
A Special Management Report From

***Ag Equipment
Intelligence***

**2014 DEALER BUSINESS
OUTLOOK & TRENDS**

FARM EQUIPMENT FORECAST

An Ag Equipment Intelligence Staff Report



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PART I — DEALER BUSINESS OUTLOOK & TRENDS

Dealers View 2014 with ‘Tempered’ Confidence

Most farm equipment dealers are optimistic about their sales prospects for 2014, but recognize changes are afoot.

In the face of volatile grain prices, uncertainty about depreciation rules, skepticism about a new farm bill and a lot of talk about farm equipment sales peaking, North American farm equipment dealers continue to see good potential for solid sales in 2014. But their optimism is moderating compared to the past 2 years as each of these factors add an element of indecision for farmers looking to upgrade their ag machinery.

Even with all of these issues hanging fire, nearly 40% of the dealers responding to *Ag Equipment Intelligence's* “2014 Dealer Business Outlook & Trends” survey expect revenues from new equipment sales to increase anywhere from 2% to more than 8% in the year ahead. Another 36% are calling for “flat” sales in 2014. In this case, “flat” sales implies strong business levels as, by all accounts, sales through the first 9 months of 2013 have been stellar.

More than 200 dealers from the U.S. and Canada participated in this year's survey, which was conducted during the last week of August and first two weeks of September.

Sound Farmer Financials

Besides the solid equipment sales seen during this past year, in all likelihood, a good part of the dealers' confidence is buoyed by the overall financial health of North American farmers. Producers have had a string of strong years that has put them on very sound financial footing.

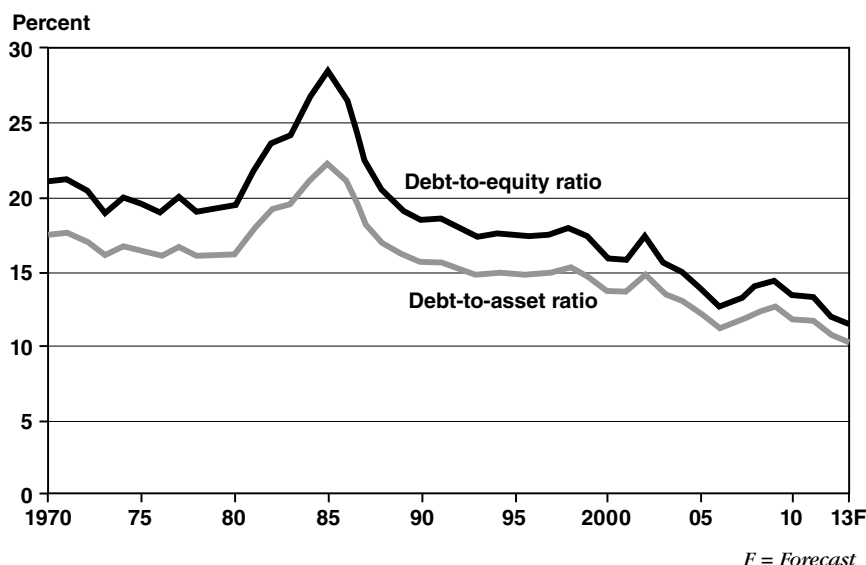
While this has put farmers in a strong position to be able to invest in upgrading their equipment, they're also in a situation that could allow them to sit back and not buy as they've steadily upgraded their equipment over the past few years.

In its “Farm Sector Income & Finances” report released in August, USDA reported that U.S. farms debt-to-asset and debt-to-equity ratios, traditional measurements of farm busi-

ness sector's financial solvency, are heading toward historic lows. The agency says that, “Based on forecasts of the value of farm business assets and debt, the sector's debt-to-asset

ratio is expected to decline from an estimated 10.7% at the end of 2012 to 10.2% by the end of 2013. The debt-to-equity ratio is expected to decline from 12% in 2012 to 11.4% in 2013.

Farm Sector Debt Ratios — 1970-2013F

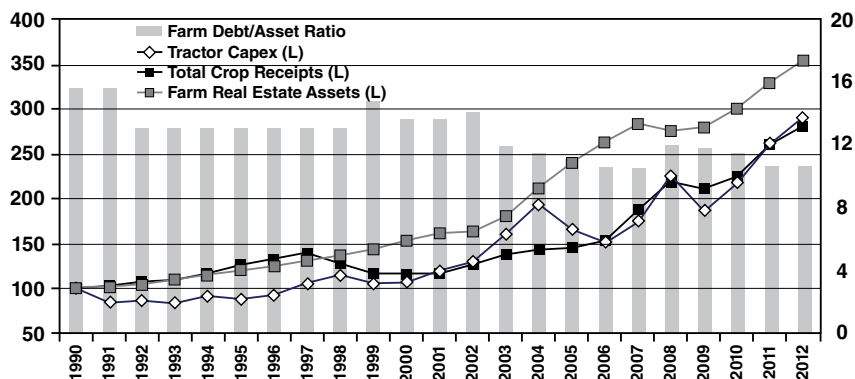


U.S. farm debt-to-asset and debt-to-equity ratios are heading toward historic lows indicating that farmers are in good position to handle most financial risks associated with agriculture.

Source: USDA, Economic Research Service, Farm Income and Wealth Statistics.

Data as of August 27, 2013.

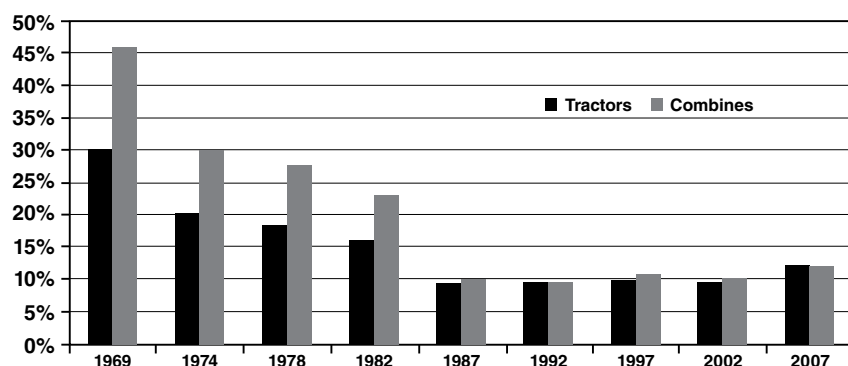
Indexed Crop Receipts & Farm Real Estate Assets vs. Tractor Capex 1990s – 2012



During the past 2 decades, U.S. crop receipts have increased by about 180% driven by a surge in U.S. agricultural exports as well as the emergence of ethanol as an alternative fuel source. During the period between 2006 and 2012, crop receipts increased roughly 90%.

Source: USDA, Baird Estimates

Percentage of Ag Equipment Aged <5 Years



USDA equipment survey data suggests that ag equipment under-investment in the late 1980s and early '90s started to be corrected in 2007. While the 2012 survey data is yet to be published, tractor capex data would suggest that the current fleet may be the youngest in 30 years.

Source: USDA, Baird Estimates

"If realized, these changes would result in new historic lows for both measures, confirming the strength of the farm sector's solvency. This strength means the sector is better insulated from the risks associated with commodity production (such as adverse weather), changing macro-economic conditions in the U.S. and world economies and fluctuations in farm asset values," USDA says.

Of course, the biggest share of the dealers' positive outlook is based on actual equipment sales, and they've held up well through the first 8 months of 2013. Total new tractor sales in the U.S. are up 12.6% January through August, according to the Assn. of Equipment Manufacturers, compared to the same 8 month period in 2012.

Unit sales of combines also rose by 26.8% through the first 8 months of 2013. Sales of all classes of farm tractors in Canada rose 12.6% during the same period, while combine sales grew 7.8%. But the pace of tractor and combine sales has slowed somewhat in the past few months.

Crop Receipts & Tractor Capex

Earlier this year, RW Baird issued a report to investors that underlined how farmers' capital expenditures in tractors has closely correlated between 1990 and 2012.

According to Baird, during the past 2 decades, U.S. crop receipts have increased by about 180% driven by a surge in U.S. agricultural

exports as well as the emergence of ethanol as an alternative fuel source. Increased ethanol production has had a particularly pronounced impact on crop receipts since 2005. During the period between 2006 and 2012, crop receipts have increased roughly 90%.

Prior to this period, from 1970-1980, crop receipts grew 242% while capital expenditures in tractors increased 228%. "Over the subsequent 6 years, crop receipts declined 11% before bottoming out in 1986 while tractor capex declined 59%, also bottoming in 1986," says the RW Baird report.

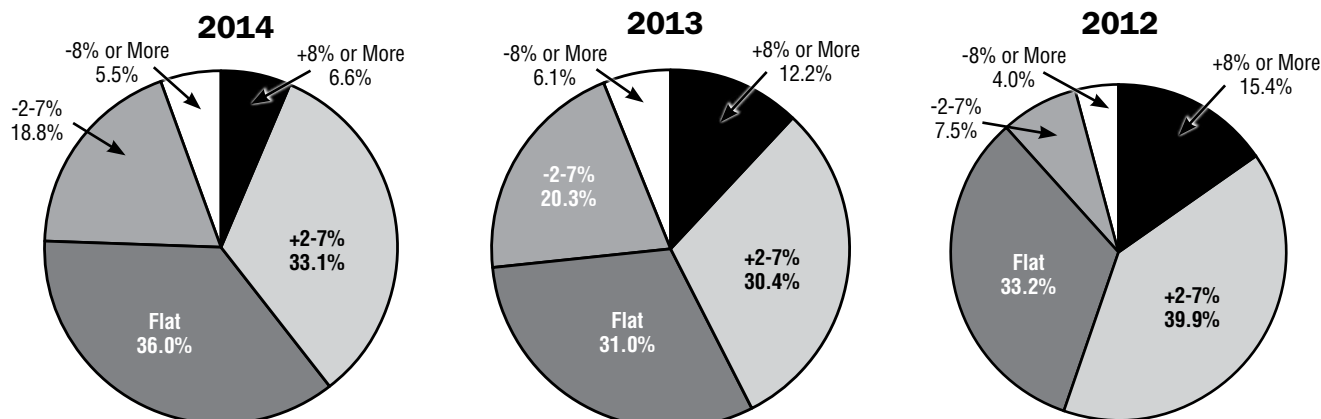
It goes on to say, "USDA equipment survey data suggests that the equipment under-investment experienced in the late 1980s to the early 1990s has started to be corrected as early as 2007 following several years of strong farm capex. While the 2012 survey data is yet to be published, tractor capex data would suggest that the current fleet is meaningfully younger — the youngest in 30 years — given sizable investment over the last 5 years."

To determine the level of motivation of North American farmers to replace equipment that is 5-plus years old, UBS Investment Research asked the question in its most recent dealer survey in September 2013.

A majority of dealers (76%) reported their customers are "somewhat motivated" — vs. "not motivated" (16%) or "very motivated" (7%) — to replace equipment that is 5-plus years

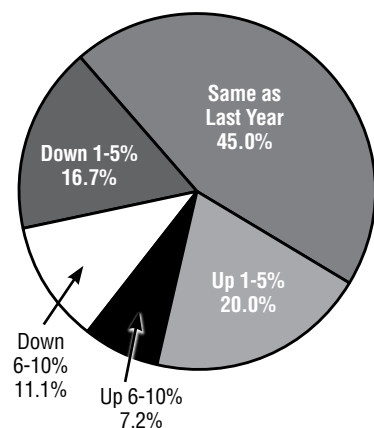
North American Dealers' Outlook for New Equipment Revenue

2014 vs. 2013 vs. 2012



Farm equipment dealers' outlook for revenue growth in 2014 remains upbeat with 39.7% expecting to see improving sales. But their level of optimism is down vs. 2013, when 42.6% projected growth and 2012, when the number was up to 55.3%.

Early Orders This Year vs. Last Year



Nearly 28% of dealers polled said their early orders are down this year vs. a year ago. Nearly an identical 27% reported early orders are up this year compared to last year.

old. Some 30% of dealers reported the level of motivation has declined over the past year. Only 9% said their customers were "more motivated" this year than in the previous year.

A Tempered Optimism

While remaining confident about their prospects for 2014, dealers' optimism about next year's prospects are tempered somewhat compared to their outlook a year ago at this time, and even more so vs. 2 years ago. For example, on a weighted basis, the dealers' outlook for increasing new equipment sales revenues is 0.73%. Last year at this time it was 0.94%. Two years ago, the weighted average of dealers' responses for new equipment revenues came in at 2.37%.

The biggest shift came in those projecting "+8% or more" growth and in "little or no change." For the year ahead, there was a 5.6% swing between this year and last for those projecting revenue gains of 8% or more (6.6% in 2014 vs. 12.2% in 2013). Nearly 5% more dealers this year compared with last year are calling for a "flattish" year in terms of overall revenues from the sale of new equipment ("little or no change" 36% for 2014 vs. 31% in 2013).

Otherwise, 39.7% of dealers see sales revenue increasing in the next year compared to 42.6% who fell into that category last year. Actually, fewer

Tractor & Combine Unit Sales Outlook — 2014 (% dealers projecting sales +2% or higher/-2% or lower)

	All Dealers	U.S.	Canada
2WD Tractors <40 HP	30.7%/7.2%	29.4%/7.9%	46.2%/0.0%
2WD Tractors 40-100 HP	32.3%/13.8%	30.5%/14.3%	53.8%/7.7%
2WD Tractors >100 HP	23.5%/19.2%	22.3%/20.8%	38.5%/0.0%
4WD Tractors (All)	37.7%/16.9%	37.1%/17.5%	45.5%/9.1%
Combines	9.3%/35.6%	8.2%/35.5%	25.0%/37.5%

dealers are looking for a falloff in revenues for 2014 (24.3%) than there were one year ago (26.4%).

When it comes to early order levels, a nearly identical percentage of dealers (27.8%) say their pre-sells are down this year vs. a year ago, while 27.2% say they're up. The remaining 45% say early orders are at about the same as last year at this time.

Tractor & Combine Sales

A look at projections for 2014 unit sales for the various categories of tractors and combines, indicates a higher level of optimism for smaller tractors than for the larger models.

As for combines, few dealers are holding out any strong hopes for increasing sales.

The percentage of all dealers expecting higher unit sales of compact tractors (<40 horsepower) in the year ahead increased to 30.7% vs. 27.8% in last year's survey. Only 7.2% see sales of these units decreasing vs. 13.2% a year ago.

The percentage of dealers expecting to increase sales of mid-range tractors (40-100 horsepower) stayed about the same, with 32.3% projecting higher sales in 2014 vs. 32.1% projecting increases a year ago. The big shift came in the number of dealers looking at declining sales of this tractor category. Only 7.3% project decreasing sales last year compared with 13.8% this year.

The dealers' view on unit sales for row-crop tractors (100+ horsepower) dipped for the year ahead vs. a year ago. This year, 23.5% of dealers are expecting an increase in sales compared to 29.5% who forecast growth for the tractor class last year. More dealers are projecting a fall off in sales for 2014 (19.2%) vs. for 2013 (11.6%).

The forecast for higher four-

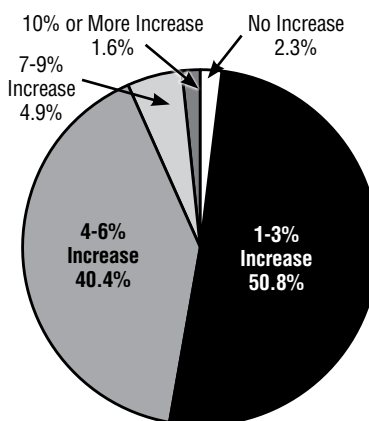
wheel drive unit sales in the year ahead also fell back to 37.7% compared to a year ago when 48.9% expected sale growth.

Unit sales of combines took a steep dive in the dealers' view compared with an already low level a year ago. For 2014, only 9.3% of dealers see the opportunity to increase combine sales vs. 17.2% of dealers who projected growth last year at this time. More than one-third (35.6%) of dealers are expecting sales of combines to decline in 2014. This compares with 21.2% projecting decreases last year.

Pricing Pressures

While farm machinery dealers are expressing several significant concerns that could impact new equipment sales in 2014, the one thing that continues to top their list is continually rising cost of new equipment. Like last year, this is the #1 dealer concern going into the new selling

New Equipment Price Increases for 2014

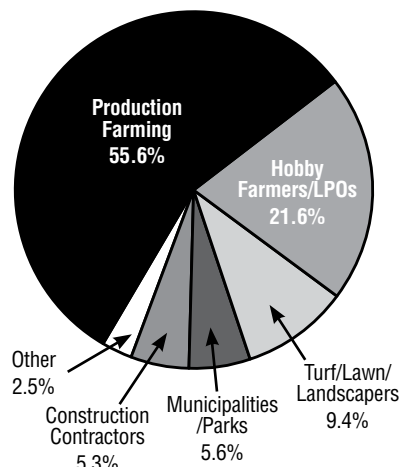


The largest majority (91.2%) of North American farm equipment dealers are expecting price hikes of 1-3% or 4-6% for new machinery orders in 2014.

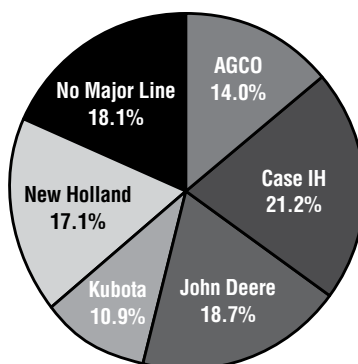
Demographics of 2014 Survey Respondents

Some 204 North American dealers participated in *Ag Equipment Intelligence's* "2014 Business Outlook & Trends" survey. The charts below show how the participants broke out by revenue sources, mainline suppliers, by number of stores, region and employment size. This year, 92% were from the U.S., 8% from Canada.

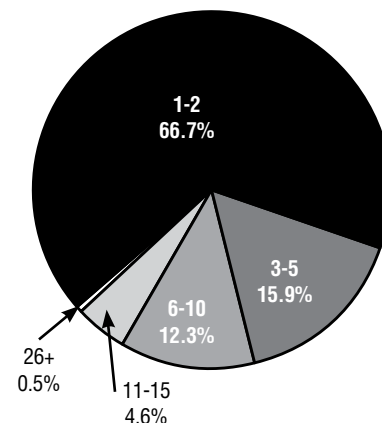
Dealer Revenue Sources



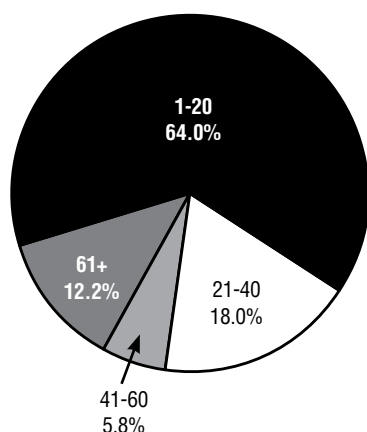
Mainline Suppliers



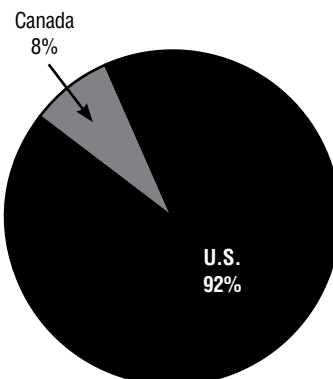
Number of Ag Store Locations



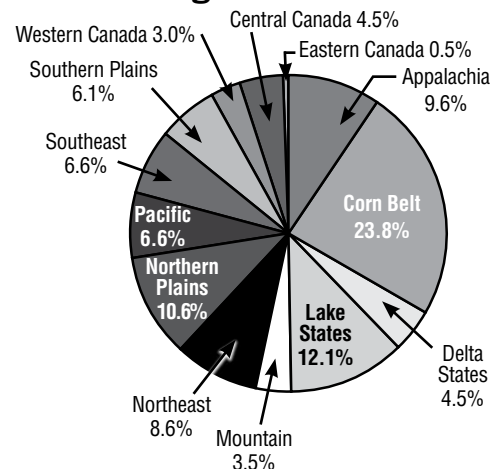
Dealerships by Employment Size



Country Breakdown



Regional Breakdown



season as 93.1% of dealers in this year's survey indicated that they were "most concerned" (45.1%) or "concerned" (48%) about the increasing cost of new equipment.

And nearly all dealers are expecting hefty equipment price increases for 2014. Asked if they were expecting a price increase from their mainline supplier, more than half (50.8%) are preparing for a 1-3% hike and 40.4% expect a 4-6% jump in prices.

A smaller percentage of dealers are anticipating higher increases, with 4.9% expecting 7-9% price hikes and 1.6% planning for increases of 10% or more. Only 2.2% of dealers indicated they are not expecting a price hike for

new machinery in the year ahead.

Getting a Handle on Used

When it comes to used machinery, dealer sentiments remained generally positive, but concern is evident about its growing backlog. Overall, 40.4% of dealers expect revenues from used machinery sales to increase from 2% to more than 8%. This compares with 44.6% of dealers who expected increases in that same range a year ago.

Last year at this time, 11.5% of dealers projected their sales of used equipment would decline by 2% to more than 8%. That number has grown by nearly 8% to 19.1% of dealers this

year who see revenue from used equipment sales declining in 2014.

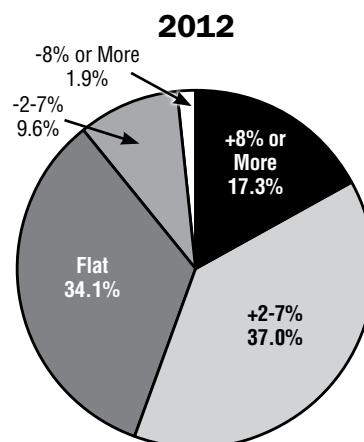
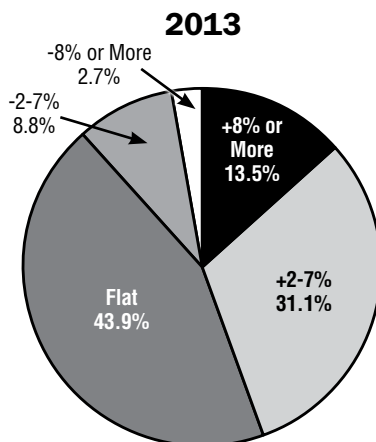
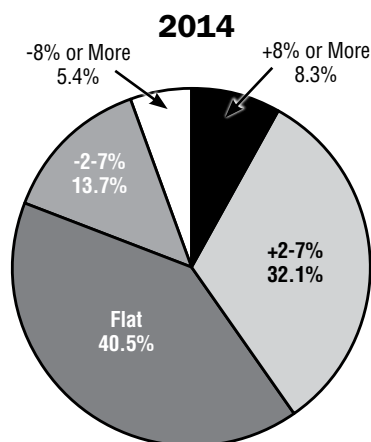
Noting the difference in dealer views about new equipment revenues compared with used equipment prospects in the year ahead, one Kansas dealer said simply, "New sales will stay the same. I'm much more concerned with used sales."

Some dealers believe the backlog of used machinery is being exacerbated by their major suppliers' push for bigger market shares. As one dealer participating in this year's survey put it, "Case IH is on our ass to beat John Deere."

On that subject, in this year's survey, we posed a new question to dealers: "Considering the push for market

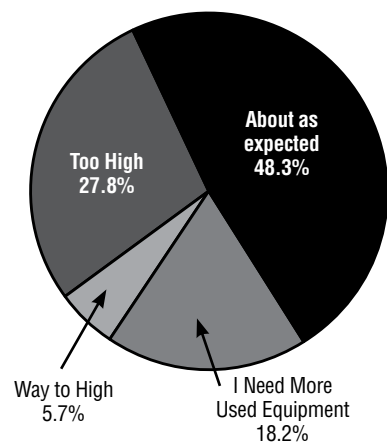
Dealers' Outlook for Used Equipment Revenue

2014 vs. 2013 vs. 2012



Slightly more than 40% of dealers expect used equipment revenues to increase in 2014. This compares with 43.6% last year who expected higher revenues from used machine sales and 57.5% in 2012 who expected higher used revenues.

How Dealers Rate Their Used Equipment Inventory



Nearly 28% of dealers rate their used inventory as "too high," 5.7% say it's "way too high," and 18.2% report they "need more." Nearly half (48.3%) say it's "about as expected."

share by the major manufacturers, will you continue to place orders for new equipment in 2014 to grow market share even with the glut of used equipment currently in the marketplace?"

It's clear that dealers are trying, if not succeeding, to resist their suppliers' pressure to gain market share. Slightly over 52% of dealers responded "no," they will not continue ordering new equipment simply to satisfy their suppliers push for greater market share. (For dealer commentary on the subject of ordering new equipment to increase supplier goals for market

share, please see sidebar on p. 11.)

For all the talk about a glut of used farm machinery, apparently most dealers believe their inventories are manageable. Asked to rate their used equipment inventory, nearly half (48.3%) said it's "about as expected." Another 18.2% said, "I need more used equipment."

Only 5.7% indicated their used backlog was "way too high," while the remaining 27.8% rated their used inventory as "too high."

U.S. & Canada: A Similar Path

In past surveys, Canadian dealers tended to demonstrate a more optimistic view toward future revenue prospect than their U.S. counterparts. This year, the picture is somewhat muddled, but a similar trend can be observed. On a weighted basis, the trend over the past 3 years demonstrates a remarkable consistency, with the Canadian dealers continuing to show a more optimistic view of the coming year.

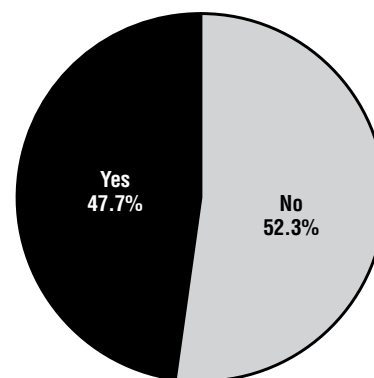
The revenue outlook for new equipment from Canada's dealers registered a 1.66% for 2014 on a weighted basis compared to U.S. dealers' 0.65% level. A similar spread could be seen in last year's (2013) survey, though both groups of dealers were somewhat more optimistic: Canada, 1.97% and U.S. dealers, 0.97%. The same trend was seen in the prior year (2012) when both Canadian and U.S. dealers were far more optimistic about the year ahead.

The survey results from 2 years ago showed weighted averages of 3.35% for Canadian dealers and 2.24% for U.S. farm equipment dealers.

In terms of straight percentages of dealers looking at new equipment revenue increases or declines for 2014, one-third (33.3%) of Canadian dealers are expecting revenue increases in 2014. This compares with 40.3% of U.S. dealers projecting revenue growth from the sale of new equipment in the year ahead.

Breaking the numbers out by amount of growth or decline is where the biggest difference in

New Equipment Orders to Gain Market Share



More than 52% of dealers say they will not order new equipment in 2014 to improve their market share numbers despite their mainline suppliers pressure to do so. Many (48%) say they will order new equipment if it benefits their dealership.

Revenue Outlook for New Equipment — 2014 vs. 2013 (% of survey respondents)

New Equipment	North America		U.S.		Canada	
Revenue Outlook	2014	2013	2014	2013	2014	2013
+8% or More	6.6%	12.2%	6.0%	12.3%	13.3%	13.7%
+2-7%	33.1%	30.4%	34.3%	31.5%	20.0%	30.5%
Little or No Change	36.0%	21.1%	33.8%	29.2%	60.0%	46.6%
-2-7%	18.8%	20.3%	19.9%	20.8%	6.7%	6.9%
-8% or More	5.5%	6.1%	6.0%	6.2%	0.0%	2.3%
Weighted Avg.	0.73%	0.94%	0.65%	0.97%	1.66%	1.97%

Dealer Outlook for Used Equipment — 2014 vs. 2013 (% of survey respondents)

Used Equipment	North America		U.S.		Canada	
Revenue Outlook	2014	2013	2014	2013	2014	2013
+8% or More	8.3%	13.5%	7.8%	11.1%	13.3%	11.8%
+2-7%	32.1%	31.1%	32.7%	22.2%	26.7%	35.3%
Little or No Change	40.5%	43.9%	39.3%	44.4%	53.3%	23.5%
-2-7%	13.7%	8.8%	15.0%	16.7%	0.0%	23.5%
-8% or More	5.4%	2.7%	5.2%	5.6%	6.7%	5.9%
Weighted Avg.	1.06%	1.87%	1.00%	0.69%	1.73%	1.00%

dealer views shows up. For Canadian dealers, 13.3% are projecting growth of 8% or more. The percentage of U.S. dealers looking at the same levels of growth came in at 6%. The number of Canadian dealers looking at revenue increases in the range of 2-7% was 20% vs. 34.3% of U.S. dealers.

The major shift in the difference between dealer outlooks for both countries showed up in the “little or no change” or “flat” revenue category. A full 60% of Canadian dealers expect “little or no change” in 2014 revenues from the previous year. Half of that percentage, or 29.2% of U.S. dealers are calling for “little or no change” in new equipment revenues for the coming year.

As for their prospects for declining revenues, only 6.7% of Canadian dealers expect a dropoff in new equipment sales in 2014 and that will come in the range of -2-7%. No Canadian dealers see declines in new equipment revenues of 8% or more.

On the other side of the declining revenues story, 25.9% of U.S. dealers see new equipment revenues falling in 2014. Nearly 20% (19.9%) expect revenues to decrease by 2-7%, while another 6% see a decline of 8%

or more.

Promising Products for 2014

Based on the percentage of dealers who expect unit volumes of specific equipment to be as good as or better than 2013, farm loaders took the top spot at 94.7%, barely squeaking by the perennial favorite, GPS/precision farming equipment that registered a score of 94.6%. Farm loaders were #4 on the dealers’ list last year.

Other products in the Top 5 of dealers’ choice for increasing unit sales for 2014 include: lawn and garden products (93.8%), which was ranked #5 for 2013; windrowers/swathers (93.7%) that jumped all the way from the 16th spot last year; and round balers (93.1%), which was second from the bottom, or 19th place, in last year’s survey.

Equipment categories that fell down the list vs. last year’s dealer choices include two-wheel drive tractors (40-100 horsepower) that fell from #3 in 2013 to the #15 spot for 2014. Field cultivators also slipped significantly, from #7 last year to #17 for the year ahead.

When considered on a weighted average basis, the order of “Best Bet”

products for 2014 changes somewhat as shown here:

- GPS/Precision Ag +2.37%
- Lawn & Garden +2.24%
- Farm Loaders +1.31%
- 2WD Tractors (<40HP) +1.27%
- 4WD (All) +1.07%
- Planters (All) +1.03%
- Mower/Conditioners +1.00%
- 2WD Tractors (40-100HP) +0.92%
- Round Balers +0.88%
- Air Seeders/Drills +0.56%
- Disc Harrows +0.43%
- Self-Propelled Sprayers +0.39%
- Windrowers/Swathers +0.31%
- 2WD Tractors (>100HP) +0.29%
- Field Cultivators +0.28%
- Rectangular Balers +0.25%
- Forage Harvesters -0.10%
- Chisel Plows -0.28%
- Pull-Type Sprayers -0.44%
- S.P. Combines -1.69%

Vexing Issues for 2014

As was mentioned earlier in this report, the increasing cost of new equipment is the front of mind issue for North American farm equipment dealers. In fact, each of the top 5 major issues for dealers involve either rising or falling prices and rising costs.

Many dealers attribute much of the price increase on new equipment to the new Tier 4 Final engines that equipment makers were mandated by law to develop for the new machines sold in 2014. But higher prices for new farm machinery has been #1 on the dealers’ list for 3 years running, so it isn’t as if it is a new issue. It’s been building for some time. But as long as farmers are making more money than they have in decades, it will probably remain tolerable for the time being.

Based on our method of scoring — most concerned + concerned — in second place behind rising new equipment prices are concerns about falling commodity prices, which was ranked #6 on the dealers’ list of concerns last year. In this most recent survey, 38.5% checked “most concerned” and 52.9% checked “concerned” in regard to the urgency they feel toward the current lower commodity prices.

As of September 15, December futures for corn ended the week at \$4.56 per bushel and wheat ended the week at \$6.41. November futures for soybeans ended the week at

Kubota & AGCO Dealers Most Optimistic for 2014

When we surveyed farm equipment dealers a year ago, John Deere dealers, as a group, were the most optimistic with 56.5% expecting sales revenues to increase by 2% or more for 2013. They were followed by New Holland dealers at 48.3% projecting higher revenues and Kubota dealers with 43.8% projecting increased revenues for the year.

On a percentage basis, this year Kubota dealers claimed the top spot for optimism going into 2014. Nearly 62% of Kubota dealers expect to increase sales revenues by at least 2% to more than 8%. Only 18.8% of Kubota dealers are projecting declining revenues for next year.

AGCO dealers aren't far behind in the optimism category with 60% of them forecasting higher revenues during the new selling year. Only 16% of AGCO dealers are projecting a downturn in sales revenues in the year ahead.

Dealers handling New Holland equipment came in third place when it comes to expectations for 2014. Slightly over 40% see higher revenues next year, while 24.1% are calling for a downturn in revenues in the year ahead.

A little over 36% of John Deere dealers are anticipating higher revenues in 2014. The same number indicate they're looking at lower revenues.

They're followed by the independent or shortline dealers. In this group, only 27.5% are calling for revenue growth for the year ahead. But only 10.3% see a revenue falloff for the year. A big majority, or 62% see "little or no change" for next year.

Like last year, the Case IH dealers find themselves at the bottom of the list of dealers when it comes to optimism for the year ahead.

A year ago, less than one-quarter (24.2%) of Case IH dealers were planning on increasing sales revenue, while nearly 38% were looking a declining revenues. This year, slightly more "Big Red" dealers, 26.4% indicate that they're planning for revenue growth, while nearly 38% (37.9%) are anticipating a downturn in revenues during 2014.

On a weighted basis, the ranking changes slightly: AGCO +2.54; Kubota +2.31; New Holland +1.09; Independents +0.65; John Deere 0.0; and Case IH -0.98.

Dealer Projections for New Equipment Sales Revenues by Major Line Carried — 2014

Mainline	Up 8% or More	Up 2-7%	Little or No Change	Down 2-7%	Down 8% or More
AGCO	16.0%	44.0%	24.0%	16.0%	0.0%
Case IH	5.3%	21.1%	31.5%	28.9%	13.2%
John Deere	6.1%	30.3%	27.2%	30.3%	6.1%
Kubota	9.5%	52.4%	23.8%	9.5%	4.8%
New Holland	3.1%	37.5%	40.6%	18.8%	0.0%
Independent	3.4%	24.1%	62.2%	3.4%	6.9%

\$13.48 per bushel. Year-over-year corn prices were down 35.5%, soybeans down 14.4%, and wheat down 27.2%.

Also, it wasn't unexpected that health care affordability would be near the top of dealers' biggest concerns going into 2014. In fact, if we had only considered the rating of "most concerned" in our rankings, it would have been #1 with 62.6% of dealers listing it as their biggest concern. Another 26.9% checked "concerned," for a combined total of 89.5% of all respondents. With or without the Affordable Care Act, affordable health insurance has perennially been a Top 5 issue for dealers and little change is expected for the foreseeable future.

Farm input costs followed at #4 with 88.4% of dealers indicating they were "most concerned" (29.1%) or "concerned" (59.3%). Energy and fuel costs rounded out the dealers 5 top issues in the year ahead with 86.4% of dealers indicating "most concerned" (26.7%) or "concerned" (59.7%).

The availability of service technicians has also been an urgent concern of farm equipment dealers. This year it placed sixth on their list. Now, with the push for talented techs who are knowledgeable about the new precision farming equipment and systems hitting the market, this is an issue that promises to only get worse.

The continuing consolidation of farms into bigger and bigger operations, medium-size farmers are becoming a disappearing breed. Rated as dealers' #7 biggest concern, farm equipment retailers can empathize with those farmers who are being forced to get bigger or get out.

The biggest shift in dealer concerns came with new equipment availability, which came in at #14. Last year,

dealers had it at #7 on their list and at #5 the year before. Either new machinery is more accessible or dealers have adapted to its lower levels.

Dealer Spending to Decline

One might think that following several strong years of retail sales, dealers may be inclined to increase their investment in equipment and facilities, but that doesn't appear to be the case for 2014.

It may be a case of dealers have already spent to upgrade their facilities over the past few years and don't have the need to do so in the year ahead. Or possibly, with so many good years behind them, they'll start putting money away for the eventuality that business could slow down.

Where Dealers Will Invest — 2014

	2014	2013
Shop & Service	53.1%	55.9%
Retail/Showroom	33.9%	36.7%
Business Info. Sys	42.2%	45.1%
Mobile Service Vehicles	48.3%	43.0%

Dealer Capital Spending Plans — 2014

	2014	2013
No Increase	45.4%	38.3%
+1-5%	41.4%	44.5%
+6-10%	8.8%	11.0%
+11%	4.4%	6.2%

Dealer Commentary on the Push for Market Share

Considering the push for market share by the major manufacturers, will you continue to place orders for new equipment in 2014 to grow market share even with the glut of used equipment currently in the market place?

"We hope AGCO will buy market share." ... "There's only so much your dealership can handle, stay within your capabilities and make yourself a good honest markup!" ... "Now that our bonus structure includes market share, it becomes a large part of our take home pay!" ... "We are working to reduce used equipment and will continue to push for market share." ... "They cannot keep shoving equipment down to dealers and then take away floorplan terms." ... "Buying the market is not a good long term business plan!!!" ... "Customer demand will require it. We'll ask for greater cash difference and expect to get it." ... "Case IH is on our ass to beat John Deere." ... "Companies are forcing it on to dealers." ... "As long as the order programs are good." ... "Our orders will match need, but we do recognize the need to keep our fair share of new product in the mix." ... "If I can't make money on it, I am not selling it!" ... "I'll take my chances with market share and would rather make profitable deals." ... "I will order what I think will move and not be intimidated by the company's market share." ... "John Deere does not let us over order — preset inventory levels." ... "Manufacturers push inventory on dealers knowing we'll sell at cost if we have to." ... "We need to make money first, and we aren't going to send used pieces to auction at a loss to achieve market share on new pieces." ... "We have to be in order to have iron in the pipeline." ... "We order what we need to stock plus a little to keep our suppliers happy." ... "New is causing the used problem so there is really only one answer: cut new sales and increase prices on new sales." ... "While market penetration is important, sound business decisions must not be sacrificed in favor of market share subsidies." ... "If we can't reduce our used inventory, we will reduce our new orders. We understand that this may be a bitter pill, but if we can't sell the used, we can no longer sell the new and the best way to prevent that is to not order the new in the first place."

Dealer Hiring Plans — 2014 vs. 2013

	Add Staff	No Change	Reduce/Relocate Staff
2014			
Parts Department	29.1%	69.8%	1.1%
Service Department	62.1%	37.4%	<1%
Wholegoods Sales	35.7%	63.2%	1.1%
Admin./Office	8.1%	87.3%	4.6%
Precision Farming Specialist	23.0%	75.8%	1.2%
2013			
Parts Department	23.6%	75.7%	<1%
Service Department	63.4%	35.9%	<1%
Wholegoods Sales	36.1%	63.2%	<1%
Admin./Office	11.1%	86.1%	2.8%
Precision Farming Specialist	28.0%	71.2%	<1%

In any case, when we asked dealers about their capital spending plans for next year, 45.4% indicated they will not increase investments in capital expenditures in 2014. This compares with 38.3% who, last year at this time, said they were not planning to increase their investments.

Slightly over 40% of dealers do intend to increase their spending in the year ahead by 1-5% vs. 44.5% who planned to invest in that range last year.

Less than 9% plan to increase their capital expenditures by 6-10% in 2014. This compares with 11% who fell into this category a year ago. The remaining 4.4% say they'll increase capital expenditures by 11% or more. This compares with 6.2% last who said they intended to increase capital spending by this amount.

As for where dealers intend to make their biggest capital investments, as usual, the top spot went to their shop and service areas. More than half (53.1%) plan to increase spending to enhance these areas. This is down only slightly from last year when 55.9% said they would increase capital expenditures to improve their service and shop operations.

Not surprisingly, mobile service vehicles are next on the dealers' list of capital spending. Nearly half (48.3%) say they're planning to increase spending on service trucks. This compares with 43% of dealers who indicated they were planning to up their investment on mobile ser-

vice vehicles last year.

Business information systems are next on dealers' list of spending for 2014. Slightly more than 42% of dealers expect to invest in upgrading their systems vs. 45.1% who said they would do so last year.

A little over one-third (33.9%) of dealerships will invest in the retail operations and showroom areas of their stores in the year ahead. This compares with 36.7% who said they would do so last year.

Techs Top List of Personnel Needs

In this year's *Ag Equipment Intelligence* survey, as has been the case every year, service technicians remain at the top of dealers' want list when it comes to increasing staff in 2014.

Nearly two-thirds (62.1%) of North American dealers say they intend to add more service techs to their employment rolls, if they can find them. As pointed out earlier, 86% of dealers say they are "concerned" or "most concerned" with the availability of technicians to work in their shops.

As the technology of Tier 4 engines and the level of increasingly sophisticated electronics on farm machinery continues to emerge, the urgent requirement for talented technicians will continue to grow exponentially for the foreseeable future.

More than one-third (35.7%) of dealers also plan to add to their who-

legoods sales staff for 2014.

This is nearly an identical percentage (36.1%) from last year indicating that the need for qualified salespeople is not diminishing.

What might be most interesting in this area is the increased demand for parts counter people.

Last year, 23.6% of dealers said they were looking into hiring people for their parts department. This year the percentage of dealers looking for parts staff jumped to nearly 30%, which would seem to indicate that the parts business of equipment dealerships is expanding. Some dealers have also indicated that they are starting to lose veteran parts staffers to retirement and are finding it more than a little difficult replacing them.

Two years ago we added the title of precision farming specialist to our list of positions that dealers need to fill. The first year, 19.9% of dealers said they were looking for talent for their growing precision business.

Last year, the percentage of dealers looking for precision specialists jumped to 28%. So it was a bit of a surprise when the percentage of dealers looking for staff for the precision farming departments actually fell by

5% to 23% of dealers looking to fill those slots.

The demand for administrative and office staff also slipped this year. Only 8.1% of dealers say they will add personnel for their administrative operations in the year ahead. This compares with 11.1% who said they were planning to do so last year at this time.

Crop Prices & Dealers' 2014 Outlook

As an open-ended, follow-up question at the end of our "2014 Dealer Business Outlook & Trends" survey, we asked dealers, "With the crop prices hovering where they currently are, how does it affect your outlook for 2014 sales?"

Of the 204 total responses to this year's survey, 140 dealers offered their comments. Here's a sampling of their commentary and the common threads that ran through them.

Still Positive. "Still optimistic." ... "Cautiously optimistic." ... "Could look good for dairy." ... "Very positive ... Record gross farm receipts." ... "2014 sales projections still positive." ... "Still feel that 2014 will be strong — flat to 10% growth." ... "Stable

to up 1-5%." ... "Most customers are more optimistic about purchases."

Cautious & Hopeful. "We will be cautious in ordering new equipment." ... "Hope cattle prices hold." ... "Not good, but I think corn prices will come up." ... "The corn is not in the barn yet." ... "It will depend on yield. However, lower row-crop prices will pave the way for the livestock producer to make a profit. Look for lower numbers in row-crop equipment."

Could Be a Tough Year. "Down 5-10%." ... "Negative." ... "Slight decrease." ... "Causing concern." ... "My outlook has gone from neutral to negative." ... "Not looking good at all." ... "Crop prices combined with lesser yield in 2013 will negatively impact our 2014 equipment sales." ... "Crop prices are dropping and so are equipment sales." ... "Retail sales will follow crop prices down."

Pragmatic. "From what I see, there will be higher prices causing less grain to be stored and more being sold off the combine. With this being said, I am going to forecast a big push at the end of the year and 2014 will start off at a slow pace." ... "Hey, it's all about the farmer having revenue. He'll spend it if he has it!"

Dealers Face a Myriad of Challenges in 2014

What are you anticipating will be the biggest problem/challenge confronting your dealership in the year ahead? What are your plans to deal with it?

"I see several major challenges, but probably one of the largest is how do we replace the income our volume discount provides with the move to more emphasis on market share?"

"Commodity prices — if low — inventory will have to be [closely] managed."

"Obamacare and how to deal with it, in addition to escalating new equipment costs."

"Keeping good help! Finding good help! Get the word out more at schools and 2 year mech. or tech schools!"

"Executing our business plan as well as we want to. We are focusing on effective sales techniques and quality leadership. We are differentiating our brand from the competition."

"Overlap from dealers who sell the same equipment and health care affordability."

"Health care and big dealers buying out smaller dealers."

"Manufacturer not pricing and programming competitively."

"Personnel issues — technology, wages and health care costs."

"Insurance costs and personnel that are reliable."

"Replacing retiring service personnel."

"Used turn and market share goals."

"How to finance growth."

"We are dealing with establishing a consistent dealer culture with our employees who come from 3-4 different dealerships."

"Growing company brand. Work on advertising and public face."

"Used equipment inventory. We are working to bring it down via write-downs, wholesale transactions and auctions."

"Price increases from OEM due to Tier 4 engines."

"Our local area is experiencing severe drought after a wet spring, so things are difficult for farmers and after some years of 'healthy' farm spending, they may become conservative."

"Market share."

"Access to capital for expansion. We are developing new banking relationships and fine-tuning existing ones."

"High equipment prices, high fuel prices and Obamacare."

"Other dealers competing for market share, so they are willing to over trade for it."

"Water is California's big problem w/36,000,000 people, and ag using 70% of water. Drought could produce major problems."

"Staffing requirements and lack of qualified candidates. We will recruit colleges harder and train up our new hires."

"Market share, get aggressive and add sales staff."

"Moving used equipment. Advertising more."

"Tough economy. May have to downsize again like 4 years ago."

"Manufacturers demanding too much. I run my business for me, not the manufacturers."

"Increasing support personnel so that customers (new and long term) are taken care of in a timely manner. Monitoring customer satisfaction and responding/correcting problem areas quickly."

"Everyone is attempting to buy market share. Guess we will dig in our heels and prepare for battle."

PART II — U.S. OUTLOOK

U.S. Dealers' Outlook Varies Little from Last Year

Much like a year ago, U.S. farm equipment dealers are going into the new selling year looking forward to another solid year for revenue and unit sales. In fact, their view on 2014 potential is strikingly similar to what they projected one year ago with a little more moderation on both ends of their forecast.

At the same time, U.S. dealers are expressing ongoing concern with falling prices of commodities and

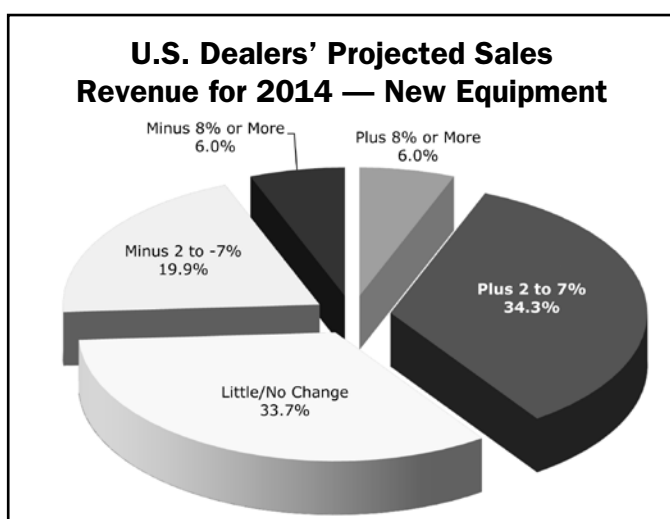
increasing prices of new equipment and farm inputs. Health care affordability is also a front-of-mind issue for U.S. dealers.

The future of the generous Section 179 and bonus depreciation rules that have incentivized farmers to upgrade their equipment in recent years also remains in limbo as of this writing. While not as important as commodity prices, it does move the needle in purchasing decisions.

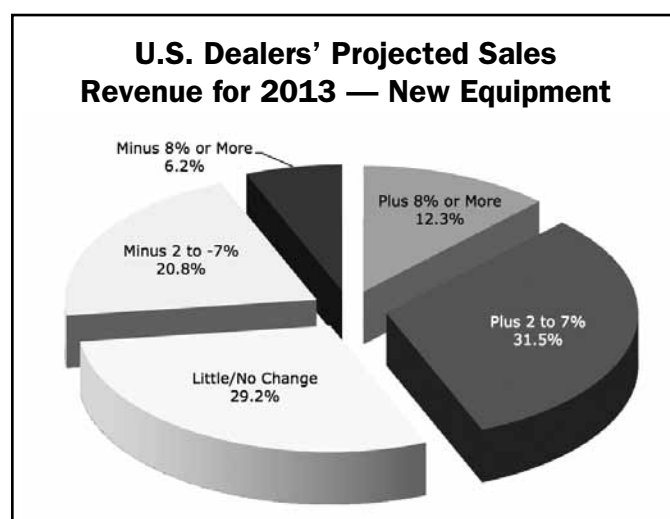
Even with these looming issues, at this point, U.S. dealers are demonstrating a cautious confidence for solid business levels for both new and used ag machinery going into 2014.

New Equipment Revenue Gains

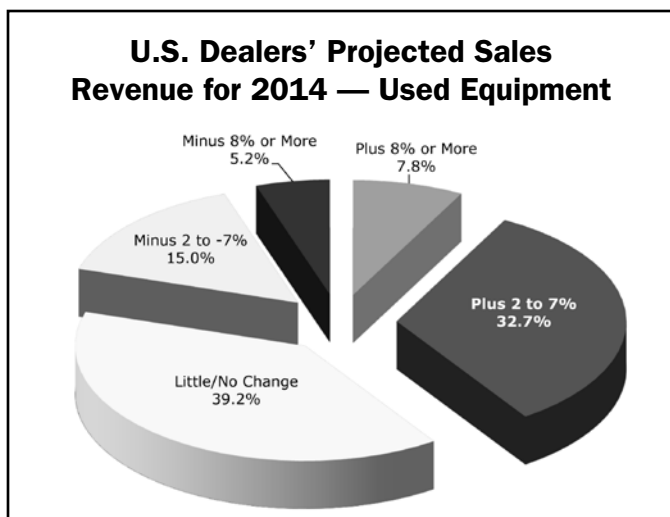
Overall, nearly three-quarters (74%) of U.S. dealers expect revenues from the sale of new farm equipment to be as good as or better than the



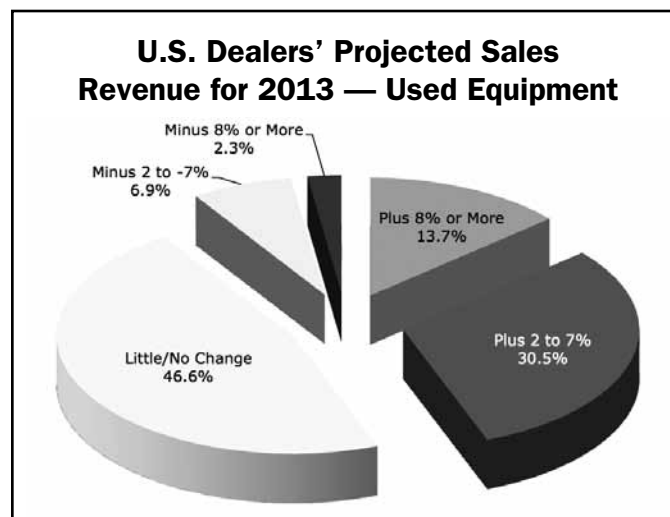
More U.S. dealers are forecasting revenue increases in 2014 vs. the previous year than those expecting declines. Slightly over 40% of dealers are looking for increased revenues from new equipment sales compared to 25.9% who expect declining revenues for the year.



A year ago, 43.8% of U.S. dealers expected increases in revenues from the sale of new equipment ranging from 1-3% to 8% or more. At the same time, 27% of dealers expected revenues to decline in 2013, with 21% of those anticipating a falloff of 2-7% for the year.



Slightly over 40% of U.S. dealers see revenues from the sale of used farm equipment increasing by at least 2%. Roughly half that number (20.2%) are expecting used sales to decline in 2014. The percentage of dealers who expect falling sales in 2014 is double that of last year.



Last year, less than 10% of U.S. dealers forecasted used machinery sales would decline by 2% or more in 2013, while 34.7% expected sales of this equipment to increase by 2% or more. Nearly half of the dealers projected "little or no change" in used equipment sales vs. 2012 levels.

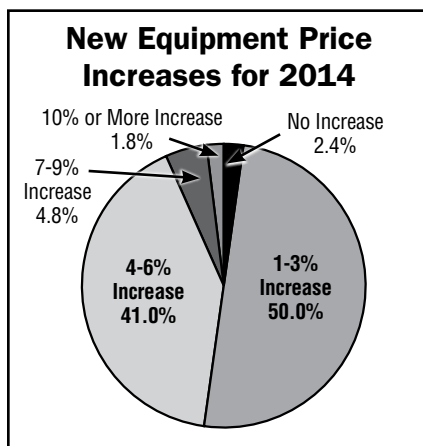
levels they saw in 2013. This compares with 73% of dealers who held similar views about 2013 vs. 2012 one year ago.

Broken down by gains vs. a flat outlook, 6% of dealers expect their revenues to improve by 8% or more in 2014 vs. 12.3% last year. Another 34.3% see increases in the 2-7% range for next year vs. 31.5% who projected gains in this range last year. The percentage of dealers who see 2014 revenues at about the same level as the previous year varied little — 29.2% last year and 33.7% this year.

As for the percentage of dealers who see a slowdown in the year ahead compared to those who forecast slowing conditions a year ago, the difference was minimal. Last year 20.8% saw lower revenues in the 2-7% range, while 19.9% projected the same declines this time around. The same is true for the number of dealers anticipating a revenue drop of 8% or more.

The biggest challenge dealers see for new equipment revenues in the year ahead is the continually increasing cost of new units. This was rated by dealers as their #1 concern going into the new year. More than 90% of dealers are expecting price increases for model year 2014 machinery: 50% say it will rise by 1-3% and 41% say increases will range 4-6%.

Nearly 5% of U.S. dealers see price increases in the range of 7-9%, while 1.8% anticipate price hikes of 10% or more. Only 2.4% don't anticipate a price increase for 2014.



With the exception of 2.4% of U.S. dealers who don't expect price hikes for new 2014 equipment, a big majority of dealers see prices rising from 1% to 10% or more.

Projected U.S. Unit Tractor & Combine Sales — 2014

Tractor Type (size)	Up 8% or More	Up 2-7%	Little or No Change	Down 2-7%	Down 8% or More
2WD (<40HP)	6.5%	22.9%	62.7%	5.9%	2.0%
2WD (40-100HP)	3.9%	26.6%	55.2%	13.0%	1.3%
2WD (>100HP)	4.2%	18.1%	56.9%	19.4%	1.4%
4WD (All)	8.4%	28.7%	45.4%	13.3%	4.2%
Combines	0.9%	7.3%	56.3%	19.1%	16.4%

Projected U.S. Unit Sales for All Other Equipment — 2014

Equipment	Up 8% or More	Up 2-7%	Little or No Change	Down 2-7%	Down 8% or More
Lawn/Garden Equip.	10.3%	39.0%	45.2%	4.8%	0.7%
GPS/Auto-Steer	13.6%	30.5%	50.0%	4.2%	1.7%
Farm Loaders	5.1%	24.3%	64.7%	5.9%	0.0%
Windrowers/Swathers	0.9%	14.8%	78.2%	2.6%	3.5%
Round Balers	2.2%	22.4%	68.7%	4.5%	2.2%
Mower/Conditioners	2.4%	24.2%	66.2%	5.6%	1.6%
Forage Harvesters	2.0%	2.9%	87.3%	4.9%	2.9%
Rectangular Balers	1.7%	11.6%	78.4%	5.0%	3.3%
Self-Propelled Sprayers	3.9%	12.7%	74.6%	1.0%	7.8%
Air Seeders/Drills	1.8%	20.9%	65.5%	7.3%	4.5%
Planters (All)	3.4%	29.3%	55.2%	9.5%	2.6%
Pull-Type Sprayers	0.0%	7.3%	78.2%	10.9%	3.6%
Disc Harrows	1.5%	22.3%	61.6%	10.0%	4.6%
Chisel Plows	0.0%	9.7%	75.3%	10.6%	4.4%
Field Cultivators	0.9%	22.4%	60.3%	12.1%	4.3%

On a weighted average basis, U.S. dealers are looking at an overall gain of 0.65%. This compares to projected gains of 0.97% last year at this time. Two years ago, U.S. dealers were projecting an increase in new equipment sales of 2.44%.

Used Equipment Concerns

By and large, most U.S. dealers continue to view their prospects for moving used machinery in a positive light, but the number who expect declining revenues more than doubled from last year.

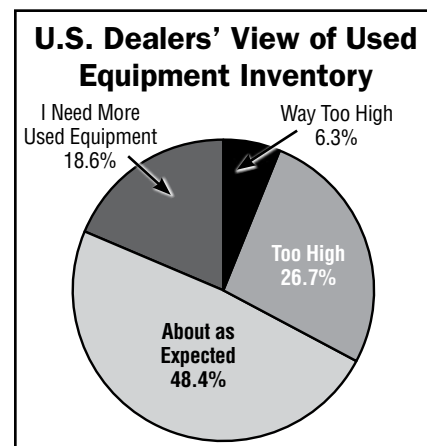
Slightly over 20% of the dealers expect sales of used machinery to decline by at least 2-7% (15%) to more than 8% (5.2%) in 2014. This compares to last year when only 9.2% of dealers projected falling used equipment revenues (6.9% forecast a drop of 2-7% and 2.3% expected revenues to decline by 8% or more).

On the bright side, overall, 80% of dealers see used equipment revenue being as good as or better than they were during the past year: 7.8% see revenues improving by 8% or more, 32.7% expect an increase of 2-7%, and 39.2% anticipate little or no

change in 2014 compared to 2013.

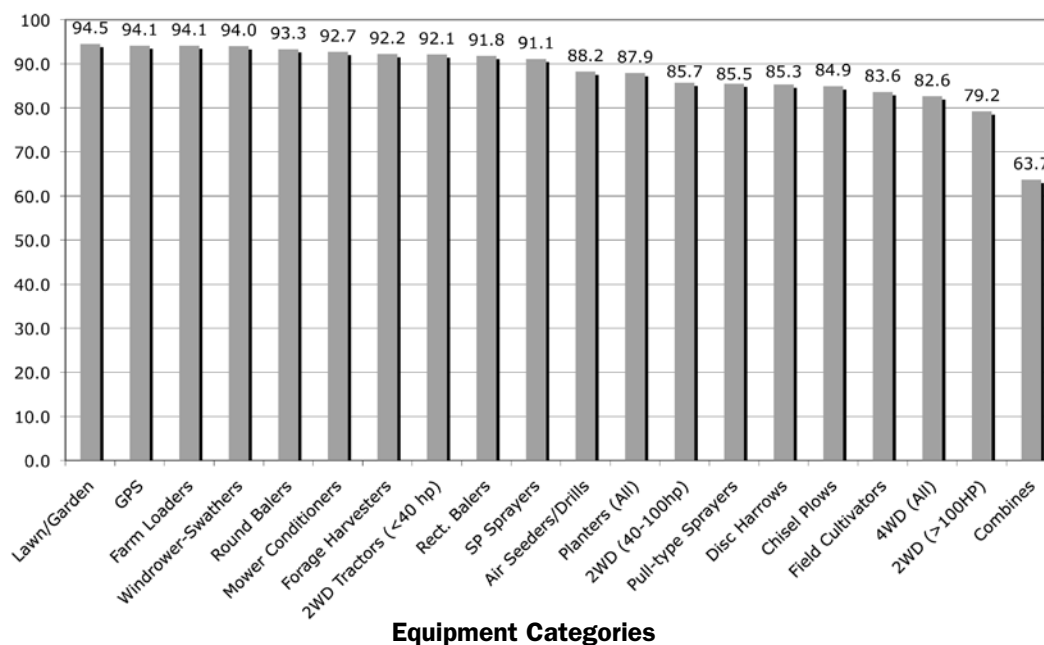
Despite the attention that growing backlogs of used machinery has gotten over the past couple of years, most dealers say it's not a major concern. Only about one-third of U.S. dealers would rate their inventory of used as "too high" (26.7%) or "way too high" (6.3%).

Nearly half of them (48.4%) report that their used equipment on hand is "about as expected," and near-



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

Best Bet Products for Improving U.S. Unit Sales in 2014



Based on the percentage of U.S. dealers who expect unit sales in 2014 to be “as good as” or “better than” in 2013, 94.5% ranked lawn and garden equipment as having the best prospects of all major equipment categories to grow sales in the year ahead. It was followed by GPS/precision farming products and farm loaders at 94.1%, windrowers/swathers (94%), round balers (93.3%) and mower/conditioners (92.7%).

ly 19% say they “need more” previously owned machinery.

On a weighed basis, U.S. dealers expect used machinery sales to increase by about 1.00% in 2014. This compares with an increase of 0.69% last year and 2.44% in 2012.

Tractor Sales Solid, Not So for Combines

U.S. dealers appear to be feeling pretty good about increasing unit sales of most categories of tractors going into 2014.

For the first time in some years, dealers see good potential for unit sales gains in compact tractors (40 horsepower or lower). Nearly one-third of dealers expect sales of compacts to increase by 2-7% (22.9%) to more than 8% (6.5%). Only 5.5% of survey respondents see the sale of compact units falling in the next year.

U.S. unit sales of mid-range or utility tractors (40-100 horsepower) are projected to increase by slightly more than 30% of dealers (3.9% up 8% or more, 26.6% up 2-7%). More than half, or 55.2% of dealers in the U.S. anticipate little or no change in the sale of utility tractors in 2014.

It would also appear that deal-

ers continue to see strong prospects for four-wheel drive tractors in the year ahead. Nearly 40% are projecting increasing unit sales for this tractor category (8.4% up 8% or more, 28.7% up 2-7%).

Less than one-quarter (22.3%) of U.S. dealers see the potential of increasing sales of row-crop tractors (>100 horsepower) in 2014. Nearly 21% are expecting a decrease in the sales of these units in the year ahead.

Combine sales continue to be a big concern for U.S. dealers. The continuing high backlog of used units has caused at least one major manufacturer to allocate the number of new combines it's allowing dealers to order.

Only about 8% of dealer see the possibility of increasing combine unit sales in 2014. More than 35% expect sales to decline in the next year (19.1% down 2-7%, 16.4% down 8% or more).

Best Prospects for Gains

As for which type of products other than tractors dealers see as their best bets to increase unit sales in 2014, after several years of less than stellar sales, U.S. dealers rated lawn and garden equipment as

their top pick for the year ahead. This would seem to indicate that the hobby farm, large property owner and turf and landscape segments are gaining momentum along with the improving housing market.

Ag Equipment Intelligence's product rankings are based on the percentage of dealers who expect unit sales growth in the year ahead, combined with those who see little or no change in sales from the previous year.

Nearly one-half (49.3%) of U.S. dealers expect their lawn and garden segment to generate increasing unit sales of between 2-7% (39%) to 8% or more (10.3%).

For the first time since *Ag Equipment Intelligence* initiated the “Dealer Business Outlook & Trends” survey in 2005, GPS and precision farming products didn't finish at the top of dealers' best bets list. It was #2, just slightly behind lawn and garden equipment.

Overall, 44.1% of U.S. dealers see unit sales of precision farming products increasing by 2-7% (30.5%) to more than 8% (13.6%) in 2014.

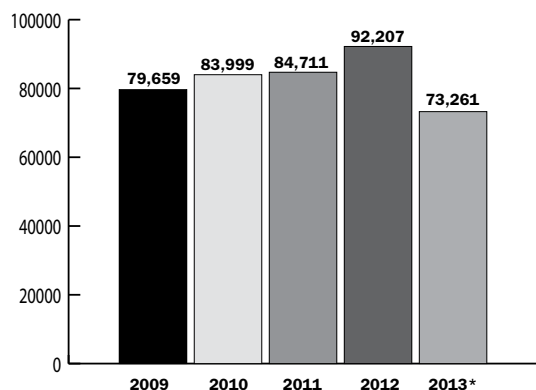
Farm loaders are #3 on dealers list of products with solid prospects

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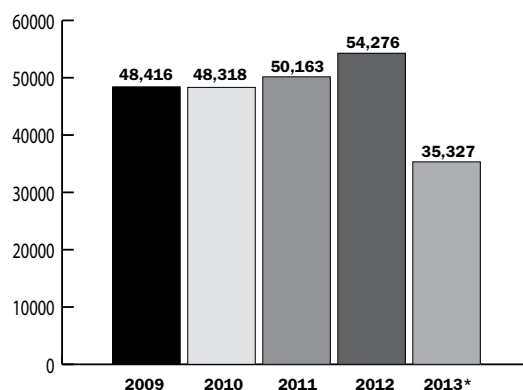
U.S. Retail Tractor & Combine Unit Sales — 2009-13*

(*Year-to-Date January through August 2013)

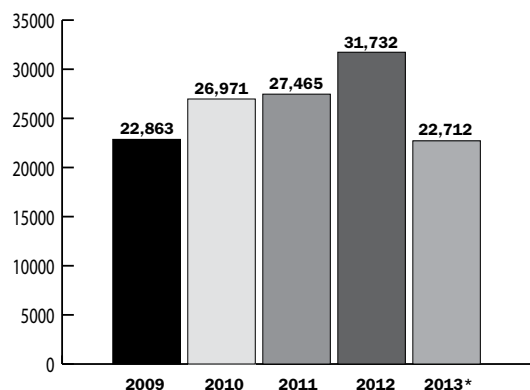
U.S. Tractor Sales – 2WD <40HP



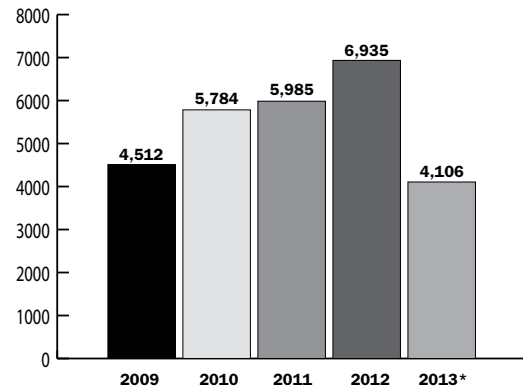
U.S. Tractor Sales – 2WD 40-100HP



U.S. Tractor Sales – 2WD >100HP

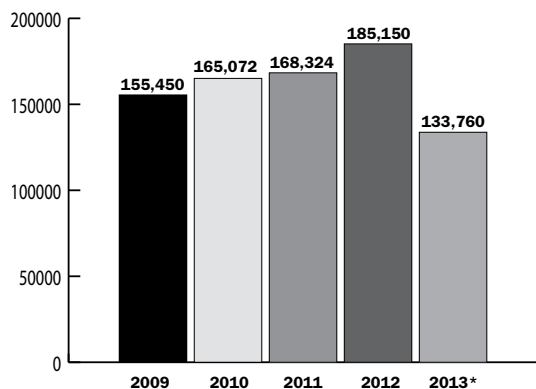


U.S. Tractor Sales – 4WD

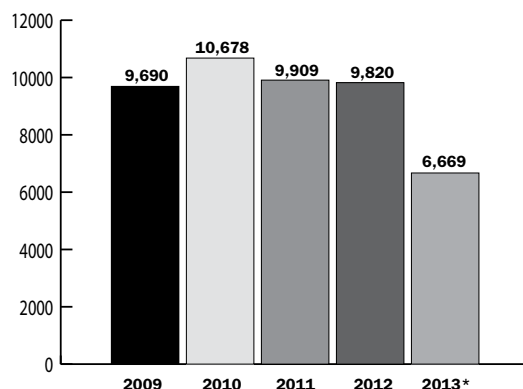


Through the first 8 months of 2013, U.S. unit sales in all tractor categories has seen solid year-over-year growth compared to the same period of 2012. Sales of 2WD compact tractors (<40 horsepower) are up by 12.8%; mid-range 2WD models (40-100 horsepower) increased by 6.7%; 2WD row-crop tractor (>100 horsepower) sales grew by 24.7%; and 4WD tractors sale rose by 7.6%. (Source: AEM)

Total U.S. Tractor Sales

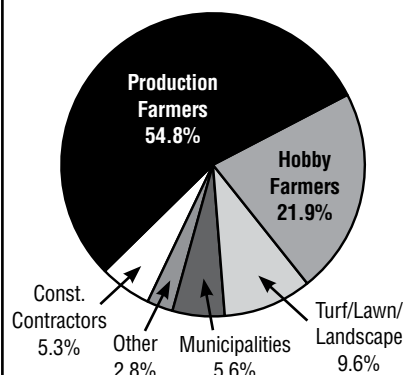


Total U.S. Combine Sales

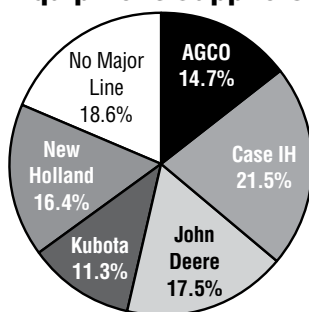


Total farm tractor retail sales through the first 8 months of 2013 increased by 12.6% to 137,776 units from 122,324 units during the same period in 2012. Unit sales of combines in the U.S. also grew significantly during the January to August period of 2013. Retail sales of combines during the period grew by 26.8% to 6,669 units vs. 5,261 units for the same 8-month period in 2012. (Source: AEM)

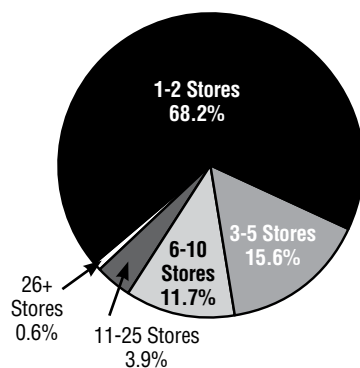
Demographics of Survey 2014 Respondents — U.S. Dealer Revenue Sources



Mainline Equipment Suppliers



Average Stores Per U.S. Dealer



The demographics of U.S. dealers participating in *Ag Equipment Intelligence's* 2014 "Dealer Business Outlook & Trends" survey showed that, on average, dealerships employed 30.1 employees. Nearly 55% of U.S. dealers' revenue comes from their production farmer customers, followed by hobby farmers and large property owners which produced 21% of revenues. A good cross section of the major line suppliers are represented in the 2014 survey results, with the largest number of respondents (21.5%) being Case IH dealers. Slightly over 68% of U.S. respondents operate 1-2 stores, while 15.6% own 3-5 locations, 11.7% have 11-25 stores and less than 1% operate 26 or more dealerships.

continued from page 15

of growing unit sales in the year ahead. Overall, 29.4% of farm equipment retailers expect loader sales to increase by 2-7% (24.3%) to 8% or more (5.1%).

The next four spots on the dealers' best bets list for increasing unit sales in 2014 are occupied by hay-related equipment.

Number 4 on the list is windrowers/swathers, with 15.7% of dealers forecasting growth. It's followed by round balers (#5), mower/conditioners (#6), forage harvesters (#7) and rectangular baler (#8).

While dealers see good potential for growing their hay tool sales in 2014, tillage tools found their way to the bottom of the list.

If you don't include combines, disc harrows, chisel plows and field cultivators were ranked last overall for their prospects to increase sales by U.S. dealers.

The list does rearrange itself somewhat, mostly in the middle of the pack, when calculated on a weighted average basis.

- Lawn & Garden +2.31
- GPS/Precision +2.14
- Farm Loaders +1.24

- 2WD Tractors (<40HP) +1.13
- 4WD Tractors +1.03
- Planters (all) +0.96
- Mower/Conditioners +0.90
- 2WD Tractors (40-100HP) +0.82
- Round Balers +0.81
- Pull-Type Sprayers +0.45
- Air Seeders/Drills +0.40
- Windrowers/Swathers +0.34
- Disc Harrows +0.31
- Self-Propelled Sprayers +0.21
- Field Cultivators +0.19
- Rectangular Balers +0.17
- 2WD Tractors >100HP +0.17
- Forage Harvesters -0.16
- Chisel Plows -0.39
- Combines -1.77

Ongoing Dealer Concerns

When it comes to what's keeping U.S. dealers up at night, the last few years have seen a significant swing away from internal issues like manufacturer succession policies, dealer purity, industry consolidation, etc., toward pricing and cost questions.

While concerns about finding and keeping talent, particularly in the dealership's service department, remains an ongoing challenge, the affordability of employee health care, increasing cost of new farm machin-

U.S. Dealer Top Concerns for 2014 (% of Dealers)

Rank Major Issues	Most Concerned	Concerned	Not Concerned	2013 Ranking
1. Health Care Affordability	67.3%	26.7%	6.0%	1
2. Increasing Cost of New Equipment	47.5%	45.1%	7.4%	2
3. Farm Commodity Prices	38.8%	52.4%	8.8%	5
4. Farm Input Costs	27.7%	59.7%	12.6%	4
5. Energy/Fuel Costs	27.2%	58.6%	14.2%	3
6. Technician Availability	46.3%	38.9%	14.8%	6
7. Shrinking Farm Customer Base	30.9%	52.1%	17.0%	8
8. New Farm Bill	21.0%	56.8%	22.2%	9
9. Depreciation Rules	20.9%	55.0%	24.1%	NA
10. Used Equipment Inventory	24.2%	51.6%	24.2%	12
11. Steel Prices/Supplies	13.3%	55.1%	31.6%	10
12. Product Reliability	23.6%	44.1%	32.3%	11
13. New Equipment Availability	17.9%	45.7%	36.4%	7
14. Industry Consolidation	17.6%	45.9%	36.5%	13
15. Dealer Purity Efforts	22.7%	35.0%	42.3%	15
16. Finance – Floor Planning	16.7%	40.1%	43.2%	14
17. Mfr. Succession Policies	16.9%	38.1%	45.0%	16
18. Finance – Retail	7.4%	42.9%	49.7%	12

Ranking U.S. Regional Expectations for Revenue Gains New Equipment Sales — 2014 vs. 2013

Region	% Expecting Gains in 2014	% Expected Gains in 2013
1. Pacific	66.7%	61.5%
2. Southeast	61.5%	57.1%
3. Delta States	50.0%	100.0%
4. Mountain	50.0%	37.5%
5. Lake States	50.0%	22.7%
6. Southern Plains	36.4%	66.7%
7. Corn Belt	36.3%	40.0%
8. Appalachia	35.3%	37.5%
9. Northern Plains	30.0%	33.4%
10. Northeast	13.4%	42.9%

U.S. Regional Expectations for Sales Revenue Gains vs. Losses — 2014

Region	Expecting Gains	Expecting Losses	Little or No Change
Northeast	13.4%	20.0%	66.6%
Appalachia	35.3%	35.3%	29.4%
Southeast	61.5%	23.1%	15.4%
Delta States	50.0%	12.5%	37.5%
Lake States	50.0%	35.0%	15.0%
Corn Belt	36.3%	27.3%	36.4%
Northern Plains	30.0%	20.0%	50.0%
Southern Plains	36.4%	18.1%	45.5%
Mountain	50.0%	33.4%	16.6%
Pacific	66.7%	25.0%	8.3%

ery and farm inputs and the fluctuating price of farm commodities are taking precedence with U.S. dealers.

With or without the Affordable Care Act, health care affordability remains the top concern for U.S. dealers as it was last year. The confusion about implementing the new law isn't helping, but at least U.S. businesses have been granted a one-year reprieve in its implementation.

U.S. Dealer Spending Plans for 2014

No Increase	47.3%
0 to +5%	40.7%
+6 to 10%	8.4%
+11%	3.6%

Where U.S. Dealers Will Invest in 2014

	2014	2013
Shop & Service	50.9%	55.7%
Retail/Showroom	32.7%	35.7%
Business Info. Sys.	40.7%	44.1%
Mobile Service Vehicles	46.5%	42.5%

The rising cost of new equipment maintained its second spot on U.S. dealers' list of concerns going into 2014. Much of the increased cost over the past several years can also be directly attributed to government rules and regulations, as well. According to farm equipment manufacturers, a significant portion of higher costs for new equipment is the result of the environmental laws enacted to reduce emissions from diesel engines.

Farm commodity prices, #3 on the dealers' list of concerns for 2014, are expected to remain volatile, at least in the near term, and will continue to be a challenge that both farmers and dealers will need to contend.

There's little doubt that this can produce significant impacts on equipment sales.

Next on dealers' ranking of major issues (#4) is the rising cost farmers pay for inputs

U.S. Dealers' Hiring Plans 2014 vs. 2013

	Add Staff 2014	Add Staff 2013
Parts Department	27.8%	20.2%
Service Tech.	62.5%	63.1%
Wholegood Sales	35.1%	34.4%
Administration	7.4%	10.2%
Precision Farming Specialist	23.5%	26.3%

(fertilizer, etc.). With a few exceptions, it appears that inputs like anhydrous, urea and DAP, have trended downward this past year. The same can't be said for corn and soybean seeds in many cases.

Hiring, Spending Flat for 2014

U.S. dealers will continue pursuing talent and investing in their operations in the year ahead, but at about the same levels as the they did during the previous year.

On the employment front, the largest percentage of dealers, nearly two-thirds (62.5%), would like to add to their technical service staffs, which is about the same percentage (63.1%) who wanted to add techs a year ago.

A similar trend can be seen for wholegoods salespeople. Over one-third of dealers (35.1%) expect to increase their sales force for 2014. This is almost identical (34.4%) to a year ago.

The biggest jump came in the parts counter staff. Last year, 20.2% of dealers said they wanted to add to their parts department. This jumped to nearly 28% for 2014.

A minor surprise came in the precision farming specialist category, which has been the hottest area of hiring in recent years. Last year, 28% of dealers indicated they were looking for specialist for the precision farming operations. This dropped to 23.5% of dealers who say they would like to add individuals to precision farming specialists for 2014. This one will bear watching.

As far as investing in their operations, nearly half of the dealers say they're not planning any increases in capital outlays in the next year. The area that will see the most significant hike is in spending for mobile service vehicles to get techs on the road.

U.S. Dealers' Regional Profile & Outlook for 2014

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

Northeast

Coverage: Connecticut, Delaware, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island

Avg. Employees/Location: 10.9

Avg. Stores/Dealer: 93.8% have 1-2 stores; 6.3% have 3-5 stores

New Equipment — Expecting Revenue Gains: 13.4%

New Equipment Wtd. Avg. Gains or (Losses): (0.06%)

Used Equipment — Expecting Revenue Gains: 15.4%

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

Revenue Source Breakdown: Production Farm 33.7%; Hobby Farm 27.9%; Turf/Lawn 18.3%; Municipal 7.4%; Construction 7.1%; Other 5.6%

Most Promising Opportunities: Lawn & Garden, Planters, GPS, 4WD, Mower Conditioners

Most Promising Opportunities: Farm Loaders, Lawn & Garden, Disc Harrows, 2WD (<40HP) 4WD

Delta States

Coverage: Arkansas, Mississippi, Louisiana

Avg. Employees/Location: 39.9

Avg. Stores/Dealer: 75% have 1-2 stores; 12.5% have 6-10 stores; 12.5% have 11-25 stores

New Equipment — Expecting Revenue Gains: 50%

New Equipment Wtd. Avg. Gains or (Losses): 1.69%

Used Equipment — Expecting Revenue Gains: 37.5%

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

Revenue Sources: Production Farm 40%; Hobby Farm 35.3%; Turf/Lawn 12.8%; Municipal 4.3%; Construction 6.8%; Other 1%

Most Promising Opportunities: Rect. Balers, Mower Conditioners, 4WD, Farm Loaders, Rd. Balers

Southern Plains

Coverage: Oklahoma, Texas

Avg. Employees/Location: 19.3

Avg. Stores/Dealer: 90.9% have 1-2 stores; 9.1% have 3-5 stores

New Equipment — Expecting Revenue Gains: 36.4%

New Equipment Wtd. Avg. Gains or (Losses): 0.50%

Used Equipment — Expecting Revenue Gains: 63.7%

Used Equipment Wtd. Avg. Gains or (Losses): 2.05%

Appalachia

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

Avg. Employees/Location: 29.3

Avg. Stores/Dealer: 84.2% have 1-2 stores; 10.5% have 3-5 stores; 5.3% have 11-25 stores

New Equipment — Expecting Revenue Gains: 35.3%

New Equipment Wtd. Avg. Gains or (Losses): (0.21%)

Used Equipment — Expecting Revenue Gains: 40%

Used Equipment Wtd. Avg. Gains or (Losses): 1.20%

Revenue Sources: Production Farm 45.6%; Hobby Farm 27.3%; Turf/Lawn 13%; Municipal 7.2%; Construction 4.7%; Other 2.2%

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

Southeast

Coverage: Alabama, Florida, Georgia, South Carolina

Avg. Employees/Location: 10.7

Avg. Stores/Dealer: All fall into 1-2 store category

New Equipment — Expecting Revenue Gains: 61.5%

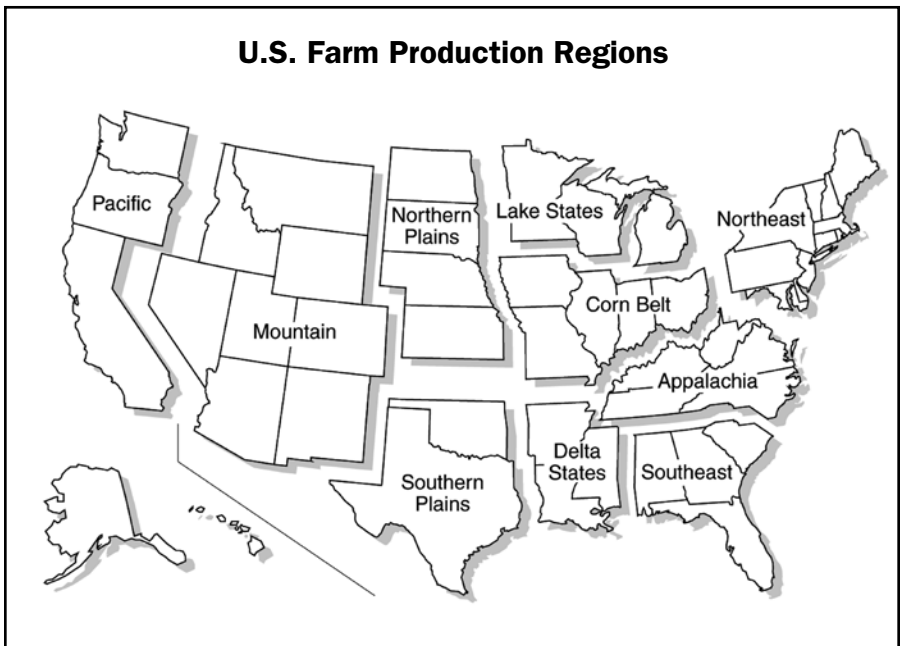
New Equipment Wtd. Avg. Gains or (Losses): 1.73%

Used Equipment — Expecting Revenue Gains: 45.5%

Used Equipment Wtd. Avg. Gains or (Losses): 0.09%

Revenue Sources: Production Farm 30%; Hobby Farm 34.2%; Turf/Lawn 15.2%; Municipal 9.6%; Construction 7.3%; Other 3.7%

U.S. Farm Production Regions



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

Revenue Sources: Production Farm 31.7%; Hobby Farm 44.1%; Turf/Lawn 9.2%; Municipal 6.6%; Construction 7.1%; Other 1.4%

Most Promising Opportunities: Farm Loaders, PT Sprayer, Lawn & Garden, 4WD, Mower Conditioners

Northern Plains

Coverage: Kansas, Nebraska, North Dakota, South Dakota

Avg. Employees/Location: 47.1

Avg. Stores/Dealer: 47.6% have 1-2 stores; 19% have 3-5 stores; 19% have 6-10 stores 9.5% have 11-25 stores; 4.5% have 26+ stores

New Equipment — Expecting Revenue Gains: 30%

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

Used Equipment — Expecting Revenue Gains: 43.8%

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

Revenue Sources: Production Farm 84.4%; Hobby Farm 6.2%; Turf/Lawn 3.8%; Municipal 2.4%; Construction 2.2%; Other 1%

Most Promising Opportunities: GPS, Planters, Air Seeders/Drills, SP Sprayers, Lawn & Garden

Lake States

Coverage: Michigan, Minnesota, Wisconsin

Avg. Employees/Location: 32.7

Avg. Stores/Dealer: 70.8% have 1-2 stores; 12.5% have 3-5 stores; 12.5% have 6-10 stores; 4.2% have 11-25 stores

New Equipment — Expecting Revenue Gains: 50%

New Equipment Wtd. Avg. Gains or (Losses): 0.33%

Used Equipment — Expecting Revenue Gains: 40%

Used Equipment Wtd. Avg. Gains or (Losses): 1.30%

Revenue Sources: Production Farm 67.7%; Hobby Farm 13.6%; Turf/Lawn 6%; Municipal 3.7%; Construction 5%; Other 4%

Most Promising Opportunities: Lawn & Garden, GPS, 2WD (<40HP), 2WD (40-100HP), Mower Conditioners

Corn Belt

Coverage: Illinois, Indiana, Iowa, Missouri, Ohio

Avg. Employees/Location: 56.4

Avg. Stores/Dealer: 48.9% have 1-2 stores; 27.7% have 3-5 stores; 19.1% have 6-10 stores; 4.3% have 11-25 stores

New Equipment — Expecting Revenue Gains: 36.3%

New Equipment Wtd. Avg. Gains or (Losses): 0.41%

Used Equipment — Expecting Revenue Gains: 40.4%

Used Equipment Wtd. Avg. Gains or (Losses): 0.80%

Revenue Sources: Production Farm 62.5%; Hobby Farm 15.9%; Turf/Lawn 7.5%; Municipal 5.7%; Construction 5.7%; Other 2.7%

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

Field Cultivators, 2WD (<40HP)

Mountain

Coverage: Arizona, Colorado, Idaho, Montana, Nevada, New Mexico, Utah, Wyoming

Avg. Employees/Location: 57.4

Avg. Stores/Dealer: 57.1% have 1-2 stores; 14.3% have 3-5 stores; 28.6% have 6-10 stores

New Equipment — Expecting Revenue Gains: 50%

New Equipment Wtd. Avg. Gains or (Losses): 0.75%

Used Equipment — Expecting Revenue Gains: 71.5%

Used Equipment Wtd. Avg. Gains or (Losses): 3.58%

Revenue Sources: Production Farm 83.6%; Hobby Farm 4.4%; Turf/Lawn 2.3%; Municipal 3.1%; Const. 4.7%; Other 1.9%

Most Promising Opportunities: 4WD, GPS, 2WD (>100HP), SP Sprayers, 2WD (<40HP)

Pacific

Coverage: Alaska, California, Hawaii, Oregon, Washington

Avg. Emp./Location: 33.4

Avg. Stores/Dealer: 61.5% have 1-2 stores; 23.1% have 3-5 stores; 15.4% have 6-10 stores

New Equipment — Expecting Revenue Gains: 66.7%

New Equipment Wtd. Avg. Gains or (Losses): 2.75%

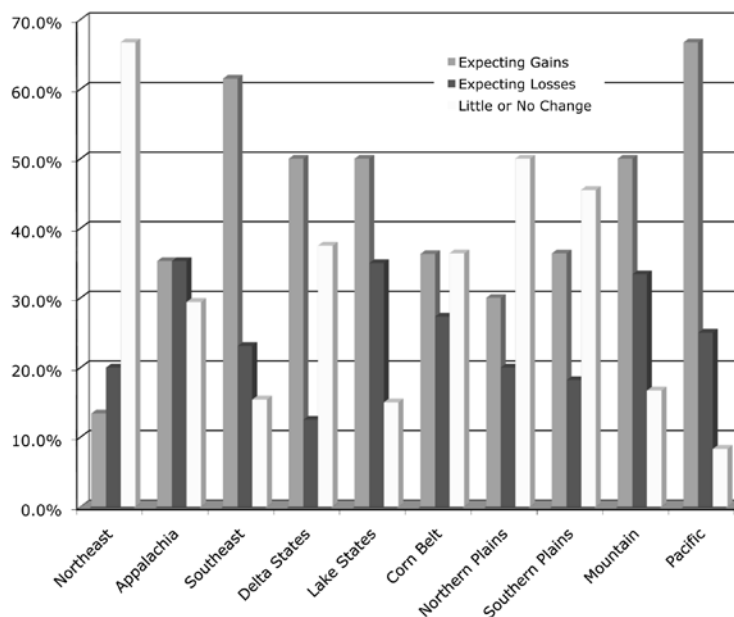
Used Equipment — Expecting Revenue Gains: 20%

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

Revenue Sources: Production Farm 49.2%; Hobby Farm 28.8%; Turf/Lawn 11.3%; Municipal 5%; Construction 3.3%; Other 2.4%

Most Promising Opportunities: 4WD, Lawn & Garden, Field Cultivators, Disc Harrows, PT Sprayers

U.S. Regional Expectations for Sales Revenues — 2014



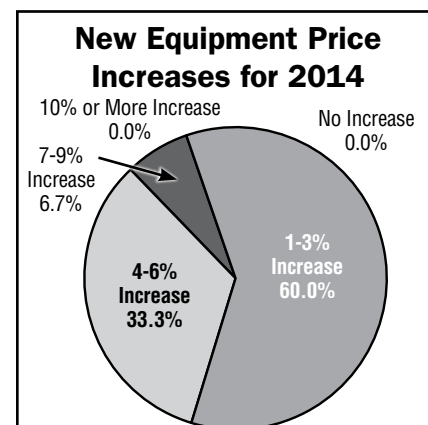
The most optimistic dealers going into 2014 on a regional basis are those operating in the Pacific, with 66.7% expecting revenue gains. Only 13.4% of Northeastern dealers see gains.

PART III — CANADIAN OUTLOOK

Canadian Dealers See Potential for Slowing Sales

Farm equipment dealers in Canada aren't necessarily pessimistic about their business prospects for 2014, but a larger percentage of them see more potential for declining revenues for the year ahead than forecast declines a year earlier.

In fact, the same percentage of Canadian dealers expect rising revenues from new equipment sales (33.3%) for 2014 than expected declining sales revenues a year ago. For those projecting growth in the

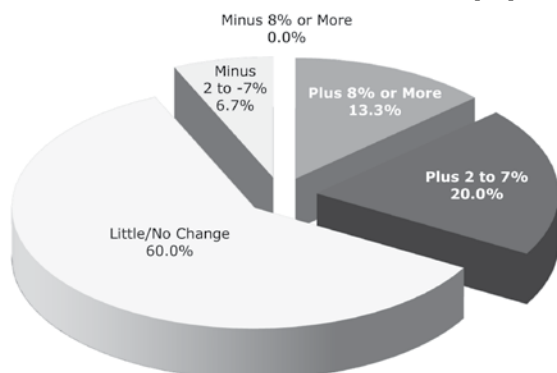


Some 60% of Canadian dealers say new farm equipment prices for 2013 will increase 1-3%, and 33% say prices will rise by 4-6%. The remaining 6.7% say they'll rise by 7-9%.

Projected Canadian Sales of Tractors & Combines — 2014

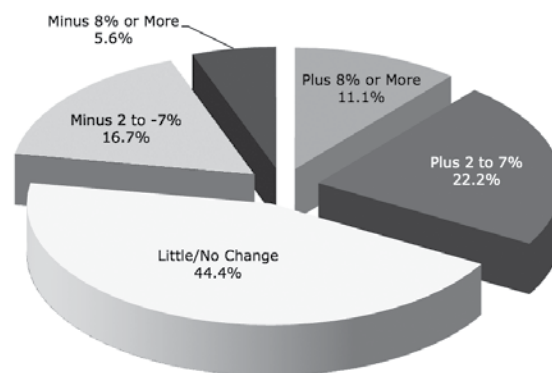
Tractor Type (Size)	Sales +8%	Sales +2-7%	Little or No Change	Sales -2-7%	Sales -8%	Forecasting Growth	Loss
2WD (<40HP)	23.1%	23.1%	53.8%	0.0%	0.0%	46.2%	0.0%
2WD (40-100HP)	0.0%	53.8%	38.5%	7.7%	0.0%	53.8%	7.7%
2WD (>100HP)	0.0%	38.5%	61.5%	0.0%	0.0%	38.5%	0.0%
4WD (All)	0.0%	45.5%	45.5%	9.0%	0.0%	45.5%	0.0%
Combines	0.0%	25.0%	37.5%	37.5%	0.0%	25.0%	37.5%

Canadian Dealers' Projections for Sales Revenue 2014 — New Equipment



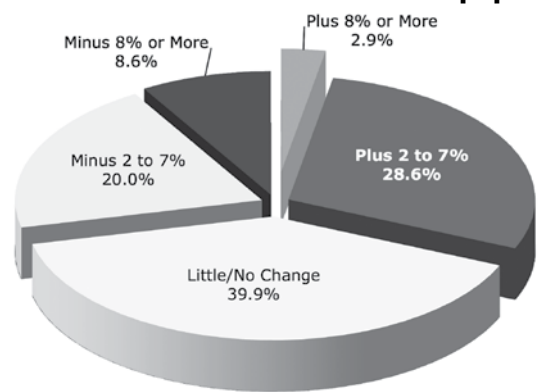
While one-third (33.3%) of Canadian farm equipment dealers expect rising revenues from new equipment in 2014, nearly double that number are forecasting "little or no change" or flat sales in the year ahead.

Canadian Dealers' Projections for Sales Revenue 2013 — New Equipment



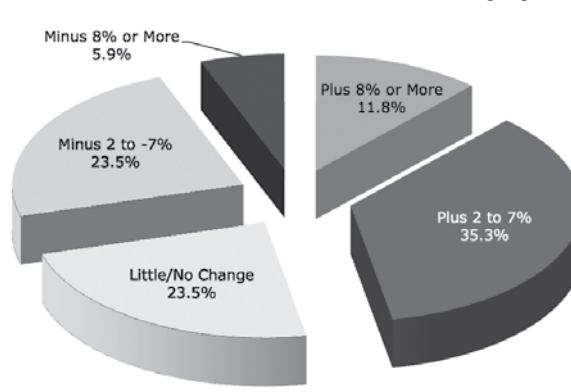
Last year, one-third of Canadian ag machinery dealers projected new equipment sales would increase by 2% or more, while nearly 22% anticipated declining revenues for the year.

Canadian Dealers' Projections for Sales Revenue 2014 — Used Equipment



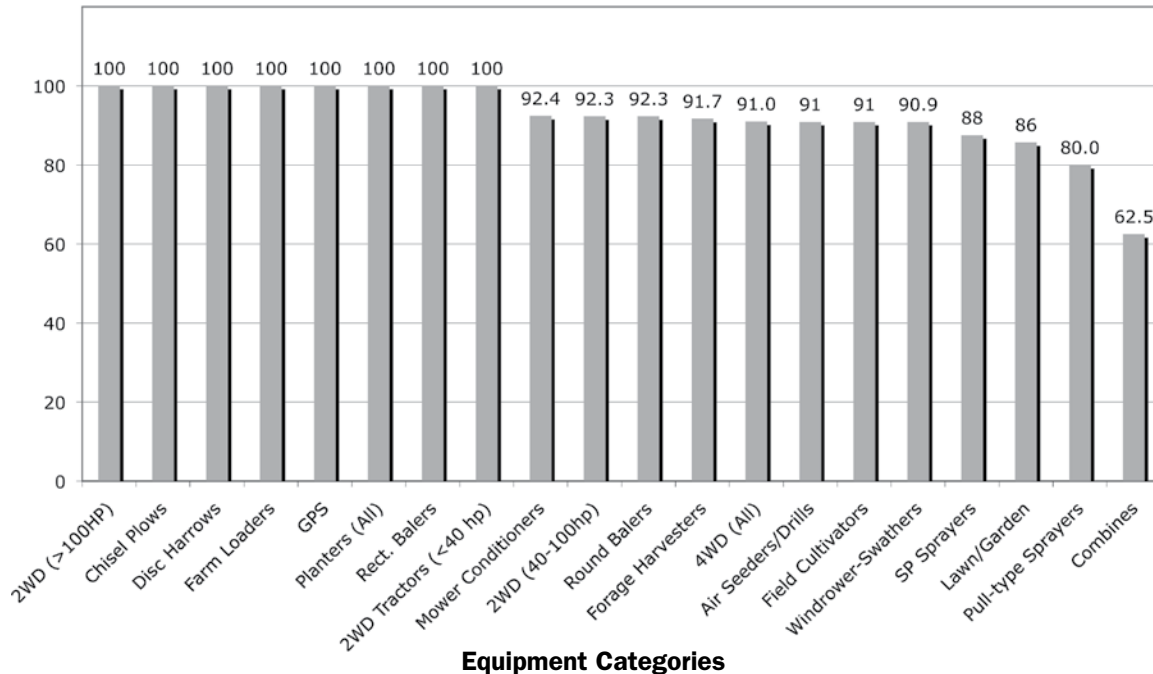
Over half (53.3%) of Canadian dealers are forecasting "little or no change" in revenues from used equipment sales in 2014, while 40% are expecting sales revenues to rise in the year ahead.

Canadian Dealers' Projections for Sales Revenue 2013 — Used Equipment



A year ago, nearly half (47.1%) of Canadian dealers anticipated revenues from the sales of used equipment to increase, but almost 30% projected declining revenues from sales of previously owned machinery.

Best Product Bets for Improving Unit Sales in 2014 — Canada



Canadian farm equipment dealers see solid potential for increasing unit sales in the year ahead from a range of product categories. These include 2WD row-crop and mid-range tractors, chisel plows disc harrows, farm loaders, precision farming products, planters and rectangular balers.

year ahead, 13.3% are looking for growth of 8% or more, compared with

11.1% last year. For those looking at growth in the 2-7% range, this number

of dealers shifted only slightly this year (20%) vs. last year at this time (22.2%).

The most significant swings came with those Canadian dealers who see falling or flat revenues for 2014 sales of new machinery. Looking

continued on page 24

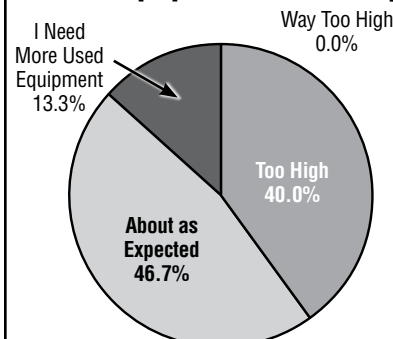
Projected Canadian Unit Sales of Other Equipment — 2014

Equipment	Up 8% or More	Up 2-7%	Little or No Change	Down 2-7%	Down 8% or More
GPS/Precision Farming	16.7%	75.0%	8.3%	0.0%	0.0%
Air Seeders/Drills	0.0%	54.5%	36.4%	9.1%	0.0%
Self-Propelled Sprayer	25.0%	25.0%	37.5%	12.5%	0.0%
Farm Loaders	0.0%	46.2%	53.8%	0.0%	0.0%
Planters (All)	0.0%	40.0%	60.0%	0.0%	0.0%
Mower Conditioners	7.7%	38.5%	46.2%	7.7%	0.0%
Lawn/Garden	21.4%	14.3%	50.0%	7.1%	7.1%
Round Balers	7.7%	30.8%	53.8%	7.7%	0.0%
Disc Harrows	9.1%	27.3%	63.6%	0.0%	0.0%
Field Cultivators	9.1%	18.2%	63.6%	9.1%	0.0%
Pull-Type Sprayers	0.0%	30.0%	50.0%	7.1%	20.0%
Rect. Balers	0.0%	25.0%	75.0%	0.0%	0.0%
Chisel Plows	0.0%	18.2%	81.8%	0.0%	0.0%
Forage Harvesters	0.0%	16.7%	75.0%	8.3%	0.0%
Windrower-Swathers	0.0%	9.1%	81.8%	9.1%	0.0%

Canadian Dealers' Spending Plans for 2014

No Increase	21.4%
0 to +5%	50.0%
+6 to 10%	14.3%
+10%	14.3%

Canadian Dealers' View of Used Equipment Inventory



While nearly half (46.7%) of Canadian dealers believe their used equipment inventories are manageable, 40% rated their backlogs of previously owned equipment as "too high."

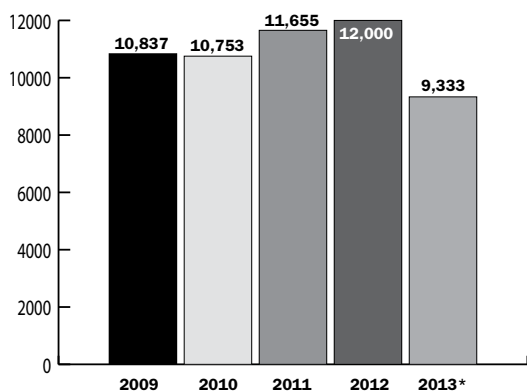
Canadian Dealers' Hiring Plans 2014 vs. 2013

	2014			2013		
	Add Staff	No Change	Reduce/Relocate Staff	Add Staff	No Change	Reduce/Relocate Staff
Parts Department	46.2%	53.8%	0.0%	53.3%	46.7%	0.0%
Service Techs	57.1%	42.9%	0.0%	66.7%	33.3%	0.0%
Wholegood Sales	42.9%	57.1%	0.0%	50.0%	50.0%	0.0%
Administration	18.2%	81.8%	0.0%	18.8%	81.3%	0.0%
Precision Farm Specialist	16.7%	83.3%	0.0%	42.9%	57.1%	0.0%

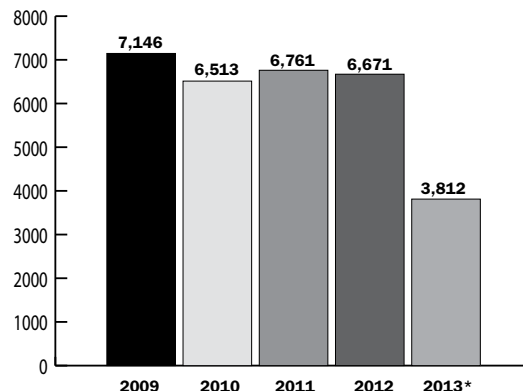
Canadian Retail Tractor & Combine Unit Sales — 2009-13*

(*Year-to-Date January through August 2013)

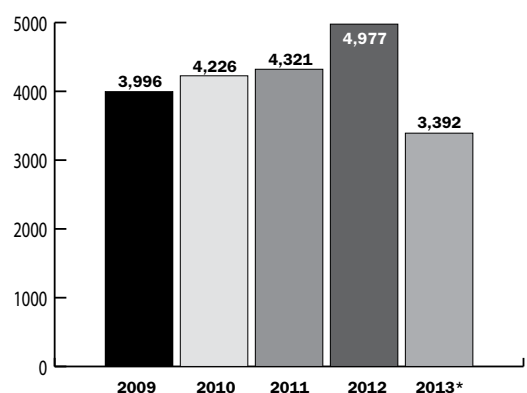
Canada Tractor Sales – 2WD <40HP



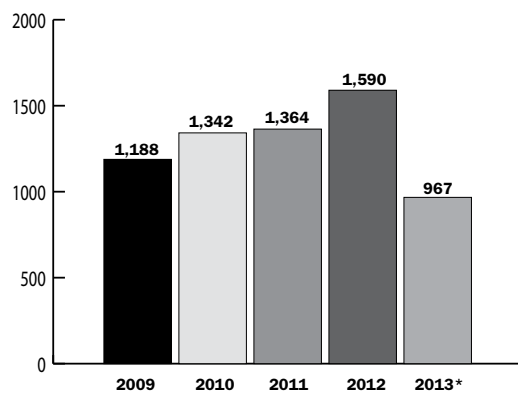
Canada Tractor Sales – 2WD 40-100HP



Canada Tractor Sales – 2WD >100HP

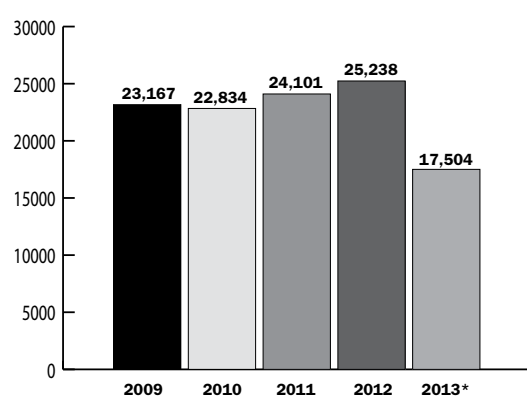


Canada Tractor Sales – 4WD

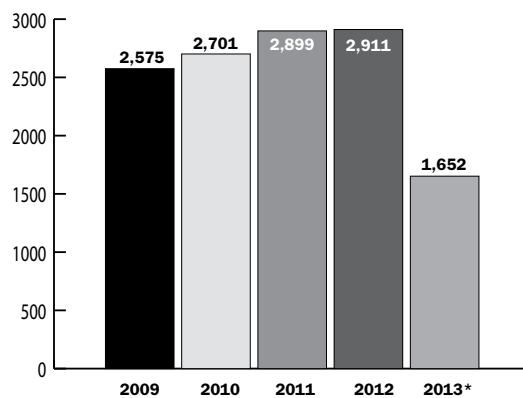


Through the first 8 months of 2013, Canadian unit sales of all categories of farm tractors, except mid-range units, were up vs. the same period of 2012. Year-over-year for the January through August period, 2WD tractors (<40HP) were up 15.5%; 2WD mid-range tractors (40-100HP) were down 1.3%; 2WD row-crop tractors (100 HP+) were up 17.3%; 4WD tractors were up 7.3%. (Source: AEM)

Total Canada Tractor Sales



Total Canada Combine Sales



Total unit sales of farm tractors in Canada through the first 8 months of 2013 were up 11.2% to 17,504 units from 15,735 tractors in the January through August 2012 timeframe. For the same time period, total Canadian unit sales of combines increased by 7.8% to 1,652 units from 1,532 combines sold during January through August 2012. (Source: AEM)

continued from page 22

ahead, only 6.7% of Canada's dealers who participated in this year's survey expect revenues to drop compared to 22.3% last year. Far more dealers are looking at "little or no change" for 2014 (60%) than anticipated flat sales revenues one year ago (44.4%).

On a weighted basis, Canadian farm equipment dealers are looking at an overall gain in new equipment sales of 1.66%. This compares with gains of 1.97% in the previous year and a 3.35% increase in 2012.

Revenues from used equipment

sales, however, showed a somewhat different pattern. Going into 2014, 40% of Canadian dealers see increasing revenues (26.7% +2-7%, 13.3% +8% or more). This compares with 47.1% last year who anticipated growth in used equipment revenues (11.8% +8% or more, 35.3% +2-7%).

Last year, 29.4% of Canadian dealers expected a falloff in used equipment. For the year ahead, only 6.7% of dealers are projecting declines in used equipment and all of those dealers see a drop off of 8% or more.

For 2014, 53.3% are expecting

Where Canadian Dealers Will Invest in 2014

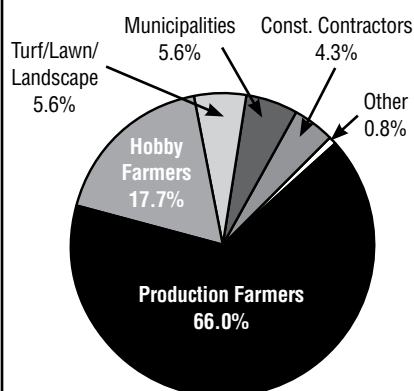
	2014	2013
Shop & Service	78.6%	57.1%
Retail/Showroom	50.0%	44.2%
Business Info. Sys.	36.4%	53.3%
Mobile Service Vehicles	30.8%	46.7%

essentially flat revenues from used equipment sales vs. 23.5% last year.

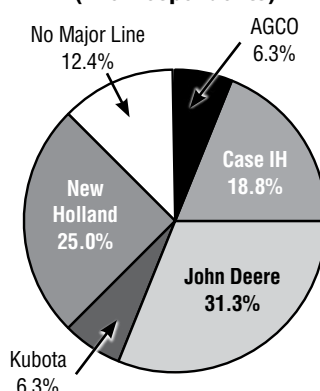
On a weighted average basis, Canadian dealers are expecting gains of 1.73% for 2014. vs. 1.00% for 2013 and 2.68% in 2012.

Demographics of Survey 2014 Respondents — Canada

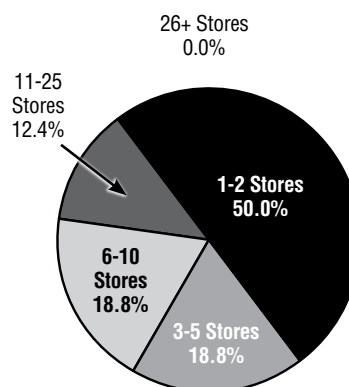
Dealer Revenue Sources



Mainline Suppliers (% of respondents)



Average Stores Per Dealer



Canadian dealers participating in *Ag Equipment Intelligence's* 2013 Dealer Business Outlook & Trends survey report that 66% of their 2013 revenues came from production farming and nearly 18% came from the hobby farming and large property owner segments.

Canadian Dealer Issues & Concerns — 2014 (2013 Rank)

Issue	Most Concerned	Concerned	Not Concerned
1. Farm Input Costs (1)	46.2%	53.8%	0.0%
2. Increasing Price of New Equipment (3)	15.4%	84.6%	0.0%
3. Technician Availability (2)	57.1%	35.7%	7.2%
4. Commodity Prices (5)	35.7%	57.1%	7.2%
5. Energy/Fuel Costs (6)	21.4%	71.4%	7.2%
6. Shrinking Farm Customer Base (7)	21.4%	64.3%	14.3%
7. Used Equipment Inventory (11)	14.3%	71.4%	14.3%
8. Product Reliability (9)	28.6%	35.7%	35.7%
9. Dealer 'Purity' Efforts (13)	7.7%	53.8%	38.5%
10. Finance – Floor Planning (14)	0.0%	57.1%	42.9%
11. Steel Prices/Supplies (8)	0.0%	57.1%	42.9%
12. New Equipment Availability (4)	21.4%	28.6%	50.0%
13. Mfr. Succession Policies (12)	14.3%	35.7%	50.0%
14. Industry Consolidation (10)	7.7%	38.5%	53.8%
15. Finance – Retail (17)	7.1%	28.6%	64.3%
16. Health Care Affordability (16)	7.1%	28.6%	64.3%
17. Depreciation Rules (NA)	7.1%	7.1%	85.8%
18. New Farm Bill (18)	0.0%	9.1%	90.9%

PART IV — BREAKOUT BY MAINLINE SUPPLIERS

As in all previous *Ag Equipment Intelligence* “Dealer Business Outlook & Trends” reports, this part of the report breaks out dealer responses by their major equipment supplier. Dealerships that do not handle any of the major tractor lines — AGCO, Case IH, John Deere, New Holland or Kubota — are referred to as “independent” or “shortline only” dealers.

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

Positive Outlook. Comparing the dealership groups by brand and stripping out the “little or no change” responses, the most optimistic dealers are those that handle Kubota equipment. Nearly 62% indicated they expect to increase revenues from the sale of new equipment in 2014.

Not far behind are AGCO dealers, 60% of whom are projecting revenue gains for new equipment in the year ahead. Retailers of New Holland farm equipment were #3 with 40.6% of its dealers looking at increases in new equipment revenue in 2014.

Slightly over 36% of John Deere dealers expect increased revenues during the coming year. Over 27% of independent dealers anticipate rising revenues for the year, while 26.4% of Case IH equipment dealers are forecasting growth in 2014.

Less Than Optimistic. Looking at the other end of the optimism scale, the dealer group with the largest percentage expecting declining revenues from new equipment sales in the year ahead are the Shortline-Only dealers, 42.1% of whom see revenue falling by 2% or more. New Holland dealers follow with 36.4% of this group projecting declining sales in 2014.

Nearly 19% of John Deere dealers are looking for a downturn in new equipment sale during the coming year. They’re followed by the retailers of Kubota equipment, with 16% forecasting a slowdown in sales revenues for the year.

AGCO dealers are #5 on the list, with 14.3% anticipating a falloff of equipment revenues, while only 10.3% of Case IH dealers expecting lower new equipment revenues in 2014 than they saw in 2013.

On a weighted average basis for both new and used farm machinery the list looks like this:

	New Equipment	Used Equipment
AGCO	+2.54%	+2.68%
Case IH	-0.98%	+0.07%
John Deere	0.00%	+0.17%
Kubota	+2.31%	+1.66%
New Holland	+1.09%	+1.16%
Independent	+0.65%	+1.72%

Price Increases

	None	1-3% Increase	4-6% Increase	7% or More Increase
AGCO	3.9%	50.0%	38.5%	7.6%
Case IH	0.0%	64.9%	29.7%	5.4%
John Deere	2.9%	38.2%	47.2%	11.7%
Kubota	0.0%	47.4%	42.1%	10.5%
New Holland	0.0%	34.4%	62.5%	3.1%
Independent	6.3%	71.8%	18.8%	3.1%

AGCO — % of Total Responses14.0%

Case IH — % of Total Responses21.2%

John Deere — % of Total Responses18.7%

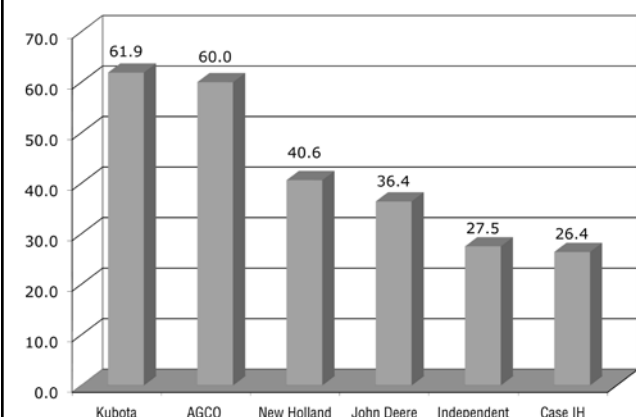
Kubota — % of Total Responses10.9%

New Holland — % of Total Responses17.1%

Independent Dealers — % of Total Responses18.1%

Most Optimistic Equipment Dealers for 2014

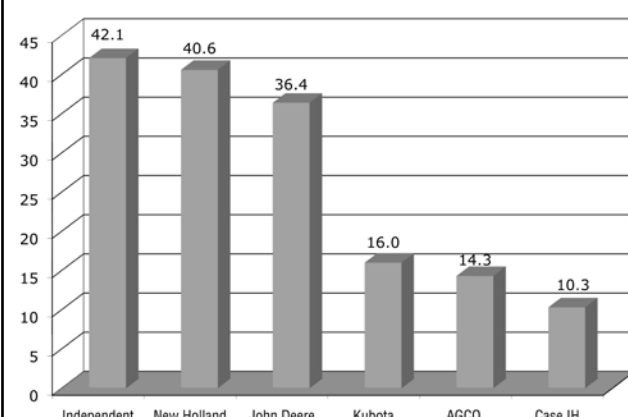
(% of dealers expecting revenue gains)



Kubota dealers followed closely by those handling AGCO branded equipment are the most optimistic going into 2014.

Least Optimistic Equipment Dealers for 2014

(% of dealers expecting revenue declines)



The least optimistic dealers about prospects for 2014 are Independents and those handling New Holland branded equipment.

AGCO Dealers' Outlook for 2014



AGCO Dealers' Projections for Improved Revenue from New & Used Equipment Sales in 2014

	New Equipment	Used Equipment
+8%	16.0%	18.2%
+2-7%	44.0%	40.9%
Little or No Change	24.0%	27.3%
-2-7%	16.0%	13.6%
-8%	0.0%	0.0%

Expecting New Equipment Price Increase in 2014

No	3.8%
1-3%	50.0%
4-6%	38.6%
7-9%	3.8%
10%+	3.8%

Early Orders 2014 vs. 2013

Down 6-10%	0.0%
Down 1-5%	7.7%
Same as Last Year	57.7%
Up 1-5%	30.8%
Up 6-10%	3.8%

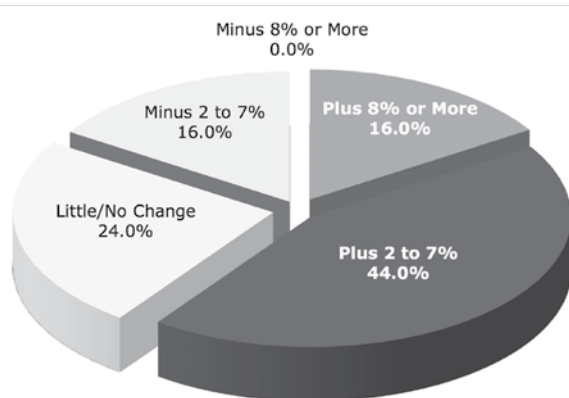
AGCO Dealers' Projected Unit Sales of Tractors & Combines — 2014

Tractor Type (Size)	Sales +8%	Sales +2-7%	Little or No Change	Sales -2-7%	Sales -8%	Forecasting Growth	Loss
2WD (<40HP)	12.0%	8.0%	72.0%	0.0%	8.0%	20.0%	8.0%
2WD (40-100HP)	3.7%	18.5%	63.0%	11.1%	3.7%	22.2%	14.8%
2WD (>100HP)	8.3%	16.7%	66.7%	8.3%	0.0%	25.0%	8.3%
4WD (All)	18.2%	27.3%	50.0%	4.5%	0.0%	45.5%	4.5%
Combines	0.0%	10.5%	68.5%	10.5%	10.5%	15.8%	0.0%

AGCO Dealers' Projected Unit Sales for All Other Equipment — 2014

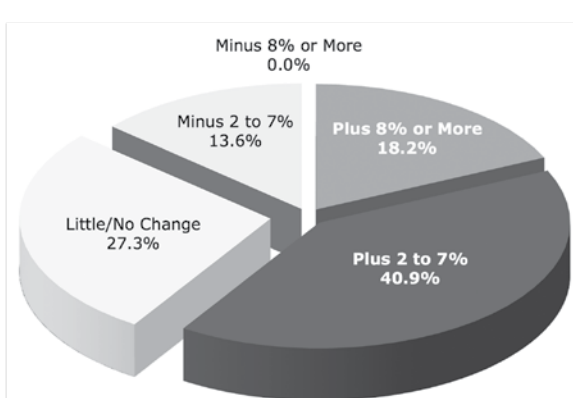
Equipment Category	Sales +8%	Sales +2-7%	Little or No Change	Sales -2-7%	Sales -8%
Rectangular Balers	4.2%	25.0%	66.6%	0.0%	4.2%
Round Balers	4.0%	24.0%	64.0%	8.0%	0.0%
Forage Harvesters	5.6%	0.0%	77.7%	5.6%	11.1%
Planters (All)	4.8%	47.6%	38.0%	4.8%	4.8%
Mower/Conditioners	4.5%	50.0%	41.0%	4.5%	0.0%
Windrowers/Swathers	4.3%	13.0%	74.0%	0.0%	8.7%
Field Cultivators	0.0%	13.6%	59.1%	18.2%	9.1%
Farm Loaders	3.8%	11.5%	73.2%	11.5%	0.0%
Chisel Plows	0.0%	17.4%	60.9%	13.0%	8.7%
Disc Harrows	0.0%	17.4%	65.2%	8.7%	8.7%
Air Seeders/Drills	4.5%	31.8%	54.6%	0.0%	9.1%
Self-Propelled Sprayers	12.5%	6.3%	74.9%	0.0%	6.3%
Pull-Type Sprayers	0.0%	19.0%	76.2%	0.0%	4.8%
Lawn/Garden Equip.	8.0%	28.0%	56.0%	4.0%	4.0%
GPS	14.3%	38.1%	42.8%	0.0%	4.8%

AGCO Dealers' Projected Sales Revenues 2014 — New Equipment



60% of AGCO dealers expect increased revenues from the sale of new equipment in 2014, while only 16% are forecasting declining revenues.

AGCO Dealers' Projected Sales Revenues 2014 — Used Equipment



Slightly over 59% of AGCO dealers see improved revenues from the sale of used machinery in 2014 and only 13.6% see a falloff in used sales.

AGCO Dealers' Major Revenue Sources — 2013

Revenue by Market Segment:

- Production Farmers: 56.5%
- Hobby Farmers: 24.6%
- Turf & Lawn: 6.6%
- Municipalities/Parks: 5.1%
- Const. Contractors: 4.5%
- Other: 2.7%

Used Equipment Inventory

Way Too High	0.0%
Too High	20.0%
As Expected	44.0%
Need More	36.0%

AGCO Dealer Spending Plans for 2014

No Increase	44.5%
0 to +5%	40.7%
+6 to 10%	3.7%
+11% or more	11.1%

Where AGCO Dealers Will Invest in 2014

Modernize Shop & Service	52.0%
Modernize Retail	36.0%
Bus. Info. Systems	76.0%
Mobile Service Vehicles	45.8%

AGCO Dealerships

Est. Ag Dealer Locations*

975

% Dealers with 5 or More Locations*

23%

Avg. #Employees/Location**

21.4

Avg. # Stores/Dealership Group**

1-2 Stores 85.2%

3-5 Stores 3.7%

6-10 Stores 11.1%

11-25 Stores 0.0%

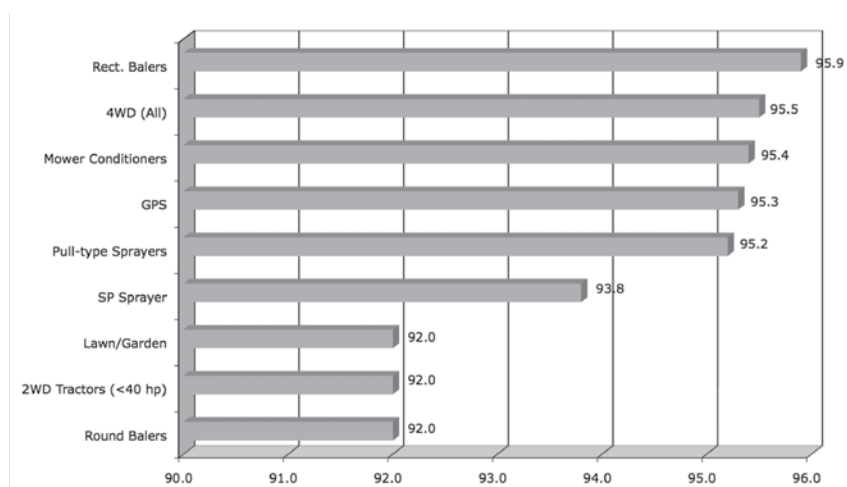
26+ Stores 0.0%

Wtd. Avg. 2.31

*AEI 2013 Big Dealer Report

**AEI 2014 Dealer Business Outlook & Trends

Best Bet Products for Improving Unit Sales in 2014 AGCO Dealers



AGCO dealers' best bets for increasing unit sales in 2014 include rectangular balers, 4WD tractors, mower/conditioners, GPS/precision farming products and pull-type sprayers.

AGCO Dealers' Hiring Plans for 2014 vs. 2013

	2013			2012		
	Add Staff	No Change	Reduce/Relocate Staff	Add Staff	No Change	Reduce/Relocate Staff
Parts Department	24.0%	72.0%	4.0%	43.5%	56.5%	0.0%
Service Techs	73.1%	23.1%	3.8%	73.9%	26.1%	0.0%
Wholegood Sales	46.2%	50.0%	3.8%	31.8%	68.2%	0.0%
Administration	4.3%	91.4%	4.3%	4.3%	95.7%	0.0%
Precision Farming Specialist	37.5%	62.5%	0.0%	36.8%	63.2%	0.0%

AGCO Dealers' Issues and Concerns — 2014 (2013) Rank

Issue	Most Concerned	Concerned	Not Concerned
1. Increasing Cost of New Equip. (3)	34.6%	57.7%	7.7%
2. Health Care Affordability (7)	64.0%	28.0%	8.0%
3. Farm Commodity Prices (4)	33.3%	50.0%	16.7%
4. Farm Input Costs (1)	33.3%	50.0%	16.7%
5. Energy/Fuel Costs (2)	34.6%	56.2%	19.2%
6. Technician Availability (11)	44.0%	36.0%	20.0%
7. Shrinking Farm Customer Base (8)	34.6%	42.3%	23.1%
8. Industry Consolidation (9)	28.0%	44.0%	28.0%
9. Depreciation Rules (NA)	12.0%	56.0%	32.0%
10. New Equipment Availability (5)	19.2%	46.2%	34.6%
11. Product Reliability (6)	24.0%	40.0%	36.0%
12. Used Equipment Inventory (15)	12.0%	52.0%	36.0%
13. Dealer Purity Efforts (12)	34.6%	26.9%	38.5%
14. New Farm Bill (16)	11.5%	42.3%	46.2%
15. Mfr. Succession Policies (13)	16.0%	36.0%	48.0%
16. Finance – Floor Planning (14)	11.5%	30.8%	57.7%
17. Steel Prices/Supplies (10)	0.0%	40.9%	59.1%
18. Finance – Retail (17)	3.8%	30.8%	65.4%

Case IH Dealers' Outlook for 2014



Case IH Dealers' Projections for Improved Revenue from New & Used Equipment Sales in 2014

	New Equipment	Used Equipment
+8%	5.3%	2.9%
+2-7%	21.1%	28.6%
Little or No Change	31.5%	39.9%
-2-7%	28.9%	20.0%
-8%	13.2%	8.6%

Expecting New Equipment Price Increase in 2014

No	0.0%
1-3%	64.9%
4-6%	29.7%
7-9%	5.4%
10%+	0.0%

Early Orders 2014 vs. 2013

Down 6-10%	14.3%
Down 1-5%	31.4%
Same as Last Year	25.7%
Up 1-5%	22.9%
Up 6-10%	5.7%

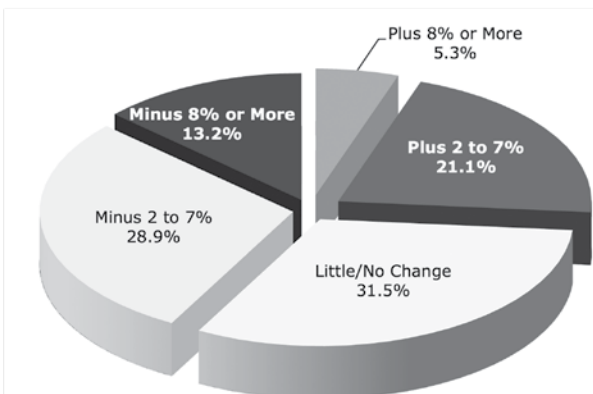
Case IH Dealers' Projected Unit Sales of Tractors and Combines — 2014

Tractor Type (Size)	Sales +8%	Sales +2-7%	Little or No Change	Sales -2-7%	Sales -8%	Forecasting Growth	Forecasting Loss
2WD (<40HP)	13.5%	21.6%	56.8%	8.1%	0.0%	35.1%	8.1%
2WD (40-100HP)	5.4%	45.9%	32.5%	16.2%	0.0%	51.3%	16.2%
2WD (>100HP)	2.7%	13.5%	51.4%	32.4%	0.0%	16.2%	32.4%
4WD (All)	5.6%	27.8%	41.6%	19.4%	5.6%	33.4%	25.0%
Combines	3.0%	6.1%	42.4%	30.3%	18.2%	9.1%	48.5%

Case IH Dealers' Unit Sales Projections for Other Equipment in 2014

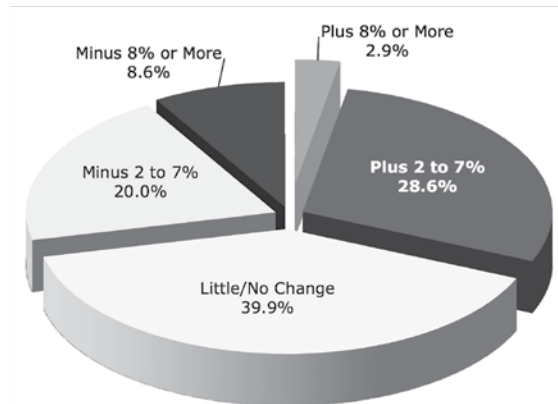
Equipment Category	Sales +8%	Sales +2-7%	Little or No Change	Sales -2-7%	Sales -8%
Rectangular Balers	0.0%	3.6%	89.2%	3.6%	3.6%
Round Balers	3.2%	12.9%	80.7%	0.0%	3.2%
Forage Harvesters	3.7%	3.7%	85.2%	7.4%	0.0%
Planters (All)	2.9%	42.9%	42.8%	11.4%	0.0%
Mower/Conditioners	3.2%	19.4%	70.9%	6.5%	0.0%
Windrower/Swathers	0.0%	6.9%	86.2%	6.9%	0.0%
Field Cultivators	6.3%	25.0%	59.3%	6.3%	3.1%
Farm Loaders	2.9%	35.3%	58.9%	2.9%	0.0%
Chisel Plows	0.0%	6.9%	86.3%	3.4%	3.4%
Disc Harrows	5.4%	24.3%	56.8%	8.1%	5.4%
Air Seeders/Drills	0.0%	30.0%	60.0%	3.3%	6.7%
Self-Propelled Sprayers	7.4%	22.2%	63.0%	0.0%	7.4%
Pull-Type Sprayers	0.0%	7.7%	73.1%	11.5%	7.7%
Lawn/Garden Equip.	5.9%	38.2%	47.1%	8.8%	0.0%
GPS	14.7%	41.2%	41.2%	2.9%	0.0%

Case IH Dealers' Projections for Sales Revenues 2014 — New Equipment



Roughly one-quarter of Case IH dealers see higher revenues from new equipment sales in 2014, but 42.1% expect decreased revenues.

Case IH Dealers' Projections for Sales Revenues 2014 — Used Equipment



Nearly the same percentage of Case IH dealers expect a pick up in used equipment revenues (31.5%) as expect a decrease (28.6%).

Case IH Dealers' Major Revenue Sources — 2013

Revenue by Market Segment:

- Production Farmers: 76.2%
- Hobby Farmers: 11.4%
- Turf & Lawn: 4.3%
- Municipalities/Parks: 3.6%
- Const. Contractors: 3.0%
- Other: 1.5%

Used Equipment Inventory

Way Too High	10.5%
Too High	28.9%
As Expected	50.1%
Need More	10.5%

Case IH Dealer Spending Plans for 2014

No Increase	40.6%
0 to +5%	50.0%
+6% to 10%	6.3%
+10%	3.1%

Where Case IH Dealers Will Invest in 2014

Modernize Shop & Service	67.6%
Modernize Retail	27.3%
Bus. Info. Systems	30.3%
Mobile Service Vehicles	58.8%

Case IH Dealerships

Est. Ag Dealer Locations*

950

% Dealers with 5 or More Locations*

39%

Avg. #Employees/Location**

53.1

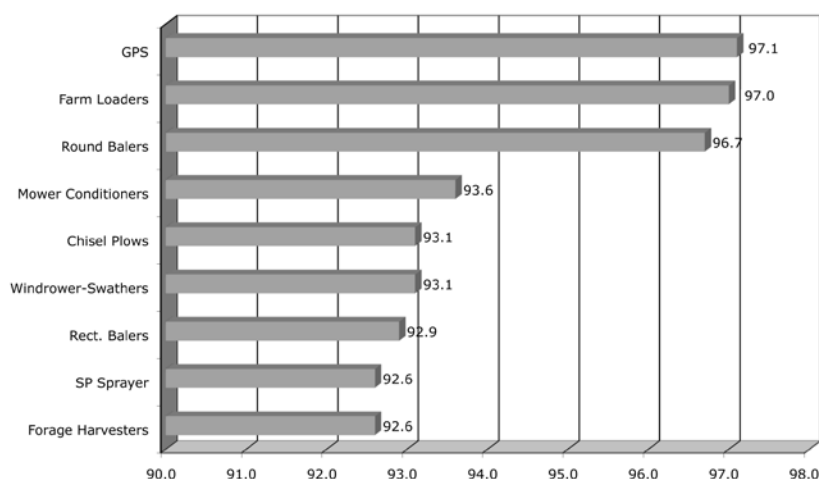
Avg. # Stores/Dealership Group**

1-2 Stores	48.7%
3-5 Stores	22.0%
6-10 Stores	22.0%
11-25 Stores	7.3%
26+ Stores	0.0%
Wtd. Avg.	4.65

*AEI 2013 Big Dealer Report

**AEI 2014 Dealer Business Outlook & Trends

Best Bet Products for Improving Unit Sales in 2014 Case IH Dealers



Case IH dealers' best bets for increasing unit sales in 2014 include GPS/precision farming products, farm loaders, round balers and mower/conditioners.

Case IH Dealers' Hiring Plans 2014 vs. 2013

	2014			2013		
	Add Staff	No Change	Reduce/Relocate Staff	Add Staff	No Change	Reduce/Relocate Staff
Parts Department	31.4%	65.7%	2.9%	33.3%	66.7%	0.0%
Service Techs	71.4%	28.6%	0.0%	81.5%	18.5%	0.0%
Wholesale Sales	34.3%	62.8%	2.9%	48.1%	51.9%	0.0%
Administration	11.4%	77.2%	11.4%	11.1%	81.5%	7.4%
Precision Farming Specialist	26.5%	73.5%	0.0%	42.3%	57.7%	0.0%

Case IH Dealers' Issues and Concerns — 2014 (2013 Rank)

Issue	Most Concerned	Concerned	Not Concerned
1. Farm Commodity Prices (5)	55.9%	41.2%	2.9%
2. Increasing Cost of New Equip. (4)	50.0%	47.1%	2.9%
3. Health Care Affordability (3)	62.9%	31.4%	5.7%
4. Farm Input Costs (2)	23.5%	70.6%	5.9%
5. Technician Availability (1)	42.9%	45.7%	11.4%
6. Used Equipment Inventory (9)	25.7%	62.9%	11.4%
7. Shrinking Farm Customer Base (7)	29.4%	58.8%	11.8%
8. Energy/Fuel costs (8)	15.2%	69.7%	15.3%
9. New Farm Bill (6)	21.2%	51.5%	27.3%
10. Depreciation Rules (NA)	23.5%	47.1%	29.4%
11. Steel Prices/Supplies (14)	17.6%	52.9%	29.4%
12. Product Reliability (11)	25.7%	42.9%	31.4%
13. Mfr. Succession Policies (16)	14.7%	44.1%	41.2%
14. New Equipment Availability (10)	17.6%	38.2%	44.1%
15. Industry Consolidation (13)	9.1%	45.5%	45.5%
16. Dealer Purity Efforts (12)	11.8%	35.3%	52.9%
17. Finance – Floor Planning (15)	12.1%	36.4%	51.5%
18. Finance – Retail (17)	6.1%	27.3%	66.7%

John Deere Dealers' Outlook for 2014



John Deere Dealers' Projections for Improved Revenue from New & Used Equipment Sales in 2014

	New Equipment	Used Equipment
+8%	6.1%	9.4%
+2-7%	30.3%	28.1%
Little or No Change	27.2%	31.2%
-2-7%	30.3%	18.8%
-8%	6.1%	12.5%

Expecting New Equipment Price Increase in 2014

No	3.0%
1-3%	38.2%
4-6%	47.1%
7-9%	8.8%
10%+	2.9%

Early Orders 2014 vs. 2013

Down 6-10%	17.6%
Down 1-5%	14.7%
Same as Last Year	44.1%
Up 1-5%	11.8%
Up 6-10%	11.8%

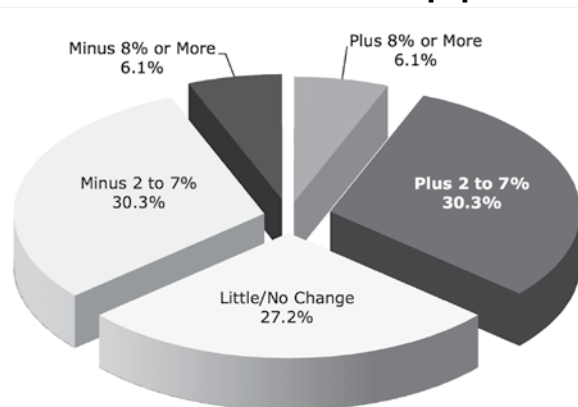
John Deere Dealers' Projected Unit Sales of Tractors and Combines — 2014

Tractor Type (Size)	Sales +8%	Sales +2-7%	Little or No Change	Sales -2-7%	Sales -8%	Forecasting Growth	Forecasting Loss
2WD (<40HP)	3.1%	46.9%	46.9%	3.1%	0.0%	50.0%	3.1%
2WD (40-100HP)	3.1%	50.0%	40.6%	6.3%	0.0%	53.1%	6.3%
2WD (>100HP)	6.3%	37.5%	37.4%	18.8%	0.0%	43.8%	18.8%
4WD (All)	0.0%	26.7%	39.9%	26.7%	6.7%	26.7%	33.4%
Combines	0.0%	3.7%	48.2%	25.9%	22.2%	3.7%	48.1%

John Deere Dealers' Unit Sales Projections for All Other Equipment in 2014

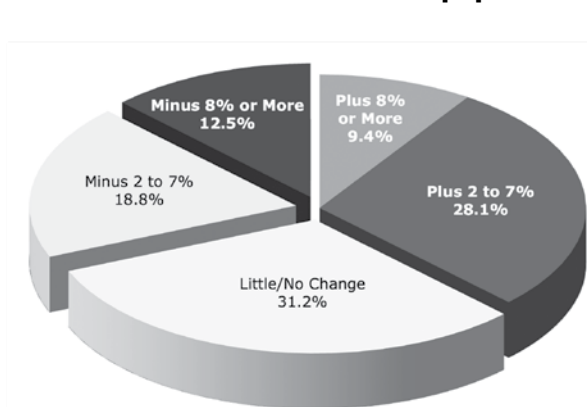
Equipment Category	Sales +8%	Sales +2-7%	Little or No Change	Sales -2-7%	Sales -8%
Rectangular Balers	0.0%	3.8%	92.4%	3.8%	0.0%
Round Balers	3.6%	32.1%	57.2%	7.1%	0.0%
Forage Harvesters	0.0%	9.1%	90.9%	0.0%	0.0%
Planters (All)	7.4%	33.3%	37.1%	18.5%	3.7%
Mower Conditioners	3.8%	15.4%	80.8%	0.0%	0.0%
Windrower-Swathers	0.0%	22.2%	77.8%	0.0%	0.0%
Field Cultivators	0.0%	23.1%	53.9%	19.2%	3.8%
Farm Loaders	3.2%	32.3%	61.3%	3.2%	0.0%
Chisel Plows	0.0%	15.4%	65.4%	15.4%	3.8%
Disc Harrows	0.0%	11.1%	70.4%	14.8%	3.7%
Air Seeders/Drills	0.0%	29.2%	50.0%	20.8%	0.0%
Self-Propelled Sprayer	7.4%	14.8%	59.3%	7.4%	11.1%
Pull-type Sprayers	0.0%	0.0%	76.9%	15.4%	7.7%
Lawn/Garden	12.9%	51.6%	32.3%	3.2%	0.0%
GPS	25.0%	46.4%	28.6%	0.0%	0.0%

John Deere Dealers' Projections for Sales Revenues 2014 — New Equipment



Over 36% of John Deere dealers are forecasting revenue gains from new equipment sales in 2014, and the same number are looking for declines.

John Deere Dealers' Projections for Sales Revenues 2014 — Used Equipment



More Deere dealers are looking for revenues from used equipment sales (41.3%) than are expecting gains (27.5%).

John Deere Dealers' Major Revenue Sources — 2013

Revenue by Market Segment:

- Production Farmers: 63.1%
- Hobby Farmers: 11.9%
- Turf & Lawn: 11.6%
- Municipalities/Parks: 4.9%
- Const. Contractors: 5.6%
- Other: 2.8%

Used Equipment Inventory

Way Too High	15.3%
Too High	39.4%
As Expected	36.3%
Need More	9.1%

John Deere Dealer Spending Plans for 2014

No Increase	39.9%
0 to +5%	42.9%
+6% to 10%	8.6%
+10%	8.6%

Where John Deere Dealers Will Invest in 2014

Modernize Shop & Service	54.3%
Modernize Retail	54.5%
Bus. Info. Systems	70.6%
Mobile Service Vehicles	70.6%

John Deere Dealerships

Est. Ag Dealer Locations*

1,557

% Dealers with 5 or More Locations*

61%

Avg. #Employees/Location**

79.7

Avg. # Stores/Dealership Group**

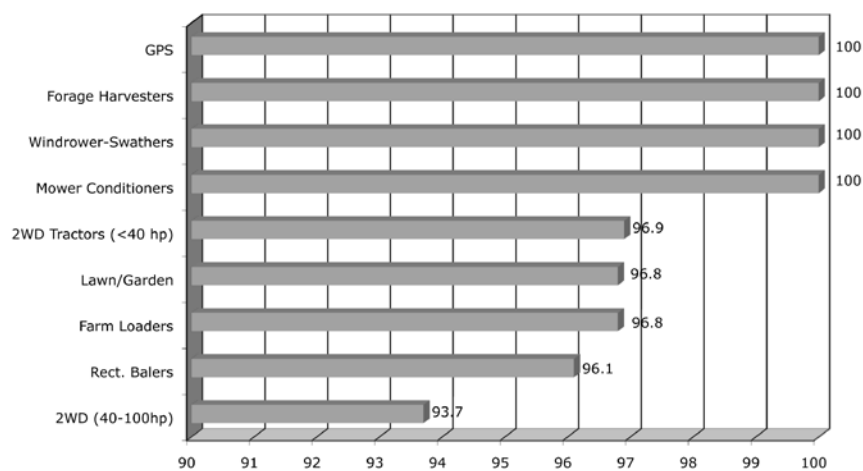
1-2 Stores	19.4%
3-5 Stores	30.6%
6-10 Stores	30.6%
11-25 Stores	16.7%
26+ Stores	2.7%
Wtd. Avg.	7.61

*AEI 2013 Big Dealer Report

**AEI 2014 Dealer Business

Outlook & Trends

Best Bets for Improving Unit Sales in 2014 John Deere Dealers



John Deere dealers' best bets for increasing unit sales in 2014 include GPS/precision farming products, windrowers/swathers, mower/conditioners and forage harvesters.

John Deere Dealers' Hiring Plans 2014 vs. 2013

	2014			2013		
	Add Staff	No Change	Reduce/Relocate Staff	Add Staff	No Change	Reduce/Relocate Staff
Parts Department	37.1%	62.9%	0.0%	26.1%	73.9%	0.0%
Service Techs	71.4%	28.6%	0.0%	83.3%	16.7%	0.0%
Wholesale Sales	45.7%	54.3%	0.0%	45.8%	54.2%	0.0%
Administration	15.2%	78.7%	6.1%	20.8%	79.2%	0.0%
Precision Farming Specialist	47.1%	52.9%	0.0%	54.5%	45.5%	0.0%

Deere Dealers' Issues & Concerns — 2014 (2013 Rank)

Issue	Most Concerned	Concerned	Not Concerned
1. Farm Commodity Prices (4)	48.6%	48.6%	2.9%
2. Used Equipment Inventory (12)	40.0%	54.3%	5.7%
3. Technician Availability (6)	51.5%	42.4%	6.1%
4. Farm Input Costs (3)	24.2%	69.7%	6.1%
5. Increasing Cost New Equip. (2)	35.3%	55.9%	8.8%
6. Health Care Affordability (9)	54.3%	25.7%	20.0%
7. Shrinking Farm Cust. Base (11)	22.9%	57.1%	20.0%
8. Energy/Fuel Costs (5)	5.7%	65.7%	28.2%
9. New Farm Bill (8)	17.6%	52.9%	29.4%
10. Depreciation Rules (NA)	23.5%	44.1%	32.4%
11. New Equipment Availability (1)	23.5%	41.2%	35.3%
12. Product Reliability (7)	14.7%	44.1%	41.2%
13. Industry Consolidation (13)	8.8%	44.1%	47.1%
14. Steel Prices/Supplies (10)	2.9%	48.6%	48.6%
15. Mfr. Succession Policies (15)	14.3%	37.1%	48.6%
16. Dealer Purity Efforts (14)	14.3%	31.4%	54.3%
17. Finance – Floor Planning (16)	5.7%	37.1%	57.1%
18. Finance – Retail (18)	5.7%	37.1%	57.1%

Kubota Dealers' Outlook for 2014



Kubota Dealers' Projections for Improved Revenue from New & Used Equipment Sales in 2014

	New Equipment	Used Equipment
+8%	9.5%	5.3%
+2-7%	52.4%	47.4%
Little or No Change	23.8%	31.5%
-2-7%	9.5%	10.5%
-8%	4.8%	5.3%

Expecting New Equipment Price Increase in 2014

No	0.0%
1-3%	47.4%
4-6%	42.0%
7-9%	5.3%
10%+	5.3%

Early Orders 2014 vs. 2013

Down 6-10%	0.0%
Down 1-5%	10.0%
Same as Last Year	60.0%
Up 1-5%	15.0%
Up 6-10%	15.0%

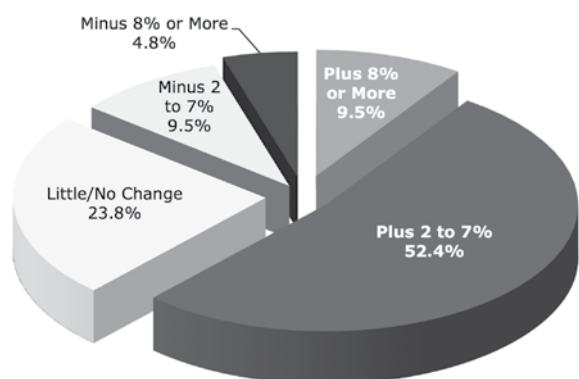
Kubota Dealers' Projected Unit Sales of Tractors and Combines — 2014

Tractor Type (Size)	Sales +8%	Sales +2-7%	Little or No Change	Sales -2-7%	Sales -8%	Forecasting Growth	Forecasting Loss
2WD (<40HP)	0.0%	33.3%	55.6%	11.1%	0.0%	33.3%	11.1%
2WD (40-100HP)	0.0%	16.7%	72.2%	11.1%	0.0%	16.7%	11.1%
2WD (>100HP)	0.0%	5.6%	83.3%	11.1%	0.0%	5.6%	11.1%
4WD (All)	10.5%	52.6%	26.4%	10.5%	0.0%	63.1%	10.5%
Combines	0.0%	11.1%	77.7%	0.0%	11.1%	11.1%	11.1%

Kubota Dealers' Unit Sales Projections for All Other Equipment in 2014

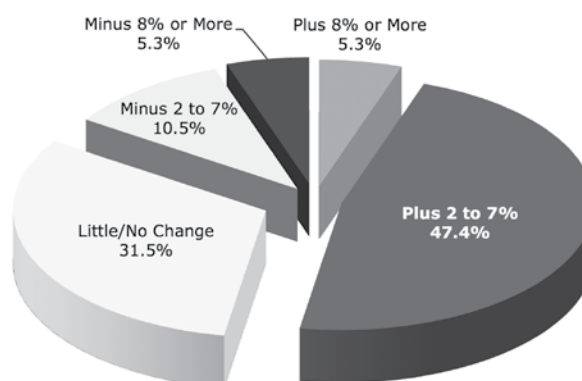
Equipment Category	Sales +8%	Sales +2-7%	Little or No Change	Sales -2-7%	Sales -8%
Rectangular Balers	0.0%	9.1%	90.9%	0.0%	0.0%
Round Balers	8.3%	8.3%	83.4%	0.0%	0.0%
Forage Harvesters	0.0%	0.0%	100.0%	0.0%	0.0%
Planters (All)	0.0%	0.0%	100.0%	0.0%	0.0%
Mower Conditioners	0.0%	25.0%	66.7%	0.0%	8.3%
Windrower-Swathers	0.0%	0.0%	90.0%	0.0%	10.0%
Field Cultivators	0.0%	11.1%	88.9%	0.0%	0.0%
Farm Loaders	0.0%	45.5%	54.5%	0.0%	0.0%
Chisel Plows	0.0%	0.0%	100.0%	0.0%	0.0%
Disc Harrows	0.0%	50.0%	50.0%	0.0%	0.0%
Air Seeders/Drills	0.0%	10.0%	80.0%	10.0%	0.0%
SP Sprayer	0.0%	0.0%	100.0%	0.0%	0.0%
Pull-type Sprayers	0.0%	0.0%	90.0%	10.0%	0.0%
Lawn/Garden	11.1%	61.1%	22.2%	5.6%	0.0%
GPS	0.0%	0.0%	100.0%	0.0%	0.0%

Kubota Dealers' Projections for Sales Revenue in 2014 — New Equipment



Nearly 62% of Kubota dealers see revenues from new equipment sales rising in 2014, while only 14.3% expect revenues to decline.

Kubota Dealers' Projections for Sales Revenue in 2014 — Used Equipment



Over half (52.7%) of Kubota dealers expect revenues from the sale of used equipment to grow in 2014 and less than 20% see sales falling.

Kubota Dealers' Major Revenue — 2013

Revenue by Market Segment:

- Production Farmers: 22.0%
- Hobby Farmers: 41.5%
- Turf & Lawn: 16.8%
- Municipalities/Parks: 11.0%
- Const. Contractors: 7.2%
- Other: 1.5%

Used Equipment Inventory

Way Too High	0.0%
Too High	17.6%
As Expected	58.9%
Need More	23.5%

Kubota Dealer Spending Plans for 2014

No Increase	49.9%
0 to +5%	38.9%
+6% to 10%	5.6%
+10%	5.6%

Where Kubota Dealers Will Invest in 2014

Modernize Shop & Service	50.0%
Modernize Retail	26.3%
Bus. Info. Systems	52.6%
Mobile Service Vehicles	38.9%

Kubota Dealerships

Est. Ag Dealer Locations*

1,100

% Dealers with 5 or More Locations*

11%

Avg. #Employees/Location**

11.7

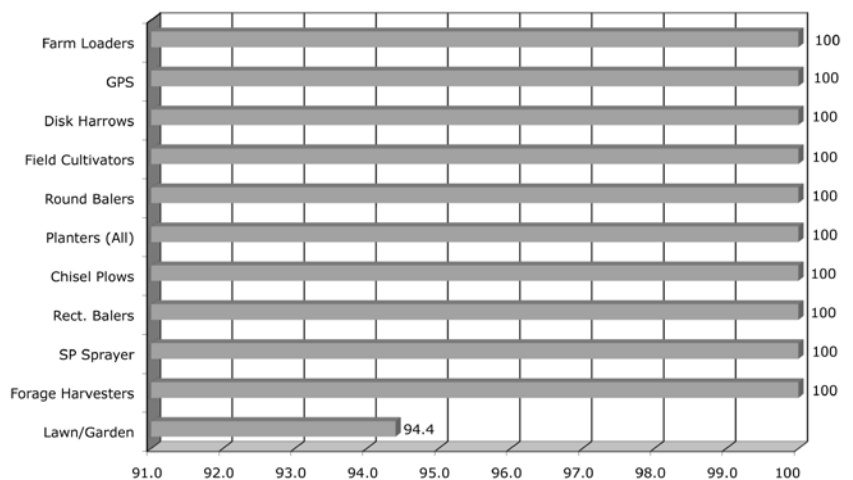
Avg. # Stores/Dealership Group**

1-2 Stores	95.0%
3-5 Stores	5.0%
6-10 Stores	0.0%
11-25 Stores	0.0%
26+ Stores	0.0%
Wtd. Avg.	1.63

*AEI 2013 Big Dealer Report

**AEI 2014 Dealer Business Outlook & Trends

Best Bets for Improving Unit Sales in 2014 Kubota Dealers



From farm loaders to disc harrows to planters, field cultivators and round balers, Kubota dealers are expecting several product lines to contribute to growing new equipment sales in 2014.

Kubota Dealers' Hiring Plans 2014 vs. 2013

	2014			2013		
	Add Staff	No Change	Reduce/Relocate Staff	Add Staff	No Change	Reduce/Relocate Staff
Parts Department	21.1%	78.9%	0.0%	18.8%	81.2%	0.0%
Service Techs	44.4%	55.6%	0.0%	31.3%	68.7%	0.0%
Wholegood Sales	42.1%	57.9%	0.0%	18.8%	81.2%	0.0%
Administration	5.3%	94.7%	0.0%	0.0%	93.7%	6.3%
Precision Farming Specialist	0.0%	94.1%	5.9%	6.3%	93.7%	0.0%

Kubota Dealers' Issues and Concerns — 2014 (2013 Rank)

Issue	Most Concerned	Concerned	Not Concerned
1. Energy/Fuel Costs (1)	44.4%	50.0%	5.6%
2. Health Care Affordability (4)	68.4%	21.1%	10.5%
3. Shrinking Customer Base (9)	38.9%	50.0%	11.1%
4. Increasing Cost of New Equip. (2)	52.9%	35.3%	11.8%
5. Steel Prices/Supplies (6)	11.8%	70.6%	17.6%
6. New Farm Bill (12)	6.3%	75.0%	18.8%
7. Technician Availability (3)	55.5%	22.2%	22.2%
8. Farm Commodity Prices (10)	23.5%	52.9%	23.5%
9. Dealer Purity Efforts (15)	17.6%	58.8%	23.5%
10. Used Equipment Inventory (8)	16.7%	55.6%	27.8%
11. New Equipment Availability (7)	17.6%	52.9%	29.4%
12. Farm Input Costs (5)	23.5%	41.2%	35.3%
13. Industry Consolidation (14)	5.9%	58.8%	35.3%
14. Finance – Floor Planning (16)	18.8%	43.8%	37.5%
15. Depreciation Rules (NA)	0.0%	58.8%	41.2%
16. Product Reliability (13)	11.8%	41.2%	47.1%
17. Finance – Retail (18)	11.8%	41.2%	47.1%
18. Mfr. Succession Policies (17)	18.8%	31.3%	50.0%



NEW HOLLAND

New Holland Dealers' Outlook for 2014

New Holland Dealers' Projections for Improved Revenue from New & Used Equipment Sales in 2014

	New Equipment	Used Equipment
+8%	3.1%	3.3%
+2-7%	37.5%	36.7%
Little or No Change	40.6%	43.3%
-2-7%	18.8%	16.7%
-8%	0.0%	0.0%

Expecting New Equipment Price Increase in 2014

No	0.0%
1-3%	34.4%
4-6%	62.5%
7-9%	3.1%
10%+	0.0%

Early Orders 2014 vs. 2013

Down 6-10%	12.5%
Down 1-5%	12.5%
Same as Last Year	46.9%
Up 1-5%	25.0%
Up 6-10%	3.1%

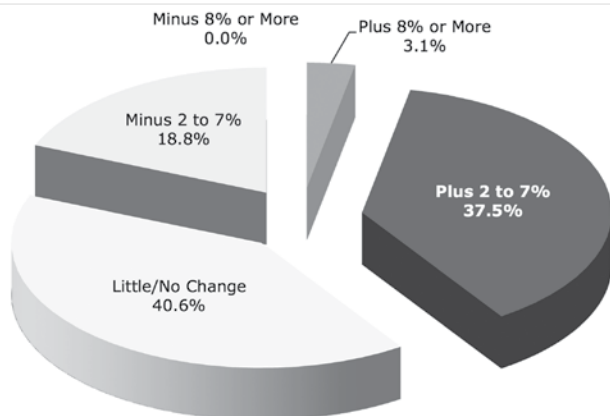
New Holland Dealers' Projected Unit Sales of Tractors and Combines — 2014

Tractor Type (Size)	Sales +8%	Sales +2-7%	Little or No Change	Sales -2-7%	Sales -8%	Forecasting Growth	Loss
2WD (<40HP)	3.0%	15.2%	72.7%	9.1%	0.0%	18.2%	9.1%
2WD (40-100HP)	0.0%	15.2%	63.6%	21.2%	0.0%	15.2%	21.2%
2WD (>100HP)	0.0%	27.6%	55.2%	17.2%	0.0%	27.6%	17.2%
4WD Tractors (All)	3.8%	30.8%	50.0%	7.7%	7.7%	34.6%	15.4%
Combines	0.0%	17.6%	53.0%	23.5%	5.9%	17.6%	29.4%

New Holland Dealers' Unit Sales Projections for All Other Equipment in 2014

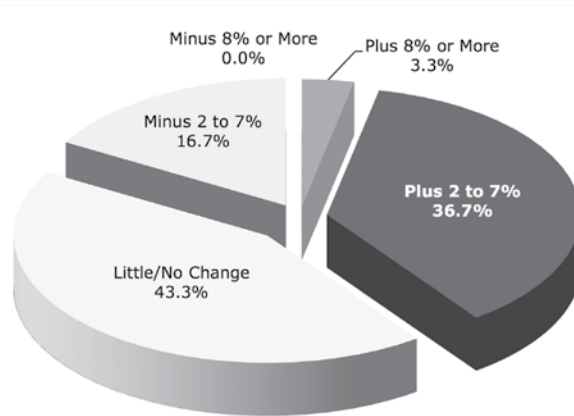
Equipment Category	Sales +8%	Sales +2-7%	Little or No Change	Sales -2-7%	Sales -8%
Rectangular Balers	3.2%	22.6%	58.1%	12.9%	3.2%
Round Balers	0.0%	37.5%	50.0%	9.4%	3.1%
Forage Harvesters	0.0%	8.0%	80.0%	12.0%	0.0%
Planters (All)	0.0%	10.5%	84.2%	5.3%	0.0%
Mower Conditioners	0.0%	33.3%	50.0%	16.7%	0.0%
Windrower-Swathers	0.0%	27.3%	63.6%	9.1%	0.0%
Field Cultivators	0.0%	34.8%	52.2%	13.0%	0.0%
Farm Loaders	3.4%	20.7%	65.6%	10.3%	0.0%
Chisel Plows	0.0%	13.0%	69.6%	17.4%	0.0%
Disc Harrows	4.2%	25.0%	54.1%	16.7%	0.0%
Air Seeders/Drills	0.0%	18.2%	72.7%	9.1%	0.0%
Self-Propelled Sprayers	0.0%	22.2%	77.8%	0.0%	0.0%
Pull-type Sprayers	0.0%	14.3%	66.6%	14.3%	4.8%
Lawn/Garden	11.1%	18.5%	59.3%	7.4%	3.7%
GPS	4.5%	36.4%	40.9%	18.2%	0.0%

New Holland Dealers' Projections for Sales Revenues in 2014 — New Equipment



Nearly 41% of New Holland dealers are forecasting increasing revenues from new equipment sales in 2014 and nearly 19% expect decreases.

New Holland Dealers' Projections for Sales Revenues in 2014 — Used Equipment



An even 40% of New Holland dealers expect increasing revenues from used machinery sales for 2014 and 16.7% are looking for falling revenues.

New Holland Dealers Major Revenue Sources — 2013

Revenue by Market Segment:

- Production Farmers: 57.2%
- Hobby Farmers: 22.8%
- Turf & Lawn: 6.9%
- Municipalities/Parks: 5.0%
- Const. Contractors: 7.6%
- Other: 0.5%

Used Equipment Inventory

Way Too High	0.0%
Too High	45.2%
As Expected	41.9%
Need More	12.9%

New Holland Dealer Spending Plans for 2014

No Increase	46.9%
0 to +5%	50.0%
+6% to 10%	3.1%
+10%	0.0%

Where New Holland Dealers Will Invest in 2014

Modernize Shop & Service	43.8%
Modernize Retail	21.9%
Bus. Info. Systems	35.5%
Mobile Service Vehicles	33.3%

New Holland Dealerships

Est. Ag Dealer Locations*

1,100

% Dealers with 5 or More Locations*

14%

Avg. #Employees/Location**

23.3

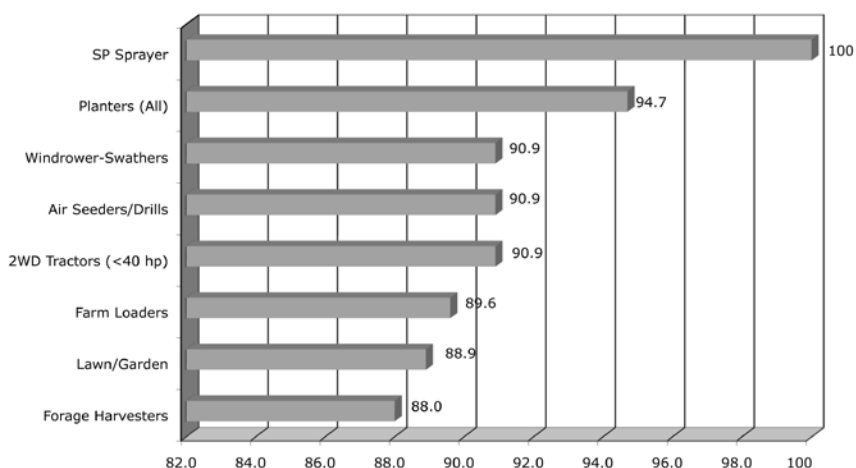
Avg. # Stores/Dealership Group**

1-2 Stores	72.8%
3-5 Stores	24.2%
6-10 Stores	3.0%
11-25 Stores	0.0%
26+ Stores	0.0%
Wtd. Avg.	2.30

*AEI 2013 Big Dealer Report

**AEI 2014 Dealer Business Outlook & Trends

Best Bets for Improving Unit Sales in 2014 New Holland Dealers



Self-propelled sprayers top New Holland dealers' list of best bet products for improving unit sales in 2014. They are followed by planters, windrowers/swathers and air seeders.

New Holland Dealers' Hiring Plans 2014 vs. 2013

	2014			2013		
	Add Staff	No Change	Reduce/Relocate Staff	Add Staff	No Change	Reduce/Relocate Staff
Parts Department	34.4%	65.6%	0.0%	13.8%	82.8%	3.4%
Service Techs	69.7%	30.3%	0.0%	58.6%	41.4%	0.0%
Wholegood Sales	31.3%	68.7%	0.0%	34.5%	62.1%	3.4%
Administration	9.7%	90.3%	0.0%	3.4%	93.1%	3.4%
Precision Farming Specialist	7.4%	92.6%	0.0%	23.1%	76.9%	0.0%

New Holland Dealers' Concerns — 2014 (2013 Rank)

Issue	Most Concerned	Concerned	Not Concerned
1. Increasing Cost New Equip. (1)	54.5%	45.5%	0.0%
2. Farm Input Costs (4)	34.4%	65.6%	0.0%
3. Energy/Fuel Costs (3)	33.3%	63.6%	3.1%
4. Farm Commodity Prices (7)	21.9%	75.0%	3.1%
5. Health Care Affordability (2)	69.7%	24.2%	6.1%
6. Technician Availability (6)	51.5%	39.4%	9.1%
7. Product Reliability (8)	42.4%	42.4%	15.2%
8. Steel Prices/Supplies (9)	18.2%	66.7%	15.1%
9. Shrinking Customer Base (11)	30.3%	54.5%	15.2%
10. Depreciation Rules (NA)	21.2%	57.6%	21.2%
11. Dealer Purity Efforts (15)	36.4%	39.4%	24.2%
12. Finance – Floor Planning (12)	15.2%	60.6%	24.2%
13. New Farm Bill (14)	16.1%	54.8%	29.1%
14. Industry Consolidation (10)	30.3%	39.4%	30.3%
15. Used Equipment Inventory (13)	21.2%	45.5%	33.3%
16. New Equipment Availability (5)	18.2%	48.5%	33.3%
17. Mfr. Succession Policies (18)	18.2%	39.4%	42.4%
18. Finance – Retail (16)	0.0%	51.5%	48.5%

Independent Dealers' Outlook for 2014

Independent Dealers' Projections for Improved Revenue from New & Used Equipment Sales in 2014

	New Equipment	Used Equipment
+8%	3.4%	14.8%
+2-7%	24.1%	18.5%
Little or No Change	62.2%	63.0%
-2-7%	3.4%	0.0%
-8%	6.9%	3.7%

Expecting New Equipment Price Increase in 2014

No	6.2%
1-3%	71.9%
4-6%	18.8%
7-9%	3.1%
10%+	0.0%

Early Orders 2014 vs. 2013

Down 6-10%	16.7%
Down 1-5%	16.7%
Same as Last Year	43.2%
Up 1-5%	16.7%
Up 6-10%	6.7%

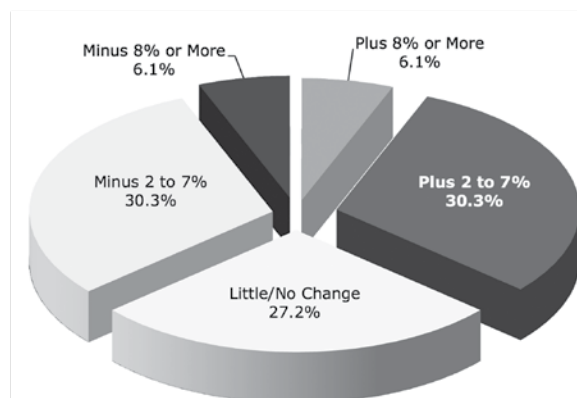
Independent Dealers' Projected Unit Sales of Tractors and Combines — 2014

Tractor Type (Size)	Sales +8%	Sales +2-7%	Little or No Change	Sales -2-7%	Sales -8%	Forecasting Growth	Forecasting Loss
2WD (<40HP)	11.1%	11.1%	72.2%	0.0%	5.6%	22.2%	5.6%
2WD (40-100HP)	11.8%	11.8%	70.5%	0.0%	5.9%	23.6%	5.9%
2WD (>100HP)	6.7%	6.7%	66.7%	6.7%	13.3%	13.4%	20.0%
4WD (All)	16.7%	16.7%	66.6%	0.0%	0.0%	33.4%	0.0%
Combines	0.0%	9.1%	63.6%	9.1%	18.2%	9.1%	27.3%

Independent Dealers' Unit Sales Projections for All Other Equipment in 2014

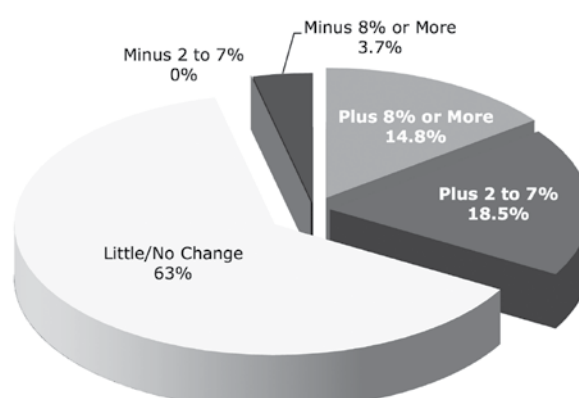
Equipment Category	Sales +8%	Sales +2-7%	Little or No Change	Sales -2-7%	Sales -8%
Rectangular Balers	0.0%	9.1%	81.8%	0.0%	9.1%
Round Balers	0.0%	11.8%	82.3%	0.0%	5.9%
Forage Harvesters	0.0%	0.0%	90.0%	0.0%	10.0%
Planters (All)	0.0%	16.7%	75.0%	0.0%	8.3%
Mower Conditioners	7.1%	7.1%	78.7%	0.0%	7.1%
Windrower-Swathers	0.0%	7.7%	84.6%	0.0%	7.7%
Field Cultivators	0.0%	15.4%	69.2%	7.7%	7.7%
Farm Loaders	13.3%	20.0%	66.7%	0.0%	0.0%
Chisel Plows	0.0%	0.0%	90.9%	0.0%	9.1%
Disc Harrows	0.0%	25.0%	68.7%	0.0%	6.3%
Air Seeders/Drills	9.1%	9.1%	72.7%	0.0%	9.1%
Self-Propelled Sprayers	0.0%	0.0%	81.8%	0.0%	9.1%
Pull-type Sprayers	0.0%	14.3%	78.6%	7.1%	0.0%
Lawn/Garden	22.7%	27.3%	50.0%	0.0%	0.0%
GPS	14.3%	14.3%	64.3%	0.0%	7.1%

Independent Dealers' Projections for Sales Revenues in 2014 — New Equipment



Only 27.5% of independent dealers expect revenue gains from the sale of new machinery in 2014, while about two-thirds see flat sales.

Independent Dealers' Projections for Sales Revenues in 2014 — Used Equipment



Two-thirds of independent dealers anticipate flat revenues from used equipment sales in 2014, while nearly one-third see rising sales.

Independent Dealers Major Revenue Sources — 2013

Revenue by Market Segment:

- Production Farmers: 47.2%
- Hobby Farmers: 24.2%
- Turf & Lawn: 13.3%
- Municipalities/Parks: 6.0%
- Const. Contractors: 4.0%
- Other: 5.3%

Used Equipment Inventory

Way Too High	3.4%
Too High	6.9%
As Expected	65.6%
Need More	24.1%

Independent Dealer Spending Plans for 2014

No Increase	51.6%
0 to +5%	24.2%
+6 to 10%	24.2%
+10	0.0%

Where Independent Dealers Will Invest in 2014

Modernize Shop & Service	43.8%
Modernize Retail	21.9%
Bus. Info. Systems	35.5%
Mobile Service Vehicles	33.3%

Independent Dealerships

Est. Ag Dealer Locations*

1,350

% Dealers with 5 or More Locations*

NA

Avg. #Employees/Location**

8.6

Avg. # Stores/Dealership Group**

1-2 Stores 97.1%

3-5 Stores 2.9%

6-10 Stores 0.0%

11-25 Stores 0.0%

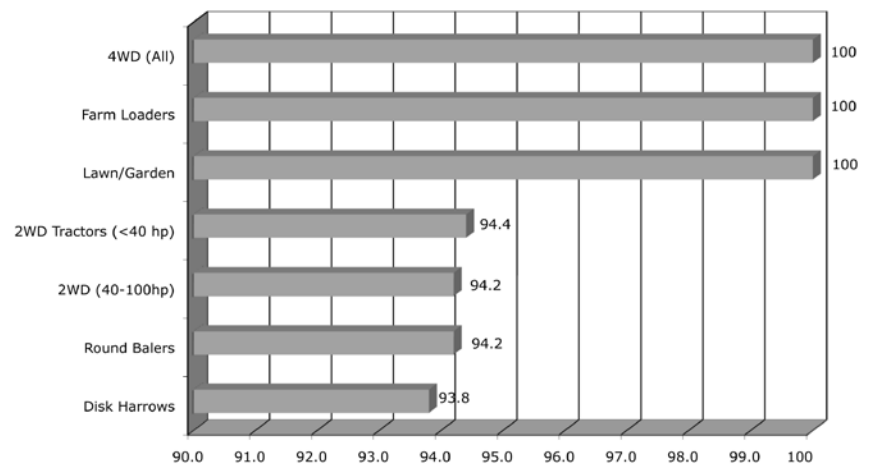
26+ Stores 0.0%

Wtd. Avg. 1.57

*AEI 2013 Big Dealer Report

**AEI 2014 Dealer Business Outlook & Trends

Best Bets for Improving Unit Sales in 2014 Independent Dealers



Independent dealers see solid sales from 4WD tractors, farm loaders and lawn and garden equipment going into 2014. They also see good potential for 2WD compact and mid-range tractors.

Independent Dealers' Hiring Plans 2014 vs. 2013

	2014			2013		
	Add Staff	No Change	Reduce/Relocate Staff	Add Staff	No Change	Reduce/Relocate Staff
Parts Department	25.0%	75.0%	0.0%	8.7%	91.3%	0.0%
Service Techs	38.7%	61.3%	0.0%	43.5%	52.2%	4.3%
Wholesale Sales	19.4%	80.6%	0.0%	30.4%	69.6%	0.0%
Administration	0.0%	96.4%	3.6%	27.3%	72.7%	0.0%
Precision Farming Specialist	7.7%	88.5%	3.8%	0.0%	95.0%	5.0%

Independent Dealers' Concerns — 2014 (2013 Rank)

Issue	Most Concerned	Concerned	Not Concerned
1. New Farm Bill (9)	40.0%	53.3%	6.7%
2. Energy/Fuel costs (1)	39.3%	53.6%	7.1%
3. Health Care Affordability (3)	65.6%	25.0%	9.4%
4. Farm Commodity Prices (4)	37.9%	51.7%	10.4%
5. Increasing Cost of New Equip. (2)	46.4%	42.9%	10.7%
6. Farm Input Costs (5)	34.5%	48.3%	17.2%
7. Shrinking Farm Customer Base (6)	30.0%	50.0%	20.0%
8. Technician Availability (7)	41.4%	37.9%	20.7%
9. Depreciation Rules (NA)	26.9%	50.0%	23.1%
10. Finance – Retail (15)	20.0%	56.7%	23.3%
11. Steel Prices/Supplies (10)	17.9%	57.1%	25.0%
12. Product Reliability (13)	17.9%	53.6%	28.5%
13. Finance – Floor Planning (14)	30.0%	36.7%	33.3%
14. Used Equipment Inventory (12)	16.7%	46.7%	36.7%
15. Industry Consolidation (16)	18.5%	44.4%	37.1%
16. New Equipment Availability (11)	13.8%	41.4%	44.8%
17. Mfr. Succession Policies (17)	17.9%	35.7%	46.4%
18. Dealer Purity Efforts (18)	17.9%	35.7%	46.4%

PART V — EMPLOYMENT SIZE BREAKDOWN

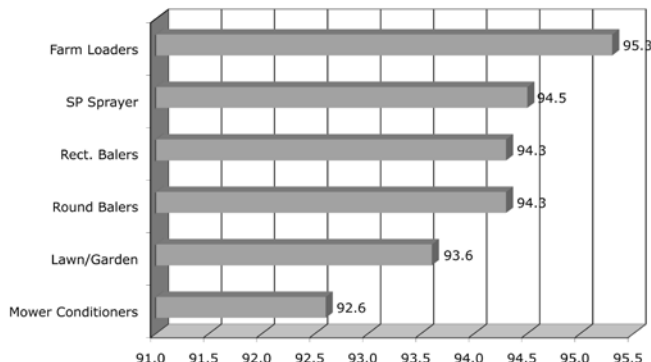
Revenue Projections for Used Equipment by Employee Size — 2014

Employee Size	Sales +8%	Sales +2-7%	Little or No Change	Sales -2-7%	Sales -8%	Forecasting Growth	Forecasting Decline
North America	8.3%	32.1%	40.5%	13.7%	5.4%	40.4%	19.1%
1-20 Employees	8.2%	37.1%	39.3%	11.3%	4.1%	45.3%	15.4%
21-40 Employees	9.4%	21.9%	46.8%	15.6%	6.3%	31.3%	21.9%
41-60 Employees	0.0%	40.0%	50.0%	10.0%	0.0%	40.0%	10.0%
61+ Employees	13.6%	22.7%	22.8%	27.3%	13.6%	36.3%	40.9%

Revenue Projections for New Equipment by Employee Size — 2014

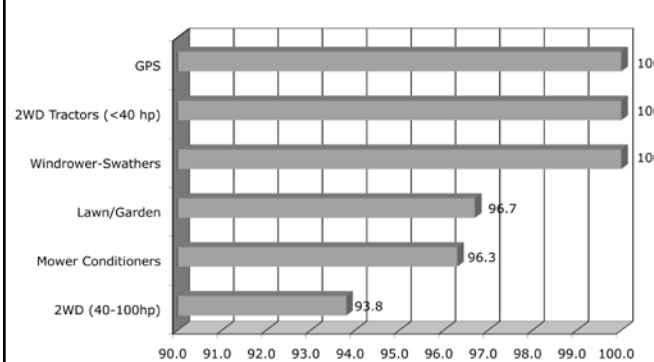
Employee Size	Sales +8%	Sales +2-7%	Little or No Change	Sales -2-7%	Sales -8%	Forecasting Growth	Forecasting Decline
North America	6.6%	33.1%	36.0%	18.8%	5.5%	39.7%	24.3%
1-20 Employees	7.3%	37.6%	35.8%	15.6%	3.7%	44.9%	19.3%
21-40 Employees	6.1%	24.2%	42.4%	27.3%	0.0%	30.3%	27.3%
41-60 Employees	0.0%	36.4%	36.3%	9.1%	18.2%	36.4%	27.3%
61+ Employees	9.1%	22.7%	22.7%	27.3%	18.2%	31.8%	45.5%

**Best Bets for Improving Sales in 2014
Dealers with 1-20 Employees**



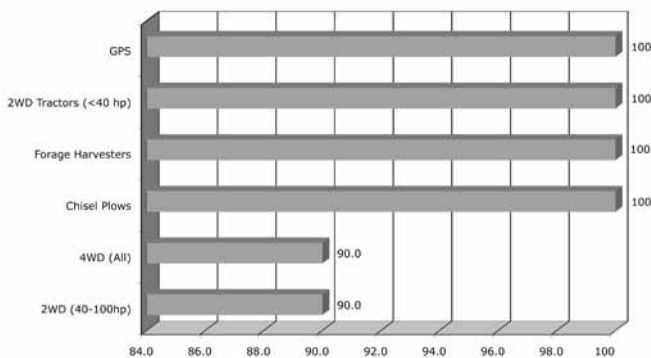
Dealers with 1-20 employees see farm loaders, self-propelled sprayers, rectangular and round balers, lawn and garden equipment and mower/conditioners as having the most potential to improve sales in 2014.

**Best Bets for Improving Sales in 2014
Dealers with 21-40 Employees**



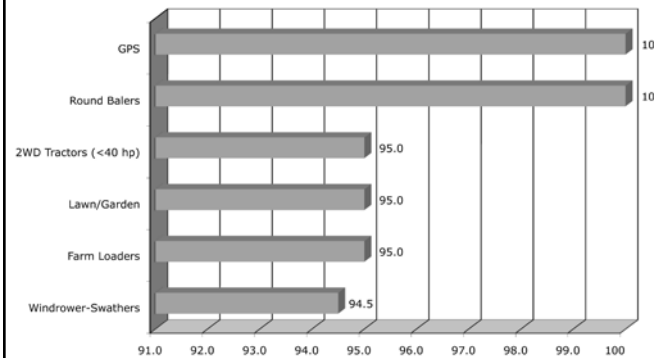
GPS/precision farming products, compact and utility 2WD tractors, windrowers/swathers, lawn and garden equipment and mower/conditioners top the 2014 "Best Bets" list of dealers employing 21-40 people.

**Best Bets for Improving Sales in 2014
Dealers with 41-60 Employees**



Dealers who employ 41-60 people see strong potential to grow sales in 2014 in GPS/precision farming products, compact and mid-range 2WD tractors, 4WD tractors, forage harvesters and chisel plows.

**Best Bets for Improving Sales in 2014
Dealers with 60+ Employees**



Dealers with 61 or more employees see the most potential to increase sales in 2014 with GPS/precision farming products, round balers, compact tractors, lawn and garden equipment and farm loaders.

Unit Sales Projections for Tractors & Combines by Employee Size — 2014

	Sales +8%	Sales +2-7%	Little or No Change	Sales -2-7%	Sales -8%	Forecasting Growth	Forecasting Decline
Tractors							
2WD (<40HP)							
North America Average	7.8%	22.9%	62.1%	5.4%	1.8%	30.7%	7.2%
1-20 Employees	6.2%	17.5%	65.0%	8.2%	3.1%	23.7%	11.3%
21-40 Employees	12.5%	28.1%	59.4%	0.0%	0.0%	40.6%	0.0%
41-60 Employees	0.0%	40.0%	60.0%	0.0%	0.0%	40.0%	0.0%
61+ Employees	5.0%	35.0%	55.0%	5.0%	0.0%	40.0%	5.0%
2WD (40-100HP)							
North America Average	3.6%	28.7%	53.9%	12.6%	1.2%	32.3%	13.8%
1-20 Employees	3.1%	27.8%	51.5%	15.5%	2.1%	30.9%	17.6%
21-40 Employees	6.3%	28.1%	59.3%	6.3%	0.0%	34.4%	6.3%
41-60 Employees	0.0%	40.0%	50.0%	10.0%	0.0%	40.0%	10.0%
61+ Employees	5.0%	35.0%	50.0%	10.0%	0.0%	40.0%	10.0%
2WD (>100HP)							
North America Average	3.8%	19.7%	57.4%	17.8%	1.3%	23.5%	19.1%
1-20 Employees	2.2%	15.7%	60.8%	19.1%	2.2%	17.9%	21.3%
21-40 Employees	6.5%	16.1%	61.3%	16.1%	0.0%	22.6%	16.1%
41-60 Employees	0.0%	20.0%	50.0%	30.0%	0.0%	20.0%	30.0%
61+ Employees	10.0%	50.0%	25.0%	15.0%	0.0%	60.0%	15.0%
4WD (All)							
North America Average	7.8%	29.9%	45.4%	13.0%	3.9%	37.7%	16.9%
1-20 Employees	11.4%	34.1%	40.9%	10.2%	3.4%	45.5%	13.6%
21-40 Employees	3.3%	10.0%	66.7%	13.3%	6.7%	13.3%	20.0%
41-60 Employees	0.0%	30.0%	60.0%	10.0%	0.0%	30.0%	10.0%
61+ Employees	5.0%	30.0%	35.0%	25.0%	5.0%	35.0%	30.0%
Combines							
North America Average	0.8%	8.5%	55.1%	20.3%	15.3%	9.3%	35.6%
1-20 Employees	0.0%	8.5%	61.0%	18.6%	11.9%	8.5%	30.5%
21-40 Employees	3.7%	7.4%	48.2%	22.2%	18.5%	11.1%	40.7%
41-60 Employees	0.0%	14.3%	57.1%	0.0%	28.6%	14.3%	28.6%
61+ Employees	0.0%	10.0%	45.0%	25.0%	20.0%	10.0%	45.0%

Projected Sales Revenue Increase/Decrease by Employment Size for 2014 (weighted avg.)

Employee Size	
1-20	+1.28%
21-40	+0.35%
41-60	-0.23%
61+	-0.94%

Dealer Spending Plans for 2014 by Employee Size

No. Employees	No Increase	0-5%	6-10%	10%
1-20 Employees	47.4%	40.4%	9.6%	2.6%
21-40 Employees	50.0%	36.7%	0.0%	13.3%
41-60 Employees	27.2%	45.5%	18.2%	9.1%
61+ Employees	33.4%	57.1%	9.5%	0.0%

Employment Size Breakdown — 2014

Employee Size	% of Responses
1-20	64.0%
21-40	18.0%
41-60	5.8%
61+	12.2%

Where Dealers Will Invest in 2014 by Employee Size

No. Employees	Shop & Service	Retail	Business Info. Systems	Mobile Vehicle Service
1-20 Employees	50.5%	29.2%	42.1%	38.2%
21-40 Employees	48.4%	36.7%	35.7%	45.2%
41-60 Employees	54.5%	60.0%	50.0%	100.0%
61+ Employees	76.2%	42.9%	47.6%	81.0%

1-20 Employees Unit Sales Projections for Other Equipment in 2014

Equipment Category	Sales +8%	Sales +2-7%	Little or No Change	Sales -2-7%	Sales -8%
Rectangular Balers	2.6%	13.0%	76.6%	3.9%	3.9%
Round Balers	4.6%	18.4%	71.3%	3.4%	2.3%
Forage Harvesters	1.6%	4.8%	84.1%	6.3%	3.2%
Planters (All)	1.5%	25.8%	63.6%	6.1%	3.0%
Mowers/Conditioners	3.8%	26.3%	62.4%	5.0%	2.5%
Windrower/Swathers	1.4%	11.6%	78.3%	2.9%	5.8%
Field Cultivators	1.5%	20.6%	63.2%	8.8%	5.9%
Farm Loaders	4.7%	28.2%	62.4%	4.7%	0.0%
Chisel Plows	0.0%	10.6%	75.8%	10.6%	3.0%
Disc Harrows	3.8%	25.3%	58.2%	7.6%	5.1%
Air Seeders/Drills	3.0%	19.7%	69.8%	3.0%	4.5%
Self-Propelled Sprayers	1.9%	7.4%	85.1%	0.0%	5.6%
Pull-Type Sprayers	0.0%	12.7%	76.2%	7.9%	3.2%
Lawn/Garden Equip.	13.8%	40.4%	39.4%	4.3%	2.1%
GPS-Auto Steer	5.8%	29.0%	55.1%	7.2%	2.9%

21-40 Employees Unit Sales Projections for Other Equipment in 2014

Equipment Category	Sales +8%	Sales +2-7%	Little or No Change	Sales -2-7%	Sales -8%
Rectangular Balers	0.0%	18.5%	74.1%	7.4%	0.0%
Round Balers	0.0%	31.0%	58.7%	10.3%	0.0%
Forage Harvesters	4.2%	4.2%	83.2%	4.2%	4.2%
Planters (All)	7.7%	34.6%	50.0%	7.7%	0.0%
Mower Conditioners	3.7%	29.6%	63.0%	3.7%	0.0%
Windrowers/Swathers	0.0%	20.0%	80.0%	0.0%	0.0%
Field Cultivators	3.8%	15.4%	65.4%	15.4%	0.0%
Farm Loaders	6.7%	23.3%	63.3%	6.7%	0.0%
Chisel Plows	0.0%	3.7%	81.5%	11.1%	3.7%
Disc Harrows	0.0%	10.3%	72.5%	13.8%	3.4%
Air Seeders/Drills	0.0%	18.5%	66.7%	11.1%	3.7%
Self-Propelled Sprayers	8.0%	16.0%	68.0%	4.0%	4.0%
Pull-Type Sprayers	0.0%	11.1%	74.1%	7.4%	7.4%
Lawn/Garden Equip.	10.0%	20.0%	66.7%	3.3%	0.0%
GPS-Auto Steer	17.9%	32.1%	50.0%	0.0%	0.0%

41-60 Employees Unit Sales Projections for Other Equipment in 2014

Equipment Category	Sales +8%	Sales +2-7%	Little or No Change	Sales -2-7%	Sales -8%
Rectangular Balers	0.0%	0.0%	85.7%	0.0%	14.3%
Round Balers	0.0%	50.0%	37.5%	0.0%	12.5%
Forage Harvesters	0.0%	14.4%	85.6%	0.0%	0.0%
Planters (All)	0.0%	37.5%	50.0%	12.5%	0.0%
Mowers/Conditioners	0.0%	25.0%	62.5%	12.5%	0.0%
Windrowers/Swathers	0.0%	22.2%	66.7%	11.1%	0.0%
Field Cultivators	0.0%	25.0%	62.5%	12.5%	0.0%
Farm Loaders	0.0%	12.5%	75.0%	12.5%	0.0%
Chisel Plows	0.0%	0.0%	100.0%	0.0%	0.0%
Disc Harrows	0.0%	25.0%	62.5%	12.5%	0.0%
Air Seeders/Drills	0.0%	50.0%	16.6%	16.7%	16.7%
Self-Propelled Sprayers	0.0%	12.5%	62.5%	0.0%	25.0%
Pull-Type Sprayers	0.0%	0.0%	75.0%	12.5%	12.5%
Lawn/Garden Equip.	0.0%	55.6%	33.3%	11.1%	0.0%
GPS-Auto Steer	11.1%	44.4%	44.5%	0.0%	0.0%

**61+ Employees Unit Sales Projections
for Other Equipment in 2014**

Equipment Category	Sales +8%	Sales +2-7%	Little or No Change	Sales -2-7%	Sales -8%
Rectangular Balers	0.0%	5.9%	88.2%	5.9%	0.0%
Round Balers	0.0%	22.2%	77.8%	0.0%	0.0%
Forage Harvesters	0.0%	0.0%	93.7%	6.3%	0.0%
Planters (All)	5.0%	35.0%	40.0%	15.0%	5.0%
Mower/Conditioners	0.0%	17.6%	70.6%	11.8%	0.0%
Windrower/Swathers	0.0%	16.7%	77.7%	5.6%	0.0%
Field Cultivators	0.0%	35.0%	45.0%	15.0%	5.0%
Farm Loaders	0.0%	20.0%	75.0%	5.0%	0.0%
Chisel Plows	0.0%	26.3%	57.9%	5.3%	10.5%
Disc Harrows	0.0%	25.0%	65.0%	5.0%	5.0%
Air Seeders/Drills	0.0%	33.3%	50.0%	16.7%	0.0%
Self-Propelled Sprayers	10.5%	26.3%	47.4%	5.3%	10.5%
Pull-Type Sprayers	0.0%	0.0%	77.7%	16.7%	5.6%
Lawn/Garden Equip.	5.0%	45.0%	45.0%	5.0%	0.0%
GPS-Auto Steer	35.0%	50.0%	15.0%	0.0%	0.0%

Dealers' Hiring Plans 2014 vs. 2013 by Employee Size

	2014			2013		
	Add Staff	No Change	Reduce/ Relocate Staff	Add Staff	No Change	Reduce/ Relocate Staff
Parts Department						
1-20 Employees	24.3%	73.9%	1.8%	19.0%	81.0%	0.0%
21-40 Employees	45.2%	54.8%	0.0%	25.0%	75.0%	0.0%
41-60 Employees	18.2%	81.8%	0.0%	37.5%	62.5%	0.0%
61+ Employees	40.9%	59.1%	0.0%	36.8%	57.9%	5.3%
Service Department						
1-20 Employees	55.0%	44.1%	0.9%	52.9%	45.9%	1.2%
21-40 Employees	80.6%	19.4%	0.0%	75.0%	25.0%	0.0%
41-60 Employees	54.5%	45.5%	0.0%	75.0%	25.0%	0.0%
61+ Employees	81.8%	18.2%	0.0%	84.2%	15.8%	0.0%
Sales Department						
1-20 Employees	31.5%	67.6%	0.9%	29.8%	70.2%	0.0%
21-40 Employees	41.9%	54.9%	3.2%	40.6%	59.4%	0.0%
41-60 Employees	36.4%	63.6%	0.0%	50.0%	50.0%	0.0%
61+ Employees	45.5%	54.5%	0.0%	47.4%	47.3%	5.3%
Administration						
1-20 Employees	4.8%	93.3%	1.9%	8.3%	90.5%	1.2%
21-40 Employees	6.9%	82.8%	10.3%	12.5%	87.5%	0.0%
41-60 Employees	9.1%	63.6%	27.3%	37.5%	62.5%	0.0%
61+ Employees	22.7%	77.3%	0.0%	10.5%	73.7%	15.8%
Precision Farming Specialist						
1-20 Employees	11.3%	86.6%	2.1%	17.1%	81.6%	1.3%
21-40 Employees	34.5%	65.5%	0.0%	41.4%	58.6%	0.0%
41-60 Employees	27.3%	72.7%	0.0%	25.0%	75.0%	0.0%
61+ Employees	59.1%	40.9%	0.0%	55.6%	44.4%	0.0%

PART VI — MARKET SEGMENTS & DEALER REVENUE SOURCES

U.S. Regional Market Segmentation — 2013

Northeast		Turf/Lawn/Landscape Contractors	12.8%	Construction Contractors	2.2%
Production Farmers	33.7%	Municipalities/Park Depts	4.3%	Other	1.0%
Hobby Farmers	27.9%	Construction Contractors	6.8%	Corn Belt	
Turf/Lawn/Landscape Contractors	18.3%	Other	0.8%	Production Farmers	62.5%
Municipalities/Park Depts	7.4%	Lake States		Hobby Farmers	15.9%
Construction Contractors	7.1%	Production Farmers	67.7%	Turf/Lawn/Landscape Contractors	7.5%
Other	5.6%	Hobby Farmers	13.6%	Municipalities/Park Depts	5.7%
Appalachia		Turf/Lawn/Landscape Contractors	6.0%	Construction Contractors	5.7%
Production Farmers	45.6%	Municipalities/Park Depts	3.7%	Other	2.7%
Hobby Farmers	27.3%	Construction Contractors	5.0%	Mountain	
Turf/Lawn/Landscape Contractors	13.0%	Other	4.0%	Production Farmers	83.6%
Municipalities/Park Depts	7.2%	Southern Plains		Hobby Farmers	4.4%
Construction Contractors	4.7%	Production Farmers	31.7%	Turf/Lawn/Landscape Contractors	2.3%
Other	2.2%	Hobby Farmers	44.1%	Municipalities/Park Depts	3.1%
Southeast		Turf/Lawn/Landscape Contractors	9.2%	Construction Contractors	4.7%
Production Farmers	30.0%	Municipalities/Park Depts	6.6%	Other	1.9%
Hobby Farmers	34.2%	Construction Contractors	7.1%	Pacific	
Turf/Lawn/Landscape Contractors	15.2%	Other	1.3%	Production Farmers	49.2%
Municipalities/Park Depts	9.6%	Northern Plains		Hobby Farmers	28.8%
Construction Contractors	7.4%	Production Farmers	84.4%	Turf/Lawn/Landscape Contractors	11.3%
Other	3.6%	Hobby Farmers	6.2%	Municipalities/Park Depts	5.0%
Delta States		Turf/Lawn/Landscape Contractors	3.8%	Construction Contractors	3.3%
Production Farmers	40.0%	Municipalities/Park Depts	2.4%	Other	2.4%
Hobby Farmers	35.3%				

Market Segmentation Dealer Revenue Sources — 2013

Customer Segment	North America	U.S.	Canada
Production Farmers	55.6%	54.8%	66.0%
Hobby Farmers	21.6%	21.9%	17.7%
Turf/Lawn/Landscape Contractors	9.4%	9.6%	5.6%
Municipalities/Park Depts	5.6%	5.6%	5.6%
Construction Contractors	5.3%	5.3%	4.3%
Other	2.5%	2.8%	0.8%

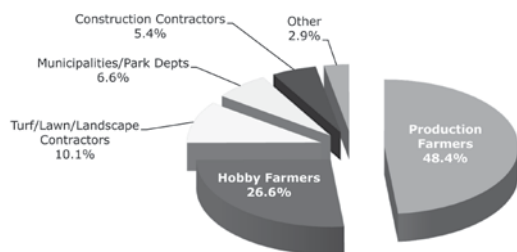
Employee Size Analysis by Market Segment — 2013

1-20 Employees		41-60 Employees	
Production Farmers	48.4%	Production Farmers	59.9%
Hobby Farmers	26.6%	Hobby Farmers	14.2%
Turf/Lawn/Landscape Contractors	10.1%	Turf/Lawn/Landscape Contractors	6.4%
Municipalities/Park Depts	6.6%	Municipalities/Park Depts	3.5%
Construction Contractors	5.4%	Construction Contractors	10.6%
Other	2.9%	Other	5.4%
21-40 Employees		61+ Employees	
Production Farmers	68.2%	Production Farmers	75.5%
Hobby Farmers	13.4%	Hobby Farmers	9.2%
Turf/Lawn/Landscape Contractors	7.7%	Turf/Lawn/Landscape Contractors	7.9%
Municipalities/Park Depts	4.3%	Municipalities/Park Depts	3.5%
Construction Contractors	5.3%	Construction Contractors	2.1%
Other	1.1%	Other	1.8%

Market Segment Analysis by Canada Regions—2013

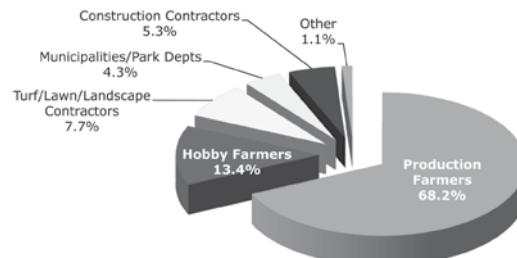
Central Canada	
Production Farmers	64.0%
Hobby Farmers	15.4%
Turf/Lawn/Landscape Contractors	8.3%
Municipalities/Park Depts	5.0%
Construction Contractors	6.6%
Other	0.7%
Eastern Canada	
Production Farmers	70.0%
Hobby Farmers	15.0%
Turf/Lawn/Landscape Contractors	5.0%
Municipalities/Park Depts	5.0%
Construction Contractors	5.0%
Other	0.0%
Western Canada	
Production Farmers	68.0%
Hobby Farmers	21.4%
Turf/Lawn/Landscape Contractors	2.0%
Municipalities/Park Depts	6.6%
Construction Contractors	1.0%
Other	1.0%

Market Segment Revenue – 1-20 Employees



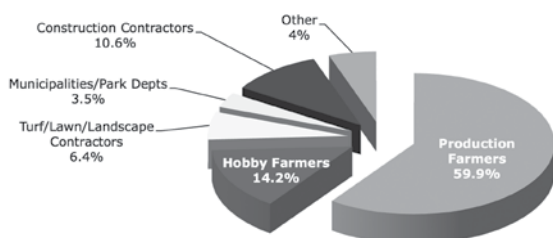
Nearly half (48.4%) of sales revenues for the smallest dealers, by employment size, come from production farming and slightly over one-quarter (27%) are derived from the hobby farm/rural lifestyle markets.

Market Segment Revenue – 21-40 Employees



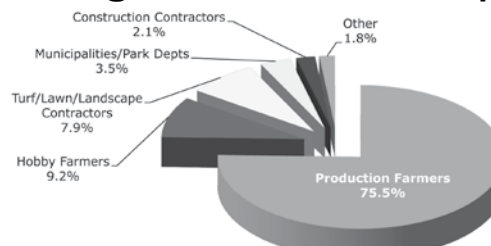
Revenues derived from production farming (68% of total) easily dominates the sales of dealers employing 21-40 employees, while hobby farmers are contributing over 13% of sales revenues.

Market Segment Revenue – 41-60 Employees



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

Market Segment Revenue – 60+ Employees



The largest dealers derive nearly 76% of their annual sales revenues from the production farm segment. Less than 10% of revenues are derived from the hobby farm/large-property owner market.

Major Equipment Supplier Analysis by Market Segment — 2013

AGCO

Production Farmers	56.5%
Hobby Farmers	24.6%
Turf/Lawn/Landscape Contractors	6.6%
Municipalities/Park Depts	5.1%
Construction Contractors	4.5%
Other	2.7%

John Deere

Production Farmers	63.1%
Hobby Farmers	11.9%
Turf/Lawn/Landscape Contractors	11.6%
Municipalities/Park Depts	4.9%
Construction Contractors	5.7%
Other	2.8%

Kubota

Production Farmers	22.0%
Hobby Farmers	41.5%
Turf/Lawn/Landscape Contractors	16.8%
Municipalities/Park Depts	11.0%
Construction Contractors	7.2%
Other	1.5%

Case IH

Production Farmers	76.2%
Hobby Farmers	11.4%
Turf/Lawn/Landscape Contractors	4.3%
Municipalities/Park Depts	3.6%
Construction Contractors	3.0%
Other	1.5%

New Holland

Production Farmers	57.2%
Hobby Farmers	22.8%
Turf/Lawn/Landscape Contractors	6.9%
Municipalities/Park Depts	5.0%
Construction Contractors	7.6%
Other	0.5%

Independent

Production Farmers	47.2%
Hobby Farmers	24.2%
Turf/Lawn/Landscape Contractors	13.3%
Municipalities/Park Depts	6.0%
Construction Contractors	4.0%
Other	5.3%

Segment Analysis by Major Equipment Supplier — 2013

Production Farmers

Case	76.2%	1
John Deere	63.1%	2
New Holland	57.2%	3
AGCO	56.5%	4
Independent	47.2%	5
Kubota	22.0%	6

Turf/Lawn/Landscape Contractors

Kubota	16.8%	1
Independent	13.3%	2
John Deere	11.6%	3
New Holland	6.9%	4
AGCO	6.6%	5
Case	4.3%	6

Construction Contractors

New Holland	7.6%	1
Kubota	7.2%	2
John Deere	5.7%	3
AGCO	4.5%	4
Independent	4.0%	5
Case	3.0%	6

Hobby Farmers

Kubota	41.5%	1
AGCO	24.6%	2
Independent	24.2%	3
New Holland	22.8%	4
John Deere	11.9%	5
Case	11.4%	6

Municipalities/Parks Dept

Kubota	11.0%	1
Independent	6.0%	2
AGCO	5.1%	3
New Holland	5.0%	4
John Deere	4.9%	5
Case	3.6%	6

Other

Independent	5.3%	1
John Deere	2.8%	2
AGCO	2.7%	3
Kubota	1.5%	4
Case	1.5%	5
New Holland	0.5%	6

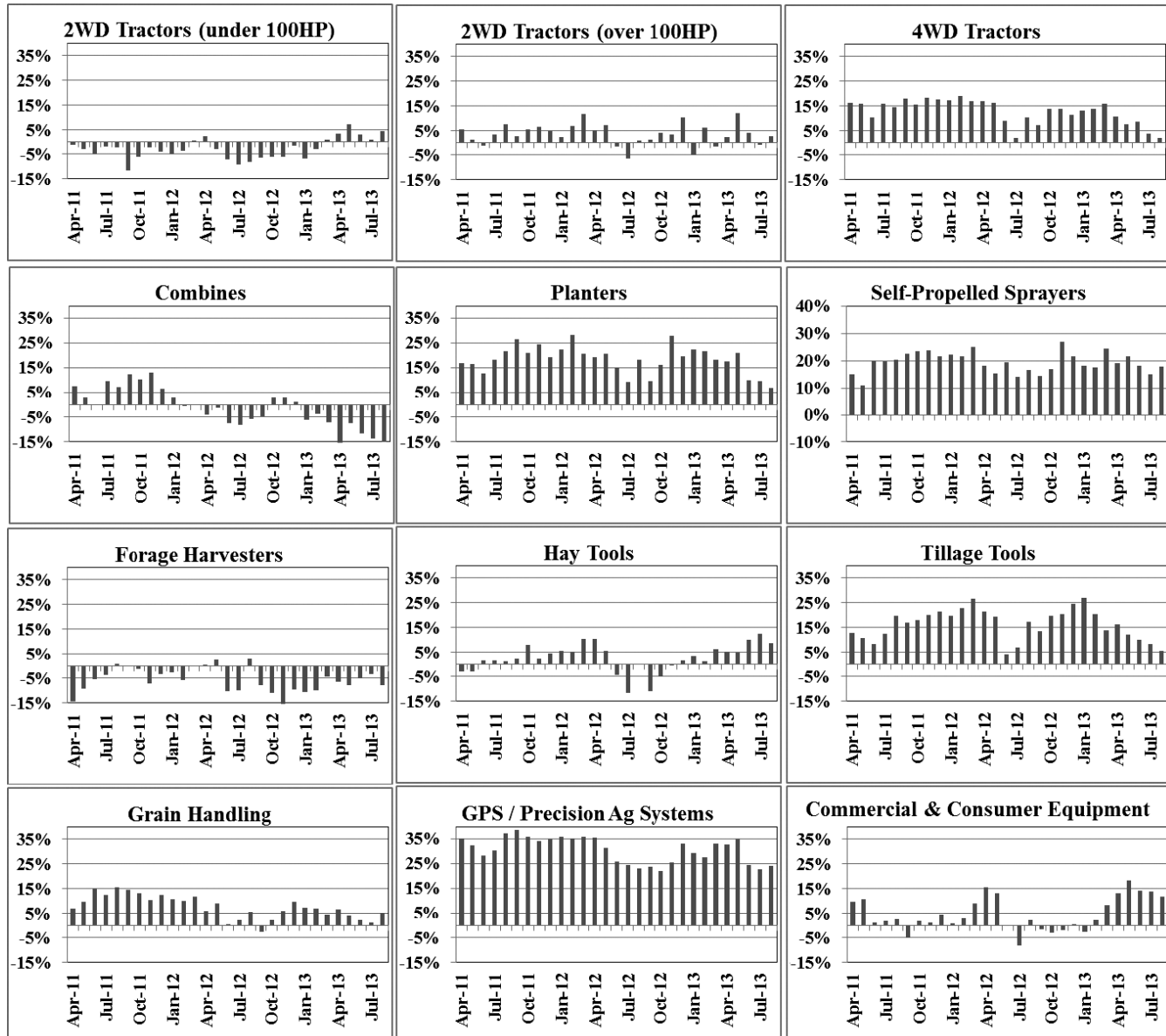
Tracking Farm Equipment Business Trends

Ag Equipment Intelligence has been measuring and monitoring the “big” or macro farm equipment trends since 2005. In April 2011, *Ag Equipment Intelligence* teamed with Cleveland Research Co. to monitor the “smaller” or micro trends by surveying North American farm equipment dealers on a monthly basis to capture their sentiments about ongoing business conditions that often go unnoticed but turn into major ag machinery trends.

“Dealer Sentiments & Business Conditions Update” is issued monthly to *Ag Equipment Intelligence* subscribers to keep them abreast of ongoing conditions in the industry.

This new section of the annual “Dealer Business Outlook & Trends” report provides a month-by-month review of important sales trends and the underlying factors that impact overall product sales and farm equipment dealership performance.

New Equipment Sales Trends by Product Category



One of the questions posed to North American farm equipment dealers each month in the “Dealer Sentiments & Business Conditions Update” survey is *How would you rate the strength of the following products sales? Very Weak, Down Modestly, Flat, Up Modestly, Very Strong.* As shown in the various charts above, GPS/precision farming products, self-propelled sprayers, planters, tillage tools and 4WD tractors have demonstrated the most consistent sales strength between April 2011 and August 2013. On the other end of the spectrum, forage harvesters, combines, compact tractors, high horsepower tractors and hay tools are product categories that have struggled most consistently through the same period, though hay tools began to show improving sales starting in the summer of 2013.

Used Equipment Remains ‘Manageable’ But ...

While only about one-third of dealers responding to the “2014 Dealer Business Outlook & Trends” survey rated their used equipment inventories as “too high” (27.8%) or “way too high,” (6.7%), it remains a significant issue for many North American farm equipment dealers. Based on our monthly surveys and dealer comments, it’s clear that an over abundance of used combines and their falling value are the biggest challenges dealers continue to face.

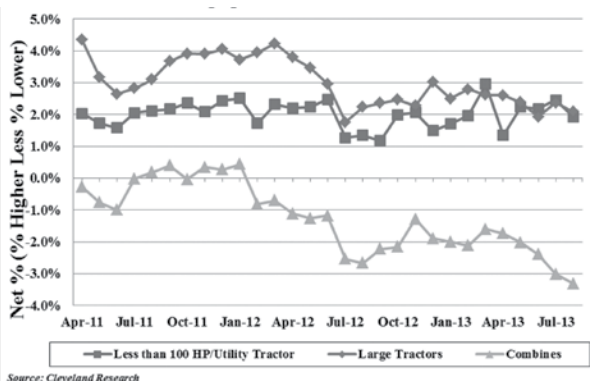
A sampling of dealer comments from the September 2013 “Dealer Sentiments & Business Conditions Update” indicate that some other types of equipment are creating headaches for equipment dealers.

“Used combines as well as 4WD tractors inventories

are too high” ... “Still have some used SP forage harvesters that are giving me heartburn” ... “Looks like JD and Case IH dealers have too much ‘roll over’ used inventory” ... “Far too many late model used combines, row-crop and 4WD tractors” ... “Used combine inventories are very high with a weak market. Planters are right behind them” ... “Combines, sprayers and large tractor inventories are still too high” ... “The grab for market share hurts used equipment margins, and that’s happening right now.”

At the same time, we’re hearing sporadic comments about no problems with used and the need for more. “We do not have any issues with our used inventory at the moment” ... “I can’t find good used priced right to resell.”

Used Equipment Values vs. Previous Year

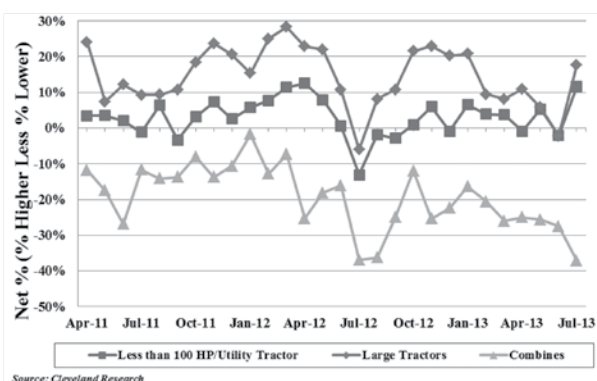


Source: Cleveland Research

By category, used prices for tractors over 100HP are up 2.1% year-over-year on average through August, down from 2.4% reported last month. Prices for used tractors under 100HP are up 1.9%, down from 2.5% the prior month. Used combine values continue to decline and are down 3.3%, compared to down 3% the previous month.

Source: Farm Equipment Magazine Survey

Used Equipment Values vs. Previous Month

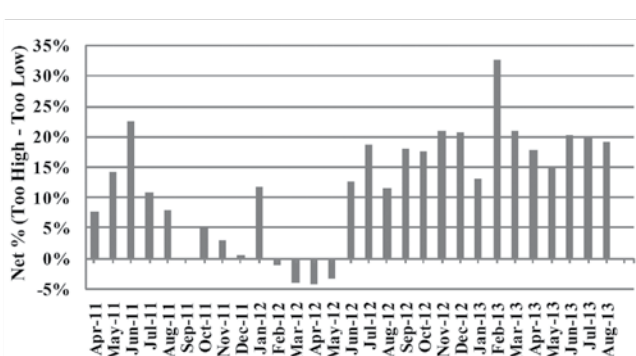


Source: Cleveland Research

Relative to last month, a net 12% of dealers report higher values for tractors under 100HP and utility tractors. For over 100HP tractors, a net 18% of dealers report higher values in August vs. the previous month. At the same time, a net 37% of dealers report used combine values are lower than the previous month.

Source: Farm Equipment Magazine Survey

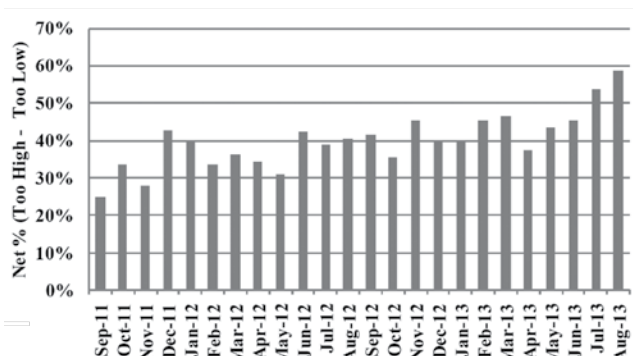
Industry Inventory Levels — Used Equipment



Overall, used agricultural equipment inventory remains high as a net 19% of dealers categorize their used inventory levels as “too high” (35% too high; 50% about right; 15% too low). This is essentially the same results from the previous month, and only up slightly from the July report which seems to indicate that the industry’s used equipment inventory is beginning to stabilize.

Source: Farm Equipment Magazine Survey

Used Combine Inventory

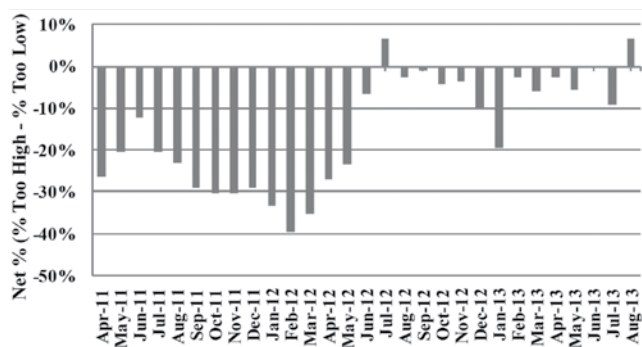


Within the used equipment categories, a net 59% of dealers reported used combine inventory levels were “too high” (59% too high; 41% about right; 0% too low) as reported in the September report. This is the highest net percentage of dealers reporting high used combine inventory since we started tracking this data in October of 2011. This is the key driver behind Deere’s decision to limit new combine production in 2014.

Source: Farm Equipment Magazine Survey

New Equipment Inventory & Lead Times

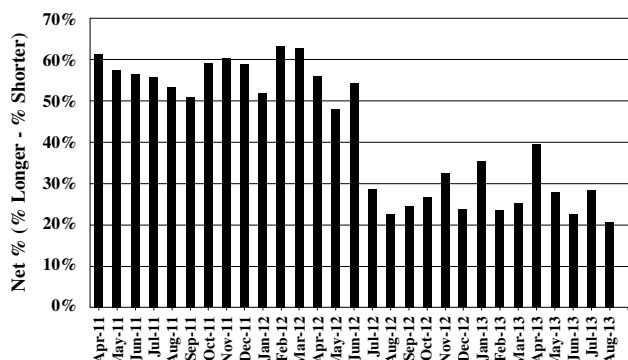
Industry Inventory Levels — New Equipment



In the September 2013 “Dealer Sentiments” report, a net 7% of dealers categorized new inventory as “too high” (23% too high; 61% about right; 16% too low) vs. 9% last month who categorized their new inventory as “too low.” This is the highest reading since July 2012.

Source: Farm Equipment Magazine Survey

New Equipment Lead Times vs. Prior Month

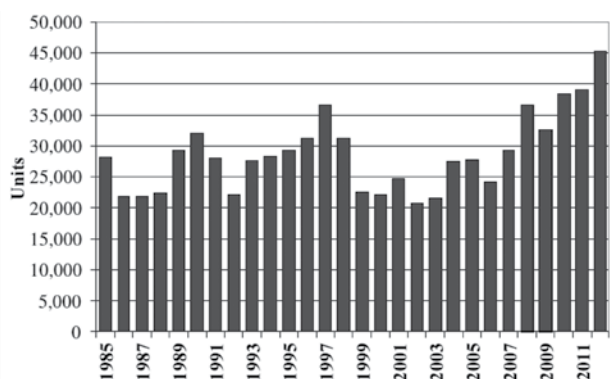


Lead times for all categories of farm equipment were reported to be shorter in August than in previous months. On average, combine lead times are 5.9 months; 4WD are 5.4 months; row-crop tractor lead times are 5.9 months; and smaller tractors (<100HP) lead times are 4.9 months.

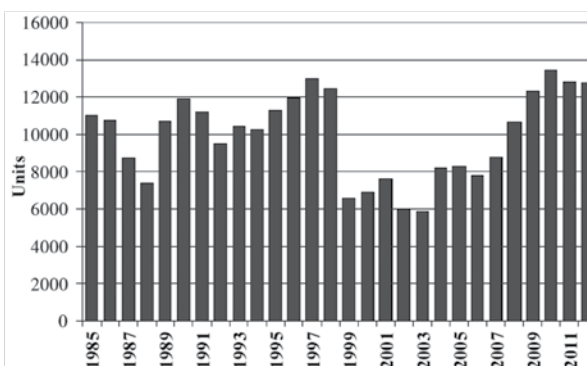
Source: Farm Equipment Magazine Survey

Farm Tractor & Combine Sales Trends — 1985–2012

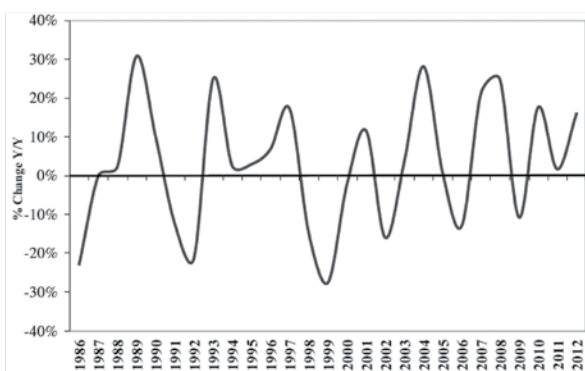
Domestic High-Horsepower Tractor Sales



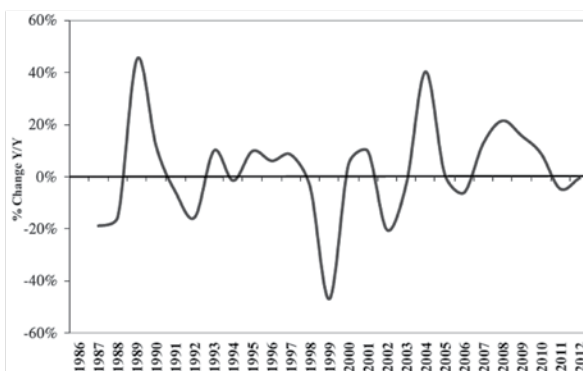
Domestic Annual Combine Sales



Domestic High HP Tractor Sales Y/Y% Change



Domestic Combine Sales Y/Y% Change



As shown in the two charts above, U.S. high horsepower tractor sales have experienced considerable ups and downs since 1985 and throughout the 1990s. With a couple of exceptions, retail sales of these units have seen consistently rising sales since the beginning of the last decade through 2013.

Source: AEM, Cleveland Research estimates

Unit sales of combines in the U.S. have been subject to several swings since the mid-1980s, but not to the extent that high horsepower farm tractors have witnessed. Since 2007, unit sales of combines have risen consistently, which has created a backlog of good, low hour used combines in recent years.

Source: AEM, Cleveland Research estimates

North American Farm Tractor & Combine

Retail Sales & Inventory

The following tables represent month-by-month unit sales and on-the-ground inventory of the five core farm equipment product categories: 2WD 40 horsepower and smaller tractors, 2WD 40-100 horsepower tractors, 2WD 100 horsepower and higher tractors, all 4WD tractors, and combines. The source of this information is the Assn. of Equipment Manufacturers, which compiles and publishes the unit sales data each month.

NORTH AMERICAN FARM EQUIPMENT RETAIL SALES — JANUARY 2012–SEPTEMBER 2013														
	Units							% change year-over-year						
	<40 HP	40-100 HP	>100 HP	4-WD	Total Tractor	High HP	Combines	<40 HP	40-100 HP	>100 HP	4-WD	Total	High HP	Combines
Jan-12	3,899	3,698	2,335	359	10,291	2,694	528	5%	6%	2%	(29%)	3%	(4%)	(44%)
Feb-12	4,360	3,547	2,046	488	10,441	2,534	367	(2%)	15%	16%	6%	7%	14%	(53%)
Mar-12	8,589	4,559	2,703	743	16,594	3,446	718	(3%)	(8%)	(4%)	19%	(4%)	0%	(26%)
Apr-12	13,365	6,016	3,369	887	23,637	4,256	705	17%	11%	1%	0%	12%	1%	(25%)
May-12	13,562	5,984	2,911	611	23,068	3,522	691	8%	17%	21%	4%	11%	18%	(15%)
Jun-12	12,503	6,118	2,571	502	21,694	3,073	954	3%	3%	24%	17%	5%	23%	32%
Jul-12	8,635	4,854	2,763	552	16,804	3,315	1,346	12%	3%	33%	21%	13%	31%	14%
Aug-12	8,153	4,516	2,497	588	15,754	3,085	1,497	11%	8%	17%	45%	12%	20%	(1%)
Sep-12	7,975	4,541	3,141	778	16,435	3,919	1,764	1%	0%	15%	11%	3%	14%	22%
Oct-11	9,885	6,908	5,660	1,499	23,952	7,159	2,321	25%	16%	33%	33%	25%	33%	39%
Nov-12	5,158	4,005	2,492	632	12,287	3,124	722	5%	18%	10%	31%	11%	14%	(3%)
Dec-12	8,239	6,333	4,350	902	19,824	5,252	1,137	14%	4%	19%	37%	12%	21%	3%
Jan-13	4,723	4,114	2,956	677	12,470	3,633	616	21%	11%	27%	89%	21%	35%	17%
Feb-13	5,102	3,734	2,588	669	12,093	3,257	622	17%	5%	26%	37%	16%	29%	69%
Mar-13	8,311	4,941	3,464	706	17,422	4,170	1,199	(3%)	8%	28%	(5%)	5%	21%	67%
Apr-13	13,883	5,652	4,269	855	24,659	5,124	1,149	4%	(6%)	27%	(4%)	4%	20%	63%
May-13	17,193	6,326	3,406	556	27,481	3,962	887	27%	6%	17%	(9%)	19%	12%	28%
Jun-13	13,449	6,363	3,272	541	23,625	3,813	1,123	8%	4%	27%	8%	9%	24%	18%
Jul-13	10,725	5,563	3,177	492	19,957	3,669	1,480	24%	15%	15%	(11%)	19%	11%	10%
Aug-13	9,280	5,034	2,846	588	17,748	3,434	1,252	14%	11%	14%	0%	13%	11%	(16%)

NORTH AMERICAN FARM EQUIPMENT INVENTORY — DECEMBER 2011–AUGUST 2013														
	Units							% change year-over-year						
	<40 HP	40-100 HP	>100 HP	4-WD	Total Tractor	High HP	Combines	<40 HP	40-100 HP	>100 HP	4-WD	Total	High HP	Combines
Dec-11	59,746	26,551	7,666	1,035	94,998	8,701	1,250	62%	47%	24%	14%	49%	22%	10%
Jan-12	61,967	27,298	7,277	1,222	97,764	8,499	1,338	64%	48%	23%	17%	51%	22%	11%
Feb-12	65,727	28,689	7,763	1,360	103,539	9,123	1,676	68%	50%	24%	19%	54%	23%	14%
Mar-12	68,756	29,144	8,199	1,518	107,617	9,717	1,955	72%	51%	26%	21%	56%	25%	17%
Apr-12	66,562	28,743	8,241	1,472	105,018	9,713	1,961	68%	50%	26%	20%	54%	25%	17%
May-12	65,188	28,322	8,930	1,659	104,099	10,589	2,258	66%	48%	27%	22%	53%	27%	20%
Jun-12	62,380	27,773	9,395	1,665	101,213	11,060	2,476	63%	47%	28%	22%	51%	27%	21%
Jul-12	61,495	28,135	10,351	1,950	101,931	12,301	2,791	61%	48%	31%	26%	51%	30%	24%
Aug-12	61,108	28,892	11,307	2,248	103,555	13,555	3,008	60%	49%	33%	29%	51%	32%	26%
Sep-12	62,319	29,587	11,580	2,398	105,884	13,978	2,870	62%	50%	34%	31%	52%	33%	24%
Oct-12	61,918	29,266	10,573	1,931	103,688	12,504	1,662	60%	49%	29%	24%	50%	28%	13%
Nov-12	65,873	29,835	11,232	2,079	109,019	13,311	1,520	64%	49%	31%	25%	52%	30%	12%
Dec-12	67,319	29,137	10,335	1,753	108,544	12,088	1,409	65%	48%	28%	21%	51%	27%	11%
Jan-13	69,290	30,182	10,399	1,803	111,674	12,202	1,659	66%	49%	28%	20%	52%	26%	13%
Feb-13	72,473	30,842	11,375	1,850	116,540	13,225	2,186	68%	50%	30%	20%	54%	28%	17%
Mar-13	72,499	30,869	11,700	1,931	116,999	13,631	2,518	69%	50%	30%	21%	54%	29%	19%
Apr-13	70,567	30,512	12,507	1,883	115,469	14,390	2,577	66%	49%	32%	21%	53%	30%	18%
May-13	65,268	30,400	13,202	2,068	110,938	15,270	2,866	59%	49%	33%	23%	50%	31%	20%
Jun-13	62,097	29,271	13,330	2,158	106,856	15,488	3,249	56%	47%	33%	24%	48%	31%	23%
Jul-13	59,174	29,628	14,138	2,177	105,117	16,315	3,208	52%	47%	34%	24%	47%	33%	22%

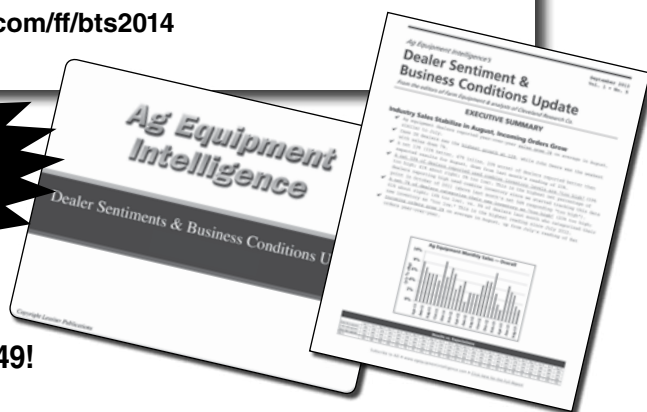
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