
A Special Management Report From

*Ag Equipment
Intelligence*

2010 BUSINESS OUTLOOK & TRENDS

FARM EQUIPMENT FORECAST

An Ag Equipment Intelligence Staff Report

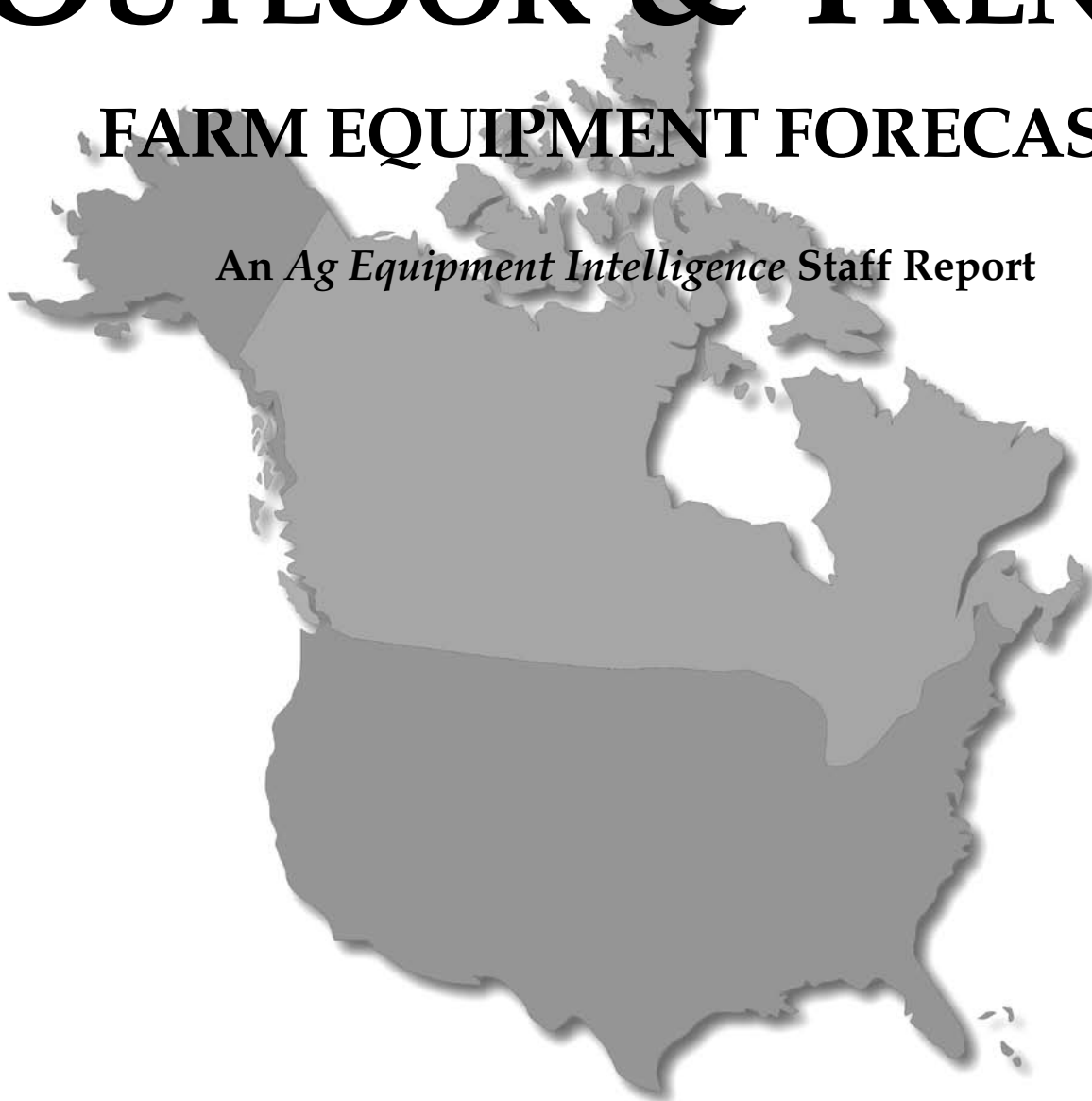


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PART I — BUSINESS OUTLOOK & TRENDS

Dealers Confront a Challenging Year Ahead

Farm equipment dealers know they'll be tested in the coming sales year, but most say they'll hold their own in 2010.

From the lower prices forecast for farm commodities to the rising prices for new farm machinery, equipment dealers have a lot on their minds going into the 2010 selling season. But what may be more revealing than any other trend emerging from *Ag Equipment Intelligence's (AEI) 2010 Business Trends & Outlook* survey is how the cost of new equipment has risen on dealers' list of concerns.

When it comes to new equipment sales, most are realistic enough to know that it would be difficult, at best, to maintain the kind of sales levels in the next 12 months that they've seen in the past few years. Chances are it will be a trying year, especially if they compare it to a landmark year like 2008.

Nonetheless, most dealers still see good prospects for maintaining sales levels in 2010. In fact, 57% of the more than 300 dealers responding to the *AEI Business Trends & Outlook* survey expect revenue to be as good

as or better than of the year before.

At the same time, it's clear that they're not quite as self-assured as they've been in the recent past. With the late harvest this year, dealers' crystal balls remain cloudy. Not even their farm customers are sure how things will pan out.

That uncertainty is reflected in their responses to the survey. While over half of them expect revenue of new equipment in 2010 to be as good or better than in 2009, a large percentage of that group — 33% — see revenue from wholegood sales coming in at about the same level they experienced during the last year.

Another quarter of the dealers, or 24.4%, expect sales to improve compared with last year. Only 4.1% of those dealers forecast sales to improve more than 8%, while 20.3% anticipate sales improving only 2-7%.

That leaves 42.6% of the dealers who are getting ready for slower sales in 2010. More than 22% see sales of new machinery slipping by 8% or

more, while 20.3% expect revenues to drop between 2-7%.

Overall, revenue from new equipment sales is expected to fall by 1.5% in 2010. While several respondents expressed concern about the growing inventory of used machinery on dealer lots, overall they aren't quite as concerned about 2010 turnover of trade-ins as they are about new equipment sales.

Over two-thirds of all dealers — 67.9% — see the revenues from used equipment reaching or exceeding 2009 levels. Nearly 40% don't anticipate a significant change from the previous year's sales — which were healthy, to say the least.

While 21.6% expect sales of used equipment to improve by 2-7%, another 6.9% see it rising by 8% or more. Nearly 18% of these dealers expect used machinery sales to fall 8% or more, while 14.3% see it slipping by between 2-7%.

Looking Back: A Difficult Comparison

Comparing current dealer sentiments about business prospects for 2010 and their outlook from a year ago is difficult at best.

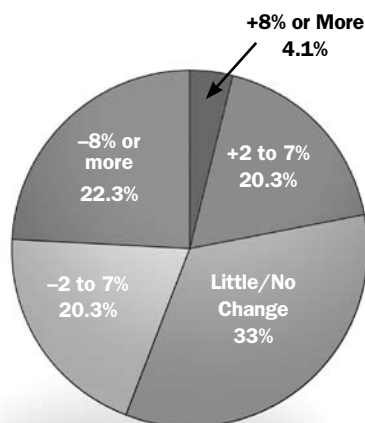
Last year when the survey was conducted, dealers were still in the midst of one of the best years for equipment sales that many had ever experienced. The biggest challenge was getting enough new machinery to satisfy the growing demand from North American growers for row-crop tractors and combines.

Equipment shortages developed as the major equipment makers shifted more production than usual to overheated, overseas markets. Those shortages also resulted in one of the highest early-order levels equipment makers and dealers had ever seen. This would carry very healthy unit sales over into the first several months of 2009.

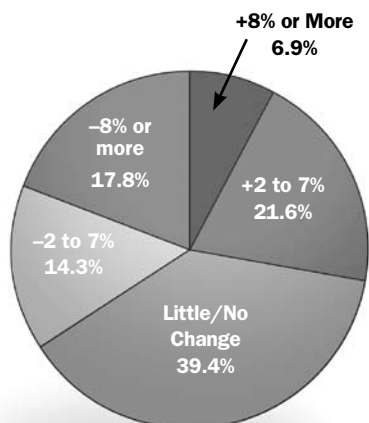
The bitter irony is that while high

DEALERS' OUTLOOK FOR NEW & USED EQUIPMENT SALES IN 2010

New Equipment



Used Equipment



North American farm equipment dealers aren't quite as optimistic going into the 2010 sales year as they were a year ago, but 57% expect sales to be as good as or better than they were in 2009.

sales levels of the big equipment continued well into '09, sales of smaller tractors and other equipment tied to the housing and construction industries, as well as dairy and livestock operations, continued to deteriorate throughout the year.

Nonetheless, in mid-August 2008 when *Farm Equipment* conducted its annual Business Trends & Outlook survey, overall dealer confidence was soaring. At the time, more than 80% of dealers polled forecast sales to be as good as or better than they were in 2008, which many were already calling a "generational year."

It's a completely different scenario going into 2010, as the effects of the recession have undercut the strong fundamentals of agriculture. In any case, most dealers agree that trying to compare sales levels for 2008 and much of 2009 to any other time period is a futile exercise.

Through the first 9 months of 2009, 39,977, or 22.2%, fewer tractors were sold in North America compared with the same period in 2008.

In the U.S., compact tractor (<40 horsepower) sales were down 21.1% in the January-through-September period, while sales of utility tractors (40-100 horsepower) declined 28.3%.

During the same period of 2009, sales of row-crop tractors (>100 horsepower), which stayed strong through much of the first half of the year, began slipping in June. By September, year-over-year sales of row-crop tractor sales were down 12.5% compared to 2008. Only 4-wheel-drive equipment sales are showing positive numbers through the first 9 months of the year, gaining 5.9% compared to the same period in '08.

It was the same story in Canada, where total tractor sales are down 24.2% for the year, with compact tractors slipping 29% and utility equipment falling by 22.2% year-over-year through the first 9 months of '09.

Remarkably, combine sales have continued to rise throughout 2009 in both countries. Through the first 9 months of the year, U.S. combine sales grew by 21.9%, while Canadian sales were up by 10% during the same period. Total North American retail sales of combines for the January-

through-September period rose to nearly 9,400 units, or by 16.2% for the first 9 months.

Looking Ahead: An Unclear Picture

With the cool, wet weather of spring pushing planting back several weeks in many key agricultural regions of the country, a later than normal harvest is adding to dealers' uncertainty about the coming year. USDA's forecast for higher yields, lower commodity prices and exports haven't been particularly encouraging either.

The worldwide economy, which has yet to show significant signs of becoming healthy again, is also weighing heavily on U.S. agriculture. The global slowdown has dramatically reduced the high levels of exports U.S. farming enjoyed in 2008 and

"A later than normal harvest is adding to dealers' uncertainty about the coming year..."

much of '09. Average prices for crops are down 17% from August '08, milk prices are off 36% and all August prices for livestock products are down 20% compared to the year earlier. Moving into '10, price recoveries will be faster for crops than livestock.

Despite all of this, equipment dealers see the possibility for maintaining and maybe even improving unit sales in the new year.

'Best Bets' for 2010

While North American farm equipment dealers aren't expecting to break any income records in 2010, they do see potential from several product groups for growing unit sales during the next year.

Responses to *AEI's 2010 Business Trends & Outlook — Farm Equipment Forecast* survey indicate that machinery retailers expect precision ag products along with rectangular hay balers and self-propelled sprayers to hold the best prospects

for growing business next year.

Both GPS/auto-steer gear and rectangular balers topped the dealers' list of best bets, placing one and two respectively in both 2009 and 2010. Self-propelled sprayers, which dealers ranked as their tenth best prospect in 2009, moved up to third on the list for next year.

Market Penetration. Based on current usage, all three of these product categories have plenty of potential to grow in both the short and long term.

Manufacturers of GPS/auto-steer and other precision agriculture equipment that *AEI* editors spoke with estimate that this type of gear has penetrated only 30-35% of the market. This is based on current farm applications. New and wide-ranging uses for these systems continue to expand.

The most frequent uses for the emerging technology include auto-guidance of row-crop tractors and increasingly for combines. Precision spraying equipment also continues to multiply rapidly, largely because of their capability to reduce costly inputs — including fertilizers, pesticides and other chemicals — by precise placement of the materials as well as eliminating overlap, thus reducing overall usage.

The technology is also being adapted to implement steering as well as for hay and forage applications. In addition to the improvements in cost and labor savings, increasing use of these precision tools is being attributed to younger farmers getting into the business who are not intimidated by new technologies.

Export Markets. While round balers continue to dominate the hay market, unit sales of big square baling equipment have grown from 5.5% in 2003 to about 8% of the total market in 2008. Unit sales have increased from about 1,000 sold in the U.S. in 2003 to 1,500 in 2008.

It's expected that this rate of growth will persist as commercial hay producers focus on export markets. Large, dense bales, which can be containerized for overseas shipping, reduce shipping costs, according to producers that *AEI* has interviewed.

As one dealer from the northwest U.S. pointed out, exports to Japan and

other overseas destinations are critical to hay producers in the region. "Exports swing the pick on the hay market in the Northwest," he says.

Midwest dealers are also seeing a growing preference toward big-square bales as well. Ag equipment sellers in the Southeast say that hay producers there are also showing interest in the bigger bales that are more efficient to transport.

Bigger Farms. Farm consolidation is a driving force for the expanding sales of self-propelled sprayers, according to Tim Criddle, director of marketing for Miller-St. Nazianz, a manufacturer of self-propelled sprayers. Much of the early growth in use of spraying equipment has taken place in the large farming operations of Western Canada.

"In the past 5-10 years, we've seen

a dramatic decrease in the number of farms and dramatic increases in the size of farms in Canada due to consolidation. These changes have shifted the self-propelled sprayer market away from commercial applicator sales to the larger market of farmgate sales.

"Once farms reach 5,000 acres or so, producers find they don't have the luxury of waiting for a commercial operator to spray their crops," he says.

He estimates that the consolidation process in the U.S. is lagging 3-5 years behind Canada. As a result, strong sprayer sales are expected to continue in both the U.S and Canada for the foreseeable future.

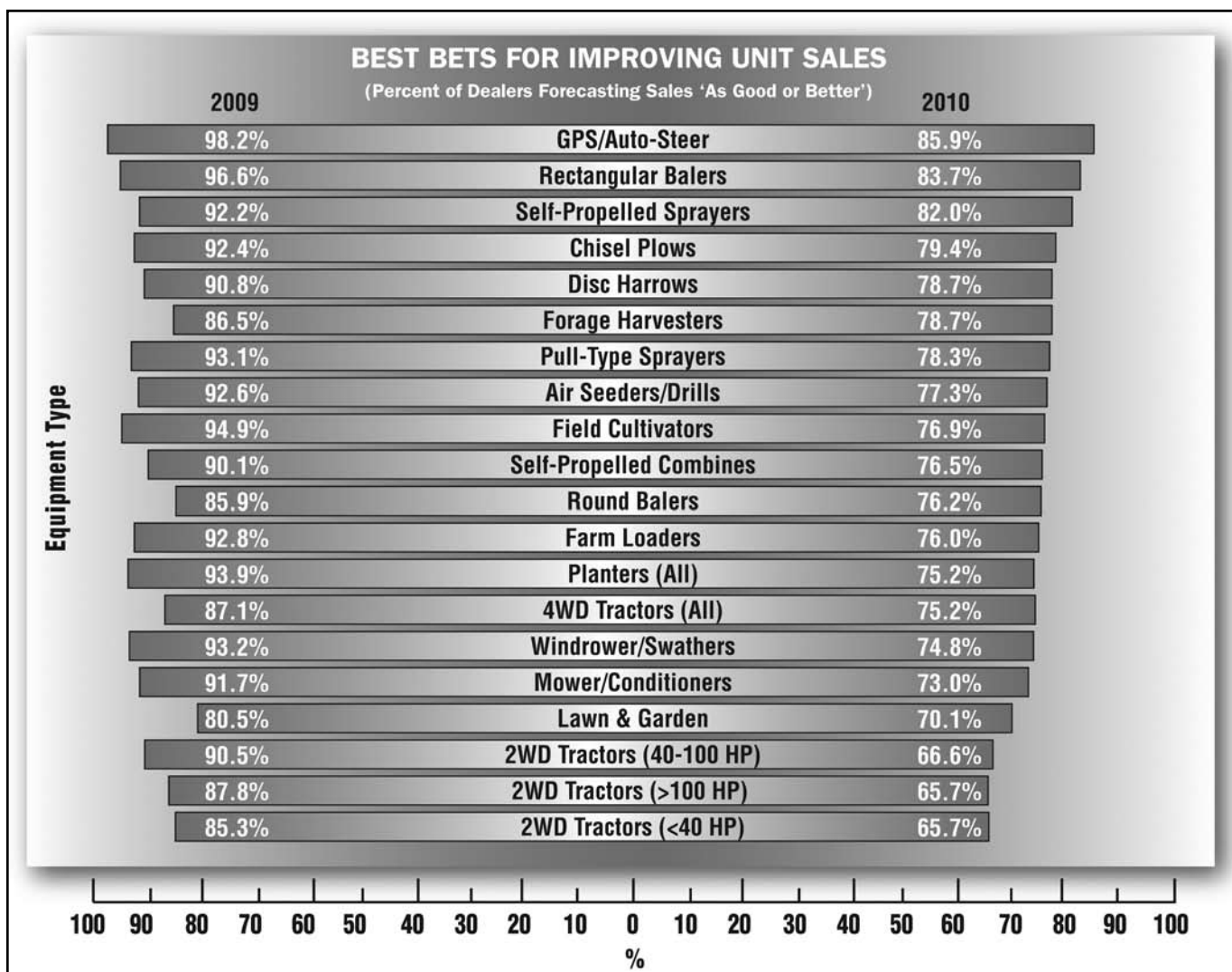
Other Possibilities. Possibly the biggest surprise coming from the dealers' list of best bet products for 2010 is the steep rise of forage

harvesters. Last year, this equipment ranked 17th among 20 products on the list. This year, it's moved all the way up to number 5.

In all likelihood, interest in and sales of these huge, fast and pricey pieces of equipment is growing as haying operations are getting larger and custom operators take a bigger role in hay harvesting. In August, John Deere rolled out its biggest forage harvester, an 800-horsepower unit.

Ironically, the biggest falloff in the dealers' list for 2010 vs. 2009 also came in haying equipment as windrowers/swathers dropped from fifth on the list last year to 15 this year.

Tractors Bottom Out. Except for 4WD tractors, which ranked 14 this year vs. 16 last year, the bottom three spots on the dealers' list of best prospects for '10 are 2WD tractors. Under



As they were last year, GPS/auto-steer equipment and rectangular hay balers remained atop the dealers' list of best prospects to improve unit sales in 2010. Self-propelled sprayers moved up from the tenth spot last year to third for the coming year.

40-horsepower, over 100-horsepower and 40-100 horsepower equipment were rated 20, 19 and 18 respectively.

It's believed that compact tractor sales won't see a significant pick-up until the housing industry turns around, and then they will probably lag by 3 to 6 months.

This past year proved pretty strong for row-crop equipment sales (>100 HP), so it's assumed that little pent-up demand currently exists for this tractor category.

With their dependence on the dairy and livestock markets, utility tractors have experienced low volume sales during the past 18 months. But as prospects for these business segments appear to be improving for a pickup in sales for 2010, more so than other tractor categories.

Pricing & Cost Concerns

What may be the most significant trend to watch, both in the short and long term, is the effect of the ris-

“Compact tractor sales won't see a significant pickup until the housing industry turns around...”

ing price on new equipment sales. It should have come as no surprise as it's been moving up the dealers' list for the past 4 years.

Typically, dealers have bounced between high fuel and energy prices, the cost of health care and difficulty in finding qualified technicians as the biggest concerns. This year, cost of new equipment has claimed the top spot on their list. Last year it ranked number four.

More than 98% of dealers said they were “most concerned” or “concerned” about the rising cost of new equipment. Only 1.8% indicated they were “not concerned” about it.

Combined with their second biggest worry, lower commodity costs (94.3%) — which was number eight on their list in '09 — it's no wonder more than 40% of dealers are anticipating lower wholegoods sales in

(Continued on page 9)

North American Unit Sales of Tractors and Combines — 2009*

	U.S.	Canada
2WD Tractors (<40 hp)	-21.1%	-29.0%
2WD Tractors (40-100 hp)	-28.3%	-22.2%
2WD Tractors (>100 hp)	-12.5%	-17.3%
4WD Tractors (All)	+5.9%	-3.6%
Total Tractors	-22.0%	-24.2%
Combines	+21.9%	+10.0%

*Year to date through September 2009

Source: AEM

North American Sales Revenue Projections for New & Used Equipment — 2010

2009 vs. 2008	New Equipment		Used Equipment	
	U.S.	Canada	U.S.	Canada
+8% or More	4.3%	2.9%	16.4%	3.2%
+2-7%	18.0%	37.1%	35.3%	35.4%
Little or No Change	33.6%	28.6%	36.3%	45.2%
-2-7%	20.3%	20.0%	7.3%	9.7%
-8% or More	23.8%	11.4%	4.7%	6.5%

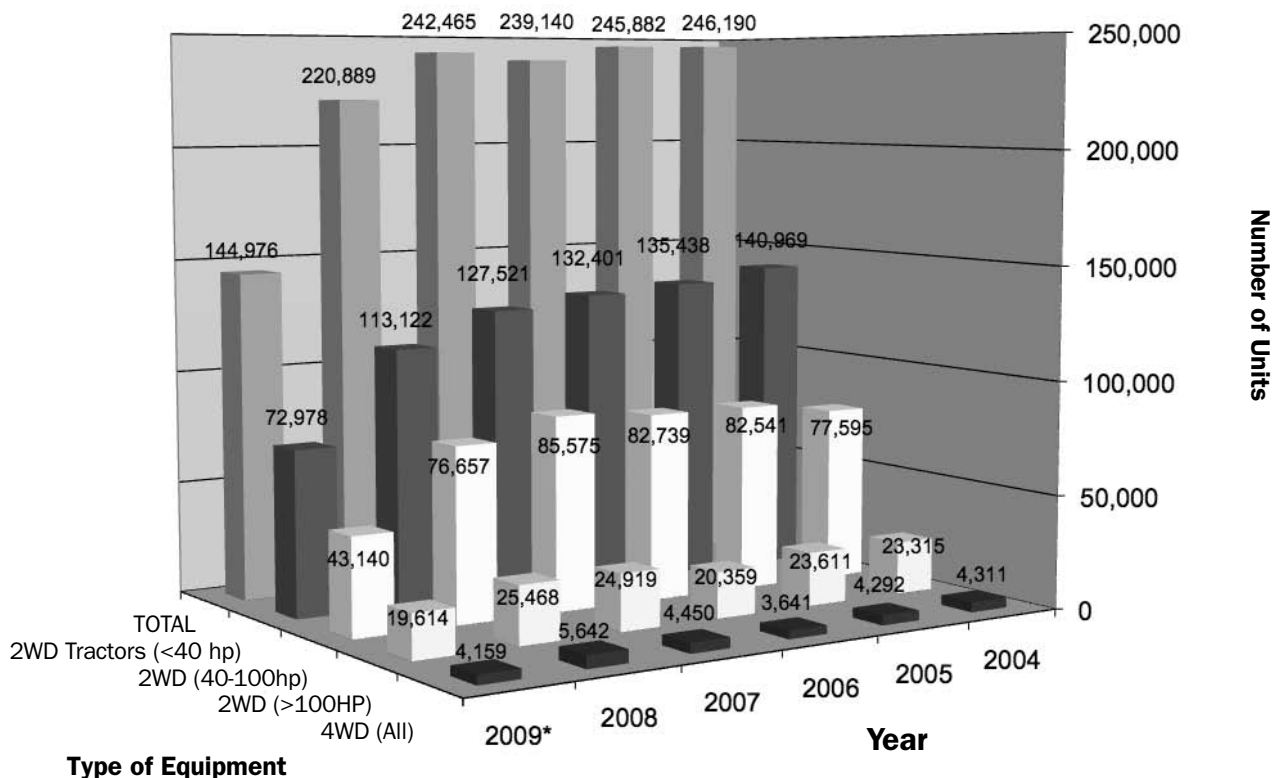
North American Unit Sales Projections for Tractors & Combines for 2010

Tractor Type (Size)	Sales +8% or More	Sales +2-7%	Little or No Change	Sales -2-7%	Sales -8% or More
2WD (<40 hp)	3.8%	15.5%	46.4%	17.7%	16.6%
2WD (40-100hp)	2.6%	18.7%	45.4%	20.2%	13.1%
2WD (>100HP)	2.4%	15.5%	47.8%	20.8%	13.5%
4WD (All)	4.6%	23.5%	47.1%	12.2%	12.6%
Combines	1.6%	16.7%	58.1%	11.0%	12.6%

North American Unit Sales Projections for Other Equipment for 2010

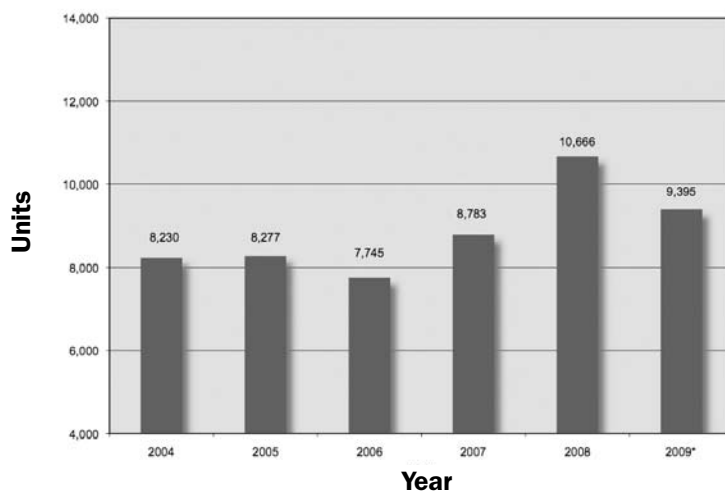
Equipment	Sales +8%	Sales +2-7%	Little or No Change	Sales -2-7%	Sales -8%
Chisel Plows	0.5%	10.1%	68.7%	9.6%	11.1%
Field Cultivators	2.5%	12.8%	61.6%	12.3%	10.8%
Rectangular Balers	3.6%	11.7%	74.4%	10.3%	0.0%
Forage Harvesters	1.6%	5.6%	71.4%	7.3%	14.1%
Air Seeders/Drills	0.0%	12.9%	64.4%	10.3%	12.4%
Pull-Type Sprayers	0.5%	8.0%	69.8%	4.9%	1.9%
Windrow/Swathers	3.5%	8.5%	62.8%	10.6%	14.6%
Disc Harrows	1.3%	20.8%	56.6%	11.1%	10.2%
Round Balers	3.8%	20.9%	51.5%	11.3%	12.5%
Mower/Conditioners	3.7%	18.7%	50.6%	15.8%	11.2%
Self-Propelled					
Sprayers	2.8%	11.8%	67.4%	7.3%	10.7%
Farm Loaders	3.9%	17.8%	54.3%	12.4%	11.6%
Planters (All)	4.3%	19.5%	51.4%	11.0%	13.8%
Lawn & Garden	5.4%	22.1%	42.6%	15.9%	14.0%
GPS	14.2%	29.2%	42.5%	6.1%	8.0%

North American Unit Retail Tractor Sales — 2003-09* (*through September 2009)



Total North American unit sales of tractors through September 2009 are down 19.3% compared with the same 9-month period in 2008. Only 4-wheel drive equipment showed sustained growth throughout the past year.

North American Combine Sales — 2004-09* (*through September 2009)



Increasing by 16.2%, North American retail sales of combines through the first 9 months of 2009 easily outpaced sales during the same period of '08.

2010. That's the short-term effect of increased equipment costs.

In the longer term, a shrinking farm customer base, (which moved up from sixth place this year on the dealers' list of major worries from number nine in 2009) combined with the higher cost of new equipment is starting to keep equipment retailers up at night.

As Dennis Mattmiller, Antigo Machinery Sales, Antigo, Wis., says, "My concern is that what drove up equipment prices in recent years has relaxed, yet the price of the equipment is still going up."

Earlier this year, another Wisconsin dealer told *Farm Equipment* about his long-term concerns with the escalating costs for

the biggest drop on the list of concerns for the coming year is with new equipment availability. Last year it ranked sixth on the list, but has fallen to 14th place for the new selling season.

Hiring Plans Lowered

Compared with previous hiring levels, dealers say they plan to add less staff than they did last year.

Nonetheless, they'll still hire if they find the people they're looking for.

As usual, service technicians remain their highest priority when it comes to adding staff next year. More than one-third — 34.6% — of dealers indicate that they will add techs. This compares with nearly 60% of dealers that were planning to increase service staffing in '09.

More than 16% of respondents

"My concern is that what drove up equipment prices in recent years has relaxed, yet the price of the equipment is still going up..."

new equipment and the shrinking farm customer base. "The cost of new equipment and its affordability for farmers with today's margins in farming is a major concern. There are just not enough big customers to buy the big equipment at these prices."

Energy and fuel costs, which were last year's biggest concern, came in third this year and remain a major worry. Farm input costs were not included in last year's rankings, but they showed up as dealers' fourth major concern going into 2010.

It shouldn't surprise anyone that

Dealer Spending Plans for 2010

No Increase	56.2%
1-5%	33.0%
6-10%	6.1%
11% or More	4.7%

Where Dealers Will Invest in 2010

Shop & Service Mod/Improve	Retail Mod/Improve	Bus. Info. Systems
38.6%	24.6%	35.2%

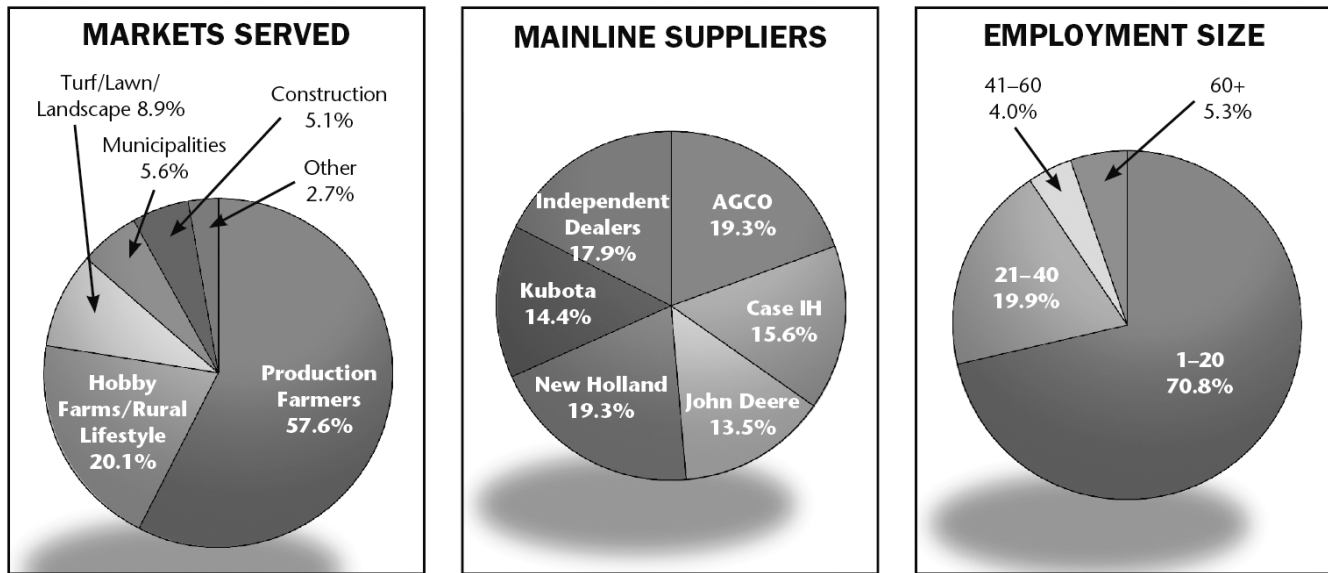
Dealer Issues & Concerns for 2010 (% of Dealers)

Greatest Concerns	Most Concerned	Concerned	Not Concerned	2008 Ranking
1. Increasing Cost of New Equipment	50.5%	47.5%	2.0%	4
2. Farm Commodity Prices	59.5%	34.8%	5.7%	8
3. Energy/Fuel Costs	43.4%	50.2%	6.4%	1
4. Farm Input Costs	54.1%	38.9%	7.0%	NA
5. Health Care Affordability	55.5%	34.8%	9.7%	5
6. Shrinking Farm Customer Base	37.9%	49.1%	13.0%	9
7. Industry Consolidation	26.8%	54.6%	18.6%	14
8. Technician Availability	43.3%	44.6%	12.1%	7
9. Steel Prices/Supplies	19.0%	59.2%	21.8%	23
10. Finance – Floor Planning	36.7%	41.3%	22.0%	NA
11. Product Reliability	24.1%	51.8%	24.1%	11
12. Finance – Retail	26.3%	48.7%	25.0%	NA
13. Mfr. Succession Policies	25.3%	47.7%	27.0%	15
13. Dealer Purity Efforts	28.3%	44.8%	26.9%	10
14. New Equipment Availability	16.9%	44.2%	38.9%	6
15. Internet Sales	12.7%	43.8%	43.5%	17
16. Impact of Competing Box Stores	16.0%	36.0%	48.0%	16
17. Used Equipment Availability	9.6%	38.5%	51.9%	13

Dealer Hiring Plans — 2010 vs. 2009

	2010			2009		
	Add Staff	No Change	Reduce/Relocate Staff	Add Staff	No Change	Reduce/Relocate Staff
Parts Department	15.7%	78.6%	5.7%	26.7%	70.6%	2.7%
Service Technicians	34.6%	59.1%	6.3%	59.5%	39.2%	1.3%
Wholesale Sales	16.4%	78.9%	4.7%	27.8%	71.5%	0.7%
Administration	5.7%	86.9%	7.4%	12.4%	85.2%	2.4%

Demographics of Survey Respondents



More than 300 dealers from the U.S. and Canada participated in *Farm Equipment's* 2010 Business Trends & Outlook survey. The charts above show breakouts of the survey respondents by the percentage of revenue derived from the various markets served, as well as by mainline supplier and dealership employment size

said they would increase sales staff in '10. This is down from 27.8% last year. Slightly less than 16% plan to hire additional people for the parts department next year, which is also down from '09's 26.7%.

Office staff will not be in high demand in 2010, as only 5.7% of dealers say they'll add administrative personnel.

On the other hand, dealers aren't planning any significant reductions in their employment levels. If that holds throughout the year, the industry will have fared far better than a majority of industries throughout the North American economy.

Spending Plans Curtailed

Without a clear vision of where 2010 sales levels will end up, dealers

say they're not planning to invest as heavily in equipment and facilities as they have in recent years. More than half, or 56.2%, indicate they plan no significant increases in spending during the coming year. This is up from 41.2% that didn't plan to increase capital spending in '09.

At the same time, a full one-third (33%) of equipment dealers say they'll increase facilities and equipment investments between 1-5% in the year ahead. The remaining 10.8% plan to increase capital investments by 6% or more.

As usual, the shop and service areas will receive the most attention when it comes to improvements and expansion. Nearly 40% of the dealers that plan to increase spending next year will invest it in their service

areas. More than 35% of dealers plan to upgrade their business information systems. Another 24.6% will increase their investment in improving and modernizing their showrooms.

Projected Unit Sales Increase/Decrease by Product Category — 2010 (weighted averages)

GPS	1.54%
Round Balers	-0.13%
4WD Tractors (All)	-0.13%
Rectangular Balers	-0.21%
Disc Harrows	-0.28%
Farm Loaders	-0.37%
Planters (All)	-0.38%
Lawn & Garden Equipment	-0.41%
Self-Propelled Sprayers	-0.43%
Mower/Conditioners	-0.47%
Combines	-0.62%
Field Cultivators	-0.64%
Chisel Plows	-0.83%
Air Seeders/Drills	-0.88%
2WD Tractors (40-100 hp)	-0.91%
Pull-Type Sprayers	-0.97%
Windrowers/Swathers	-0.98%
Forage Harvesters	-1.07%
2WD Tractors (<40 hp)	-1.12%
2WD Tractors (>100 hp)	-1.13%

Dealer Projections for New Equipment Sales by Major Line Carried — 2010

Mainline	Up 8% or More	Up 2-7%	Little or No Change	Down 2-7%	Down 8% or More
AGCO	3.0%	18.2%	27.3%	21.2%	30.3%
Case IH	1.9%	17.0%	30.2%	22.6%	28.3%
John Deere	4.3%	21.7%	28.3%	26.1%	19.6%
Kubota	4.3%	25.5%	38.3%	14.9%	17.0%
New Holland	6.1%	18.2%	30.3%	22.7%	22.7%
Independent	3.6%	16.4%	47.3%	14.5%	18.2%

PART II — U.S. OUTLOOK

U.S. Dealers Don't Expect 2010 Sales to Maintain Trend Set in 2009

Most U.S. farm equipment dealers are coming off their third consecutive excellent sales year. Some are calling this 3-year period "outstanding." While most don't expect this level of sales to continue into 2010, few expect things to fall off the table either.

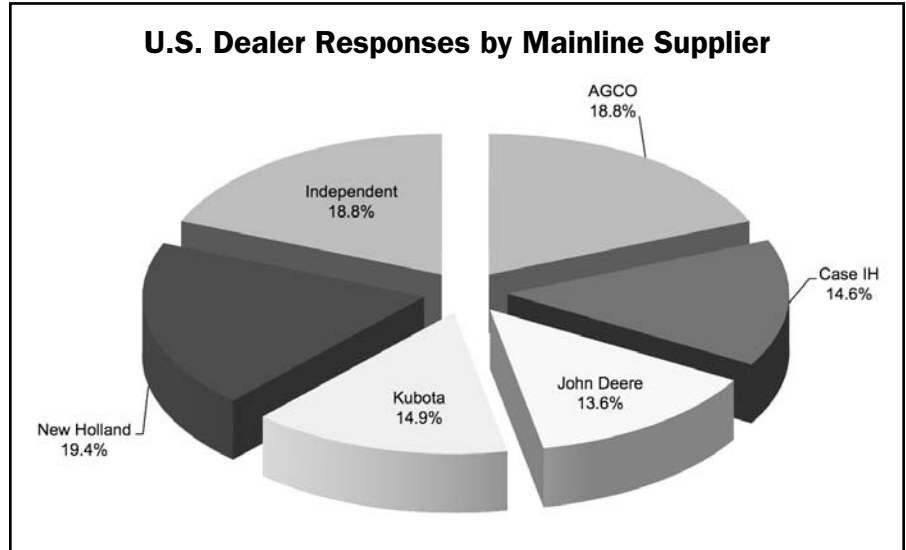
A year ago, when *Ag Equipment Intelligence* conducted the annual *Farm Equipment Business Trends & Outlook* survey, more than 80% of U.S. dealers anticipated that 2009 sales of new would be as good as or better than they were in 2008.

Clearly, ag machinery retailers don't see the same potential for the "outstanding" sales they've had over the past few years.

Looking ahead to 2010, 55.9% of U.S. dealers believe revenues from new equipment sales will equal or surpass what they experienced during the past year.

The fact that dealers don't see the same potential for a big sales year isn't surprising as the U.S. and world economies continue on a tentative path toward sustained health. Closer to home, grain prices continue to be volatile, and livestock and dairy prices remain low.

The late harvest of corn and soy-



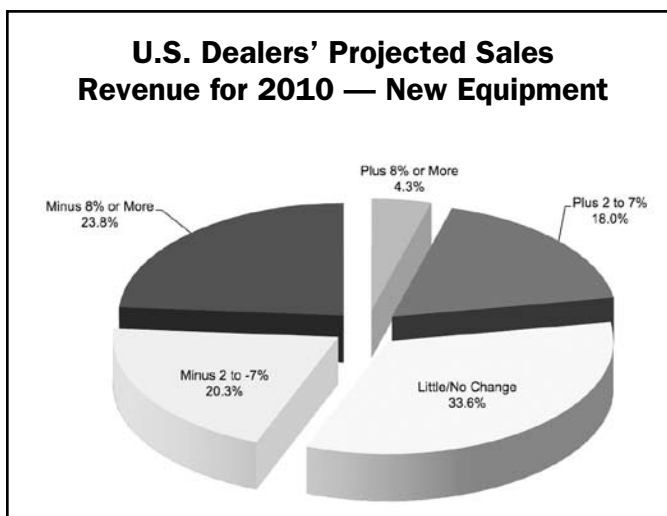
Of the more than 300 survey responses this year, 88% came from U.S. dealers. The breakdown by mainline suppliers is shown here.

beans throughout the major grain crop regions hasn't helped with the dealers' outlook either. While the USDA forecast record yields this year, this remains to be seen how late rains and early frosts affect total pro-

duction and overall grain quality.

While some recent market research suggests that commodity pricing will stabilize during the next year, the uncertainty of markets is enough to keep producers uneasy.

Average Employment of Participating U.S. Dealerships	72.1
Average Number of Stores Operated by U.S. Dealerships	1.78

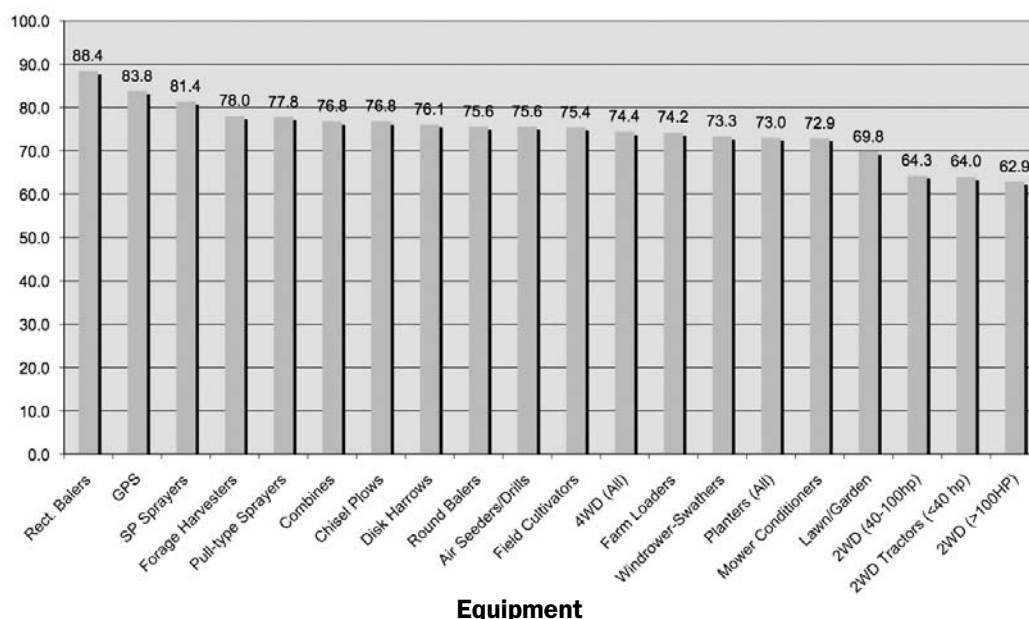


Nearly 56% of U.S. dealers expect sales revenues in 2010 to be as good as or better than in 2009. More than 33% of that group see sales remaining at about the same level in the coming year.



Revenues from used equipment sales are expected to stay strong in 2010, as nearly 66% of dealers project revenues to be as good as or better than they were in 2009.

Best Bets for Improving Unit Sales in 2010 — U.S.



U.S. dealers are forecasting that sales of rectangular hay balers, GPS systems, both self-propelled and pull-type sprayers and forage harvesters will hold the best prospects of increasing sales in 2010. Tillage tools, like chisel plows and disc harrows are also expected to do well.

Equipment dealers are sensing this and it's reflected in their outlook for 2010.

A year ago, only 18% of farm

equipment dealers expected sales for '09 to come in lower than in 2008. This year, 43.1% of U.S. retailers see new equipment sales falling

below 2009 levels. More than 33% of them anticipate little or no change in sales 2010 compared with the previous year.

On the other hand, nearly 66% of farm equipment merchants expect that sales of used machinery in '10 will be as good as or better than they were in 2009.

Of those, 27.2% see used equipment sales rising by 2% or more during the year. About one-third believe sales of previously owned farm machinery will decline by 2% or more from 2009 levels.

While U.S. sales of big farm machinery held up surprisingly well through the first half of the year, by the end of June, a slowdown was becoming evident.

Through the first 9 months of 2009, total retail sales of farm tractors in the U.S. had declined by 22% compared with the same period in 2008. Only 4WD units saw sales increases through September, posting a 5.9% year-over-year gain.

Combines, on the other hand, saw continued strong sales from January through September of 2009. Through the 9-month period, dealers sold 7,465 combines compared with 6,122 for the same period a year ago,

Projected U.S. Unit Retail Tractor & Combine Sales — 2010

Tractor Type (size)	Up 8% or More	Up 2-7%	Little or No Change	Down 2-7%	Down 8% or More
2WD (<40 hp)	3.9%	14.6%	45.5%	18.8%	17.2%
2WD (40-100 hp)	3.0%	16.2%	45.1%	21.3%	14.4%
2WD (>100 hp)	2.3%	13.4%	47.2%	22.3%	14.8%
4WD (All)	4.7%	23.7%	46.0%	11.4%	14.2%
Combines	1.8%	15.5%	59.5%	10.1%	13.1%

Projected U.S. Unit Sales for Other Equipment — 2010

Equipment	Up 8% or More	Up 2-7%	Little or No Change	Down 2-7%	Down 8% or More
Rectangular Balers	4.1%	12.8%	71.5%	11.6%	0.0%
Round Balers	3.8%	19.6%	52.2%	12.0%	12.4%
Forage Harvesters	1.2%	5.4%	71.4%	7.7%	14.3%
Planters (All)	4.3%	17.6%	51.1%	11.6%	15.4%
Mower/Conditioners	3.3%	16.7%	52.8%	14.8%	12.4%
Windrowers/Swathers	3.4%	5.7%	64.2%	10.8%	15.9%
Field Cultivators	2.3%	13.4%	59.8%	12.8%	11.7%
Farm Loaders	3.1%	16.7%	54.4%	13.2%	12.6%
Chisel Plows	0.5%	9.4%	67.0%	11.0%	12.1%
Disc Harrows	1.5%	20.4%	54.3%	12.4%	11.4%
Air Seeders/Drills	0.0%	9.5%	66.1%	11.3%	13.1%
Self-Prop. Sprayers	1.9%	10.9%	68.6%	7.7%	10.9%
Pull-Type Sprayers	0.6%	6.3%	70.8%	10.9%	11.4%
Lawn/Garden Equip.	4.9%	22.7%	42.2%	16.9%	13.3%
GPS/Auto-Steer	13.4%	26.9%	43.6%	7.0%	9.1%

a gain of 21.9%.

Best Bets for 2010

Despite the strong showing of row-crop tractors and combines through much of '09, they didn't make the U.S. dealers' list of products that hold the most potential to improve sales in 2010.

Like last year, rectangular balers, and GPS equipment topped the U.S. dealers' ranking of "best bets" for 2010. In 2009, GPS was number one and rectangular balers number two on the list. This year, they switched spots with balers rated as the best prospect for sales being as good or better in 2010 by more than 88% of the survey respondents.

GPS finished second for the new sales year, as nearly 84% of farm machinery retailers expect sales of this equipment to equal or surpass 2009 sales during the coming year.

Sprayers and forage harvesters round out U.S. dealers' best bets list for the coming year. Self-propelled sprayer ranked third and pull-type sprayers fifth on the list with 81.4% and 77.8% of dealers expecting their sales to be as good or better than they were last year.

Forage harvesters finished fourth in the pole as 78% of equipment retailers believe their sales will equal or exceed 2009 levels.

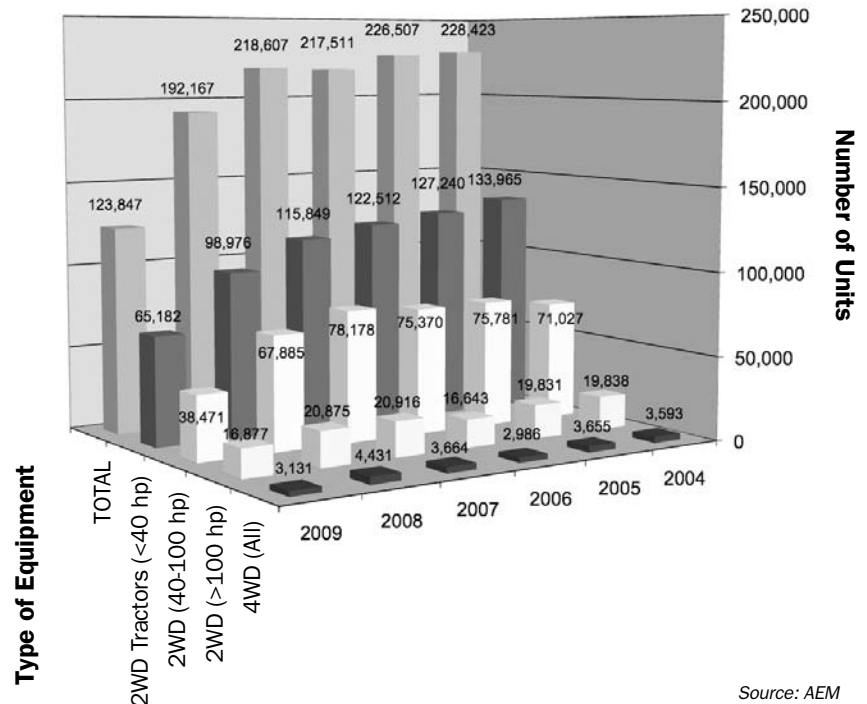
While combines came in sixth in the dealer ratings, most categories of tractors were given the lowest rankings. Only 4WD tractors, ranked 12, are expected to provide some potential for growing sales in the coming year. The other major tractor categories came in dead last, with 2WD (40-100 hp) units ranked 18, 2WD (<40 hp) at 19 and 2WD (>100 hp) coming in at 20 on the dealers' list.

Regional Swings

On a region-by-region basis, there's a wide difference in dealer expectations for sales in 2010. This ranged from 38.5% of dealers in the Delta States that are expecting increasing sales, to only 7.7% of equipment sellers in the Mountain States that anticipate higher sales in '10 vs. '09.

The most notable trend in the regional findings this year is the sig-

U.S. Unit Retail Tractor Sales — 2004-09 (*through September 2009)



Through the first 9 months of 2009 total retail sales of tractors were down by 22% compared to the same period in 2008. Units of 40-100 horsepower saw the biggest drop of 28.3%.

U.S. Farm Production Regions



For statistical breakout purposes, the agriculture regions of the U.S. in this report follow that of the USDA. 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 Business Outlook & Trends survey are presented on the next several pages of this report. It is followed by state-by-state data.

nificant disparity in the outlook of dealers in the heaviest farm regions compared to their sentiments last year.

Rated on the basis of the widest swing in expectations — that is the

percentage of dealers that expected sales gains in 2009 vs. those expecting an increase in sales in 2010 — the changes are dramatic.

The following list demonstrates how dramatically different dealers

are looking at their prospects for the coming year compared with last year. The percentage shown is the difference between those anticipating a growth in sales in 2009 vs. 2010:

U.S. Regional Expectations for Revenue Gains 2010 vs. 2009

	% Expecting Gains in 2010	% Expecting Gains in 2009
1. Delta States	38.5%	41.7%
2. Southern Plains	33.4%	38.9%
3. Northeast	32.4%	57.1%
4. Appalachia	30.5%	42.8%
5. Pacific	23.0%	61.9%
6. Northern Plains	20.0%	54.8%
7. Southeast	23.5%	46.2%
8. Corn Belt	15.3%	60.7%
9. Lake States	14.7%	58.9%
10. Mountain	7.7%	53.9%

U.S. Regional Expectations for Sales Revenue Gains vs. Losses in 2010 vs. 2009

Region	Expecting Gains	Expecting Losses	Little or No Change
Northeast	32.4%	35.2%	32.4%
Appalachia	30.5%	21.7%	47.8%
Southeast	23.5%	35.3%	41.2%
Delta States	38.5%	23.0%	38.5%
Lake States	14.7%	48.7%	36.6%
Corn Belt	15.3%	50.8%	33.9%
Northern Plains	20.0%	56.0%	24.0%
Southern Plains	33.4%	33.3%	33.3%
Mountain	7.7%	53.8%	38.5%
Pacific	23.0%	77.0%	0.0%

U.S. Dealer Issues & Concerns for 2010 (2009 Rank)

Rank Major Issues	Most Concerned	Concerned	Not Concerned
1. Cost of New Equipment (3)	50.5%	47.5%	2.0%
2. Farm Commodity Prices (7)	59.5%	34.8%	5.7%
3. Energy/Fuel Costs (1)	43.4%	50.2%	6.4%
4. Farm Input Costs (na)	54.1%	38.9%	7.0%
5. Health Care Affordability (4)	55.5%	34.8%	9.7%
6. Shrinking Farm Base (8)	37.9%	49.1%	13.0%
7. Dealer Consolidation (12)	26.8%	54.6%	18.6%
8. Technician Availability (6)	28.2%	50.7%	21.1%
9. Steel Prices/Supplies (2)	19.0%	59.2%	21.8%
10. Finance – Floor Planning (na)	36.7%	41.3%	22.0%
11. Product Reliability (10)	24.1%	51.8%	24.1%
12. Finance – Retail (na)	26.3%	48.7%	25.0%
13. Succession Policies (14)	25.3%	47.7%	27.0%
14. Dealer Purity Efforts (9)	28.3%	44.8%	26.9%
15. New Equip. Availability (5)	16.9%	44.3%	38.8%
16. Internet Sales (16)	12.7%	43.8%	43.5%

1. Mountain States	46.2%
2. Corn Belt	45.4%
3. Lake States	44.2%
4. Pacific	38.9%
5. Northern Plains	34.8%
6. Northeast	24.7%
7. Southeast	22.7%
8. Appalachia	12.3%
9. Southern Plains	5.5%
10. Delta States	3.2%

Dealers know that nervous farmers don't spend money on new equipment. Uncertain commodity pricing and the late harvest will keep producers on edge until the counting's done. As a result, equipment dealers throughout much of the country are proceeding with much more caution than they did a year ago.

Caution & Concerns

The more cautious outlook issued by farm equipment dealers is a direct result of their major concerns. Those that they're finding most disconcerting all involve the ability of their customers to make a profit.

Moving to the top of list of dealer concerns going into 2010 is the increasing cost of new equipment, which was number 3 on their list last year. Nearly every dealer (98%) ranked it as "concerning" or "most concerning."

As one Midwest dealer put it, "There's just not enough big customers around to buy large volumes of large equipment."

And as equipment gets larger, its price tag grows proportionately. This is a longer-term trend that bears close scrutiny.

The next 3 major concerns also directly affect the producer's bottom line. Farm commodity prices, which ranked seventh a year ago, moved up to the second spot for 2010. Number one last year, energy/fuel costs, dropped to third place for the coming year. Despite a dramatic falloff in price from a year ago, recent history demonstrated how fast this can change and what devastating

U.S. Dealer Spending Plans for 2010

No Change	58.3%
1 to 5%	32.2%
6 to 10%	5.7%
11% +	3.8%

effects rising fuel costs can produce on entire industries.

While it wasn't included on the dealers' list of concerns last year, farm input costs — fuel, fertilizer, seed, etc. — was included in the things that are now keeping dealers and their customers up at night.

The next four issues confronting dealer operations in 2010 include the rising cost of health care for employees, the shrinking farm customer base, forced dealer consolidation and the availability of service techs.

Spending & Hiring Plans

As would be expected, with U.S. dealers dialing down their sales forecasts for 2010, they're also planning to scale back somewhat on their spending and hiring.

Nonetheless, a healthy percentage of them intend to invest in their facilities and computer systems, as well as continuing hiring. It just won't be at the same level as during the past few years.

As far as spending goes, while 58.3% say they'll not increase investments this year compared to 2009, 41.7% will increase spending. Nearly one-third of all U.S. dealers plan to

up their investments between 1-5%.

More than 35% of dealers say they'll spend to improve their service and shop areas, and 33.7% will increase spending on business information systems.

When it comes to adding staff, 31.6% of dealers expect to hire service techs this year vs. 58% in 2009. More than 16% will add parts people and 14.8% will increase their sales staff in 2010. Only 3% plan to add office staff.

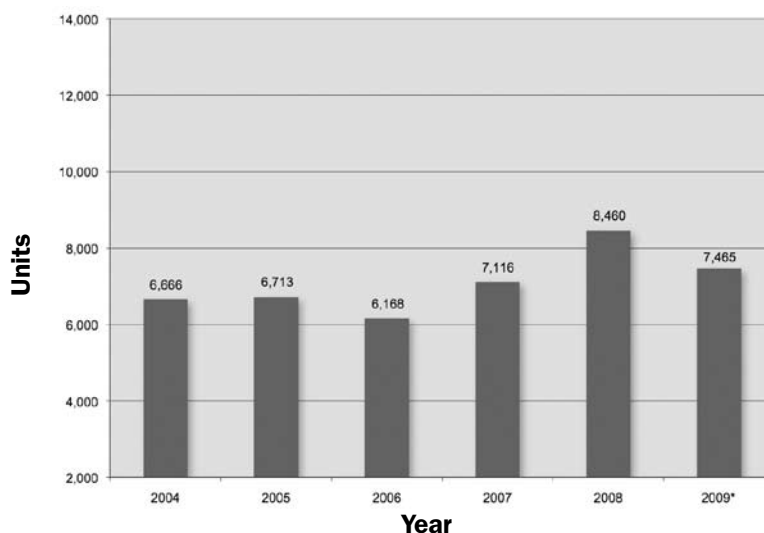
Where U.S. Dealers Will Invest in 2010

Shop & Service Modernize	Retail Modernize	Bus. Info. Systems
35.7%	23.5%	33.7%

U.S. Dealers' Hiring Plans 2010

	Add Staff 2010	Add Staff 2009
Parts Department	16.2%	25.4%
Service Technicians	31.6%	58.0%
Wholesale Sales	14.8%	26.0%
Administration	3.0%	11.8%

U.S. Combine Sales — 2004-09* (*through September 2009)



Source: AEM

Combine sales to U.S. growers rose by 21.9% through the first 9 months of 2009 compared to the same period of 2008.

U.S. Dealers' Regional Outlook for 2010

In AET'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, New Hampshire, New Jersey, New York, Pennsylvania, Vermont, Delaware, Massachusetts & Rhode Island

Average Employment: 45.64

Average Dealership Stores: 1.65

Expecting Revenue Gains: 32.4%

Expecting Revenue Losses: 35.2%

Weighted Average Gains or (Losses): 0.93%

Increasing Capital Spending: 37.2%

Most Promising Opportunities: Lawn/Garden, GPS, 4WD Tractors, 2WD Tractors (<40 hp), 2WD Tractors (40-100 hp)

Major Concerns: Rising Cost of New Equipment, Health Care, Energy Costs, Dealer Consolidation, Farm Input Prices

Appalachia

Coverage: Kentucky, North Carolina, Tennessee, Virginia & West Virginia

Average Employment: 16.5

Average Dealership Stores: 1.56

Expecting Revenue Gains: 30.4%

Expecting Revenue Losses: 21.7%
Weighted Average Gains (Losses): 0.55%
Increasing Capital Spending: 52.0%
Most Promising Opportunities: 4WD, Planters, 2WD (40-100 hp) Round Balers, GPS, AirSeeders/Drills
Major Concerns: Farm Commodity Prices, Farm Input Costs, Health Care, Fuel Costs, Cost of New Equipment

Southeast

Coverage: Alabama, Florida, Georgia & South Carolina
Average Employment: 38.82
Average Dealership Stores: 1.35
Expecting Revenue Gains: 23.5%
Expecting Revenue Losses: 35.3%
Weighted Average Gains (Losses): (1.35)%
Increasing Capital Spending: 23.5%
Most Promising Opportunities: GPS, Round Balers, Disc Harrows, Farm Loaders, Lawn/Garden
Major Concerns: New Equipment Costs, Health Care, Retail Financing, Fuel Costs, Dealer Purity Efforts

Delta States

Coverage: Arkansas, Mississippi & Louisiana
Average Employment: 29.58
Average Dealership Stores: 2.38
Expecting Revenue Gains: 38.5%
Expecting Revenue Losses: 23.1%
Weighted Average Gains (Losses): 0.96%
Increasing Capital Spending: 35.7%
Most Promising Opportunities: GPS, Disc Harrows, 2WD Tractors (<40 hp), 2WD Tractors (40-100 hp), Lawn/Garden,
Major Concerns: New Equipment Costs, Fuel Costs, Farm Commodity Prices, Finance-Floor Planning, Farm Input Costs, Health Care

Southern Plains

Coverage: Oklahoma & Texas
Average Employment: 25.58
Average Dealership Stores: 1.58
Expecting Revenue Gains: 33.4%
Expecting Revenue Losses: 33.3%
Weighted Average Gains (Losses): (0.58)%
Increasing Capital Spending: 36.8%
Most Promising Opportunities: Lawn/Garden, Rectangular Balers, Round Balers, Farm Loaders, GPS, Disc Harrows, 4WD Tractors, 2WD Tractors (>40 hp)
Major Concerns: Fuel Costs, Cost of New Equipment, Steel Prices, Health Care, Farm Input Costs

Northern Plains

Coverage: Kansas, Nebraska, North Dakota & South Dakota
Average Employment: 42.29
Average Dealership Stores: 2.65
Expecting Revenue Gains: 20%
Expecting Revenue Losses: 56%
Weighted Average Gains (Losses): (2.32)%
Increasing Capital Spending: 60%
Most Promising Opportunities: GPS, Disc Harrows, Combines, Planters, Rectangular Balers
Major Concerns: Fuel Costs, New Equipment Costs, Farm

Commodity Prices, Farm Input Costs, Shrinking Customer Base

Lake States

Coverage: Michigan, Minnesota & Wisconsin
Average Employment: 64.45
Average Dealership Stores: 1.55
Expecting Revenue Gains: 14.7%
Expecting Revenue Losses: 48.8%
Weighted Average Gains (Losses): (2.39)%
Increasing Capital Spending: 33.4%
Most Promising Opportunities: GPS, Lawn and Garden, Planters, Field Cultivators, Mower Conditioners
Major Concerns: Farm Input Costs, Farm Commodity Prices, New Equipment Costs, Fuel Costs, Health Care

Corn Belt

Coverage: Illinois, Indiana, Iowa, Missouri & Ohio
Average Employment: 35.18
Average Dealership Stores: 1.67
Expecting Revenue Gains: 15.3%
Expecting Revenue Losses: 50.8%
Weighted Average Gains (Losses): (2.55)%
Increasing Capital Spending: 47.6%
Most Promising Opportunities: GPS, 4WD Tractors, Planters, Mower/Conditioners, Farm Loaders
Major Concerns: Cost of New Equipment, Farm Commodity Prices, Health Care, Fuel Costs, Farm Input Costs

Mountain

Coverage: Arizona, Colorado, Idaho, New Mexico & Utah, Wyoming, Montana, Nevada
Average Employment: 57.00
Average Dealership Stores: 2.0
Expecting Revenue Gains: 7.7%
Expecting Revenue Losses: 53.9%
Weighted Average Gains (Losses): (2.62)%
Increasing Capital Spending: 77.0%
Most Promising Opportunities: GPS, Round Balers, Lawn/Garden, Mower/Conditioners, Windrowers/Swathers
Major Concerns: Fuel Costs, New Equipment Costs, Health Care, Finance - Floor Planning, Succession Policies

Pacific

Coverage: Alaska, California, Hawaii, Oregon & Washington
Average Employment: 90.26
Average Dealership Stores: 2.08
Expecting Revenue Gains: 23%
Expecting Revenue Losses: 77%
Weighted Average Gains (Losses): (1.58)%
Increasing Capital Spending: 40%
Most Promising Opportunities: 4WD Tractors, GPS, Mower/Conditioners Rectangular Balers, Lawn/Garden
Major Concerns: New Equipment Costs, Health Care, Farm Input Costs, Technician Availability, Fuel Costs

State-by-State Breakout of Dealers' Forecast for 2010

The following table ranks states by "weighted average," which, in this case, is a measure of sales revenue increase vs. decrease projected in 2010 vs. 2009. Other states did not present enough data to be included.

Sales Revenue Outlook 2010

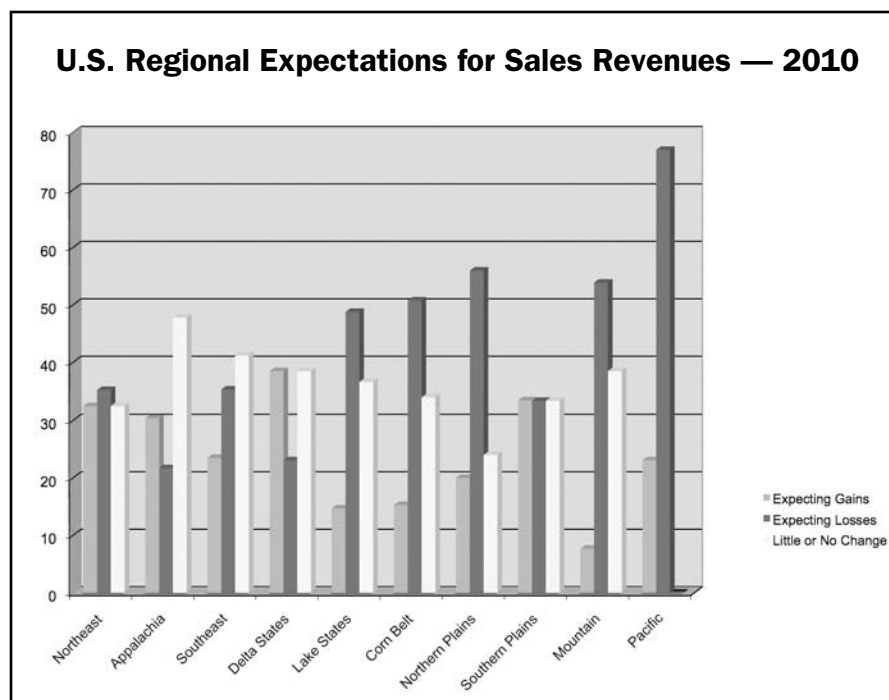
State	Weighted Average	U.S. Rank	State	Weighted Average	U.S. Rank
Louisiana (LA)	6.25%	1	Pennsylvania (PA)	-1.83%	16
Massachusetts (MA)	4.50%	2	Michigan (MI)	-1.87%	17
New Hampshire (NH)	4.50%	2	Wisconsin (WI)	-2.46%	18
Maine (ME)	3.00%	3	Illinois (IL)	-2.59%	19
Virginia (VA)	2.08%	4	Oregon (OR)	-2.66%	23
Oklahoma (OK)	1.75%	5	Washington (WA)	-2.66%	23
Tennessee (TN)	1.50%	6	Minnesota (MN)	-2.75%	24
South Carolina (SC)	1.13%	7	Nebraska (NE)	-2.80%	25
Arkansas (AR)	0.64%	8	Alabama (AL)	-2.88%	26
North Carolina (NC)	0.59%	9	Indiana (IN)	-3.13%	27
Colorado (CO)	00.0%	10	Vermont (VT)	-3.13%	27
Kansas (KS)	0.00%	10	Missouri (MO)	-3.50%	28
Ohio (OH)	-0.50%	11	Iowa (IA)	-3.75%	29
Texas (TX)	-0.88%	12	Idaho (ID)	-6.25%	30
Florida (FA)	-0.88%	12	Arizona (AZ)	-6.25%	30
Mississippi (MS)	-1.13%	13	California (CA)	-7.13%	31
Kentucky (KY)	-1.14%	14	North Dakota (ND)	-8.00%	32
South Dakota (SD)	-1.60%	15			

The following table provides a state-by-state breakdown of the responses to *Ag Equipment Intelligence's 2010 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 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 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 5" 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	25% (50%)	25% (50%)	-2.88%	20.0%
Gainers: Rectangular Balers, Windrowers, 2WD Tractors, (<40 hp), 4WD Tractors, Planters						
Arizona	55.3	3	0% (0%)	50% (50%)	-6.25%	00.0%
Gainers: Field Cultivators, 4WD, 2WD (<40 hp), Mowers/Conditioners, Disc Harrows						
Arkansas	36.88	2.71	28.6% (14.3%)	14.3% (28.6%)	0.64%	00.0%
Gainers: GPS, 2WD (40-100 hp) Farm Loaders, Disc Harrows, SP Sprayers						
California	34.9	3.64	00.0% (100%)	00.0% (80%)	-7.13%	60.0%
Gainers: GPS, 4WD Tractors, SP Sprayers, Lawn/Garden, Planters						
Colorado	57.25	2	20% (20%)	0% (25%)	0.00%	66.7%
Gainers: Round Balers, Windrowers/Swathers, Planters, Lawn/Garden, GPS						
Florida 23	1.5	50% (50%)	0% (25%)	-0.88%	25%	
Gainers: Round Balers, Mower/Conditioners, Field Cultivators, Lawn/Garden, Planters						

State	Average Employment	Average Stores	New Equipment Gains (Losses)	Used Equipment Gains (Losses)	Weighted Average	Capital Spending
Georgia	10.9	1.5	50% (50%)	0% (25%)	-2.5%	20%
Gainers: Disc Harrows, Chisel Plows, Field Cultivators, Lawn/Garden, Planters						
Idaho	30	1.5	0% (100%)	0% (100%)	-6.25%	0%
Gainers: GPS						
Illinois	27.69	2.25	0% (36.4%)	33.3% (25%)	-2.59%	66.6%
Gainers: GPS, Lawn/Garden, 2WD Tractors (<40 hp), 2WD (40-100 hp), Round Balers, Planters, Farm Loaders						
Indiana	13.8	2.5	0% (50%)	66.6% (33.3%)	-3.13%	50%
Gainers: 4WD Tractors, Air Seeders/Drills, 2WD Tractors (40-100 hp), Planters, Field Cultivators, Chisel Plows						
Iowa	60.27	1.47	18.8% (62.5%)	13.3% (66.7%)	-3.72%	26.4%
Gainers: GPS, Disc Harrows, Planters, Mower/Conditioners, Combines, Field Cultivators						
Kansas	40.27	2.82	25% (25%)	66.6% (0%)	0.00%	0%
Gainers: GPS, Combines, Rectangular Balers, Round Balers, Forage Harvesters, Planters, Mower/Conditioners						
Kentucky	21.6	2	14.3% (28.6%)	33.3% (33.3%)	-1.14%	71.4%
Gainers: Round Balers, 2WD Tractors (40-100 hp), Combines, Rectangular Balers, Planters, Disc Harrows						
Louisiana	18.33	1.67	100% (0%)	66.7% (33.3%)	6.25%	66.6%
Gainers: 4WD Tractors, 2WD Tractors (>100 hp), 2WD Tractors (40-100 hp), Round Balers, Mower/Conditioners						
Maine	10	1	66.7% (0%)	55.7% (33.3%)	3.00%	33.3%
Gainers: Lawn/Garden, 2WD Tractors (>100 hp) 4WD Tractors, Rect. Balers, Disc Harrows, Air Seeders/Drills, SP Sprayers						
Michigan	14.93	1.20	9.1% (36.4%)	20% (50%)	-1.87%	11.17%
Gainers: Field Cultivators, GPS, Planters, PT Sprayers, Forage Harvesters						
Minnesota	24.38	2.69	8.3% (36.4%)	20% (50%)	-2.75%	33.3%
Gainers: GPS, Lawn & Garden, 4WD Tractors, 2WD Tractors (>100 hp), Round Balers, Mower/Conditioners						
Mississippi	5	2.5	25% (50%)	25% (50%)	-1.13%	50%
Gainers: 4WD Tractors, Combines, Rectangular Balers, Planters, SP Sprayers, GPS						
Missouri	49	1.45	8.3% (66.6%)	30% (20%)	-3.50%	50%
Gainers: GPS, 4WD Tractors, Mower/Conditioners, 2WD Tractors (>100 hp) Round Balers, Farm Loaders						
Nebraska	31.89	2.6	13.3% (60%)	44.3% (42.8%)	-2.80%	75%
Gainers: GPS, Disc Harrows, Planters, Windrowers/Swathers, Combines						
Nevada	N/A	2	0% (50%)	0% (100%)	-2.25%	0%
Gainers: Air Seeders/Drills, GPS, 4WD Tractors						
New Hampshire	18	1	100% (0%)	100% (0%)	4.50%	100%
Gainers: 4WD Tractors						
New York	56.6	2.0	12.5% (37.5%)	16.7% (16.7%)	-1.56%	50%
Gainers: GPS, 4WD Tractors, Disc Harrows, 2WD Tractors (<40 hp), Mower/Conditioners, Lawn/Garden						
North Carolina	17	1.29	33.4% (33.3%)	20% (20%)	0.59%	42.9%
Gainers: Combines, Lawn/Garden, GPS, 2WD Tractors (<40 hp), 4WD Tractors, Farm Loaders						
North Dakota	20.8	2.9	0% (100%)	0% (100%)	-8.00%	0%
Gainers: Rect. Balers, Farm Loaders						
Ohio	15	1.38	31.3% (37.5%)	33.3% (50%)	-0.50%	56.3%
Gainers: Planters, Farm Loaders, SP Combines, GPS, Air Seeders						
Oklahoma	11.25	1.50	50% (50%)	50% (25%)	1.75%	50%
Gainers: 2WD Tractors (40-100 hp), 2WD Tractors (<40 hp), 2WD Tractors (>100 hp) Disc Harrows, Farm Loaders						

State	Average Employment	Average Stores	New Equipment Gains (Losses)	Used Equipment Gains (Losses)	Weighted Average	Capital Spending
Oregon	28.4	2.2	33.3% (66.7%)	40% (60%)	-2.66%	16.7%
Gainers: GPS, 4WD Tractors, Farm Loaders, Disc Harrows, PT Sprayers						
Pennsylvania	53	1.15	26.7% (46.7%)	46.2% (23.1%)	-1.83%	25%
Gainers: Lawn/Garden, GPS, Planters, Round Balers, Forage Harvesters, 4WD Tractors						
South Carolina	59	2	25% (0%)	0% (0%)	1.13%	50%
Gainers: GPS, SP Sprayers, Farm Loaders, Combines, 2WD Tractors (40-100 hp)						
South Dakota	79.5	1.60	40% (60%)	40% (40%)	-1.60%	50%
Gainers: 2WD Tractors (<40 hp), Farm Loaders, GPS, 2WD Tractors (40-100 hp), Round Balers						
Tennessee	6.75	1	33.3% (0%)	0% (33.3%)	1.50%	25%
Gainers: Air Seeders, 4WD, Planters, Field Cultivators, 2WD Tractors (<40 hp), 2WD Tractors (40-100 hp), Lawn/Garden						
Texas	29.4	1.59	31.3% (31.3%)	8.3% (33.3%)	-0.88%	35.3%
Gainers: Rect. Balers, Round Balers, Lawn/Garden, 4WD Tractors, Farm Loaders						
Vermont	N/A	1	0% (50%)	0% (0%)	-3.13%	25%
Gainers: 4WD Tractors, Farm Loaders, 2WD Tractors (<40 hp), 2WD Tractors (40-100 hp)						
Virginia	20.63	1.83	50% (16.7%)	50% (0%)	2.08%	66.7%
Gainers: 4WD Tractors, Planters, 2WD (40-100 hp), Rect. Balers, Round Balers, SP Sprayers, GPS						
Washington	47.4	2.33	33.3% (66.7%)	33.3% (0%)	-2.66%	33.3%
Gainers: Rectangular Balers, Mower/Conditioners, 4WD Tractors, 2WD Tractors (<40 hp), Round Balers, Windrower/Swathers						
West Virginia	12	1	0% (0%)	0% (0%)	0.00%	100%
Gainers: 4WD Tractors, Round Balers, Mower/Conditioners, Farm Loaders						
Wisconsin	43.86	2.06	22.3% (55.5%)	11.8% (47%)	-2.46%	44.5%
Gainers: GPS, Lawn/Garden, Planters, Disc Harrows, 2WD Tractors (<40 hp) Forage Harvesters, Field Cultivators						
Wyoming	35.17	1.67	33.3% (33.4%)	20% (20%)	0.00%	83.4%
Gainers: N/A						

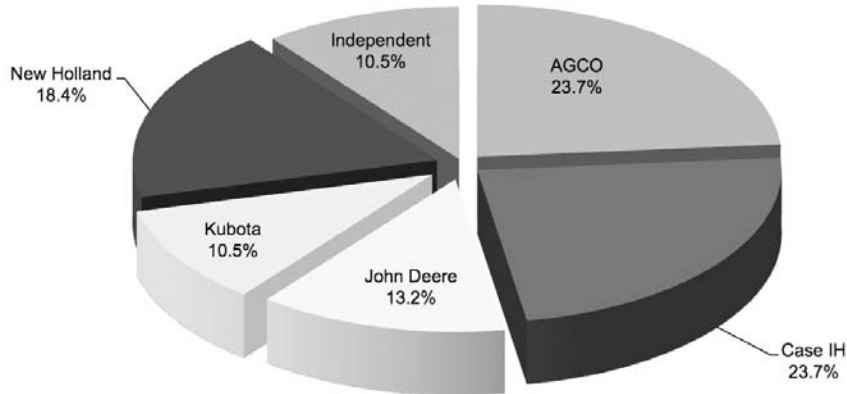


Regionally, dealers in the Northeast are split among those that are expecting gains, losses or little or no change. Most Pacific dealers are looking for dropoff in sales.

PART III — CANADIAN OUTLOOK

40% of Canadian Dealers See 'Real' Sales Growth in 2010

Canada Dealers' Responses by Mainline Supplier



Of the more than 300 dealers that responded to the AEI survey this year, 12% 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 — 2010

Tractor Type (Size)	Sales +8%	Sales +2-7%	Little or No Change	Sales -2-7%	Sales -8%	Forecasting Growth	Forecasting Loss
2WD (<40 hp)	3.1%	21.9%	53.1%	9.4%	12.5%	25.0%	21.9%
2WD (40-100 hp)	0.0%	37.5%	46.9%	12.5%	3.1%	37.5%	15.6%
2WD (>100 hp)	3.4%	31.0%	51.7%	10.3%	3.4%	34.4%	13.7%
4WD (All)	3.7%	22.2%	55.6%	18.5%	0.0%	25.9%	18.5%
Combines	0.0%	26.1%	47.8%	17.4%	8.7%	26.1%	26.1%

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.

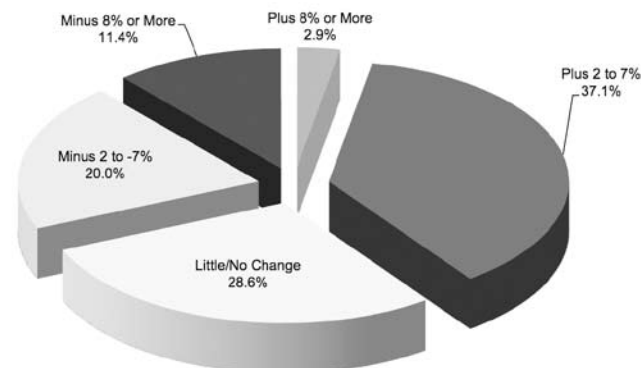
An even 40% forecast increased revenues from new equipment sales of more than 2% in the new year vs. 22.3% of U.S. dealers. Of those, 37.1% (18% in U.S.) expect increased sales ranging from 2-7%.

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.

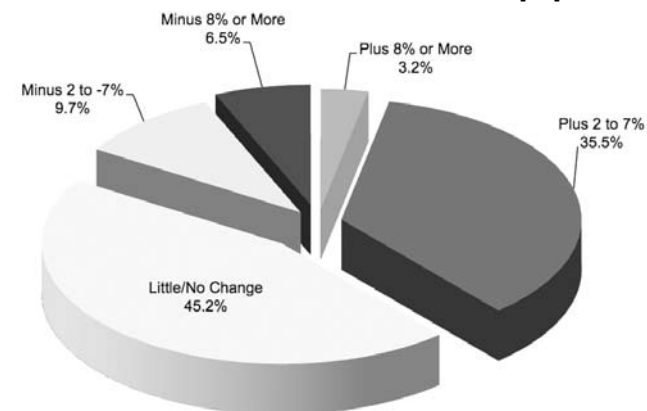
It's much the same story when it comes to revenues from the sale of used equipment.

Canadian Dealers' Projections for Sales Revenue 2010 — New Equipment



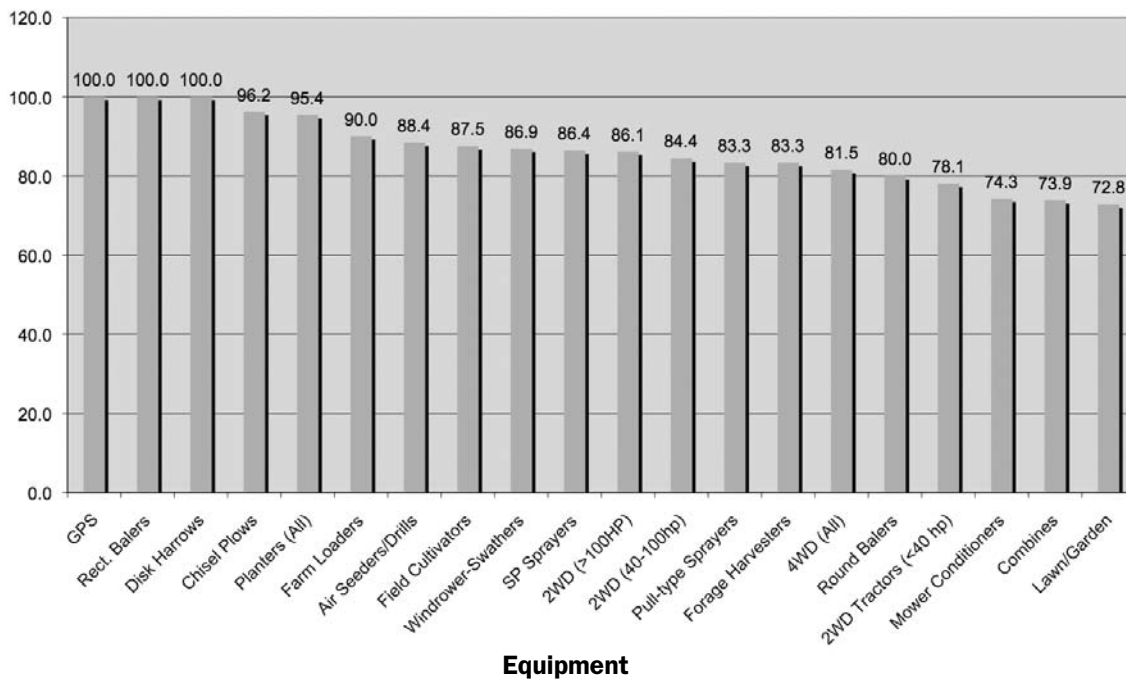
Nearly 69% of Canadian dealers see their 2010 revenues from sales of new farm machinery being as good as or better than levels achieved in 2009.

Canadian Dealers' Projections for Sales Revenue 2010 — Used Equipment



Canadian dealers see a very strong year ahead for sales of used equipment. For 2010, nearly 84% expect revenues from sales of used machinery to be as good as or better than in 2009.

Best Bets for Improving Unit Sales in 2010 — Canada



Dealers in Canada see GPS systems, rectangular balers, disc harrows, chisel plows and planters as their top five “best bets” for increasing unit sales in 2010.

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

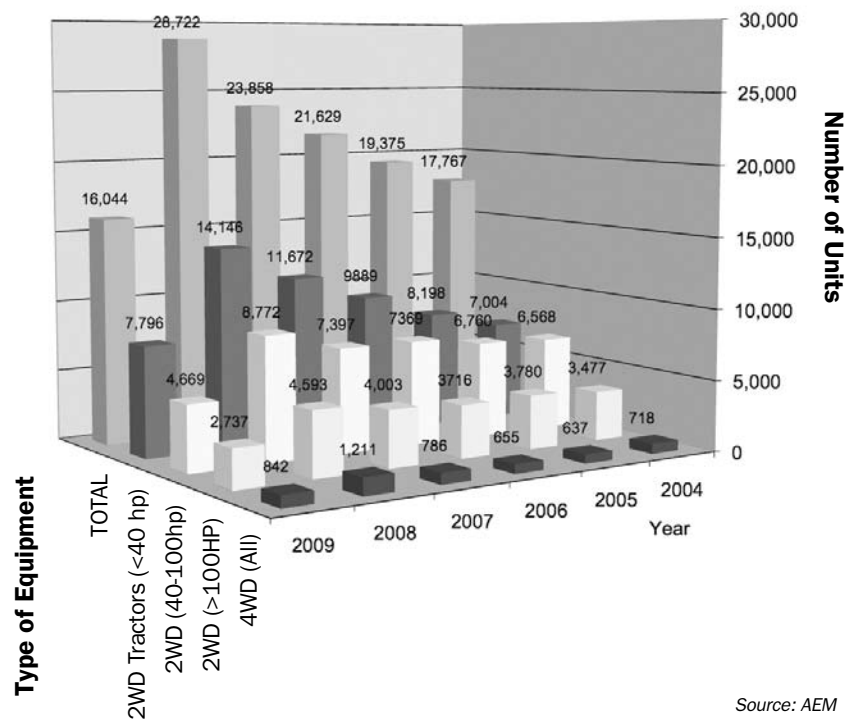
Like the dealers in the U.S., Canadian farm equipment retailers expect that GPS equipment and rectangular balers will provide the best prospect for growing sales in 2010.

But the two groups of dealers diverge from there.

The dealers to the North see 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

Canadian Unit Retail Tractor Sales — 2004-09* (*through September 2009)



Source: AEM

During the January-to-September period in 2009, Canadian sales of all classes of tractors declined by more than 24% compared to the same period in 2008.

Projected Canadian Unit Sales of Other Equipment — 2010

Equipment	Up 8% or More	Up 2-7%	Little or No Change	Down 2-7%	Down 8% or More
Rect. Balers	0.0%	4.3%	95.7%	0.0%	0.0%
Round Balers	3.3%	30.0%	46.7%	6.7%	13.3%
Forage Harvesters	4.2%	8.3%	70.8%	4.2%	12.5%
Planters (All)	4.5%	36.5%	54.5%	4.5%	0.0%
Mower Conditioners	6.5%	32.3%	35.5%	22.5%	3.2%
Windrower-Swathers	4.3%	30.4%	52.3%	8.7%	4.3%
Field Cultivators	4.2%	8.3%	75.0%	8.3%	4.2%
Farm Loaders	10.0%	26.7%	53.3%	6.7%	3.3%
Chisel Plows	0.0%	15.4%	80.8%	0.0%	3.8%
Disk Harrows	0.0%	24.0%	76.0%	0.0%	0.0%
Air Seeders/Drills	0.0%	34.7%	53.8%	3.8%	7.7%
SP Sprayer	9.1%	18.2%	59.1%	4.5%	9.1%
Pull-Type Sprayers	0.0%	20.8%	62.6%	8.3%	8.3%
Lawn/Garden	9.1%	18.2%	45.4%	9.1%	18.2%
GPS	19.2%	46.2%	34.6%	0.0%	0.0%

Canadian Dealers' Spending Plans for 2010

No Increase	39.4%
0 to +5%	39.4%
6 to 10%	9.1%
10% plus	12.1%

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 10% 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.

On their list of the 20 best bets for increasing sales during the new sales year, Canadian dealers ranked 2WD (>100 hp) equipment 11, 2WD (40-100 hp) tractors 12, 2WD (<40 hp) units 15, and 4WD tractors 17 on their list.

Despite combines strong showing in '09, Canadian dealers ranked their potential to grow sales in 2010 second to last in their ranking of best bets.

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 personnel in the coming year.

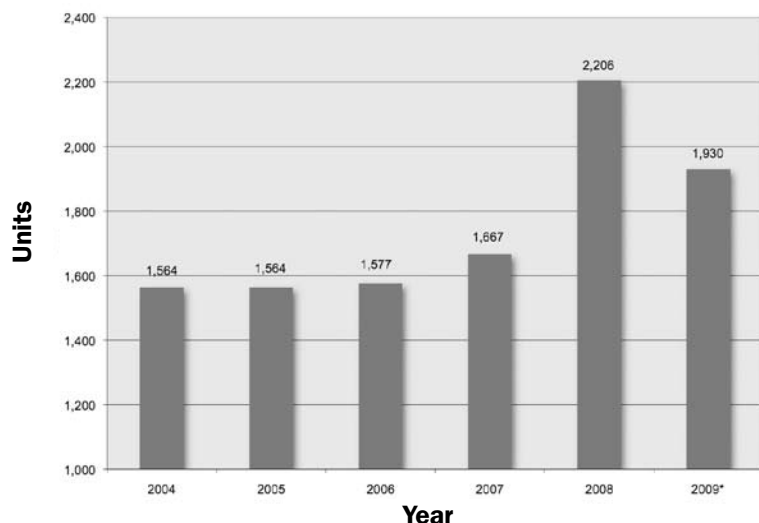
Canadian Dealers' Hiring Plans 2010 vs. 2009

	2010			2009		
	Add Staff	No Change	Reduce/Relocate Staff	Add Staff	No Change	Reduce/Relocate Staff
Parts Department	11.8%	85.3%	2.9%	35.1%	62.2%	2.7%
Service Techs	57.1%	40.0%	2.9%	70.0%	28.0%	2.0%
Wholegood Sales	28.6%	71.4%	0.0%	43.0%	57.0%	0.0%
Administration	26.5%	73.5%	0.0%	17.1%	82.9%	0.0%

Where Canadian Dealers Will Invest - 2010

Shop & Service Modernize	Retail Modernize	Bus. Info. Systems
60.0%	32.4%	46.9%

Canada Combine Sales — 2004-09* (*through September 2009)



Source: AEM

Sales of combines in Canada increased 10% during the first 9 months of 2009, rising from 1,755 during the January through September period of 2008 to 1,930 units in '09.

Canadian Regional Breakdown of Dealers' Outlook for 2010

All told, eight agricultural-producing provinces are represented in *Ag Equipment Intelligence's 2010 Dealer Business Trends & Outlook Survey*. For analysis purposes, these have been broken down into three regions. The eastern region is represented by Nova Scotia, Prince Edward Island and Quebec. The central region covers Ontario. The western region includes the provinces of Alberta, British Columbia, Manitoba and Saskatchewan.



Sales Outlook 2010

Province	Weighted Average	Rank
British Columbia (BC)	4.50%	1
New Brunswick (NB)	4.50%	1
Prince Edward Island (PE)	4.50%	1
Quebec (QC)	4.50%	1
Ontario (ON)	0.66%	2
Manitoba (MB)	0.00%	3
Nova Scotia (NS)	0.005	3
Alberta (AB)	-1.14%	4
Saskatchewan (SK)	-2.83%	5

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

WESTERN CANADA

Coverage: British Columbia, Alberta, Saskatchewan & Manitoba

Average Employment: 46.78

Average Dealership Stores: 2.13

Expecting Revenue Gains: 33.3%

Expecting Revenue Losses: 53.3%

Weighted Average Gains (Losses): (1.37)

Increasing Capital Spending: 64.2%

Most Promising Opportunities: GPS, Windrowers/Swathers, Round Balers, SP Sprayers, Air Seeders/Drills

Major Concerns: New Equipment Costs, Farm Commodity Prices, Farm Input Costs, Dealer Consolidation, Shrinking Farm Base New Equipment Availability, Energy Costs

EASTERN CANADA

Coverage: Nova Scotia, Prince Edward Island & Quebec

Average Employment: 20.5

Average Dealership Stores: 1.4

Expecting Revenue Gains: 82%

Expecting Revenue Losses: 20%

Weighted Average Gains (Losses): 2.7%

Increasing Capital Spending: 80%

Most Promising Opportunities: GPS, Planters, Mower/Conditioners, Farm Loaders, Combines,

Major Concerns: Energy Costs, Farm Commodity Prices, Technician Availability, Dealer Consolidation

CENTRAL CANADA

Coverage: Ontario

Average Employment: 31.06

Average Dealership Stores: 2.13

Expecting Revenue Gains: 33.3%

Expecting Revenue Losses: 13.4%

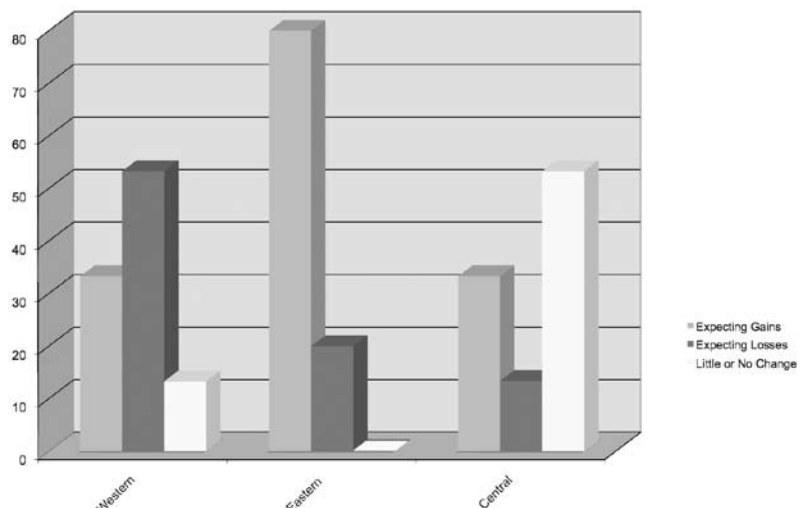
Weighted Average Gains (Losses): 0.66

Increasing Capital Spending: 50%

Most Promising Opportunities: Planters, GPS, 2WD Tractors (40-100 hp), Farm Loaders, Mower/Conditioners

Major Concerns: Farm Commodity Prices, Farm Input Costs, New Equipment Costs, Energy Costs, Succession Policies

Canadian Regional Expectations for Sales Revenue — 2010



Dealers in the Eastern and Central regions of Canada have high hopes for improving sales revenues in '10, but more than half of Western Canada's dealers see sales revenue falling.

Canadian Dealer Issues & Concerns — 2010 (2009 Rank)

Issue	Most Concerned	Concerned	Not Concerned
1. Commodity Prices (4)	54.3%	42.8%	2.9%
1. Farm Input Costs (N/A)	57.1%	40.0%	2.9%
1. Increasing Cost of New Equipment (2)	41.2%	55.9%	2.9%
2. Dealer Consolidation (8)	27.3%	60.6%	12.1%
3. Shrinking Farm Customer Base (9)	22.2%	63.9%	13.9%
4. Energy/Fuel Costs (1)	42.9%	42.9%	14.2%
5. Technician Availability (3)	39.4%	45.4%	15.2%
6. Finance – Floor Planning (N/A)	44.1%	35.3%	20.6%
7. Product Reliability (5)	12.5%	62.5%	25.0%
8. Steel Prices/Supplies (1)	19.4%	54.8%	25.8%
9. Mfr. Succession Policies (11)	18.2%	54.5%	27.3%
10. Finance – Retail (N/A)	23.5%	47.1%	29.4%
11. Dealer ‘Purity’ Efforts (9)	21.2%	48.5%	30.3%
12. New Equipment Availability (2)	15.6%	53.1%	31.3%
13. Industry Consolidation (8)	8.3%	58.4%	33.3%
14. Used Equipment Availability (10)	6.5%	25.8%	67.7%
15. Succession Policies (11)	5.6%	55.5%	38.9%
16. Health Care Affordability (7)	18.7%	31.3%	50.0%
17. Impact of Competing Box Stores (12)	5.6%	38.8%	55.6%
18. Internet Sales (13)	2.7%	37.8%	59.5%

Breakdown by Canadian Province

The following table provides a province-by-province breakdown of the responses to *Ag Equipment Intelligence's* 2010 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	42.9 (57.2)	33.3 (0)	-1.14	66.7%
Gainers: GPS, Air Seeders/Drills, Lawn & Garden, Planters, SP Combines						
British Columbia	4.5	2	0 (0)	0 (0)	0.0	0%
Gainers: 2WD Tractors (<40 hp), 2WD Tractors (40-100 hp), 4WD Tractors, Farm Loaders, Lawn & Garden						
Manitoba	21.75	2.25	100 (0)	100 (0)	5.67	50%
Gainers: 4WD Tractors, Air Seeders/Drills, GPS, Lawn & Garden, SP Combines						
Ontario	18.95	1.38	33.3 (13.4)	58.3 (5.9)	0.66	50%
Gainers: GPS, 2WD Tractors (<40 hp), Field Cultivators, Lawn & Garden, SP Combines						
Prince Edward Isl.	26	1	0 (0)	100 (0)	0.00	100%
Gainers: Planters, Field Cultivators, GPS, Lawn & Garden						
Quebec	15	2	100 (0)	100 (0)	4.5	100%
Gainers: 2WD Tractors (<40 hp), 2WD Tractors (40-100 hp)						
Saskatchewan	89.17	3.17	16.7 (66.7)	16.7 (66.7)	-2.83	83.4
Gainers: GPS, SP Sprayers, Lawn & Garden, SP Combines, 2WD Tractors (>100 hp)						

PART IV — BREAKOUT BY MAINLINE SUPPLIERS

As in previous 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.”

Overall, no dealer group, regardless of equipment brand, is projecting particularly hefty increases in sales of new equipment for 2010 more than half of all dealer groups, except for AGCO and Case IH, see 2010 sales revenues being as good as or better than in 2009.

In the case of AGCO dealers, only 48.5% expect sales to meet or exceed the revenue levels of 2009. Only slightly more than 49% of Case dealers see revenues at about the same or higher than those of the previous year.

With Kubota and independent dealers leading the way this year, more than half of each of the other dealer groups — New Holland and John Deere — are projecting sales revenue at about the same levels or better than they experienced in '09.

For 2010, slightly more than 68% of Kubota dealers expect revenues to match or exceed sales in 2009. They were closely followed by the independent dealers, 67.3% of whom anticipate as good as or better than sales levels in '10.

In terms of new equipment sales growth only, 29.8% of Kubota dealers are projecting an increase in revenues of 2% or more. They're followed by dealers carrying John Deere equipment, 26% of which estimate rising sales of 2% to more than 8%.

Nearly 23% of Case IH dealers are expecting to grow sales by at least 2% in the coming year. Slightly more than 24% of New Holland retailers see sales increasing by a minimum of 2% to 8% or more.

More than 21% of AGCO dealers are looking at rising sales in 2010, and 20% of the independent equipment dealers say they're expecting increasing sales by 2% or more in the coming year.

On the other hand, the most pessimistic of the dealer

groups for 2010 are AGCO's retailers as more than half (51.5%) anticipate revenue declines of 2% or more for the new sales year.

They're followed by Case IH dealers, 50.9% of which anticipate sales falling by 2% or more. Nearly 46% of Deere dealers expect a falloff in sales, along with 45.4% of New Holland retailers, 32.7% of the independents and 31.9% of Kubota dealers.

While none of the dealer groups are as optimistic as they were a year ago, the dealers' overall outlook for 2010 isn't at all as pessimistic as their counterparts in other industries. Ag equipment remains a pretty good place to be.

AGCO — % of Total Responses 19.3%

Avg. Employment of Participating Dealerships: 80.16

Avg. Number of Stores of Participating Dealerships: 1.62

Case IH — % of Total Responses 15.6%

Avg. Employment of Participating Dealerships: 37.09

Avg. Number of Stores of Participating Dealerships: 2.11

John Deere — % of Total Responses 13.5%

Avg. Employment of Participating Dealerships: 71.40

Avg. Number of Stores of Participating Dealerships: 2.72

Kubota — % of Total Responses 14.4%

Avg. Employment of Participating Dealerships: 20.88

Avg. Number of Stores of Participating Dealerships: 1.76

New Holland — % of Total Responses 19.3%

Avg. Employment of Participating Dealerships: 26.88

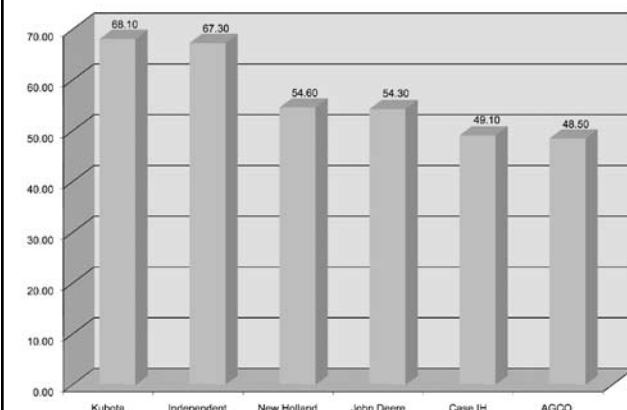
Avg. Number of Stores of Participating Dealerships: 1.69

Independent Dealers — % of Total Responses 17.9%

Avg. Employment of Participating Dealerships: 10.37

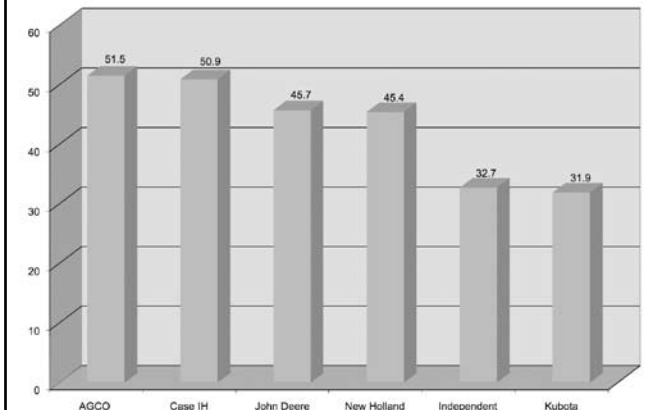
Avg. Number of Stores of Participating Dealerships: 1.07

**Most Optimistic Equipment Dealers for 2010
(percentage expecting revenue gains)**



Kubota and the independents are easily the most optimistic dealer groups going into 2010.

**Least Optimistic Equipment Dealers for 2010
(percentage expecting revenue losses)**



More than half of AGCO and Case IH dealers are expecting sales in 2010 to fall below the levels they saw in 2009.

Less than Half of AGCO Dealers See '10 Sales Reaching '09 Levels



Last year at this time, the North American dealers handling AGCO equipment were the most optimistic about their prospects for improving sales in 2009. Nearly 70% projected their sales would be as good or better than they were in 2008.

Looking ahead to 2010, less than half, 48.5%, see new equipment revenues meeting or exceeding the sales levels of 2009.

Of those that expect sales to be better than 2009, only 3% anticipate increases of 8% or more and 18.2% see improvement of 2-7%. The remainder of this group — 27.3% — expect little or no change to their 2009 sales.

That leaves 51.2% that are forecasting that new equipment sales will fall below 2009 levels during the coming year. Of these, more than 30% see overall sales falling by more than 8%. Another 21% expect they'll slip by 2-7%.

AGCO dealers paint a little brighter picture when it comes to used machinery.

Overall, more than 74% project that revenues from used equipment will be as good as or better than what they saw in '09. Of these, slightly more

AGCO Dealers' Projected Unit Sales of Tractors & Combines — 2010

Tractor Type (size)	Sales +8%	Sales +2-7%	Little or No Change	Sales -2-7%	Sales -8%	Forecasting Growth	Forecasting Loss
2WD (<40 hp)	4.8%	9.7%	43.5%	21.0%	21.0%	14.5%	42.0%
2WD (40-100 hp)	4.7%	15.6%	45.3%	18.8%	15.6%	20.3%	34.4%
2WD (>100 hp)	1.6%	13.1%	49.2%	19.7%	16.4%	14.7%	36.1%
4WD (All)	3.9%	29.4%	39.2%	11.8%	15.7%	33.3%	27.5%
Combines	2.1%	17.0%	66.0%	21.0%	12.8%	19.1%	14.9%

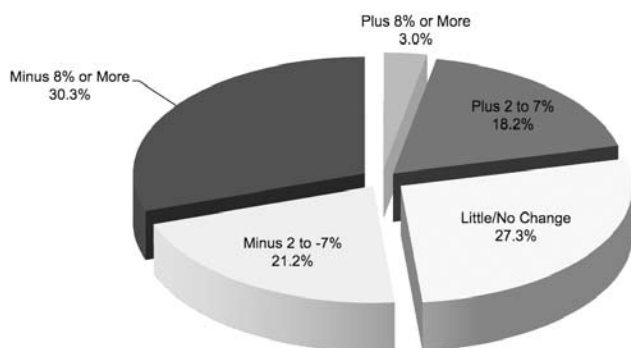
AGCO Dealers' Projected Unit Sales for Other Equipment — 2010

Equipment Category	Sales +8%	Sales +2-7%	Little or No Change	Sales -2-7%	Sales -8%
Rectangular Balers	4.0%	20.0%	64.0%	12.0%	0.0%
Round Balers	1.8%	21.1%	47.3%	12.3%	17.5%
Forage Harvesters	2.3%	0.0%	65.1%	9.3%	23.3%
Planters (All)	5.3%	15.8%	54.4%	10.5%	14.0%
Mower/Conditioners	5.3%	15.8%	49.1%	14.0%	15.8%
Windrowers/Swathers	7.5%	9.4%	51.0%	5.7%	26.4%
Field Cultivators	3.9%	11.8%	58.8%	13.7%	11.8%
Farm Loaders	3.3%	10.0%	66.7%	8.3%	11.7%
Chisel Plows	1.9%	11.1%	66.6%	7.4%	13.0%
Disc Harrows	0.0%	25.0%	46.4%	14.3%	14.3%
Air Seeders/Drills	0.0%	12.8%	61.7%	10.6%	14.9%
Self-Propelled Sprayers	0.0%	11.9%	73.8%	2.4%	11.9%
Pull-Type Sprayers	2.0%	2.0%	72.0%	12.0%	12.0%
Lawn/Garden Equipment	8.9%	10.7%	48.3%	19.6%	12.5%
GPS	11.3%	28.3%	47.2%	5.7%	7.5%

Where AGCO Dealers Will Invest in 2010

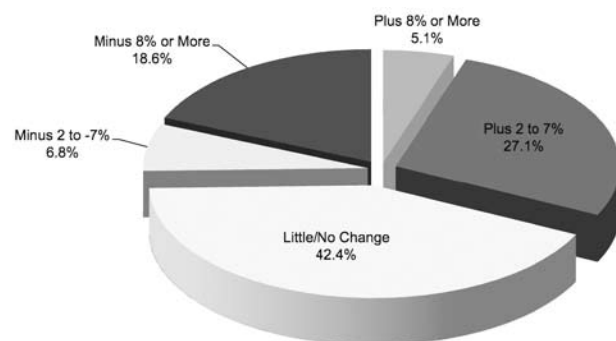
Modernize Shop & Service	Modernize Retail	Bus. Info. Systems
41.9%	29%	41%

AGCO Dealers' Projected Sales Revenues 2010 — New Equipment



Nearly half (48.5%) of AGCO dealers expect 2010 sales of new equipment to be as good or better than sales levels in 2009.

AGCO Dealers' Projected Sales Revenues 2010 — Used Equipment



Used equipment sales are forecast to improve in 2010 by 74.6% of AGCO equipment dealers.

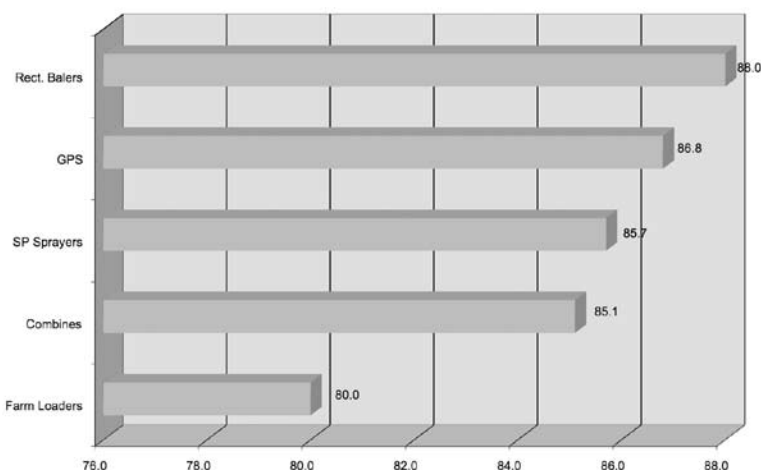
than 5% see revenues improving by 8% or more, and 27% expect them to grow between 2-7%.

The largest group of AGCO dealers believe 2010 used equipment revenues will see little or no change from 2009 levels.

As far as what equipment presents the best opportunity to grow unit sales during the new sales year, AGCO retailers list rectangular balers, GPS equipment, self-propelled sprayers and combines as their best prospects.

AGCO rolled out several new products at the 2009 Farm Progress Show that could offer its dealers new markets to tackle. One was the new Sunflower strip-till system. An AGCO representative told *AEI* that the company sees this as an important market in the next several years.

Best Bets for Improving Unit Sales in 2010 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' Demographics

Est. Dealer Locations: 1,400

Avg. Stores/Dealer: 1.62

Revenue by Market Segment:

- Production Farmers: 61.4%
- Hobby Farmers: 19.4%
- Turf & Lawn: 7.5%
- Municipalities/Parks: 4.8%
- Const. Contractors: 4.7%
- Other: 3.8%

AGCO Dealers' Hiring Plans for 2010 vs. 2009

	2010			2009		
	Add Staff	No Change	Reduce/Relocate Staff	Add Staff	No Change	Reduce/Relocate Staff
Parts Department	16.9%	78.5%	4.6%	28.8%	67.3%	3.8%
Service Techs	35.4%	56.9%	7.7%	67.9%	28.3%	3.8%
Wholegood Sales	12.3%	83.1%	4.6%	32.7%	65.4%	1.9%
Administration	4.6%	89.2%	6.2%	8.0%	84.0%	8.0%

AGCO Dealers' Projections for Improved Revenue from New & Used Equipment Sales in 2010

	New Equipment	Used Equipment
+8%	3.0%	5.1%
+2-7%	18.2%	27.1%
Little or No Change	27.3%	42.4%
-2-7%	21.2%	6.8%
-8%	30.3%	18.6%

AGCO Dealer Spending Plans for 2010

No Increase	51.6%
0 to +5%	37.4%
+6 to 10%	1.6%
+10%	9.4%

AGCO Dealers' Issues and Concerns – 2010

Issue	Most Concerned	Concerned	Not Concerned
1. Commodity Prices	65.6%	34.4%	0.0%
1. Farm Input Costs	59.4%	40.6%	0.0%
2. Increasing Cost of New Equip.	57.8%	40.6%	1.6%
3. Energy/Fuel Costs	42.9%	53.9%	3.2%
4. Shrinking Customer Base	43.8%	48.4%	7.8%
5. Health Care Affordability	53.8%	37.0%	9.2%
6. Industry Consolidation	29.7%	59.4%	10.9%
7. Dealer Purity Efforts	37.5%	40.0%	12.5%
8. Finance – Floor Planning	28.1%	54.7%	17.2%
9. Steel Prices/Supplies	23.0%	55.7%	21.3%
10. Product Reliability	28.1%	48.5%	23.4%
10. Technician Availability	29.7%	46.9%	23.4%
11. Succession Policies	24.6%	47.7%	27.7%
12. New Equipment Availability	20.0%	49.2%	30.8%
13. Finance – Retail	18.8%	43.7%	37.5%
14. Competing Box Stores	19.0%	39.7%	41.3%
15. Used Equipment Availability	12.9%	45.2%	41.9%
16. Internet Sales	12.7%	42.9%	44.4%

More than Half of Case IH Dealers Expect Sales to Decline



When it comes to optimism about growing sales in 2010, Case IH dealers finish second to last, just barely ahead of AGCO retailers.

Overall, slightly more than 49% of Case IH dealers see revenues from new equipment sales in the year ahead reaching or surpassing levels they experienced in 2009. Of these, 30% are forecasting little or no change in sales in 2010 vs. the previous year.

Nearly 30% of Case IH farm equipment retailers expect sales to drop by 8% or more. Another 22.6% are anticipating a falloff in sales of 2-7%.

More than half (54.1%) of Case IH dealers are forecasting sales of used equipment will be as good or better than those of '09, but none see it growing beyond 7% for the year.

Last year at this time, 43% of this group of dealers anticipated sales of new machinery would grow from 2% to more than 8%. Less than 20% forecast sales to fall off from 2008 levels.

Those Case IH dealers that expect sales to be as good as or better in 2010 compared with 2009 are banking on rectangular balers, self-propelled sprayers, GPS equipment, air seeders/drills and forage

Case IH Dealers' Projected Unit Sales of Tractors and Combines – 2010

Tractor Type (size)	Sales +8%	Sales +2-7%	Little or No Change	Sales -2-7%	Sales -8%	Forecasting Growth	Loss
2WD (<40 hp)	2.0%	11.8%	49.0%	19.6%	17.6%	13.8%	37.2%
2WD (40-100 hp)	0.0%	13.7%	51.0%	21.6%	13.7%	13.7%	35.3%
2WD (>100 hp)	0.0%	19.6%	39.2%	25.5%	15.7%	19.6%	41.2%
4WD (All)	0.0%	15.6%	53.3%	13.3%	17.8%	15.6%	31.1%
Combines	0.0%	18.8%	47.8%	18.8%	14.6%	18.8%	33.4%

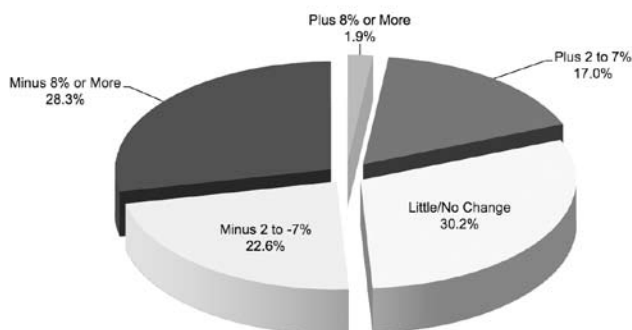
Case IH Dealers' Unit Sales Projections for Other Equipment in 2010

Equipment Category	Sales +8%	Sales +2-7%	Little or No Change	Sales -2-7%	Sales -8%
Rectangular Balers	0.0%	16.3%	67.4%	16.3%	0%
Round Balers	2.0%	21.6%	45.0%	19.6%	11.8%
Forage Harvesters	0.0%	4.5%	70.5%	13.6%	11.4%
Planters (All)	2.2%	28.3%	41.3%	13.0%	15.2%
Mower/Conditioners	2.0%	19.6%	47.0%	21.6%	9.8%
Windrower/Swathers	0.0%	13.6%	54.5%	20.5%	11.4%
Field Cultivators	4.5%	15.9%	50.0%	20.5%	9.1%
Farm Loaders	0.0%	19.6%	51.0%	19.6%	9.8%
Chisel Plows	0.0%	10.2%	63.3%	14.3%	12.2%
Disc Harrows	0.0%	27.7%	42.6%	19.1%	10.6%
Air Seeders/Drills	0.0%	18.2%	61.4%	6.8%	13.6%
Self-Propelled Sprayers	4.8%	11.9%	64.3%	7.1%	11.9%
Pull-Type Sprayers	0.0%	11.6%	62.8%	11.6%	14.0%
Lawn/Garden Equipment	3.8%	28.8%	28.9%	23.1%	15.4%
GPS	18.4%	34.7%	26.5%	8.2%	12.2%

Where Case IH Dealers Will Invest in 2010

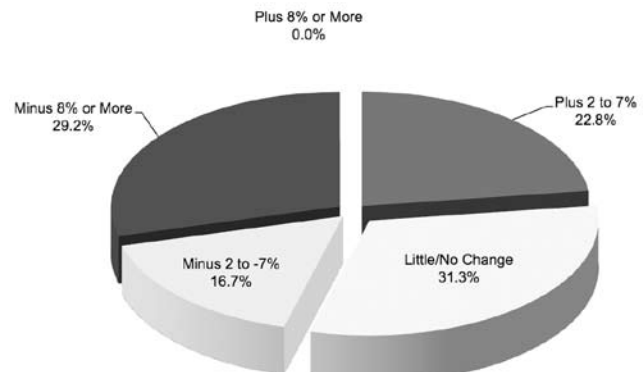
Modernize Shop & Service	Modernize Retail	Bus. Info. Systems
50.0%	28.0%	34.0%

Case IH Dealers' Projections for Sales Revenues 2010 — New Equipment



Slightly less than half (49%) of Case IH dealers anticipate new equipment sales in 2010 will be as good as or better than in 2009.

Case IH Dealers' Projections for Sales Revenues 2010 — Used Equipment



Overall, 54.1% of Case IH dealers see used equipment revenues being as good or better in 2010 than in 2009.

harvesters to improve sales in the year ahead.

In terms of biggest concerns for the year ahead, the Case IH merchandisers listed the increasing cost of new equipment, farm commodity prices and farm input costs as the biggest issues confronting them.

The company introduced several new products during the past year. Among these were a precision air hoe drill, a new commercial small square baler and a CVT option for its compact Farmall tractors.

Maybe the biggest announcement in 2009 is the new parts services Case IH will be offering its dealers. One is the establishment of a remanufacturing and services company with Springfield Remanufacturing Corp. to be called CNH Reman.

Case IH Dealer Demographics

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

- Production Farmers: 73.9%
- Hobby Farmers: 13.2%
- Turf & Lawn: 5.6%
- Municipalities/Parks: 3.0%
- Const. Contractors: 3.3%
- Other: 1.0%

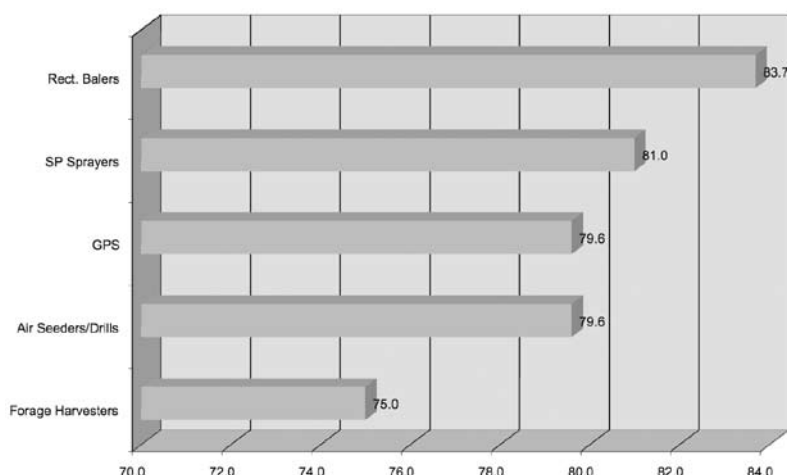
Case IH Dealers' Projections for Improved Revenue from New & Used Equipment Sales in 2010

	New Equipment	Used Equipment
+8%	1.9%	0.0%
+2-7%	17.0%	22.9%
Little or No Change	30.1%	31.2%
-2-7%	22.6%	16.7%
-8%	28.3%	29.2%

Case IH Dealer Spending Plans for 2010

No Increase	50.8%
0 to +5%	35.8%
+6% to 10%	11.3%
+10%	1.9%

Best Bets for Improving Unit Sales in 2010 Case IH Dealers



Rectangular balers and self-propelled sprayers topped Case IH dealers' list of best bets for 2010. They were followed by GPS, planting equipment and forage harvesters.

Case IH Dealers' Hiring Plans 2010 vs. 2009

	2010			2009		
	Add Staff	No Change	Reduce/Relocate Staff	Add Staff	No Change	Reduce/Relocate Staff
Parts Department	20.8%	71.7%	7.5%	37.5%	60.4%	2.1%
Service Techs	46.3%	53.7%	0.0%	64.0%	34.0%	2.0%
Wholesale Sales	23.1%	73.1%	3.8%	36.2%	63.8%	0.0%
Administration	11.3%	84.9%	3.8%	18.7%	81.3%	0.0%

Case IH Dealers' Issues and Concerns – 2010

Issue	Most Concerned	Concerned	Not Concerned
1. Increasing Cost New Equip.	46.3%	53.7%	0.0%
2. Farm Commodity Prices	74.1%	24.0%	1.9%
2. Farm Input Costs	63.0%	35.2%	1.8%
3. Health Care Affordability	50.0%	42.3%	7.7%
4. Energy/Fuel Costs	26.4%	64.2%	9.4%
5. Technician Availability	38.5%	50.0%	11.5%
6. Shrinking Customer Base	43.1%	45.1%	11.8%
7. Finance – Retail	32.7%	51.9%	15.4%
8. Product Reliability	19.6%	60.8%	19.6%
9. Industry Consolidation	23.5%	54.9%	21.6%
10. Finance – Floor Planning	42.3%	34.6%	23.1%
11. Steel Prices/Supply	10.0%	64.0%	26.0%
12. Dealer Purity Efforts	23.5%	45.1%	31.4%
13. Succession Policies	23.1%	36.5%	40.4%
14. Used Equipment Availability	7.8%	51.0%	41.2%
15. Internet Sales	11.5%	40.4%	48.1%
16. Impact of Box Stores	11.8%	33.3%	54.9%
16. New Equipment Availability	9.8%	35.3%	54.9%

John Deere Dealers 'Mildly' Optimistic About 2010 Sales



JOHN DEERE

John Deere's dealers are mildly optimistic about their prospects for increasing sales in the coming sales year.

Despite the challenges of a sluggish economy and other ag challenges in the year ahead, more than 54% of Deere dealers see revenues from new equipment matching or surpassing the sales levels of 2009.

Of these, more than 4% expect sales to improve 8% or more for the year, while nearly 22% anticipate revenues to grow 2-7%.

The remaining optimists among them — 28.3% — see little or no change between sales levels of 2009 and 2010.

At the same time, 45.7% anticipate a sales drop of 8% or more, and 26% projecting declines ranging from 2-7%.

Nearly 30% of Deere retailers expect sales of used machinery to grow during the next 12 months, with 9% forecasting increases of 8% or more and 19% with growth of 2-7%.

Overall, 37% of Deere dealers see sales of used machinery in the coming year dropping from 2% to more than 8%.

This group of dealers see the best

John Deere Dealers' Projected Unit Sales of Tractors and Combines – 2010

Tractor Type (size)	Sales +8%	Sales +2-7%	Little or No Change	Sales -2-7%	Sales -8%	Forecasting Growth	Forecasting Loss
2WD (<40 hp)	2.30%	27.9%	44.2%	11.6%	14.0%	30.2%	25.6%
2WD (40-100 hp)	0.00%	25.0%	38.6%	25.0%	11.4%	25.0%	13.9%
2WD (>100 hp)	25.0%	22.5%	45.0%	17.5%	12.5%	25.0%	30.0%
4WD (All)	4.90%	22.0%	56.0%	4.9%	12.2%	26.9%	17.1%
Combines	2.80%	19.4%	55.6%	13.9%	8.3%	22.2%	22.2%

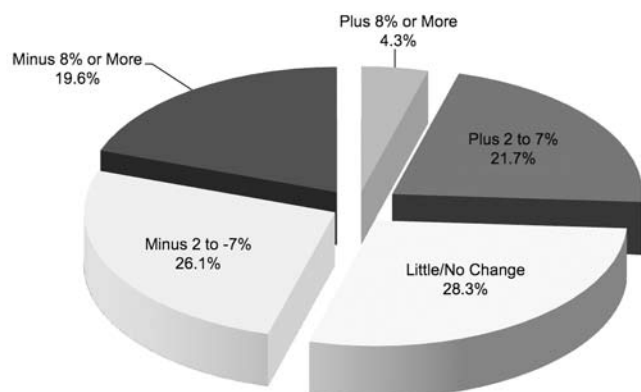
John Deere Dealers' Unit Sales Projections for Other Equipment in 2010

Equipment Category	Sales +8%	Sales +2-7%	Little or No Change	Sales -2-7%	Sales -8%
Rectangular Balers	0.0%	2.9%	82.8%	14.3%	0.0%
Round Balers	5.0%	27.5%	55.0%	7.5%	5.0%
Forage Harvesters	0.0%	11.4%	74.3%	5.7%	8.6%
Planters (All)	7.9%	31.6%	34.2%	10.5%	15.8%
Mower/Conditioners	0.0%	26.8%	51.3%	14.6%	7.3%
Windrower/Swathers	0.0%	5.6%	75.0%	8.3%	11.1%
Field Cultivators	0.0%	8.3%	75.1%	8.3%	8.3%
Farm Loaders	2.4%	26.2%	57.1%	4.8%	9.5%
Chisel Plows	0.0%	5.4%	83.8%	2.7%	8.1%
Disc Harrows	0.0%	11.1%	75.0%	2.8%	11.1%
Air Seeders/Drills	0.0%	5.4%	83.8%	2.7%	8.1%
Self-Propelled Sprayers	8.3%	25.0%	47.2%	13.9%	5.6%
Pull-Type Sprayers	0.0%	5.6%	77.8%	8.3%	8.3%
Lawn/Garden Equipment	2.2%	34.8%	34.7%	10.9%	17.4%
GPS	25.6%	41.0%	28.2%	2.6%	10.9%

Where John Deere Dealers Will Invest in 2010

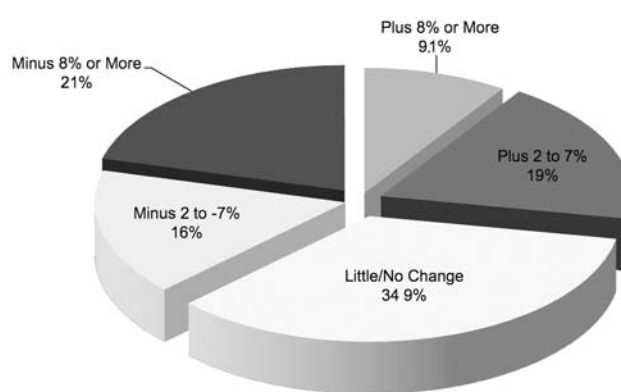
Modernize Shop & Service	Modernize Retail	Bus. Info. Systems
51.1%	34.9%	53.3%

John Deere Dealers' Projections for Sales Revenues 2010 — New Equipment



Better than half (54.3%) of John Deere dealers expect sales of new equipment to be as good as or better in 2010 than in 2009.

John Deere Dealers' Projections for Sales Revenues 2010 — Used Equipment



Revenues from sales of used equipment in 2010 are expected to be as good as or better than 2009 by 62.8% of Deere dealers.

opportunity to grow unit sales in 2010 coming from GPS equipment, chisel plows, round balers, disc harrows and rectangular balers. Also making their list of best bets are farm loaders and forage harvesters.

Unlike the other equipment brands, Deere dealers ranked farm commodity prices, health care affordability and the increasing cost of new equipment as their chief concerns going into the new year. These were followed by higher farm input and fuel costs.

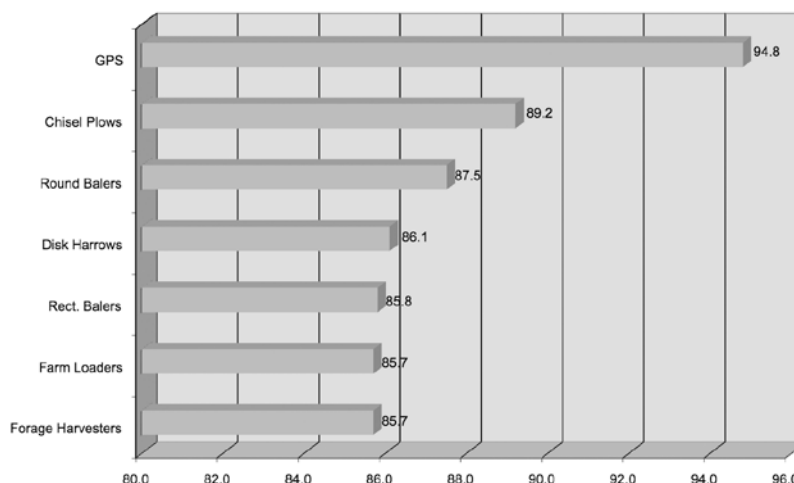
Nearly 60% of Deere's dealers say they're planning to increase their spending plans for 2010, which is higher than any of the dealers carrying other brands.

Like Case IH, Deere announced in the past year that it is expanding its remanufactured services.

The company also rolled out a host of new products in the last several months. They included several new models of its 8R tractor series that range from 225-345 horsepower, a new 800-horsepower forage harvester and an "economy-sized" self-propelled sprayer.

Deere's Frontier Equipment line also added several tillage tools this year, including a disc harrow and a tandem disc harrow.

Best Bets for Improving Unit Sales in 2010 John Deere Dealers



Deere dealers see their best prospects for improved sales in '10 coming from GPS, chisel plows, round balers, disc harrows and rectangular balers.

John Deere Dealers' Hiring Plans 2010 vs. 2009

	2010			2009		
	Add Staff	No Change	Reduce/Relocate Staff	Add Staff	No Change	Reduce/Relocate Staff
Parts Department	21.7%	76.1%	2.2%	22.7%	72.7%	4.6%
Service Techs	51.1%	44.6%	4.3%	68.1%	30.4%	1.5%
Wholegood Sales	23.9%	71.8%	4.3%	31.3%	67.2%	1.5%
Administration	4.4%	82.3%	13.3%	16.2%	80.9%	2.9%

John Deere Dealer Demographics

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

- Production Farmers: 63.4%
- Hobby Farmers: 11.2%
- Turf & Lawn: 10.5%
- Municipalities/Parks: 7.5%
- Const. Contractors: 3.3%
- Other: 4.2%

John Deere Dealer Spending Plans for 2010

No Increase	41.3%
0 to +5%	43.5%
+6% to 10%	8.7%
+10%	6.5%

John Deere Dealers' Issues and Concerns – 2010

Issue	Most Concerned	Concerned	Not Concerned
1. Farm Commodity Prices	68.1%	27.6%	4.3%
1. Health Care Affordability	63.8%	31.9%	4.3%
1. Increasing Cost of New Equip.	36.2%	59.5%	4.3%
2. Farm Input Costs	59.6%	34.0%	6.4%
3. Energy/Fuel Costs	38.3%	53.2%	8.5%
4. Shrinking Customer Base	29.8%	57.4%	12.8%
4. Technician Availability	25.5%	61.7%	12.8%
5. Succession Policies	42.6%	40.4%	17.0%
5. Industry Consolidation	31.9%	51.1%	17.0%
6. Dealer Purity Efforts	34.0%	42.6%	23.4%
6. New Equipment Availability	25.5%	51.1%	23.4%
7. Steel Prices/Supplies	4.4%	62.3%	33.3%
8. Product Reliability	17.0%	46.8%	36.2%
9. Finance – Retail	2.1%	60.4%	37.5%
10. Finance – Floorplanning	10.6%	51.1%	38.3%
11. Impact of Box Stores	10.6%	38.3%	51.1%
12. Internet Sales	8.5%	38.3%	53.2%

Kubota Dealers Express Most Optimism Going into 2010



Unlike last year at this time when Kubota dealers were the most pessimistic about their prospects to grow sales in 2009, it's the exact opposite this year.

A year ago, only 37% of Kubota dealers saw the opportunity to maintain or improve their new equipment-sales levels.

Going into 2010, that number is up by more than 30%, making them the most optimistic group of dealers.

More than 68% of them see 2010 sales being as good or better than they were in '09. Of this, 4.3% expect sales to grow by 8% or more, and nearly 25.5% anticipate revenue growth between 2-7%. Nearly 40% are forecasting little or no change in sales levels for the year ahead compared with the previous 12 months.

Less than one-third are projecting sales revenues will decline compared to the past year's performance.

The picture for revenues from used equipment is even a little better.

More than 68% of Kubota dealers see sales revenues coming in as good as or better than 2009, with nearly 30% forecasting growth of 2% or more.

For Kubota dealers, the products hold the greatest promise for

Kubota Dealers' Projected Unit Sales of Tractors and Combines – 2010

Tractor Type (size)	Sales +8%	Sales +2-7%	Little or No Change	Sales -2-7%	Sales -8%	Forecasting Growth	Forecasting Loss
2WD (<40 hp)	4.5%	18.2%	50.1%	13.6%	13.6%	22.7%	27.2%
2WD (40-100 hp)	2.3%	24.4%	48.9%	13.3%	11.1%	26.6%	24.4%
2WD (>100 hp)	2.6%	17.9%	56.4%	10.3%	12.8%	20.5%	23.1%
4WD (All)	2.7%	37.8%	43.3%	10.8%	5.4%	40.5%	16.2%
Combines	0.0%	18.5%	66.7%	11.1%	3.7%	18.5%	14.8%

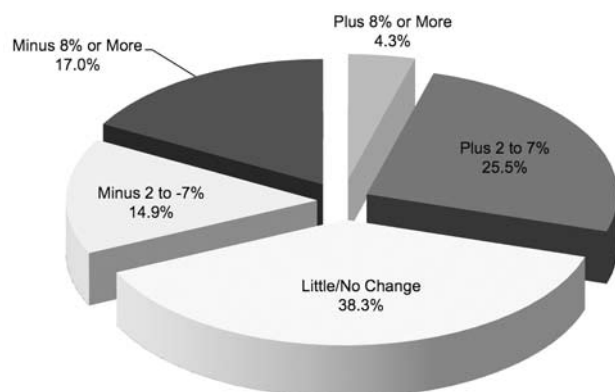
Kubota Dealers' Unit Sales Projections for Other Equipment in 2010

Equipment Category	Sales +8%	Sales +2-7%	Little or No Change	Sales -2-7%	Sales -8%
Rectangular Balers	3.7%	18.5%	66.7%	11.1%	0.0%
Round Balers	3.0%	33.3%	42.4%	12.1%	9.2%
Forage Harvesters	4.0%	8.0%	72.0%	8.0%	8.0%
Planters (All)	3.6%	25.0%	57.1%	3.6%	10.7%
Mower/Conditioners	3.2%	9.7%	64.5%	16.1%	6.5%
Windrower/Swathers	4.2%	12.5%	70.8%	8.3%	4.2%
Field Cultivators	0.0%	32.0%	44.0%	20.0%	4.0%
Farm Loaders	5.0%	17.5%	60.0%	5.0%	12.5%
Chisel Plows	0.0%	23.1%	61.6%	11.5%	3.8%
Disc Harrows	2.9%	26.5%	58.8%	11.8%	0.0%
Air Seeders/Drills	0.0%	16.7%	62.5%	8.3%	12.5%
Self-Propelled Sprayers	4.3%	8.7%	74.0%	4.3%	8.7%
Pull-Type Sprayers	0.0%	7.4%	81.5%	11.1%	0.0%
Lawn/Garden Equipment	6.7%	28.9%	31.1%	20.0%	13.3%
GPS	11.5%	26.9%	57.8%	3.8%	0.0%

Where Kubota Dealers Will Invest in 2010

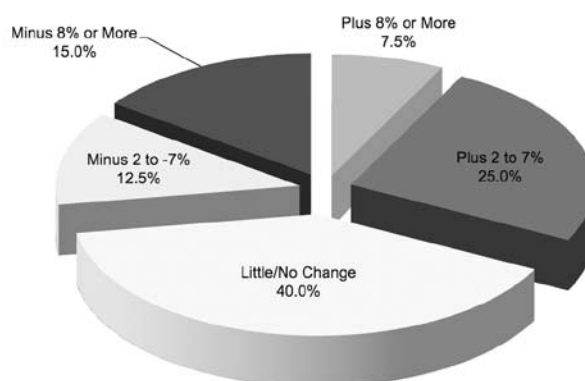
Modernize Shop & Service	Modernize Retail	Bus. Info. Systems
23.9%	22.7%	19.6%

Kubota Dealers' Projections for Sales Revenue in 2010 — New Equipment



Nearly 70% of Kubota dealers expect revenues from new equipment sales in 2010 to be as good as or better than in 2009.

Kubota Dealers' Projections for Sales Revenue in 2010 — Used Equipment



Revenues from the sales of used equipment for 2010 is expected to be as good as or better in 2009 by 72.5% of Kubota dealers.

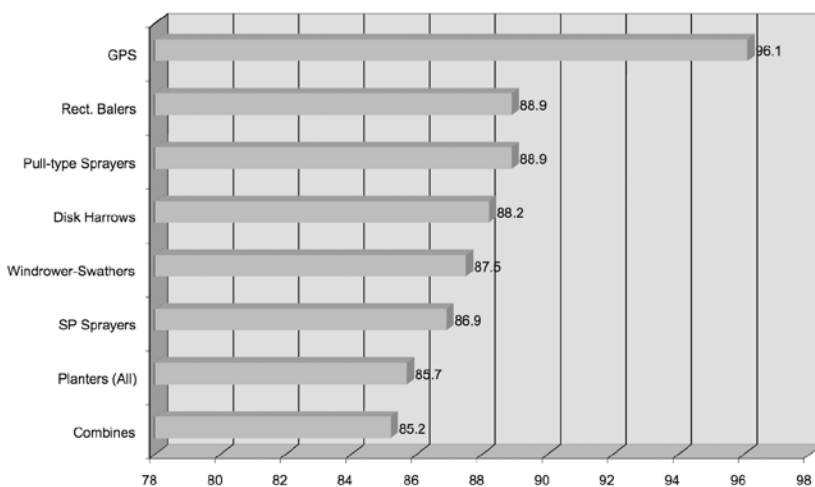
improving sales revenues include GPS equipment, rectangular bales, pull-type sprayers and disc harrows. Others on their list include windrowers/swathers, self-propelled sprayers and planters.

Kubota dealers' biggest concern for the coming year mirror that of most other dealer groups — the higher cost of new equipment.

Because many of their customers aren't production farmers, Kubota dealers are more concerned with the costs of fuel and health care. These were followed by volatile commodity prices and input costs.

Kubota sales people told AEI this past year that the the company's offering of higher horsepower tractors will open new doors for them in the future.

Best Bets for Improving Unit Sales in 2010 Kubota Dealers



Kubota dealers' best bets for increasing sales in 2010 compared with '09, include GPS, rectangular balers, pull-type sprayers, disc harrows and windrowers/swathers.

Kubota Dealer Demographics

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

- Production Farmers: 39%
- Hobby Farmers: 27.6%
- Turf & Lawn: 16%
- Municipalities/Parks: 8.3%
- Const. Contractors: 6.8%
- Other: 2.3%

Kubota Dealers' Hiring Plans 2010 vs. 2009

	2010			2009		
	Add Staff	No Change	Reduce/Relocate Staff	Add Staff	No Change	Reduce/Relocate Staff
Parts Department	8.3%	81.3%	10.4%	22.9%	77.1%	0.0%
Service Techs	20.8%	68.8%	10.4%	55.6%	44.4%	0.0%
Wholegood Sales	14.6%	77.1%	8.3%	33.3%	66.7%	0.0%
Administration	4.2%	87.5%	8.3%	11.1%	86.1%	2.8%

Kubota Dealers' Projections for Improved Revenue from New & Used Equipment Sales in 2010

	New Equipment	Used Equipment
+8%	4.3%	7.5%
+2-7%	25.5%	25.0%
Little or No Change	38.3%	40.0%
-2-7%	14.9%	12.5%
-8%	17.0%	15.0%

Kubota Dealer Spending Plans for 2010

No Increase	61.7%
0 to +5%	29.8%
+6% to 10%	6.4%
+10%	2.1%

Kubota Dealers' Issues and Concerns – 2010

Issue	Most Concerned	Concerned	Not Concerned
1. Increasing Cost of New Equip.	52.2%	47.8%	0.0%
2. Energy/Fuel Costs	31.9%	63.8%	4.3%
3. Health Care Affordability	57.4%	32.0%	10.6%
4. Commodity Prices	40.4%	46.8%	12.8%
5. Farm Input Costs	38.3%	48.9%	12.8%
6. Industry Consolidation	24.4%	57.8%	17.8%
6. Finance – Retail	39.1%	39.1%	21.8%
7. Internet Sales	15.6%	62.2%	22.2%
8. Finance – Floor Planning	45.7%	30.4%	23.9%
8. Dealer Purity Efforts	28.3%	47.8%	23.9%
9. Shrinking Customer Base	33.3%	42.3%	24.4%
10. Steel Prices/Supplies	21.3%	53.2%	25.5%
11. Succession Policies	22.2%	51.1%	26.7%
12. Technician Availability	30.4%	41.3%	28.3%
13. Product Reliability	19.6%	43.4%	37.0%
14. New Equipment Availability	6.5%	41.3%	52.2%
15. Impact of Box Stores	10.9%	32.6%	56.5%
16. Used Equipment Availability	4.4%	37.8%	57.8%

New Holland Dealers in the Middle of the Pack for 2010



NEW HOLLAND

In terms of optimism, dealers handling New Holland equipment as their primary brand find themselves taking the middle road as more than half of them (54.6%) expect their 2010 sales revenues from new equipment to be as good as or better than the previous year.

Slightly more than 6% of New Holland's retailers see revenues grow by 8% or more, and 18% expect an improvement of 2-7%. More than 30% of this group anticipate little or no change in the year ahead from the sales levels of 2009.

Nearly 70% of New Holland equipment dealers expect sales revenues from used equipment in the new sales year will be as good as or better than what they saw in the previous year.

Of these, nearly 7% are forecasting an increase of 8% or more in used equipment sales, while 18.6% are projecting sales gains for 2-7%. More than 42% anticipate little or no change between the past year and 2010.

Like most other dealer groups, New Holland retailers see rectangular balers and GPS equipment as presenting their best opportunities for sales

New Holland Dealers' Projected Unit Sales of Tractors and Combines – 2010

Tractor Type (size)	Sales +8%	Sales +2-7%	Little or No Change	Sales -2-7%	Sales -8%	Forecasting Growth	Forecasting Loss
2WD (<40 hp)	4.6%	13.8%	43.1%	18.5%	20.0%	18.4%	38.5%
2WD (40-100 hp)	3.1%	21.5%	41.5%	18.5%	15.4%	24.6%	33.9%
2WD (>100 hp)	4.8%	16.1%	42.0%	19.4%	17.7%	20.9%	37.1%
4WD Tractors (All)	3.6%	14.5%	54.5%	18.3%	9.1%	18.1%	27.3%
Combines	2.4%	14.3%	59.5%	14.3%	9.5%	16.7%	23.8%

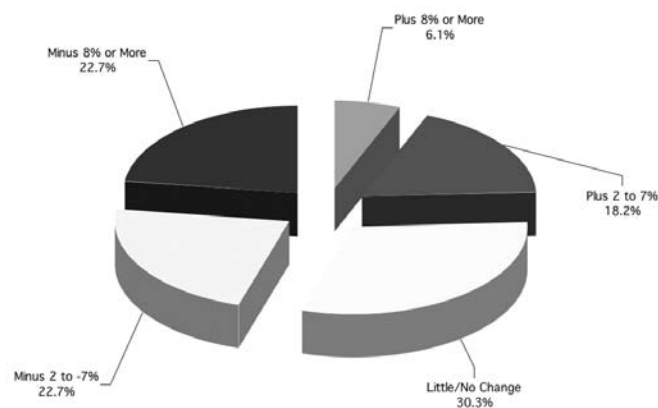
New Holland Dealers' Unit Sales Projections for Other Equipment in 2010

Equipment Category	Sales +8%	Sales +2-7%	Little or No Change	Sales -2-7%	Sales -8%
Rectangular Balers	7.5%	13.2%	69.9%	9.4%	0.0%
Round Balers	3.1%	23.4%	45.4%	12.5%	15.6%
Forage Harvesters	2.0%	12.2%	61.3%	8.2%	16.3%
Planters (All)	2.2%	17.8%	53.3%	11.1%	15.6%
Mower/Conditioners	1.7%	25.0%	43.3%	21.7%	8.3%
Windrower/Swathers	4.4%	11.1%	60.1%	13.3%	11.1%
Field Cultivators	0.0%	11.6%	60.4%	14.0%	14.0%
Farm Loaders	7.8%	14.1%	48.4%	14.1%	15.6%
Chisel Plows	0.0%	18.2%	56.8%	13.6%	11.4%
Disc Harrows	1.9%	25.0%	50.0%	17.3%	5.8%
Air Seeders/Drills	0.0%	10.3%	59.0%	17.9%	12.8%
Self-Propelled Sprayer	0.0%	11.1%	66.7%	11.1%	11.1%
Pull-Type Sprayers	0.0%	14.6%	63.4%	9.8%	12.2%
Lawn/Garden Equipment	6.8%	16.9%	45.7%	15.3%	15.3%
GPS	14.9%	27.7%	36.2%	10.6%	10.6%

Where New Holland Dealers Will Invest in 2010

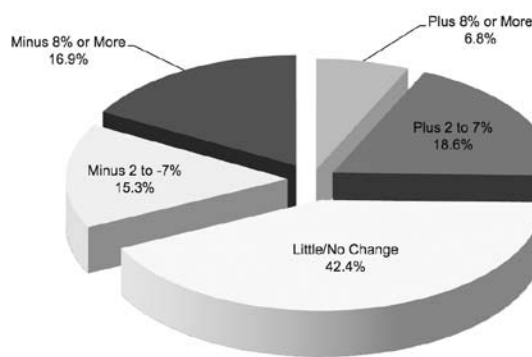
Modernize Shop & Service	Modernize Retail	Bus. Info. Systems
37.9%	15.4%	28.4%

New Holland Dealers' Projections for Sales Revenues in 2010 — New Equipment



More than half (54.6%) of New Holland dealers expect new equipment sales to be as good or better in 2010 compared with 2009.

New Holland Dealers' Projections for Sales Revenues in 2010 — Used Equipment



More than two-thirds (67.8%) of New Holland dealers expect sales from used equipment to be as good or better in 2010 vs. 2009.

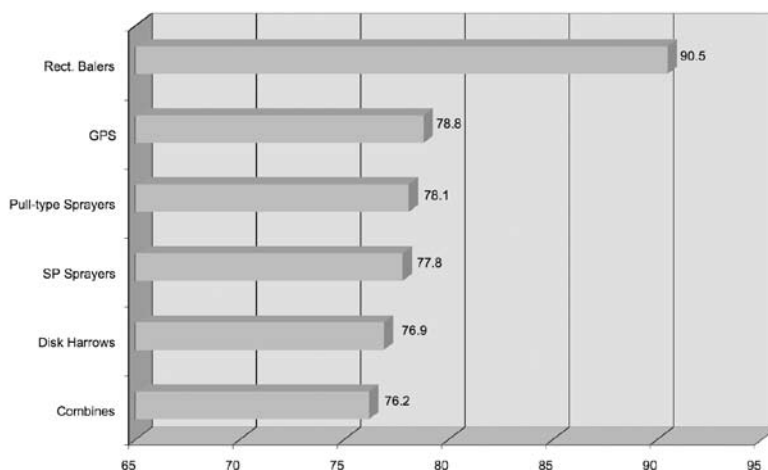
growth during the next year. These are followed by pull-type and self-propelled sprayers, disc harrows and combines.

In terms of new products, New Holland's most recent roll-outs play to the company's traditional strengths in haying equipment and reinforce its efforts in the rural lifestyle market.

Their "right priced" Workmaster 45- and 55-horsepower tractors will be available in 2010 at a MSRP of \$15,600.

It also launched its CropID line, an individual bale identification system for large square bales that uses radio frequency technology to gather detailed information about each separate bale and stores it in a microchip that attaches to the twine.

Best Bets for Improving Unit Sales in 2010 New Holland Dealers



New Holland dealers see rectangular balers, GPS equipment, pull-type and self-propelled sprayers, disc harrows and combines as their best prospects for increasing sales in 2010.

New Holland Dealer Demographics

Est. Dealer Locations: 1,100
Avg. Stores/Dealer: 1.69
Revenue by Market Segment:

- Production Farmers: 55.2%
- Hobby Farmers: 21.3%
- Turf & Lawn: 8.1%
- Municipalities/Parks: 6.6%
- Const. Contractors: 6%
- Other: 2.8%

New Holland Dealers' Hiring Plans 2010 vs. 2009

	2010			2009		
	Add Staff	No Change	Reduce/Relocate Staff	Add Staff	No Change	Reduce/Relocate Staff
Parts Department	13.6%	75.8%	10.6%	20.0%	80.0%	0.0%
Service Techs	30.3%	62.1%	7.6%	55.5%	44.5%	0.0%
Wholegood Sales	18.2%	77.3%	4.5%	25.0%	75.0%	0.0%
Administration	7.6%	84.8%	7.6%	11.4%	86.3%	2.3%

New Holland Dealers' Projections for Improved Revenue from New & Used Equipment Sales in 2010

	New Equipment	Used Equipment
+8%	6.1%	6.8%
+2-7%	18.2%	18.6%
Little or No Change	22.7%	42.4%
-2-7%	22.7%	15.3%
-8%	22.7%	16.9%

New Holland Dealer Spending Plans for 2010

No Increase	61.8%
0 to +5%	30.9%
+6 to 10%	4.4%
+10%	2.9%

New Holland Dealers' Issues and Concerns – 2010

Issue	Most Concerned	Concerned	Not Concerned
1. Increasing Cost of New Equip.	56.1%	42.4%	1.5%
2. Farm Commodity Prices	55.4%	41.5%	3.1%
3. Farm Input Costs	47.6%	46.2%	6.2%
4. Energy/Fuel Costs	43.3%	49.2%	7.5%
5. Health Care Affordability	57.6%	31.8%	10.6%
6. Finance - Floorplanning	44.8%	41.8%	13.4%
6. Shrinking Customer Base	40.3%	46.3%	13.4%
6. Finance – Retail	29.9%	56.7%	13.4%
7. Industry Consolidation	20.9%	62.7%	16.4%
8. Steel Prices/Supplies	14.1%	65.6%	20.3%
9. Technician Availability	28.8%	50.0%	21.2%
9. Product Reliability	25.8%	53.0%	21.2%
10. Succession Policies	16.7%	60.6%	22.7%
11. Mfr. Purity Efforts	19.7%	50.0%	30.3%
12. Internet Sales	18.2%	45.4%	36.4%
13. New Equipment Availability	7.6%	54.5%	37.9%
14. Impact of Box Stores	14.9%	37.3%	47.8%
15. Used Equipment Availability	4.6%	36.9%	58.5%

Independents Lower Outlook, But Still See Good Year

On the optimism scale, independent dealers, those that don't carry any of the major tractor brands, placed second, just slightly behind the Kubota dealers.

More than 67% of this group are forecasting 2010 revenues from new equipment will be as good as or better than sales in 2009.

Within this group, 47% are forecasting that there will be little or no change in revenues in 2010 compared with the previous year. Nearly 16.5% expect sales revenues to grow between 2-7%, and the remainder, 3.6%, project that sales will rise by 8% or more.

Overall, 32.7% of the dealers see sales of new machinery declining in 2010, with 18.2% anticipating a falloff of 8% or more.

Confidence in growing used equipment sales is even higher. Nearly 75% of the independent dealers are projecting these sales will be as good as or better than they were in 2009.

A little over half the dealers see revenues from used equipment sales coming in at similar levels to 2009. Another 15% expect growth in the range of 2-7%, with the remainder, 8.5%, projecting growth of 8% or more.

Independent Dealers' Projected Unit Sales of Tractors and Combines – 2010

Tractor Type (size)	Sales +8%	Sales -2-7%	Little or No Change	Sales -2-7%	Sales -8%	Forecasting Growth	Forecasting Loss
2WD (<40 hp)	5.0%	15.0%	50.0%	22.5%	7.5%	20.0%	30.0%
2WD (40-100hp)	5.0%	12.5%	47.5%	27.5%	7.5%	17.5%	35.0%
2WD (>100HP)	0.0%	3.2%	54.8%	32.3%	9.7%	3.2%	42.0%
4WD (All)	10.0%	20.0%	42.5%	15.0%	12.5%	30.0%	27.5%
S.P. Combines	0.0%	9.1%	63.7%	4.5%	22.7%	9.1%	27.2%

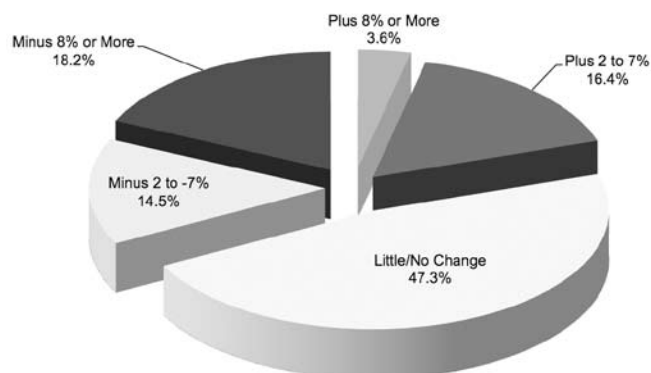
Independent Dealers' Unit Sales Projections for Other Equipment in 2010

Equipment Category	Sales +8%	Sales -2-7%	Little or No Change	Sales -2-7%	Sales -8%
Rect. Balers	8.7%	4.3%	82.7%	4.3%	0.0%
Round Balers	5.9%	11.8%	70.5%	5.9%	5.9%
Forage Harvesters	0.0%	0.0%	84.0%	4.0%	12.0%
Planters (All)	0.0%	10.7%	71.5%	7.1%	10.7%
Mower Conditioners	5.3%	13.2%	63.2%	7.8%	10.5%
Windrower-Swathers	0.0%	3.7%	81.5%	3.7%	11.1%
Field Cultivators	3.3%	13.3%	63.4%	6.7%	13.3%
Farm Loaders	2.4%	22.0%	48.7%	17.1%	9.8%
Chisel Plows	0.0%	3.2%	77.4%	12.9%	6.5%
Disk Harrows	2.9%	17.1%	65.7%	5.7%	8.6%
Air Seeders/Drills	0.0%	3.7%	77.8%	7.4%	11.1%
SP Sprayers	0.0%	3.8%	77.0%	3.8%	15.4%
Pull-type Sprayers	0.0%	10.0%	66.7%	13.3%	10.0%
Lawn/Garden	5.1%	15.4%	58.9%	10.3%	10.3%
GPS	0.0%	10.7%	75.0%	3.6%	10.7%

Where Independent Dealers Will Invest in 2010

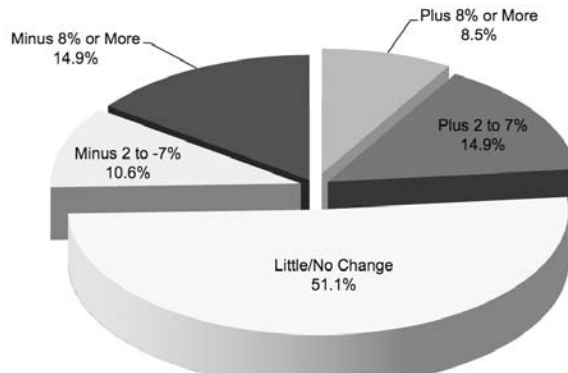
Modernize Shop & Service	Modernize Retail	Bus. Info. Systems
28.1%	17.5%	32.8%

Independent Dealers' Projections for Sales Revenues in 2010 — New Equipment



Two-thirds (67.3%) of the independent dealers see their 2010 sales of new equipment being as good or better than in 2009.

Independent Dealers' Projections for Sales Revenues in 2010 — Used Equipment



Nearly three-quarters (74.5%) of independent dealers expect 2010 sales of used equipment to be as good or better than 2009.

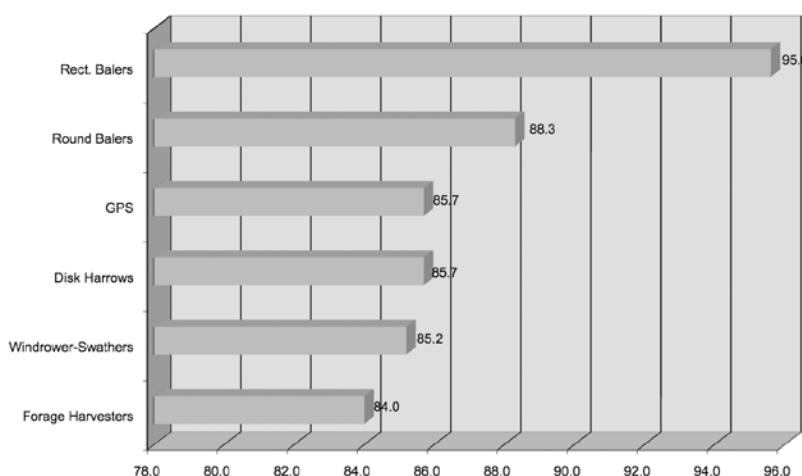
The independents are banking that the sale of baling equipment — both rectangular and round balers — will give them the best opportunity to increase sales during the next year.

These are followed by GPS equipment, disc harrows, windrowers/swathers and forage harvesters on the independent dealers' list of best bets for 2010.

When it comes to the major issues concerning the independents, their rankings differed markedly from those dealers handling the major brands. At the top of their list is the cost of fuel, followed by the rising cost of new machinery.

With nearly 30% of their annual revenues derived from the rural lifestyle market, this group of dealers have the most to gain by a comeback of the housing market.

Best Bets for Improving Unit Sales in 2010 Independent Dealers



Independent dealers are luke warm when it comes to products they expect will help improve revenues in 2010. Among their top five are 4WD tractors, farm loaders and lawn/garden.

Independent Dealer Demographics

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

- Production Farmers: 47.4%
- Hobby Farmers: 29.6%
- Turf & Lawn: 9.2%
- Municipalities/Parks: 5.4%
- Const. Contractors: 6.3%
- Other: 1.7%

Independent Dealers' Hiring Plans 2010 vs. 2009

	2010			2009		
	Add Staff	No Change	Reduce/Relocate Staff	Add Staff	No Change	Reduce/Relocate Staff
Parts Department	6.7%	88.3%	5.0%	23.6%	72.7%	3.7%
Service Techs	27.1%	66.1%	6.8%	47.4%	52.6%	0.0%
Wholegood Sales	6.7%	90.0%	3.3%	11.3%	88.7%	0.0%
Administration	1.7%	89.8%	8.5%	9.1%	90.9%	0.0%

Independent Dealers' Projections for Improved Revenue from New & Used Equipment Sales in 2010

	New Equipment	Used Equipment
+8%	3.6%	8.5%
+2-7%	16.4%	14.9%
Little or No Change	47.3%	51.1%
-2-7%	14.5%	10.60%
-8%	18.2%	14.9%

Independent Dealer Spending Plans for 2010

No Increase	64.9%
0 to +5%	29.8%
6 to 10%	1.8%
10 plus	3.5%

Independent Dealers' Issues and Concerns – 2010

Issue	Most Concerned	Concerned	Not Concerned
1. Energy/Fuel Costs	62.7%	33.9%	3.4%
2. Increasing Cost of New Equip,	55.7%	39.4%	4.9%
3. Health Care Affordability	50.0%	38.3%	11.7%
4. Shrinking Customer Base	41.4%	46.5%	12.1%
5. Farm Commodity Prices	53.3%	33.4%	13.3%
6. Farm Input Costs	55.9%	30.5%	13.6%
7. Steel Prices/Supplies	33.3%	51.7%	15.0%
8. Product Reliability	20.3%	62.8%	16.9%
9. Finance – Floor Planning	45.9%	32.8%	21.3%
10. Succession Planning	23.2%	51.8%	25.0%
11. Finance – Retail	38.3%	35.0%	26.7%
12. Industry Consolidation	31.0%	41.4%	27.6%
13. Technician Availability	22.8%	47.4%	29.8%
14. Impact of Box Stores	24.1%	41.4%	34.5%
15. New Equipment Availability	20.3%	40.7%	39.0%
16. Dealer Purity Efforts	25.5%	30.9%	43.6%
17. Internet Sales	10.5%	43.9%	45.6%
18. Used Equipment Availability	16.7%	31.6%	51.7%

PART V — EMPLOYMENT SIZE BREAKDOWN

Mid-Size Dealers Most Optimistic About Business in 2010

Overall, North American dealers that expect sales revenues to decline in 2010 outnumber those that expect new equipment sales to improve when compared with 2009. But when the number of dealers that expect business levels to be as good as or better than what they saw in '09 are combined with those anticipating sales increases, more than 57% are

optimistic about their prospects in the coming year.

Broken out by employment size, dealerships with 41-60 people are the most optimistic about potential sales levels in 2010. Two-thirds (67%) of this group expect new equipment sales revenues to be as good as or better than those they experienced in 2009.

At the other end of the scale, only

one-third (33%) of larger dealers, those employing more than 60 people, anticipate that sales revenues will be as good as or better than in 2009. Of those that see sales increasing or at least being as good as or better than 2009, none expect revenues to increase by 8% or more.

When it comes to revenue from the sale of used equipment, more dealers employing 41-60 staffers expect sales to increase (36.4%) vs. those that see sales decreasing (27.3%).

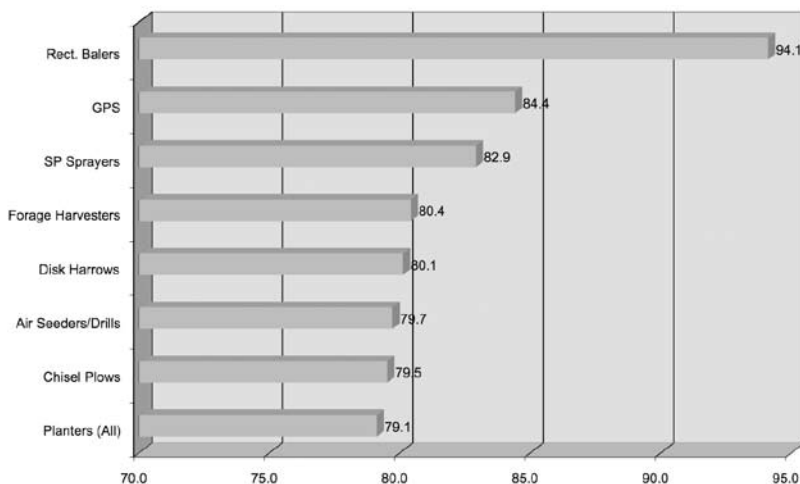
In each of the other groups segmented by employment size, more dealers anticipate sales of used equipment will be less in 2010 compared to those that expect sales to be better than in 2009.

Best Bets. When it comes to the equipment that the dealers are most hopeful about, rectangular balers, GPS equipment and self-propelled sprayers were rated as having the best potential in 2010 by dealers that employ 40 or less employees.

Dealers with 41-60 employees put GPS, rectangular balers and pull-type sprayers at the top of their list.

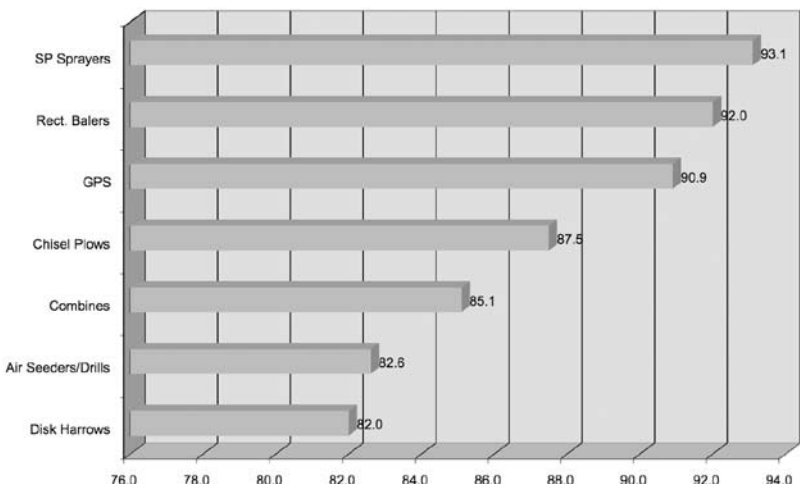
The largest dealers, those with more than 60 people, rated rectangular

**Best Bets for Improving Sales in 2010
Dealers with 1-20 Employees**



Dealers employing 1-20 employees see rectangular balers, GPS equipment and self-propelled sprayers as having the most potential to improve sales in 2010.

**Best Bets for Improving Sales in 2010
Dealers with 21-40 Employees**



Dealers employing 21-40 people expect self-propelled sprayers, rectangular balers and GPS equipment to be their best bets to increase sales in 2010.

Sales Revenue Increase (Loss) by Employment Size — 2010 (weighted avg.)

Employee Size

1-20	-1.49%
21-40	-1.08%
41-60	-0.20%
61+	-3.50%

EMPLOYMENT SIZE BREAKDOWN

Employee Size	% of Responses	Avg. Employees
1-20	70.8%	10.83
21-40	19.9%	27.42
41-60	4.0%	51.19
61+	5.3%	183.43

Revenue Projections for New Equipment by Employee Size — 2010

Employee Size	Sales +8%	Sales +2-7%	Little or No Change	Sales -2-7%	Sales -8%	Forecasting Growth	Forecasting Decline
National Average	4.1%	20.3%	33.0%	20.3%	22.3%	24.4%	42.6%
1-20 Employees	3.5%	18.8%	36.6%	19.3%	21.8%	22.3%	41.1%
21-40 Employees	5.1%	25.4%	25.5%	25.4%	18.6%	30.5%	44.0%
41-60 Employees	16.7%	25.0%	25.0%	0.0%	33.3%	41.7%	33.3%
61+ Employees	0.0%	20.0%	13.3%	26.7%	40.0%	20.0%	66.7%

balers, GPS, round balers and planters as having the best prospects for increasing sales during the coming sales year.

Dealer Spending. When it comes to investing in facilities or business information systems, more than 60% of the smallest dealers are planning no increase in spending compared with 2009. Half of the dealers that employ more than 60 people, likewise, are not planning to spend more in 2010 than they did during the previous year.

While one-third of dealers that employ between 41-60 people do not plan to increase their spending during the next year, two-thirds will invest between 1-10%, with 42% planning expenditures of 1-5% for the year.

Generally, most planned investment will be directed toward improving shop and service facilities. Slightly more than 57% of the largest dealers (60 employees or more) plan to upgrade their retail/showroom facilities.

More than one-third of all dealers are also planning to upgrade their business information systems in the next year.

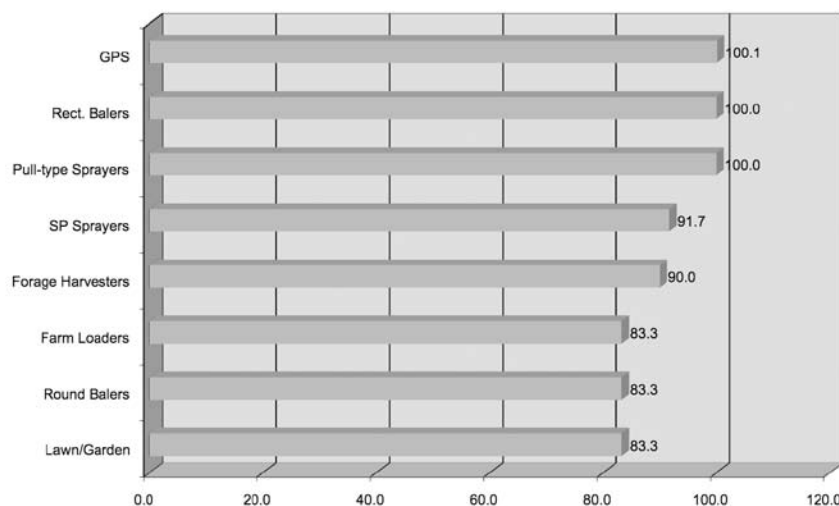
The most aggressive group in this area will be dealerships that employ between 41-60 people, as nearly 60% of them are planning to invest more dollars in their computer systems.

Hiring Plans. Compared with 2009, most dealers are paring back their hiring plans for 2010. At the same time, as in recent years, those that are planning to add staff will focus on their service departments.

Overall, the dealers with the largest staffs will be the most aggressive in adding people in the coming year.

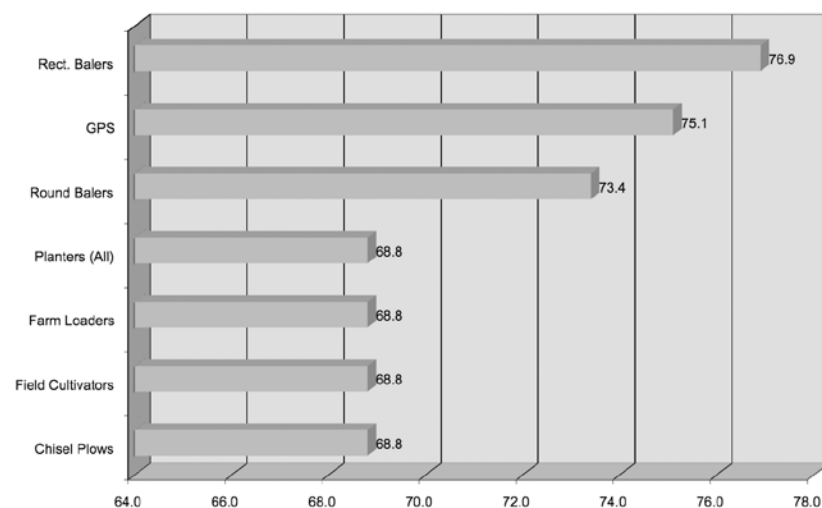
More than 58% of dealers currently employing between 41-60 people say they're looking to add techs during the coming year, while 50% of the largest dealerships plan to add service people.

Best Bets for Improving Sales in 2010 Dealers with 41-60 Employees



With GPS and rectangular balers heading their list of best bets, overall, dealers with 41-60 employees see good potential with eight different products for sales growth in 2010.

Best Bets for Improving Sales in 2010 Dealers with 61+ Employees



The largest dealers, those with 61 or more employees, see the most potential to increase sales in 2010 with rectangular balers, GPS, round balers and planting equipment.

Unit Sales Projections for Tractors & Combines by Employee Size — 2010

	Sales +8%	Sales +2-7%	Little or No Change	Sales -2-7%	Sales -8%	Forecasting Growth	Forecasting Decline
Tractors							
2WD (<40 hp)							
National Average	3.8%	15.5%	46.4%	17.7%	16.6%	19.3%	34.3%
1-20 Employees	4.0%	14.7%	45.7%	20.3%	15.3%	18.7%	35.6%
21-40 Employees	5.4%	19.6%	53.6%	7.1%	14.3%	25.0%	21.4%
41-60 Employees	0.0%	16.7%	41.7%	33.3%	8.3%	16.7%	41.6%
61+ Employees	0.0%	12.5%	31.2%	18.8%	37.5%	12.5%	56.3%
2WD (40-100 hp)							
National Average	2.6%	18.7%	45.4%	20.2%	13.1%	21.3%	33.3%
1-20 Employees	3.4%	16.9%	49.4%	17.4%	12.9%	20.3%	30.3%
21-40 Employees	1.8%	29.8%	33.3%	22.8%	12.3%	1.6%	35.1%
41-60 Employees	0.0%	16.7%	50.0%	33.3%	0.0%	16.7%	33.3%
61+ Employees	0.0%	6.3%	37.4%	37.5%	18.8%	6.3%	25.1%
2WD (>100 hp)							
National Average	2.4%	15.5%	47.8%	20.8%	13.5%	17.9%	34.3%
1-20 Employees	2.5%	13.3%	52.6%	19.6%	12.0%	15.8%	31.6%
21-40 Employees	1.8%	23.2%	35.7%	25.0%	14.3%	25.0%	39.3%
41-60 Employees	9.1%	18.2%	45.4%	27.3%	0.0%	27.3%	27.3%
61+ Employees	0.0%	12.5%	37.4%	18.8%	31.3%	12.5%	50.1%
4WD (All)							
National Average	4.6%	23.5%	47.1%	12.2%	12.6%	28.1%	24.8%
1-20 Employees	3.9%	27.5%	45.1%	12.4%	11.1%	31.4%	23.5%
21-40 Employees	1.9%	21.2%	57.7%	13.4%	5.8%	23.1%	19.3%
41-60 Employees	25.0%	0.0%	50.0%	16.7%	8.3%	25.0%	25.0%
61+ Employees	0.0%	18.8%	24.9%	6.3%	50.0%	18.8%	56.3%
Combines							
National Average	1.6%	16.8%	58.0%	11.0%	12.6%	18.4%	23.6%
1-20 Employees	1.7%	16.2%	59.1%	8.5%	14.5%	17.9%	23.0%
21-40 Employees	2.1%	14.9%	68.1%	8.5%	6.4%	17.0%	14.9%
41-60 Employees	0.0%	30.0%	30.0%	30.0%	10.0%	30.0%	40.0%
61+ Employees	0.0%	20.0%	40.0%	26.7%	13.3%	20.0%	40.0%

Dealer Spending Plans for 2010 by Employee Size

	No Increase	0-5%	6-10%	10%
1-20 Employees	61.8%	29.4%	3.9%	4.9%
21-40 Employees	44.8%	46.6%	5.2%	3.4%
41-60 Employees	33.3%	41.7%	16.7%	8.3%
61+ Employees	50.0%	25.0%	18.7%	6.3%

Where Dealers Will Invest in 2010 by Employee Size

No. Employees	Shop & Service	Retail	Business Info. Systems
1-20 Employees	34.7%	21.6%	32.7%
21-40 Employees	48.3%	24.6%	39.3%
41-60 Employees	50.0%	45.5%	58.3%
61+ Employees	56.3%	57.1%	40.0%

**1-20 Employees Unit Sales Projections
for Other Equipment in 2010**

Equipment Category	Sales +8%	Sales +2-7%	Little or No Change	Sales -2-7%	Sales -8%
Rectangular Balers	5.0%	10.8%	73.4%	10.8%	0.0%
Round Balers	5.1%	17.3%	54.6%	11.5%	11.5%
Forage Harvesters	2.5%	2.5%	75.5%	4.2%	15.3%
Planters (All)	3.9%	14.0%	61.2%	9.3%	11.6%
Mowers/Conditioners	5.1%	18.6%	51.9%	12.2%	12.2%
Windrower/Swathers	4.1%	7.3%	65.1%	8.9%	14.6%
Field Cultivators	3.3%	13.1%	61.4%	11.5%	10.7%
Farm Loaders	4.1%	16.9%	54.1%	12.8%	12.1%
Chisel Plows	0.8%	9.2%	69.4%	9.9%	10.7%
Disc Harrows	1.4%	21.2%	57.5%	9.6%	10.3%
Air Seeders/Drills	0.0%	10.2%	69.4%	8.5%	11.9%
Self-Propelled Sprayers	0.9%	7.5%	74.6%	6.6%	10.4%
Pull-Type Sprayers	0.8%	5.6%	71.2%	11.2%	11.2%
Lawn/Garden Equipment	5.9%	20.6%	44.1%	18.8%	10.6%
GPS	9.4%	24.2%	50.8%	7.0%	8.6%

**21-40 Employees Unit Sales Projections
for Other Equipment in 2010**

Equipment Category	Sales +8%	Sales +2-7%	Little or No Change	Sales -2-7%	Sales -8%
Rectangular Balers	0.0%	14.0%	78.0%	8.0%	0.0%
Round Balers	1.9%	30.2%	43.4%	11.3%	13.2%
Forage Harvesters	0.0%	14.9%	63.8%	12.8%	8.5%
Planters (All)	2.0%	31.4%	39.2%	13.7%	13.7%
Mower Conditioners	1.8%	21.8%	45.4%	25.5%	5.5%
Windrowers/Swathers	2.1%	10.4%	64.6%	12.5%	10.4%
Field Cultivators	0.0%	17.3%	61.6%	11.5%	9.6%
Farm Loaders	5.5%	21.8%	54.5%	10.9%	7.3%
Chisel Plows	0.0%	16.7%	70.7%	6.3%	6.3%
Disc Harrows	2.0%	24.0%	56.0%	12.0%	6.0%
Air Seeders/Drills	0.0%	19.6%	63.1%	13.0%	4.3%
Self-Propelled Sprayers	7.0%	25.6%	60.4%	2.3%	4.7%
Pull-Type Sprayers	0.0%	10.9%	69.5%	8.7%	10.9%
Lawn/Garden Equipment	5.3%	29.8%	36.9%	10.5%	17.5%
GPS	20.0%	38.2%	32.7%	3.6%	5.5%

**41-60 Employees Unit Sales Projections
for Other Equipment in 2010**

Equipment Category	Sales +8%	Sales +2-7%	Little or No Change	Sales -2-7%	Sales -8%
Rectangular Balers	9.1%	9.1%	81.8%	0.0%	0.0%
Round Balers	0.0%	25.0%	58.4%	8.3%	8.3%
Forage Harvesters	0.0%	10.0%	80.0%	10.0%	0.0%
Planters (All)	18.2%	27.3%	18.1%	9.1%	27.3%
Mowers/Conditioners	0.0%	16.7%	49.9%	16.7%	16.7%
Windrowers/Swathers	9.1%	9.1%	54.5%	27.3%	0.0%
Field Cultivators	10.0%	0.0%	70.0%	20.0%	0.0%
Farm Loaders	0.0%	25.0%	58.3%	16.7%	0.0%
Chisel Plows	0.0%	9.1%	63.6%	18.2%	9.1%
Disc Harrows	0.0%	27.3%	54.5%	18.2%	0.0%
Air Seeders/Drills	0.0%	8.3%	66.7%	8.3%	16.7%
Self-Propelled Sprayers	0.0%	9.1%	81.8%	0.0%	9.1%
Pull-Type Sprayers	0.0%	25.0%	75.0%	0.0%	0.0%
Lawn/Garden Equipment	0.0%	8.3%	75.1%	8.3%	8.3%
GPS-Auto Steer	36.4%	36.3%	27.3%	0.0%	0.0%

61+ Employees Unit Sales Projections for Other Equipment in 2010

Equipment Category	Sales +8%	Sales +2-7%	Little or No Change	Sales -2-7%	Sales -8%
Rectangular Balers	0.0%	15.4%	61.5%	23.1%	0.0%
Round Balers	0.0%	26.7%	46.7%	13.3%	13.3%
Forage Harvesters	0.0%	0.0%	60.0%	13.3%	26.7%
Planters (All)	6.3%	25.0%	37.4%	12.5%	18.8%
Mower/Conditioners	0.0%	13.3%	53.4%	20.0%	13.3%
Windrower/Swathers	0.0%	13.3%	53.3%	6.7%	26.7%
Field Cultivators	0.0%	6.3%	62.4%	18.8%	12.5%
Farm Loaders	0.0%	12.5%	56.2%	12.5%	18.8%
Chisel Plows	0.0%	0.0%	68.8%	12.4%	18.8%
Disc Harrows	0.0%	6.3%	56.1%	18.8%	18.8%
Air Seeders/Drills	0.0%	18.8%	37.4%	18.8%	25.0%
Self-Propelled Sprayers	6.3%	6.3%	31.1%	31.3%	25.0%
Pull-Type Sprayers	0.0%	6.7%	60.0%	20.0%	13.3%
Lawn/Garden Equipment	0.0%	25.0%	31.3%	12.4%	31.3%
GPS	18.8%	31.3%	24.9%	12.5%	12.5%

Revenue Projections for Used Equipment by Employee Size — 2010

Employee Size	Sales +8%	Sales +2-7%	Little or No Change	Sales -2-7%	Sales -8%	Forecasting Growth	Forecasting Decline
National Average	6.9%	21.6%	39.4%	14.3%	17.8%	28.5%	32.1%
1-20 Employees	6.1%	22.8%	41.7%	12.2%	17.2%	28.9%	29.4%
21-40 Employees	7.8%	19.6%	39.3%	15.7%	17.6%	27.4%	33.3%
41-60 Employees	18.2%	18.2%	36.3%	9.1%	18.2%	36.4%	27.3%
61+ Employees	0.0%	21.4%	14.3%	35.7%	28.6%	21.4%	50.0%

Dealers' Hiring Plans 2010 vs. 2009 by Employee Size

	2010			2009		
	Add Staff	No Change	Reduce/Relocate Staff	Add Staff	No Change	Reduce/Relocate Staff
Parts Department						
1-20 Employees	16.1%	79.0%	4.9%	24.4%	72.7%	2.8%
21-40 Employees	11.9%	81.3%	6.8%	20.0%	78.0%	2.0%
41-60 Employees	16.7%	83.3%	0.0%	46.7%	53.3%	0.0%
61+ Employees	25.0%	62.5%	12.5%	31.9%	63.8%	4.3%
Service Department						
1-20 Employees	30.1%	64.1%	5.8%	51.4%	47.5%	1.1%
21-40 Employees	44.1%	49.1%	6.8%	65.4%	32.7%	1.9%
41-60 Employees	58.3%	41.7%	0.0%	80.0%	20.0%	0.0%
61+ Employees	50.0%	37.5%	12.5%	77.1%	20.8%	2.1%
Sales Department						
1-20 Employees	11.2%	84.4%	4.4%	19.4%	80.0%	0.6%
21-40 Employees	24.1%	74.2%	1.7%	31.4%	66.1%	2.0%
41-60 Employees	16.7%	75.0%	8.3%	60.0%	40.0%	0.0%
61+ Employees	37.5%	50.0%	12.5%	42.6%	57.4%	0.0%
Administration						
1-20 Employees	4.4%	89.7%	5.9%	4.1%	94.7%	1.2%
21-40 Employees	6.9%	84.5%	8.6%	17.3%	80.8%	1.9%
41-60 Employees	8.3%	91.7%	0.0%	46.7%	46.7%	6.7%
61+ Employees	12.5%	62.5%	25.0%	25.0%	68.8%	6.3%

PART VI — MARKET SEGMENTS SERVED BY FARM EQUIPMENT DEALERS

This part of *Ag Equipment Intelligence's 2010 Business Trends & Outlook* report focuses on the various market segments served by farm equipment dealers. In addition to their production farm customers, dealers have sought to supplement their core markets by moving toward other segments.

The most notable of these 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.

The economic conditions of 2008-09 clearly slowed the rapid growth of equipment sales that the rural lifestyle market had been experiencing during the last decade.

Despite being in the doldrums, this market is clearly poised for long-term growth. And it's become abundantly clear that more and more farm equipment dealers will continue to seek out this customer segment because it's lucrative and, for the most part, fits in well with their core agricultural business.

In most cases, the new equipment lines that dealers take on — like lawn and garden equipment, compact tractors, all-terrain and utility vehicles — have also opened the door to other markets like golf courses, municipalities and parks, landscapers and construction contractors.

This section of the *2010 Business & Outlook Trends* report breaks out the responses of more than 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 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 2009, 57.6% of the revenues generated by U.S. dealers came from equipment sales to traditional professional farmers. This compares with 56% reported in 2008. Rural lifestyles accounted for 20.1% of wholegood sales dollars compared with 21% in the previous year.

Production Farming. On a

U.S. Market Segmentation

Production Farmers	56.50%
Hobby Farmers	20.60%
Turf/Lawn/Landscape	
Contractors	9.10%
Municipalities/Park Depts	5.70%
Construction Contractors	5.30%
Utility Contractors	2.80%

regional basis, dealers in the Northern Plains are most dependent upon production farm customers for the largest

(Continued on page 46)

U.S. Regional Market Segmentation

Northeast

Production Farmers	35.50%
Hobby Farmers	28.50%
Turf/Lawn/Landscape	
Contractors	15.80%
Municipalities/Park Depts	8.20%
Construction Contractors	8.50%
Other	3.50%

Appalachia

Production Farmers	47.20%
Hobby Farmers	28.70%
Turf/Lawn/Landscape	
Contractors	13.10%
Municipalities/Park Depts	4.90%
Construction Contractors	4.70%
Utility Contractors	1.40%

Southeast

Production Farmers	39.40%
Hobby Farmers	27.60%
Turf/Lawn/Landscape	
Contractors	13.50%
Municipalities/Park Depts	10.80%
Construction Contractors	5.80%
Utility Contractors	2.90%

Delta States

Production Farmers	51.30%
Hobby Farmers	29.40%
Turf/Lawn/Landscape	
Contractors	9.30%
Municipalities/Park Depts	3.80%
Construction Contractors	4.80%
Other	1.40%

Lake States

Production Farmers	60.20%
Hobby Farmers	19.60%
Turf/Lawn/Landscape	
Contractors	7.40%
Municipalities/Park Depts	4.40%
Construction Contractors	5.20%
Other	3.20%

Southern Plains

Production Farmers	47.20%
Hobby Farmers	29.70%
Turf/Lawn/Landscape	
Contractors	10.0%
Municipalities/Park Depts	6.40%
Construction Contractors	5.20%
Other	1.50%

Northern Plains

Production Farmers	85.00%
Hobby Farmers	4.60%
Turf/Lawn/Landscape	
Contractors	1.40%
Municipalities/Park Depts	2.80%
Construction Contractors	2.60%
Other	3.60%

Corn Belt

Production Farmers	65.60%
Hobby Farmers	14.70%
Turf/Lawn/Landscape	
Contractors	7.40%
Municipalities/Park Depts	5.00%
Construction Contractors	5.40%
Other	1.90%

Mountain

Production Farmers	51.20%
Hobby Farmers	24.00%
Turf/Lawn/Landscape	
Contractors	8.20%
Municipalities/Park Depts	6.10%
Construction Contractors	3.70%
Utility Contractors	6.80%

Pacific

Production Farmers	65.00%
Hobby Farmers	13.40%
Turf/Lawn/Landscape	
Contractors	4.90%
Municipalities/Park Depts	6.80%
Construction Contractors	5.50%
Other	4.40%

Breakout by Market Segment & Region — U.S.

Production Farmers			Turf/Lawn/Landscape Contractors			Construction Contractors		
Northern Plains	85.00%	1	Northeast	15.80%	1	Northeast	8.50%	1
Corn Belt	65.60%	2	Southeast	13.50%	2	Southeast	5.80%	2
Pacific	65.00%	3	Appalachia	13.10%	3	Pacific	5.50%	3
Lake	60.20%	4	Southern Plains	10.0%	4	Corn Belt	5.40%	4
Delta	51.30%	5	Delta	9.30%	5	Southern Plains	5.20%	5
Mountain	51.20%	6	Mountain	8.20%	6	Lake	5.20%	5
Appalachia	47.20%	7	Lake	7.40%	7	Appalachia	4.80%	6
Southern Plains	47.00%	8	Corn Belt	7.40%	7	Delta States	4.80%	6
Southeast	39.40%	9	Pacific	4.90%	8	Mountain	3.70%	7
Northeast	35.50%	10	Northern Plains	1.40%	9	Northern Plains	2.60%	8
Hobby Farmers			Other			Municipalities/Park Depts		
Southern Plains	29.90%	1	Delta	9.80%	1	Southeast	10.80%	1
Delta	29.40%	2	Mountain	6.80%	2	Northeast	8.20%	2
Appalachia	28.70%	3	Pacific	4.40%	3	Pacific	6.80%	3
Northeast	28.50%	4	Northeast	3.60%	4	Mountain	6.10%	4
Southeast	27.60%	5	Northern Plains	3.60%	4	Southern Plains	6.40%	5
Mountain	24.00%	6	Lake	3.20%	5	Corn Belt	5.00%	6
Lake	19.60%	7	Southeast	2.90%	6	Appalachia	4.90%	7
Corn Belt	14.70%	8	Corn Belt	1.90%	7	Lake	4.40%	8
Pacific	13.40%	9	Southern Plains	1.50%	8	Delta	3.80%	9
Northern Plains	4.60%	10	Appalachia	1.40%	9	Northern Plains	2.80%	10

State-by-State Ranking by Market Segment

State			US Rank			State			US Rank					
Production Farmers														
North Dakota (ND)			95.00%	1	Louisiana (LA)		27.30%	35	South Carolina (SC)		23.50%	15		
South Dakota (SD)			86.70%	2	Vermont (VT)		21.3%	36	Kentucky (KY)		21.70%	16		
Nebraska (NE)			83.40%	3	Connecticut (CT)		5.00%	37	Colorado (CO)		21.40%	17		
Kansas (KS)			86.30%	4	Montana (MT)		N/A		North Carolina (NC)		19.70%	18		
Nevada (NV)			78.00%	5	West Virginia (WV)		N/A		Oregon (OR)		19.60%	19		
Minnesota (MN)			76.00%	6	Utah (UT)		N/A		Washington (WA)		16.70%	20		
Iowa (IA)			75.40%	7	Massachusetts (MA)		N/A		Wisconsin (WI)		15.50%	21		
California (CA)			72.60%	8	Hawaii (HI)		N/A		Nevada (NV)		15.00%	22		
Illinois (IL)			71.30%	9	Maryland (MD)		N/A		Minnesota (MN)		14.50%	23		
Oregon (OR)			68.80%	10	New Hampshire (NH)		N/A		Ohio (OH)		14.00%	24		
Arkansas (AR)			67.60%	11	Alaska (AK)		N/A		Indiana (IN)		13.80%	25		
Ohio (OH)			64.50%	12	Wyoming (WY)		N/A		Arkansas (AK)		12.60%	26		
Washington (WA)			64.30%	13	Rhode Island (RI)		N/A		Florida (FL)		11.30%	27		
Indiana (IN)			61.30%	14	New Mexico (NM)		N/A		Illinois (IL)		11.00%	28		
Wisconsin (WI)			59.80%	15	New Jersey (NJ)		N/A		Iowa (IA)		8.40%	29		
Kentucky (KY)			58.30%	16	Delaware (DE)		N/A		California (CA)		7.80%	30		
South Carolina (SC)			53.80%	17	Hobby Farmers						Kansas (KS)		6.00%	31
Mississippi (MS)			48.80%	18	Louisiana (LA)		50.00%	1	Nebraska (NB)		4.30%	32		
Texas (TX)			48.30%	19	Idaho (ID)		50.00%	1	South Dakota (SD)		5.00%	33		
Missouri (MO)			47.50%	20	Tennessee (TN)		41.30%	2	North Dakota (ND)		3.00%			
New York (NY)			46.50%	21	Georgia (GA)		40.00%	3	Utah (UT)			N/A		
Virginia (VA)			45.00%	22	Vermont (VT)		40.00%	3	New Hampshire (NH)			N/A		
North Carolina (NC)			44.60%	23	Virginia (VA)		39.20%	4	Massachusetts (MA)			N/A		
Arizona (AZ)			42.50%	24	Mississippi (MS)		35.00%	5	West Virginia (WV)			N/A		
Colorado (CO)			42.30%	25	Michigan (MI)		33.90%	6	Hawaii (HI)			N/A		
Michigan (MI)			41.90%	26	Alabama (AL)		32.50%	7	Montana (MT)			N/A		
Idaho (ID)			40.00%	27	Arizona (AZ)		30.50%	8	Maryland (MD)			N/A		
Florida			38.80%	28	Texas (TX)		30.40%	9	Alaska (AK)			N/A		
Alabama (AL)			36.30%	29	Missouri (MO)		29.60%	10	Wyoming (WY)			N/A		
Oklahoma (OK)			35.00%	30	Pennsylvania (PA)		27.50%	11	Rhode Island (RI)			N/A		
Pennsylvania (PA)			34.90%	31	New York (NY)		25.90%	12	New Mexico (NM)			N/A		
Tennessee (TN)			31.30%	32	Maine (ME)		25.00%	13	New Jersey (NJ)			N/A		
Georgia (GA)			31.00%	33	Oklahoma (OK)		25.00%	13	Delaware (DE)			N/A		
Maine (ME)			28.30%	34	Connecticut (CT)		24.00%	14						

State-by-State Ranking by Market Segment *(continued)*

State	US Rank	State	US Rank	State	US Rank
Turf/Lawn/Landscape Contractors					
Connecticut (CT)	55.00%	Vermont (VT)	7.5%	Georgia (GA)	4.40%
North Carolina (NC)	22.70%	Pennsylvania (PA)	7.50%	Kentucky (KY)	4.20%
Maine (ME)	21.70%	Alabama (AL)	7.50%	Colorado (CO)	3.40%
Florida (FL)	20.00%	Ohio (OH)	7.40%	Virginia (VA)	3.30%
Pennsylvania (PA)	18.20%	Missouri (MO)	6.30%	Kansas (KS)	3.00%
Louisiana (LA)	16.70%	Oregon (OR)	6.20%	Nebraska (NE)	2.80%
Oklahoma (OK)	15.00%	Wisconsin (WI)	6.20%	Michigan (MI)	2.80%
Georgia (GA)	14.00%	North Carolina (NC)	6.00%	Missouri (MO)	2.70%
Tennessee (TN)	13.80%	Washington (WA)	5.70%	Louisiana (LA)	2.70%
Alabama (AL)	13.80%	Indiana (IN)	5.50%	Minnesota (MN)	2.60%
Missouri (MO)	13.50%	Texas (TX)	5.40%	Mississippi (MS)	2.50%
Vermont (VT)	10.3%	South Carolina (SC)	5.30%	Oregon (OR)	2.40%
Texas (TX)	9.40%	Nevada (NV)	5.00%	South Dakota (SD)	2.30%
Michigan (MI)	8.90%	Mississippi (MS)	5.00%	Idaho (ID)	2.0%
Colorado (CO)	8.60%	Kansas (KS)	4.70%	Nevada (NV)	2.0%
Kentucky (KY)	8.50%	Michigan (MI)	4.70%	South Carolina (SC)	1.50%
New York (NY)	8.40%	Arkansas (AR)	3.80%	Washington (WA)	0.00%
Virginia (VA)	8.30%	Iowa (IA)	3.70%	Alaska (AK)	N/A
Indiana (IN)	8.00%	Kentucky (KY)	3.30%	Montana (MT)	N/A
Arkansas (AR)	8.0%	Nebraska (NE)	2.80%	New Hampshire (NH)	N/A
Wisconsin (WI)	7.90%	Virginia (VA)	2.50%	Massachusetts (MA)	N/A
Ohio (OH)	7.80%	Arizona (AZ)	2.50%	Hawaii (HI)	N/A
Idaho (ID)	7.50%	Illinois (IL)	2.30%	North Dakota (ND)	N/A
Illinois (IL)	7.40%	South Dakota (SD)	2.20%	Maryland (MD)	N/A
Washington (WA)	6.70%	Louisiana (LA)	2.00%	Utah (UT)	N/A
South Carolina (SC)	6.00%	Minnesota (MN)	1.10%	West Virginia (WV)	N/A
Mississippi (MS)	5.50%	Idaho (ID)	0.50%	Rhode Island (RI)	N/A
Minnesota (MN)	5.40%	Maryland (MD)	N/A	New Mexico (NM)	N/A
California (CA)	5.20%	Hawaii (HI)	N/A	New Jersey (NJ)	N/A
Arizona (AZ)	5.00%	New Hampshire (NH)	N/A	Delaware (DE)	N/A
Iowa (IA)	3.20%	Massachusetts (MA)	N/A	Wyoming (WY)	N/A
Oregon (OR)	2.60%	Montana (MT)	N/A		
South Dakota (SD)	2.50%	West Virginia (WV)	N/A	Other	
Nebraska (NE)	1.20%	Utah (UT)	N/A	Arkansas (AR)	20.00%
Nevada (NV)	0.00%	Alaska (AK)	N/A	Vermont (VT)	13.8%
Kansas (KS)	0.00%	Rhode Island (RI)	N/A	Colorado (CO)	12.2%
Maryland (MD)	N/A	North Dakota (ND)	N/A	Arizona (AZ)	10.0%
Massachusetts (MA)	N/A	New Mexico (NM)	N/A	South Carolina (SC)	10.00%
Montana (MT)	N/A	New Jersey (NJ)	N/A	Washington (WA)	6.70%
Alaska (AK)	N/A	Delaware (DE)	N/A	Nebraska (NE)	5.60%
New Hampshire (NH)	N/A	Wyoming (WY)	N/A	Kentucky (KY)	4.00%
Hawaii (HI)	N/A			Indiana (IN)	3.80%
West Virginia (WV)	N/A	Construction Contractors		Mississippi (MS)	3.30%
North Dakota (ND)	N/A	Arkansas (AR)	20.0%	New York (NY)	3.10%
Utah (UT)	N/A	Maine (ME)	15.00%	Pennsylvania (PA)	2.90%
Rhode Island (RI)	N/A	Indiana (IN)	10.30%	Wisconsin (WI)	2.70%
New Mexico (NM)	N/A	Oklahoma (OK)	10.00%	Iowa (IA)	2.60%
New Jersey (NJ)	N/A	Alabama (AL)	10.00%	Georgia (GA)	2.00%
Delaware (DE)	N/A	Arizona (AZ)	9.50%	Virginia (VA)	1.70%
Wyoming (WY)	N/A	Pennsylvania (PA)	8.70%	Ohio (OH)	1.60%
		Connecticut (CT)	8.00%	Missouri (MO)	1.30%
		Wisconsin (WI)	7.90%	South Dakota (SD)	1.30%
		Florida (FL)	7.50%	Louisiana (LA)	1.30%
		North Carolina (NC)	7.30%	Texas (TX)	1.10%
		Illinois (IL)	6.90%	Illinois (IL)	1.10%
		New York (NY)	6.50%	California (CA)	1.00%
		Vermont (VT)	6.50%	Minnesota (MN)	0.50%
		Iowa (IA)	5.40%	Oregon (OR)	0.40%
		Tennessee (TN)	5.00%	Nevada (NV)	0.00%
		California (CA)	5.00%	Maine (ME)	0.00%
		Ohio (OH)	4.80%	Idaho (ID)	0.00%
		Texas (TX)	4.70%	Oklahoma (OK)	0.00%
Municipalities/Park Depts					
Florida (FL)	22.50%				
Oklahoma (OK)	15.00%				
Maine (ME)	13.30%				
Colorado (CO)	11.40%				
New York (NY)	9.60%				
Tennessee (TN)	8.80%				
Georgia (GA)	8.60%				
California (CA)	8.60%				
Connecticut (CT)	8.00%				

State-by-State Ranking by Market Segment (*continued*)

State	US Rank	State	US Rank	State	US Rank
Kansas (KS)	0.00% 22	New Hampshire (NH)	N/A	Utah (UT)	N/A
Michigan (MI)	0.00% 22	Alaska (AK)	N/A	West Virginia (WV)	N/A
North Carolina (NC)	0.00% 22	Hawaii (HI)	N/A	Wyoming (WY)	N/A
Tennessee (TX)	0.00% 22	Montana (MT)	N/A	Rhode Island (RI)	N/A
Alabama (AL)	0.00% 22	Maryland (MD)	N/A	New Mexico (NM)	N/A
Connecticut (CT)	0.00% 22	Massachusetts (MA)	N/A	New Jersey (NJ)	N/A
Florida (FL)	0.00% 22	North Dakota (ND)	N/A	Delaware (DE)	N/A

Canada Market Segmentation

Production Farmers	65.40%
Hobby Farmers	16.60%
Turf/Lawn/Landscape Contractors	7.80%
Municipalities/Park Depts	5.20%
Construction Contractors	3.20%
Other	1.60%

Canada Regional Analysis by Market Segment

Production Farmers

Western Canada	80.80%	1
Central Canada	54.70%	2
Eastern Canada	51.00%	3

Hobby Farmers

Eastern Canada	26.00%	1
Central Canada	19.90%	2
Western Canada	10.10%	3

Turf/Lawn/Landscape Contractors

Central Canada	12.40%	1
Eastern Canada	11.00%	2
Western Canada	2.20%	3

Other

Eastern Canada	4.00%	1
Central Canada	2.30%	2
Western Canada	0.00%	3

Municipalities/Parks Dept

Central Canada	6.10%	1
Eastern Canada	6.00%	2
Western Canada	4.00%	3

Construction Contractors

Central Canada	4.10%	1
Western Canada	2.80%	2
Eastern Canada	2.00%	3

share of their yearly wholegood sales — about 85%. Other regions where the professional farmer still dominates include the Corn Belt (65.6%), the Pacific States (65%), Lake States (60.2%), the Delta States (51.3%) and the Mountain region (51.2%).

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

Overall, dealers from 17 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 7 of them report earning 20% or more of annual revenues from the sale of

equipment to their hobby farm-large property owner customers.

Dealers in the Southern Plains reported the highest percentage of sales to this segment at nearly 30%.

By sales to the hobby farm market, the regions ranked as follows:

1. Southern Plains 29.9%
2. Delta States 29.4%
3. Appalachia 28.7%
4. Northeast 28.5%
5. Southeast 27.6%
6. Corn Belt 24.0%
7. Mountain 24.0%
8. Lake States 19.6%
9. Pacific 13.4%
10. Northern Plains 4.6%

On a state-by-state basis, Louisiana and Idaho dealers report the highest percentage of sales from the rural lifestyle market at 50%. Tennessee, Georgia and Vermont follow with more than 40% of their sales coming from this customer segment.

Canada Market Segment Analysis

More than 65% of Canadian equipment dealer revenues are generated through the traditional growers, although the hobby farm segment accounts for more than 16%.

Production farming remains the dominant customer base throughout the country with 80.8% of sales by dealers in the Western region resulting from purchases by the professional farmer. This compares with 54.7% in Central Canada and 51% in the Eastern region.

Nearly 20% or more of wholegoods revenue is derived from the rural lifestyle market in both the Eastern (26%) and Central regions

(Continued on page 48)

Market Segment Analysis by Canada Regions

Central Canada

Production Farmers	54.70%
Hobby Farmers	19.90%
Turf/Lawn/Landscape Contractors	12.40%
Municipalities/Park Depts	6.30%
Construction Contractors	4.30%
Other	2.40%

Eastern Canada

Production Farmers	51.00%
Hobby Farmers	26.00%
Turf/Lawn/Landscape Contractors	11.0%
Municipalities/Park Depts	6.00%
Construction Contractors	2.00%
Other	4.00%

Western Canada

Production Farmers	80.80%
Hobby Farmers	10.10%
Turf/Lawn/Landscape Contractors	2.20%
Municipalities/Park Depts	4.00%
Construction Contractors	2.80%
Other	0.00%

Breakout by Market Segment & Region — Canada

Production Farmers

Saskatchewan (SK)	91.80%	1
Alberta (AB)	72.30%	2
British Columbia (BC)	55.00%	3
Ontario (ON)	54.70%	4
Nova Scotia (NS)	45.00%	5
Prince Edward Isl. (PE)	N/A	
Manitoba (MB)	N/A	
Quebec (QC)	N/A	
New Brunswick (NB)	N/A	
Newfoundland/Labrador (NL)	N/A	
Northwest Territories (NT)	N/A	
Nunavut (NU)	N/A	
Yukon (YT)	N/A	

Hobby Farmers

Nova Scotia (NS)	30.00%	1
British Columbia (BC)	20.00%	2
Ontario (ON)	19.90%	3
Alberta (AB)	16.90%	4
Saskatchewan (SK)	2.30%	5
New Brunswick (NB)	N/A	
Manitoba (MB)	N/A	
Prince Edward Isl. (PE)	N/A	
Quebec (QC)	N/A	
Newfoundland/Labrador (NL)	N/A	
Northwest Territories (NT)	N/A	
Nunavut (NU)	N/A	
Yukon (YT)	N/A	

Turf/Lawn/Landscape Contractors

Nova Scotia (NS)	12.50%	1
Ontario (ON)	12.40%	2
Alberta (AB)	2.70%	3
British Columbia (BC)	5.00%	4
Saskatchewan (SK)	1.40%	5
New Brunswick (NB)	N/A	
Manitoba (MB)	N/A	
Prince Edward Isl. (PE)	N/A	
Quebec (QC)	N/A	
Newfoundland/Labrador (NL)	N/A	
Northwest Territories (NT)	N/A	
Nunavut (NU)	N/A	
Prince Edward Island (PE)	N/A	
Yukon (YT)	N/A	

Municipalities/Park Dept

British Columbia (BC)	10.00%	1
Ontario (ON)	6.10%	2
Alberta (AB)	5.30%	3
Nova Scotia (NS)	5.00%	5
Saskatchewan (SK)	2.30%	6
Quebec (QC)	N/A	
New Brunswick (NB)	N/A	
Manitoba (MB)	N/A	
Prince Edward Isl. (PE)	N/A	
Newfoundland/Labrador (NL)	N/A	
Northwest Territories (NT)	N/A	
Nunavut (NU)	N/A	
Yukon (YT)	N/A	

Construction Contractors

British Columbia (BC)	10.00%	1
Ontario (ON)	4.10%	2
Alberta (AB)	2.90%	3
Nova Scotia (NS)	2.50%	4
Saskatchewan (SK)	2.10%	5
New Brunswick (NB)	N/A	
Manitoba (MB)	N/A	
Prince Edward Isl. (PE)	N/A	
Quebec (QC)	N/A	
Newfoundland/Labrador (NL)	N/A	
Northwest Territories (NT)	N/A	
Nunavut (NU)	N/A	
Yukon (YT)	N/A	

Other

Nova Scotia (NS)	5.0%	1
Ontario (ON)	2.30%	2
Saskatchewan (SK)	0.10%	3
Alberta (AB)	0.00%	4
British Columbia (BC)	0.00%	5
Manitoba (MB)	N/A	
Quebec (QC)	N/A	
Prince Edward Isl. (PE)	N/A	
New Brunswick (NB)	N/A	
Newfoundland/Labrador (NL)	N/A	
Northwest Territories (NT)	N/A	
Nunavut (NU)	N/A	
Yukon (YT)	N/A	

Major Equipment Supplier Analysis by Market Segment (Revenue)

AGCO

Production Farmers	61.40%
Hobby Farmers.....	19.40%
Turf/Lawn/Landscape Contractors.....	6.50%
Municipalities/Park Depts.....	4.50%
Construction Contractors	4.40%
Other.....	3.80%

John Deere

Production Farmers	63.40%
Hobby Farmers.....	11.20%
Turf/Lawn/Landscape Contractors.....	10.50%
Municipalities/Park Depts.....	7.40%
Construction Contractors	3.30%
Other.....	4.20%

Kubota

Production Farmers	40.20%
Hobby Farmers.....	27.80%
Turf/Lawn/Landscape Contractors.....	13.90%
Municipalities/Park Depts.....	8.50%
Construction Contractors	7.10%
Other.....	2.50%

Case IH

Production Farmers	73.90%
Hobby Farmers.....	13.20%
Turf/Lawn/Landscape Contractors.....	5.60%
Municipalities/Park Depts.....	3.00%
Construction Contractors	3.30%
Other.....	1.00%

New Holland

Production Farmers	55.20%
Hobby Farmers.....	20.30%
Turf/Lawn/Landscape Contractors.....	8.60%
Municipalities/Park Depts.....	6.60%
Construction Contractors	6.50%
Other.....	2.80%

Independent

Production Farmers	47.50%
Hobby Farmers.....	29.70%
Turf/Lawn/Landscape Contractors.....	9.30%
Municipalities/Park Depts.....	5.50%
Construction Contractors	6.30%
Other.....	1.70%

Segment Analysis by Major Equipment Supplier (Revenue)

Production Farmers

Case	73.90%	1
John Deere	63.40%	2
AGCO	61.40%	3
New Holland	55.20%	4
Independent	47.50%	5
Kubota	40.20%	6

Turf/Lawn/Landscape Contractors

Kubota	13.90%	1
John Deere	10.50%	2
Independent	9.30%	3
New Holland	8.60%	4
AGCO	6.50%	5
Case	5.60%	6

Construction Contractors

Kubota	7.10%	1
Independent	6.30%	2
New Holland	6.50%	3
AGCO	4.40%	4
Case	3.30%	5
John Deere	3.30%	5

Hobby Farmers

Independent	29.70%	1
Kubota	27.80%	2
New Holland	20.30%	3
AGCO	19.40%	4
Case	13.20%	5
John Deere	11.20%	6

Municipalities/Parks Dept

John Deere	7.40%	1
New Holland	6.60%	2
Independent	5.50%	3
AGCO	4.50%	4
Kubota	8.50%	5
Case	3.00%	6

Other

John Deere	4.20%	1
AGCO	3.80%	2
New Holland	2.80%	3
Kubota	2.50%	4
Independent	1.70%	5
Case	1.00%	6

Employee Size Analysis by Market Segment (Revenue)

1-20 Employees

Production Farmers	52.90%
Hobby Farmers	23.70%
Turf/Lawn/Landscape Contractors	9.90%
Municipalities/Park Depts	5.70%
Construction Contractors	5.10%
Other	2.70%

21-40 Employees

Production Farmers	66.30%
Hobby Farmers	12.30%

Turf/Lawn/Landscape Contractors	7.70%
Municipalities/Park Depts	6.50%
Construction Contractors	5.30%
Other	1.90%

41-60 Employees

Production Farmers	71.00%
Hobby Farmers	10.90%
Turf/Lawn/Landscape Contractors	4.90%
Municipalities/Park Depts	4.70%

Construction Contractors	3.50%
Other	5.00%

61+ Employees

Production Farmers	78.10%
Hobby Farmers	8.40%
Turf/Lawn/Landscape Contractors	4.20%
Municipalities/Park Depts	3.10%
Construction Contractors	4.20%
Other	2.00%

(19.9%). On the other hand, only 10.1% of annual wholegood revenues of the Western region dealers result from sales to the rural lifestyle market.

Segment Analysis by Major Line Supplier

When it comes to wholegood sales revenues from production farmers, the "majors" are clearly dominant. It's a mixed bag when it comes to the other market segments in terms of brand leaders.

Both Canadian and U.S. Case IH dealers say that nearly 74% of their wholegoods revenue is derived by production farming operations. John Deere dealers follow as 63% of their revenue is generated by sales of equipment to the traditional fulltime farmer.

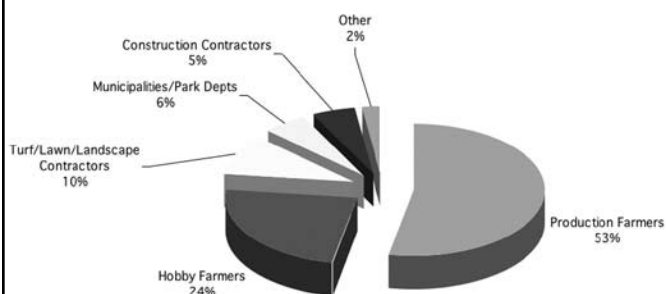
AGCO dealers say 56.4% of sales come from production farming, while New Holland dealers report 55% of their sales result from professional growers. More than 47% of indepen-

dent dealer sales comes from production farmers, and Kubota retailers report that 40% of sales comes from this segment.

The leader in sales to hobby farmers are the independent dealers (29.6% of revenues), followed by Kubota merchandisers (27.8%) and New Holland retailers (21.3%).

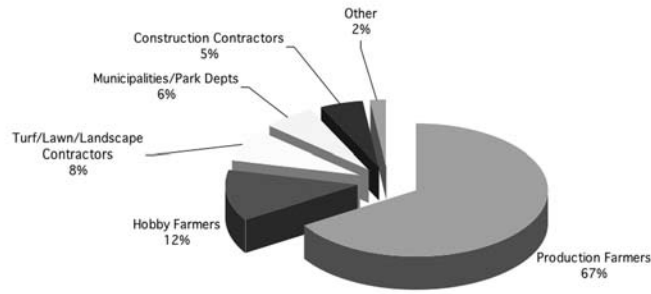
They're followed closely by AGCO, whose dealers make 19.4% of their sales revenues from rural lifestyle customers.

Market Segments - 1-20 Employees



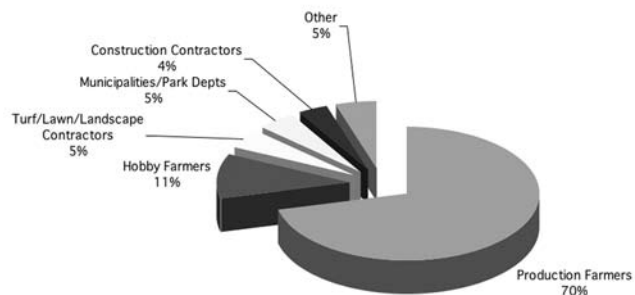
Slightly more than half of revenues for the smallest dealers come from production farming and nearly a quarter from the hobby farm/rural lifestyle market.

Market Segments - 21-40 Employees



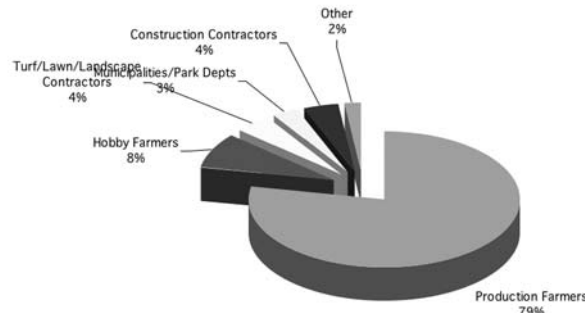
Production farming easily dominates the customer base of dealers employing 21-40 employees, while hobby farmers are contributing 12% of sales revenues.

Market Segments - 41-60 Employees



Dealers with 41-60 employees generated 11% 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, in terms of employment, draw nearly 80% of their annual sales revenues from the production farm market. Less than 10% of sales are derived from hobby farmers.