipment Wtd. Avg. Gains or (Losses):** 2.25%  
**Revenue Source Breakdown:** Production Farm 51.5%; Hobby Farm 26.3%; Turf/Lawn 6.8%; Municipal 6%; Construction 6.5%; Other 3%  
**Most Promising Opportunities:** Round Balers, 4WD, Mower/Conditioners

## Appalachia

**Coverage:** Kentucky, North Carolina, Tennessee, Virginia  
**Avg. Employees/Location:** 63.6% have 1-20 emp.; 27.3% have 21-40 emp.; 9.1% have 61+ emp.  
**Avg. Stores/Dealer:** 72.7% have 1-2 stores; 27.3% have 3-5 stores  
**New Equipment — Expecting Revenue Gains:** 37.5%  
**New Equipment Wtd. Avg. Gains or (Losses):** 0.00%  
**Used Equipment — Expecting Revenue Gains:** 30%  
**Used Equipment Wtd. Avg. Gains or (Losses):** 0.10%  
**Revenue Sources:** Production Farm 38.5%; Hobby Farm 28.1%; Turf/Lawn 20.2%; Municipal 6.5%; Construction 2.8%; Other 3.9%  
**Most Promising Opportunities:** Lawn & Garden, Field Cultivators, Mower/Conditioners

## Southeast

**Coverage:** Alabama, Florida, Georgia, South Carolina  
**Avg. Employees/Location:** All fall into 1-20 emp. range  
**Avg. Stores/Dealer:** All fall into 1-2 store category  
**New Equipment — Expecting Revenue Gains:** 57.2%  
**New Equipment Wtd. Avg. Gains or (Losses):** 3.58%  
**Used Equipment — Expecting Revenue Gains:** 42.9%  
**Used Equipment Wtd. Avg. Gains**

**or (Losses):** 2.93%

**Revenue Sources:** Production Farm 22.1%; Hobby Farm 46.4%; Turf/Lawn 17.9%; Municipal 5.7%; Construction 6.4%; Other 1.4%

**Most Promising Opportunities:** Lawn & Garden, 4WD, Farm Loaders, Mower/Conditioners, PT Sprayers

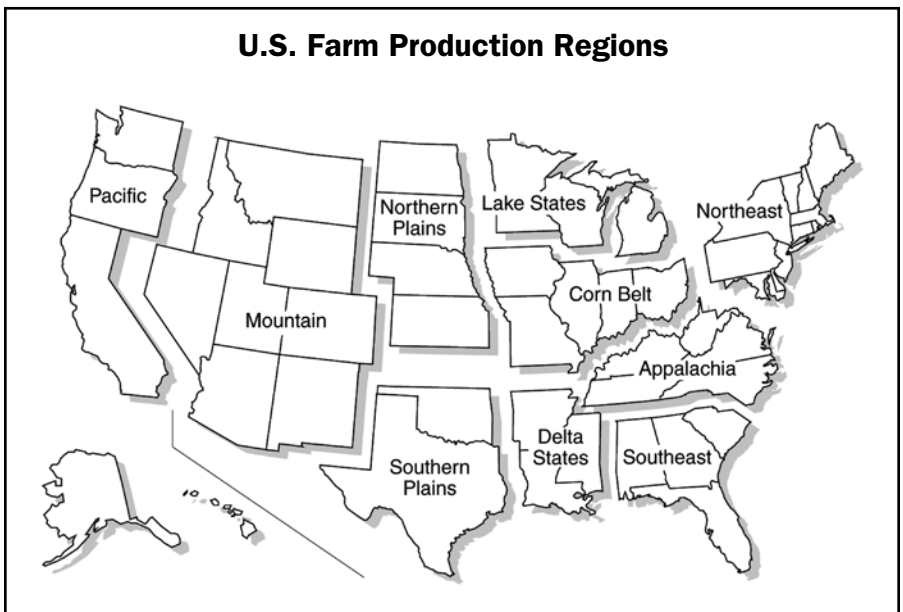
## Delta States

**Coverage:** Arkansas, Mississippi, Louisiana  
**Avg. Employees/Location:** All fall into 1-20 emp. range  
**Avg. Stores/Dealer:** 80% have 1-2 stores; 20% have 3-5 stores  
**New Equipment — Expecting Revenue Gains:** 100%  
**New Equipment Wtd. Avg. Gains or (Losses):** 7.3%  
**Used Equipment — Expecting Revenue Gains:** 80%  
**Used Equipment Wtd. Avg. Gains or (Losses):** 5%  
**Revenue Sources:** Production Farm 34%; Hobby Farm 34%; Turf/Lawn 14%; Municipal 9%; Construction 7%; Other 2%  
**Most Promising Opportunities:** Rect. Balers, Lawn & Garden, Farm Loaders, 4WD

## Southern Plains

**Coverage:** Oklahoma, Texas  
**Avg. Employees/Location:** 46.2% have 1-20 emp.; 38.5% have 21-40 emp.; 15.4% have 41-60 emp.  
**Avg. Stores/Dealer:** 61.5% have 1-2 stores; 7.7% have 3-5

## 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 this and the next page of this report.

stores; 15.4% have 6-10 stores; 15.4% have 11-25 stores  
**New Equipment — Expecting Revenue Gains:** 66.7%  
**New Equipment Wtd. Avg. Gains or (Losses):** 3.50%  
**Used Equipment — Expecting Revenue Gains:** 83.4%  
**Used Equipment Wtd. Avg. Gains or (Losses):** 5.21%  
**Revenue Sources:** Production Farm 40.3%; Hobby Farm 29.8%; Turf/Lawn 6.4%; Municipal 6.8%; Construction 9.8%; Other 6.9%  
**Most Promising Opportunities:** Disc Harrows, GPS, Rd Balers

#### Northern Plains

**Coverage:** Kansas, Nebraska, North Dakota, South Dakota  
**Avg. Employees/Location:** 59.1% have 1-20 emp.; 27.3% have 21-40 emp.; 13.6% have 61+ emp.  
**Avg. Stores/Dealer:** 63.6% have 1-2 stores; 4.5% have 3-5 stores; 9.1% have 11-25 stores; 4.5% have 26+ stores  
**New Equipment — Expecting Revenue Gains:** 33.4%  
**New Equipment Wtd. Avg. Gains or (Losses):** (0.69%)  
**Used Equipment — Expecting Revenue Gains:** 58.8%  
**Used Equipment Wtd. Avg. Gains or (Losses):** 3.68%  
**Revenue Sources:** Production Farm 72%; Hobby Farm 14.6%; Turf/Lawn 2%; Municipal 3.6%; Construction 7%; Other <1%  
**Most Promising Opportunities:** GPS, Planters, Disc Harrows, SP Sprayers, 4WD

#### Lake States

**Coverage:** Michigan, Minnesota, Wisconsin  
**Avg. Employees/Location:** 62.5% have 1-20 emp.; 25% have 21-40 emp.; 8.3% have 41-60 emp.; 4.2% have 61+ emp.  
**Avg. Stores/Dealer:** 75% have 1-2 stores; 4.2% have 3-5 stores; 16.7% have 6-10 stores; 4.2% have 26+ stores  
**New Equipment — Expecting Revenue Gains:** 22.7%  
**New Equipment Wtd. Avg. Gains or (Losses):** (0.41%)  
**Used Equipment — Expecting Revenue Gains:** 27.2%  
**Used Equipment Wtd. Avg. Gains or (Losses):** 0.77%  
**Revenue Sources:** Production Farm 68.4%; Hobby Farm 14.5%; Turf/Lawn 6.5%; Municipal 3.1%; Construction 5.5%; Other 2.1%  
**Most Promising Opportunities:** Lawn & Garden, GPS, 2WD (<40HP), 2WD (40-100HP), 4WD

#### Corn Belt

**Coverage:** Illinois, Indiana, Iowa, Missouri, Ohio  
**Avg. Employees/Location:** 51.6% have 1-20 emp.; 16.1% have 21-40 emp.; 6.5% have 41-60 emp.; 25.8% have 61+ emp.  
**Avg. Stores/Dealer:** 60% have 1-2 stores; 23.3% have 3-5 stores; 10% have 6-10 stores; 6.7% have 11-25 stores  
**New Equipment — Expecting Revenue Gains:** 40%  
**New Equipment Wtd. Avg. Gains or (Losses):** 0.19%  
**Used Equipment — Expecting Revenue Gains:** 34.5%

**Used Equipment Wtd. Avg. Gains or (Losses):** 0.19%  
**Revenue Sources:** Production Farm 69.9%; Hobby Farm 11.5%; Turf/Lawn 6.8%; Municipal 5.6%; Construction 4.1%; Other 2.2%  
**Most Promising Opportunities:** GPS, Planters, Lawn/Garden

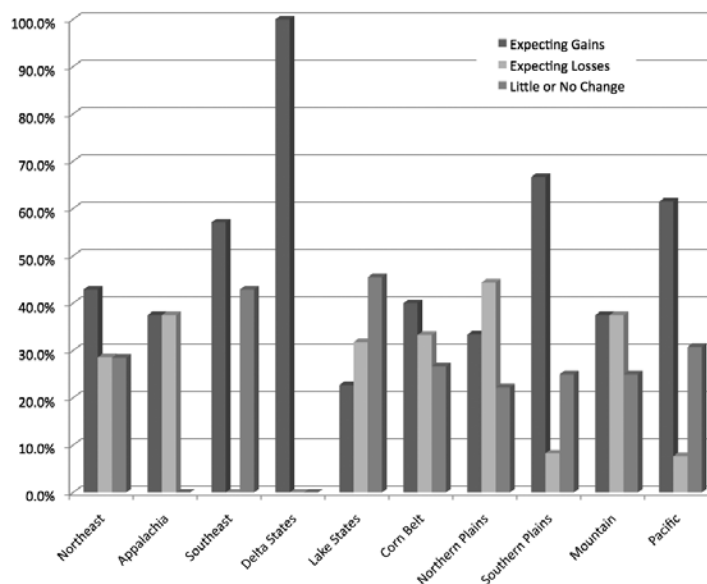
#### Mountain

**Coverage:** Colorado, Idaho, Montana, New Mexico, Wyoming  
**Avg. Employees/Location:** 75% have 1-20 emp.; 12.5% have 21-40 emp.; 12.5% have 61+ emp.  
**Avg. Stores/Dealer:** 75% have 1-2 stores; 12.5% have 6-10 stores; 12.5% have 11-25 stores  
**New Equipment — Expecting Revenue Gains:** 37.5%  
**New Equipment Wtd. Avg. Gains or (Losses):** (0.44%)  
**Used Equipment — Expecting Revenue Gains:** 50%  
**Used Equipment Wtd. Avg. Gains or (Losses):** 2.69%  
**Revenue Sources:** Production Farm 44.6%; Hobby Farm 36%; Turf/Lawn 7.1%; Municipal 5.9%; Const. 3.9%; Other 2.5%  
**Most Promising Opportunities:** 4WD, Disc Harrows, Loaders

#### Pacific

**Coverage:** California, Oregon, Washington  
**Avg. Emp./Location:** 35.7% have 1-20 emp.; 21.4% have 21-40 emp.; 21.4% have 41-60 emp.; 21.4% have 61+ emp.  
**Avg. Stores/Dealer:** 42.9% have 1-2 stores; 28.6% have 3-5 stores; 28.6% have 6-10 stores  
**New Equipment — Expecting Revenue Gains:** 61.5%  
**New Equipment Wtd. Avg. Gains or (Losses):** 2.69%  
**Used Equipment — Expecting Revenue Gains:** 30.8%  
**Used Equipment Wtd. Avg. Gains or (Losses):** 1.04%  
**Revenue Sources:** Production Farm 63.4%; Hobby Farm 17.2%; Turf/Lawn 6.9%; Municipal 7.9%; Construction 3.9%; Other <1%  
**Most Promising Opportunities:** GPS, Lawn/Garden, Windrowers/Swathers

### U.S. Regional Expectations for Sales Revenues — 2013



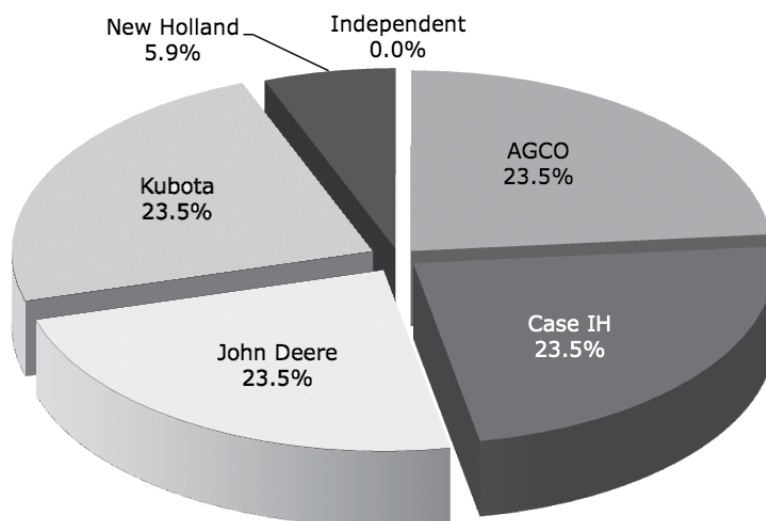
Dealers in the Delta States and Southeast regions are most optimistic about improving sales in 2013. Those in the Lake States see a challenging year ahead.



# PART III — CANADIAN OUTLOOK

## Canadian Dealers' More Cautious Going into 2013

**Canada Dealers' Responses by Mainline Supplier**



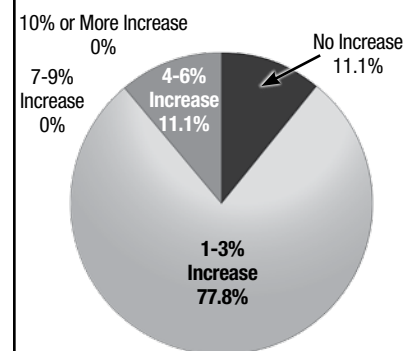
Of the total responses to *Farm Equipment's* 2013 Dealer Business Outlook & Trends survey, 11.7% were Canadian dealers.

Canadian farm equipment dealers are a bit more optimistic about 2013 prospects than are their counterparts in the U.S. But both groups lean in the same direction when it comes to expected results in 2013 compared with the previous year.

Some 77.7% of Canadian ag equipment retailers expect new equipment sales to be at least as good or better than that of 2012 vs. 73% in the U.S.

But compared to 2012, Canadian dealers aren't quite as optimistic about their prospects. At this time a year ago, 96.3% projected their

**New Equipment Price Increases for 2013**

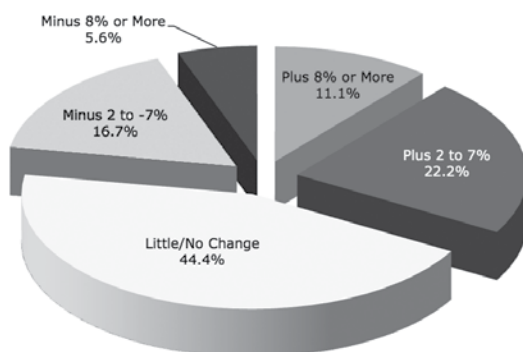


Nearly 80% of Canadian dealers report that new farm equipment prices for 2013 will increase 1-3%, and 11.1% say prices will rise by 4-6%.

**Projected Canadian Sales of Tractors & Combines — 2013**

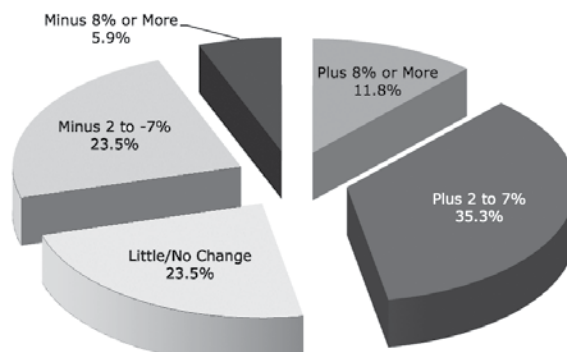
Tractor Type (Size)	Sales +8%	Sales +2-7%	Little or No Change	Sales -2-7%	Sales -8%	Forecasting Growth	Loss
2WD (<40 hp)	5.6%	22.2%	66.6%	5.6%	0.0%	27.8%	5.6%
2WD (40-100 hp)	0.0%	33.3%	61.1%	5.6%	0.0%	33.3%	5.6%
2WD (>100 hp)	0%	43.8%	56.2%	0.0%	0.0%	43.8%	0.0%
4WD (All)	16.7%	33.3%	33.3%	16.7%	0.0%	50.0%	16.7%
Combines	0.0%	30.8%	46.1%	7.7%	15.4%	30.8%	23.1%

**Canadian Dealers' Projections for Sales Revenue 2013 — New Equipment**



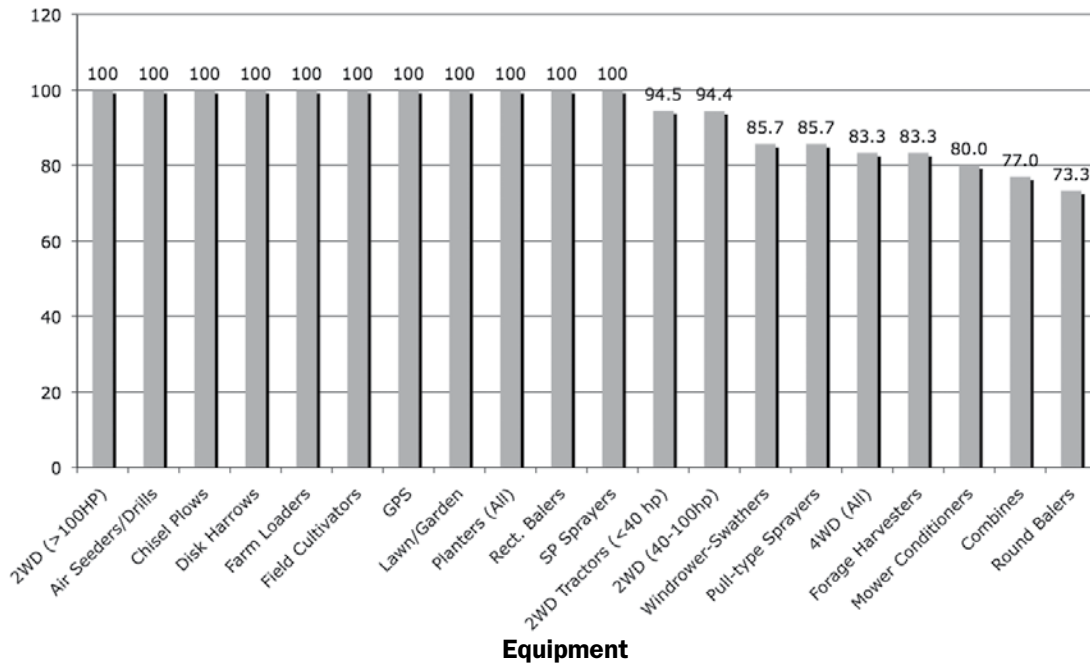
Overall, 77.7% of Canadian dealers expect 2013 new equipment sales to be as good as or better than levels seen in 2012, with 11.1% projecting increases of 8% or more and 33.3% forecasting growth of 2-7%.

**Canadian Dealers' Projections for Sales Revenue 2013 — Used Equipment**



More than two-thirds (70.6%) of Canadian ag machinery dealers see used equipment sales matching or surpassing the levels of 2012. Overall, 11.8% see increases of 8% or more and 35.3% of 2-7%.

## Best Product Bets for Improving Unit Sales in 2013 — Canada



Canadian farm equipment dealers see solid potential for increasing unit in the year ahead. Among those with the best prospects are 2WD Tractors over 100 horsepower, Air Seeder/Drills, Chisel Plows, Disc Harrows, Field Cultivators, GPS products, Lawn & Garden and Planters.

sales of new machinery would be as good or better than the previous year.

This time around, nearly 20% fewer dealers are anticipating this level of

results: 11.1% are looking for sales to increase by 8% or more (vs. 14.8% last year); 22.2% see sales rising by 2-7% (vs. 51.9% last year); and 44.4% are looking for flat sales this year (vs. 29.6% last year).

## Projected Canadian Unit Sales of Other Equipment — 2013

Equipment	Up 8% or More	Up 2-7%	Little or No Change	Down 2-7%	Down 8% or More
Rect. Balers	0.0%	23.1%	76.9%	0.0%	0.0%
Round Balers	0.0%	13.3%	60.0%	20.0%	6.7%
Forage Harvesters	0.0%	8.3%	75.0%	16.7%	0.0%
Planters (All)	0.0%	30.8%	69.2%	0.0%	0.0%
Mower Conditioners	0.0%	33.3%	46.7%	20.0%	0.0%
Windrower-Swathers	0.0%	28.6%	57.1%	14.3%	0.0%
Field Cultivators	0.0%	33.3%	66.7%	0.0%	0.0%
Farm Loaders	0.0%	35.3%	64.7%	0.0%	0.0%
Chisel Plows	0.0%	15.4%	84.6%	0.0%	0.0%
Disc Harrows	0.0%	46.7%	53.3%	0.0%	0.0%
Air Seeders/Drills	0.0%	37.5%	62.5%	0.0%	0.0%
SP Sprayer	23.1%	38.5%	38.5%	0.0%	0.0%
Pull-Type Sprayers	0.0%	7.1%	78.6%	7.1%	7.1%
Lawn/Garden	5.6%	38.9%	55.6%	0.0%	0.0%
GPS	14.3%	64.3%	21.4%	0.0%	0.0%

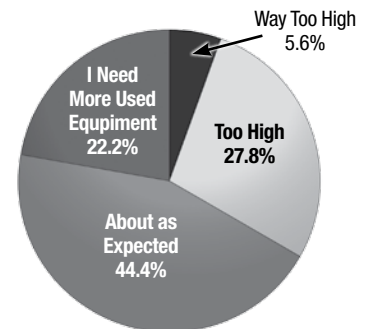
## Canadian Dealers' Spending Plans for 2013

No Increase	40.0%
0 to +5%	46.7%
+6 to 10%	6.7%
+10%	6.7%

## Canadian Dealers' Hiring Plans 2013 vs. 2012

	2013			2012		
	Add Staff	No Change	Reduce/Relocate Staff	Add Staff	No Change	Reduce/Relocate Staff
Parts Department	53.3%	46.7%	0.0%	23.3%	76.7%	0.0%
Service Techs	66.7%	33.3%	0.0%	72.4%	27.6%	0.0%
Wholegood Sales	50.0%	50.0%	0.0%	31.0%	65.5%	3.4%
Administration	18.8%	81.3%	0.0%	26.7%	73.3%	0.0%
Precision Farm Specialist	42.9%	57.1%	0.0%	32.1%	67.9%	0.0%

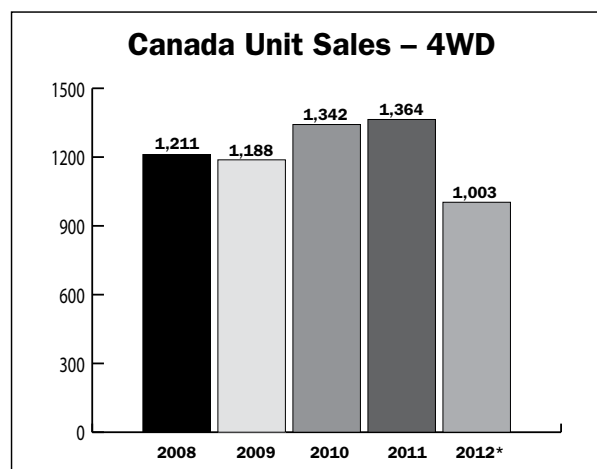
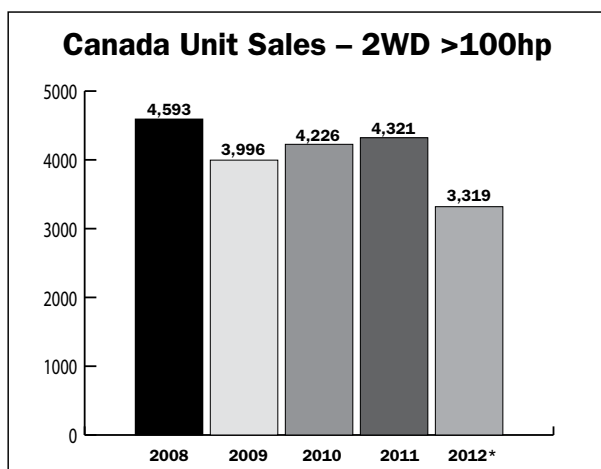
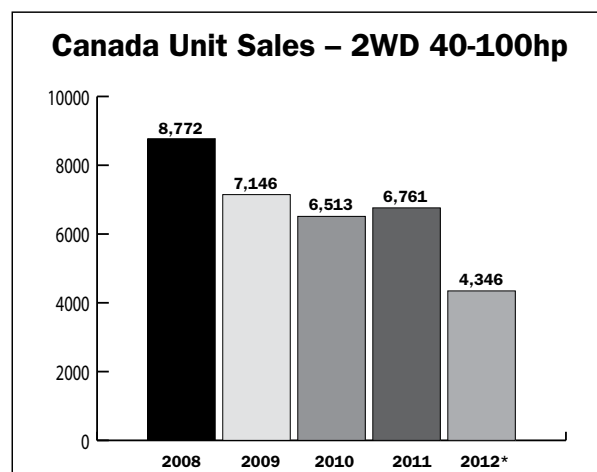
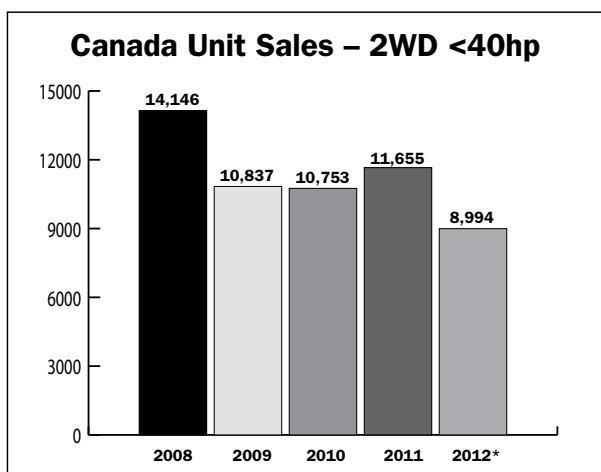
## Canadian Dealers' View of Used Equipment Inventory



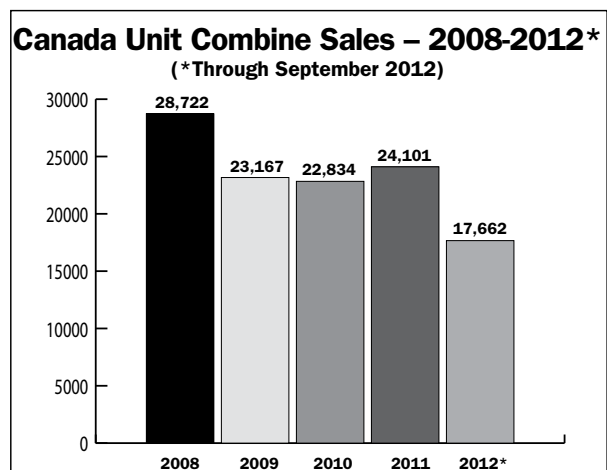
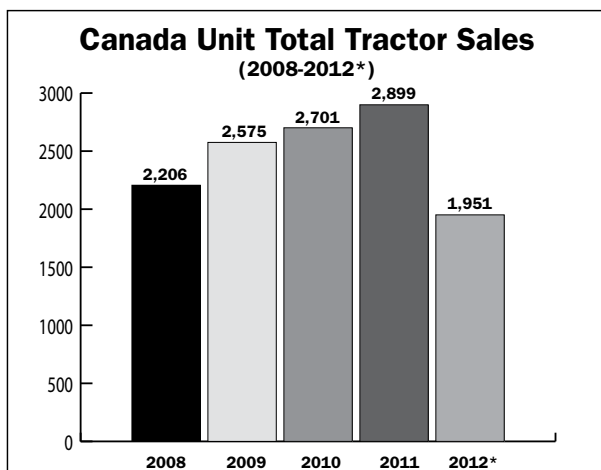
About one-third of Canadian dealers rated their inventory of used equipment as "Way Too High" or "Too High." Over 22% say they need more used equipment.

## Canadian Unit Retail Tractor Sales — 2008-12\*

(\*YTD January through September 2012)



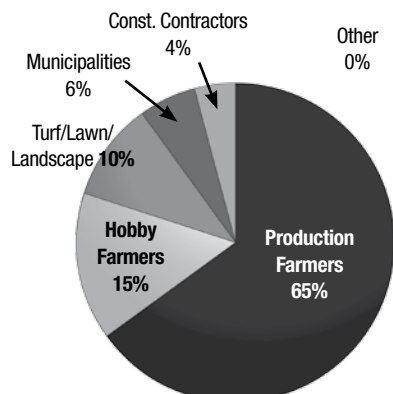
Through the first nine months of 2012, Canadian unit sales of all farm tractors were up vs. the same period of 2011. Year-over-year, 2WD (<40HP) were up 1.9%; 2WD (40-100HP) were down 2.6%; 2WD (100 HP+) were up 11.7%; 4WD were up 2.5%. (Source: AEM)



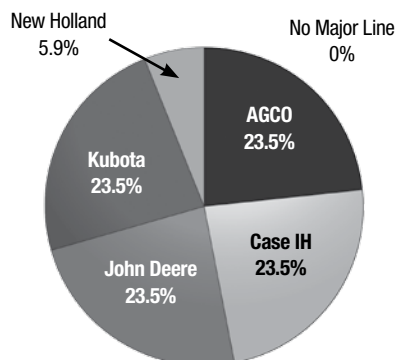
Through the first nine months of 2012, total Canadian unit sales of all farm tractors were up 2.8% vs. the same period of 2011. At the same time, from January through September 2012, total Canadian unit sales of all self-propelled combines were down 6% vs. the same period of 2011. Total units sales of combines for the full year of 2011 came in at 2,899 vs. 2,701 in 2010. (Source: AEM)

## Demographics of Survey 2013 Respondents — Canada

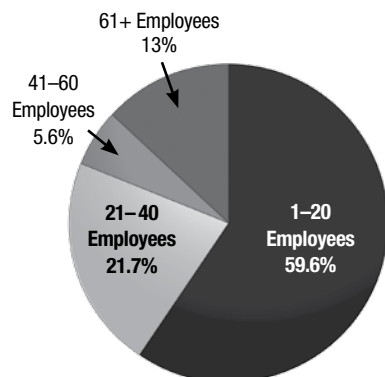
### Dealer Revenue Sources



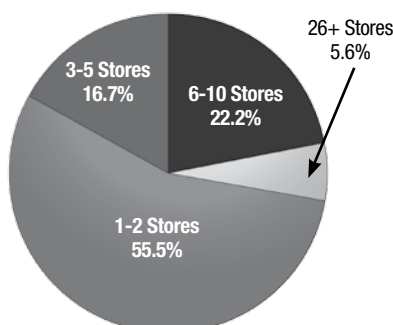
### Mainline Suppliers (% of respondents)



### Employment Size



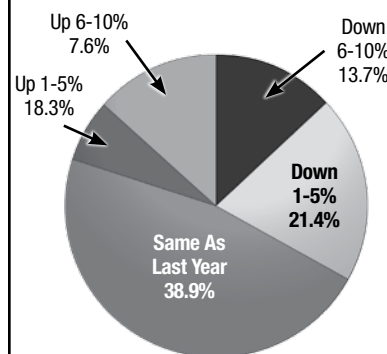
### Average Stores Per Dealer



Canadian dealers participating in *Ag Equipment Intelligence's* 2013 Dealer Business Outlook & Trends survey report that 80% of their 2012 revenues came from their production farming, hobby farming and large property owners.

For those expecting declining sales, 5.6% see a falloff of 5.6% (vs. 0.0% last year), and 16.7% are forecasting a sales drop of 2-7% (vs. 3.7% last year).

### Canadian Early Orders 2013 vs. 2012



More than one-third (35.1%) of Canadian dealers report their early equipment orders for 2013 are down compared with levels one year ago; 40% say it's "About the Same."

### Where Canadian Dealers Will Invest in 2013

	2013	2012
Shop & Service	57.1%	67.9%
Retail/Showroom	44.2%	44.0%
Business Info. Sys.	53.3%	50.0%
Mobile Service Vehicles	46.7%	NA

## Canadian Dealer Issues & Concerns — 2013 (2012 Rank)

Issue	Most Concerned	Concerned	Not Concerned
1. Farm Input Costs (2)	35.7%	64.3%	0.0%
2. Technician Availability (4)	68.8%	25.0%	6.3%
3. Increasing Price of New Equipment (6)	31.3%	62.5%	6.3%
4. New Equipment Availability (1)	18.8%	75.0%	6.3%
5. Commodity Prices (9)	26.7%	60.0%	13.3%
6. Energy/Fuel Costs (5)	31.3%	50.0%	18.6%
7. Shrinking Farm Customer Base (7)	25.0%	50.0%	25.0%
8. Steel Prices/Supplies (3)	13.3%	60.0%	26.7%
9. Product Reliability (8)	40.0%	26.7%	33.3%
10. Industry Consolidation (10)	12.5%	43.8%	43.8%
11. Used Equipment Inventory (N/A)	20.0%	33.3%	46.7%
12. Succession Policies (11)	28.6%	21.4%	50.0%
13. Dealer 'Purity' Efforts (14)	13.3%	33.3%	53.3%
14. Finance – Floor Planning (12)	6.3%	31.3%	62.5%
15. Used Equipment Availability (15)	6.7%	26.7%	66.7%
16. Health Care Affordability (16)	13.3%	13.3%	73.3%
17. Finance – Retail (16)	0.0%	18.8%	81.3%
18. New Farm Bill (N/A)	0.0%	7.7%	92.3%

# Canadian Regional Breakdown of Dealers' Outlook for 2013

Eight agricultural-producing provinces are combined under three regions in *Ag Equipment Intelligence's 2013 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

**Avg. Employees/Location:** 50% have 1-20 emp.; 50% have 61+ emp

**Avg. Stores/Dealer:** 50% have 1-2 stores; 50% have 3-5 stores

**New Equipment — Expecting Revenue Gains:** 0.0%

**New Equipment Wtd. Avg. Gains or (Losses):** (-2.25%)

**Used Equipment — Expecting**

**Revenue Gains:** 50%

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

**Revenue Sources:** Production Farm 80%; Hobby Farm 10%; Turf/Lawn 5.0%; Municipal 5.0%; Construction 0.0%; Other 0.0%

**Most Promising Opportunities:** 2WD (>100 hp), GPS/Precision Ag, Disc Harrows, Field Cultivators, Mower Conditioners

## CENTRAL CANADA

**Coverage:** Ontario

**Avg. Employees/Location:** 80% have 1-20 emp.; 20% have 61+ emp.

**Avg. Stores/Dealer:** 60% have 1-2 stores; 40% have 6-10 stores

**New Equipment — Expecting Revenue Gains:** 60%

**New Equipment Wtd. Avg. Gains or (Losses):** 3.4%

**Used Equipment — Expecting**

**Revenue Gains:** 60%

**Used Equipment Wtd. Avg. Gains or (Losses):** 1.8%

**Revenue Sources:** Production Farm 41.25%; Hobby Farm 24%; Turf/Lawn 25.25%; Municipal 6.5%; Construction 3%; Other 0.0%

**Most Promising Opportunities:** Field Cultivators, Disc Harrows, Planters, 2WD (40-100 hp), 2WD (>100 hp)

## WESTERN CANADA

**Coverage:** British Columbia, Alberta, Saskatchewan & Manitoba

**Avg. Employees/Location:** 63.6% have

1-20 emp.; 27.3% have 21-40 emp.; 9.1% have 61+ emp.

**Avg. Stores/Dealer:** 54.5% have 1-2 stores; 18.2% have 3-5 stores; 18.2% have 6-10 stores; 9.1% have 26+ stores

**New Equipment — Expecting Revenue Gains:** 27.3%

**New Equipment Wtd. Avg. Gains or (Losses):** 0.0%

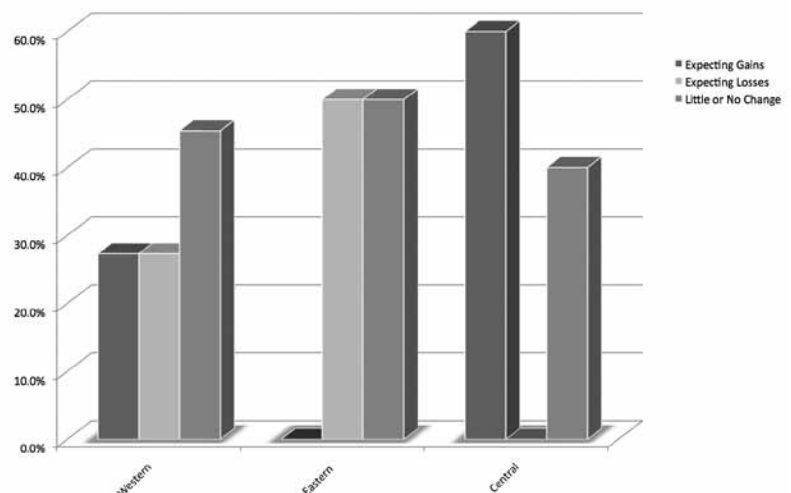
**Used Equipment — Expecting Revenue Gains:** 40%

**Used Equipment Wtd. Avg. Gains or (Losses):** 0.45%

**Revenue Sources:** Production Farm 72.55%; Hobby Farm 12%; Turf/Lawn 4.27%; Municipal 6.64%; Construction 4.55%; Other 0.0%

**Most Promising Opportunities:** GPS/Precision Ag, Lawn/Garden Equipment, Air Seeders/Drills, 2WD (<40 hp), Disc Harrows

## Canadian Regional Expectations for Sales Revenue — 2013



Canadian dealers in the Central and Western regions are forecasting the most significant gains in sales revenues for 2013.



## 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. Dealerships that do not handle any of the major tractor lines are referred to as “independent” or “shortline only” dealers.

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

Overall, each of the dealer groups is not as optimistic in their outlook going into the 2013 selling season as they were a year ago. Case IH dealers, who were at the top of the list when it comes to confidence for improving sales in 2012, dropped to the bottom of the list for 2013. Of the Case IH dealers who responded this year, only 62% see sales levels at about the same level or higher in the year ahead than they were in 2012. The remaining 37.9% are forecasting lower revenues from the sale of new equipment vs. only 5.7% who projected lower sales for 2012. A year ago, more than 94% expected business levels to be as good as or better in 2012 than they were in 2011.

The Independent dealers, who ranked second last year on the most optimistic list, moved up to the top spot for 2013. Slightly over 82% of this dealer group expects sales to be as good as or better than they were 2012.

Second on the most optimistic list following the Independent dealers were those who list Kubota as their major supplier, with 81.3% projecting their sales to be as good as or surpassing sales levels seen in 2012. Last year, Kubota dealers ranked last on the list of most optimistic dealer groups, though their overall score is not much different than it was a year ago (81.9% in 2012 compared with 81.3% for 2013). This reflects the overall lower level of optimism for all dealer groups going into 2013.

New Holland dealers, with 75.9% expecting 2013 revenues to be as good or better than 2012, ranked number three among the most optimistic dealers for the year ahead. Last year, New Holland dealers placed fourth on the

list with 85.8% forecasting sales revenues would match or exceed revenues from the previous year.

Following New Holland dealers this year are John Deere equipment retailers with 73.9% anticipating sales revenues in 2013 would be equal to or greater than levels experienced in 2012. Slightly over one-quarter (26%) of Deere dealers expect the year-ahead revenues to fall below those of the previous year.

AGCO dealers find themselves in the fifth spot for 2013 as 70% of them see flat to better than 2012 revenues in the year ahead.

**Price Increases.** This year we added expected price increases to our survey questionnaire. Dealers of all colors expect modest to healthy price hikes for new 2013 equipment. Here’s a breakdown on price hikes by brand.

	None	1-3% Increase	4-6% Increase	7% or More Increase
AGCO	4.2%	54.2%	37.4%	4.2%
Case IH	13.3%	63.3%	16.7%	6.7%
John Deere	0.0%	20.0%	68.0%	12.0%
Kubota	6.3%	56.3%	18.6%	18.8%
New Holland	6.9%	44.8%	48.3%	0.0%
Independent	3.75%	51.9%	33.3%	11.1%

**AGCO — % of Total Responses .....16.2%**

**Case IH — % of Total Responses .....21.2%**

**John Deere — % of Total Responses .....20.5%**

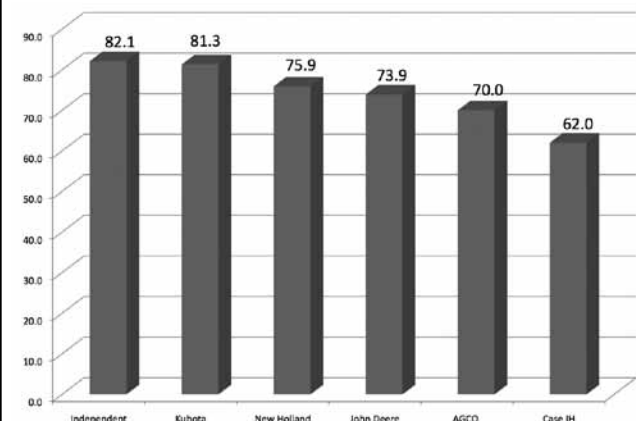
**Kubota — % of Total Responses .....8.5%**

**New Holland — % of Total Responses .....16.6%**

**Independent Dealers — % of Total Responses .....17.0%**

### Most Optimistic Equipment Dealers for 2013

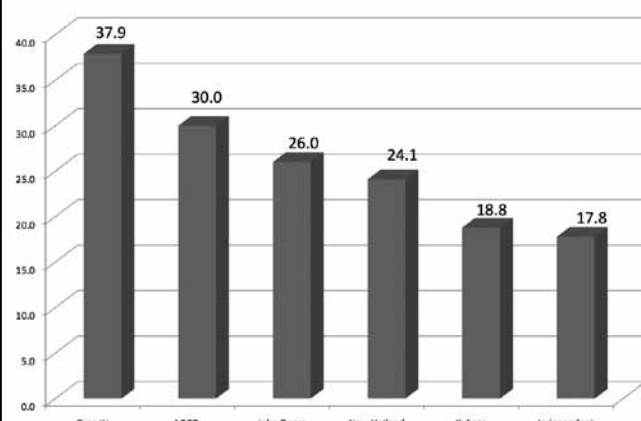
(% of dealers expecting revenue gains)



The most optimistic dealers going into 2013 are the Independents and those handling Kubota machinery. New Holland dealers are third on the list.

### Least Optimistic Equipment Dealers for 2013

(% of dealers expecting revenue declines)



The least optimistic dealers for 2013 are those handling Case IH and AGCO brand equipment with 30% or more seeing declines for the year.



## 70% of Dealers See 2013 As Good or Better than 2012

Overall, 40% of AGCO dealers expect increased revenues for new equipment sales in 2013, another 30% are forecasting flat revenues, and 30% see sales falling in the year ahead. On used machinery revenues, 57.2% are forecasting improved sales, 33.3% anticipate flat or little or no change in sales levels for 2013.

### Avg. #Employees/Location

1-20	66.7%
21-40	20.8%
41-60	0.0%
61+	12.5%

### Avg. # Stores/Dealer

1-2 Stores	79.2%
3-5 Stores	4.2%
6-10 Stores	12.5%
11-25 Stores	4.2%
26+ Stores	0.00%

### Expecting New Equipment Price Increase in 2013

No	4.2%
1-3%	54.2%
4-6%	37.4%
7-9%	4.2%
10%+	0.0%

### AGCO Dealers' Projected Unit Sales of Tractors & Combines — 2013

Tractor Type (Size)	Sales +8%	Sales +2-7%	Little or No Change	Sales -2-7%	Sales -8%	Forecasting Growth	Forecasting Loss
2WD (<40 hp)	14.3%	9.5%	61.9%	9.5%	4.8%	23.8%	14.3%
2WD (40-100 hp)	4.8%	19.0%	61.9%	14.3%	0.0%	23.8%	14.3%
2WD (>100 hp)	15.0%	10.0%	60.0%	15.0%	0.0%	25.0%	15.0%
4WD (All)	19.0%	33.3%	42.9%	4.8%	0.0%	52.3%	4.8%
Combines	5.3%	10.5%	84.2%	0.0%	0.0%	15.8%	0.0%

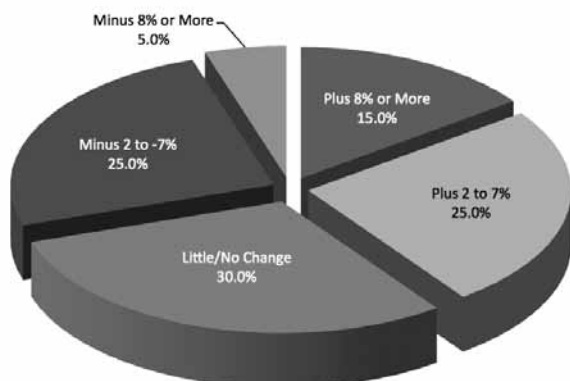
### AGCO Dealers' Projected Unit Sales for All Other Equipment — 2013

Equipment Category	Sales +8%	Sales +2-7%	Little or No Change	Sales -2-7%	Sales -8%
Rectangular Balers	4.8%	33.3%	52.4%	4.8%	4.8%
Round Balers	4.8%	9.5%	52.4%	23.8%	9.5%
Forage Harvesters	0.0%	0.0%	84.2%	10.5%	5.3%
Planters (All)	9.5%	33.3%	47.6%	9.5%	0.0%
Mower/Conditioners	0.0%	27.3%	59.1%	9.1%	4.5%
Windrowers/Swathers	4.3%	30.4%	47.8%	13.0%	4.3%
Field Cultivators	4.8%	9.5%	71.4%	0.0%	14.3%
Farm Loaders	4.8%	9.5%	85.7%	0.0%	4.8%
Chisel Plows	5.0%	20.0%	60.0%	10.0%	5.0%
Disc Harrows	5.0%	35.0%	45.0%	10.0%	5.0%
Air Seeders/Drills	5.6%	22.2%	66.7%	0.0%	5.6%
Self-Propelled Sprayers	5.9%	17.6%	76.5%	0.0%	0.0%
Pull-Type Sprayers	5.0%	10.0%	75.0%	10.0%	0.0%
Lawn/Garden Equip.	4.3%	26.1%	60.9%	8.7%	0.0%
GPS	23.8%	38.1%	38.1%	0.0%	0.0%

### Where AGCO Dealers Will Invest in 2013

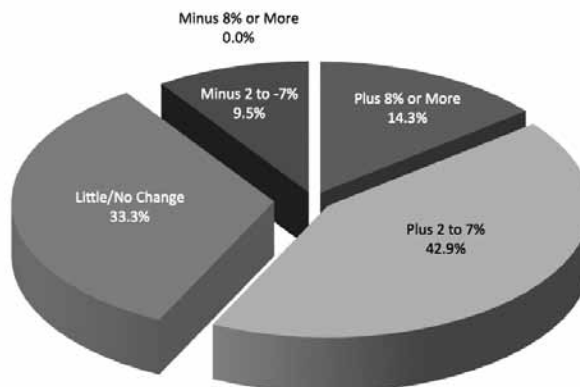
Modernize Shop & Service	Modernize Retail	Bus. Info. Systems	Mobile Service Vehicles
60.9%	27.3%	45.5%	54.5%

### AGCO Dealers' Projected Sales Revenues 2013 — New Equipment



Overall, 40% of AGCO dealers see 2013 new equipment unit sales increasing over the levels they experienced in 2012.

### AGCO Dealers' Projected Sales Revenues 2013 — Used Equipment



When compared with 2012, used equipment sales are forecast to improve in 2013 by 2% or more by 57.2% of AGCO equipment dealers.

### Early Orders 2013 vs. 2012

Down 6-10%	13.0%
Down 1-5%	17.4%
Same as Last Year	30.4%
Up 1-5%	26.2%
Up 6-10%	13.0%

### Cancelled Orders 2013 vs. 2012

Down 6-10%	4.3%
Down 1-5%	4.3%
Same as Last Year	73.9%
Up 1-5%	8.7%
Up 6-10%	8.7%

### Used Equipment Inventory

Way Too High	6.7%
Too High	43.3%
As Expected	46.7%
Need More	3.3%

### AGCO Dealers' Major Revenue Sources — 2012

Revenue by Market Segment:

- Production Farmers: 69.8%
- Hobby Farmers: 12.0%
- Turf & Lawn: 6.7%
- Municipalities/Parks: 4.3%
- Const. Contractors: 5.4%
- Other: 1.8%

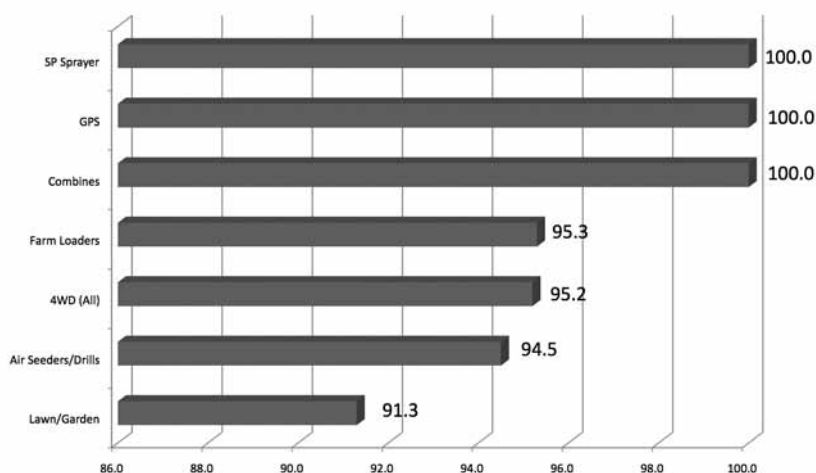
### AGCO Dealers' Projections for Improved Revenue from New & Used Equipment Sales in 2013

	New Equipment	Used Equipment
+8%	15.0%	14.3%
+2-7%	25.0%	42.9%
Little or No Change	30.0%	33.3%
-2-7%	25.0%	9.5%
-8%	5.0%	0.0%

### AGCO Dealer Spending Plans for 2013

No Increase	39.1%
0 to +5%	39.1%
+6 to 10%	8.8%
+11% or more	13.0%

### Best Bet Products for Improving Unit Sales in 2013 AGCO Dealers



AGCO dealers see strong potential for increasing unit sales of self-propelled sprayers, GPS and precision farming products and combines in 2013.

### AGCO Dealers' Hiring Plans for 2013 vs. 2012

	2013			2012		
	Add Staff	No Change	Reduce/ Relocate Staff	Add Staff	No Change	Reduce/ Relocate Staff
Parts Department	43.5%	56.5%	0.0%	26.8%	73.2%	0.0%
Service Techs	73.9%	26.1%	0.0%	54.8%	45.2%	0.0%
Wholegood Sales	31.8%	68.2%	0.0%	36.6%	63.4%	0.0%
Administration	4.3%	95.7%	0.0%	9.5%	90.5%	0.0%
Precision Farming Specialist	36.8%	63.2%	0.0%	19.5%	80.5%	0.0%

### AGCO Dealers' Issues and Concerns — 2013 (2012) Rank

Issue	Most Concerned	Concerned	Not Concerned
1. Farm Input Costs (4)	54.5%	45.5%	0.0%
2. Energy/Fuel Costs (1)	43.5%	52.2%	4.3%
3. Increasing Cost of New Equip. (2)	39.1%	56.5%	4.3%
4. Farm Commodity Prices (3)	43.5%	47.8%	8.7%
5. New Equipment Availability (5)	39.1%	47.8%	13.0%
6. Product Reliability (8)	26.1%	60.9%	13.0%
7. Health Care Affordability (10)	56.5%	26.1%	17.4%
8. Shrinking Farm Customer Base (9)	30.4%	52.2%	17.4%
9. Industry Consolidation (11)	26.1%	52.2%	21.7%
10. Steel Prices/Supplies (6)	13.0%	65.2%	21.7%
11. Technician Availability (7)	52.2%	21.7%	26.1%
12. Dealer Purity Efforts (13)	17.4%	56.5%	26.1%
13. Mfr. Succession Policies (14)	17.4%	56.5%	26.1%
14. Finance – Floor Planning (12)	8.7%	65.2%	26.1%
15. Used Equipment Inventory (NA)	13.6%	54.5%	31.8%
16. New Farm Bill (NA)	8.7%	56.5%	34.8%
17. Finance – Retail (14)	0.0%	43.5%	56.5%
18. Used Equipment Availability (16)	0.0%	34.8%	65.2%

## Case IH Dealers Have Lower Expectations for 2013



Generally, Case IH dealers are looking at a much softer market in 2013 than they did in 2012. Only 24% expect higher revenues from new equipment sales, while nearly 39% see sales revenues declining in the year ahead. They view used equipment-sales much more positively, with 41.4% expecting increased revenues.

### Avg. #Employees/Location

1-20	38.6%
21-40	32.3%
41-60	6.5%
61+	22.6%

### Avg. # Stores/Dealer

1-2 Stores	40.0%
3-5 Stores	23.3%
6-10 Stores	26.7%
11-25 Stores	6.7%
26+ Stores	3.3%

### Expecting New Equipment Price Increase in 2013

No	13.3%
1-3%	63.3%
4-6%	16.7%
7-9%	6.7%
10%+	0.0%

### Case IH Dealers' Projected Unit Sales of Tractors and Combines — 2013

Tractor Type (Size)	Sales +8%	Sales +2-7%	Little or No Change	Sales -2-7%	Sales -8%	Forecasting Growth	Forecasting Loss
2WD (<40 hp)	0.0%	21.4%	71.5%	0.0%	7.1%	21.4%	7.1%
2WD (40-100 hp)	3.6%	14.3%	82.1%	0.0%	0.0%	17.9%	0.0%
2WD (>100 hp)	0.0%	39.3%	46.4%	14.3%	0.0%	39.3%	14.3%
4WD (All)	11.5%	42.3%	34.6%	11.5%	0.0%	53.8%	11.5%
Combines	0.0%	24.0%	52.0%	20.0%	4.0%	24.0%	24.0%

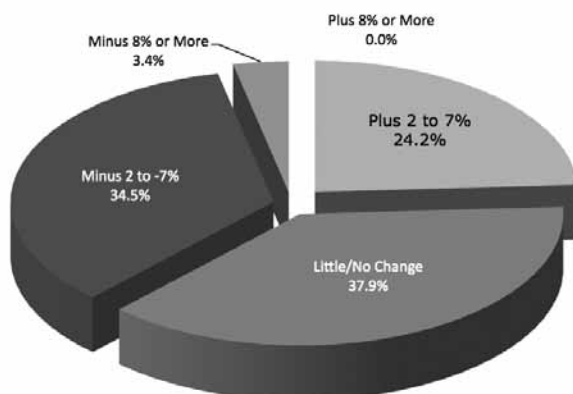
### Case IH Dealers' Unit Sales Projections for Other Equipment in 2013

Equipment Category	Sales +8%	Sales +2-7%	Little or No Change	Sales -2-7%	Sales -8%
Rectangular Balers	0.0%	13.0%	74.0%	13.0%	0.0%
Round Balers	0.0%	16.7%	66.7%	16.7%	0.0%
Forage Harvesters	0.0%	14.3%	66.7%	9.5%	9.5%
Planters (All)	3.8%	38.5%	50.0%	3.8%	3.8%
Mower/Conditioners	0.0%	16.7%	66.7%	16.7%	0.0%
Windrower/Swathers	0.0%	21.7%	65.2%	13.0%	0.0%
Field Cultivators	3.7%	29.6%	51.9%	11.1%	3.7%
Farm Loaders	0.0%	24.0%	72.0%	4.0%	0.0%
Chisel Plows	4.0%	20.0%	68.0%	8.0%	0.0%
Disc Harrows	0.0%	36.0%	52.0%	12.0%	0.0%
Air Seeders/Drills	4.8%	19.0%	66.7%	9.5%	0.0%
Self-Propelled Sprayers	17.4%	17.4%	60.9%	4.3%	0.0%
Pull-Type Sprayers	0.0%	4.5%	72.8%	18.2%	4.5%
Lawn/Garden Equip.	0.0%	38.5%	50.0%	7.7%	3.8%
GPS	37.0%	26.0%	37.0%	2.1%	0.0%

### Where Case IH Dealers Will Invest in 2013

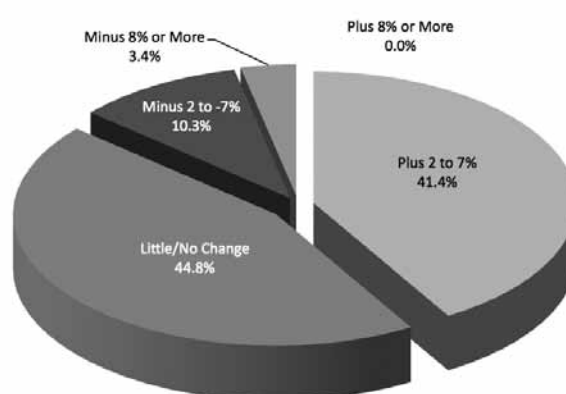
Modernize Shop & Service	Modernize Retail	Bus. Info. Systems	Mobile Service Vehicles
51.9%	51.9%	34.6%	50.0%

### Case IH Dealers' Projections for Sales Revenues 2013 — New Equipment



Barely one-quarter (24.2%) of Case IH dealers expect revenues from new equipment sales to increase in 2013 vs. the previous year.

### Case IH Dealers' Projections for Sales Revenues 2013 — Used Equipment



Slightly more than 40% of dealers who handle Case IH brand equipment see revenues from used equipment sales rising in 2013.

### Early Orders 2013 vs. 2012

Down 6-10%	22.2%
Down 1-5%	29.6%
Same as Last Year	37.0%
Up 1-5%	3.7%
Up 6-10%	7.4%

### Cancelled Orders 2013 vs. 2012

Down 6-10%	3.8%
Down 1-5%	15.4%
Same as Last Year	73.1%
Up 1-5%	0.0%
Up 6-10%	7.7%

### Used Equipment Inventory

Way Too High	6.7%
Too High	43.3%
As Expected	46.7%
Need More	3.3%

### Case IH Dealers' Major Revenue Sources — 2012

Revenue by Market Segment:

- Production Farmers: 75.4%
- Hobby Farmers: 9.9%
- Turf & Lawn: 4.2%
- Municipalities/Parks: 4.8%
- Const. Contractors: 4.2%
- Other: 1.5%

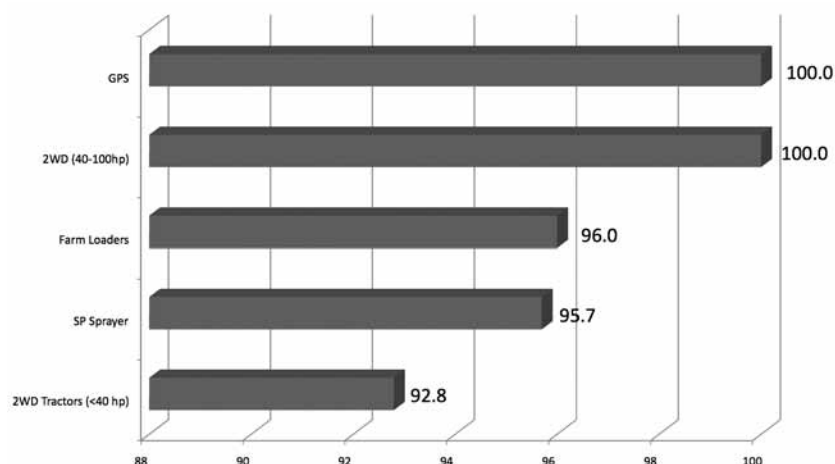
### Case IH Dealers' Projections for Improved Revenue from New & Used Equipment Sales in 2013

	New Equipment	Used Equipment
+8%	0.0%	0.0%
+2-7%	41.4%	41.4%
Little or No Change	44.9%	44.9%
-2-7%	10.3%	10.3%
-8%	3.4%	3.4%

### Case IH Dealer Spending Plans for 2013

No Increase	46.2%
0 to +5%	34.6%
+6% to 10%	11.5%
+10%	7.7%

### Best Bet Products for Improving Unit Sales in 2013 Case IH Dealers



Case IH dealers see their best potential for increasing unit sales in 2013 coming through Precision Farming equipment, 2WD Tractors (40-100 horsepower), Farm Loaders and Sprayers.

### Case IH Dealers' Hiring Plans 2013 vs. 2012

	2013			2012		
	Add Staff	No Change	Reduce/Relocate Staff	Add Staff	No Change	Reduce/Relocate Staff
Parts Department	33.3%	66.7%	0.0%	27.8%	72.2%	0.0%
Service Techs	81.5%	18.5%	0.0%	75.5%	24.5%	0.0%
Wholegood Sales	48.1%	51.9%	0.0%	23.1%	76.9%	0.0%
Administration	11.1%	81.5%	7.4%	13.7%	86.3%	0.0%
Precision Farming Specialist	42.3%	57.7%	0.0%	27.5%	70.6%	2.0%

### Case IH Dealers' Issues and Concerns — 2013 (2012 Rank)

Issue	Most Concerned	Concerned	Not Concerned
1. Technician Availability (5)	63.0%	33.3%	3.7%
2. Farm Input Costs (1)	38.5%	57.7%	3.8%
3. Health Care Affordability (3)	46.2%	46.2%	7.7%
4. Increasing Cost of New Equip. (8)	37.0%	51.9%	11.1%
5. Farm Commodity Prices (7)	34.6%	50.0%	15.4%
6. New Farm Bill (NA)	37.0%	44.4%	18.5%
7. Shrinking Farm Customer Base (9)	14.8%	66.7%	18.5%
8. Energy/Fuel costs (4)	19.2%	57.7%	23.1%
9. Used Equipment Inventory (NA)	22.2%	48.1%	29.6%
10. New Equipment Availability (2)	14.8%	55.6%	29.6%
11. Product Reliability (10)	25.9%	40.7%	33.3%
12. Dealer Purity Efforts (12)	15.4%	46.2%	38.5%
13. Industry Consolidation (11)	15.4%	46.2%	38.5%
14. Steel Prices/Supplies (6)	11.5%	50.0%	38.5%
15. Finance – Floor Planning (14)	25.9%	33.3%	40.7%
16. Mfr. Succession Policies (13)	11.5%	38.5%	50.0%
17. Finance – Retail (15)	11.1%	37.0%	51.9%
18. Used Equipment Availability (16)	7.4%	22.2%	70.4%



# More Than Half of John Deere Dealers See Revenue Uptick in 2013



Over one-half (56.5%) of John Deere dealers are forecasting increased revenues from new equipment sales in 2013 vs. 2012. At the same time, 26% see revenues falling from 2% to more than 8% for the year. A little less than half (46%) expect sales revenues for used machinery to rise in the year ahead, with 33.3% projecting flat sales.

## Avg. #Employees/Location

1-20	28.6%
21-40	39.3%
41-60	14.3%
61+	17.9%

## Avg. # Stores/Dealer

1-2 Stores	25.0%
3-5 Stores	28.6%
6-10 Stores	25.0%
11-25 Stores	14.3%
26+ Stores	7.1%

## Expecting New Equipment Price Increase in 2013

No	0.0%
1-3%	20.0%
4-6%	68.0%
7-9%	12.0%
10%+	0.0%

## John Deere Dealers' Projected Unit Sales of Tractors and Combines — 2013

Tractor Type (Size)	Sales +8%	Sales +2-7%	Little or No Change	Sales -2-7%	Sales -8%	Forecasting Growth	Loss
2WD (<40 hp)	16.7%	25.0%	54.2%	4.2%	0.0%	41.7%	4.2%
2WD (40-100 hp)	4.2%	54.2%	33.3%	8.3%	0.0%	58.4%	8.3%
2WD (>100 hp)	8.7%	34.8%	47.8%	8.7%	0.0%	43.5%	8.7%
4WD (All)	4.8%	19.0%	57.1%	14.3%	4.8%	23.8%	29.1%
Combines	0.0%	10.5%	42.1%	31.6%	15.8%	10.5%	26.3%

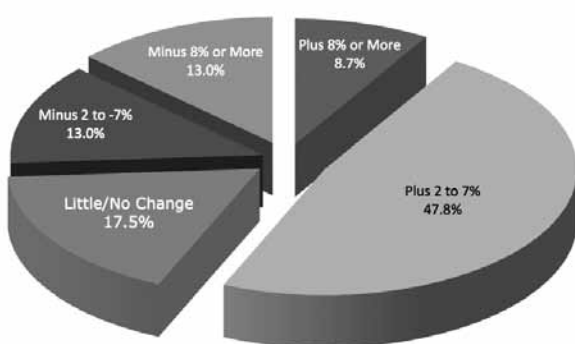
## John Deere Dealers' Unit Sales Projections for All Other Equipment in 2013

Equipment Category	Sales +8%	Sales +2-7%	Little or No Change	Sales -2-7%	Sales -8%
Rectangular Balers	0.0%	10.0%	75.0%	15.0%	0.0%
Round Balers	8.7%	39.1%	39.1%	13.0%	0.0%
Forage Harvesters	6.7%	13.3%	73.3%	6.7%	0.0%
Planters (All)	10.5%	26.3%	52.6%	10.5%	0.0%
Mower Conditioners	4.3%	34.8%	43.5%	13.0%	4.3%
Windrower-Swathers	5.3%	26.3%	52.6%	10.5%	5.3%
Field Cultivators	5.6%	38.9%	50.0%	5.6%	0.0%
Farm Loaders	0.0%	45.8%	41.7%	8.3%	4.2%
Chisel Plows	0.0%	17.6%	58.8%	23.5%	0.0%
Disk Harrows	5.3%	26.3%	57.9%	10.5%	0.0%
Air Seeders/Drills	5.3%	21.1%	57.9%	15.8%	0.0%
Self-Propelled Sprayer	14.3%	33.3%	42.9%	4.8%	4.8%
Pull-type Sprayers	0.0%	16.7%	66.7%	16.7%	0.0%
Lawn/Garden	25.0%	37.5%	33.3%	4.2%	0.0%
GPS	19.0%	52.4%	23.8%	4.8%	0.0%

## Where John Deere Dealers Will Invest in 2013

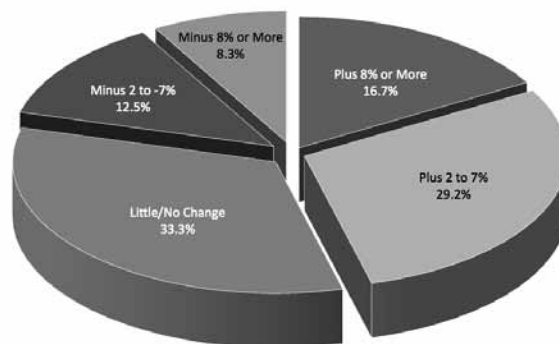
Modernize Shop & Service	Modernize Retail	Bus. Info. Systems	Mobile Service Vehicles
54.2%	41.7%	52.0%	48.0%

## John Deere Dealers' Projections for Sales Revenues 2013 — New Equipment



More than 56% of Deere dealers are projecting an increase in revenues in 2013 compared to the previous year.

## John Deere Dealers' Projections for Sales Revenues 2013 — Used Equipment



Slightly less than 46% of Deere dealers expect revenues from the sale of used machinery to rise above 2012 levels in 2013.

### Early Orders 2013 vs. 2012

Down 6-10%	8.0%
Down 1-5%	32.0%
Same as Last Year	32.0%
Up 1-5%	20.0%
Up 6-10%	8.0%

### Cancelled Orders 2013 vs. 2012

Down 6-10%	0.0%
Down 1-5%	4.5%
Same as Last Year	86.4%
Up 1-5%	9.1%
Up 6-10%	0.0%

### Used Equipment Inventory

Way Too High	8.0%
Too High	32.0%
As Expected	48.0%
Need More	12.0%

### John Deere Dealers' Major Revenue Sources — 2012

Revenue by Market Segment:
• Production Farmers: 66.2%
• Hobby Farmers: 13.9%
• Turf & Lawn: 12.5%
• Municipalities/Parks: 4.4%
• Const. Contractors: 1.7%
• Other: 1.3%

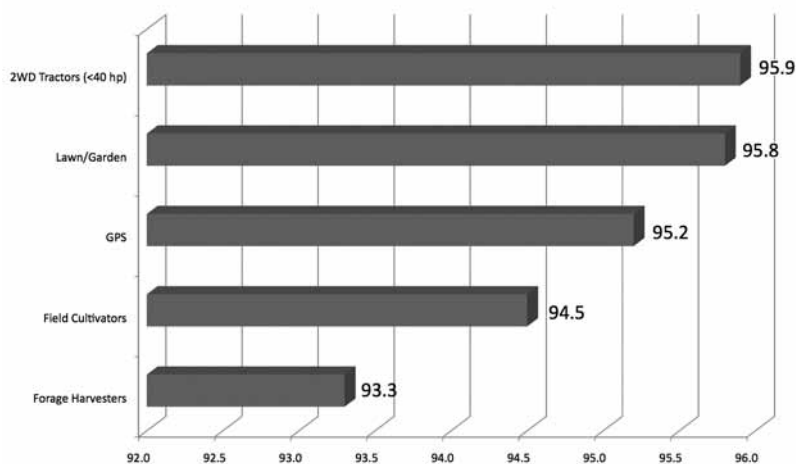
### John Deere Dealers' Projections for Improved Revenue from New & Used Equipment Sales in 2013

	New Equipment	Used Equipment
+8%	8.7%	16.7%
+2-7%	47.8%	29.2%
Little or No Change	17.5%	33.3%
-2-7%	13.0%	12.5%
-8%	13.0%	8.3%

### John Deere Dealer Spending Plans for 2013

No Increase	36.0%
0 to +5%	32.0%
+6% to 10%	20.0%
+10%	12.0%

### Best Bets for Improving Unit Sales in 2013 John Deere Dealers



Atop John Deere dealers' rankings of products that will see the biggest sales revenue improvements in 2012 are 2WD Tractors (<40HP), Lawn & Garden products and GPS equipment.

### John Deere Dealers' Hiring Plans 2013 vs. 2012

	2013			2012		
	Add Staff	No Change	Reduce/Relocate Staff	Add Staff	No Change	Reduce/Relocate Staff
Parts Department	26.1%	73.9%	0.0%	28.6%	69.4%	2.0%
Service Techs	83.3%	16.7%	0.0%	82.7%	17.3%	0.0%
Wholegood Sales	45.8%	54.2%	0.0%	29.4%	68.6%	2.0%
Administration	20.8%	79.2%	0.0%	12.0%	82.0%	6.0%
Precision Farming Specialist	54.5%	45.5%	0.0%	43.1%	56.9%	0.0%

### Deere Dealers' Issues & Concerns — 2013 (2012 Rank)

Issue	Most Concerned	Concerned	Not Concerned
1. New Equipment Availability (2)	29.2%	70.8%	0.0%
2. Increasing Cost New Equip. (3)	44.0%	52.0%	4.0%
3. Farm Input Costs (1)	29.2%	66.6%	4.2%
4. Farm Commodity Prices (9)	28.0%	64.0%	8.0%
5. Energy/Fuel Costs (6)	28.0%	60.0%	12.0%
6. Technician Availability (4)	70.8%	16.7%	12.5%
7. Product Reliability (10)	30.4%	52.2%	17.4%
8. New Farm Bill (NA)	27.3%	54.5%	18.2%
9. Health Care Affordability (7)	56.0%	24.0%	20.0%
10. Steel Prices/Supplies (5)	4.3%	73.9%	21.7%
11. Shrinking Farm Cust. Base (8)	20.0%	56.0%	24.0%
12. Used Equipment Inventory (NA)	41.7%	29.2%	29.2%
13. Industry Consolidation (11)	16.7%	41.7%	41.7%
14. Dealer Purity Efforts (17)	12.5%	45.8%	41.7%
15. Mfr. Succession Policies (15)	12.5%	41.7%	45.8%
16. Finance – Floor Planning (13)	4.2%	45.8%	50.0%
17. Used Equipment Availability (14)	13.0%	34.8%	52.2%
18. Finance – Retail (15)	0.0%	45.8%	54.2%

## Most Kubota Dealers See Improving Revenues in 2013



More than 80% of Kubota dealers expect 2013 revenues from new equipment sales to be as good or better than 2012. Broken out, 6.3% see growth of 8% or more; 37.5% forecast a 2-7% increase; another 37.5% are looking at flat sales in the year ahead. For used machinery, more than half (53.3%) are projecting flat sales.

### Avg. #Employees/Location

1-20	87.4%
21-40	0.00%
41-60	6.3%
61+	6.3%

### Avg. # Stores/Dealer

1-2 Stores	87.4%
3-5 Stores	6.3%
6-10 Stores	6.3%
11-25 Stores	0.0%
26+ Stores	0.0%

### Expecting New Equipment Price Increase in 2013

No	6.3%
1-3%	56.3%
4-6%	18.6%
7-9%	12.5%
10%+	6.3%

### Kubota Dealers' Projected Unit Sales of Tractors and Combines — 2013

Tractor Type (Size)	Sales +8%	Sales +2-7%	Little or No Change	Sales -2-7%	Sales -8%	Forecasting Growth	Loss
2WD (<40 hp)	6.3%	37.5%	56.2%	0.0%	0.0%	43.8%	0.0%
2WD (40-100 hp)	6.3%	37.5%	56.2%	0.0%	0.0%	43.8%	0.0%
2WD (>100 hp)	0.0%	14.3%	78.6%	7.1%	0.0%	14.3%	7.1%
4WD (All)	18.2%	54.5%	18.2%	0.0%	9.1%	72.7%	9.1%
Combines	0.0%	20.0%	40.0%	0.0%	40.0%	20.0%	40.0%

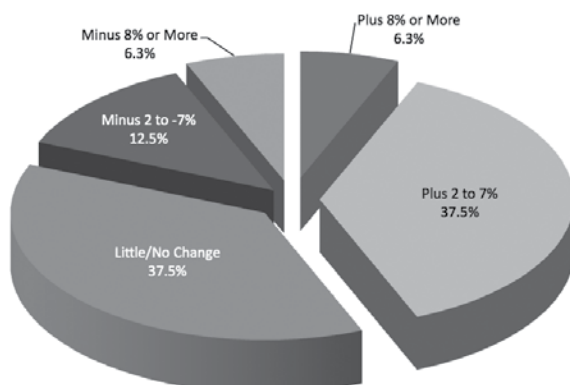
### Kubota Dealers' Unit Sales Projections for All Other Equipment in 2013

Equipment Category	Sales +8%	Sales +2-7%	Little or No Change	Sales -2-7%	Sales -8%
Rectangular Balers	0.0%	16.7%	66.6%	0.0%	16.7%
Round Balers	0.0%	14.3%	71.4%	0.0%	14.3%
Forage Harvesters	0.0%	0.0%	80.0%	0.0%	20.0%
Planters (All)	0.0%	28.6%	57.1%	0.0%	14.3%
Mower Conditioners	0.0%	25.0%	62.5%	0.0%	12.5%
Windrower-Swathers	0.0%	0.0%	83.3%	0.0%	16.7%
Field Cultivators	0.0%	30.0%	60.0%	0.0%	10.0%
Farm Loaders	15.4%	46.2%	38.5%	0.0%	0.0%
Chisel Plows	0.0%	14.3%	71.4%	0.0%	14.3%
Disk Harrows	0.0%	30.0%	60.0%	0.0%	10.0%
Air Seeders/Drills	0.0%	11.1%	77.8%	0.0%	11.1%
SP Sprayer	0.0%	0.0%	80.0%	0.0%	20.0%
Pull-type Sprayers	0.0%	20.0%	60.0%	0.0%	20.0%
Lawn/Garden	13.3%	60.0%	26.7%	0.0%	0.0%
GPS	16.7%	0.0%	83.3%	0.0%	0.0%

### Where Kubota Dealers Will Invest in 2013

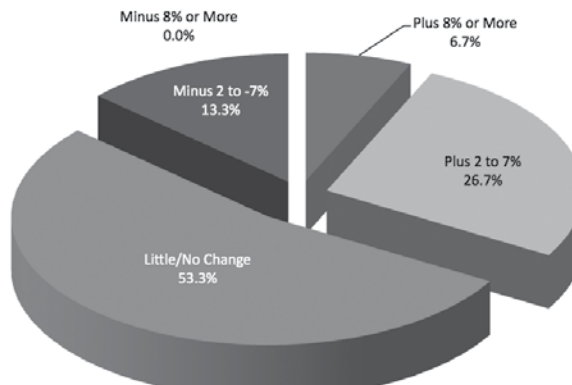
Modernize Shop & Service	Modernize Retail	Bus. Info. Systems	Mobile Service Vehicles
50.0%	35.7%	33.3%	26.7%

### Kubota Dealers' Projections for Sales Revenue in 2013 — New Equipment



Nearly 44% of Kubota equipment dealers expect revenues from the sale of new equipment to increase in 2013 compared to 2012.

### Kubota Dealers' Projections for Sales Revenue in 2013 — Used Equipment



Slightly over one-third (33.4%) of Kubota dealers expected higher revenues from used machinery sales in 2013 vs. the previous year.

### Early Orders 2013 vs. 2012

Down 6-10%	6.7%
Down 1-5%	6.7%
Same as Last Year	46.7%
Up 1-5%	26.7%
Up 6-10%	13.2%

### Cancelled Orders 2013 vs. 2012

Down 6-10%	0.0%
Down 1-5%	6.7%
Same as Last Year	86.6%
Up 1-5%	6.7%
Up 6-10%	0.0%

### Used Equipment Inventory

Way Too High	7.1%
Too High	7.1%
As Expected	42.9%
Need More	42.9%

### Kubota Dealers' Major Revenue — 2012

Revenue by Market Segment:

- Production Farmers: 33.5%
- Hobby Farmers: 35.4%
- Turf & Lawn: 11.6%
- Municipalities/Parks: 9.4%
- Const. Contractors: 8.4%
- Other: 1.4%

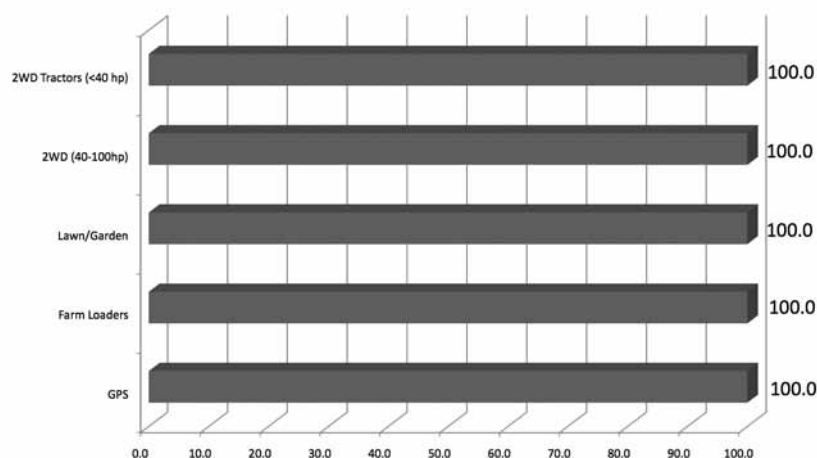
### Kubota Dealers' Projections for Improved Revenue from New & Used Equipment Sales in 2013

	New Equipment	Used Equipment
+8%	6.3%	6.7%
+2-7%	37.5%	26.7%
Little or No Change	37.5%	53.3%
-2-7%	12.4%	13.3%
-8%	6.3%	0.0%

### Kubota Dealer Spending Plans for 2013

No Increase	37.5%
0 to +5%	62.5%
+6% to 10%	0.0%
+10%	0.0%

### Best Bets for Improving Unit Sales in 2013 Kubota Dealers



Kubota dealers see strong potential for several products for improving unit sales in 2013. These include: 2WD Tractors (<40HP), 2WD Tractors (40-100HP), Lawn & Garden and Farm Loaders.

### Kubota Dealers' Hiring Plans 2013 vs. 2012

	2013			2012		
	Add Staff	No Change	Reduce/Relocate Staff	Add Staff	No Change	Reduce/Relocate Staff
Parts Department	18.8%	81.2%	0.0%	9.1%	90.9%	0.0%
Service Techs	31.3%	68.7%	0.0%	31.8%	68.2%	0.0%
Wholegood Sales	18.8%	81.2%	0.0%	27.3%	72.7%	0.0%
Administration	0.0%	93.7%	6.3%	9.5%	85.7%	4.8%
Precision Farming Specialist	6.3%	93.7%	0.0%	0.0%	90.9%	9.1%

### Kubota Dealers' Issues and Concerns — 2013 (2012 Rank)

Issue	Most Concerned	Concerned	Not Concerned
1. Energy/Fuel Costs (3)	43.8%	56.3%	0.0%
2. Increasing Cost of New Equip. (1)	37.5%	56.3%	6.3%
3. Technician Availability (12)	25.0%	68.8%	6.3%
4. Health Care Affordability (4)	68.8%	18.8%	12.5%
5. Farm Input Costs (5)	21.4%	64.3%	14.3%
6. Steel Prices/Supplies (2)	25.0%	56.3%	18.8%
7. New Equipment Availability (8)	6.3%	75.0%	18.8%
8. Used Equipment Inventory (NA)	25.0%	50.0%	25.0%
9. Shrinking Customer Base (10)	25.0%	50.0%	25.0%
10. Farm Commodity Prices (9)	18.8%	56.3%	25.0%
11. Used Equipment Availability (18)	25.0%	31.3%	43.8%
12. New Farm Bill (NA)	12.5%	43.8%	43.8%
13. Product Reliability (13)	12.5%	37.5%	50.0%
14. Industry Consolidation (14)	6.7%	40.0%	53.3%
15. Dealer Purity Efforts (7)	18.8%	25.0%	56.3%
16. Finance – Floor Planning (15)	12.5%	25.0%	62.5%
17. Mfr. Succession Policies (11)	6.7%	26.7%	66.7%
18. Finance – Retail (17)	6.3%	18.8%	75.0%



## NEW HOLLAND

More than 48% of dealers handling New Holland farm equipment anticipate higher new equipment sales revenues in 2013 (20.7% see an 8% or more increase; 27.6% see growth in the range of 2-7%). Slightly more than 24% are forecasting a dropoff in revenues for the year. More than half see flat used sales.

### Avg. #Employees/Location

1-20	58.1%
21-40	19.4%
41-60	6.5%
61+	16.1%

### Avg. # Stores/Dealer

1-2 Stores	71.0%
3-5 Stores	19.4%
6-10 Stores	9.7%
11-25 Stores	0.0%
26+ Stores	0.0%

### Expecting New Equipment Price Increase in 2013

No	6.9%
1-3%	44.8%
4-6%	48.3%
7-9%	0.0%
10%+	0.0%

## Half of New Holland Dealers See Rising Revenues for Year Ahead

### New Holland Dealers' Projected Unit Sales of Tractors and Combines — 2013

Tractor Type (Size)	Sales +8%	Sales +2-7%	Little or No Change	Sales -2-7%	Sales -8%	Forecasting Growth	Forecasting Loss
2WD (<40 hp)	6.9%	17.2%	51.7%	17.2%	6.9%	24.1%	24.1%
2WD (40-100 hp)	3.4%	27.6%	58.6%	6.9%	3.4%	32.0%	10.3%
2WD (>100 hp)	7.1%	17.9%	60.7%	7.1%	7.1%	25.0%	14.2%
4WD Tractors (All)	18.5%	25.9%	44.4%	7.4%	3.7%	44.4%	11.1%
Combines	0.0%	10.5%	73.7%	10.5%	5.3%	10.5%	15.8%

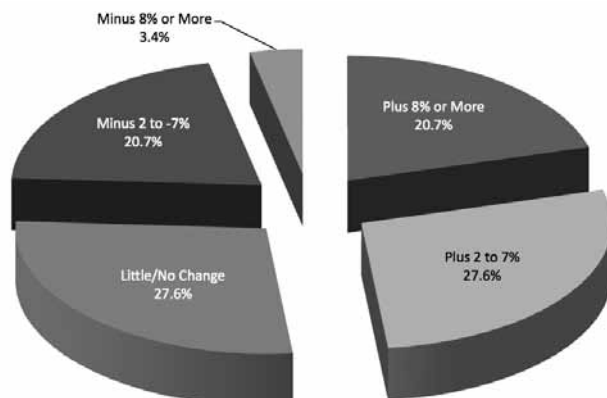
### New Holland Dealers' Unit Sales Projections for All Other Equipment in 2013

Equipment Category	Sales +8%	Sales +2-7%	Little or No Change	Sales -2-7%	Sales -8%
Rectangular Balers	3.4%	31.0%	51.7%	10.3%	3.4%
Round Balers	0.0%	39.3%	50.0%	7.1%	3.6%
Forage Harvesters	0.0%	20.8%	54.2%	20.8%	4.2%
Planters (All)	0.0%	15.0%	75.0%	10.0%	0.0%
Mower Conditioners	0.0%	39.3%	46.4%	14.3%	0.0%
Windrower-Swathers	0.0%	12.0%	80.0%	8.0%	0.0%
Field Cultivators	0.0%	33.3%	57.1%	9.5%	0.0%
Farm Loaders	14.3%	25.0%	53.6%	7.1%	0.0%
Chisel Plows	0.0%	13.6%	63.6%	22.7%	0.0%
Disk Harrows	12.5%	20.8%	50.0%	12.5%	4.2%
Air Seeders/Drills	0.0%	10.0%	80.0%	5.0%	5.0%
Self-Propelled Sprayers	0.0%	9.5%	85.7%	4.8%	0.0%
Pull-type Sprayers	0.0%	15.0%	75.0%	5.0%	5.0%
Lawn/Garden	8.7%	43.5%	43.5%	4.3%	0.0%
GPS	4.3%	39.1%	56.5%	0.0%	0.0%

### Where New Holland Dealers Will Invest in 2013

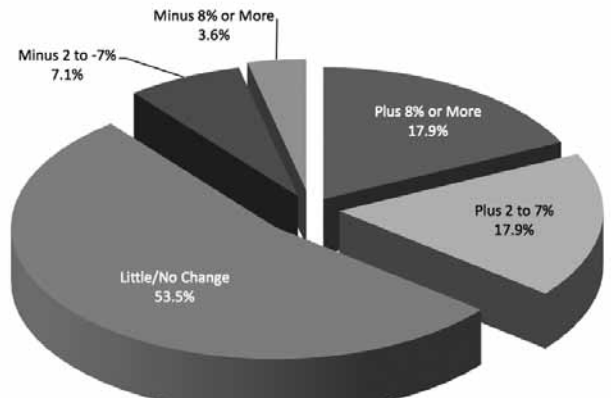
Modernize Shop & Service	Modernize Retail	Bus. Info. Systems	Mobile Service Vehicles
50.0%	26.9%	40.7%	50.0%

### New Holland Dealers' Projections for Sales Revenues in 2013 — New Equipment



Nearly one-half (48.3%) of New Holland dealers are projecting increased revenues through the sale of new machinery in 2013 vs. 2012.

### New Holland Dealers' Projections for Sales Revenues in 2013 — Used Equipment



Just under 36% of New Holland dealers expect used equipment revenues to rise by 2% or more in 2013 compared with the previous year.

### Early Orders 2013 vs. 2012

Down 6-10%	21.4%
Down 1-5%	14.3%
Same as Last Year	42.9%
Up 1-5%	17.9%
Up 6-10%	3.6%

### Cancelled Orders 2013 vs. 2012

Down 6-10%	0.0%
Down 1-5%	0.0%
Same as Last Year	92.9%
Up 1-5%	7.1%
Up 6-10%	0.0%

### Used Equipment Inventory

Way Too High	6.9%
Too High	34.5%
As Expected	48.3%
Need More	10.3%

### New Holland Dealers Major Revenue Sources — 2012

Revenue by Market Segment:

- Production Farmers: 53.5%
- Hobby Farmers: 24.0%
- Turf & Lawn: 6.7%
- Municipalities/Parks: 5.7%
- Const. Contractors: 6.4%
- Other: 3.7%

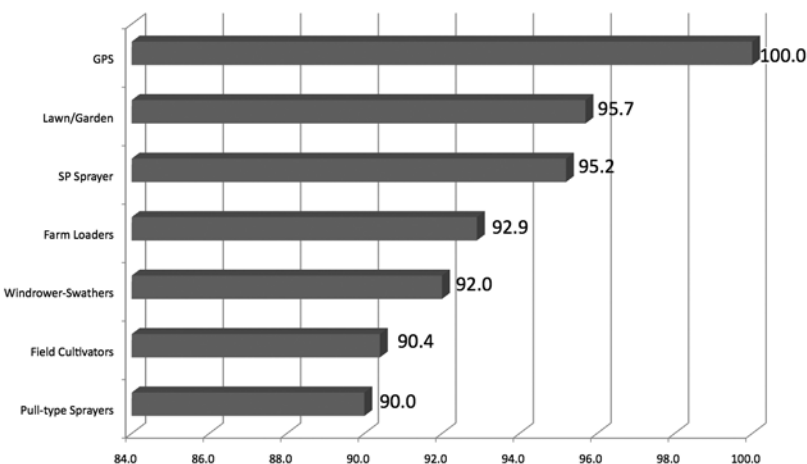
### New Holland Dealers' Projections for Improved Revenue from New & Used Equipment Sales in 2013

	New Equipment	Used Equipment
+8%	20.7%	17.9%
+2-7%	27.6%	17.9%
Little or No Change	27.6%	53.6%
-2-7%	20.7%	7.1%
-8%	3.4%	3.6%

### New Holland Dealer Spending Plans for 2013

No Increase	32.1%
0 to +5%	53.6%
+6% to 10%	14.3%
+10%	0.0%

### Best Bets for Improving Unit Sales in 2013 New Holland Dealers



GPS equipment tops New Holland dealers' list of best bet products for improving unit sales in 2013. They also see Lawn & Garden and Self-Propelled Sprayers as having strong potential.

### New Holland Dealers' Hiring Plans 2013 vs. 2012

	2013			2012		
	Add Staff	No Change	Reduce/Relocate Staff	Add Staff	No Change	Reduce/Relocate Staff
Parts Department	13.8%	82.8%	3.4%	13.6%	75.8%	10.6%
Service Techs	58.6%	41.4%	0.0%	30.3%	62.1%	7.6%
Wholegood Sales	34.5%	62.1%	3.4%	18.2%	77.3%	4.5%
Administration	3.4%	93.1%	3.4%	7.6%	84.8%	7.6%
Precision Farming Specialist	23.1%	76.9%	0.0%	7.3%	90.3%	2.4%

### New Holland Dealers' Concerns — 2013 (2012 Rank)

Issue	Most Concerned	Concerned	Not Concerned
1. Increasing Cost New Equip. (2)	55.2%	44.8%	0.0%
2. Health Care Affordability (7)	79.3%	17.2%	3.4%
3. Energy/Fuel Costs (12)	58.6%	37.9%	3.4%
4. Farm Input Costs (3)	44.8%	51.7%	3.4%
5. New Equipment Availability (1)	50.0%	42.9%	7.1%
6. Technician Availability (9)	51.7%	37.9%	10.3%
7. Farm Commodity Prices (4)	41.4%	48.3%	10.3%
8. Product Reliability (10)	20.7%	65.5%	13.8%
9. Steel Prices/Supplies (5)	17.2%	69.0%	13.8%
10. Industry Consolidation (14)	30.8%	53.8%	15.4%
11. Shrinking Customer Base (6)	41.4%	34.5%	24.1%
12. Finance – Floor Planning (7)	31.0%	44.8%	24.1%
13. Used Equipment Inventory (NA)	20.7%	55.2%	24.1%
14. New Farm Bill (NA)	35.7%	39.3%	25.0%
15. Dealer Purity Efforts (13)	21.4%	46.4%	32.1%
16. Finance – Retail (15)	10.3%	55.2%	34.5%
17. Used Equipment Availability (17)	13.8%	44.8%	41.4%
18. Mfr. Succession Policies (11)	10.3%	44.8%	44.8%



## Independents Most Optimistic of All Ag Equipment Dealers

Farm machinery dealers who don't handle any of the major brands are the most confident going into 2013, with 82.1% expecting new equipment sales to match or surpass 2012 levels (21.4% forecast growth of 8% or more; 28.6% see increase of 2-7%; 32.1% project flat sales). When it comes to used equipment revenue, none of these dealers (0.0%) see any dropoff during the year ahead.

### Independent Dealers' Projected Unit Sales of Tractors and Combines — 2013

Tractor Type (Size)	Sales +8%	Sales +2-7%	Little or No Change	Sales -2-7%	Sales -8%	Forecasting Growth	Loss
2WD (<40 hp)	0.0%	20.0%	60.0%	13.3%	6.7%	20.0%	20.0%
2WD (40-100HP)	6.7%	20.0%	59.9%	6.7%	6.7%	26.7%	13.4%
2WD (>100HP)	7.7%	7.7%	76.9%	0.0%	7.7%	15.4%	7.7%
4WD (All)	10.5%	52.6%	26.4%	10.5%	0.0%	63.1%	10.5%
Combines	11.1%	22.2%	55.6%	11.1%	0.0%	33.3%	11.1%

### Avg. #Employees/Location

1-20	89.3%
21-40	10.7%
41-60	0.0%
61+	0.0%

### Avg. # Stores/Dealer

1-2 Stores	96.4%
3-5 Stores	3.6%
6-10 Stores	0.0%
11-25 Stores	0.0%
26+ Stores	0.0%

### Expecting New Equipment Price Increase in 2013

No	3.7%
1-3%	51.9%
4-6%	33.3%
7-9%	3.7%
10%+	7.4%

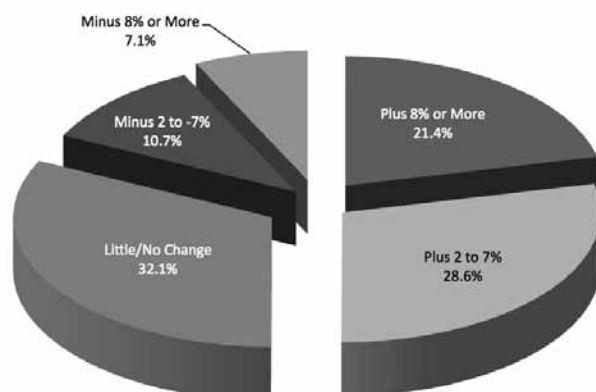
### Independent Dealers' Unit Sales Projections for All Other Equipment in 2013

Equipment Category	Sales +8%	Sales +2-7%	Little or No Change	Sales -2-7%	Sales -8%
Rectangular Balers	0.0%	10.0%	60.0%	30.0%	0.0%
Round Balers	7.7%	7.7%	53.8%	23.1%	7.7%
Forage Harvesters	0.0%	0.0%	88.9%	11.1%	0.0%
Planters (All)	9.1%	36.4%	45.5%	9.1%	0.0%
Mower Conditioners	0.0%	42.9%	42.9%	14.3%	0.0%
Windrower-Swathers	0.0%	11.1%	55.6%	33.3%	0.0%
Field Cultivators	11.1%	22.2%	66.7%	0.0%	0.0%
Farm Loaders	11.8%	35.3%	41.2%	11.8%	0.0%
Chisel Plows	10.0%	10.0%	80.0%	0.0%	0.0%
Disc Harrows	7.7%	46.2%	46.2%	0.0%	0.0%
Air Seeders/Drills	9.1%	36.4%	36.4%	18.2%	0.0%
Self-Propelled Sprayers	0.0%	20.0%	70.0%	10.0%	0.0%
Pull-type Sprayers	0.0%	16.7%	66.7%	8.3%	8.3%
Lawn/Garden	13.3%	26.7%	33.3%	26.7%	0.0%
GPS	10.0%	10.0%	60.0%	20.0%	0.0%

### Where Independent Dealers Will Invest in 2013

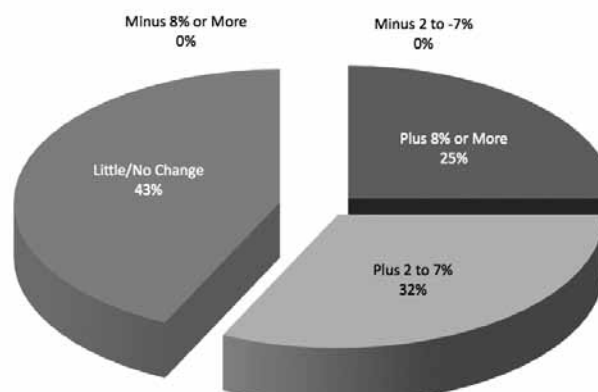
Modernize Shop & Service	Modernize Retail	Bus. Info. Systems	Mobile Service Vehicles
70.8%	34.8%	58.3%	26.1%

### Independent Dealers' Projections for Sales Revenues in 2013 — New Equipment



One-half (50%) of independent farm equipment dealers see revenues from the sale of new machinery improving by 2% or more in 2013.

### Independent Dealers' Projections for Sales Revenues in 2013 — Used Equipment



All dealers who do not carry a major brand of equipment expect used equipment revenues to be as good or better in 2013 vs. 2012.

### Early Orders 2013 vs. 2012

Down 6-10%	8.0%
Down 1-5%	20.0%
Same as Last Year	48.0%
Up 1-5%	16.0%
Up 6-10%	8.0%

### Cancelled Orders 2013 vs. 2012

Down 6-10%	0.0%
Down 1-5%	4.2%
Same as Last Year	79.2%
Up 1-5%	12.4%
Up 6-10%	4.2%

### Used Equipment Inventory

Way Too High	0.0%
Too High	11.5%
As Expected	42.3%
Need More	46.2%

### Independent Dealers Major Revenue Sources — 2012

Revenue by Market Segment:

- Production Farmers: 45.8%
- Hobby Farmers: 29.4%
- Turf & Lawn: 8.8%
- Municipalities/Parks: 6.0%
- Const. Contractors: 7.2%
- Other: 2.8%

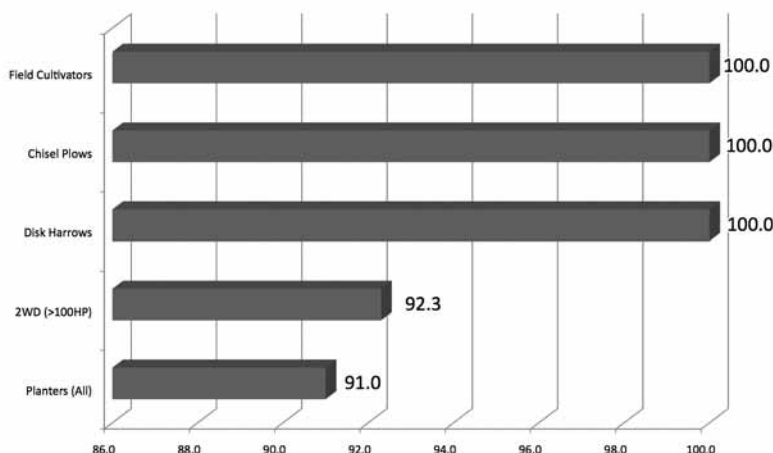
### Independent Dealers' Projections for Improved Revenue from New & Used Equipment Sales in 2013

	New Equipment	Used Equipment
+8%	21.4%	25.0%
+2-7%	28.6%	32.1%
Little or No Change	32.2%	42.9%
-2-7%	10.7%	0.0%
-8%	7.1%	0.0%

### Independent Dealer Spending Plans for 2013

No Increase	40.0%
0 to +5%	48.0%
+6 to 10%	8.0%
+10	4.0%

### Best Bets for Improving Unit Sales in 2013 Independent Dealers



Independent dealers are expecting Field Cultivators, Chisel Plows and Disc Harrows to hold the most potential for increasing unit sales in 2013 compared with 2012.

### Independent Dealers' Hiring Plans 2013 vs. 2012

	2013			2012		
	Add Staff	No Change	Reduce/Relocate Staff	Add Staff	No Change	Reduce/Relocate Staff
Parts Department	8.7%	91.3%	0.0%	9.3%	88.4%	2.3%
Service Techs	43.5%	52.2%	4.3%	28.6%	69.0%	2.4%
Wholesale Sales	30.4%	69.6%	0.0%	19.5%	78.1%	2.4%
Administration	27.3%	72.7%	0.0%	0.4%	97.2%	2.4%
Precision Farming Specialist	0.0%	95.0%	5.0%	0.0%	97.2%	2.8%

### Independent Dealers' Concerns — 2013 (2012 Rank)

Issue	Most Concerned	Concerned	Not Concerned
1. Energy/Fuel costs (4)	68.0%	28.0%	4.0%
2. Increasing Cost of New Equip. (2)	44.0%	44.0%	12.0%
3. Health Care Affordability (7)	40.0%	48.0%	12.0%
4. Farm Commodity Prices (5)	48.0%	36.0%	16.0%
5. Farm Input Costs (3)	44.0%	40.0%	16.0%
6. Shrinking Farm Customer Base (6)	16.0%	68.0%	16.0%
7. Technician Availability (11)	28.0%	52.0%	20.0%
8. Used Equipment Availability (10)	12.5%	66.7%	20.8%
9. New Farm Bill (NA)	36.0%	40.0%	24.0%
10. Steel Prices/Supplies (1)	32.0%	44.0%	24.0%
11. New Equipment Availability (12)	12.0%	64.0%	24.0%
12. Used Equipment Inventory (NA)	17.4%	56.5%	26.1%
13. Product Reliability (8)	28.0%	44.0%	28.0%
14. Finance – Floor Planning (13)	24.0%	48.0%	28.0%
15. Finance – Retail (9)	24.0%	48.0%	28.0%
16. Industry Consolidation (15)	13.0%	56.5%	30.4%
17. Mfr. Succession Policies (14)	16.0%	48.0%	36.0%
18. Dealer Purity Efforts (18)	21.7%	34.8%	43.5%

# PART V — EMPLOYMENT SIZE BREAKDOWN

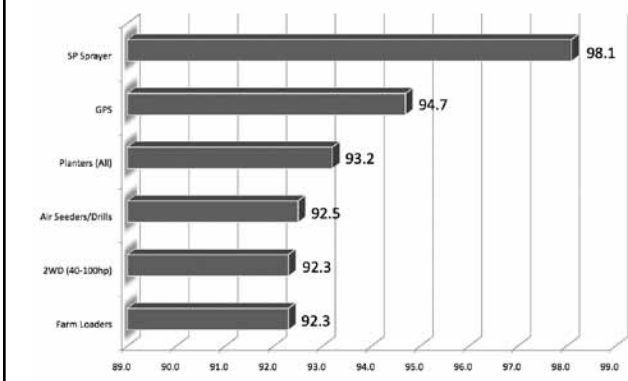
## Revenue Projections for Used Equipment by Employee Size — 2013

Employee Size	Sales +8%	Sales +2-7%	Little or No Change	Sales -2-7%	Sales -8%	Forecasting Growth	Forecasting Decline
North America	13.5%	31.1%	43.9%	8.8%	2.7%	44.5%	11.5%
1-20 Employees	12.2%	28.9%	47.8%	11.1%	0.0%	41.1%	11.1%
21-40 Employees	19.4%	32.3%	41.8%	0.0%	6.5%	51.7%	6.5%
41-60 Employees	11.1%	22.2%	44.5%	11.1%	11.1%	33.3%	22.2%
61+ Employees	11.1%	44.4%	27.8%	11.1%	5.6%	55.5%	16.7%

## Revenue Projections for New Equipment by Employee Size — 2013

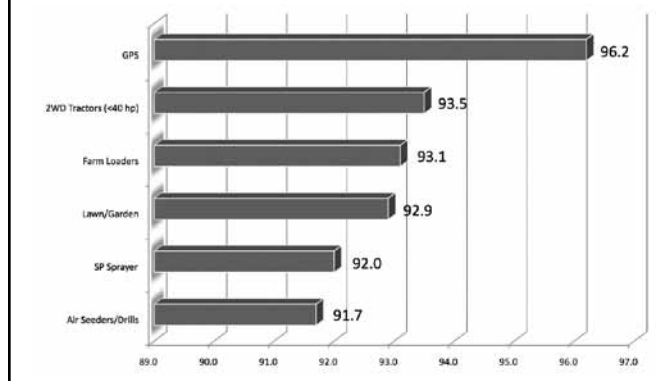
Employee Size	Sales +8%	Sales +2-7%	Little or No Change	Sales -2-7%	Sales -8%	Forecasting Growth	Forecasting Decline
North America	12.2%	30.4%	31%	20.3%	6.1%	42.6%	26.4%
1-20 Employees	13.3%	22.2%	36.7%	22.2%	5.6%	35.5%	27.8%
21-40 Employees	16.1%	29%	35.5%	12.9%	6.5%	45.1%	19.4%
41-60 Employees	0.0%	55.6%	11.1%	22.2%	11.1%	55.6%	33.3%
61+ Employees	5.6%	61.1%	5.5%	22.2%	5.6%	66.7%	27.8%

### Best Bets for Improving Sales in 2013 Dealers with 1-20 Employees



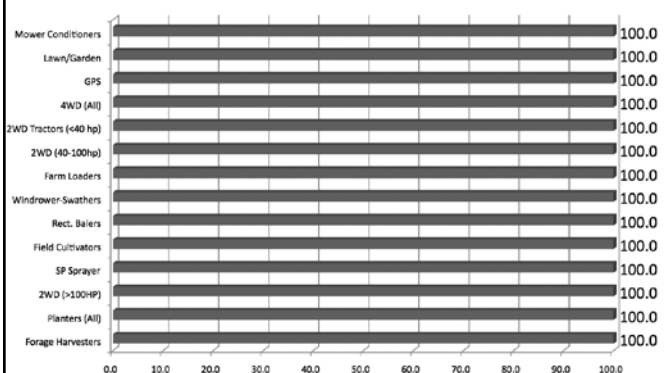
Dealers with 1-20 employees see self-propelled sprayers, precision farming products, planters, air seeders/drills and 2WD tractors (40-100 horsepower) as having the most potential to improve sales in 2013.

### Best Bets for Improving Sales in 2013 Dealers with 21-40 Employees



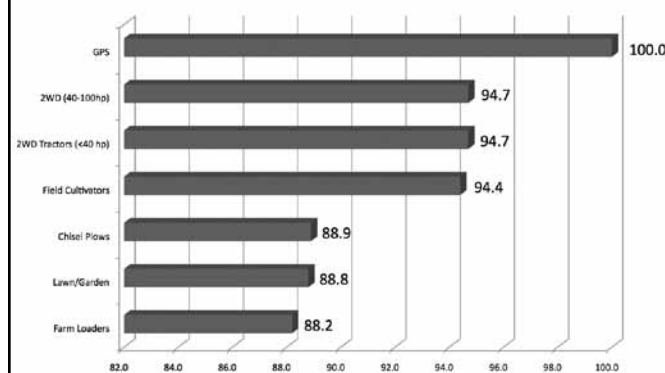
GPS/precision farming products, 2WD tractors (<40 horsepower), farm loaders lawn and garden equipment, self-propelled sprayers and air seeders top the 2013 "Best Bets" list of dealers employing 21-40 people.

### Best Bets for Improving Sales in 2013 Dealers with 41-60 Employees



Dealers who employ 41-60 people see strong potential to grow sales in 2013 in nearly all major product categories.

### Best Bets for Improving Sales in 2013 Dealers with 61+ Employees



The largest dealers, those with 61 or more employees, see the most potential to increase sales in 2013 with GPS equipment, 2WD tractors (40-100HP and <40 HP) and field cultivators.

## Unit Sales Projections for Tractors & Combines by Employee Size — 2013

	Sales +8%	Sales +2-7%	Little or No Change	Sales -2-7%	Sales -8%	Forecasting Growth	Forecasting Decline
<b>Tractors</b>							
<b>2WD (&lt;40 hp)</b>							
North America Average	7.3%	20.4%	59.1%	8.8%	4.4%	27.7%	13.2%
1-20 Employees	3.8%	20.5%	56.5%	14.1%	5.1%	24.3%	19.2%
21-40 Employees	9.7%	16.1%	67.8%	3.2%	3.2%	25.8%	6.4%
41-60 Employees	25.0%	25.0%	50.0%	0.0%	0.0%	50.0%	0.0%
61+ Employees	10.5%	26.3%	57.9%	0.0%	5.3%	36.8%	5.3%
<b>2WD (40-100 hp)</b>							
North America Average	4.4%	27.7%	60.6%	5.8%	1.5%	32.1%	7.3%
1-20 Employees	3.8%	23.1%	65.4%	6.4%	1.3%	26.9%	7.7%
21-40 Employees	3.2%	25.8%	61.3%	6.5%	3.2%	29.0%	9.7%
41-60 Employees	0.0%	75.0%	25.0%	0.0%	0.0%	75.0%	0.0%
61+ Employees	10.5%	31.6%	52.6%	5.3%	0.0%	42.1%	5.3%
<b>2WD (&gt;100 hp)</b>							
North America Average	6.2%	23.3%	58.9%	9.3%	2.3%	29.5%	11.6%
1-20 Employees	4.2%	18.3%	67.6%	8.5%	1.4%	22.5%	9.9%
21-40 Employees	6.7%	23.3%	56.7%	10.0%	3.3%	30.0%	13.3%
41-60 Employees	12.5%	37.5%	50.0%	0.0%	0.0%	50.0%	0.0%
61+ Employees	10.5%	36.8%	31.6%	15.8%	5.3%	47.3%	21.1%
<b>4WD (All)</b>							
North America Average	13.2%	35.7%	38.7%	10.1%	2.3%	48.9%	12.4%
1-20 Employees	8.3%	41.7%	38.9%	8.3%	2.8%	50.0%	11.1%
21-40 Employees	17.2%	24.1%	41.5%	17.2%	0.0%	41.3%	17.2%
41-60 Employees	12.5%	37.5%	50.0%	0.0%	0.0%	50.0%	0.0%
61+ Employees	26.3%	26.3%	31.6%	10.5%	5.3%	52.6%	15.8%
<b>Combines</b>							
North America Average	2.0%	15.2%	61.6%	14.1%	7.1%	17.2%	21.2%
1-20 Employees	2.0%	12.0%	72.0%	6.0%	8.0%	14.0%	14.0%
21-40 Employees	4.0%	8.0%	60.0%	24.0%	4.0%	12.0%	28.0%
41-60 Employees	0.0%	16.7%	50.0%	33.3%	0.0%	16.7%	33.3%
61+ Employees	0.0%	35.3%	35.3%	17.6%	11.8%	35.3%	29.4%

### Projected Sales Revenue Increase/Decrease by Employment Size for 2013 (weighted avg.)

Employee Size	
1-20	+0.62%
21-40	+1.49%
41-60	+0.62%
61+	+1.75%

### Dealer Spending Plans for 2013 by Employee Size

No. Employees	No Increase	0-5%	6-10%	10%
1-20 Employees	43.7%	46.0%	8.0%	2.3%
21-40 Employees	37.5%	31.3%	18.8%	12.5%
41-60 Employees	37.5%	37.5%	12.5%	12.5%
61+ Employees	16.7%	61.1%	11.1%	11.1%

### Employment Size Breakdown — 2013

Employee Size	% of Responses
1-20	59.6%
21-40	21.7%
41-60	5.6%
61+	13.0%

### Where Dealers Will Invest in 2013 by Employee Size

No. Employees	Shop & Service	Retail	Business Info. Systems	Mobile Vehicle Service
1-20 Employees	51.3%	40.8%	43.3%	3.6%
21-40 Employees	71.7%	45.7%	48.9%	40.0%
41-60 Employees	60.0%	33.3%	38.5%	85.7%
61+ Employees	78.1%	58.1%	50.0%	66.7%

**1-20 Employees Unit Sales Projections  
for Other Equipment in 2013**

<b>Equipment Category</b>	<b>Sales +8%</b>	<b>Sales +2-7%</b>	<b>Little or No Change</b>	<b>Sales -2-7%</b>	<b>Sales -8%</b>
Rectangular Balers	1.7%	19.0%	67.3%	8.6%	3.4%
Round Balers	1.5%	16.9%	63.1%	12.3%	6.2%
Forage Harvesters	0.0%	4.0%	82.0%	10.0%	4.0%
Planters (All)	1.7%	25.4%	66.1%	5.1%	1.7%
Mowers/Conditioners	0.0%	26.5%	58.8%	11.8%	2.9%
Windrower/Swathers	0.0%	16.9%	69.5%	10.2%	3.4%
Field Cultivators	1.7%	25.4%	64.4%	3.4%	5.1%
Farm Loaders	6.4%	26.9%	59.0%	6.4%	1.3%
Chisel Plows	1.8%	12.3%	70.1%	14.0%	1.8%
Disc Harrows	1.6%	33.9%	54.8%	6.5%	3.2%
Air Seeders/Drills	1.9%	15.1%	75.4%	1.9%	5.7%
Self-Propelled Sprayers	3.9%	11.8%	82.3%	0.0%	2.0%
Pull-Type Sprayers	0.0%	13.3%	75.0%	5.0%	6.7%
Lawn/Garden Equip.	7.8%	37.7%	45.4%	9.1%	0.0%
GPS-Auto Steer	10.3%	24.1%	60.4%	5.2%	0.0%

**21-40 Employees Unit Sales Projections  
for Other Equipment in 2013**

<b>Equipment Category</b>	<b>Sales +8%</b>	<b>Sales +2-7%</b>	<b>Little or No Change</b>	<b>Sales -2-7%</b>	<b>Sales -8%</b>
Rectangular Balers	3.6%	10.7%	63.4%	21.4%	0.0%
Round Balers	3.3%	30.0%	43.4%	20.0%	3.3%
Forage Harvesters	0.0%	13.0%	65.3%	17.4%	4.3%
Planters (All)	8.3%	33.3%	45.9%	12.5%	0.0%
Mower Conditioners	0.0%	35.5%	48.4%	12.9%	3.2%
Windrowers/Swathers	4.2%	12.5%	66.6%	16.7%	0.0%
Field Cultivators	4.2%	16.7%	58.2%	16.7%	4.2%
Farm Loaders	13.8%	24.1%	55.2%	6.9%	0.0%
Chisel Plows	4.5%	18.2%	63.7%	9.1%	4.5%
Disc Harrows	14.8%	22.2%	51.9%	7.4%	3.7%
Air Seeders/Drills	4.2%	12.5%	75.0%	8.3%	0.0%
Self-Propelled Sprayers	8.0%	20.0%	64.0%	8.0%	0.0%
Pull-Type Sprayers	4.8%	0.0%	80.9%	14.3%	0.0%
Lawn/Garden Equip.	14.3%	25.0%	53.6%	7.1%	0.0%
GPS-Auto Steer	18.5%	40.7%	37.1%	3.7%	0.0%

**41-60 Employees Unit Sales Projections  
for Other Equipment in 2013**

<b>Equipment Category</b>	<b>Sales +8%</b>	<b>Sales +2-7%</b>	<b>Little or No Change</b>	<b>Sales -2-7%</b>	<b>Sales -8%</b>
Rectangular Balers	0.0%	42.9%	57.1%	0.0%	0.0%
Round Balers	16.7%	33.3%	33.3%	16.7%	0.0%
Forage Harvesters	0.0%	42.9%	57.1%	0.0%	0.0%
Planters (All)	16.7%	33.3%	50.0%	0.0%	0.0%
Mowers/Conditioners	0.0%	33.3%	66.7%	0.0%	0.0%
Windrowers/Swathers	0.0%	57.1%	42.9%	0.0%	0.0%
Field Cultivators	0.0%	71.4%	28.6%	0.0%	0.0%
Farm Loaders	0.0%	57.1%	42.9%	0.0%	0.0%
Chisel Plows	0.0%	33.3%	50.0%	16.7%	0.0%
Disc Harrows	16.7%	50.0%	16.6%	16.7%	0.0%
Air Seeders/Drills	0.0%	33.3%	50.0%	16.7%	0.0%
Self-Propelled Sprayers	16.7%	66.7%	16.6%	0.0%	0.0%
Pull-Type Sprayers	0.0%	14.3%	71.4%	14.3%	0.0%
Lawn/Garden Equip.	16.7%	66.7%	16.6%	0.0%	0.0%
GPS-Auto Steer	42.9%	42.9%	14.2%	0.0%	0.0%

**61+ Employees Unit Sales Projections  
for Other Equipment in 2013**

<b>Equipment Category</b>	<b>Sales +8%</b>	<b>Sales +2-7%</b>	<b>Little or No Change</b>	<b>Sales -2-7%</b>	<b>Sales -8%</b>
Rectangular Balers	0.0%	38.9%	44.4%	11.1%	5.6%
Round Balers	5.9%	35.3%	41.2%	17.6%	0.0%
Forage Harvesters	6.7%	13.3%	46.7%	20.0%	13.3%
Planters (All)	11.8%	41.2%	29.3%	11.8%	5.9%
Mower/Conditioners	6.3%	43.8%	31.1%	18.8%	0.0%
Windrower/Swathers	5.9%	23.5%	47.1%	17.6%	5.9%
Field Cultivators	11.1%	33.3%	50.0%	0.0%	5.6%
Farm Loaders	0.0%	35.3%	52.9%	5.9%	5.9%
Chisel Plows	5.6%	22.2%	61.1%	11.1%	0.0%
Disc Harrows	0.0%	33.3%	50.0%	16.7%	0.0%
Air Seeders/Drills	8.0%	35.3%	29.4%	23.5%	0.0%
Self-Propelled Sprayers	17.6%	17.6%	47.1%	11.8%	5.9%
Pull-Type Sprayers	0.0%	25.0%	43.7%	25.0%	6.3%
Lawn/Garden Equip.	11.1%	44.4%	33.3%	5.6%	5.6%
GPS-Auto Steer	42.1%	47.4%	10.5%	0.0%	0.0%

**Dealers' Hiring Plans 2013 vs. 2012 by Employee Size**

	<b>2013</b>			<b>2012</b>		
	<b>Add Staff</b>	<b>No Change</b>	<b>Reduce/Relocate Staff</b>	<b>Add Staff</b>	<b>No Change</b>	<b>Reduce/Relocate Staff</b>
<b>Parts Department</b>						
1-20 Employees	19.0%	81.0%	0.0%	16.4%	81.1%	2.5%
21-40 Employees	25.0%	75.0%	0.0%	26.7%	73.3%	0.0%
41-60 Employees	37.5%	62.5%	0.0%	31.3%	62.4%	6.3%
61+ Employees	36.8%	57.9%	5.3%	41.9%	58.1%	0.0%
<b>Service Department</b>						
1-20 Employees	52.9%	45.9%	1.2%	50.0%	48.7%	1.3%
21-40 Employees	75.0%	25.0%	0.0%	67.4%	32.6%	0.0%
41-60 Employees	75.0%	25.0%	0.0%	56.3%	43.7%	0.0%
61+ Employees	84.2%	15.8%	0.0%	87.1%	12.9%	0.0%
<b>Sales Department</b>						
1-20 Employees	29.8%	70.2%	0.0%	22.9%	75.2%	1.9%
21-40 Employees	40.6%	59.4%	0.0%	34.8%	63.0%	2.2%
41-60 Employees	50.0%	50.0%	0.0%	31.3%	68.7%	0.0%
61+ Employees	47.4%	47.3%	5.3%	38.7%	61.3%	0.0%
<b>Administration</b>						
1-20 Employees	8.3%	90.5%	1.2%	8.4%	89.7%	1.9%
21-40 Employees	12.5%	87.5%	0.0%	6.7%	91.1%	2.2%
41-60 Employees	37.5%	62.5%	0.0%	6.3%	93.8%	0.0%
61+ Employees	10.5%	73.7%	15.8%	25.8%	67.7%	6.5%
<b>Precision Farming Specialist</b>						
1-20 Employees	17.1%	81.6%	1.3%	9.5%	88.5%	2.0%
21-40 Employees	41.4%	58.6%	0.0%	31.8%	68.2%	0.0%
41-60 Employees	25.0%	75.0%	0.0%	18.8%	81.2%	0.0%
61+ Employees	55.6%	44.4%	0.0%	53.3%	46.7%	0.0%



# PART VI — MARKET SEGMENTS & DEALER REVENUE SOURCES

## U.S. Regional Market Segmentation — 2013

<b>Northeast</b>		Turf/Lawn/Landscape Contractors	14.0%	Construction Contractors	6.9%
Production Farmers	51.5%	Municipalities/Park Depts	9.0%	Other	0.9%
Hobby Farmers	26.2%	Construction Contractors	7.0%	<b>Corn Belt</b>	
Turf/Lawn/Landscape Contractors	6.8%	Other	2.0%	Production Farmers	69.9%
Municipalities/Park Depts	6.0%	<b>Lake States</b>		Hobby Farmers	11.5%
Construction Contractors	6.5%	Production Farmers	68.4%	Turf/Lawn/Landscape Contractors	6.8%
Other	3.0%	Hobby Farmers	14.5%	Municipalities/Park Depts	5.6%
<b>Appalachia</b>		Turf/Lawn/Landscape Contractors	6.5%	Construction Contractors	4.1%
Production Farmers	38.5%	Municipalities/Park Depts	3.1%	Other	2.1%
Hobby Farmers	28.1%	Construction Contractors	5.5%	<b>Mountain</b>	
Turf/Lawn/Landscape Contractors	20.2%	Other	2.0%	Production Farmers	44.6%
Municipalities/Park Depts	6.5%	<b>Southern Plains</b>		Hobby Farmers	36.0%
Construction Contractors	2.8%	Production Farmers	40.3%	Turf/Lawn/Landscape Contractors	7.1%
Other	3.9%	Hobby Farmers	29.8%	Municipalities/Park Depts	5.9%
<b>Southeast</b>		Turf/Lawn/Landscape Contractors	6.4%	Construction Contractors	3.9%
Production Farmers	22.2%	Municipalities/Park Depts	6.8%	Other	2.5%
Hobby Farmers	46.4%	Construction Contractors	9.8%	<b>Pacific</b>	
Turf/Lawn/Landscape Contractors	17.8%	Other	6.9%	Production Farmers	63.4%
Municipalities/Park Depts	5.7%	<b>Northern Plains</b>		Hobby Farmers	17.2%
Construction Contractors	6.4%	Production Farmers	72.0%	Turf/Lawn/Landscape Contractors	6.9%
Other	1.5%	Hobby Farmers	14.6%	Municipalities/Park Depts	7.9%
<b>Delta States</b>		Turf/Lawn/Landscape Contractors	2.0%	Construction Contractors	3.9%
Production Farmers	34.0%	Municipalities/Park Depts	3.1%	Other	0.7%
Hobby Farmers	34.0%				

## Market Segmentation Dealer Revenue Sources

Customer Segment	North America	U.S.	Canada
Production Farmers	58.5%	57.6%	65.2%
Hobby Farmers	20.4%	21.0%	14.9%
Turf/Lawn/Landscape Contractors	8.1%	8.0%	9.6%
Municipalities/Park Depts	5.6%	5.5%	6.5%
Construction Contractors	5.3%	5.5%	3.8%
Other	2.1%	2.4%	0.0%

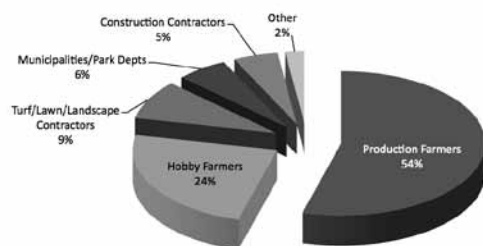
## Employee Size Analysis by Market Segment (Revenue)

<b>1-20 Employees</b>		<b>41-60 Employees</b>	
Production Farmers	54.4%	Production Farmers	59.4%
Hobby Farmers	24.0%	Hobby Farmers	13.8%
Turf/Lawn/Landscape Contractors	8.7%	Turf/Lawn/Landscape Contractors	5.9%
Municipalities/Park Depts	5.8%	Municipalities/Park Depts	4.4%
Construction Contractors	5.0%	Construction Contractors	7.3%
Other	2.1%	Other	9.4%
<b>21-40 Employees</b>		<b>61+ Employees</b>	
Production Farmers	61.2%	Production Farmers	71.9%
Hobby Farmers	18.5%	Hobby Farmers	9.6%
Turf/Lawn/Landscape Contractors	7.0%	Turf/Lawn/Landscape Contractors	8.5%
Municipalities/Park Depts	6.4%	Municipalities/Park Depts	3.7%
Construction Contractors	5.5%	Construction Contractors	5.8%
Other	1.4%	Other	0.5%

## Market Segment Analysis by Canada Regions

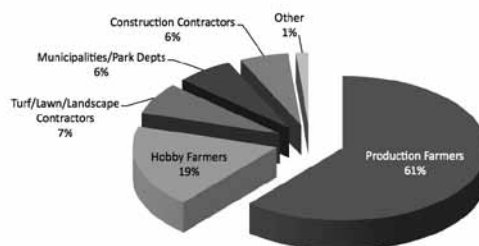
<b>Central Canada</b>	
Production Farmers	41.3%
Hobby Farmers	24.0%
Turf/Lawn/Landscape Contractors	25.2%
Municipalities/Park Depts	6.5%
Construction Contractors	3.0%
Other	0.0%
<b>Eastern Canada</b>	
Production Farmers	80.0%
Hobby Farmers	10.0%
Turf/Lawn/Landscape Contractors	5.0%
Municipalities/Park Depts	5.0%
Construction Contractors	0.0%
Other	0.0%
<b>Western Canada</b>	
Production Farmers	72.5%
Hobby Farmers	12.0%
Turf/Lawn/Landscape Contractors	4.3%
Municipalities/Park Depts	6.4%
Construction Contractors	4.5%
Other	0.0%

### Market Segments – 1-20 Employees



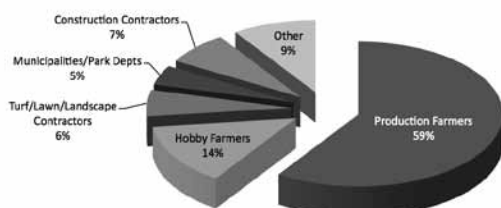
More than half of revenues for the smallest dealers, by employment size, come from production farming and nearly one-quarter (24%) from the hobby farm/rural lifestyle market.

### Market Segments – 21-40 Employees



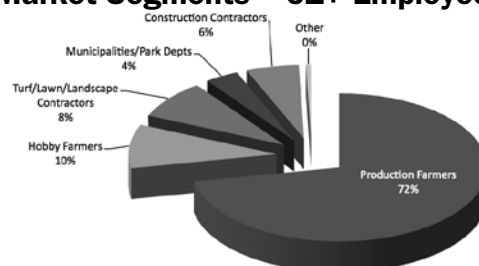
Production farming (61%) easily dominates the customer base of dealers employing 21-40 employees, while hobby farmers are contributing 19% of sales revenues.

### Market Segments – 41-60 Employees



Dealers with 41-60 employees generated 14% of their sales dollars from the hobby farm market, and rely largely on production farming for nearly 60% of their annual revenue.

### Market Segments – 61+ Employees



The largest dealers draw 72% of their annual sales revenues from the production farm market. Some 10% of sales are derived from the hobby farm/large-property owner market.

### Major Equipment Supplier Analysis by Market Segment (Revenue)

#### AGCO

Production Farmers	69.8%
Hobby Farmers	12.0%
Turf/Lawn/Landscape Contractors	6.7%
Municipalities/Park Depts	4.3%
Construction Contractors	5.4%
Other	1.2%

#### John Deere

Production Farmers	66.2%
Hobby Farmers	13.9%
Turf/Lawn/Landscape Contractors	12.5%
Municipalities/Park Depts	4.4%
Construction Contractors	1.7%
Other	1.4%

#### Kubota

Production Farmers	33.8%
Hobby Farmers	35.4%
Turf/Lawn/Landscape Contractors	11.6%
Municipalities/Park Depts	9.4%
Construction Contractors	8.4%
Other	1.4%

#### Case IH

Production Farmers	75.4%
Hobby Farmers	9.6%
Turf/Lawn/Landscape Contractors	4.2%
Municipalities/Park Depts	4.8%
Construction Contractors	4.2%
Other	1.5%

#### New Holland

Production Farmers	53.5%
Hobby Farmers	24.0%
Turf/Lawn/Landscape Contractors	6.7%
Municipalities/Park Depts	5.7%
Construction Contractors	6.4%
Other	3.7%

#### Independent

Production Farmers	45.8%
Hobby Farmers	29.0%
Turf/Lawn/Landscape Contractors	8.8%
Municipalities/Park Depts	6.0%
Construction Contractors	7.2%
Other	2.8%

### Segment Analysis by Major Equipment Supplier (Revenue)

#### Production Farmers

Case	75.4%	1
AGCO	69.8%	2
John Deere	66.2%	3
New Holland	53.5%	4
Independent	45.8%	5
Kubota	33.8%	6

#### Turf/Lawn/Landscape Contractors

John Deere	12.5%	1
Kubota	11.6%	2
Independent	8.8%	3
New Holland	6.7%	4
AGCO	6.7%	5
Case	4.2%	6

#### Construction Contractors

Kubota	8.4%	1
Independent	7.2%	2
New Holland	6.4%	3
AGCO	5.4%	4
Case	4.2%	5
John Deere	1.7%	6

#### Hobby Farmers

Kubota	35.4%	1
Independent	29.4%	2
New Holland	24.0%	3
John Deere	13.9%	4
AGCO	12.0%	5
Case	9.9%	6

#### Municipalities/Parks Dept

Kubota	9.4%	1
Independent	6.0%	2
New Holland	5.7%	3
Case	4.8%	4
John Deere	4.4%	5
AGCO	4.3%	6

#### Other

New Holland	3.7%	1
Independent	2.8%	2
AGCO	1.9%	3
Case	1.5%	4
Kubota	1.4%	5
John Deere	1.4%	6

# APPENDIX 1

## Disparity Seen in Regional Farm Net Cash Income

After increasing by 17% in 2010 and 20% in 2011, average net cash income for farm businesses\* is projected to increase 2.3%, to \$87,200, in 2012. Drought conditions are affecting farm businesses differently across regions and among farm types and specializations. Commercial operations, which represent 80% of production, are expected to experience a 1.3% increase in average net cash income in 2012. Intermediate farms are projected to have incomes about 14% higher, on average. Farm businesses specializing in program crops are forecast to have higher net cash income in 2012, while farm businesses specializing in livestock are forecast to have more varied outcomes.

These predictions are largely due to strong crop and feed prices and payout of insurance indemnities and represent average forecast farm business net cash income, which captures many of the potential drought impacts that producers are facing. However, average net cash income may not reflect the financial position of producers facing extreme drought impacts.

Although all program crop farm businesses are forecast to have higher average net cash income in 2012 than 2011, some crop specializations will experience higher gains than others. Insurance indemnities are forecast to offset the impacts of declining yields associated with the drought. With increased wheat prices and the winter wheat harvest largely completed before the onset of drought, average net cash income for wheat farm business is forecast up nearly 33% over 2011. Average net cash income is forecast up for corn farms due to expanded acreage and high prices. A few states less affected by the drought even experienced an increase in corn yields over 2011. Soybean farm businesses largely follow the same pattern as corn farm businesses. Cash expenses are forecast to increase 5-7% across program crop farm businesses in 2012. Rent expenses, which make up 10-20% of cash expenses, are expected to increase 5-7%. Seed, fertilizer, lime, chemicals and fuel together make up around half of all cash expenses for farm business specializing in program crops, and these expenses are forecast up 11% for seed, 8% fertilizer, lime, chemicals and 6% for fuels.

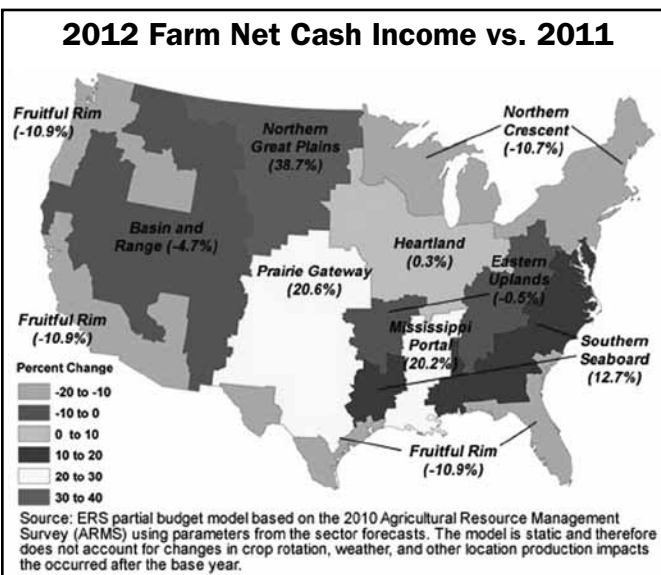
Specialty crop farm businesses (fruits, vegetables and nursery/greenhouse) are expected to experience a decline in average net cash income of about 3% in 2012. With lower prices on average, crop receipts are expected to decrease by less than 1%. Total cash expenses are forecast to increase by 3% for specialty crop farm businesses, while labor expenses, which are a large share of specialty crop farm businesses' expenses, are forecast to decline 2%. Other field crop farm businesses (sugar crops, hay, silage, trees and woody crops) are expected to experience a 19% increase in net cash income, on average, in 2012, with crop receipts forecast up about 6%.

With declining prices for some livestock products and increasing feed prices, livestock farm business net cash income is expected to vary considerably in 2012 across dif-

ferent specializations. Feed costs are predicted to rise over 13%, and make up 51% of expenses for dairy, 19% for beef cattle, 41% for hogs, and 34% for poultry farm businesses.

After substantial gains in average net cash income in 2010 and 2011, dairy farm businesses are forecast to experience a 52% decline in 2012. Declining prices are expected to contribute to an almost 11% decline in dairy receipts. Average net cash income for beef cattle farm businesses is expected to increase over 9% in 2012. Despite herd liquidations and increased culling due to the drought, overall tight supply is expected to contribute to slightly higher prices than in 2011. Increased expenses and flat receipts are causing projected net cash income for hog farm businesses to decline almost 6% in 2012. With increasing prices and a corresponding 6% expected increase in receipts, the broiler sector is better positioned than hog and dairy producers to withstand higher expenses. Average net cash income for poultry and egg farm businesses is forecast up 1.3% from 2011.

*\*Farm businesses are defined as operations with sales of over \$250,000 ("commercial") or smaller operations where farming is reported as the operator's primary occupation ("intermediate"). Approximately 18% of U.S. farms are commercial and 25% are intermediate. "Rural residence farms" comprise the remaining 58% of operations. These tend to be small farms operated as a sideline by people with nonfarm occupations or by retirees.*



There is considerable regional disparity in the outlook for 2012 farm business net cash income, as drought conditions put upward pressure on crop (and feed) prices and increased insurance indemnity payments. With higher-than-average crop farm income and sustained cattle farm income, net cash farm income is forecast to increase by over one-third in the Northern Great Plains. The Prairie Gateway and Mississippi Portal are expected to benefit from increased program crop farm income, while income in the Heartland is forecast to remain relatively constant due to the predicted yield impacts of the drought. The largest drops in net cash farm income are in the Northern Crescent and the Fruitful Rim, where many farm businesses specialize in dairy production and specialty crop production, respectively. Dairy farm business income is forecast to decrease by over 50% due partially to higher feed costs.

# APPENDIX 2

## 2012 'Roller Coaster' Becomes 2013 'Guarded Optimism'

The final tally for ag equipment sales is not yet in for the current year, and the larger than usual number of variables dealers and manufacturers are confronting is clouding visibility into 2013.

Each month, *Ag Equipment Intelligence* and its research partner, Cleveland Research Company, survey farm machinery dealers from across North America to provide ag marketers with a snapshot of dealer sentiments about current business conditions. Subscribers to *Ag Equipment Intelligence* receive a full report each month — *Dealers' Sentiments & Business Conditions Update* — based on the survey results.

The following analysis of 2012 and outlook for 2013 is from Curt Siegmeyer of Cleveland Research Company.

"To date, 2012 has been somewhat of a roller coaster ride for the ag equipment dealers and manufacturers. While the year started out strong on the back of strong 2011 cash receipts, we observed a notable level of pessimism from dealers throughout the summer months as many farmers watched the impact of the North American drought drive down their yield expectations.

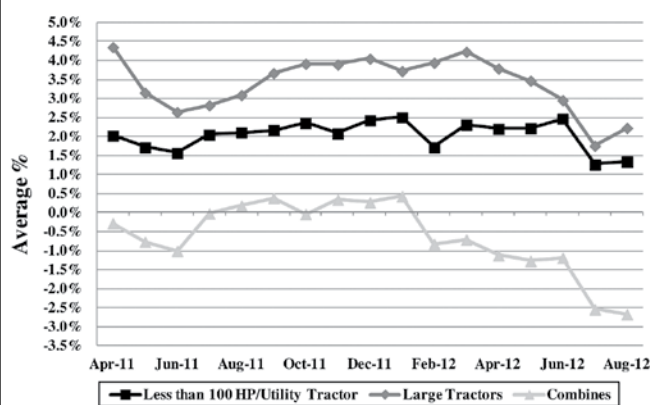
"The result was a pullback on spending particularly on discretionary items and a modest softening in used equipment values as farmers took more of a 'wait and see' approach. This, coupled with several consecutive years of strong growth in North America has led to stock prices that have lagged the broader market year-to-date. Thus far, ag equipment sector average is up ~10% vs. 16% for the S&P 500.

"The livestock sector is expected to face the most pressure over the next 6-12 months due to higher feed costs, but a silver lining is that we've seen a notable

change in sentiment and improved demand among North American grain farmers over the last 30-60 days. Farmers have now gained a better understanding of their crop insurance, yields appear to be coming in better-than-expected, and many farmers stand to have as good or a better year than initial expectations entering 2012.

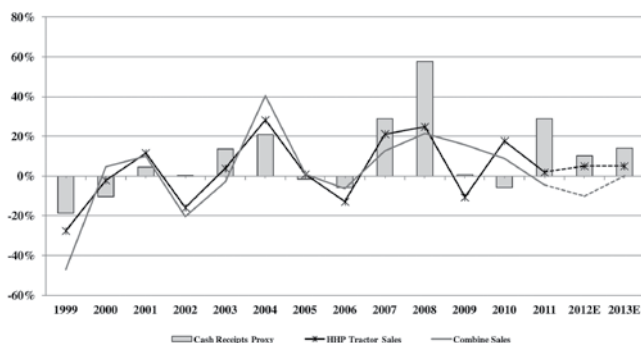
"In addition, the rally in global crop prices as a result of lower expected supply has boosted the prospects for grain farmers in international markets. This has translated into robust equipment orders and while still early, points to the potential for another record year in 2013 for the machinery companies."

### 2012 Used Equipment Values vs. 2011



Dealers saw softer used values throughout the height of the drought, but they picked up by the end of August. By category, tractors over 100HP were up 2.2% year-over-year on average. Prices for used tractors under 100HP were up 1.3% and combine values are down (2.7%).

### Commodity Price Trends Cash Receipts vs. Out-Year Equipment Sales



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



The USDA's latest (September '12) crop supply and demand forecast for the 2012-13 crop year shows a slight negative revision in the *Ag Equipment Intelligence*-Cleveland Research Company's simplified cash receipts proxy. The updated projections for the 2012-13 crop year shows a modest decrease in our simplified cash receipts proxy as a slight negative price revision in corn and wheat compared to the previous month resulted in lower total cash receipts. Our simplified cash receipts proxy now stands at just over \$145 billion, or about 14% above last year's levels compared to 18% last quarter. Farmer cash receipts are highly correlated with out-year new equipment sales as shown here, so the initial outlook for 2012-13 cash receipts is a cautious indicator for 2013 North America ag machinery demand.

# APPENDIX 3

## 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: 2WD 40 horsepower and smaller tractors, 2WD 40-100 horsepower tractors, 2WD 100 horsepower and higher tractors, all 4WD tractors, and combines. The source of this information is the Assn. of Equipment Manufacturers, which compiles and publishes the data each month.

NORTH AMERICAN FARM EQUIPMENT RETAIL SALES — JANUARY 2011–SEPTEMBER 2012														
	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-11	3,688	3,462	2,296	506	9,952	2,802	934	(1%)	9%	(11.6%)	54.7%	2%	(4%)	47%
Feb-11	4,462	3,056	1,763	461	9,742	2,224	776	10%	14%	(9%)	1%	8%	(7%)	33%
Mar-11	8,947	4,948	2,802	624	17,321	3,426	970	8%	16%	(3%)	(11%)	9%	(6%)	30%
Apr-11	11,409	5,409	3,320	882	21,020	4,202	938	(10%)	(5%)	1%	3%	(7)%	1%	18%
May-11	12,636	5,107	2,399	588	20,730	2,987	814	(3%)	(11%)	(2%)	28%	(4%)	3%	(10%)
Jun-11	12,125	5,955	2,065	426	20,571	2,491	719	12%	5%	(6%)	(25%)	7%	(10%)	(37%)
Jul-11	7,687	4,717	2,074	457	14,935	2,531	1,185	(11%)	(8%)	9%	5%	(7%)	9%	(25%)
Aug-11	7,336	4,186	2,131	434	14,087	2,565	1,516	2%	3%	14%	6%	4%	12%	(5%)
Sep-11	7,843	4,570	2,735	700	15,848	3,435	1,446	3%	6%	4%	8%	4%	4%	(16%)
Oct-11	7,914	5,932	4,249	1,130	19,225	5,379	1,673	12%	13%	4%	1%	9%	3%	15%
Nov-11	4,952	3,430	2,274	482	11,138	2,756	742	(0.2%)	2%	15%	23%	4%	16%	6%
Dec-11	7,273	6,156	3,697	662	17,788	4,359	1,101	8.4%	11%	9%	(12%)	8%	4%	(28%)
Jan-12	3,901	3,698	2,335	359	10,293	2,694	528	6%	7%	2%	(29%)	29%	(4%)	(44%)
Feb-12	4,360	3,547	2,046	488	10,441	2,534	367	(2%)	16%	16%	6%	7%	14%	(53%)
Mar-12	8,587	4,586	2,722	745	16,640	3,467	720	(4%)	(7%)	(3%)	19%	(4%)	1%	(26%)
Apr-12	13,393	6,050	3,382	887	23,712	4,269	706	17%	12%	2%	0.6%	13%	1%	(25%)
May-12	13,562	5,984	2,911	611	23,068	3,522	691	7%	17%	21%	4%	11%	18%	(15%)
Jun-12	12,503	6,118	2,571	502	21,694	3,073	954	3%	3%	25%	18%	5%	23%	33%
Jul-12	8,635	4,854	2,763	552	16,804	3,315	1,346	12%	3%	33%	21%	13%	31%	14%
Aug-12	8,153	4,516	2,497	588	15,754	3,085	1,497	11%	8%	17%	36%	12%	20%	(1%)
Sep-12	7,975	4,541	3,141	778	16,435	3,919	1,764	1%	(0.4%)	15%	11%	4%	14%	22%

NORTH AMERICAN FARM EQUIPMENT INVENTORY — DECEMBER 2010–AUGUST 2012														
	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-10	52,721	21,756	5,452	978	80,907	6,430	1,527	18%	(11%)	(20%)	42%	4%	(26%)	88%
Jan-11	54,037	22,272	5,767	878	82,954	6,646	1,372	20%	(8%)	(20%)	13%	8%	(17%)	61%
Feb-11	56,851	23,258	5,706	954	86,769	6,660	1,555	23%	(4%)	(21%)	(14%)	10%	(17%)	53%
Mar-11	57,809	24,050	6,221	886	88,966	7,107	1,527	23%	(1%)	(5%)	21%	13%	(3%)	52%
Apr-11	55,622	23,622	6,025	777	86,046	6,802	1,312	27%	(2%)	(5%)	3%	15%	(4%)	26%
May-11	52,296	23,387	5,671	901	82,255	6,572	1,218	28%	1%	(11%)	1%	16%	(9%)	(13%)
Jun-11	49,179	22,588	6,163	1,003	78,933	7,166	1,414	24%	(1%)	(1%)	19%	13%	1%	(6%)
Jul-11	48,890	22,546	6,695	1,256	79,387	7,951	1,863	22%	(1%)	2%	12%	12%	3%	5%
Aug-11	48,468	23,024	7,226	1,427	80,145	8,653	1,947	18%	2%	1%	27%	11%	4%	(3%)
Sep-11	47,394	23,136	7,537	1,448	79,515	8,985	2,052	12%	5%	5%	23%	9%	7%	24%
Oct-11	48,609	23,096	6,982	1,072	79,759	8,054	1,203	7%	4%	2%	20%	5%	4%	19%
Nov-11	51,238	24,603	7,013	936	83,790	7,949	1,169	4%	7%	2%	(14%)	5%	(0.2%)	(16%)
Dec-11	52,789	23,720	6,102	762	83,373	6,864	899	0.1%	9%	(5%)	(22%)	2%	(8%)	(41%)
Jan-12	54,547	24,084	5,655	921	85,207	6,576	933	1%	8%	2%	5%	3%	(1%)	(32%)
Feb-12	57,661	25,278	5,954	1,011	89,904	6,965	1,186	1%	9%	4%	6%	4%	5%	(24%)
Mar-12	59,634	25,547	6,261	1,064	92,506	7,325	1,386	3%	6%	1%	20%	4%	3%	(9%)
Apr-12	57,187	25,052	6,409	1,077	89,725	7,486	1,317	3%	6%	6%	39%	4%	10%	0.4%
May-12	56,481	24,705	7,067	1,270	89,523	8,337	1,498	8%	6%	25%	41%	9%	26%	23%
Jun-12	54,134	24,156	7,477	1,282	87,049	8,759	1,674	10%	7%	21%	28%	10%	22%	18%
Jul-12	52,965	24,350	8,302	1,482	87,099	9,784	1,888	8%	8%	24%	18%	10%	23%	1%
Aug-12	61,495	28,135	10,351	1,950	101,931	12,301	2,791	27%	22%	43%	37%	27%	42%	43%

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# APPENDIX 4

## Dealer Commentary

Through monthly and annual surveys, *Ag Equipment Intelligence* maintains a continuous dialog with North American farm equipment dealers. In addition to asking dealers for quantitative responses to current and ongoing-business conditions, we also ask them to offer commentary on specific areas of concern. The following comments are from the *Ag Equipment Intelligence* Dealer Sentiment & Business Conditions Update survey, October 1, 2012, and provide color to the analysis presented throughout the 2013 Dealer Business Outlook & Trends report.

### Dealer Commentary on Monthly Sales

- Prices are up and harvested yields are good
- Drought is still on everyone's mind here
- Exceptional drought impact
- Continued hot and dry weather are hurting us.
- Some European built products have been on order for almost 18 months, several which were converted from stock orders to retail orders seven months ago.
- Farmer demand is holding steady because of yields and Section 179 status
- Decent rain in our area and hay equipment sales went up significantly
- We forecasted the increase so what we're seeing is expected.
- We're seeing fewer pre-sells this month.
- Concerns with drought and crop quality are at the top. Also growers aren't ready to spend until cash is at hand.
- Uncertain markets and effect of high corn prices
- We're having trouble getting product
- We're seeing a general slowing over last few months
- The drought will increase our sales because we are significantly irrigated with the excess solar units, and ideal temperatures during stress times
- Those that have crop insurance will be in good shape but there are quite a few who don't. These folks may be debt free but it will affect 2013 purchases. Our manufacturers act like the sky is the limit but we feel there will be a 2013 drop off as they won't have the carry over crops to sell they normally have.
- Expect no major change. Crop insurance will be high and crop harvested will be high dollar per bushel.
- I don't have many commitments for next year..... and don't expect many.

### Drought Impact on 2013 Outlook

- We should keep sales near last year's pace.
- Crop insurance will cover any yield shortfalls.
- Many customers (about 85% around here) have insurance. They have been talking to the insurance adjusters, and many are finding (if they are insured at 70% or above) that they may have a better year!
- Less because of uncertain conditions for 2103
- I feel that they will purchase somewhat less, but not significantly
- Drought has had an impact and sales will be down 10% because of it.
- Farmers will buy less. We will be in a fight with the input guys for this cash
- Looks like the insurance card will be played in many instances. It will be business as usual, maybe a little

delayed from the insurance standpoint.

- The mindset has changed from updating for tax purposes to cautiously purchasing for near term needs.
- We should be about flat with 2012...the question is can we keep pace with the used equipment.
- Crop insurance will be enough for my customers to maintain their planned equipment purchases for next year. Only if we go into this winter dry and continue dry into spring that will change their plans.
- We are in a highly concentrated dairy area. With feed prices moving up, margins are shrinking which could impact our year end sales.
- We are seeing very active purchasing — high prices and crop insurance plus a great wheat crop will drive sales
- Customers depending on crop insurance we expect to purchase significantly less equipment next year.
- Less equipment will be purchased. Livestock farmers in our area will be buying high priced feed instead.
- It will impact sales until they understand the tax implications. That is when it will be a challenge to get them taken care of because of short notice and low new equipment inventories.
- Demand for used farming equipment is definitely up. We had a tremendous increase over last year, about 85% increase.
- We see our new sales on target for the most part. Used sales we see slowing as the buyer are not on a yearly trade cycle thus this will back up the used sales if there are not attractive used programs put in place by the manufacturer. Ultimately this will effect new sales as the used further backs up. Used turn ratios in most product lines have been dropping on a rolling 12-month turn.

### Dealer Commentary on Biggest 'Recent' Surprises

- Reality has set in on how bad the drought will be for many of our customers. It will take them and us a couple of years to recover.
- How many farmers felt discouraged from the drought. They were not very optimistic about the near future.
- The drought went from severe to exceptional and floor traffic slowed to a crawl. Business activity was like one would expect in February!
- Anytime it's that hot and dry for that long it's going to impact sales.
- A slight move up in hay equipment sales.
- How the farmers were trying to farm in such dry conditions.
- Hay tool sales were lower than expected.



- The pre sell activity was very strong.
- Farmers are moderately optimistic that their crops will have higher yields than previous estimates.
- Farmers holding back even with tax problems looming for end of year
- More and more farmers are admitting, that with the crop insurance and the high commodity prices, they may have a better revenue year than they would have had with a good yield. As one farmer put it, "This is only a curve in the road."
- Used combines, soft in July was surprised the amount of retails in August.
- Presells happening and used combine sales strong
- Sales came back at the end of August
- It surprises me how much people will pull back spending when gas is 4 bucks a gallon and grass is not growing because there has been no rain in weeks
- Compact tractor sales were stronger than anticipated. Used hay equipment was also very strong.
- Customers are becoming more interested all the time on purchasing new and used as the harvest continues to move forward. They are calculating their insurance levels and their yields are now known so they can start to plan ahead again for 2012 fall and into 2013.

### **Dealer Commentary on Used Inventory Levels**

- Farmers are keeping their equipment longer.
- SP Forage harvesters are scary
- Used tractors are very tight
- Still too many combines
- Used combines are my biggest concern
- Too many used round balers
- Combines are an issue today with all dealers in our area
- Class 7 and 8 used combines concern me.
- Used tractors have really dropped off
- Our overall inventory levels are probably in the "About Right" section with exception to combines and flex heads as with many dealers throughout the country.
- We're heavy on used combines
- Market for older tractors and equipment is a concern.
- Used combines are concerning — everything else is in good shape
- Obtaining inventory financing for it.
- We track the inventory turns by used equipment groups, with a goal of 3.75 annual turns. Our used inventory turn is higher than last year; however, we detect a weakening in the market, which may drive prices down. Used combines are piling up and other dealers are dumping them
- We have too much money in the used tractors we have. They have been here too long.
- Deere's delivery system has not been good since about August 1st so we have a large number of 2012 new combines that will not be delivered in time for this year's harvest. They have work to do in restoring customer and dealer confidence
- Long delivery of new goods. Try to get better floor plans.
- Right service techs — exposure to job fairs, schools, promoting our occupation as being attractive. Drought and how it will effect cattle industry — keep close contact with the survivors
- High prices. Try to do more lease-to-own equipment.
- Finding buyers for the 1-2 year old combine and large 4WD.
- Where AGCO is selling direct to Rural King stores they sell direct and have no fees, setup requirements, parts to sell, and no service to the customers. This is not fair to franchise full-service and parts dealers! We explain to customers we service what we sell and carry fast moving parts and will take care of their needs as long as they need us.
- Used combine inventories. Limit new sales and 1 year "rolls."
- With increase in new sales the resulting increase in used inventory will follow.
- We need to expand in order to continue to hire the "best in class" experts, and to have the scale to justify some of the investments in the business. Figuring out what expansion is the right way to go (contiguous vs. non-contiguous) is a challenge in these times, not knowing what the farm economy and used equipment market is going to do.
- Dealership purity efforts by majors
- High price on equipment for average farm customers. Try to have good used available. Manufacturers are disconnected from grass roots agriculture. They do not understand...
- Retail financing. In this area, 50% rejections. Seeking sub-prime financing sources.
- Fuel prices and new equipment price increases.
- Industry consolidation (dealer mergers & acquisitions)
- Pre-selling new equipment.
- Market share. Get more involved in roll programs.
- Cost controls. Controlling used equipment inventory.
- Health insurance change carrier and plan options. It is the one area that keeps me up at night!
- Manufacturers, especially shortliners, putting in more dealers that will pinch our sales & the profitability on the sales we do make. Manufacturer's greed for more sales & profitability will affect our bottom line. After many years of loyalty, we will have to sell what we can profitably & direct efforts to other areas where money can be made. The overhead of the dealership is going up!
- Manufacturers added costs to dealership for non-productive initiatives, warranty documentation required by manufacturers. We are complying but notifying our dealer council members.
- Stability of management with manufacturers. Ability to acquire financing for self and consumers.
- Unreasonable demands of manufacturer who fails to ship as ordered.
- The sheer cost of a single piece of equipment has doubled in nearly 5 years; this will put people out of business.
- Employee training and customer satisfaction. They go together.

### **Biggest Challenges Confronting Dealers in 2013**

*(from Ag Equipment Intelligence 2013 Dealer Business Outlook & Trends survey, September 11, 2012)*

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