
A Special Management Report From

***Ag Equipment
Intelligence***

**2011 DEALER BUSINESS
OUTLOOK & TRENDS**

FARM EQUIPMENT FORECAST

An Ag Equipment Intelligence Staff Report



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PART I — DEALER BUSINESS OUTLOOK & TRENDS

Dealers' Sentiments Turn Sharply Positive for 2011

Rising commodity prices, projected improvements in farm net income and cash receipts are boosting dealers' confidence for the year ahead.

How North American farm equipment dealers view prospects for increasing sales in the coming year is in stark contrast to what they anticipated just a year ago.

Last year at this time, more than 40% of the equipment retailers surveyed for *Farm Equipment's* "2010 Dealer Business Trends & Outlook" report expected sales revenues to decline by 2% or more. Only a quarter, or 24.4%, saw business levels improving by 2% or more for 2010.

As they look ahead to the 2011 selling season, nearly half of farm equipment dealers see sales revenues for new machinery improving by at least 2%. Add in those who are projecting sales to be about the same as they were in 2010, and that number rises to more than 80% of dealers who believe their sales revenue will be at least as good or better than what they experienced in the past year. That's a nearly 180-degree turnaround from dealers' sentiments a year ago at this time.

The most intriguing factor that could affect equipment sales in 2011 is the impact of the new Tier IV engines that will be used in most high-horsepower (174-plus horsepower) farm equipment being rolled out for 2011. Dealers still don't seem to be comfortable with the new engines, and if dealers aren't confident, this will be reflected in how their customers view the new machinery. (See *Tier IV Engines Could Hinder Early Sales of Big Equipment* p. 48.)

In addition, manufacturers have discussed price increases ranging from 4% to 9% or more for equipment with Tier IV engines. Add that to the base price of a high-horsepower tractor and it's significant enough for farmers, if they haven't already bought Tier III tractors, to delay major equipment purchases until they're confident the technology is proven to be reliable.

Then vs. Now

At this time last year, commodity grain prices were bouncing all over the place, but heading mostly lower. Prices received for livestock and dairy products remained below breakeven for most ranchers and dairymen. This doesn't appear to be the case for 2011 as the USDA is projecting that, after declining more than 20% in 2009, all three major measures of farm sector earnings will rise in 2010.

So, it wasn't surprising that a year ago dealers' overall forecast for new equipment revenues was flat at best. And that's essentially what happened during this past year.

Last year, 42.6% of dealers expected revenues from new equipment sales to drop 2% or more compared with 2009. The weighted average of last year's forecast was -1.46%.

An examination of tractor and combine unit sales through August of this year vs. the same period in 2009,

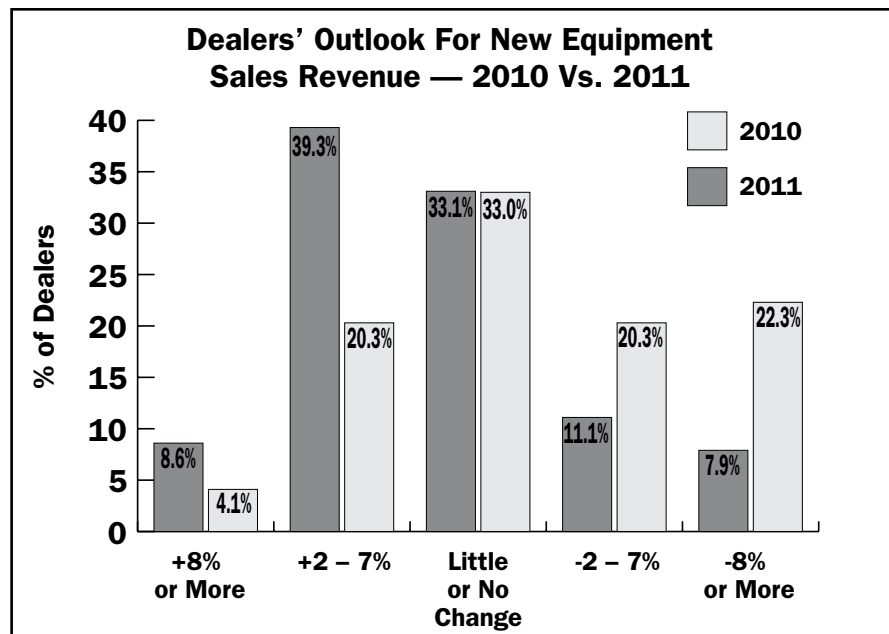
shows dealers were pretty much on the mark, though adjustments for real dollars likely showed a better year than expected.

According to the Assn. of Equipment Manufacturers, U.S. unit sales for all farm tractors through the first 8 months of this year are up only 2.5% compared with the same period of 2009. Unit sales of tractors in Canada rose only 0.1% through August vs. the same 8 months of the previous year.

U.S. unit sales of combines through August of this year increased by less than 2% vs. 2009. Canadian combine sales are up 2.5% in August compared to the first 8 months of last year.

This year, only 19% of the nearly 300 dealers participating in the 2011 dealer survey are projecting lower sales revenues for 2011 vs. 44.6% in 2010. That's a swing of 25.6% to the positive side of the ledger.

The percentage of dealers who are forecasting improved sales rev-



North American farm equipment dealers are more confident about improving sales in the next year than they were a year ago. This time around, 47.9% see sales improving by 2% or more vs. only 24.4% that expected gains for 2010.

venues of at least 2% for 2011 essentially doubled, from 24.4% last year to 47.9% for the coming year.

In total, last year 57.4% of the equipment dealers surveyed expected sales to be as good or better than the previous year. This year's survey saw that percentage grow to 81% of dealers who believe 2011 revenues will equal or surpass those seen during the past year.

Strong Used Market

Dealers are also confident about their prospects for increasing revenues from sales of used equipment in 2011.

Slightly over 85% of the equipment sellers surveyed anticipate that sales of used machinery in 2011 will be at least as good as in 2010. Nearly 52% of those say they expect sales to improve by 2% to more than 8% for the year. Only 19% expect lower revenues from used equipment sales during the next selling year.

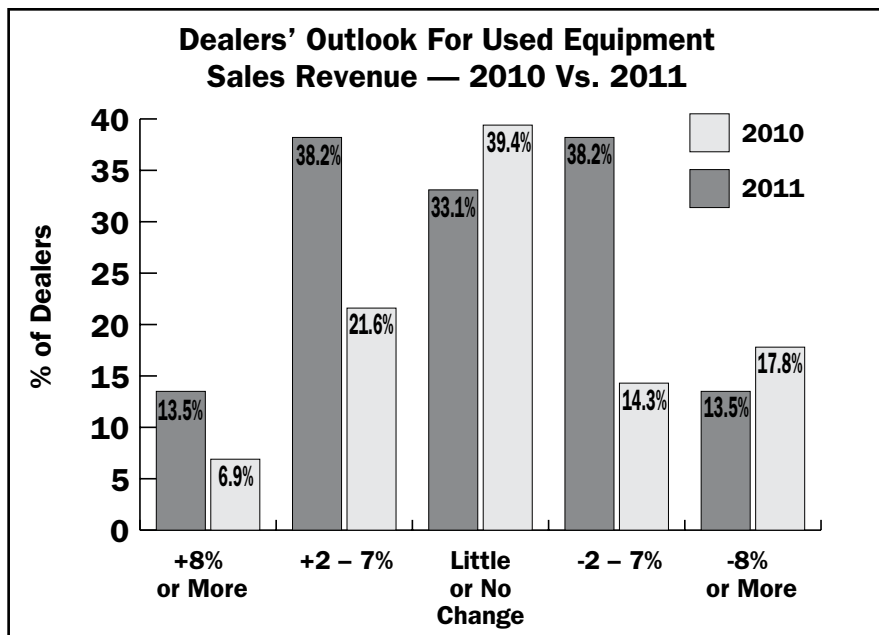
This compares to more than 30% of dealers, who a year ago expected lower revenues from sales of used equipment. Last year at this time, only 28.5% were forecasting improved revenues from the sale of previously owned farm machinery.

Top Product Picks – 2011

Anyway you look at it, North American farmers are rapidly moving into the age of precision agriculture. As it has been since *Ag Equipment Intelligence* initiated the Dealers' Business Trends & Outlook survey in 2005, the GPS/Auto-steer product category continues to top the list of equipment that dealers believe is their best bet for increasing unit sales in 2011.

Disc harrows, field cultivators, lawn and garden equipment and mower/conditioners rounded out the top 5 products on the dealers' 'Best Bets' rankings for 2011.

Precision Farming. GPS/Auto-steer products ranked #1 in terms of the percentage of dealers seeing as good or better unit sales (94.2% of dealers say so). It was also the most bullish of product categories seeing the greatest growth prospects, as 56.1% of dealers expect sales of 2% to more than 8%.



More than half of North American dealers see increased sales revenues from used equipment in 2011. Last year at this time, only 28.5% of equipment dealers expected sales of previously used equipment to improve.

The range of precision ag products continues to increase each year. At this year's Farm Progress Show in the first week of September, *Ag Equipment Intelligence* editors conducted an informal poll of precision ag companies to determine the fastest growing precision products. The general consensus is that auto-guide equipment remains at the top of farmers' lists for purchase, especially as cellular transmission technology is being adapted to off-road auto-steer systems.

The next category for adoption is almost any precision technology that can be adapted to planting. The manufacturers say growers are most interested in the precision placement of seeds to avoid skips and doubles, especially considering rapidly rising seed costs.

Next on the list is spraying. Auto-booms with sectional on/off capabilities are also what farmers are looking for. Again, they say growers are looking to reduce input costs and gain any edge they can get to increase per-acre yields. Manufacturers say investments in planting and spraying are very easy to justify because growers can easily quantify the results.

Tillage Tools. Along with increased yields come challenges with increased plant residue. So, it shouldn't be too surprising that a

couple of tried and true tillage tools ended up as #2 and #3 on this year's "Best Bets" list. Almost 90% of dealers surveyed projected that sales of disc harrows and field cultivators will be as good or better than they were in 2010. That's up 12-13% from what dealers projected last year at this time.

Lawn & Garden. It appears that the rural lifestyle market may finally be seeing light at the end of its 3-year downturn. Lawn and garden equipment, which was #17 on the dealers' list last year, moved all the way to #4 for 2011. For 89.7% of survey respondents, lawn, garden and turf products offer solid potential for improved unit sales during the coming year. Some 37% of dealers believe sales of this equipment will increase by 2% to more than 8% in 2011.

Mower/Conditioners. The same number of dealers (89.7%) are projecting that sales of mower-conditioners will be as good or better than they were in 2010. At the same time only 14% say they expect their sales to increase more than 2% during the next selling season.

Tractors & Combines. Overall, the outlook for every major product group improved going into 2011 compared to a year ago, including tractors in each horsepower category.

Slightly over 88% of dealers

expect unit sales of 2WD tractors with less than 40 horsepower and 2WD tractors in the 40-100 horsepower range to be as good as or better than sales in 2010. This compares with only 65.7% who saw the same outcome in 2010 vs. 2009 for both categories of tractors.

Some 87.3% of dealers see 4WD tractor sales improving and 86.7% expect unit sales of 2WD units of more than 100 horsepower to increase in 2011.

This compares with 75.2% and 65.7%, respectively, of dealers who anticipated sales to be as good as or better in 2010 as they were in 2009.

While 80.1% of dealers polled this year expect sales of combines to be as good as or better than they were last year (vs. 76.5% last year),

this equipment received the lowest ranking on dealers' "Best Bets" for improving unit sales in 2011.

'Hot Button' Issues

Despite the dealers' optimism for a much better than average 2011 sales year, several industry-wide issues concern them. Like last year, the ris-

"The average farmer does not want, nor do they understand, all the bells and switches that come 'standard' on farm equipment today..."

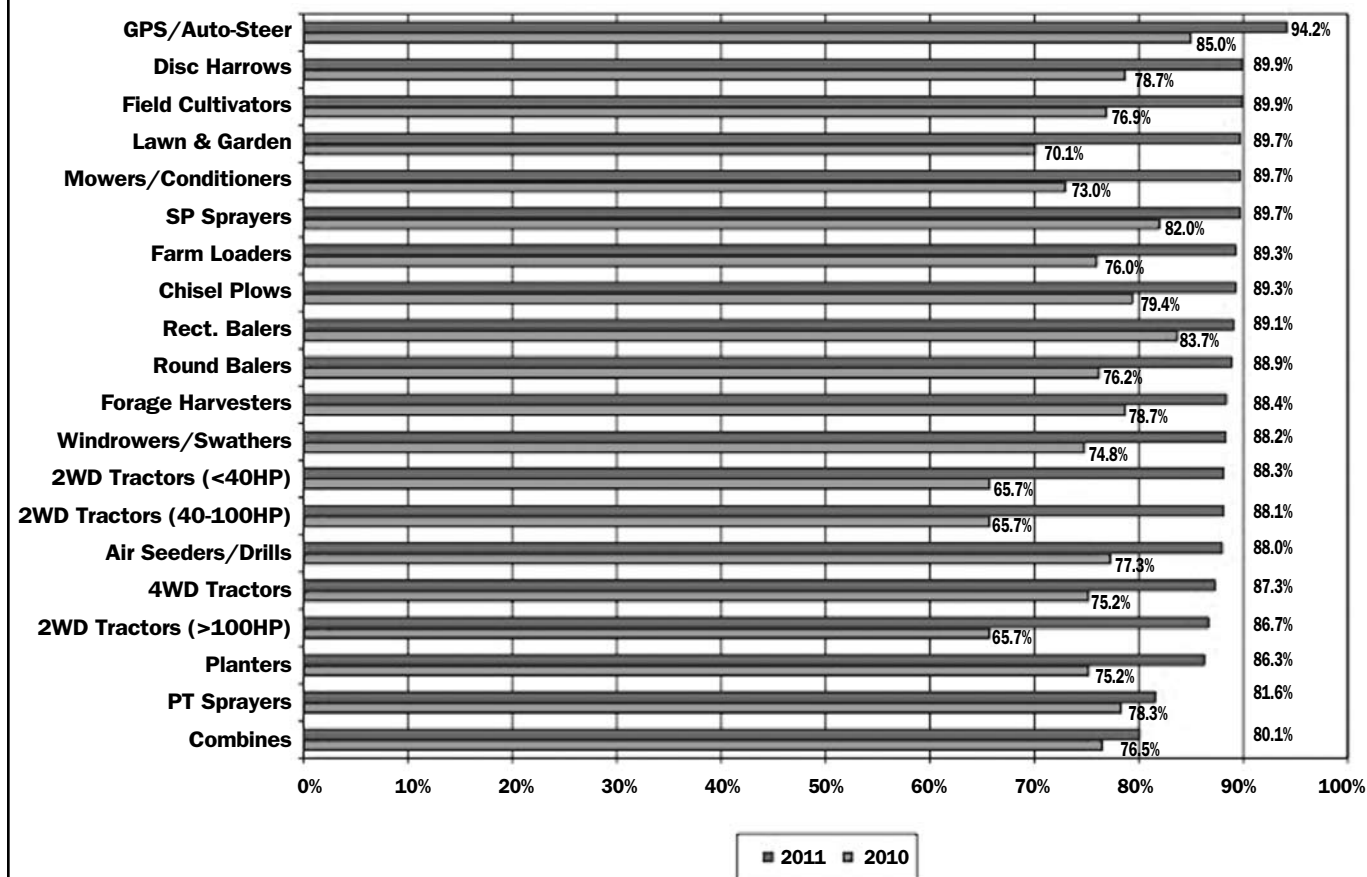
ing cost of new equipment continues to cause the most anxiety.

As one Texas dealer recently told *Farm Equipment*, "The average consumers, with whom we are doing most of our business, do not want, nor do they understand, all the bells and switches that come 'standard' on equipment today, but they're all built into almost every new tractor and add to the cost farmers must pay."

The other concerns that are most vexing to dealers are pretty much the same as last year. Affordability of health care rose from #5 in 2010 to #2 this year. Farm input costs were fourth last year and finished #3 for 2011. Farm commodity prices were #2 on dealers' list last year but dropped to #4 this year. And energy and fuel costs, which ranked as the

Best Bets for Improving Unit Sales in 2011

(% of dealers forecasting sales 'As Good or Better than 2010')



GPS/auto-steer equipment finished at the top of the dealers' list for the best opportunity to increase unit sales in 2011. That product group was followed by two tillage tools, disc harrows and field cultivators. Dealers are also confident that lawn and garden equipment will also provide solid sales in 2011.

#3 dealer concern for 2010, slipped to the #5 slot for the coming year.

Making the biggest leap of dealer concerns for 2011 is new equipment availability, moving from #15 to #8.

For the past few years, dealers have complained about their inability to secure new equipment from the major manufacturers, either on a retail basis or in a timely fashion. Industry observers say there are several factors at work that are aimed at changing how and when farm equipment customers and dealers do business.

First and foremost is the major equipment maker's aim to discipline dealers and customers to order machinery earlier. They're also pushing dealers to pre-sell more of the big equipment. Dealers, in turn, are pushing farmers to do more planning and do it earlier than most are used to.

This not only helps manufacturers "smooth out" their production schedules throughout the year, but it also reduces the amount of inventory on dealers' lots.

This, in turn, eliminates much of the discounting dealers have done previously to move equipment before floorplan interests kick in. Dealers are also incentivized to pre-sell by manufacturers offering early-order and volume discounts.

It's a balancing act that many dealers — and farmers — have yet to either accept or master.

The issue that dropped the most as a matter of dealer priority is industry consolidation. Ranked #7 last year, it fell to #12 going into 2011. But rather than taking on less importance for dealers, it would appear that other issues have simply become more urgent when put up against longer-term problems like dealer consolidation. Or, possibly, more dealers are accepting that the trend toward fewer owner-operators is a foregone conclusion.

More Spending & Hiring

Dealer confidence going into the new selling season is also reflected in their plans for investing in capital projects and hiring for 2011.

Compared to 2010, nearly 13%

(Continued on page 9)

North American Unit Sales of Tractors and Combines* — 2011 vs. 2010

	U.S.		Canada	
	2011	2010	2011	2010
2WD Tractors (<40 hp)	+3.9%	-21.1%	-1.1%	-29.0%
2WD Tractors (40-100 hp)	-5.2%	-28.3%	-8.5%	-22.2%
2WD Tractors (>100 hp)	+11.9%	-12.5%	+6.7%	-17.3%
4WD Tractors	+18.3%	+5.9%	+12.7%	-3.6%
Total Tractors	+2.5%	-22.0%	-1.2%	-24.2%
Combines	+3.5%	+21.9%	+4.3%	+10.0%

*Year to date through September 2009 & September 2010

Source: AEM

North American Sales Revenue Projections for New & Used Equipment — 2011

	New Equipment		Used Equipment	
	U.S.	Canada	U.S.	Canada
+8% or More	8.4%	9.7%	13.9%	10.3%
+2-7%	39.8%	35.5%	38.7%	34.5%
Little or No Change	32.2%	41.9%	33.6%	34.5%
-2-7%	12.4%	0.0%	9.2%	10.3%
-8% or More	7.2%	12.9%	4.6%	10.3%

North American Unit Sales Projections for Tractors & Combines for 2011

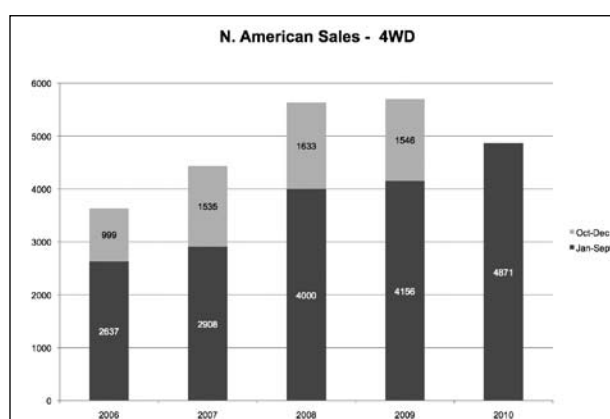
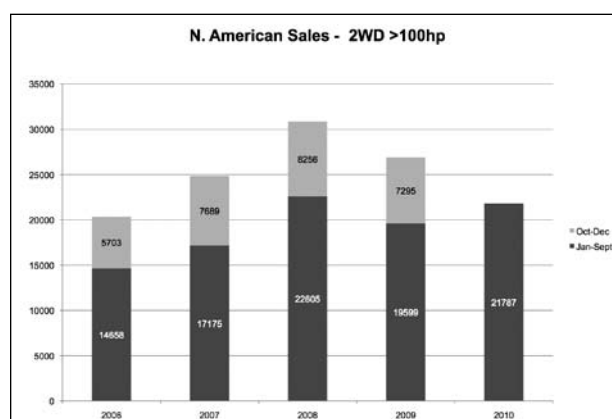
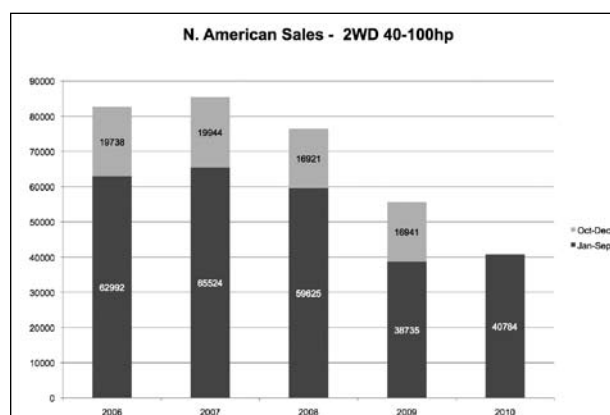
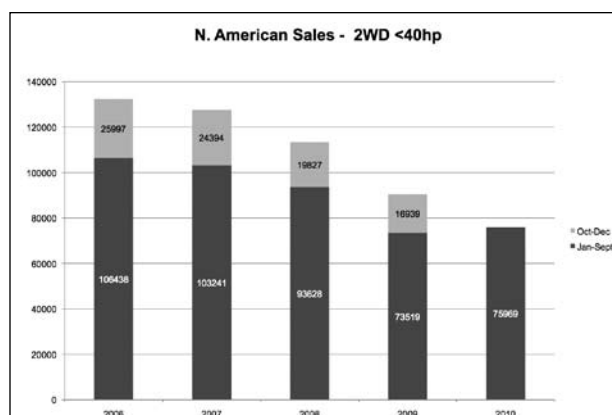
Tractor Type (Size)	Sales +8% or More	Sales +2-7%	Little or No Change	Sales -2-7%	Sales -8% or More
2WD (<40 hp)	8.6%	19.2%	60.4%	8.6%	3.2%
2WD (40-100hp)	5.0%	31.5%	51.5%	9.6%	2.3%
2WD (>100HP)	4.8%	27.4%	54.5%	8.9%	4.4%
4WD (All)	9.4%	38.1%	39.8%	8.2%	4.5%
Combines	2.5%	20.4%	57.2%	14.9%	5.0%

North American Unit Sales Projections for Other Equipment for 2011

Equipment	Sales +8%	Sales +2-7%	Little or No Change	Sales -2-7%	Sales -8%
GPS	23.9%	32.2%	38.0%	3.4%	2.4%
Lawn & Garden	12.8%	34.2%	42.8%	6.2%	4.1%
Round Balers	2.1%	29.5%	57.3%	7.3%	3.8%
Mower/Conditioners	3.0%	27.2%	59.5%	6.9%	3.4%
Planters (All)	4.4%	23.4%	58.5%	9.8%	3.9%
Farm Loaders	4.1%	23.6%	61.6%	7.4%	3.3%
Chisel Plows	2.4%	11.7%	75.1%	6.8%	3.9%
Self-Propelled Sprayers	6.7%	20.1%	62.9%	6.7%	3.6%
Disc Harrows	2.8%	21.1%	66.1%	7.3%	2.8%
Field Cultivators	2.9%	18.2%	68.9%	7.7%	2.4%
Windrow/Swathers	1.9%	16.5%	69.8%	8.3%	3.4%
Air Seeders/Drills	2.0%	16.0%	70.0%	9.5%	2.5%
Rectangular Balers	2.2%	14.5%	72.4%	8.3%	2.6%
Forage Harvesters	3.0%	9.0%	76.4%	7.0%	4.5%
Pull-Type Sprayers	0.0%	11.1%	70.5%	11.6%	6.8%

North American Unit Retail Tractor Sales — 2006-10*

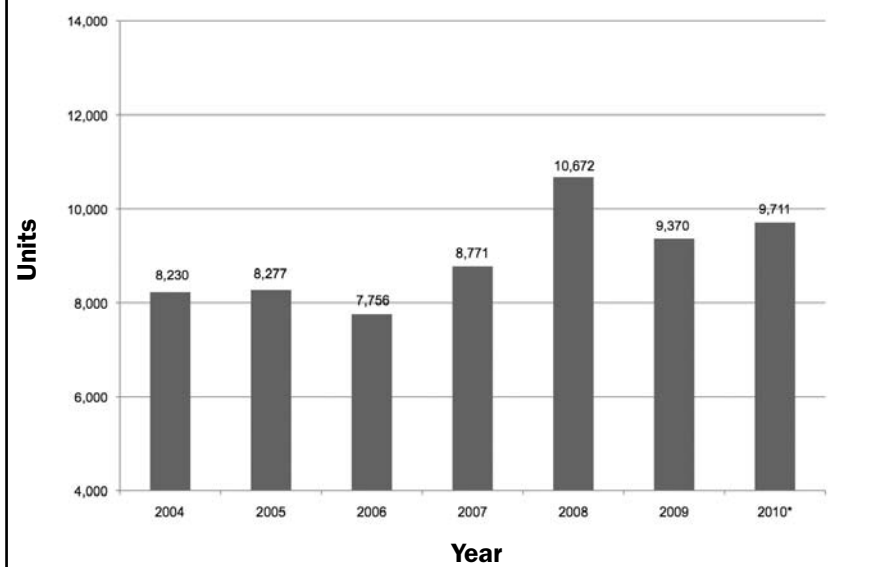
(*through September 2010)



Through the first 9 months of 2010, total North American unit sales of all tractors were up nearly 2.5% compared with the same period of 2009. Total sales January through September '10 were 143,411 units vs. 140,473 for the same period of 2009.

North American Combine Sales — 2004-10*

(*through September 2010)



North American unit sales of combines grew by 3.5% through the first 9 months of 2010 compared with the same period in 2009.

(43.8% in '10 vs. 56.5% in '11) more dealers expect to increase capital expenditures in their stores during the next year, and they intend to spend more than they did last year.

Nearly 47% say they'll increase spending by 1 to 5% (vs. 33% last year), and 7.4% intend to increase capital spending by 6 to 10% (vs. 6.1% in '10). Only 2.5% expect to increase capital expenditures by 11% or more in 2011. That's down from 4.7% who projected last year that they would invest 11% or more in their operations.

At the same time, a larger percentage of dealers say they'll invest in each of the major areas of operations — shop/service, parts department, sales and office staff — during the next 12 months.

As usual, the shop and service areas of dealerships will receive the most attention as 48.7% of survey respondents expect to up spending to improve their service operations. This compares with 38.6% who said they were going to increase shop and service investment in 2010.

Business information systems are next on dealers' lists when it comes to increased investment. This year, 41.2% of survey respondents say they'll invest in computer systems. This compares with 35.2% last year.

Retail and showroom areas will see some improvement during 2011 as well. Slightly more than 39% of dealers say they'll invest in improving these areas of their businesses compared to only 24.6% last year.

More Techs Wanted. In terms of hiring, more dealers report that they're planning to add staff during the next 12 months. And each major dealership department should see increases to their payrolls.

As has been the case for the past 5 years, dealers will direct most of their attention to finding more talent

for the service operations. More than 56% of dealers say they're looking to add service techs to the payroll this year vs. 34.6% last year.

Survey respondents also say they'll be looking for more wholegoods salespeople in 2011. Nearly 27% are looking to add to their salesforce compared with only 16.4% who said they wanted to hire more salespeople last year. Slightly over 25% of dealers are also looking to increase

staff for the parts counters this year vs. 15.7% who were looking add people in this department a year ago.

More dealers are also planning to increase their administrative and office workforce in 2011, but these areas won't receive a lot of attention. Only 8.2% of dealers plan to increase office staff this year, but that's up from 5.7% who were planning to add office staff a year ago at this time.

Dealer Spending Plans for 2011

No Increase	43.5%
0 to +5%	46.6%
+6 to 10%	7.4%
+10	2.5%

Where Dealers Will Invest in 2011

Shop & Service Mod/Improve	Retail Improvements	Bus. Info. Systems
48.7%	39.2%	41.2%

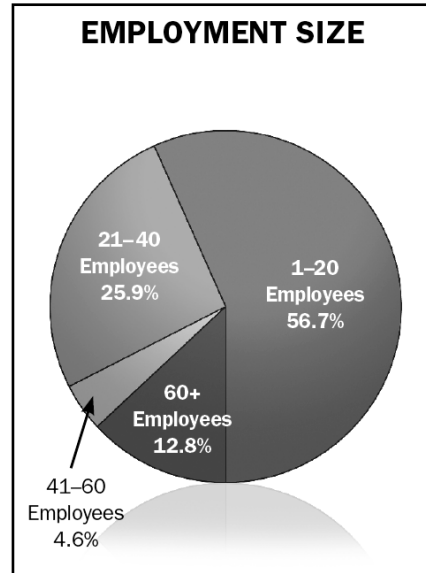
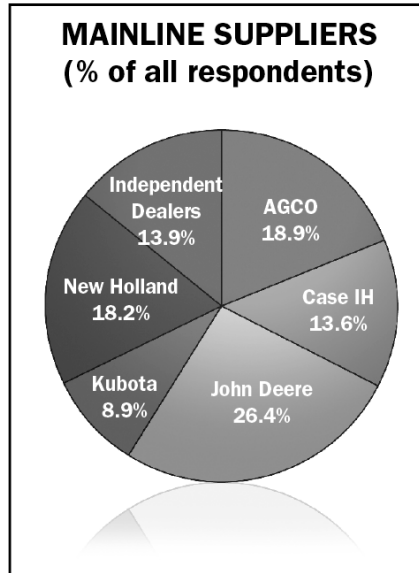
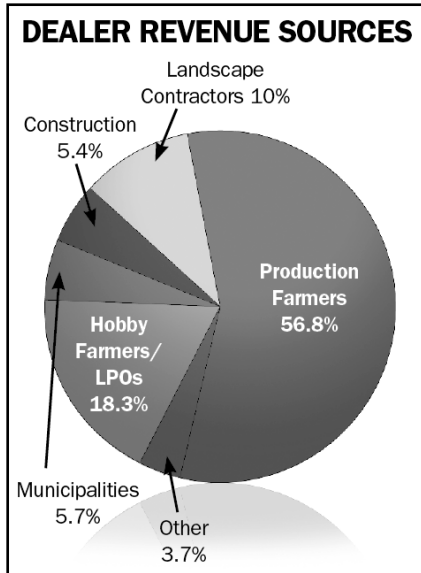
Dealer Issues & Concerns for 2011 (% of Dealers)

Issues	Most Concerned	Concerned	Not Concerned	2010 Ranking
1. Increasing Cost of New Equipment	54.9%	42.2%	2.9%	1
2. Health Care Affordability	63.5%	29.6%	6.9%	5
3. Farm Input Costs	31.2%	60.5%	8.3%	4
4. Farm Commodity Prices	40.7%	50.0%	9.3%	2
5. Energy/Fuel Costs	26.5%	61.5%	12.0%	3
6. Technician Availability	36.0%	48.9%	15.1%	8
7. Shrinking Farm Customer Base	38.2%	46.5%	15.3%	6
8. New Equipment Availability	37.3%	45.3%	17.4%	15
9. Product Reliability	31.2%	50.7%	18.1%	11
10. Financing – Floor Planning	32.8%	46.4%	20.8%	10
11. Steel Prices/Supplies	13.2%	65.9%	20.9%	9
12. Industry Consolidation	24.8%	50.7%	24.5%	7
13. Dealer Purity Efforts	24.5%	47.0%	28.5%	14
14. Financing – Retail	21.3%	50.0%	28.7%	12
15. Mfr. Succession Policies	20.5%	46.2%	33.3%	13
16. Internet Sales	10.3%	54.9%	34.8%	16
17. Used Equipment Availability	14.1%	44.0%	41.9%	18
18. Impact of Competing Box Stores	12.5%	41.4%	46.2%	17

Dealer Hiring Plans — 2011 vs. 2010

	2011			2010		
	Add Staff	No Change	Reduce/Relocate Staff	Add Staff	No Change	Reduce/Relocate Staff
Parts Department	25.1%	71.6%	3.3%	15.7%	78.7%	5.7%
Service Technicians	56.4%	43.2%	0.4%	34.6%	59.1%	6.3%
Wholegoods Sales	26.9%	71.3%	1.8%	16.4%	78.9%	4.7%
Administration	8.2%	85.8%	6.0%	5.7%	86.9%	7.4%

Demographics of Survey Respondents — 2011



Nearly 300 dealers from the U.S. and Canada participated in Ag Equipment Intelligence's 2011 Dealer Business Trends & Outlook survey in the last week of August and first week of September 2010. The two largest revenue streams for dealers continue to be production farmers, hobby farmers and large property owners. More than 26% of all respondents were John Deere dealers. More than 82% of dealers responding to the survey employ between 1-40 people.

Most Optimistic Dealers

As a group, the most optimistic dealers going into 2011 are those that do not carry a major brand of ag machinery. — or the “independent” dealers. Nearly 54% of those participating in the 2011 survey expect their sales revenues to increase by 2% or more during the coming year. Another one-third of them see little or no change in overall business conditions during '11. Less than 13% expect their sales revenues to decline 2% or more in the next 12 months.

Of the “branded” dealers, 52% of those handling AGCO equipment anticipate improved sales revenues of 2% or more next year. Only 14% see sales revenue coming in lower than they were in 2010.

New Holland dealers placed

third on the list of most optimistic dealers going into the new year.

Nearly half, or 48%, of New Holland dealers expect sales revenues to increase by 2% or more throughout 2011, 30% see little or no change for the coming year, and 22% expect sales to decline by 2% or more.

While only 46% of John Deere dealers anticipate increasing sales revenues 2% or more in 2011 — the lowest percentage of any of the dealer groups — they were the most pessimistic when it comes to a sales revenue fall off in the coming year. Only 20.3% of Deere dealers expect a drop off in sales revenues during the next 12 months. The remainder — 33.8% — see little change in revenue levels.

Nearly 30% of Case IH dealers

expect revenues to drop by 2% or more in the next year, while 47.4% anticipate sales revenue to grow by 2% or more in 2011. That earns the Case IH dealers the rank of “least optimistic” dealers going into 2011.

Projected Unit Sales Increase/Decrease by Product Category — 2011 (weighted averages)

GPS	+ 3.02%
Lawn & Garden Equip.	+ 1.96%
2WD Tractors (40-100 hp)	+ 1.20%
4WD Tractors (All)	+ 0.99%
2WD Tractors (<40 hp)	+ 0.92%
Mower/Conditioners	+ 0.88%
Round Balers	+ 0.86%
2WD Tractors (>100 hp)	+ 0.86%
Self-Propelled Sprayers	+ 0.85%
Farm Loaders	+ 0.79%
Planters (All)	+ 0.65%
Disc Harrows	+ 0.62%
Field Cultivators	+ 0.51%
Rectangular Balers	+ 0.25%
Windrowers/Swathers	+ 0.25%
Air Seeders/Drills	+ 0.25%
Chisel Plows	+ 0.10%
Combines	+ 0.05%
Forage Harvesters	- 0.03%
Pull-Type Sprayers	- 0.57%

Dealer Projections for New Equipment Sales by Major Line Carried — 2011

Mainline	Up 8% or More	Up 2-7%	Little or No Change	Down 2-7%	Down 8% or More
AGCO	14.0%	38.0%	34.0%	4.0%	10.0%
Case IH	5.3%	42.1%	23.7%	23.7%	5.3%
John Deere	4.1%	41.9%	33.8%	10.8%	9.5%
Kubota	4.0%	36.0%	44.0%	8.0%	8.0%
New Holland	8.0%	40.0%	30.0%	18.0%	4.0%
Independent	17.9%	35.9%	33.3%	2.6%	10.3%

PART II — U.S. OUTLOOK

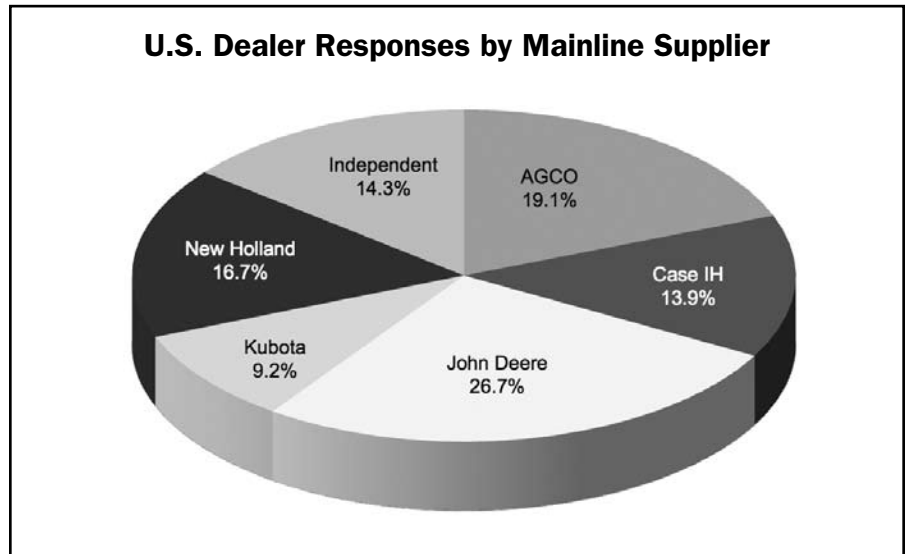
U.S. Dealers Sitting on ‘Other’ Side of the Table for 2011

Current sentiments coming from U.S. dealers are radically different than they were just a year ago when more than 40% of them were expecting a less than stellar year for new equipment sales. About one-third of U.S. dealers expected sales revenues to be flat compared with the year before. In total, nearly 78% who were surveyed a year ago expected sales to either decline or stay about the same as they were in 2009.

This year a majority of U.S. dealers have switched sides on the forecast table and nearly 82% are anticipating that new equipment sales in 2011 will be as good or better than what they saw in 2010.

Last year at this time, not even one quarter — 22.3% — of dealers surveyed by *Ag Equipment Intelligence* saw any real revenue growth from new equipment sales going into 2010. But as they head into the 2011 selling season, almost one half — 48.2% — of all U.S. dealers are anticipating increased revenues ranging from 2% to more than 8%.

Of that group, 8.4% expect sales revenues to be 8% or more. This compares with only 4.3% who forecast this level of increase for 2010. In late 2009, only 18% expected sales revenues to grow in the range of 2-7% for 2010. This year, 39.8% of dealers



Of the nearly 300 survey responses this year, 89% came from U.S. dealers. The largest volume of respondents — 26.6% — by a big margin came from John Deere dealers.

are looking for revenue improvement in this range.

U.S. dealers hold the same optimistic view toward used equipment sales revenues for 2011. Besides an overall strong market for most agricultural commodities, dealers are also expressing concerns about the potential for new equipment shortages dur-

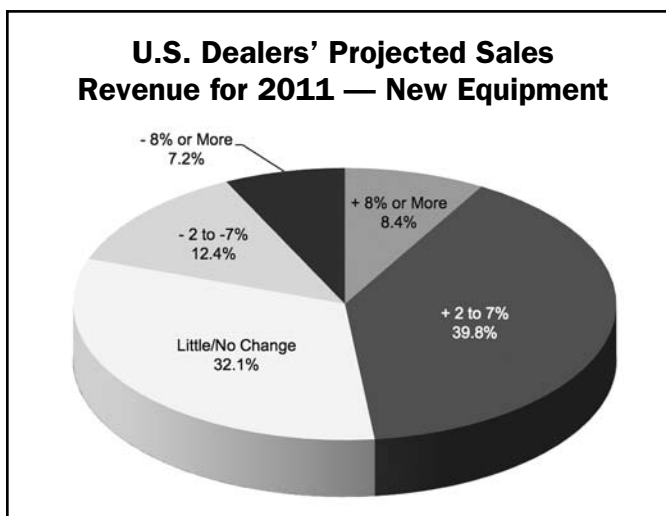
ing the coming year, which could give momentum to the used equipment market.

A year ago, 27.2% of U.S. dealers expected sales of used machinery to improve by 2% or more. Overall, 65.8% of farm equipment retailers felt that sales revenues derived from used equipment sales in 2010 would be

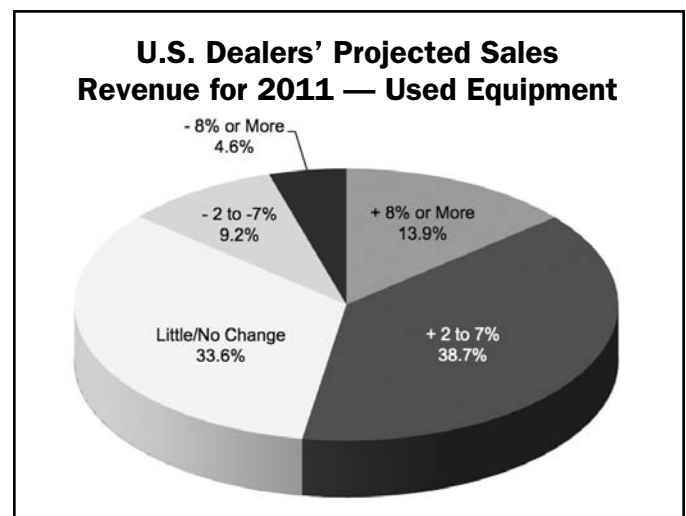
Average Employment of Participating U.S. Dealerships*	72.1
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Average Number of Stores Operated by U.S. Dealerships*	1.78
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* From the 2010 AEI Dealer Business Outlook & Trends Survey

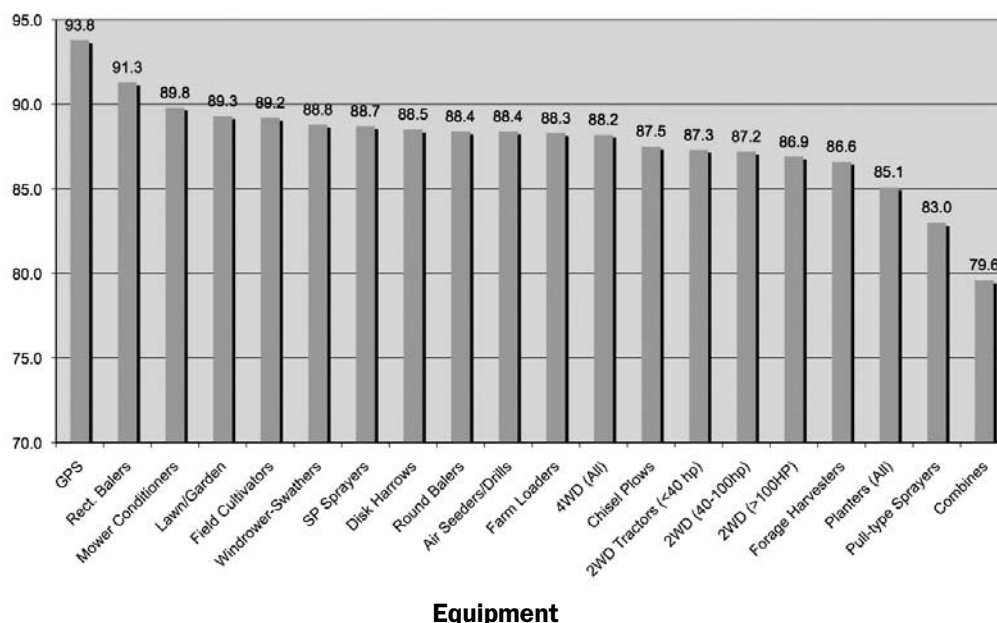


More than 80% of U.S. dealers are forecasting that sales revenues in 2011 will be at least as good as or better than they were in 2010. Nearly half (48.2%) expect revenues to improve by 2% or more.



More than half (52.6%) of U.S. dealers are projecting that revenues from the sale of used machinery will grow by more than 2% in 2011 vs. 2010. In total, 86.2% say sales will be at least as good or better than 2010.

Best Bets for Improving Unit Sales in 2011 — U.S.



Based on the percentage of U.S. dealers that expect unit sales in 2011 to be as good as or better than in 2010, 93.8% ranked GPS/auto-steer products as their best bet for the coming year. It was followed by rectangular balers (91.3%), mower/conditioners (89.8%), lawn and garden equipment (89.3%) and field cultivators (89.2%).

as good as or better than they were in 2009.

That compares with 86.2% who believe revenues from the sale of

previously used farm machinery will be at least as good as or better in 2010 compared with the previous year. Nearly 39% of this group of deal-

ers anticipate used equipment sales to improve by 2% to more than 8%, while 13.9% expect their sales of this machinery will increase by 8% or more.

Projected U.S. Unit Retail Tractor & Combine Sales — 2011

Tractor Type (size)	Up 8% or More	Up 2-7%	Little or No Change	Down 2-7%	Down 8% or More
2WD (<40 hp)	8.3%	18.3%	60.7%	9.2%	3.5%
2WD (40-100 hp)	4.3%	31.8%	51.1%	10.3%	2.6%
2WD (>100 hp)	5.0%	25.3%	56.6%	8.1%	5.0%
4WD (All)	9.6%	38.4%	40.2%	7.8%	4.1%
Combines	2.3%	19.9%	57.4%	15.9%	4.5%

Strong Ag Fundamentals

Underpinning dealers positive views going into 2011 are solid ag fundamentals in terms of commodity prices, growing exports and the relative stability of farm input costs.

Based on current USDA projections for most farm commodities, U.S. farmers — particularly grain producers — could be in for another strong year. The agency has raised its projections for net farm income and cash receipts for 2010.

Net farm income is forecast to reach \$77.1 billion in 2010, up \$14.9 billion (24%) from 2009. The 2010 forecast is \$12.3 billion above the average of \$64.8 billion in net farm income earned annually in the previous 10 years. It's also the fourth-largest income ever earned in U.S. farming. Cash receipts are expected to increase 6.5%, due in large part to higher livestock receipts.

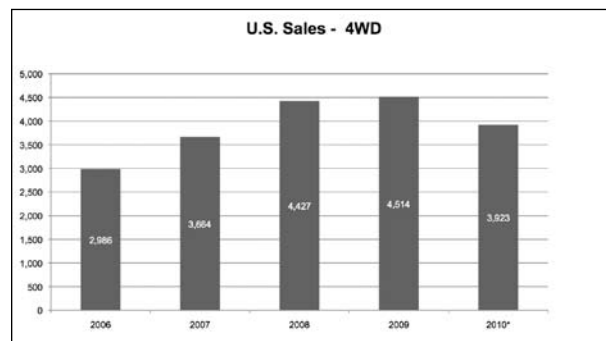
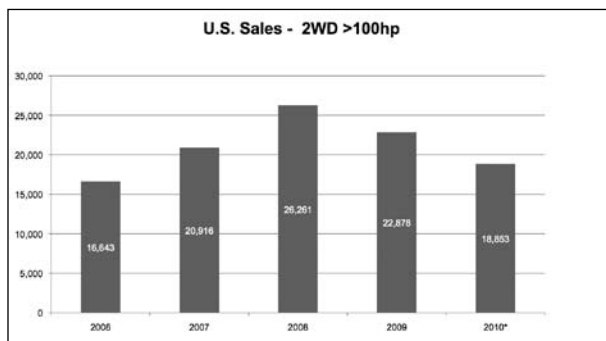
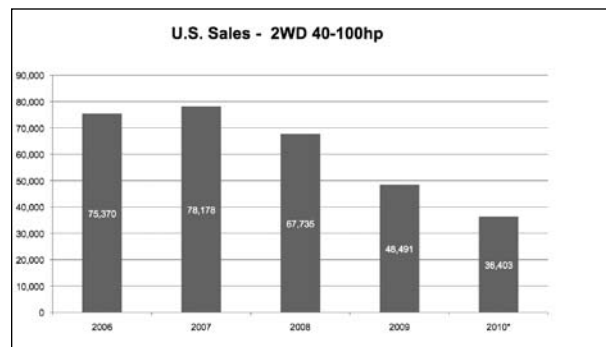
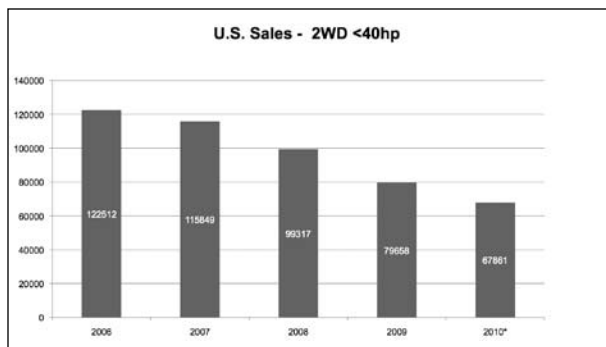
Overall, crop receipts are forecast to increase a modest 0.4% with soybean and cotton receipts expected to

Projected U.S. Unit Sales for Other Equipment — 2011

Equipment	Up 8% or More	Up 2-7%	Little or No Change	Down 2-7%	Down 8% or More
Rectangular Balers	2.1%	15.5%	73.6%	8.8%	0.0%
Round Balers	1.5%	26.7%	60.1%	7.8%	3.9%
Forage Harvesters	2.3%	9.3%	75.1%	8.1%	5.2%
Planters (All)	5.0%	24.3%	55.8%	10.5%	4.4%
Mower/Conditioners	2.5%	26.5%	60.7%	6.4%	3.9%
Windrowers/Swathers	1.1%	16.8%	70.9%	7.3%	3.9%
Field Cultivators	3.3%	16.3%	69.5%	8.2%	2.7%
Farm Loaders	3.7%	22.3%	62.4%	7.9%	3.7%
Chisel Plows	2.8%	10.7%	74.1%	7.9%	4.5%
Disc Harrows	2.6%	21.5%	64.4%	8.4%	3.1%
Air Seeders/Drills	1.7%	13.9%	72.8%	8.7%	2.9%
Self-Prop. Sprayers	6.0%	19.0%	63.7%	7.1%	4.2%
Pull-Type Sprayers	0.0%	10.4%	72.5%	11.0%	6.1%
Lawn/Garden Equip.	11.2%	35.3%	42.8%	6.5%	4.2%
GPS/Auto-Steer	25.1%	31.3%	37.4%	3.4%	2.8%

U.S. Unit Retail Tractor Sales — 2006-10*

(*through September 2010)



Through the first 9 months of 2010, total U.S. unit sales of all farm tractors were up 2.5% vs. the same period of 2009. Total units in '10 stood at 127,040 compared with 123,896 last year. (Source: AEM)

show large gains while corn receipts aren't expected to rise as much going into 2011.

Livestock receipts are expected to increase \$17.7 billion in 2010, led by a 26% surge in cash receipts for dairy.

Farm expenses are projected to increase only moderately. Total production expenses in 2010 are forecast to be 1.1% higher, reversing the 4.1% drop in 2009. The increase is far below upward movements of 15.7% and 8.8% recorded in 2007 and 2008, respectively.

Based on USDA's September World Agricultural Supply and Demand Estimates (WASDE) report, prices for all major grains and milk were up compared to the year earlier. What also gives credence to the forecast is the much earlier harvest this year compared to the year previous and 5-year average. Following is a summary of USDA's projections and its crop progress report as of October 24.

CORN — The season-average farm price is projected at \$4.00-4.80 per bushel, compared with \$3.50-4.10 last month. As of mid-September, corn prices were 35% above year-ago

levels. Some 83% of U.S. corn was harvested by October 24, compared with only 20% on this date in 2009. The 5-year average for this date is 49% corn harvested.

SOYBEANS — The U.S. season-average soybean price range for 2010-11 is projected at \$9.15-10.65 per bushel, up 65 cents on both ends of the range. Through the middle of

U.S. Farm Production Regions



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

September, soybean prices were up 7% year-over-year compared with the same time last year.

COTTON — The average price received by producers is forecast at 63-77 cents per pound, 2 cents above

the last 11 months. The midpoint of the interval, 70 cents per pound, would also be the highest price since 1995-96.

More than 33% of U.S. cotton had been harvested by October 12 vs. 23% on October 12, 2009, and the 72% 5-year average. According to published reports, as of the middle of October, cotton prices for December contracts reached \$1.1980 per pound, its highest since 1870.

WHEAT — At the projected level, stocks would remain the second highest in more than a decade. The 2010-11 season-average farm price is projected at \$4.95-5.65 per bushel, compared with \$4.70-5.50 last month. Wheat pricing was up 52% year-over-year vs. pricing at the same time in 2009.

MILK — The U.S. all milk price is forecast to average \$16.25-16.45 per cwt for 2010 and \$15.85-16.85 per cwt. for 2011.

Tractors & Combines

All in all, the first 9 months of 2010 has been outstanding for retail sales of large tractors and combines in the U.S. Sale of compact tractors (<40 HP) picked up somewhat during the past year. The sale of mid-range tractors (40-100 HP) continued to be sluggish through the first 9 months of the year.

Following is the January-to-September summary of U.S. tractor and combine unit sales and comparisons with the same period in 2009:

• <40 HP 2WD	67,861 units	+3.9%
• 40-100 HP 2WD	36,403 units	-5.2%
• 100+ HP 2WD	18,853 units	+11.9%
• Total 2WD	123,117 units	+2.1%
• 4WD Tractors	3,923 units	+18.3%
• Total Farm	127,040 units	+2.5%
• Combine Sales	7,705 units	+3.5%

Looking ahead, U.S. dealers expect the current momentum in growing tractor sales to continue into 2011, but they're not so sure about combines.

U.S. Regional Expectations for Revenue Gains New Equipment Sales — 2011 vs. 2010

	% Expecting Gains in 2011	% Expecting Gains in 2010
1. Southeast	72.7%	23.5%
2. Delta States	71.4%	38.5%
3. Northeast	66.6%	32.4%
4. Pacific	55.0%	23.0%
5. Corn Belt	46.6%	15.3%
6. Appalachia	44.4%	30.5%
7. Lake States	40.5%	14.7%
8. Southern Plains	40.0%	33.4%
9. Northern Plains	36.3%	20.0%
10. Mountain	15.4%	7.7%

U.S. Regional Expectations for Sales Revenue Gains vs. Losses in 2011 vs. 2010

Region	Expecting Gains	Expecting Losses	Little or No Change
Northeast	66.6%	16.7%	16.7%
Appalachia	44.4%	14.8%	40.8%
Southeast	72.7%	18.2%	9.1%
Delta States	71.4%	0.0%	28.6%
Lake States	40.5%	21.6%	37.9%
Corn Belt	46.6%	23.4%	30.0%
Northern Plains	36.4%	31.8%	31.8%
Southern Plains	40.0%	13.6%	36.4%
Mountain	15.4%	38.5%	46.1%
Pacific	55.0%	10.0%	35.0%

U.S. Dealer Top Concerns for 2011 (2010 Rank)

Rank Major Issues	Most Concerning	Concerning	Not Concerned
1. Health Care Affordability (5)	69.5%	28.9%	1.6%
2. Cost of New Equipment (1)	54.9%	42.7%	2.4%
3. Farm Input Costs (4)	29.1%	61.9%	9.0%
4. Farm Commodity Prices (2)	38.2%	51.8%	10.0%
5. Energy/Fuel Costs (3)	27.9%	60.3%	11.7%
6. Shrinking Farm Base (6)	35.8%	48.8%	15.4%
7. Technician Availability (8)	35.7%	47.8%	16.5%
8. New Equip. Availability (15)	36.8%	46.2%	17.0%
9. Steel Prices/Supplies (9)	14.3%	67.3%	18.4%
10. Product Reliability (11)	30.8%	50.6%	18.6%
11. Finance – Floor Planning (10)	34.1%	46.3%	19.5%
12. Dealer Consolidation (7)	24.4%	52.0%	23.6%
13. Dealer Purity Efforts (14)	23.6%	49.2%	27.3%
14. Finance – Retail (12)	20.9%	51.6%	27.5%
15. Succession Policies (13)	21.3%	44.7%	34.0%
16. Internet Sales (16)	11.5%	53.7%	34.8%
17. Used Equip. Availability (17)	14.5%	45.6%	39.9%
18. Competing Box Stores (18)	12.7%	42.4%	44.9%

U.S. Dealer Spending Plans for 2011

No Increase	43.3%
0 to +5%	46.8%
+6 to 10%	7.5%
+10%	2.4%

They see continued strong sales of 4WD equipment, with 48% of them projecting improved unit sales at least 2% to more than 8%. Only 12.7% of U.S. dealers anticipate 4WD sales to decline in the next 12 months. They're projecting a 1.89% rise on a weighted average basis.

U.S. dealers are also forecasting a comeback for mid-range 2WD tractors, as 36.1% project unit sales gains of 2% or more in 2011, and only 12.9% anticipate sales of this tractor category to fall below levels of 2010. On a weighted average basis, dealers expect a 1.10% gain for the year.

Compared to their outlook last year, U.S. dealers see good potential with nearly every major product group for improving sales in the year ahead. On a weighted average basis, products that will lead the way in 2011, other than tractors, include:

- GPS/Auto-steer 3.04%
- Lawn & Garden 1.86%
- Mower/Conditioners 0.79%
- Self-Propelled Sprayers 0.68%
- Planters (All) 0.67%
- Round Balers 0.66%
- Farm Loaders 0.65%

Concerns About 2011

While U.S. dealers are heavily optimistic going into the new selling season, they have several heavy-duty concerns as they look forward. Chief among these is the affordability of health care, as 98.4% of dealers say they are "most concerned" or "concerned" about this issue going into

the next year. In fact, it rose from #5 on their list to the top spot for 2011. Last year's top issue among U.S. dealers, the rising cost of new equipment, slipped one spot to number 2, with farm input costs, farm commodity prices and energy and fuel costs rounding out the top five.

Making the biggest move from last year is the availability of new equipment, which jumped from the 15th spot to number 9 on the U.S. dealers' list of most vexing issues confronting them in 2011. The introduction of Tier IV equipment, in all likelihood, will exacerbate this concern.

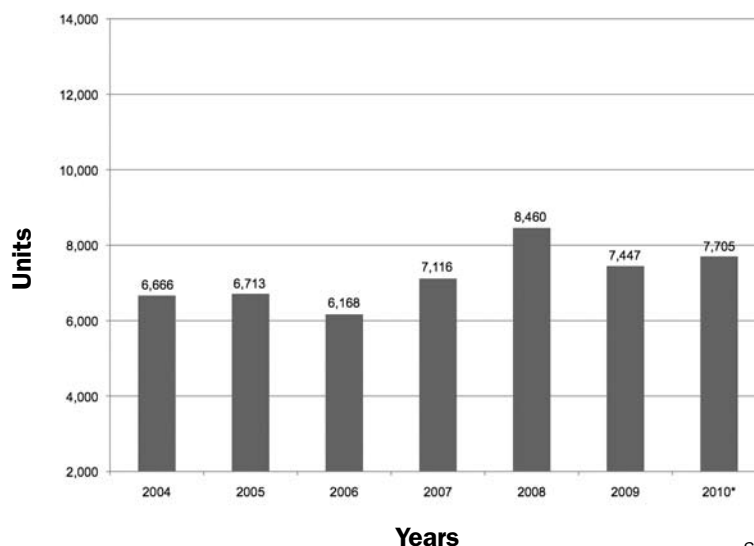
Where U.S. Dealers Will Invest in 2011

Shop & Service Modernize	Retail Modernize	Bus. Info. Systems
49.4%	38.0%	41.0%

U.S. Dealers' Hiring Plans 2011

	Add Staff 2011	Add Staff 2010
Parts Department	26.0%	16.2%
Service Technicians	56.5%	31.6%
Wholesale Sales	24.4%	14.8%
Administration	6.6%	3.0%

U.S. Combine Sales — 2004-10* (*through September 2010)



Source: AEM

Sales of combine to U.S. growers rose by 3.5% through the first 9 months of 2010 compared to the same period of 2009.

U.S. Dealers' Regional Outlook for 2011

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

Northeast

Coverage: Connecticut, Maine, Maryland, Massachusetts, New Hampshire, New York, Pennsylvania, Vermont,

Average Employment: 45.64

Average Dealership Stores: 1.65

New Equipment — Expecting Revenue Gains: 66.6%

Weighted Average Gains or (Losses): 2.71%

Used Equipment — Expecting Revenue Gains: 65.5%

Weighted Average Gains or (Losses): 3.12%

Revenue Sources: Production Farm 38.1%; Hobby Farm

28.7%; Turf/Lawn 13.7%; Municipal 6.3%; Construction 8.4%; Other 4.8%

Most Promising Opportunities: Lawn/Garden, 4WD, Mower/Conditioners, GPS, Round Balers

Appalachia

Coverage: Kentucky, North Carolina, Tennessee, Virginia

Average Employment: 16.5

Average Dealership Stores: 1.56

New Equipment — Expecting Revenue Gains: 44.4%

Weighted Average Gains or (Losses): 1.85%

Used Equipment — Expecting Revenue Gains: 32.1%
Weighted Average Gains or (Losses): 0.59%
Revenue Sources: Production Farm 45.5%; Hobby Farm 28.2%; Turf/Lawn 10.8%; Municipal 4.6%; Construction 5.2%; Other 5.7%
Most Promising Opportunities: GPS, 4WD, Lawn & Garden, SP Sprayers, 2WD (40-100 hp)

Southeast

Coverage: Alabama, Florida, Georgia, South Carolina
Average Employment: 38.82
Average Dealership Stores: 1.35
New Equipment — Expecting Revenue Gains: 72.7%
Weighted Average Gains or (Losses): 2.86%
Used Equipment — Expecting Revenue Gains: 45.5%
Weighted Average Gains or (Losses): 1.96%
Revenue Sources: Production Farm 27.5%; Hobby Farm 25%; Turf/Lawn 25%; Municipal 11.6%; Construction 9.7%; Other 1.2%
Most Promising Opportunities: 4WD, Lawn & Garden, 2WD (40-100 hp), 2WD (>100 hp), GPS

Delta States

Coverage: Arkansas, Mississippi
Average Employment: 29.58
Average Dealership Stores: 2.38
New Equipment — Expecting Revenue Gains: 71.4%
Weighted Average Gains or (Losses): 3.71%
Used Equipment — Expecting Revenue Gains: 71.4%
Weighted Average Gains or (Losses): 3.07%
Revenue Sources: Production Farm 59.1%; Hobby Farm 19.9%; Turf/Lawn 6.6%; Municipal 4.3%; Construction 7.7%; Other 2.4%
Most Promising Opportunities: GPS, 2WD (>100 hp), Farm Loaders, Lawn & Garden, Round Balers

Southern Plains

Coverage: Oklahoma, Texas
Average Employment: 25.58
Average Dealership Stores: 1.58
New Equipment — Expecting Revenue Gains: 50.0%
Weighted Average Gains or (Losses): 1.64%
Used Equipment — Expecting Revenue Gains: 65%
Weighted Average Gains or (Losses): 2.65%
Revenue Sources: Production Farm 37.6%; Hobby Farm 32.6%; Turf/Lawn 13.4%; Municipal 7.2%; Construction 6.3%; Other 4.5%
Most Promising Opportunities: Lawn & Garden, GPS, 4WD, Farm Loaders, Disc Harrows

Northern Plains

Coverage: Kansas, Nebraska, North Dakota, South Dakota
Average Employment: 42.29
Average Dealership Stores: 2.65
New Equipment — Expecting Revenue Gains: 36.4%
Weighted Average Gains or (Losses): 0.044%
Used Equipment — Expecting Revenue Gains: 40%
Weighted Average Gains or (Losses): 1.38%
Revenue Sources: Production Farm 85.2%; Hobby Farm 5%; Turf/Lawn 3.3%; Municipal 2.9%; Construction 2.4%; Other 4.8%

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

Lake States

Coverage: Michigan, Minnesota, Wisconsin
Average Employment: 64.45
Average Dealership Stores: 1.55
New Equipment — Expecting Revenue Gains: 40.5%
Weighted Average Gains or (Losses): 0.57%
Used Equipment — Expecting Revenue Gains: 53%
Weighted Average Gains or (Losses): 2.17%
Revenue Sources: Production Farm 62.9%; Hobby Farm 13.5%; Turf/Lawn 7.7%; Municipal 4.9%; Construction 4.7%; Other 6.2%
Most Promising Opportunities: GPS, 2WD (40-100 hp), Planters, Lawn & Garden, 4WD

Corn Belt

Coverage: Illinois, Indiana, Iowa, Missouri, Ohio
Average Employment: 35.18
Average Dealership Stores: 1.67
New Equipment — Expecting Revenue Gains: 46.6%
Weighted Average Gains or (Losses): 1.10%
Used Equipment — Expecting Revenue Gains: 59.3%
Weighted Average Gains or (Losses): 2.65%
Revenue Sources: Production Farm 64.5%; Hobby Farm 13.2%; Turf/Lawn 8.4%; Municipal 6.0%; Construction 4.4%; Other 3.5%
Most Promising Opportunities: GPS, Lawn & Garden, 4WD, Planters, 2WD (40-100 hp)

Mountain

Coverage: Colorado, Idaho, Montana, New Mexico, Wyoming
Average Employment: 57.00
Average Dealership Stores: 2.0
New Equipment — Expecting Revenue Gains: 15.4%
Weighted Average Gains or (Losses): -1.85%
Used Equipment — Expecting Revenue Gains: 50%
Weighted Average Gains or (Losses): 0.45%
Revenue Sources: Production Farm 59.3%; Hobby Farm 17.4%; Turf/Lawn 9.7%; Municipal 5.4%; Construction 3.4%; Other 4.9%
Most Promising Opportunities: Lawn & Garden, GPS, 4WD, 2WD (>100 hp), Forage Harvesters

Pacific

Coverage: California, Oregon, Washington
Average Employment: 90.26
Average Dealership Stores: 2.08
New Equipment — Expecting Revenue Gains: 55%
Weighted Average Gains or (Losses): 2.03%
Used Equipment — Expecting Revenue Gains: 40%
Weighted Average Gains or (Losses): 1.30%
Revenue Sources: Production Farm 55.1%; Hobby Farm 20.1%; Turf/Lawn 8.3%; Municipal 8.6%; Construction 4.9%; Other 3.1%
Most Promising Opportunities: Lawn & Garden, GPS, 4WD, Farm Loaders, Disc Harrows

State-by-State Breakout of Dealers' Forecast for 2011

The following table ranks states by "weighted average," which in this case is a measure of sales revenue increase vs. decrease projected in 2011 vs. 2010. Other states did not present enough data to be included.

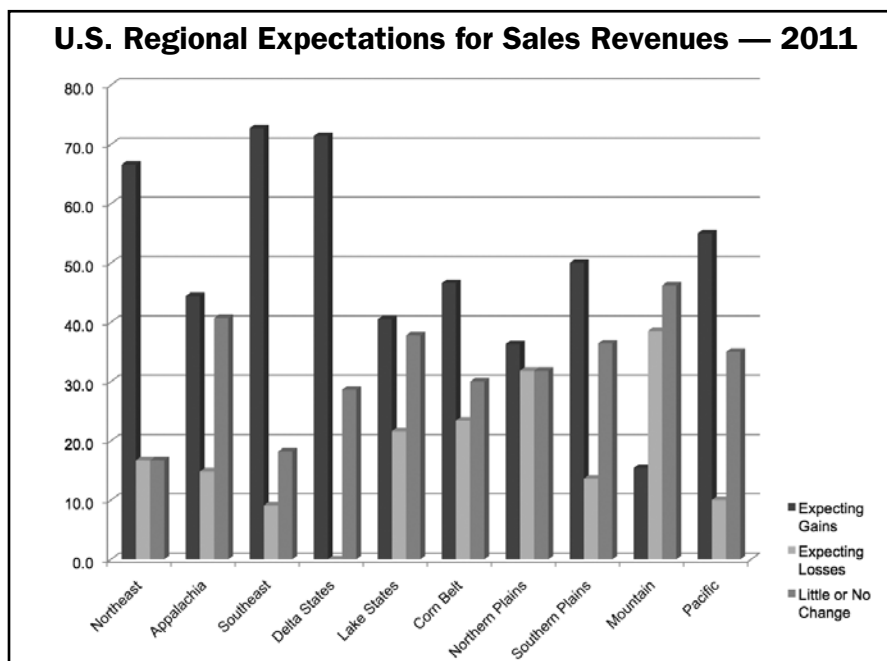
Sales Revenue Outlook for 2011					
State	Weighted Average	U.S. Rank	State	Weighted Average	U.S. Rank
Wyoming	8.00%	1	Oregon	1.80%	15
Massachusetts	8.00%	1	New Hampshire	1.50%	16
Florida	4.50%	2	Minnesota	1.32%	17
Mississippi	4.50%	2	Texas	1.29%	18
Vermont	4.50%	2	Wisconsin	1.12%	19
Missouri	4.28%	3	Washington	1.10%	20
Connecticut	4.16%	4	Kansas	.75%	21
Arkansas	3.40%	5	Nebraska	0.00%	22
Indiana	3.40%	5	North Carolina	0.00%	22
Maryland	3.38%	6	Tennessee	0.00%	22
Georgia	3.00%	7	Utah	0.00%	22
Kentucky	2.95%	8	Illinois	-.29%	23
New York	2.83%	9	Iowa	-.69%	24
California	2.60%	10	Colorado	-1.17%	25
Virginia	2.28%	11	Montana	-2.25%	26
Alabama	2.25%	12	Michigan	-2.29%	27
Oklahoma	2.25%	12	South Dakota	-3.13%	28
South Carolina	2.25%	12	Idaho	-3.20%	29
Ohio	2.16%	13	Maine	-4.50%	30
Pennsylvania	2.15%	14	New Mexico	-8.00%	31
North Dakota	1.80%	15			

The following table provides a state-by-state breakdown of the responses to *Ag Equipment Intelligence's 2011 Business Outlook & Trends* survey. The "Average Employment" column shows a simple calculation of total reported employment divided by the number of responses from dealers in each state. The "Average Stores" column includes the number of locations operated per respondent. The figures under the "New Equipment" and "Used Equipment" headings indicate the percentage of dealerships that are expecting gains and/or losses in unit sales for the year. The "Weighted Average" shows the percentage of increase (decrease) the dealers in that state are expecting for the year. The figures shown under "Capital Spending" represent the percentage of dealers that intend to increase capital investments during the year. The "Gainers" listing indicates the top product categories that dealers of each state believe has the best potential for increasing equipment sales for the year.

State	Average Employment	Average Stores	New Equipment Gains (Losses)	Used Equipment Gains (Losses)	Weighted Average	Capital Spending
Alabama	65	4	50% (0%)	50% (0%)	2.25%	50.0%
Gainers: Planters, Field Cultivators, Lawn & Garden, GPS						
Arkansas	36.88	2.71	60% (0%)	60% (20%)	3.40%	40.0%
Gainers: Round Balers, Mower/Conditioners, Lawn & Garden, GPS, 2WD (> 100 hp), GPS						
California	34.9	3.64	60% (10%)	30% (20%)	2.60%	60.0%
Gainers: GPS, 2WD (40 - 100 hp), Windrowers/Swath, 2WD (< 40 hp), Lawn & Garden						
Colorado	57.25	2	33.3% (33.3%)	33.3% (33.3%)	-1.17%	33.3%
Gainers: 2WD (> 100 hp), Farm Loaders, Rectangular Balers						
Connecticut	NA	NA	66.6% (0%)	100% (0%)	4.16%	100.0%
Gainers: Lawn & Garden, 4WD, Mower Conditioners, Farm Loaders, 2WD (< 40 hp), 2WD (40 - 100 hp)						
Florida	23	1.5	100% (0%)	0% (0%)	4.50%	100.0%
Gainers: 4WD, Farm Loaders, Disc Harrows, 2WD (40 - 100 hp)						
Georgia	10.9	1.5	66.7% (0%)	66.6% (0%)	3.00%	66.7%
Gainers: 2WD (> 100 hp), 2WD (40-100 hp), Forage Harvesters, PT Sprayers, GPS						

State	Average Employment	Average Stores	New Equipment Gains (Losses)	Used Equipment Gains (Losses)	Weighted Average	Capital Spending
Idaho	30	1.5	0% (40%)	40% (60%)	-3.20%	50.0%
Gainers: 4WD, Forage Harvesters, SP Sprayers, SP Combines, Lawn & Garden, GPS						
Illinois	27.69	2.25	33.3% (28.6%)	38.1% (19.1%)	-0.29%	68.1%
Gainers: GPS, 4WD, Lawn & Garden, 2WD (40-100 hp)						
Indiana	13.8	2.5	80% (20%)	80% (20%)	3.40%	60.0%
Gainers: 2WD (> 100 hp), 4WD, GPS, 2WD (40-100 hp)						
Iowa	60.27	1.47	23.1% (38.5%)	41.6% (16.7%)	-0.69%	84.6%
Gainers: Lawn & Garden, GPS, Field Cultivators, Chisel Plows, 4WD						
Kansas	40.27	2.82	50% (33.4%)	33.3% (16.7%)	0.75%	66.6%
Gainers: GPS, Planters, SP Combines, 2WD (> 100 hp), 2WD (40-100 hp)						
Kentucky	21.6	2	70% (20%)	30% (10%)	2.95%	50.0%
Gainers: GPS, 4WD, 2WD (40-100 hp), Round Balers, SP Sprayers						
Maine	10	1	0% (100%)	0% (100%)	- 4.50%	0.0%
Gainers: N/A						
Maryland	NA	NA	75% (0%)	50% (0%)	3.38%	25.0%
Gainers: GPS, 2WD (> 40 hp), Planters, Chisel Plows, Disc Harrows, Air Seeders/Drills						
Massachusetts	NA	NA	100% (0%)	100% (0%)	8.00%	100%
Gainers: GPS, 4WD, 2WD (>100 hp), Planters						
Michigan	14.93	1.20	28.6% (57.2%)	66.7% (16.7%)	-2.29%	62.5%
Gainers: GPS, 4WD, Planters, Forage Harvesters, Rectangular Balers						
Minnesota	24.38	2.69	41.2% (11.8%)	53.3% (6.7%)	1.32%	58.8%
Gainers: GPS, Lawn & Garden, 2WD (40 - 100 hp), Field Cultivators, Mower/Conditioners						
Mississippi	5	2.5	100% (0%)	100% (0%)	4.50%	50%
Gainers: GPS, Disc Harrows, Field Cultivators, Lawn & Garden, PT Sprayers, SP Combines, 2WD (> 100 hp)						
Missouri	49	1.45	77.8% (0%)	88.9% (11.1%)	4.28%	55.5%
Gainers: Lawn & Garden, Farm Loaders, Round Balers, Mower/Conditioners, GPS						
Montana	NA	NA	0% (50%)	n/a	-2.25%	0.0%
Gainers: 2WD (>100 hp), Round Balers, Forage Harvesters, Disc Harrows, Air Seeders/Drills						
Nebraska	31.89	2.6	28.6% (28.6%)	50% (16.7%)	0.00%	57.1%
Gainers: 2WD (>100 hp), 4WD, Planters, Disc Harrows, GPS						
New Hampshire	18	1	66.7% (33.3%)	66.7% (0%)	1.50%	33.3%
Gainers: Mower/Conditioners, Rectangular Balers, Round Balers, Farm Loaders, Lawn & Garden						
New Mexico	NA	NA	0% (100%)	n/a	-8.00%	0.0%
Gainers: N/A						
New York	56.6	2.0	66.7% (16.7%)	50% (0%)	2.83%	66.7%
Gainers: Lawn & Garden, 4WD, Mower/Conditioners, GPS, Field Cultivators						
North Carolina	17	1.29	16.7% (16.7%)	16.7% (16.7%)	0.00%	33.3%
Gainers: GPS, Lawn & Garden, Round Balers, 4WD, SP Sprayers						
North Dakota	20.8	2.9	60% (20%)	25% (25%)	1.80%	60.0%
Gainers: Air Seeders/Drills, SP Sprayers, 4WD, Chisel Plows, Planters						
Ohio	15	1.38	58.3% (16.7%)	83.3% (0%)	2.16%	58.3%
Gainers: 4WD, GPS, Lawn & Garden, 2ED (< 40 hp), Planters						

State	Average Employment	Average Stores	New Equipment Gains (Losses)	Used Equipment Gains (Losses)	Weighted Average	Capital Spending
Oklahoma	11.25	1.50	62.5% (12.5%)	66.7% (16.7%)	2.25%	75%
Gainers: GPS, Disc Harrows, Farm Loaders, Lawn & Garden, Mower/Conditioners, Round Balers						
Oregon	28.4	2.2	40% (0%)	40% (0%)	1.80%	50.0%
Gainers: Windrowers/Swath, 4WD, Mower/Conditioners, GPS, Lawn & Garden						
Pennsylvania	53	1.15	60% (20%)	88.9% (11.1%)	2.15%	60.0%
Gainers: 4WD, GPS, Planters, SP Sprayers, PT Sprayers						
South Carolina	59	2	75% (25%)	50% (25%)	2.25%	75%
Gainers: Lawn & Garden, 4WD, 2WD (<40 hp), 2WD (40-100 hp), Mower/Conditioners						
South Dakota	79.5	1.60	0% (50%)	50% (50%)	-3.13%	25%
Gainers: Lawn & Garden, Farm Loaders, 2WD Tractors (> 100 hp), Windrowers/Swath						
Tennessee	6.75	1	0% (0%)	0% (50%)	0.00%	50%
Gainers: 4WD, Planters, 2WD Tractors (<40 hp), 2WD Tractors (40-100 hp)						
Texas	29.4	1.59	42.9% (14.3%)	64.3% (7.1%)	1.29%	42.8%
Gainers: 4WD, Lawn & Garden, 2WD (40-100 hp), Farm Loaders, Windrowers/Swath						
Utah	NA	NA	0% (0%)	100% (0%)	0.00%	100.0%
Gainers: Lawn & Garden, 2WD (<40 hp), 2WD (40-100 hp), 2WD (> 100 ghp), Windrowers/Swath						
Vermont	N/A	1	100% (0%)	0% (0%)	4.50%	50.0%
Gainers: SP Sprayers, 4WD, Farm Loaders						
Virginia	20.63	1.83	44.4% (11.1%)	50% (0%)	2.28%	30.0%
Gainers: GPS, Lawn & Garden, SP Sprayers, 4WD, Mower/Conditioners						
Washington	47.4	2.33	60% (20%)	60% (20%)	1.10%	40.0%
Gainers: Rectangular Balers, 2WD (40-100 hp), 2WD Tractors (< 40 hp), Farm Loaders, Lawn & Garden						
Wisconsin	43.86	2.06	46.2% (15.4%)	46.4% (15.4%)	1.12%	61.5%
Gainers: GPS, Planters, Round Balers, Mower Conditioners, 4WD						
Wyoming	35.17	1.67	100% (0%)	100% (0%)	8.00%	100.0%
Gainers: Lawn & Garden						

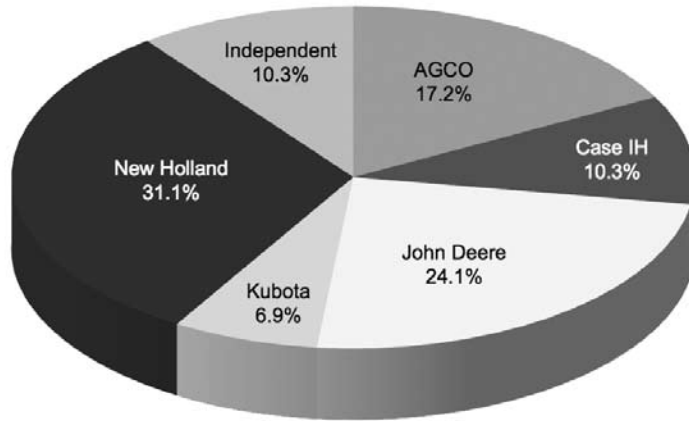


Dealers in Appalachia Delta States and Northeast are most optimistic about improving sales in 2010. Those in the Mountain region see a challenging year ahead.

PART III — CANADIAN OUTLOOK

Despite Difficult 2010, 87% of Canadian Dealers See a Solid 2011

Canada Dealers' Responses by Mainline Supplier



Of the nearly 300 dealers that responded to the AEI survey this year, 11% came from Canadian dealers.

Average Employment of Participating Dealerships	38.33
Average Number of Stores Operated by Participating Dealerships	1.69

Projected Canadian Sales of Tractors & Combines — 2011

Tractor Type (Size)	Sales +8%	Sales +2-7%	Little or No Change	Sales -2-7%	Sales -8%	Forecasting Growth	Loss
2WD (<40 hp)	11.5%	26.9%	57.7%	3.8%	0.0%	38.4%	3.8%
2WD (40-100 hp)	11.1%	29.6%	55.6%	3.7%	0.0%	40.7%	3.7%
2WD (>100 hp)	3.7%	44.4%	37.0%	14.8%	0.0%	48.1%	14.8%
4WD (All)	8.0%	36.0%	36.0%	12.0%	8.0%	44.0%	20.0%
Combines	4.0%	24.0%	56.0%	8.0%	8.0%	28.0%	16.0%

Compared with their U.S. counterparts, Canadian farm equipment dealers are far more optimistic for sales prospects in the coming year.

In terms of revenue from new equipment sales in 2010 vs. 2009, 68.6% of Canadian dealers see sales being as good or better next year than they were in the past year. This compares with 55.9% of U.S. equipment sellers that see unit sales staying at about the same level or improving in '10.

But the real difference comes in the number of Canadian dealers that expect sales to increase as opposed to only be as good as 2009.

An even 40% forecast increased revenues from new equipment sales of more than 2% in the new year vs. 22.3% of U.S. dealers. Of those, 37.1% (18% in U.S.) expect increased sales ranging from 2-7%.

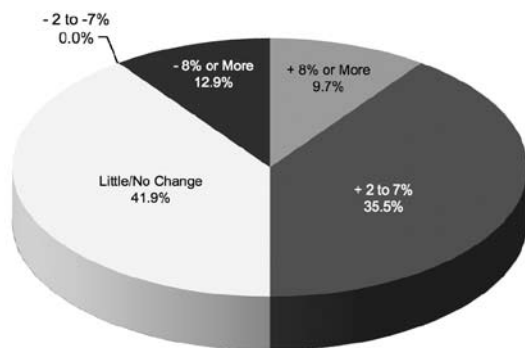
U.S. dealers have the edge when it comes to those expecting sales to come in at 8% or more — 4.3% vs. 2.9% of Canadians.

That leaves 31.4% of dealers in Canada forecasting declining sales of 2% or more for the year compared with 44.1% of U.S. dealers.

It's much the same story when it comes to revenues from the sale of used equipment.

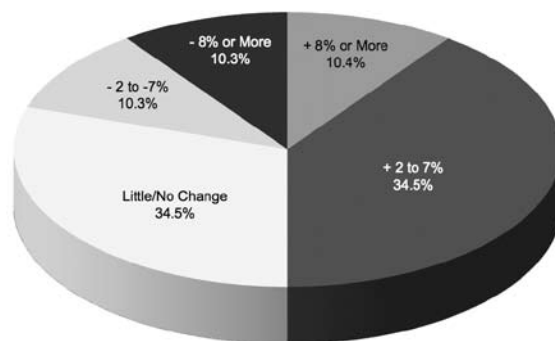
Only 27% of U.S. dealers see used equipment sales growing in

Canadian Dealers' Projections for Sales Revenue 2011 — New Equipment



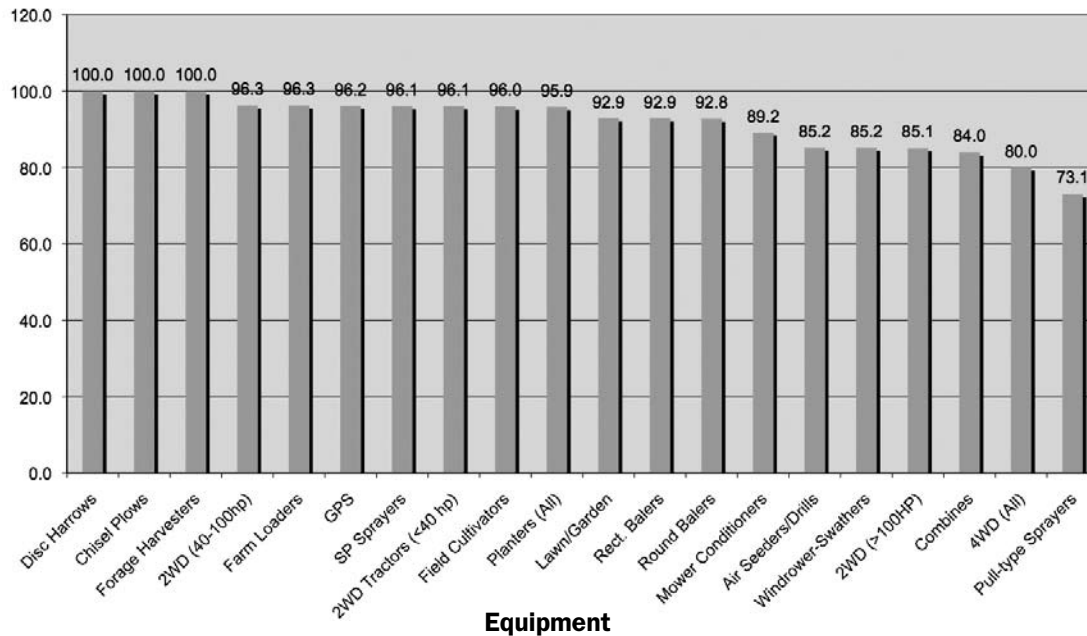
Slightly over 87% of Canadian dealers see their 2011 revenues from sales of new farm machinery being as good as or better than levels achieved in 2010.

Canadian Dealers' Projections for Sales Revenue 2011 — Used Equipment



Canadian dealers see a very strong year ahead for sales of used equipment. For 2011, nearly 80% expect revenues from sales of used machinery to be as good as or better than in 2010.

Best Bets for Improving Unit Sales in 2011 — Canada



In their rankings of “Best Bets” for improving sales in 2011, all of the Canadian dealers expect sales of disc harrows, chisel plows and forage harvesters to be as good as or better than they were last year.

2010, while 37.7% of Canadian dealers expect improved sales.

When it comes to declining used equipment sales, more than double the number of U.S. equipment sellers (34.2%) see sales dropping below

2009 levels than do Canadian retailers (16.2%).

Canadian Best Bets

Like the dealers in the U.S., Canadian farm equipment retailers

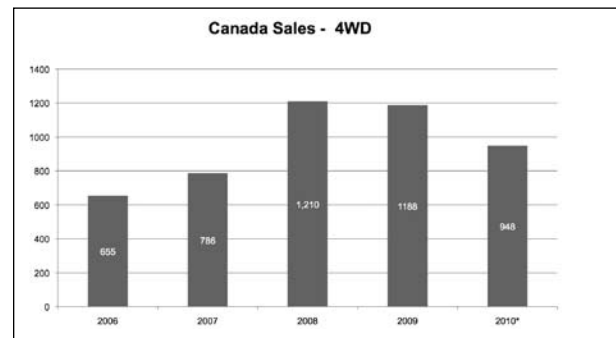
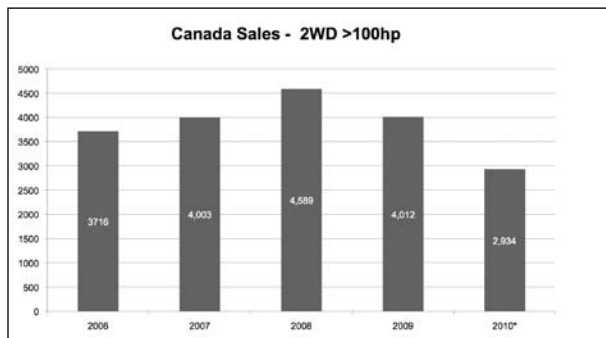
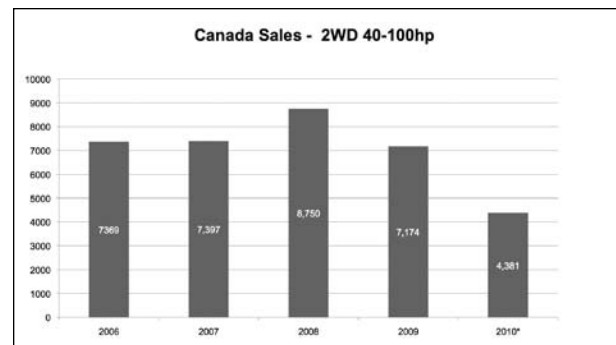
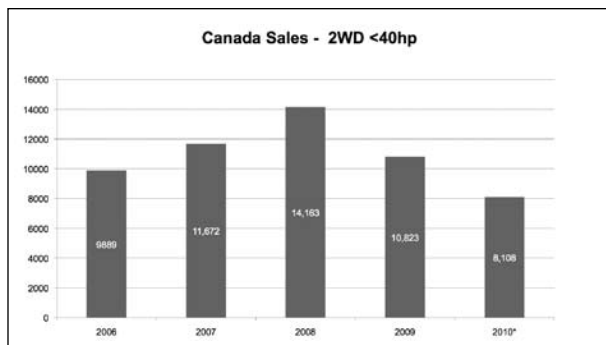
expect that GPS equipment and rectangular balers will provide the best prospect for growing sales in 2010.

But the two groups of dealers diverge from there.

The dealers to the North see

Canadian Unit Retail Tractor Sales — 2006-10*

(*through September 2010)



During the January-to-September period in 2010, Canadian unit sales of all classes of tractors declined by 1.2% compared to the same period in 2009. Sales of 4WD tractors rose by 12.7%. (Source: AEM)

Projected Canadian Unit Sales of Other Equipment — 2011

Equipment	Up 8% or More	Up 2-7%	Little or No Change	Down 2-7%	Down 8% or More
Rect. Balers	3.6%	10.7%	78.6%	7.1%	0.0%
Round Balers	7.1%	50.0%	35.7%	3.6%	3.6%
Forage Harvesters	7.4%	7.4%	85.2%	0.0%	0.0%
Planters (All)	0.0%	16.7%	79.2%	4.2%	0.0%
Mower Conditioners	7.1%	32.1%	50.0%	10.7%	0.0%
Windrower-Swathers	7.4%	14.8%	63.0%	14.8%	0.0%
Field Cultivators	0.0%	32.0%	64.0%	4.0%	0.0%
Farm Loaders	7.4%	33.3%	55.6%	3.7%	0.0%
Chisel Plows	0.0%	17.9%	82.1%	0.0%	0.0%
Disc Harrows	3.7%	18.5%	77.8%	0.0%	0.0%
Air Seeders/Drills	3.7%	29.6%	51.9%	14.8%	0.0%
SP Sprayer	11.5%	26.9%	57.7%	3.8%	0.0%
Pull-Type Sprayers	0.0%	15.4%	57.7%	15.4%	11.5%
Lawn/Garden	25.0%	25.0%	42.9%	3.6%	3.6%
GPS	15.4%	38.5%	42.3%	3.8%	0.0%

Canadian Dealers' Spending Plans for 2011

No Increase	45.2%
0 to +5%	45.2%
+6 to 10%	6.4%
+10%	3.2%

tillage tools, including disc harrows and chisel plows as providing a good shot at improving sales compared with 2009. Planting equipment was, ranked number 5 on the Canadians' best-bets list.

Retail sales of row-crop tractors in Canada started off strong in 2009, but began tailing off after mid-year. Through the first 9 months of the year, overall tractor sales were down by 21.8% compared with 2008, according to the Assn. of Equipment Manufacturers.

Sales of combines, on the other hand, continued on a solid upward path. During the January through September period, Canadian sales of combines were up 4.3% compared with the same period last year.

As far as sale of tractors in 2010 goes, the Canadian dealers see a little better potential for growing sales than their U.S. counterparts do.

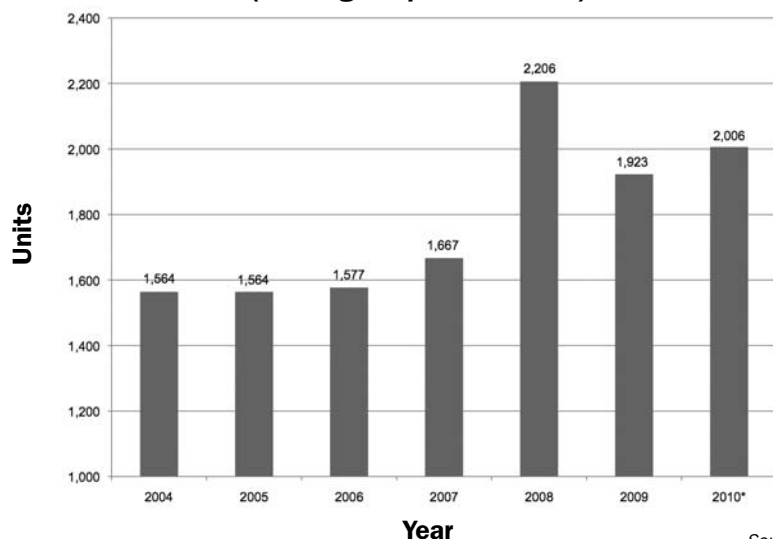
Canadian Dealers' Hiring Plans 2011 vs. 2010

	2011			2010		
	Add Staff	No Change	Reduce/Relocate Staff	Add Staff	No Change	Reduce/Relocate Staff
Parts Department	17.2%	79.3%	3.4%	11.8%	85.3%	2.9%
Service Techs	55.2%	44.8%	0.0%	57.1%	40.0%	2.9%
Wholegood Sales	48.3%	51.7%	0.0%	28.6%	71.4%	0.0%
Administration	23.1%	73.1%	3.8%	26.5%	73.5%	0.0%

Where Canadian Dealers Will Invest - 2011

Shop & Service Modernize	Retail Modernize	Bus. Info. Systems
43.3%	48.4%	43.3%

Canada Combine Sales — 2004-10* (*through September 2010)



Source: AEM

Unit sales of combines in Canada increased 4.3% during the first 9 months of 2010, rising from 1,923 units during the first 9 month to 2,006 units in the same period of 2010.

Spending & Hiring in 2010

The Canadians optimism going into the new sales year was also reflected in the facilities and systems investment plans, as well as the aggressive hiring levels they're planning for 2010.

Overall, nearly 61% of Canada's dealers will increase investments in facilities and business information systems. Most (60%) say they'll focus on improvements in the service areas, but nearly half also plan to upgrade their computer systems.

Likewise, the service area will get the most attention when it comes to hiring. More than 57.1% of the equipment dealers indicate they're looking to increase their service staffs.

Nearly one-third plan to increase the size of their salesforce. Surprisingly, nearly 27% also intend to hire administrative and office personell in the coming year.

Canadian Regional Breakdown of Dealers' Outlook for 2011

Eight agricultural-producing provinces are represented in *Ag Equipment Intelligence's 2011 Dealer Business Trends & Outlook* survey. For analysis purposes, these have been broken down into 3 regions. 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.



Canadian Sales Outlook 2011

Province	Weighted Average	Rank
New Brunswick (NB)	4.50%	1
Nova Scotia (NS)	4.50%	1
Alberta (AB)	3.59%	2
British Columbia (BC)	2.00%	3
Ontario (ON)	1.80%	4
Prince Edward Island (PE)	0.00%	5
Manitoba (MB)	-1.17%	6
Saskatchewan (SK)	-2.30%	7
Quebec (QC)	NA	NA

For reporting and analysis purposes, Canada is broken into three major agricultural regions.

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

WESTERN CANADA

Coverage: British Columbia, Alberta, Saskatchewan & Manitoba

Average Employment: 46.78

Average Dealership Stores: 2.13

New Equipment — Expecting Revenue Gains: 38.9%

Weighted Average Gains or (Losses): 0.80%

Used Equipment — Expecting Revenue Gains: 38.9%

Weighted Average Gains or (Losses): 0.75%

Revenue Sources: Production Farm 75.7%; Hobby Farm 10.7%; Turf/Lawn 4.6%; Municipal 4.2%; Construction 3.4%; Other 1.4%

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

EASTERN CANADA

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

Average Employment: 20.5

Average Dealership Stores: 1.4

New Equipment — Expecting Revenue Gains: 50.0%

Weighted Average Gains or (Losses): 4.50%

Used Equipment — Expecting Revenue Gains: 66.7%

Weighted Average Gains or (Losses): 3.0%

Revenue Sources: Production Farm 71.7%; Hobby Farm 10%; Turf/Lawn 10%; Municipal 4%; Construction 4.3%

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

CENTRAL CANADA

Coverage: Ontario

Average Employment: 31.06

Average Dealership Stores: 2.13

New Equipment — Expecting Revenue Gains: 50.0%

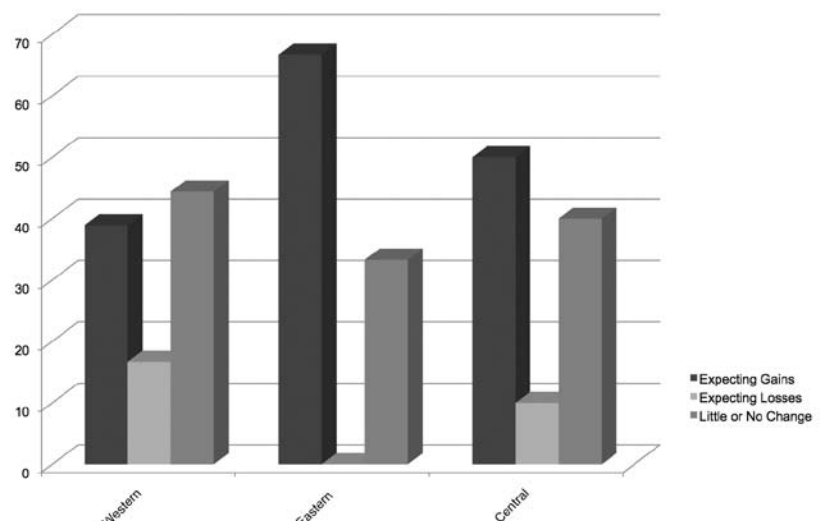
Weighted Avg. Gains or (Losses): 1.80%

Used Equipment — Expecting Revenue Gains: 50.0%

Weighted Average Gains or (Losses): 1.35%

Revenue Sources: Production Farm 46.4%; Hobby Farm 11.1%; Turf/Lawn 24.1%; Municipal 4.3%; Construction 11.0%; Other 3.0%

Canadian Regional Expectations for Sales Revenue — 2011



Half of the dealers in the Eastern and Central regions see sales gains in 2011, while slightly less than 40% of Western dealers are anticipating increased sales.

Canadian Dealer Issues & Concerns — 2011 (2010 Rank)

Issue	Most Concerned	Concerned	Not Concerned
1. Commodity Prices (1)	62.1%	34.5%	3.4%
2. Farm Input Costs (2)	48.3%	48.3%	3.4%
3. Technician Availability (7)	37.9%	58.6%	3.4%
4. Increasing Cost of New Equipment (3)	55.2%	37.9%	6.9%
5. Shrinking Farm Customer Base (5)	58.6%	27.6%	13.8%
6. Energy/Fuel Costs (6)	14.3%	71.4%	14.3%
7. Product Reliability (9)	34.5%	51.7%	13.8%
8. New Equipment Availability (14)	41.4%	37.9%	20.7%
9. Succession Policies (11)	13.8%	58.6%	27.6%
10. Industry Consolidation (15)	28.6%	39.3%	32.1%
11. Finance – Floor Planning (8)	24.1%	46.4%	32.1%
12. Internet Sales (20)	0.0%	65.5%	34.5%
13. Dealer ‘Purity’ Efforts (13)	32.1%	28.6%	39.3%
14. Finance – Retail (12)	25.0%	35.7%	39.3%
15. Steel Prices/Supplies (10)	3.6%	53.6%	42.9%
16. Health Care Affordability (18)	10.7%	35.7%	53.6%
17. Impact of Competing Box Stores (19)	10.7%	32.1%	57.1%
18. Used Equipment Availability (16)	10.3%	31.0%	58.6%

Breakdown by Canadian Province — 2011

The following table provides a province-by-province breakdown of the responses to *Ag Equipment Intelligence's 2011 Dealer Business Outlook & Trends* survey. The “Average Employment” column shows a simple calculation of total employment reported divided by the number of responses from dealers in each province. The “Average Stores” column includes the number of locations operated per respondent. The figures under the “New Equipment” and “Used Equipment” headings indicate the percentage of dealerships that report they are expecting gains in unit sales and (losses) in unit sales for the year. The “Weighted Average” shows the percentage of increase (decrease) the dealers in that province are expecting for the year. The figures shown under “Capital Spending” represent the percentage of dealers that intend to increase capital investments during the year. The “Gainers” listing indicates the “Top 5” product categories that dealers of each province believe has the best potential for increasing equipment sales for the year.

State	Average Employment	Average Stores	New Equipment Gains (Losses)	Used Equipment Gains (Losses)	Weighted Average	Capital Spending
Alberta	35.17	1.29	66.7% (0.0%)	50% (0.0%)	+3.59%	66.7%
Gainers: SP Sprayers, GPS, 4WD, 2WD (>100 hp), Windrowers/Swathers						
British Columbia	4.5	2	25% (0.0%)	25% (0.0%)	+2.00%	0.0%
Gainers: 2WD Tractors Lawn & Garden, 2WD (<40 hp), 2WD (40-100 hp), 2WD (>100 hp), Disc Harrows						
Manitoba	21.75	2.25	33.3% (33.3%)	66.6% (33.3%)	-1.17%	50%
Gainers: GPS, Field Cultivators, Mowers/Conditioners, 4WD Tractors, SP Sprayers						
Ontario	18.95	1.38	50% (10%)	50% (20%)	+1.80%	50%
Gainers: GPS, Lawn & Garden, 2WD Tractors (40-100 hp), Round Balers, Farm Loaders						
Prince Edward Isl.	26	1	NA	NA	NA	NA
Gainers: NA						
Quebec	NA	NA	NA	NA	NA	NA
Gainers: NA						
Saskatchewan	89.17	3.17	20% (40%)	20% (60%)	-2.83	80%
Gainers: GPS, 2WD (>100 hp), Mowers/Conditioners, Chisel Plows, Air Seeders/Drills, SP Sprayers						

PART IV — BREAKOUT BY MAINLINE SUPPLIERS

As in previous *AEI Dealer Business Outlook & Trends* reports, this part of the report breaks out dealer responses by their major equipment supplier. Dealers that do not handle any of the major tractor lines are referred to as “independent.” It was this group of dealers that are most optimistic going into 2011.

Overall, each of the dealer groups is far more optimistic going into the new selling season than they were a year ago. Of the independent dealers, more than 87% see business levels being as good or better in 2011 than they were in 2010 vs. 67.3% who held those expectations last year.

AGCO dealers ranked number two on the list in terms of optimism for the coming year, with 86% seeing sales being about the same or better compared with 48.5% seeing it this way last year.

Kubota dealers claimed third in the rankings of most optimistic dealers going into 2011. This year, 84% of its dealers see sales matching or exceeding the levels of 2010. This compares with 68.1% who reflected the same attitude a year ago.

Following are John Deere farm equipment retailers. For the coming year, 79% of Deere dealers see sales reaching or surpassing 2010 levels. Only 54.3% had expected 2010 sales to be about the same or better than they were the previous year.

New Holland dealers ranked fifth on the optimism scale going into the new year, as 78% expect sales levels to be as good as or better than they were in the last year. A year ago, only 54.6% held the same belief.

Slightly over 71% of Case IH dealers see sales revenue equaling or surpassing 2010 levels. This is a significant improvement compared with only 49.1% who saw it that way a year ago. Nearly 30% of Case IH dealers expect sales revenues to decline compared with 2010. Last year at this time, slightly more than half (50.9%) of this dealer group expected sales revenues to decline during 2010.

Overall, with the higher commodity pricing forecast

for 2010 and 2011, net farm incomes, along with rising crop and livestock receipts are also expected to rise. A basic tenet of agriculture is when farmers are confident and have money in their pockets, they invest it in the tools of the trade. That looks to be the case for the new selling season, and the attitudes of North American dealers of all colors reflect that optimism.

Anyway you look at it, North American farm equipment dealers are far more confident going into the 2011 selling season than they were a year ago. All signs are pointing to an outstanding year for machinery sales.

The average employment and number of stores by participating dealers shown in the table below are based on AEI's 2011 Dealer Business Outlook & Trends report.

AGCO — % of Total Responses 18.9%

Avg. Employment of Participating Dealerships: 80.16
Avg. Number of Stores of Participating Dealerships: 1.62

Case IH — % of Total Responses 13.6%

Avg. Employment of Participating Dealerships: 37.09
Avg. Number of Stores of Participating Dealerships: 2.11

John Deere — % of Total Responses 26.4%

Avg. Employment of Participating Dealerships: 71.40
Avg. Number of Stores of Participating Dealerships: 2.72

Kubota — % of Total Responses 8.9%

Avg. Employment of Participating Dealerships: 20.88
Avg. Number of Stores of Participating Dealerships: 1.76

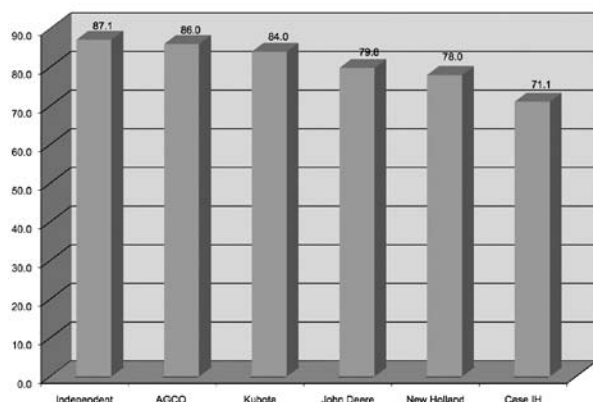
New Holland — % of Total Responses 18.2%

Avg. Employment of Participating Dealerships: 26.88
Avg. Number of Stores of Participating Dealerships: 1.69

Independent Dealers — % of Total Responses 13.9%

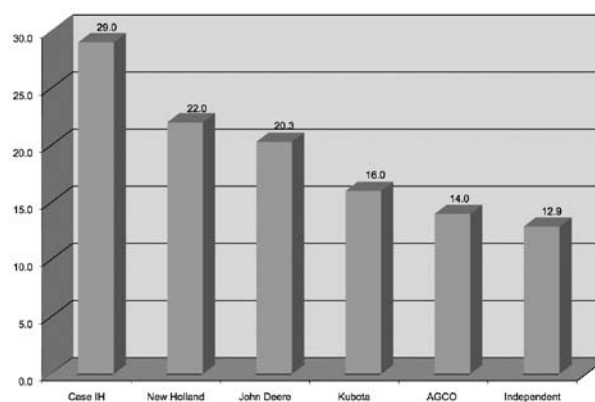
Avg. Employment of Participating Dealerships: 10.37
Avg. Number of Stores of Participating Dealerships: 1.07

**Most Optimistic Equipment Dealers for 2011
(percentage expecting revenue gains)**



Nearly 54% of independent dealers and 52% of AGCO dealers expect revenue gains of 2% or more during 2011.

**Least Optimistic Equipment Dealers for 2011
(percentage expecting revenue losses)**



Nearly 30% of Case IH and 22% of New Holland dealers expect sales revenues in 2011 to decline by 2% or more.

AGCO Dealers Feeling Strong Going into New Year



A year ago, not even half of AGCO's dealers were finding much to cheer about as only 48% expected sales to match or surpass the sales revenues they saw in 2009. This time around, 86% are projecting that new equipment sales levels will be at least as good and most likely better than they were in 2010. Of that group 10% see business growing at a 10% or greater clip, while 38% are anticipating sales gains of 2-7% for 2011.

When it comes to used machinery, 90% of AGCO's dealers say that business levels will be as good or better than what they saw in 2010. In fact, a large majority anticipate real sales revenue growth during the coming year: 10% forecast gains of 8% or more and 46% are projecting increases ranging from 2-7%.

In terms of products that AGCO equipment dealers believe offer the best opportunity for growing sales in the next year, combines top the list. While only 5.6% see sales of combines growing by 8% or more, all of the respondents to this year's survey expect sales to be at least as good or better than they were in 2010. More than 30% anticipate combine sales will increase between 2-7%.

AGCO Dealers' Projected Unit Sales of Tractors & Combines — 2011

Tractor Type (size)	Sales +8%	Sales +2-7%	Little or No Change	Sales -2-7%	Sales -8%	Forecasting Growth	Forecasting Loss
2WD (<40 hp)	11.6%	7.0%	69.8%	9.3%	2.3%	18.6%	11.6%
2WD (40-100 hp)	6.8%	27.3%	56.8%	6.8%	2.3%	34.1%	9.1%
2WD (>100 hp)	4.7%	20.9%	65.1%	2.3%	7.0%	25.6%	9.3%
4WD (All)	14.3%	57.1%	24.5%	2.0%	2.0%	71.4%	4.0%
Combines	5.6%	30.6%	63.9%	0.0%	0.0%	36.2%	0.0%

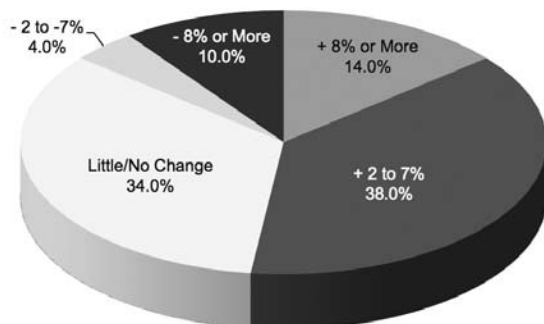
AGCO Dealers' Projected Unit Sales for Other Equipment — 2011

Equipment Category	Sales +8%	Sales +2-7%	Little or No Change	Sales -2-7%	Sales -8%
Rectangular Balers	4.3%	23.9%	63.0%	8.7%	0.0%
Round Balers	4.4%	26.7%	60.0%	4.4%	4.4%
Forage Harvesters	5.6%	13.9%	77.8%	0.0%	2.8%
Planters (All)	8.1%	32.4%	54.1%	5.4%	0.0%
Mower/Conditioners	6.7%	37.8%	51.1%	2.2%	2.2%
Windrowers/Swathers	7.3%	19.5%	63.4%	4.9%	4.9%
Field Cultivators	2.7%	21.6%	64.9%	8.1%	2.7%
Farm Loaders	6.5%	23.9%	60.9%	2.2%	6.5%
Chisel Plows	2.6%	20.6%	71.8%	5.1%	5.1%
Disc Harrows	5.1%	25.6%	64.1%	5.1%	0.0%
Air Seeders/Drills	2.9%	20.6%	70.6%	5.9%	0.0%
Self-Propelled Sprayers	13.9%	27.8%	52.8%	2.8%	2.8%
Pull-Type Sprayers	0.0%	15.6%	68.8%	12.5%	3.1%
Lawn/Garden Equip.	11.6%	25.6%	55.8%	2.3%	4.7%
GPS	22.9%	31.4%	42.8%	0.0%	2.9%

Where AGCO Dealers Will Invest in 2011

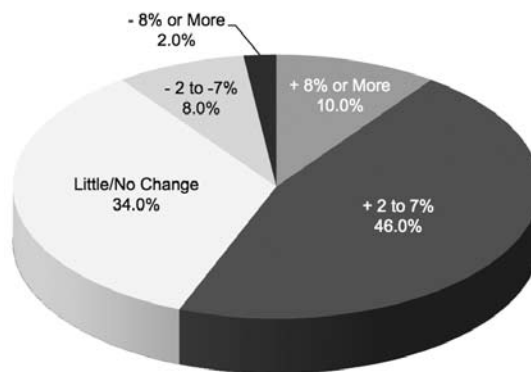
Modernize Shop & Service	Modernize Retail	Bus. Info. Systems
44.9%	34.7%	34.0%

AGCO Dealers' Projected Sales Revenues 2011 — New Equipment



More than half (52%) of AGCO dealers expect 2011 sales of new equipment to improve over sales levels in 2010 by 2% or more.

AGCO Dealers' Projected Sales Revenues 2011 — Used Equipment



When compared with 2010, used equipment sales are forecast to improve in 2011 by 2% or more by 56% of AGCO equipment dealers.

They also see good potential for increasing sales of 4WD tractors in the coming year as more than 70% of AGCO dealers expect sales of this equipment to rise by 2% or more and another 24.5% see sales coming in at about the same level in 2011 as the previous year.

The most surprising thing coming from the survey of AGCO dealers is their concern with product reliability. This ranked number two on their list of concerns, rising from 11th place last year. Perhaps it's the move to the new SCR engines to meet Tier IV emission standards that is stressing AGCO dealers.

Also rising several spots on their list of concerns is the availability of new equipment. This issue rose from #14 in 2010 to #6 for the coming year.

AGCO Dealers' Demographics — 2011

Est. Dealer Locations: 1,200
Avg. Stores/Dealer: 1.62
Revenue by Market Segment:

- Production Farmers: 68.0%
- Hobby Farmers: 15.1%
- Turf & Lawn: 4.8%
- Municipalities/Parks: 3.5%
- Const. Contractors: 4.3%
- Other: 4.3%

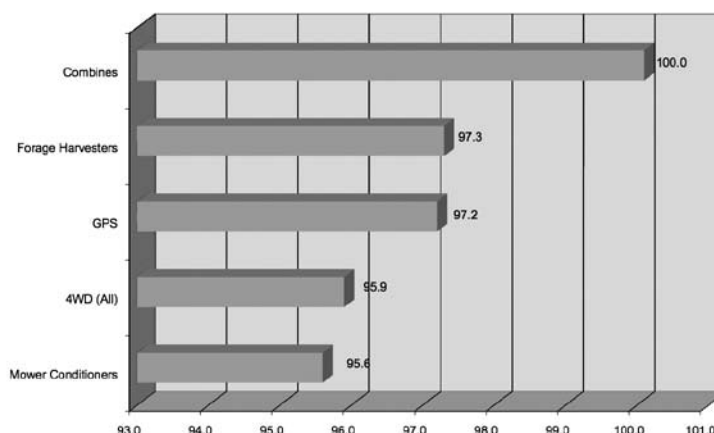
AGCO Dealers' Projections for Improved Revenue from New & Used Equipment Sales in 2011

	New Equipment	Used Equipment
+8%	14.0%	10.0%
+2-7%	38.0%	46.0%
Little or No Change	34.0%	34.0%
-2-7%	4.0%	8.0%
-8%	10.0%	2.0%

AGCO Dealer Spending Plans for 2011

No Increase	46.2%
0 to +5%	42.3%
+6 to 10%	7.7%
+10%	3.8%

Best Bets for Improving Unit Sales in 2011 AGCO Dealers



AGCO dealers rated rectangular balers, GPS equipment, self-propelled sprayers and combines as the best prospects for growing sales in 2010.

AGCO Dealers' Hiring Plans for 2011 vs. 2010

	2011			2010		
	Add Staff	No Change	Reduce/Relocate Staff	Add Staff	No Change	Reduce/Relocate Staff
Parts Department	32.7%	63.3%	4.1%	16.9%	78.5%	4.6%
Service Techs	60.0%	40.0%	0.0%	35.4%	56.9%	7.7%
Wholegood Sales	25.5%	72.5%	2.0%	12.3%	83.1%	4.6%
Administration	10.4%	87.5%	2.1%	4.6%	89.2%	6.2%

AGCO Dealers' Issues and Concerns – 2011 (2010 Rank)

Issue	Most Concerned	Concerned	Not Concerned
1. Increasing Cost of New Equip. (3)	54.9%	43.1%	2.0%
2. Product Reliability (11)	49.0%	47.1%	3.9%
3. Commodity Prices (1)	47.1%	49.0%	3.9%
4. Health Care Affordability (6)	51.0%	43.1%	5.9%
5. Farm Input Costs (2)	31.4%	62.7%	5.9%
6. New Equipment Availability (14)	34.0%	60.0%	6.0%
7. Energy/Fuel Costs (4)	19.7%	72.5%	7.8%
8. Shrinking Customer Base (5)	45.1%	35.3%	19.6%
9. Technician Availability (12)	27.5%	51.0%	21.6%
10. Finance – Floor Planning (9)	27.5%	47.1%	25.5%
11. Dealer Purity Efforts (8)	16.0%	58.0%	26.0%
12. Steel Prices/Supplies (10)	8.0%	66.0%	26.0%
13. Industry Consolidation (7)	23.5%	47.1%	29.4%
14. Succession Policies (13)	18.0%	44.0%	38.0%
15. Used Equipment Availability (17)	13.7%	45.1%	41.2%
16. Finance – Retail (15)	15.7%	41.2%	43.1%
17. Internet Sales (18)	8.0%	42.0%	50.0%
18. Competing Box Stores (16)	8.0%	34.0%	58.0%

Most Case IH Dealers See New & Used Gains in '11



While nearly 30% of Case IH dealers are anticipating sales revenues from new equipment to slip by 2% or more in the year ahead, that also means that 70% see business either maintaining its 2010 levels or improving. Of this group, 47.3% are planning for sales growth, broken out by 42% that believe revenues will increase by 2-7% and another 5.3% expecting sales gains of 8% or more.

More than 85% of Case IH dealers saw sales revenues from used machinery will be as good or better than they were in 2010. Nearly 6% see growth in this area of 8% or more and another 54.3% are projecting sales of used equipment growing at 2-7% clip.

As far as those products that Case IH dealers see as having the most potential to increase sales in the coming year, GPS/auto-steer systems heads the list with 76.4% of respondents expecting their sales to produce sales ranging from 2% to 8% better than 2010. Large tractors are next on their list, with 43.4% anticipating gains of 2% or more for tractors over 100 horsepower and 41.2% projecting gains of 2% or more for 4WD machines. The Case IH dealers also expect solid increases from the

Case IH Dealers' Projected Unit Sales of Tractors and Combines – 2011

Tractor Type (size)	Sales +8%	Sales +2-7%	Little or No Change	Sales -2-7%	Sales -8%	Forecasting Growth	Loss
2WD (<40 hp)	2.9%	25.7%	57.1%	8.6%	5.7%	28.6%	14.3%
2WD (40-100 hp)	0.0%	27.0%	62.2%	5.4%	5.4%	27.0%	10.8%
2WD (>100 hp)	2.7%	40.5%	40.5%	10.8%	5.4%	43.2%	16.2%
4WD (All)	8.8%	32.4%	38.2%	11.8%	8.8%	41.2%	20.6%
Combines	0.0%	33.3%	50.0%	11.1%	5.6%	33.3%	16.7%

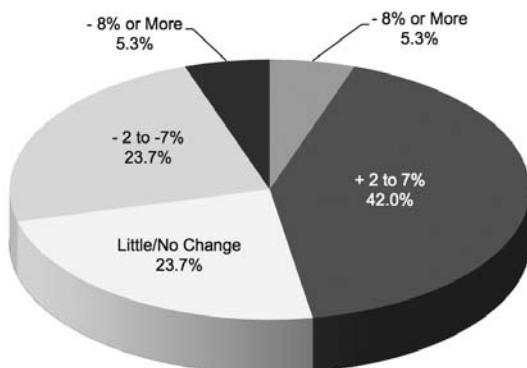
Case IH Dealers' Unit Sales Projections for Other Equipment in 2011

Equipment Category	Sales +8%	Sales +2-7%	Little or No Change	Sales -2-7%	Sales -8%
Rectangular Balers	0.0%	11.8%	79.4%	8.8%	0.0%
Round Balers	0.0%	20.6%	61.8%	8.8%	8.8%
Forage Harvesters	0.0%	6.5%	77.4%	6.5%	9.7%
Planters (All)	5.6%	30.6%	52.8%	5.6%	5.6%
Mower/Conditioners	0.0%	17.6%	67.6%	5.9%	8.8%
Windrower/Swathers	0.0%	16.1%	74.2%	6.5%	3.2%
Field Cultivators	2.8%	30.6%	61.1%	2.8%	2.8%
Farm Loaders	2.8%	13.9%	63.9%	13.9%	5.6%
Chisel Plows	3.0%	15.2%	66.7%	9.1%	6.1%
Disc Harrows	0.0%	37.1%	51.4%	8.6%	2.9%
Air Seeders/Drills	3.1%	15.6%	75.0%	0.0%	6.3%
Self-Propelled Sprayers	3.1%	25.0%	62.5%	6.3%	3.1%
Pull-Type Sprayers	0.0%	12.9%	77.4%	6.5%	3.2%
Lawn/Garden Equip.	9.4%	25.0%	53.1%	6.3%	6.3%
GPS	23.5%	52.9%	14.7%	5.9%	2.9%

Where Case IH Dealers Will Invest in 2011

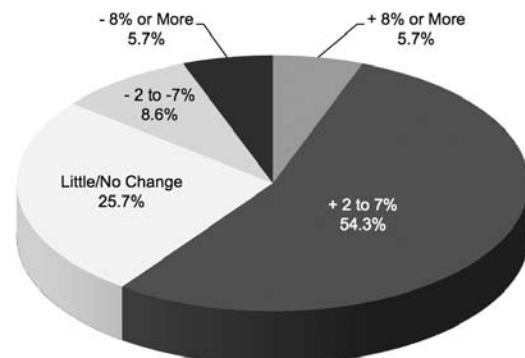
Modernize Shop & Service	Modernize Retail	Bus. Info. Systems
51.4%	51.4%	32.4%

Case IH Dealers' Projections for Sales Revenues 2011 — New Equipment



Slightly more than 47% of Case IH dealers anticipate new equipment sales revenues in 2011 to increase by 2% or more.

Case IH Dealers' Projections for Sales Revenues 2011 — Used Equipment



Overall, 60% of Case IH dealers see used equipment revenues growing by 2% to more than 8% in 2011 compared with 2010.

sale of lawn and garden equipment (34.4%), field cultivators (33.4%), combines (33.3%) and self-propelled sprayers (28.1%).

When it comes to what's keeping Case IH dealers up at night, 100% of respondents ranked farm input costs as their biggest concern. This issue was ranked number 3 last year. Other concerns in terms of priority include: health care affordability (#4 last year), increasing cost of new equipment (ranked first for 2010), farm commodity prices (#2 a year ago) and availability of technicians.

The issue that saw the greatest movement up or down from a year ago for Case IH dealers is available financing for floor planning, which moved from #11 last year to #7 on their list of concerns for 2011.

Case IH Dealer Demographics — 2011

Est. Dealer Locations: 950
Avg. Stores/Dealer: 2.11
Revenue by Market Segment:

- Production Farmers: 80.4%
- Hobby Farmers: 8.3%
- Turf & Lawn: 2.4%
- Municipalities/Parks: 2.7%
- Const. Contractors: 3.9%
- Other: 2.3%

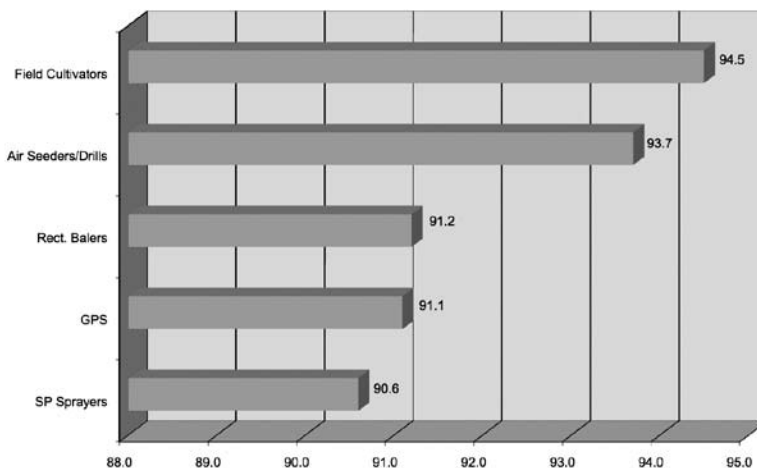
Case IH Dealers' Projections for Improved Revenue from New & Used Equipment Sales in 2011

	New Equipment	Used Equipment
+8%	5.3%	5.7%
+2-7%	42.1%	54.3%
Little or No Change	23.7%	25.7%
-2-7%	23.7%	8.6%
-8%	5.3%	5.7%

Case IH Dealer Spending Plans for 2011

No Increase	36.8%
0 to +5%	55.3%
+6% to 10%	5.3%
+10%	2.6%

Best Bets for Improving Unit Sales in 2011 Case IH Dealers



Field cultivators, air seeders/drills and rectangular baling equipment are at the top of Case IH dealers' list for having the most potential to grow sales in 2011.

Case IH Dealers' Hiring Plans 2011 vs. 2010

	2011			2010		
	Add Staff	No Change	Reduce/Relocate Staff	Add Staff	No Change	Reduce/Relocate Staff
Parts Department	28.9%	68.4%	2.6%	20.8%	71.7%	7.5%
Service Techs	70.3%	29.7%	0.0%	46.3%	53.7%	0.0%
Wholesale Sales	31.6%	68.4%	0.0%	23.1%	73.1%	3.8%
Administration	5.3%	86.8%	7.9%	11.3%	84.9%	3.8%

Case IH Dealers' Issues and Concerns – 2011

Issue	Most Concerned	Concerned	Not Concerned
1. Farm Input Costs (3)	42.1%	57.9%	0.0%
2. Health Care Affordability (4)	73.7%	23.7%	2.6%
3. Increasing Cost New Equip. (1)	55.3%	42.1%	2.6%
4. Farm Commodity Prices (2)	44.7%	52.6%	2.6%
5. Technician Availability (6)	42.1%	44.7%	13.2%
6. Energy/Fuel Costs (5)	28.9%	57.9%	13.2%
7. Finance – Floor Planning (11)	28.9%	57.9%	13.2%
8. Product Reliability (9)	21.1%	60.5%	18.4%
9. Shrinking Customer Base (7)	35.1%	45.9%	18.9%
10. Steel Prices/Supply (12)	8.1%	73.0%	18.9%
11. Finance – Retail (8)	10.5%	65.8%	23.7%
12. Dealer Purity Efforts (13)	28.9%	44.7%	26.3%
13. Industry Consolidation (10)	23.7%	50.0%	26.3%
14. New Equipment Availability (18)	23.7%	44.7%	31.6%
15. Internet Sales (16)	10.8%	54.1%	35.1%
16. Succession Policies (14)	18.9%	43.2%	37.8%
17. Impact of Box Stores (17)	7.9%	34.2%	57.9%
18. Used Equipment Availability (15)	2.6%	39.5%	57.9%

Another Solid Sales Year Ahead for John Deere Dealers



When it comes to optimism about the potential for increased sales, John Deere dealers are feeling a whole lot better than they were at the same time last year. Nonetheless, they still find themselves in the middle of the pack on the confidence scale among the seven dealer groups surveyed. They're in # 4 of the seven dealer groups surveyed to be exact. But this year, they're far more optimistic than they were at the same time last year.

Deere dealers had the highest representation of all of the branded and independent dealers, representing 26.7% of total respondents this year.

Overall, 46% of Deere dealers are projecting that new equipment sales revenues will rise by 2% or more, and 79.7% expect sales to be as good or better in 2011 as they were 2010. Of those forecasting increases, 41.9% are looking at 2-7% growth, while 4.1% see sales improving by 8% or more in the year ahead. This compares with 45.7% of Deere dealers who, last year at this time, saw sales revenues for 2010 falling by 2% or more. Slightly over 26% of those anticipated a fall off of 2-7% and 19.6% saw sales dropping by 8% or more. Only 26% forecast real growth (more than 2%) in 2010.

This group of dealers also see a

John Deere Dealers' Projected Unit Sales of Tractors and Combines – 2011

Tractor Type (size)	Sales +8%	Sales +2-7%	Little or No Change	Sales -2-7%	Sales -8%	Forecasting Growth	Forecasting Loss
2WD (<40 hp)	12.3%	27.4%	50.7%	8.2%	1.4%	39.7%	9.6%
2WD (40-100 hp)	6.8%	41.1%	39.7%	11.0%	1.4%	47.9%	12.4%
2WD (>100 hp)	7.1%	27.1%	48.6%	12.9%	4.3%	34.2%	17.2%
4WD (All)	6.9%	29.2%	44.4%	12.5%	6.9%	36.1%	19.4%
Combines	1.6%	17.2%	37.5%	32.8%	10.9%	18.8%	10.9%

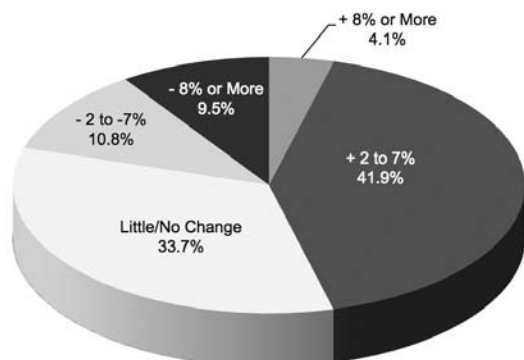
John Deere Dealers' Unit Sales Projections for Other Equipment in 2011

Equipment Category	Sales +8%	Sales +2-7%	Little or No Change	Sales -2-7%	Sales -8%
Rectangular Balers	3.2%	11.1%	79.4%	6.3%	0.0%
Round Balers	3.0%	34.8%	54.5%	6.1%	1.5%
Forage Harvesters	5.0%	8.3%	73.3%	10.0%	3.3%
Planters (All)	1.5%	29.2%	49.2%	16.9%	3.1%
Mower/Conditioners	1.5%	28.4%	59.7%	10.4%	0.0%
Windrower/Swathers	1.7%	20.3%	66.1%	11.9%	0.0%
Field Cultivators	4.5%	16.7%	66.7%	12.1%	0.0%
Farm Loaders	7.0%	25.4%	59.2%	8.5%	0.0%
Chisel Plows	3.1%	10.9%	78.1%	6.3%	1.6%
Disc Harrows	1.5%	11.9%	77.6%	6.0%	3.0%
Air Seeders/Drills	0.0%	15.6%	67.2%	15.6%	1.6%
Self-Propelled Sprayers	9.5%	22.2%	58.7%	6.3%	3.2%
Pull-Type Sprayers	0.0%	9.8%	67.2%	16.4%	6.6%
Lawn/Garden Equip.	17.8%	42.5%	31.5%	8.2%	0.0%
GPS	41.5%	27.7%	29.2%	0.0%	1.5%

Where John Deere Dealers Will Invest in 2011

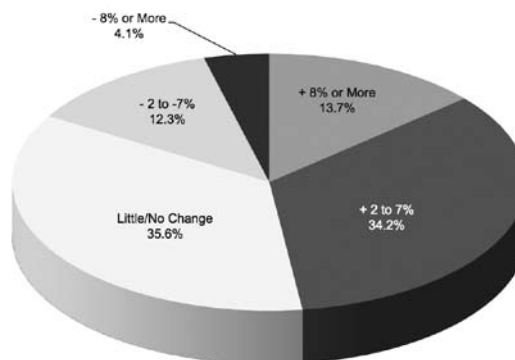
Modernize Shop & Service	Modernize Retail	Bus. Info. Systems
56.3%	32.4%	54.8%

John Deere Dealers' Projections for Sales Revenues 2011 — New Equipment



Nearly 80% of Deere dealers believe sales of new equipment in 2011 will be as good as or better than 2010 and 46% see "real" growth.

John Deere Dealers' Projections for Sales Revenues 2011 — Used Equipment



More than 82% of Deere dealers expect 2011 revenues from the sale of used equipment to be as good as or better than 2010.

strong year ahead for used machinery. In total, 83.6% project the sales of used equipment will be at least as good or better than in 2010. Some 34% are planning for sales increases in the 2-7% range, while 14% are looking for gains of over 8%. Last year, 37% of Deere dealers were expecting the sales of used machinery to drop more than 2%.

Dealers selling John Deere equipment see growth potential of 2% or more from several products. These include: GPS (69.2%), lawn and garden equipment (60.3%), round balers (37.8%), farm loaders, (32.4%), self-propelled planters (31.7%) and planters (30.9%).

Deere dealers biggest concerns going into the new selling season include the rising cost of new equipment, new equipment availability (which jumped from 11th place last year to second place for 2011) and the affordability of health care.

The availability of new equipment has become a major challenge for many Deere dealers. Privately, some have complained that the company's pressure for early order is creating stress for their customers and, in some cases, costing them sales.

This probably won't get any better as the word on the street is that Deere will be allocating combines for 2011.

John Deere Dealer Demographics — 2011

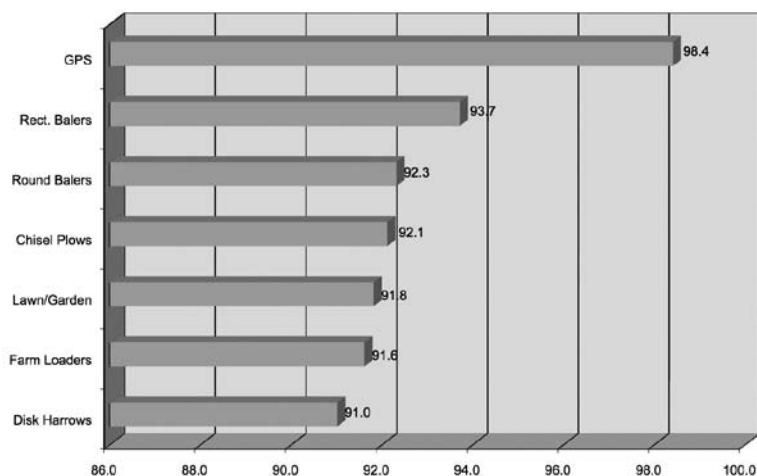
Est. Dealer Locations: 900
Avg. Stores/Dealer: 2.72
Revenue by Market Segment:

- Production Farmers: 59.2%
- Hobby Farmers: 13.1%
- Turf & Lawn: 14.0%
- Municipalities/Parks: 6.7%
- Const. Contractors: 3.3%
- Other: 3.8%

John Deere Dealer Spending Plans for 2011

No Increase	40.5%
0 to +5%	48.6%
+6% to 10%	9.5%
+10%	1.4%

Best Bets for Improving Unit Sales in 2011 John Deere Dealers



Atop Deere dealers' rankings of products that will see the biggest sales revenue improvements in 2011 are GPS/auto-steer products, rectangular and round baling equipment.

John Deere Dealers' Hiring Plans 2011 vs. 2010

	2011			2010		
	Add Staff	No Change	Reduce/Relocate Staff	Add Staff	No Change	Reduce/Relocate Staff
Parts Department	29.2%	66.7%	4.2%	21.7%	76.1%	2.2%
Service Techs	58.3%	41.7%	0.0%	51.1%	44.6%	4.3%
Wholegood Sales	23.3%	72.6%	4.1%	23.9%	71.8%	4.3%
Administration	5.6%	83.1%	11.3%	4.4%	82.3%	13.3%

Deere Dealers' Issues & Concerns – 2011 (2010 Rank)

Issue	Most Concerned	Concerned	Not Concerned
1. Increasing Cost New Equip. (3)	50.7%	47.9%	1.4%
2. New Equip. Availability (11)	60.8%	33.8%	5.4%
3. Health Care Affordability (2)	61.6%	32.9%	5.5%
4. Farm Input Costs (4)	29.7%	62.2%	8.1%
5. Farm Commodity Prices (1)	44.6%	45.9%	9.5%
6. Shrinking Customer Base (6)	31.9%	56.9%	11.1%
7. Technician Availability (7)	43.2%	44.6%	12.2%
8. Energy/Fuel Costs (5)	17.8%	63.0%	19.2%
9. Dealer Purity Efforts (10)	33.3%	47.2%	19.4%
10. Industry Consolidation (9)	27.4%	52.1%	20.5%
11. Product Reliability (13)	24.7%	52.1%	23.3%
12. Steel Prices/Supplies (12)	6.9%	69.4%	23.6%
13. Finance – Floorplanning (15)	35.6%	38.4%	26.0%
14. Succession Policies (8)	27.8%	38.9%	33.3%
15. Finance – Retail (14)	14.1%	50.7%	35.2%
16. Internet Sales (17)	11.0%	53.4%	35.6%
17. Used Equip. Availability (18)	12.2%	50.0%	37.8%
18. Impact of Box Stores (16)	11.0%	43.8%	45.2%

Kubota Dealers More Optimistic for 2010, But See Little 'Real' Growth



There must be something good happening to the small and mid-range tractor markets, but it's difficult to see a lot of enthusiasm coming from Kubota dealers. While nothing much changed with those Kubota dealers that expect little or no change for new equipment sales revenue between last year and this year, (38.3% anticipated little or no change last year and 44% anticipate the same for 2011), those expecting gains vs. losses have flip flopped.

This year 40% of Kubota dealers are projecting gains and 16% losses. Last year, 32% forecast losses and less than 30% forecast gains.

Of those anticipating sales gains for new equipment in 2011, 36% see increases ranging from 2-7% and 4% see gains at 8% or more.

Despite the higher level of confidence going into the new year, it's difficult to discern where Kubota dealers see any significant growth.

They point to only three product groups where they see growth of 8% of more for 2011. These are lawn and garden equipment (13.6% of dealers), 4WD tractors (4.5%) and 2WD tractors (4.3%). In terms of products where this group of dealers expects increases of 2-7%, only six of 15

Kubota Dealers' Projected Unit Sales of Tractors and Combines – 2011

Tractor Type (size)	Sales +8%	Sales +2-7%	Little or No Change	Sales -2-7%	Sales -8%	Forecasting Growth	Loss
2WD (<40 hp)	4.3%	13.0%	69.6%	8.7%	4.3%	17.3%	13.0%
2WD (40-100 hp)	0.0%	30.4%	56.5%	8.7%	4.3%	26.6%	24.4%
2WD (>100 hp)	0.0%	9.1%	81.8%	0.0%	9.1%	9.1%	9.1%
4WD (All)	4.5%	54.5%	27.3%	4.5%	9.1%	58.9%	13.6%
Combines	0.0%	0.0%	84.6%	7.7%	7.7%	0.0%	15.4%

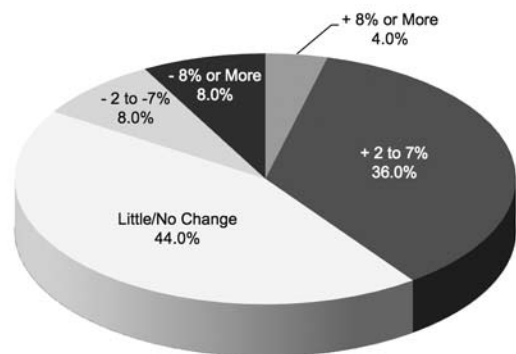
Kubota Dealers' Unit Sales Projections for Other Equipment in 2011

Equipment Category	Sales +8%	Sales +2-7%	Little or No Change	Sales -2-7%	Sales -8%
Rectangular Balers	0.0%	0.0%	83.3%	16.7%	0.0%
Round Balers	0.0%	7.1%	78.6%	7.1%	7.1%
Forage Harvesters	0.0%	0.0%	84.6%	7.7%	7.7%
Planters (All)	0.0%	0.0%	92.3%	0.0%	7.7%
Mower/Conditioners	0.0%	7.7%	69.2%	15.4%	7.7%
Windrower/Swathers	0.0%	0.0%	76.9%	7.7%	15.4%
Field Cultivators	0.0%	7.7%	76.9%	0.0%	15.4%
Farm Loaders	0.0%	23.5%	58.8%	5.9%	11.8%
Chisel Plows	0.0%	7.7%	76.9%	7.7%	7.7%
Disc Harrows	0.0%	21.4%	64.3%	0.0%	14.3%
Air Seeders/Drills	0.0%	0.0%	84.6%	7.7%	7.7%
Self-Propelled Sprayers	0.0%	0.0%	84.6%	7.7%	7.7%
Pull-Type Sprayers	0.0%	0.0%	66.7%	25.0%	8.3%
Lawn/Garden Equip.	13.6%	59.1%	9.1%	9.1%	9.1%
GPS	0.0%	8.3%	75.0%	8.3%	8.4%

Where Kubota Dealers Will Invest in 2011

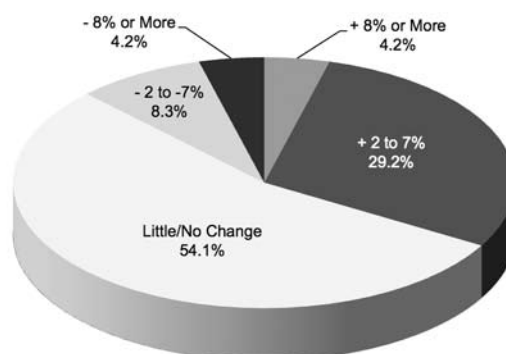
Modernize Shop & Service	Modernize Retail	Bus. Info. Systems
25.0%	36.0%	29.2%

Kubota Dealers' Projections for Sales Revenue in 2011 — New Equipment



For the coming year, 84% of Kubota dealers expect revenues from new equipment sales to be as good as or better than in 2010.

Kubota Dealers' Projections for Sales Revenue in 2011 — Used Equipment

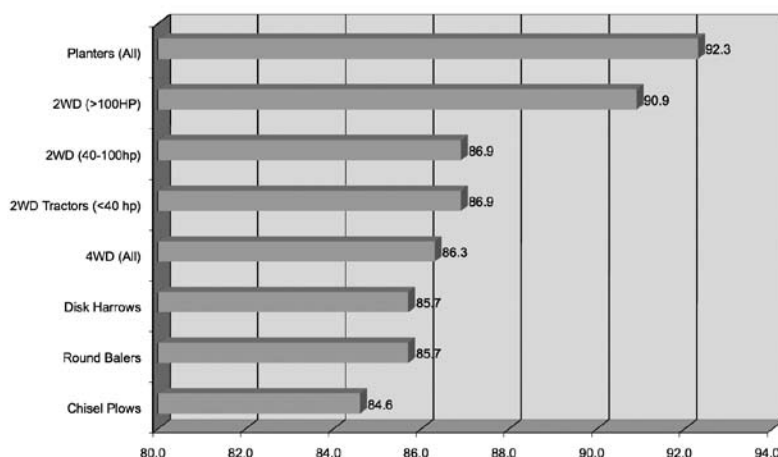


Revenues from the sales of used machinery for 2011 is expected to be as good as or better in 2010 by nearly 88% of Kubota dealers.

product groups rated double digits. Slightly more than 59% of Kubota dealers see lawn and garden equipment sales revenues improving 2-7%, and 54.5% see the same for 4WD tractors. Otherwise, only with 2WD tractors (40-100 HP and less than 40 HP), along with farm loaders and disc harrows do dealers expect any noticeable improvement in the coming year vs. 2010.

Going into 2011, Kubota dealers are most concerned with health care affordability and the increasing cost of new equipment. Otherwise, the issues making the biggest jump from 2010 to 2011 are the shrinking farm customer base, which moved from 11th place to 5th, and technician availability, which jumped from 14th place last year to 6th place this year.

Best Bets for Improving Unit Sales in 2011 Kubota Dealers



While Kubota dealers' didn't rank many product groups as "Best Bets" for increasing sales in 2011, planters, and all 2WD tractors were highest on their list.

Kubota Dealer Demographics — 2011

Est. Dealer Locations: 1,040
Avg. Stores/Dealer: 1.76
Revenue by Market Segment:

- Production Farmers: 15.1%
- Hobby Farmers: 39.0%
- Turf & Lawn: 19.4%
- Municipalities/Parks: 12.5%
- Const. Contractors: 11.0%
- Other: 3.0%

Kubota Dealers' Hiring Plans 2011 vs. 2010

	2011			2010		
	Add Staff	No Change	Reduce/Relocate Staff	Add Staff	No Change	Reduce/Relocate Staff
Parts Department	13.0%	78.3%	8.7%	8.3%	81.3%	10.4%
Service Techs	17.4%	82.6%	0.0%	20.8%	68.8%	10.4%
Wholegood Sales	16.7%	79.2%	4.2%	14.6%	77.1%	8.3%
Administration	0.0%	90.9%	9.1%	4.2%	87.5%	8.3%

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

	New Equipment	Used Equipment
+8%	4.0%	4.2%
+2-7%	36.0%	29.2%
Little or No Change	44.0%	54.2%
-2-7%	8.0%	8.3%
-8%	8.0%	4.1%

Kubota Dealer Spending Plans for 2011

No Increase	60.0%
0 to +5%	36.0%
+6% to 10%	0.0%
+10%	4.0%

Kubota Dealers' Issues and Concerns – 2011 (2010 Rank)

Issue	Most Concerned	Concerned	Not Concerned
1. Health Care Affordability (3)	80.0%	16.0%	4.0%
2. Increasing Cost of New Equip. (1)	50.0%	45.8%	4.2%
3. Energy/Fuel Costs (2)	36.0%	52.0%	12.0%
4. Industry Consolidation (6)	20.8%	66.7%	12.5%
5. Shrinking Customer Base (11)	29.2%	54.2%	16.7%
6. Technician Availability (14)	24.0%	56.0%	20.0%
7. Farm Input Costs (5)	8.0%	68.0%	24.0%
8. Steel Prices/Supplies (12)	8.0%	68.0%	24.0%
9. Finance – Retail (7)	16.7%	58.3%	25.0%
10. Dealer Purity Efforts (10)	16.0%	56.0%	28.0%
11. New Equipment Availability (16)	16.0%	56.0%	28.0%
12. Commodity Prices (4)	8.0%	64.0%	28.0%
13. Product Reliability (15)	8.0%	64.0%	28.0%
14. Succession Policies (13)	0.0%	68.0%	32.0%
15. Finance – Floor Planning (9)	4.2%	62.5%	33.3%
16. Impact of Box Stores (17)	25.0%	37.5%	37.5%
17. Internet Sales (8)	12.5%	45.8%	41.7%
18. Used Equipment Availability (18)	8.0%	40.0%	52.0%

Despite Management Issues, New Holland Dealers Show Resolve for 2011



NEW HOLLAND

With another shakeup in top management in 2010, once again, New Holland dealers were left to shake their heads in wonder about the long-term fate of the blue tractor company. Depending upon how you count them, it's about seven top North American bosses in five years.

Nonetheless, the dealers seem to be feeling much better about their prospects for improving new equipment sales revenues in the year ahead.

Last year, barely a quarter (25.4%) of New Holland dealers expected to increase sales by 2% or more in 2010. This time around, nearly half (48%) are forecasting gains of 2% to more than 8% for 2011. Overall, 78% of New Holland dealers are projecting business levels in the year ahead to be at least as good or better than they were in the year past.

On the used-equipment side of the ledger, 53.4% see sales revenues improving by 2% or more and 77.8% projecting that sales will be at least as good or better than last year. This compares with 2010 when 67.8% forecast revenues to be as good or better than they were in 2009.

New Holland dealers expect a

New Holland Dealers' Projected Unit Sales of Tractors and Combines – 2011

Tractor Type (size)	Sales +8%	Sales +2-7%	Little or No Change	Sales -2-7%	Sales -8%	Forecasting Growth	Forecasting Loss
2WD (<40 hp)	9.8%	11.8%	62.7%	9.8%	5.9%	21.6%	15.7%
2WD (40-100 hp)	3.9%	27.5%	52.9%	13.7%	2.0%	31.4%	15.7%
2WD (>100 hp)	6.4%	36.2%	42.6%	12.8%	2.1%	42.6%	14.9%
4WD Tractors (All)	8.6%	31.4%	51.4%	8.6%	0.0%	40.0%	8.6%
Combines	3.0%	12.1%	72.7%	12.1%	0.0%	15.1%	12.1%

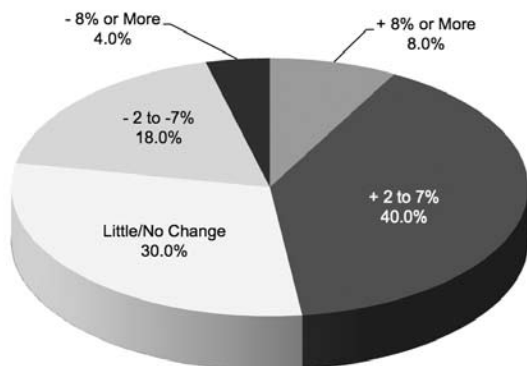
New Holland Dealers' Unit Sales Projections for Other Equipment in 2011

Equipment Category	Sales +8%	Sales +2-7%	Little or No Change	Sales -2-7%	Sales -8%
Rectangular Balers	2.2%	20.0%	66.7%	11.1%	0.0%
Round Balers	0.0%	38.8%	44.9%	12.2%	4.1%
Forage Harvesters	2.6%	13.2%	71.1%	7.9%	5.3%
Planters (All)	6.3%	9.4%	62.5%	15.6%	6.3%
Mower/Conditioners	4.2%	31.3%	54.2%	6.3%	4.2%
Windrower/Swathers	0.0%	20.9%	65.1%	9.3%	4.7%
Field Cultivators	2.7%	16.2%	73.0%	5.4%	2.7%
Farm Loaders	2.1%	29.2%	58.3%	8.3%	2.1%
Chisel Plows	0.0%	14.3%	74.3%	8.6%	2.9%
Disc Harrows	2.5%	22.5%	62.5%	10.0%	2.5%
Air Seeders/Drills	2.9%	17.1%	62.9%	14.3%	2.9%
Self-Propelled Sprayer	0.0%	12.9%	71.0%	12.9%	3.2%
Pull-Type Sprayers	0.0%	5.7%	74.3%	8.6%	11.4%
Lawn/Garden Equip.	4.7%	27.9%	51.2%	9.3%	7.0%
GPS	5.4%	37.8%	48.6%	5.4%	2.7%

Where New Holland Dealers Will Invest in 2011

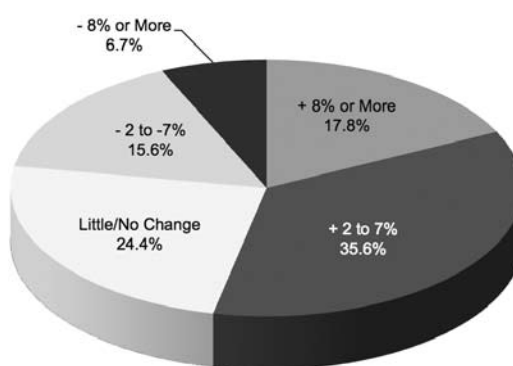
Modernize Shop & Service	Modernize Retail	Bus. Info. Systems
51.0%	40.8%	32.7%

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



Nearly 80% of New Holland dealers expect new equipment sales to be as good or better in 2011 compared with 2010.

New Holland Dealers' Projections for Sales Revenues in 2011 — Used Equipment



Nearly one-third (53.4%) of New Holland dealers expect sales revenues from used equipment to increase by 2% or more in 2011.

handful of products to lead the way in the year ahead by gaining 2% or more in sales. These include GPS systems by 43.4% by New Holland dealers, 2WD tractors (>100 HP) with 42.6% by dealers, 4WD tractors (40%), round balers (38.8%), mower/conditioners (35.5%), lawn and garden equipment (32.6%), 2WD tractors (40-100 HP) (31.4%), and farm loaders (31.3%).

New Holland dealers see the increasing cost of new equipment as their biggest concern going into 2011. This is followed by farm input cost, farm commodity prices, energy and fuel costs, and technician availability. The need for service techs was the issue that made the biggest move from last year to this year. For 2010, it was rated #11 and moved to the fifth spot for 2011.

New Holland Dealer Demographics — 2011

Est. Dealer Locations: 1,050
Avg. Stores/Dealer: 1.69
Revenue by Market Segment:

- Production Farmers: 57.9%
- Hobby Farmers: 21.1%
- Turf & Lawn: 6.8%
- Municipalities/Parks: 4.4%
- Const. Contractors: 6.7%
- Other: 3.0%

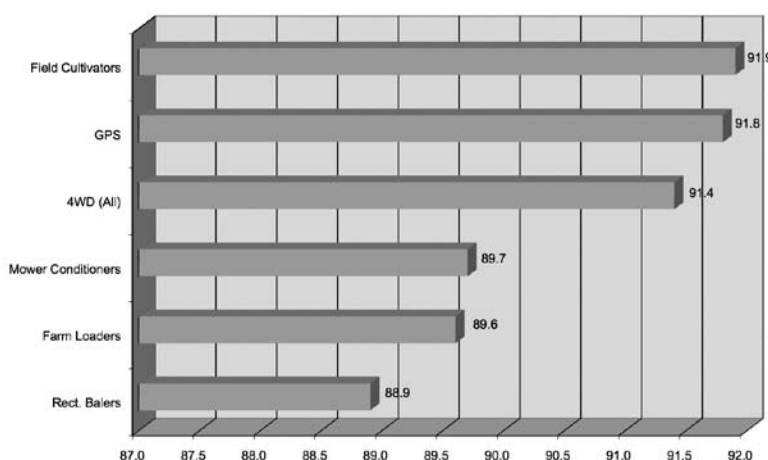
New Holland Dealers' Projections for Improved Revenue from New & Used Equipment Sales in 2011

	New Equipment	Used Equipment
+8%	8.0%	17.8%
+2-7%	40.0%	35.6%
Little or No Change	30.0%	24.4%
-2-7%	18.0%	15.6%
-8%	4.0%	6.7%

New Holland Dealer Spending Plans for 2011

No Increase	49.0%
0 to +5%	39.2%
+6% to 10%	9.8%
+10%	2.0%

Best Bets for Improving Unit Sales in 2011 New Holland Dealers



Field cultivators, GPS systems and 4WD tractors top New Holland dealers' rankings for the products with the most potential to improve sales in 2011.

New Holland Dealers' Hiring Plans 2011 vs. 2010

	2011			2010		
	Add Staff	No Change	Reduce/Relocate Staff	Add Staff	No Change	Reduce/Relocate Staff
Parts Department	19.6%	78.4%	2.0%	13.6%	75.8%	10.6%
Service Techs	72.5%	25.5%	2.0%	30.3%	62.1%	7.6%
Wholegood Sales	42.0%	58.0%	0.0%	18.2%	77.3%	4.5%
Administration	14.0%	82.0%	4.0%	7.6%	84.8%	7.6%

New Holland Dealers' Concerns – 2011 (2010 Rank)

Issue	Most Concerned	Concerned	Not Concerned
1. Increasing Cost New Equip. (1)	65.3%	32.7%	2.0%
2. Farm Input Costs (3)	35.4%	60.4%	4.2%
3. Farm Commodity Prices (2)	44.0%	50.0%	6.0%
4. Energy/Fuel Costs (4)	33.3%	60.4%	6.3%
5. Technician Availability (11)	44.9%	46.9%	8.2%
6. Shrinking Customer Base (7)	46.0%	44.0%	10.0%
7. Finance - Floorplanning (6)	45.8%	43.8%	10.4%
8. Health Care Affordability (5)	61.2%	26.5%	12.2%
9. Steel Prices/Supplies (10)	22.4%	65.3%	12.2%
10. Product Reliability (12)	43.8%	43.8%	12.5%
11. New Equip. Availability (16)	38.8%	46.9%	14.3%
12. Finance – Retail (8)	31.3%	54.2%	14.6%
13. Mfr. Purity Efforts (14)	33.3%	43.8%	22.9%
14. Industry Consolidation (9)	27.1%	47.9%	25.0%
15. Internet Sales (15)	8.3%	66.7%	25.0%
16. Succession Policies (13)	24.5%	49.0%	26.5%
17. Used Equip. Availability (18)	18.8%	45.8%	35.4%
18. Impact of Box Stores (17)	10.2%	51.0%	38.8%

Independents See Strong Year Ahead for New Equipment Sales

With 87.1% of the independent dealers projecting 2011 sales revenues from new equipment to be as good or better than 2010, they earned first place on this year's list for most optimistic farm equipment retailers.

Of this group, 35.9% are expecting sales growth to come at 2-7%, while 17.9% of them are looking at sales increases of 8% or more, for a total of 53.8% who anticipated real growth.

This compares to 67% last year who forecast that revenues would be as good or better than those of 2009. Only 23.4% of those felt that sales revenues would increase by 2% or more.

On the other hand, not quite as many of the independent dealers are feeling as good about sales improvements for used machinery in the year ahead. Overall, two thirds of this group expect sales revenues from used equipment to be as good or better than levels seen in 2010, with 25% forecasting sales increase of 2-7% and 11.1% seeing sales improving by 8% or more.

Last year, 74.1% saw sales revenues of used machinery being as good or better than the previous year, with 14.9% expecting an increase of 2-7% and 8.5% projecting gains of 8% or more.

The independents see their best opportunities to improve sales revenues by 2% or more coming from

Independent Dealers' Projected Unit Sales of Tractors and Combines – 2011

Tractor Type (size)	Sales +8%	Sales +2-7%	Little or No Change	Sales -2-7%	Sales -8%	Forecasting Growth	Forecasting Loss
2WD (<40 hp)	3.8%	23.1%	65.4%	7.7%	0.0%	26.9%	7.7%
2WD (40-100hp)	7.1%	25.0%	57.1%	10.7%	0.0%	32.1%	10.7%
2WD (>100HP)	3.8%	23.1%	65.4%	7.7%	0.0%	26.9%	7.7%
4WD (All)	14.3%	32.1%	46.4%	7.1%	0.0%	46.4%	7.1%
Combines	6.3%	18.8%	75.0%	0.0%	0.0%	25.1%	0.0%

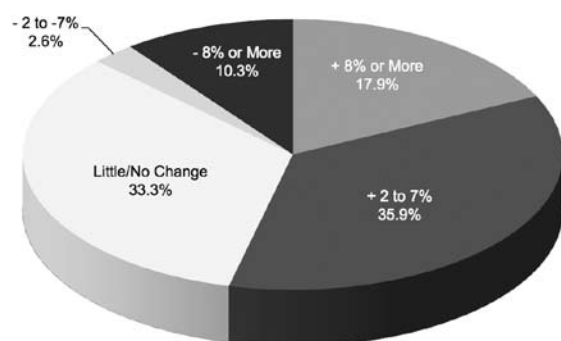
Independent Dealers' Unit Sales Projections for Other Equipment in 2011

Equipment Category	Sales +8%	Sales +2-7%	Little or No Change	Sales -2-7%	Sales -8%
Rect. Balers	0.0%	0.0%	94.4%	5.6%	0.0%
Round Balers	0.0%	22.7%	72.7%	4.5%	0.0%
Forage Harvesters	0.0%	5.6%	83.3%	11.1%	0.0%
Planters (All)	5.6%	11.1%	77.7%	0.0%	5.6%
Mower Conditioners	0.0%	15.0%	75.0%	5.0%	5.0%
Windrower-Swathers	0.0%	0.0%	93.7%	6.3%	0.0%
Field Cultivators	0.0%	5.9%	82.4%	11.8%	0.0%
Farm Loaders	0.0%	19.0%	76.2%	4.8%	0.0%
Chisel Plows	5.6%	0.0%	83.3%	5.6%	5.6%
Disc Harrows	10.0%	15.0%	60.0%	15.0%	0.0%
Air Seeders/Drills	5.3%	15.8%	73.7%	5.3%	0.0%
SP Sprayers	6.3%	18.8%	62.5%	6.3%	6.3%
Pull-type Sprayers	0.0%	25.0%	62.5%	0.0%	12.5%
Lawn/Garden Equip.	18.5%	22.2%	55.6%	0.0%	3.7%
GPS	15.8%	21.1%	52.6%	10.5%	0.0%

Where Independent Dealers Will Invest in 2011

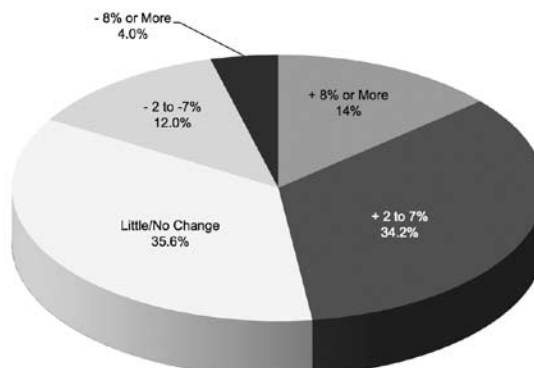
Modernize Shop & Service	Modernize Retail	Bus. Info. Systems
48.7%	47.4%	47.2%

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



More than 87% of Independent dealers expect new equipment sales revenues for 2011 to be as good or better than that of 2010.

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



Nearly 84% of independent dealers expect 2011 sales of used equipment to be as good as or better than 2010.

4WD tractors (46.4% of dealers), lawn and garden equipment (40.7%), GPS systems (36.9%), 2WD tractors (40-100 HP) (32.1%), planters (28.7%), self-propelled sprayers (25.1%) and disc harrows and pull-type sprayers (both with 25% of dealers).

Like many dealers, the biggest concern for independent dealers going into 2011 is affordability of health care. This is followed by concerns about increasing cost of new equipment, energy and fuel costs, farm commodity prices and floor planning financing. In fact, financing floor plan equipment saw the biggest move of any of the independent dealer's biggest concerns, jumping from ninth place in 2010 to fifth place for the coming year.

Internet sales also rose on dealers' list of concerns, from #17 in 2010 to #12 for the coming year.

Independent Dealer Demographics — 2011

Est. Dealer Locations: 970
Avg. Stores/Dealer: 1.07
Revenue by Market Segment:

- Production Farmers: 39.2%
- Hobby Farmers: 24.6%
- Turf & Lawn: 15.8%
- Municipalities/Parks: 7.6%
- Const. Contractors: 6.8%
- Other: 6.0%

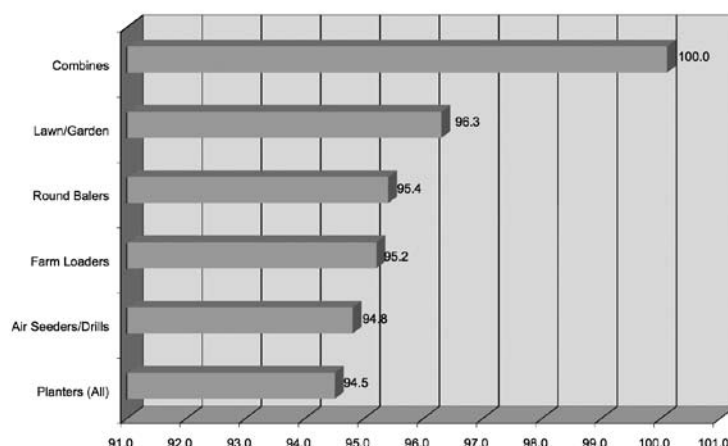
Independent Dealers' Projections for Improved Revenue from New & Used Equipment Sales in 2011

	New Equipment	Used Equipment
+8%	17.9%	25.0%
+2-7%	35.9%	30.6%
Little or No Change	33.3%	33.3%
-2-7%	2.6%	0.0%
-8%	10.3%	11.1%

Independent Dealer Spending Plans for 2011

No Increase	34.2%
0 to +5%	55.3%
+6 to 10%	7.9%
+10	2.6%

Best Bets for Improving Unit Sales in 2011 Independent Dealers



Independent dealers expect combines, lawn and garden equipment, round balers and farm loaders to be their "best bets" for improving sales revenues during 2011.

Independent Dealers' Hiring Plans 2011 vs. 2010

	2011			2010		
	Add Staff	No Change	Reduce/Relocate Staff	Add Staff	No Change	Reduce/Relocate Staff
Parts Department	20.5%	79.5%	0.0%	6.7%	88.3%	5.0%
Service Techs	35.9%	64.1%	0.0%	27.1%	66.1%	6.8%
Wholegood Sales	16.7%	83.3%	0.0%	6.7%	90.0%	3.3%
Administration	11.1%	88.9%	0.0%	1.7%	89.8%	8.5%

Independent Dealers' Concerns – 2011 (2010 Rank)

Issue	Most Concerned	Concerned	Not Concerned
1. Health Care Affordability (3)	67.6%	24.3%	8.1%
2. Increasing Cost of New Equip. (2)	48.6%	43.2%	8.1%
3. Energy/Fuel Costs (1)	32.4%	59.5%	8.1%
4. Farm Commodity Prices (5)	36.8%	47.4%	15.8%
5. Finance – Floor Planning (9)	40.5%	43.2%	16.2%
6. Farm Input Costs (6)	29.7%	54.1%	16.2%
7. Steel Prices/Supplies (7)	24.3%	56.8%	18.9%
8. Finance – Retail (11)	43.2%	35.1%	21.6%
9. Shrinking Customer Base (4)	37.8%	40.5%	21.6%
10. Technician Availability (13)	21.6%	56.8%	21.6%
11. Product Reliability (8)	32.4%	43.2%	24.3%
12. Internet Sales (17)	10.8%	64.9%	24.3%
13. Industry Consolidation (12)	22.2%	52.8%	25.0%
14. Succession Planning (10)	21.6%	43.2%	35.1%
15. Impact of Box Stores (14)	22.2%	41.7%	36.1%
16. Used Equipment Availability (15)	24.3%	37.8%	37.8%
17. New Equipment Availability (18)	21.6%	37.8%	40.5%
18. Dealer Purity Efforts (16)	8.8%	32.4%	58.8%

PART V — EMPLOYMENT SIZE BREAKDOWN

Outlook & Promising Markets Vary Dramatically for Dealers Segmented by Employee Size

How North American dealers view the year ahead and where they see their best potential for growing sales revenues in 2011 is highly dependent on the employment size of the dealership.

The smallest dealerships (1-20 employees), on the whole, are optimistic about prospects for 2011, with 81% of these dealers forecasting

that revenues from new equipment sales will match or surpass the levels seen in 2010. Of this group, 34.8% see revenues growing by 2-7% and 11.4% expecting growth to surpass 8%, which is the highest of any of the dealer groups segmented by employee size.

This group is split evenly when it comes to the sale of used machinery,

with 28.9% forecasting gains of 2-7%, and 29.4% anticipating the sale of used equipment will decline in the year ahead.

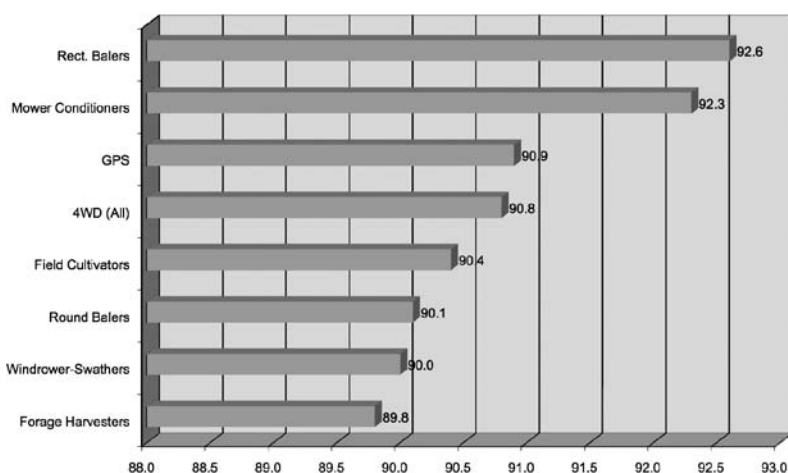
This group of dealers also sees hay tools as having the best potential to increase sales in the coming year. Rectangular balers, mower/conditioners, round balers, windrowers/swathers and forage harvesters all made their list of “best bets” for 2011.

The next segment, those dealerships with 21-40 employees, is also optimistic about the possibilities for the new selling season with 80.8% of dealers anticipating that sales revenues will meet or exceed 2010 levels. Nearly 48% expect revenues to rise 2-7% and 5.5% projecting gains of 8% or more.

This segment of dealers sees more downside for used machinery sales. One third of them (33.3%) expect the sale of used equipment to decline by 2% to more than 8%, while a smaller percentage (27.4%) are forecasting gains of more than 2%.

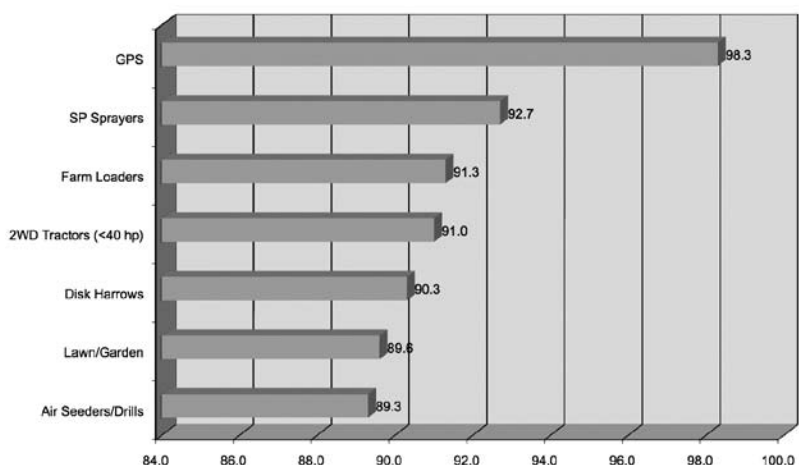
This group sees GPS systems, self-propelled sprayers, farm loaders and 2WD tractors (<40 HP) as holding the highest potential for increasing sale in 2011.

**Best Bets for Improving Sales in 2011
Dealers with 1-20 Employees**



Dealers with 1-20 employees see rectangular balers, mowers/conditioners, GPS, 4WD tractors and field cultivators with the most potential to improve sales in 2011.

**Best Bets for Improving Sales in 2011
Dealers with 21-40 Employees**



GPS systems, self-propelled sprayers, farm loaders, 2WD tractors 40 HP or smaller and disc harrows top the 2011 “Best Bets” list of dealers employing 21-40 people.

Sales Revenue Increase (Loss) by Employment Size — 2011 (weighted avg.)

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

EMPLOYMENT SIZE BREAKDOWN — 2011

Employee Size	% of Responses	Avg. Employees
1-20	56.7%	10.83
21-40	25.9%	27.42
41-60	4.6%	51.19
61+	12.8%	183.43

Revenue Projections for New Equipment by Employee Size — 2011

Employee Size	Sales +8%	Sales +2-7%	Little or No Change	Sales -2-7%	Sales -8%	Forecasting Growth	Forecasting Decline
North America	8.6%	39.3%	33.2%	11.1%	7.9%	47.9%	19.0%
1-20 Employees	11.4%	34.8%	34.8%	10.8%	8.2%	46.2%	19.0%
21-40 Employees	5.5%	47.9%	27.4%	15.1%	4.1%	53.4%	19.2%
41-60 Employees	0.0%	16.7%	41.7%	25.0%	16.7%	16.7%	41.7%
61+ Employees	5.6%	50.0%	33.3%	0.0%	11.1%	55.6%	11.1%

Dealerships with 41-60 employees are the least optimistic of all the dealer segments broken out by employee size. While 58.4% see sales revenues from new equipment staying about the same or improving in 2011, only 16.7% of them are forecasting real growth of 2% or more. The remainder see a flat year ahead. Overall, nearly 42% of these dealers are projecting declining sales revenue during the coming year.

Their view of the used equipment market is somewhat more optimistic. More than 36% expect the sale of used machinery to increase by 2% or more in the year ahead, while 27.3% see revenues declining.

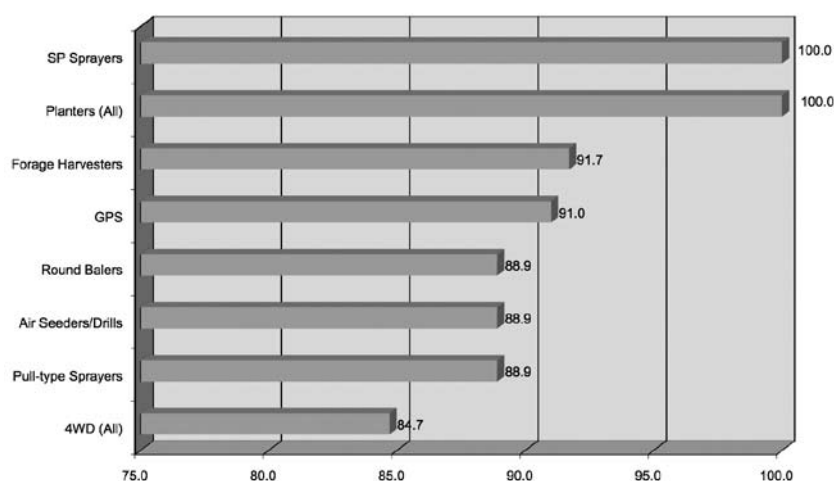
As far as potential for improving revenues in 2011, dealerships with 41-60 people see self-propelled sprayers, planters, forage harvesters, GPS systems and round balers as having the most possibilities.

More than half, 55.6% of dealerships, employing between 61 or more employees are projecting sales revenues will increase by 2-7% during the coming year. That can be further segmented by dealers expecting sales increases to grow by 2-7% (50% of these dealers) and 5.6% forecasting sales gains will be 8% or better. Overall, nearly 90% of the dealers with the most employees say that sales revenues will be at least as good or better than levels seen in 2010.

Half of this segment of dealers believe the sale of used machinery will fall by 2% or more in 2011 compared with the previous year and only 21.4% expect any real growth.

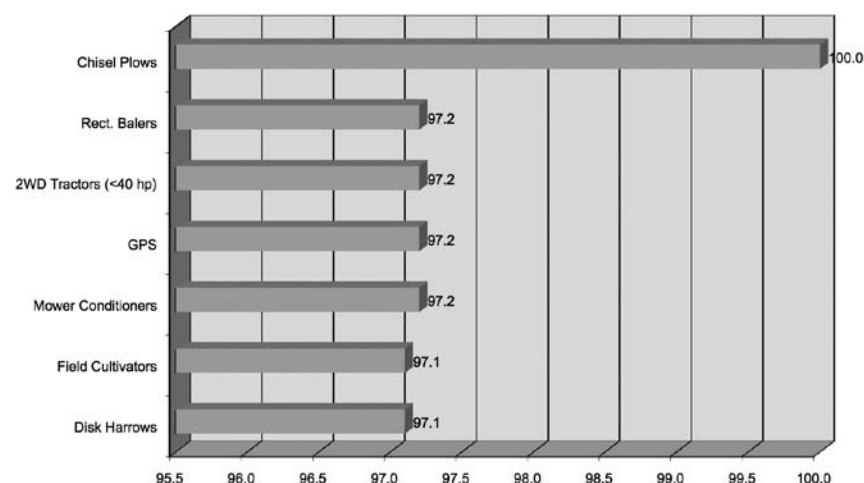
Chisel plows, rectangular balers, 2WD tractors (<40 HP), GPS systems, round balers and air seeders/drills top this group's list of "best bets" for increasing sales revenues in the year ahead.

Best Bets for Improving Sales in 2011 Dealers with 41-60 Employees



Self-propelled sprayers, planters, forage harvesters, GPS equipment and round balers were ranked as 2011 "Best Bets" by dealers who employ 41-60 people.

Best Bets for Improving Sales in 2011 Dealers with 61+ Employees



The largest dealers, those with 61 or more employees, see the most potential to increase sales in 2011 with chisel plows, rectangular balers and 2WD tractors 40 HP or smaller.

Unit Sales Projections for Tractors & Combines by Employee Size — 2011

	Sales +8%	Sales +2-7%	Little or No Change	Sales -2-7%	Sales -8%	Forecasting Growth	Forecasting Decline
Tractors							
2WD (<40 hp)							
North America Average	8.6%	19.2%	60.4%	8.6%	3.2%	27.8%	11.8%
1-20 Employees	5.8%	15.8%	64.0%	10.1%	4.3%	21.6%	14.4%
21-40 Employees	11.9%	25.4%	53.7%	7.5%	1.5%	37.3%	9.0%
41-60 Employees	8.3%	16.7%	50.0%	16.7%	8.3%	25.0%	25.0%
61+ Employees	14.3%	22.9%	60.0%	2.9%	0.0%	37.2%	2.9%
2WD (40-100 hp)							
North America Average	5.0%	31.5%	51.5%	9.6%	2.3%	36.5%	11.9%
1-20 Employees	4.3%	30.0%	53.6%	9.3%	2.9%	34.3%	12.2%
21-40 Employees	4.3%	34.3%	48.6%	11.4%	1.4%	38.6%	12.8%
41-60 Employees	0.0%	33.4%	50.0%	8.3%	8.3%	33.4%	16.6%
61+ Employees	8.3%	33.3%	50.0%	8.3%	0.0%	41.6%	8.3%
2WD (>100 hp)							
North America Average	4.8%	27.4%	54.5%	8.9%	4.4%	32.2%	13.3%
1-20 Employees	4.5%	25.4%	58.2%	8.2%	3.7%	29.9%	11.9%
21-40 Employees	3.1%	29.2%	56.9%	7.7%	3.1%	32.3%	10.8%
41-60 Employees	0.0%	33.3%	33.3%	8.4%	25.0%	33.3%	33.3%
61+ Employees	11.1%	30.6%	41.6%	13.9%	2.8%	31.7%	16.7%
4WD (All)							
North America Average	9.4%	38.1%	39.8%	8.2%	4.5%	47.5%	12.7%
1-20 Employees	10.0%	37.6%	43.1%	6.2%	3.1%	47.6%	9.3%
21-40 Employees	7.9%	44.4%	31.8%	11.1%	4.8%	52.3%	15.9%
41-60 Employees	7.7%	30.8%	46.1%	7.7%	7.7%	38.5%	15.4%
61+ Employees	11.1%	33.3%	36.1%	11.1%	8.4%	44.4%	19.4%
Combines							
North America Average	2.5%	20.4%	57.2%	14.9%	5.0%	22.9%	19.9%
1-20 Employees	3.1%	14.3%	69.4%	11.2%	2.0%	17.4%	13.2%
21-40 Employees	1.8%	28.1%	49.0%	15.8%	5.3%	29.9%	21.1%
41-60 Employees	0.0%	0.0%	80.0%	20.0%	0.0%	0.0%	20.0%
61+ Employees	2.9%	31.4%	28.6%	22.9%	14.3%	34.3%	37.2%

Dealer Spending Plans for 2011 by Employee Size

	No Increase	0-5%	6-10%	10%
1-20 Employees	45.9%	44.7%	7.5%	1.9%
21-40 Employees	45.2%	45.2%	6.9%	2.7%
41-60 Employees	38.5%	46.1%	15.4%	0.0%
61+ Employees	33.3%	55.5%	5.6%	5.6%

Where Dealers Will Invest in 2011 by Employee Size

No. Employees	Shop & Service	Retail	Business Info. Systems
1-20 Employees	42.1%	37.7%	41.1%
21-40 Employees	54.9%	44.4%	39.7%
41-60 Employees	50.0%	23.1%	16.7%
61+ Employees	63.9%	40.0%	50.0%

**1-20 Employees Unit Sales Projections
for Other Equipment in 2011**

Equipment Category	Sales +8%	Sales +2-7%	Little or No Change	Sales -2-7%	Sales -8%
Rectangular Balers	0.9%	17.6%	74.1%	7.4%	0.0%
Round Balers	0.8%	27.3%	62.0%	5.8%	4.1%
Forage Harvesters	2.0%	10.2%	77.6%	5.1%	5.1%
Planters (All)	4.0%	18.8%	64.4%	8.9%	4.0%
Mowers/Conditioners	3.4%	24.8%	64.1%	4.3%	3.4%
Windrower/Swathers	3.0%	15.0%	72.0%	4.0%	6.0%
Field Cultivators	1.9%	17.1%	71.4%	5.7%	3.8%
Farm Loaders	3.2%	25.0%	61.3%	5.6%	4.8%
Chisel Plows	1.0%	9.2%	77.6%	6.1%	6.1%
Disc Harrows	1.8%	23.6%	62.7%	9.1%	2.7%
Air Seeders/Drills	2.0%	14.0%	71.0%	10.0%	3.0%
Self-Propelled Sprayers	3.3%	15.2%	67.4%	8.7%	5.4%
Pull-Type Sprayers	0.0%	14.0%	71.0%	6.5%	8.6%
Lawn/Garden Equip.	16.0%	32.1%	41.2%	5.3%	5.3%
GPS-Auto Steer	12.1%	31.3%	47.5%	5.1%	4.0%

**21-40 Employees Unit Sales Projections
for Other Equipment in 2011**

Equipment Category	Sales +8%	Sales +2-7%	Little or No Change	Sales -2-7%	Sales -8%
Rectangular Balers	4.7%	7.8%	75.0%	12.5%	0.0%
Round Balers	3.0%	28.8%	53.0%	10.6%	4.5%
Forage Harvesters	1.8%	3.6%	80.0%	7.3%	7.3%
Planters (All)	5.1%	25.4%	52.5%	11.9%	5.1%
Mower Conditioners	4.5%	28.8%	51.5%	10.6%	4.5%
Windrowers/Swathers	0.0%	15.5%	70.7%	13.8%	0.0%
Field Cultivators	1.7%	23.7%	61.0%	13.6%	0.0%
Farm Loaders	4.3%	26.1%	60.9%	7.2%	1.4%
Chisel Plows	1.7%	15.0%	70.0%	11.7%	1.7%
Disc Harrows	3.2%	21.0%	66.1%	6.5%	3.2%
Air Seeders/Drills	3.6%	12.5%	73.2%	7.1%	3.6%
Self-Propelled Sprayers	9.1%	20.0%	63.6%	3.6%	3.6%
Pull-Type Sprayers	0.0%	8.9%	67.9%	19.6%	3.6%
Lawn/Garden Equip.	9.0%	34.3%	46.3%	9.0%	1.5%
GPS-Auto Steer	35.6%	30.5%	32.2%	0.0%	1.7%

**41-60 Employees Unit Sales Projections
for Other Equipment in 2011**

Equipment Category	Sales +8%	Sales +2-7%	Little or No Change	Sales -2-7%	Sales -8%
Rectangular Balers	0.0%	8.3%	75.0%	16.7%	0.0%
Round Balers	0.0%	22.2%	66.7%	0.0%	11.1%
Forage Harvesters	0.0%	16.7%	75.0%	8.3%	0.0%
Planters (All)	0.0%	22.2%	77.8%	0.0%	0.0%
Mowers/Conditioners	0.0%	16.7%	50.0%	25.0%	8.3%
Windrowers/Swathers	0.0%	16.7%	58.3%	16.7%	8.3%
Field Cultivators	11.1%	11.1%	55.6%	11.1%	11.1%
Farm Loaders	0.0%	15.4%	69.2%	7.7%	7.7%
Chisel Plows	9.1%	9.1%	63.6%	9.1%	9.1%
Disc Harrows	0.0%	18.2%	63.6%	9.1%	9.1%
Air Seeders/Drills	0.0%	33.3%	55.6%	11.1%	0.0%
Self-Propelled Sprayers	0.0%	36.4%	63.6%	0.0%	0.0%
Pull-Type Sprayers	0.0%	11.1%	77.8%	11.1%	0.0%
Lawn/Garden Equip.	10.0%	20.0%	50.0%	0.0%	20.0%
GPS-Auto Steer	9.1%	45.5%	36.4%	9.1%	0.0%

**61+ Employees Unit Sales Projections
for Other Equipment in 2011**

Equipment Category	Sales +8%	Sales +2-7%	Little or No Change	Sales -2-7%	Sales -8%
Rectangular Balers	2.8%	19.4%	75.0%	2.8%	0.0%
Round Balers	2.8%	41.7%	47.2%	8.3%	0.0%
Forage Harvesters	9.1%	12.1%	66.7%	12.1%	0.0%
Planters (All)	5.7%	34.3%	45.7%	11.4%	2.9%
Mower/Conditioners	0.0%	34.3%	62.9%	2.9%	0.0%
Windrower/Swathers	2.9%	22.9%	65.7%	8.6%	0.0%
Field Cultivators	5.7%	14.3%	77.1%	2.9%	0.0%
Farm Loaders	8.6%	17.1%	60.0%	14.3%	0.0%
Chisel Plows	5.7%	14.3%	80.0%	0.0%	0.0%
Disc Harrows	5.9%	14.7%	76.5%	2.9%	0.0%
Air Seeders/Drills	0.0%	23.5%	64.7%	11.8%	0.0%
Self-Propelled Sprayers	14.3%	28.6%	48.6%	8.6%	0.0%
Pull-Type Sprayers	0.0%	6.5%	71.0%	12.9%	9.7%
Lawn/Garden Equip.	8.8%	47.1%	38.2%	5.9%	0.0%
GPS-Auto Steer	42.9%	34.3%	20.0%	2.9%	0.0%

Revenue Projections for Used Equipment by Employee Size — 2011

Employee Size	Sales +8%	Sales +2-7%	Little or No Change	Sales -2-7%	Sales -8%	Forecasting Growth	Decline
North America	13.5%	38.2%	33.7%	9.4%	5.2%	51.7%	14.6%
1-20 Employees	15.4%	34.9%	36.9%	8.1%	4.7%	50.3%	12.0%
21-40 Employees	10.1%	40.6%	36.2%	5.8%	7.2%	50.7%	13.0%
41-60 Employees	0.0%	30.8%	30.8%	30.8%	7.7%	30.8%	38.5%
61+ Employees	14.3%	51.4%	17.1%	14.3%	2.9%	65.7%	17.2%

Dealers' Hiring Plans 2011 vs. 2010 by Employee Size

	2011			2010		
	Add Staff	No Change	Reduce/Relocate Staff	Add Staff	No Change	Reduce/Relocate Staff
Parts Department						
1-20 Employees	20.3%	76.5%	3.3%	16.1%	7.9%	4.9%
21-40 Employees	30.6%	66.7%	2.8%	11.9%	81.3%	6.8%
41-60 Employees	15.4%	84.6%	0.0%	16.7%	83.3%	0.0%
61+ Employees	38.9%	55.6%	5.6%	25.0%	62.5%	12.5%
Service Department						
1-20 Employees	45.5%	53.9%	0.6%	30.1%	64.1%	5.8%
21-40 Employees	67.6%	32.4%	0.0%	44.1%	49.1%	6.8%
41-60 Employees	61.5%	38.5%	0.0%	80.0%	20.0%	0.0%
61+ Employees	80.6%	19.4%	0.0%	77.1%	20.8%	2.1%
Sales Department						
1-20 Employees	25.5%	73.9%	0.7%	11.2%	84.4%	4.4%
21-40 Employees	25.0%	70.8%	4.2%	24.1%	74.2%	1.7%
41-60 Employees	15.4%	84.6%	0.0%	16.7%	75.0%	8.3%
61+ Employees	41.7%	55.6%	2.8%	37.5%	50.0%	12.5%
Administration						
1-20 Employees	4.1%	92.6%	3.4%	4.4%	89.7%	5.9%
21-40 Employees	7.1%	84.3%	8.6%	6.9%	84.5%	8.6%
41-60 Employees	7.7%	84.6%	7.7%	8.3%	91.7%	0.0%
61+ Employees	27.8%	61.1%	11.1%	12.5%	62.5%	25.0%

PART VI — MARKET SEGMENTS & DEALER REVENUE SOURCES

This section of *Ag Equipment Intelligence's 2011 Dealer Business Trends & Outlook* report focuses on the various market segments and revenue sources for North American farm equipment dealers. In addition to their production farm customers, dealers have sought to develop new revenue streams to improve their bottom lines by modifying their business models and attracting other types of customers. This sometimes results from changing customer bases in the dealer territories.

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

Essentially, North American farm equipment dealers derive a large percentage of their revenues from five customer bases. These include the following along with the percentage of total dealership revenues:

- Production Farmers 56.8%
- Hobby Farmers/LPOs 18.3%
- Turf/Lawn/Landscape Contractors 10.1%
- Municipalities/Park Depts. 5.7%
- Construction Contractors 5.4%
- Other 3.7%

In many cases, dealers choosing to expand or even specialize in other markets will need to expand their equipment lineup to include lawn and garden equipment, compact tractors, power hand tools, all-terrain and utility vehicles, as well as other equipment required by the new customer base. In some cases, dealers have also sought to expand into other markets, including golf courses, municipalities and park districts, landscapers and construction contractors.

This part of the *2011 Dealer Business & Outlook Trends* report breaks out the responses of nearly 300 dealers across North America regarding these new market opportunities. It provides market trends by region, state and province for both the U.S. and Canada. It also segments what

portion of dealer revenues come from these developing markets. Breakdowns are also provided by mainline supplier and dealership employment size.

While these markets are becoming increasingly important to equipment dealers, based on the responses to this year's survey, it's clear that the professional farmer remains the lifeblood of farm equipment dealerships in both the U.S. and Canada.

U.S. Market Segment Analysis

In 2010, 55.6% of the revenues

generated by U.S. dealers came from equipment sales to professional farmers. This compares with 58% reported in 2009. Rural lifestyle accounted for 19.3% of wholegood sales dollars compared with 20.1% in the previous year.

Production Farming. On a regional basis, dealers in the Northern Plains are most dependent upon production farm customers for the largest share of their yearly wholegood

(Continued on page 45)

U.S. Regional Market Segmentation — 2011

Northeast		Southern Plains	
Production Farmers	38.1%	Production Farmers	37.6%
Hobby Farmers	28.7%	Hobby Farmers	32.6%
Turf/Lawn/Landscape Contractors	13.7%	Turf/Lawn/Landscape Contractors	13.4%
Municipalities/Park Depts	6.3%	Municipalities/Park Depts	7.2%
Construction Contractors	8.4%	Construction Contractors	6.3%
Other	4.8%	Other	2.9%
Appalachia		Northern Plains	
Production Farmers	45.5%	Production Farmers	85.2%
Hobby Farmers	28.2%	Hobby Farmers	5.0%
Turf/Lawn/Landscape Contractors	10.8%	Turf/Lawn/Landscape Contractors	3.4%
Municipalities/Park Depts	4.6%	Municipalities/Park Depts	2.9%
Construction Contractors	5.2%	Construction Contractors	2.4%
Utility Contractors	5.7%	Other	1.1%
Southeast		Corn Belt	
Production Farmers	27.5%	Production Farmers	64.5%
Hobby Farmers	25.0%	Hobby Farmers	13.2%
Turf/Lawn/Landscape Contractors	25.0%	Turf/Lawn/Landscape Contractors	8.4%
Municipalities/Park Depts	11.6%	Municipalities/Park Depts	6.0%
Construction Contractors	9.7%	Construction Contractors	4.4%
Utility Contractors	1.2%	Other	3.5%
Delta States		Mountain	
Production Farmers	59.1%	Production Farmers	59.3%
Hobby Farmers	19.9%	Hobby Farmers	17.4%
Turf/Lawn/Landscape Contractors	6.6%	Turf/Lawn/Landscape Contractors	9.6%
Municipalities/Park Depts	4.3%	Municipalities/Park Depts	5.4%
Construction Contractors	7.7%	Construction Contractors	3.4%
Other	2.4%	Other	4.9%
Lake States		Pacific	
Production Farmers	62.9%	Production Farmers	55.1%
Hobby Farmers	13.5%	Hobby Farmers	20.1%
Turf/Lawn/Landscape Contractors	7.7%	Turf/Lawn/Landscape Contractors	8.3%
Municipalities/Park Depts	4.9%	Municipalities/Park Depts	8.6%
Construction Contractors	4.7%	Construction Contractors	4.8%
Other	6.3%	Other	3.1%

Breakout by Market Segment & Region — U.S. — 2011

Production Farmers

Northern Plains	85.2%	1
Corn Belt	64.5%	2
Lake	62.9%	3
Mountain	59.3%	4
Delta	59.1%	5
Pacific	55.1%	6
Appalachia	45.5%	7
Northeast	38.1%	8
Southern Plains	37.6%	9
Southeast	27.5%	10

Turf/Lawn/Landscape Contractors

Southeast	25.0%	1
Northeast	13.7%	2
Southern Plains	13.4%	3
Appalachia	10.8%	4
Mountain	9.6%	5
Corn Belt	8.4%	6
Pacific	8.3%	7
Lake	7.7%	8
Delta	6.6%	9
Northern Plains	3.4%	10

Construction Contractors

Southeast	9.7%	1
Northeast	8.4%	2
Delta States	7.7%	3
Southern Plains	6.3%	4
Appalachia	5.2%	5
Pacific	4.8%	6
Lake	4.7%	7
Corn Belt	4.4%	8
Mountain	3.4%	9
Northern Plains	2.4%	10

Hobby Farmers

Southern Plains	32.6%	1
Northeast	28.7%	2
Appalachia	28.2%	3
Southeast	25.0%	4
Pacific	20.1%	5
Delta	19.9%	6
Mountain	17.4%	7
Lake	13.5%	8
Corn Belt	13.2%	9
Northern Plains	5.0%	10

Other

Lake	6.3%	1
Appalachia	5.7%	2
Mountain	4.9%	3
Northeast	4.8%	4
Corn Belt	3.5%	5
Pacific	3.1%	6
Southern Plains	2.9%	7
Delta	2.4%	8
Southeast	1.2%	9
Northern Plains	1.1%	10

Municipalities/Park Depts

Southeast	11.6%	1
Pacific	8.6%	2
Southern Plains	7.2%	3
Northeast	6.3%	4
Corn Belt	6.0%	5
Mountain	5.4%	6
Lake	4.9%	7
Appalachia	4.6%	8
Delta	4.3%	9
Northern Plains	2.9%	10

State-by-State Ranking by Market Segment — 2011

State US Rank

Production Farmers

New Mexico (NM)	95.0%	1
Nebraska (NE)	93.7%	2
South Dakota (SD)	92.5%	3
Vermont (VT)	85.0%	4
Maine (ME)	85.0%	4
North Dakota (ND)	80.8%	5
Idaho (ID)	76.7%	6
Mississippi (MS)	72.5%	7
Kansas (KS)	72.0%	8
Utah (UT)	70.0%	8
Iowa (IA)	68.6%	9
Illinois (IL)	67.5%	10
Minnesota (MN)	66.1%	11
Indiana (IN)	65.0%	12
Wisconsin (WI)	64.4%	13
California (CA)	62.5%	14
Ohio (OH)	61.3%	15
Oregon (OR)	60.0%	16
Missouri (MO)	54.4%	17
Michigan (MI)	53.9%	18
Arkansas (AR)	53.8%	19
Kentucky (KY)	51.8%	19
Maryland (MD)	51.3%	20
Georgia (GA)	50.0%	21
North Carolina (NC)	47.5%	22
Virginia (VA)	45.0%	23
Montana (MT)	45.0%	23
New York (NY)	42.5%	24
Colorado (CO)	38.3%	25
Texas (TX)	37.7%	26
Oklahoma (OK)	37.5%	27
Washington (WA)	35.4%	28
Pennsylvania (PA)	31.0%	29
New Hampshire (NH)	25.0%	30
Alabama (AL)	25.0%	30
South Carolina (SC)	18.3%	31
Tennessee (TN)	13.5%	32
Massachusetts (MA)	12.0%	33
Florida (FL)	10.0%	34

State US Rank

Hobby Farmers

Connecticut (CT)	10.0%	34
Tennessee (TN)	65.0%	1
Connecticut (CT)	45.0%	2
New York (NY)	35.8%	3
New Hampshire (NH)	35.0%	4
South Carolina (SC)	35.0%	4
Texas (TX)	34.1%	5
Alabama (AL)	32.5%	6
Oklahoma (OK)	30.0%	7
Washington (WA)	30.0%	7
Virginia (VA)	29.9%	8
Missouri (MO)	27.8%	9
Montana (MT)	27.5%	10
Pennsylvania (PA)	27.5%	10
North Carolina (NC)	27.0%	11
Maryland (MD)	26.3%	12
Wyoming (WY)	25.0%	13
Arkansas (AR)	23.0%	14
Michigan (MI)	19.3%	15
Kentucky (KY)	18.9%	16
Colorado (CO)	18.3%	17
Georgia (GA)	18.3%	17
Oregon (OR)	18.0%	18
California (CA)	16.2%	19
Idaho (ID)	15.7%	20
Kansas (KS)	13.4%	21
Wisconsin (WI)	12.6%	22
Florida (FL)	12.5%	23
Illinois (IL)	12.4%	24
Mississippi (MS)	12.0%	25
Minnesota (MN)	11.4%	26
Ohio (OH)	11.1%	27
Utah (UT)	10.0%	28
Vermont (VT)	10.0%	28
Iowa (IA)	9.6%	29
Indiana (IN)	7.4%	30
Maine (ME)	5.0%	31
New Mexico (NM)	5.0%	31

State US Rank

North Dakota (ND)	3.4%	32
Nebraska (NE)	2.1%	33
South Dakota (SD)	1.8%	34

Turf/Lawn/Landscape Contractors

Wyoming (WY)	50.0%	1
South Carolina (SC)	40.0%	2
Florida (FL)	30.0%	3
Montana (MT)	22.5%	4
Alabama (AL)	20.0%	5
Connecticut (CT)	18.3%	6
Pennsylvania (PA)	18.0%	7
New Hampshire (NH)	16.7%	8
Washington (WA)	15.6%	9
Oklahoma (OK)	14.0%	10
North Carolina (NC)	13.7%	11
Massachusetts (MA)	13.0%	12
New York (NY)	13.0%	12
Texas (TX)	13.0%	12
Michigan (MI)	11.6%	13
Missouri (MO)	10.4%	14
Colorado (CO)	10.0%	15
Georgia (GA)	10.0%	15
Illinois (IL)	9.5%	16
Virginia (VA)	8.9%	17
Oregon (OR)	8.6%	18
Ohio (OH)	8.5%	19
Indiana (IN)	8.0%	20
Wisconsin (WI)	7.6%	21
Tennessee (TN)	7.5%	22
Arkansas (AR)	7.2%	23
Maryland (MD)	6.3%	24
Minnesota (MN)	5.9%	25
North Dakota (ND)	5.8%	26
Iowa (IA)	5.1%	27
Maine (ME)	5.0%	28
Mississippi (MS)	5.0%	28
Utah (UT)	5.0%	28
California (CA)	4.5%	29
Kansas (KS)	4.0%	30

State-by-State Ranking by Market Segment — 2011 (cont'd)

State		US Rank	State		US Rank	State		US Rank
South Dakota (SD)	2.5%	31	North Carolina (NC)	3.0%	27	Utah (UT)	2.0%	26
Vermont (VT)	2.5%	31	Vermont (VT)	2.5%	28	South Dakota (SD)	1.3%	27
Kentucky (KY)	1.8%	32	South Dakota (SD)	2.0%	29	Nebraska (NE)	0.7%	28
Nebraska (NE)	1.6%	33	Idaho (ID)	1.7%	30	South Carolina (SC)	0.7%	28
Idaho (ID)	1.0%	34	Nebraska (NE)	1.1%	31			
Municipalities/Park Depts			Construction Contractors			Other		
Wyoming (WY)	25.0%	1	Massachusetts (MA)	45.0%	1	Massachusetts (MA)	20.0%	1
Connecticut (CT)	18.3%	2	Florida (FL)	27.5%	2	Colorado (CO)	16.7%	2
Florida (FL)	15.0%	3	Indiana (IN)	12.6%	3	New Hampshire (NH)	10.0%	3
Georgia (GA)	14.3%	4	Pennsylvania (PA)	12.5%	4	Kentucky (KY)	8.8%	4
Alabama (AL)	12.5%	5	Alabama (AL)	10.0%	5	Maryland (MD)	7.5%	5
Ohio (OH)	11.0%	6	Arkansas (AR)	9.2%	6	Minnesota (MN)	7.5%	5
California (CA)	10.5%	7	Connecticut (CT)	8.3%	7	Virginia (VA)	6.7%	6
Colorado (CO)	10.0%	8	North Carolina (NC)	8.3%	7	Iowa (IA)	6.5%	7
Massachusetts (MA)	10.0%	8	Washington (WA)	8.0%	8	Wisconsin (WI)	6.2%	8
Utah (UT)	10.0%	8	Oklahoma (OK)	7.8%	9	Pennsylvania (PA)	6.0%	9
Tennessee (TN)	7.5%	9	Colorado (CO)	6.7%	10	Ohio (OH)	5.4%	10
Oregon (OR)	7.4%	10	Georgia (GA)	6.7%	10	Florida (FL)	5.0%	11
Texas (TX)	7.4%	10	New Hampshire (NH)	6.7%	10	Maine (ME)	5.0%	11
Oklahoma (OK)	7.0%	11	Iowa (IA)	6.4%	11	Washington (WA)	5.0%	11
New Hampshire (NH)	6.7%	12	Virginia (VA)	5.9%	12	Michigan (MI)	3.8%	12
Kentucky (KY)	6.2%	13	Texas (TX)	5.5%	13	Oklahoma (OK)	3.8%	12
Michigan (MI)	6.1%	14	Michigan (MI)	5.4%	14	North Dakota (ND)	3.2%	13
South Carolina (SC)	6.0%	15	Kansas (KS)	4.8%	15	Oregon (OR)	3.0%	14
Washington (WA)	6.0%	15	Minnesota (MN)	4.8%	15	Utah (UT)	3.0%	14
Illinois (IL)	5.7%	16	California (CA)	4.2%	16	Mississippi (MS)	2.5%	15
Indiana (IN)	5.5%	17	Wisconsin (WI)	4.2%	16	Montana (MT)	2.5%	15
Kansas (KS)	5.4%	18	Mississippi (MS)	4.0%	17	Tennessee (TN)	2.5%	15
Maryland (MD)	5.0%	19	Tennessee (TN)	4.0%	17	Arkansas (AR)	2.4%	16
Pennsylvania (PA)	5.0%	19	Maryland (MD)	3.8%	18	Texas (TX)	2.4%	16
Wisconsin (WI)	5.0%	19	New York (NY)	3.8%	18	Illinois (IL)	2.3%	17
New York (NY)	4.8%	20	Missouri (MO)	3.5%	19	California (CA)	2.1%	18
Arkansas (AR)	4.4%	21	Idaho (ID)	3.3%	20	Indiana (IN)	2.0%	19
Minnesota (MN)	4.3%	22	North Dakota (ND)	3.2%	21	Idaho (ID)	1.7%	20
Mississippi (MS)	4.0%	23	Oregon (OR)	3.0%	22	Georgia (GA)	0.7%	21
Iowa (IA)	3.8%	24	Ohio (OH)	2.8%	23	Nebraska (NE)	0.7%	21
North Dakota (ND)	3.6%	25	Kentucky (KY)	2.6%	24	Missouri (MO)	0.6%	22
Virginia (VA)	3.6%	25	Illinois (IL)	2.5%	25	North Carolina (NC)	0.5%	23
Missouri (MO)	3.4%	26	Montana (MT)	2.5%	25	Kansas (KS)	0.4%	24

sales — 85.2%. Other regions where the professional farmer dominates include the Corn Belt (64.5%), Lake States (62.9%), the Mountain region (59.3%) and the Delta States (59.1%).

For all other regions, less than half of the annual wholegoods revenues result from sales to production farming customers.

Overall, dealers from 24 states reported that more than half of their annual wholegood sales revenue continues to come from their production farm customers.

Rural Lifestylers. Of the 10 agricultural regions, dealers from 6 of them report earning 20% or more of annual revenues from the sale of equipment to their hobby farmers and/or large property owners.

Dealers in the Southern Plains reported the highest percentage of

sales to this segment at 32.6%.

On a state-by-state basis, Tennessee (65%) and Connecticut (45%) dealers report the highest percentage of sales to the rural lifestyle market. New York and New Hampshire follow with 35% or more of their sales coming from this customer segment.

Canada Market Segment Analysis

Nearly 67% of Canadian equipment dealer revenues are generated through the traditional growers and the hobby farm segment accounts for less than 11%.

Production farming remains the dominant customer base throughout the country with 75.7% of sales by dealers in the Western region resulting from purchases by the profession-

al farmer. This compares with 71.7% in Eastern Canada and 46.4% in the Central region.

Only 10-11% of wholegoods revenue is derived from the rural lifestyle market in each of the three Canadian regions.

Segment Analysis by Major Line Supplier

Case IH dealers are clearly reliant on the production farmer, as 80.4% of the sales revenues in 2010 were derived from the fulltime producer. Only 8.3% of their total equipment sales came from the hobby farm base.

The leaders in sales to hobby farmers are Kubota dealers (39% of revenues), followed by independent dealers (24.6%) and New Holland retailers (21.1%).

Market Segmentation Dealer Revenue Sources

	North America	U.S.	Canada
Production Farmers	56.8%	55.6%	66.5%
Hobby Farmers	18.4%	19.3%	10.7%
Turf/Lawn/Landscape Contractors	10.0%	9.9%	11.0%
Municipalities/Park Depts	5.7%	5.9%	4.2%
Construction Contractors	5.4%	5.3%	5.8%
Other	3.7%	4.0%	1.8%

Employee Size Analysis by Market Segment (Revenue)

1-20 Employees

Production Farmers	51.4%
Hobby Farmers	23.1%
Turf/Lawn/Landscape Contractors	11.3%
Municipalities/Park Depts	6.2%
Construction Contractors	5.1%
Other	3.1%

41-60 Employees

Production Farmers	72.1%
Hobby Farmers	8.8%
Turf/Lawn/Landscape Contractors	4.6%
Municipalities/Park Depts	3.5%
Construction Contractors	3.0%
Other	8.1%

21-40 Employees

Production Farmers	62.2%
Hobby Farmers	13.1%
Turf/Lawn/Landscape Contractors	9.2%
Municipalities/Park Depts	5.9%
Construction Contractors	5.6%
Other	3.9%

61+ Employees

Production Farmers	64.8%
Hobby Farmers	10.4%
Turf/Lawn/Landscape Contractors	8.5%
Municipalities/Park Depts	4.6%
Construction Contractors	6.7%
Other	4.9%

Market Segment Analysis by Canada Regions

Central Canada

Production Farmers	46.4%
Hobby Farmers	11.1%
Turf/Lawn/Landscape Contractors	24.1%
Municipalities/Park Depts	4.3%
Construction Contractors	11.0%
Other	3.0%

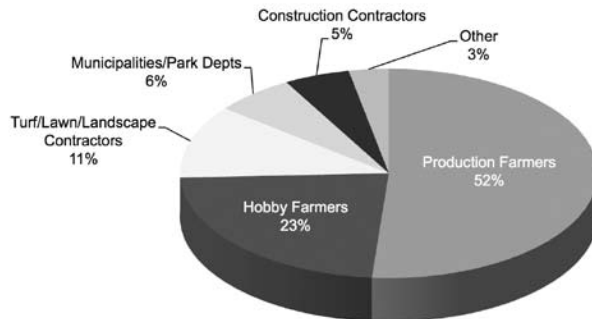
Eastern Canada

Production Farmers	71.7%
Hobby Farmers	10.0%
Turf/Lawn/Landscape Contractors	10.0%
Municipalities/Park Depts	4.0%
Construction Contractors	4.3%
Other	0.0%

Western Canada

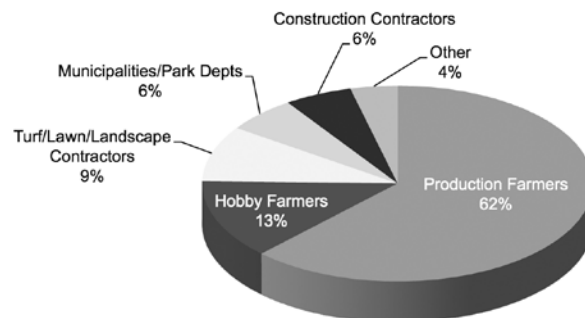
Production Farmers	75.7%
Hobby Farmers	10.7%
Turf/Lawn/Landscape Contractors	4.6%
Municipalities/Park Depts	4.1%
Construction Contractors	3.4%
Other	1.4%

Market Segments - 1-20 Employees



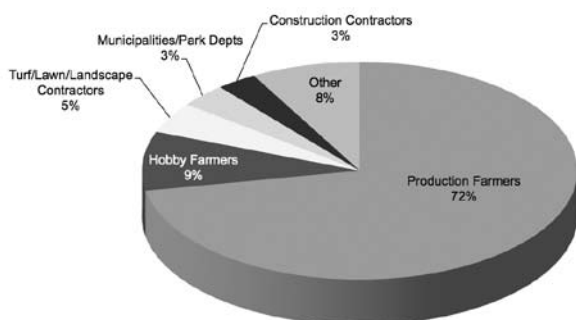
Slightly more than half of revenues for the smallest dealers come from production farming and nearly a quarter from the hobby farm/rural lifestyle market.

Market Segments - 21-40 Employees



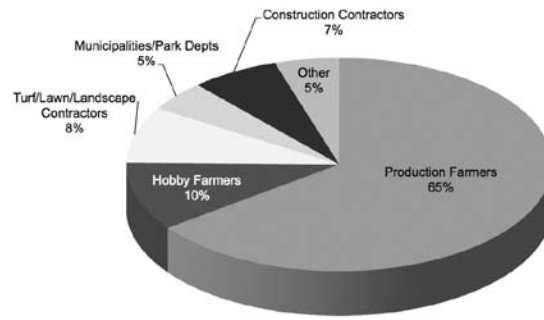
Production farming easily dominates the customer base of dealers employing 21-40 employees, while hobby farmers are contributing 13% of sales revenues.

Market Segments - 41-60 Employees



Dealers with 41-60 employees generated 9% of their sales dollars from the hobby farm market, but rely largely on production farming for a large percentage of their revenue.

Market Segments - 61+ Employees



The largest dealers, by employment, draw 65% of their annual sales revenues from the production farm market. Some 10% of sales are derived from the hobby farm/large-property owner market.

Breakout by Market Segment & Region — Canada

Production Farmers			Hobby Farmers			Turf/Lawn/Landscape Contractors		
Manitoba (MB)	91.7%	1	British Columbia (BC)	31.3%	1	Ontario (ON)	24.1%	1
Saskatchewan (SK)	91.6%	2	Ontario (ON)	11.1%	2	New Brunswick (NB)	20.0%	2
Alberta (AB)	81.7%	3	New Brunswick (NB)	10.0%	3	British Columbia (BC)	16.3%	3
Nova Scotia (NS)	80.0%	4	Nova Scotia (NS)	10.0%	3	Nova Scotia (NS)	5.0%	4
Prince Edward Island (PE)	75.0%	5	Prince Edward Island (PE)	10.0%	3	Prince Edward Island (PE)	5.0%	4
New Brunswick (NB)	60.0%	6	Alberta (AB)	9.0%	4	Manitoba (MB)	1.7%	5
Ontario (ON)	46.4%	7	Saskatchewan (SK)	1.8%	5	Saskatchewan (SK)	1.4%	6
British Columbia (BC)	35.0%	8	Manitoba (MB)	1.3%	6	Alberta (AB)	1.0%	7
Newfoundland and Labrador (NL)	N/A		Newfoundland and Labrador (NL)	N/A		Newfoundland and Labrador (NL)	N/A	
Northwest Territories (NT)	N/A		Northwest Territories (NT)	N/A		Northwest Territories (NT)	N/A	
Nunavut (NU)	N/A		Nunavut (NU)	N/A		Nunavut (NU)	N/A	
Quebec (QC)	N/A		Quebec (QC)	N/A		Quebec (QC)	N/A	
Yukon (YT)	N/A		Yukon (YT)	N/A		Yukon (YT)	N/A	
Municipalities/Park Dept			Construction Contractors			Other		
British Columbia (BC)	11.3%	1	Ontario (ON)	11.0%	1	Manitoba (MB)	5.0%	1
New Brunswick (NB)	5.0%	2	British Columbia (BC)	6.3%	2	Ontario (ON)	3.0%	2
Prince Edward Island (PE)	5.0%	2	Alberta (AB)	5.3%	3	Alberta (AB)	1.8%	3
Ontario (ON)	4.3%	3	New Brunswick (NB)	5.0%	4	British Columbia (BC)	0.0%	4
Saskatchewan (SK)	4.2%	4	Prince Edward Island (PE)	5.0%	4	New Brunswick (NB)	0.0%	4
Nova Scotia (NS)	2.0%	5	Nova Scotia (NS)	3.0%	5	Nova Scotia (NS)	0.0%	4
Alberta (AB)	1.2%	6	Saskatchewan (SK)	1.0%	6	Prince Edward Island (PE)	0.0%	4
Manitoba (MB)	0.3%	7	Manitoba (MB)	0.0%	7	Saskatchewan (SK)	0.0%	4
Newfoundland and Labrador (NL)	N/A		Newfoundland and Labrador (NL)	N/A		Newfoundland and Labrador (NL)	N/A	
Northwest Territories (NT)	N/A		Northwest Territories (NT)	N/A		Northwest Territories (NT)	N/A	
Nunavut (NU)	N/A		Nunavut (NU)	N/A		Nunavut (NU)	N/A	
Quebec (QC)	N/A		Quebec (QC)	N/A		Quebec (QC)	N/A	
Yukon (YT)	N/A		Yukon (YT)	N/A		Yukon (YT)	N/A	

Major Equipment Supplier Analysis by Market Segment (Revenue)

AGCO		John Deere		Kubota	
Production Farmers	68.0%	Production Farmers	59.2%	Production Farmers	15.1%
Hobby Farmers.....	15.0%	Hobby Farmers.....	13.1%	Hobby Farmers.....	39.0%
Turf/Lawn/Landscape Contractors.....	4.80%	Turf/Lawn/Landscape Contractors.....	14.0%	Turf/Lawn/Landscape Contractors.....	19.4%
Municipalities/Park Depts.....	3.50%	Municipalities/Park Depts.....	5.7%	Municipalities/Park Depts.....	12.5%
Construction Contractors	4.30%	Construction Contractors	3.2%	Construction Contractors	11.0%
Other.....	4.30%	Other.....	3.8%	Other.....	3.0%
Case IH		New Holland		Independent	
Production Farmers	80.4%	Production Farmers	57.9%	Production Farmers	39.2%
Hobby Farmers.....	8.3%	Hobby Farmers.....	21.1%	Hobby Farmers.....	24.6%
Turf/Lawn/Landscape Contractors.....	2.4%	Turf/Lawn/Landscape Contractors.....	6.8%	Turf/Lawn/Landscape Contractors.....	15.8%
Municipalities/Park Depts.....	2.7%	Municipalities/Park Depts.....	4.4%	Municipalities/Park Depts.....	7.6%
Construction Contractors	3.9%	Construction Contractors	6.7%	Construction Contractors	6.8%
Other.....	2.3%	Other.....	3.0%	Other.....	6.0%

Segment Analysis by Major Equipment Supplier (Revenue)

Production Farmers			Turf/Lawn/Landscape Contractors			Construction Contractors		
Case	80.4%	1	Kubota	19.4%	1	Kubota	11.0%	1
AGCO	68.0%	2	Independent	15.8%	2	Independent	6.8%	2
John Deere	59.2%	3	John Deere	14.0%	3	New Holland	6.7%	3
New Holland	57.9%	4	New Holland	6.8%	4	AGCO	4.3%	4
Independent	39.2%	5	AGCO	4.8%	5	Case	3.9%	5
Kubota	15.10%	6	Case	2.4%	6	John Deere	3.2%	5
Hobby Farmers			Municipalities/Parks Dept			Other		
Kubota	39.0%	1	Kubota	12.5%	1	Independent	6.0%	1
Independent	24.6%	2	Independent	7.6%	2	AGCO	4.3%	2
New Holland	21.1%	3	John Deere	5.7%	3	John Deere	3.8%	3
AGCO	15.0%	4	New Holland	4.4%	4	New Holland	3.0%	4
John Deere	13.1%	5	AGCO	3.5%	5	Kubota	3.0%	5
Case	8.3%	6	Case	2.7%	6	Case	2.3%	6

APPENDIX

Tier IV Engines Could Hinder Early Sales of Big Equipment

While a large majority of North American farm machinery dealers believe 2011 will produce solid sales numbers, most are expressing concerns about how their customers perceive the new Tier IV diesel engines that are being rolled out for the new selling season.

All diesel off-road engines of 174 horsepower and higher are required by regulatory agencies in both the U.S. and Canada to meet stringent air emission standards for controlling NOx and soot. To meet the new air standards, equipment makers have invested heavily in developing new engine technologies, and farmers will see additional costs for those changes on 2011 tractor invoices. Estimates range from 4-9% price increases for equipment with Tier IV engines.

At the same time, farm equipment manufacturers are pursuing differing technologies to satisfy the new emission limits — at least on the interim Tier IV engines. It remains to be seen how they'll approach the even stricter standards imposed by the final Tier IV requirements that will take effect in 2014.

John Deere and Buhler's Versatile tractors will utilize Exhaust Gas Recirculation (EGR) on their high-horsepower engines. AGCO, Case IH and New Holland will go with the Selective Catalytic Reduction (SCR) engines.

Lack of Knowledge. In its 2011 Dealer Business Trends & Outlook survey, which was conducted in the last week of August, *Ag Equipment Intelligence* asked dealers about their major concerns with the Tier IV engines.

While 56.7% of the dealers "Agree" or "Strongly Agree" that they and their staffs completely understand the new Tier IV engine technology, the remaining 43.3% say they "Disagree" or "Strongly Disagree" that they and their staffs thoroughly understand the technology.

But even more telling is that few dealers — 9.4% — "Agree" or "Strongly Agree" that their customers under-

stand the new Tier IV engine technology. And this lack of knowledge, the dealers say, will hinder sales during the coming year.

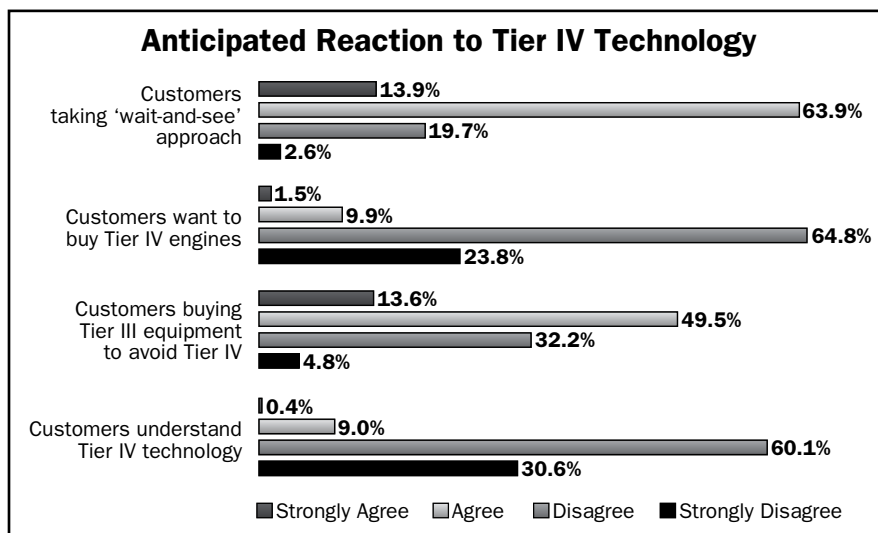
Given the statement, "My customers are buying machinery with Tier III engines to avoid Tier IV," nearly two-thirds (63%) of the dealers polled said they agreed or strongly agreed. The remaining 37% said they disagreed or strongly disagreed with the statement.

When given the statement, "My customers want to buy machinery

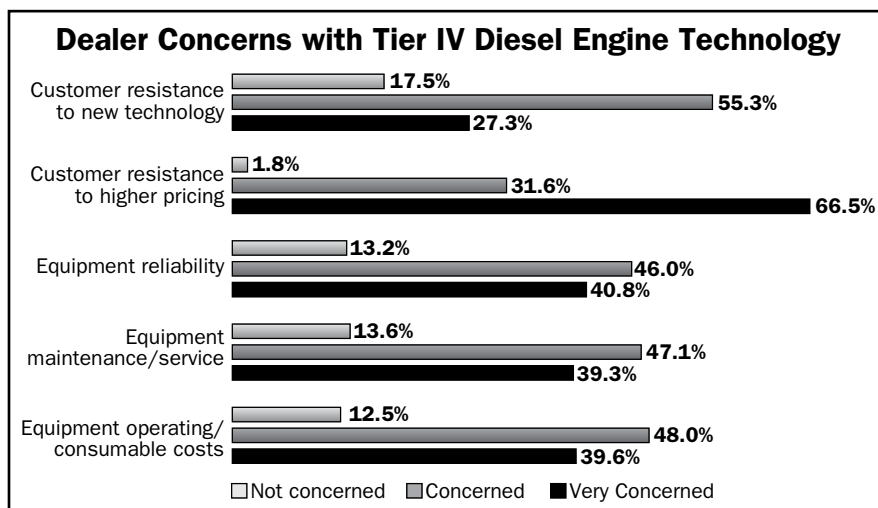
with Tier IV engines," dealer sentiments were even more negative. Only 11.4% said they agreed or strongly agreed with the statement. The rest, or 88.6%, disagreed or strongly disagreed with the statement.

Most farm equipment dealers (77.7%) believe their customers are or will take a "wait-and-see" approach to the equipment with Tier IV engines.

Pricing Concerns. Dealers say on of their major concerns about Tier IV equipment, which is estimated to be anywhere from 4-9%.



Equipment dealers see farmers' resistance to the higher price tags of Tier IV equipment as their biggest challenge in selling machinery with the new engines in 2011. They say customers are also concerned with equipment reliability, maintenance and additional operating costs.



Few dealers believe that their customers are eager to purchase equipment with Tier IV diesel engines, in large part because they don't fully understand the technology behind the lower-emission machinery.