
A Special Management Report From

***Ag Equipment
Intelligence***

**2015 DEALER BUSINESS
OUTLOOK & TRENDS**

FARM EQUIPMENT FORECAST

An Ag Equipment Intelligence Staff Report



TABLE OF CONTENTS

PART I — BUSINESS OUTLOOK & TRENDS

Dealers Brace for Sales Slowdown in 2015.....	4
---	---

CHARTS

Dealers' Outlook for New Equipment Revenue – 2013 to 2015	4
New Equipment Prices Increase for 2014 & 2015– North America.....	5
Dealers' Outlook for Used Equipment Revenue – 2013 to 2015	7
How Dealers Rate Their Used Equipment Inventory	7
Demographics of 2015 Survey Respondents	9
U.S. Monthly Crop Price Received – 2010-14.....	12
U.S. Monthly Livestock Price Received – 2010-14	13

TABLES

Revenue Outlook for New & Used Equipment – 2015 vs. 2014	8
Tractor & Combine Sales Outlook – 2015	9
Best Bets for Improving Equipment Unit Sales in 2015	10
Dealer Capital Spending Plans & Where Dealers Will Invest.....	11
Dealer Hiring Plans – 2015 vs. 2014.....	11
North American Dealer Issues & Concerns – 2015	11

PART II — U.S. OUTLOOK

Strong Livestock & Dairy Segments Won't Offset Continuing Declines in Crop Pricing.....	14
U.S. Dealers' Regional Profile & Outlook for 2015.....	20

CHARTS

U.S. Dealers' Projected Sales Revenue for 2015 vs. 2014 — New & Used Equipment	14
New Equipment Price Increases for 2015 — U.S.	15
U.S. Dealers' View of Used Inventory	16
Best Bets for Improving U.S. Unit Sales in 2015.....	16
U.S. Retail Tractor & Combine Unit Sales – 2009-14	17
Demographics of Survey 2015 Respondents – U.S.	18
U.S. Farm Production Regions & Regional Expectations for Sales Revenues – 2015.....	20

TABLES

U.S. Projected Unit Sales by Equipment Segment – 2015	15
U.S. Dealer Top Concerns for 2015.....	18
U.S. Dealer Spending & Investment Plans for 2015.....	19
U.S. Hiring Plans for 2015	19
U.S. Regional Expectations for Revenue Gains/Losses New & Used Equipment Sales – 2015 vs. 2014.....	21

PART III — CANADIAN OUTLOOK

Canadian Dealers See Potential for Slowing Trends.....	22
--	----

CHARTS

New Equipment Price Increases for 2015 — Canada.....	22
--	----

Canadian Dealers' Projections for Sales Revenue 2015 vs. 2014 – New & Used Equipment	23
Canadian Dealers' View of Used Inventory.....	23
Canadian Retail Tractor & Combine Unit Sales – 2009-2014	24
Best Bets for Improving Unit Sales in 2015 — Canada.....	25
Demographics of 2015 Survey Respondents — Canada	26

TABLES

Canadian Projected Unit Sales by Equipment Segment – 2015.....	22
Canadian Dealers' Issues & Concerns – 2015.....	25
Canadian Dealers' Hiring Plans 2015 vs. 2014.....	26
Where Canadian Dealers Will Invest in 2015.....	26
Canadian Dealers' Spending Plans for 2015	26

PART IV — BREAKOUT BY MAINLINE SUPPLIERS

Introduction	27
AGCO Dealers' Outlook for 2015.	28
Case IH Dealers' Outlook for 2015	30
John Deere Dealers' Outlook for 2015	32
Kubota Dealers' Outlook for 2015.	34
New Holland Dealers' Outlook for 2015	36
Independent Dealers' Outlook for 2014.	38

CHARTS

Most Optimistic Equipment Dealers for 2015	27
Least Optimistic Equipment Dealers for 2015.....	27
AGCO Dealers' Projected Sales Revenues for 2015 – New Equipment...	28
AGCO Dealers' Projected Unit Sales Revenues for 2015 – Used Equipment	28
Best Bets for Improving Unit Sales in 2015 – AGCO Dealers.....	29
Case IH Dealers' Projected Sales Revenues for 2015 — New & Used Equipment.....	30
Best Bets for Improving Unit Sales in 2015 – Case IH Dealers	31
John Deere Dealers' Projected Sales Revenues for 2015 – New & Used Equipment	32
Best Bets for Improving Unit Sales in 2015 – John Deere Dealers.....	33
Kubota Dealers' Projected Sales Revenues for 2015 – New & Used Equipment	34
Best Bets for Improving Unit Sales in 2015 – Kubota Dealers	35
New Holland Dealers' Projected Sales Revenues for 2015 – New & Used Equipment.....	36
Best Bets for Improving Unit Sales in 2015 – New Holland Dealers.....	37
Independent Dealers' Projected Sales Revenues for 2015 – New & Used Equipment.....	38
Best Bets for Improving Unit Sales in 2015 – Independent Dealers.....	39

TABLES

AGCO Dealers' Projected Unit Sales.....	28
AGCO Dealers' Early Orders 2015 vs. 2014	28

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Ag Equipment Intelligence's 2015 Dealer Business Outlook

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AGCO Dealers Expecting New Equipment Price Increases in 2015	28
AGCO Dealers' Projections for Improved Revenue from New & Used Equipment Sales in 2015	28
Where AGCO Dealers Will Invest in 2015.....	29
AGCO Dealers' Demographics	29
AGCO Dealers' Spending & Hiring Plans for 2015	29
AGCO Dealers' Issues & Concerns – 2015.....	29
AGCO Dealers' Used Equipment Inventory.....	29
AGCO Dealers' Major Revenue Sources – 2014.....	29
Case IH Dealers' Projections for Improved Revenue from New & Used Equipment Sales in 2015.....	30
Case IH Dealers' Projected Unit Sales.....	30
Case IH Dealers Expecting New Equipment Price Increases in 2015	30
Case IH Dealers' Early Orders 2015 vs. 2014.....	30
Case IH Dealers' Demographics	31
Where Case IH Dealers Will Invest in 2015.....	31
Case IH Dealers' Spending & Hiring Plans – 2015.....	31
Case IH Dealers' Issues & Concerns — 2015.....	31
Case IH Dealers' Used Inventory.....	31
Case IH Dealers' Major Revenue Sources — 2014	31
John Deere Dealers' Projected Unit Sales.....	32
John Deere Dealers' Early Orders 2015 vs. 2014.....	32
John Deere Dealers' Projections for Improved Revenue from New & Used Equipment Sales in 2015.....	32
John Deere Dealers Expecting New Equipment Price Increases in 2015.....	32
Where John Deere Dealers Will Invest in 2015	33
John Deere Dealers' Demographics	33
John Deere Dealers' Hiring Plans 2015 vs. 2014	33
John Deere Dealers' Issues & Concerns – 2015	33
John Deere Dealers Used Equipment Inventory.....	33
John Deere Dealers' Major Revenue Sources – 2014	33
Kubota Dealers' Projections for Revenue from New & Used Equipment Sales in 2015.....	34
Kubota Dealers' Projected Unit Sales.....	34
Kubota Dealers Expecting New Equipment Price Increases in 2015	34
Kubota Dealers' Early Orders 2015 vs. 2014.....	34
Where Kubota Dealers Will Invest in 2015.....	35
Kubota Dealers' Demographics	35
Kubota Dealers' Hiring & Spending Plans 2015 vs. 2014	35
Kubota Dealers' Issues & Concerns – 2015.....	35
Kubota Dealers' Used Inventory	35
Kubota Dealers' Major Revenue Sources– 2014	35
New Holland Dealers' Projected Revenue from New & Used Equipment Sales in 2015.....	36
New Holland Dealers' Early Orders 2015 vs. 2014.....	36
New Holland Dealers Expecting New Equipment Price Increases in 2015.....	36
New Holland Dealers' Projected Unit Sales	36
Where New Holland Dealers Will Invest in 2015	37
New Holland Dealers' Demographics	37
New Holland Dealers' Used Equipment Inventory.....	37
New Holland Dealers Major Revenue Sources – 2014	37

New Holland Dealers' Spending & Hiring Plans for 2015.....	37
New Holland Dealers' Issues & Concerns – 2015	37
Independent Dealers' Projected Unit Sales	38
Independent Dealers' Projections for Improved Revenue from New & Used Equipment Sales in 2015.....	38
Independent Dealers Expecting New Equipment Price Increases in 2015	38
Independent Dealers' Demographics	39
Where Independent Dealers Will Invest in 2015	39
Independent Dealers' Early Orders 2015 vs. 2014	39
Independent Dealers' Used Equipment Inventory	39
Independent Dealers' Major Revenue Sources – 2014.....	39
Independent Dealers' Spending & Hiring Plans for 2015	39
Independent Dealers' Issues & Concerns – 2015	39

PART V — EMPLOYMENT SIZE BREAKDOWN

CHARTS

Best Bets for Improving Sales in 2015	
Dealers with 1-20 Employees	40
Dealers with 21-40 Employees	40
Dealers with 41-60 Employees	40
Dealers with 61+ Employees	40

TABLES

Revenue Projections for New Equipment by Employee Size – 2015	40
Revenue Projections for Used Equipment by Employee Size – 2015	40
Projected Sales Revenue Increase/Decrease by Employment Size – 2015 (weighted avg.)	41
Unit Sales Projections for Tractors & Combines by Employee Size – 2015	41
Dealer Spending Plans for 2015	41
Where Dealers Will Invest in 2015	41
1-20 Employees Unit Sales Projections for Other Equipment in 2015 ...	42
21-40 Employees Unit Sales Projections for Other Equipment in 2015	42
41-60 Employees Unit Sales Projections for Other Equipment in 2015	42
61+ Employees Unit Sales Projections for Other Equipment in 2015.....	43
Dealers' Hiring Plans 2015 vs. 2014	43

PART VI — MARKET SEGMENTS ANALYSIS & DEALER REVENUE SOURCES

CHARTS

Market Segment Revenue — 1-20 Employees.....	45
Market Segment Revenue — 21-40 Employees.....	45
Market Segment Revenue — 41-60 Employees.....	45
Market Segment Revenue — 61+ Employees.....	45

TABLES

U.S. Regional Market Segmentation – 2014	44
Market Segmentation Dealer Revenue Sources	44
Employee Size Analysis by Market Segment.....	44
Market Segment Analysis by Canada Regions	44
Major Equipment Supplier Analysis by Market Segment.....	45
Segment Analysis by Major Equipment Supplier	45
North American Farm Equipment Industry Retail Sales	46
North American Farm Equipment Industry Inventory.....	47

PART I — DEALER BUSINESS OUTLOOK & TRENDS

Dealers Brace for Sales Slowdown in 2015

For only the second time in 10 years more dealers anticipate lower sales in the year ahead than expect an increase.

Half of the slightly more than 300 North American farm equipment dealers responding to *Ag Equipment Intelligence's* "2015 Dealer Business Outlook & Trends" survey expect sales revenues to decline in the year ahead compared with the year passed. The last time a larger percentage of dealers expected sales to fall than to rise was in 2010 following the economic crisis brought on by the collapse of the U.S. housing market, which took most of the economy down with it. This time around, the falloff in equipment sales is largely the result of declining crop prices, though other factors also appear to be contributing to an overall slowdown.

The outlook for the years 2010 and 2015 represent the two least optimistic forecasts during the 10 years *Ag Equipment Intelligence's* has surveyed dealers in the U.S. and Canada.

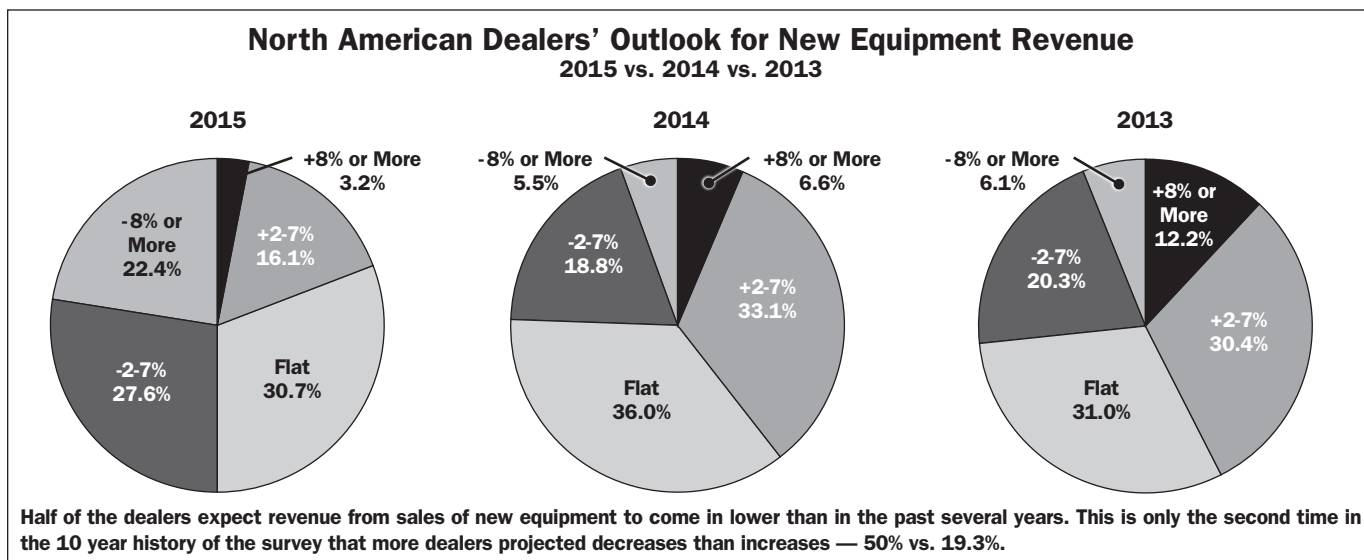
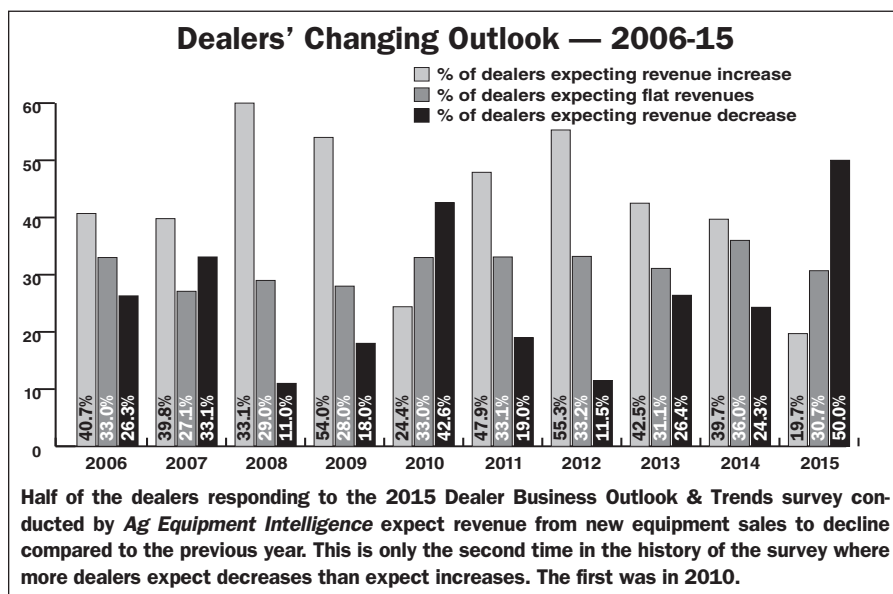
Despite a similar tenor to the sentiments expressed about their sales prospects in 2010 and 2015, fewer dealers, 19.3%, believe sales revenues will increase in the year ahead than they did 5 years earlier, when 24.4% forecasted growth. At the same time, more dealers expect a dropoff in 2015 (50%) compared with 2010 (42.6%). As has typically been the case over the

10 years we've conducted this survey, about one-third of dealers (30.7%) are calling for little or no change in the next year vs. the previous year.

Even combining the percentage of dealers who expect revenue growth with those projecting little or no change for 2010 and 2015, the disparity is significant. For 2010, the percentage was 57.4%. For the year ahead, it's one-half, or 50%, of North American dealers who are projecting sales revenue will grow or stay about

the same as 2014.

In its latest dealer poll, UBS Investment Research produced similar results to those of *Ag Equipment Intelligence's*. In that August report, analyst Steven Fisher remarked, "Dealers are largely neutral on their business conditions. On a scale of 0-10, dealers responded with an average of 6.24, indicating a largely neutral perspective on their business conditions. We believe this may indicate that dealers have been preparing for



an eventual downturn in demand, and may also be a reflection of recent consolidation among dealers; larger scale and thus better equipped to handle a downturn.”

New Equipment Revenues — 2015

Comparing dealers’ sentiments from a year ago shows a significant shift in how they view the year ahead with their outlook a year ago.

Last year at this time, 75.7% of dealers expected sales of new farm machinery to be better than or as good as those in 2013, with the remaining 24.3% projecting decreased sales revenues. This year, it’s an even 50/50 split with 50% forecasting revenues will be as good as or better than what they saw in 2014 and 50% predicting sales revenue will decline in 2015.

A year ago, of the 75.7% of dealers with a positive or neutral outlook, 39.7% anticipated revenue increases. In this group, 6.6% forecast growth to be 8% or more, while 33.1% projected increases of from 2-7%. For those 24.3% who projected declining revenues for 2014, 5.5% projected decreases of 8% or more and 18.8% estimated revenues would fall by 2-7%.

Looking ahead to 2015, of the 50% of dealers who anticipate increased or flat sales for the year, only 19.3% expect growth. Of that group, 3.2% are projecting increases of 8% or more and 16.1% are forecasting rising revenues of 2-7%. Of the 50% of dealers calling for falling

How Did Dealers Fare in 2014?

While we typically don’t query dealers about their new equipment sales during the past year, for the 2015 Dealer Business Outlook & Trends survey we asked, “What is your best estimate of your 2014 NEW equipment revenue vs. 2013 NEW equipment revenue?”

Of the 285 dealers who responded specifically to this question, 34.4% reported that by year-end they expect their new equipment revenues to have increased vs. 2013. Of the remaining dealers, 17.2% say there will be little or no change this year compared with the previous year, and nearly half, or 48.4% anticipate lower revenues in 2014 compared to 2013.

The breakdown and comparison is shown in the table above.

Last year at this time, 39.7% of dealers were forecasting a dropoff in new equipment revenues for 2014. The percentage of dealers’ whose current estimate for a revenue increase isn’t too far off their outlook for last year at 34.4%.

The big difference comes in dealers who now estimate that new equipment revenues will decrease for 2014 vs. their forecast a year ago. In September 2013, only 24.3% of dealers projected lower revenues for 2014. With this year’s survey, nearly double that number, 48.4%, are estimating declining new equipment revenues for the full year 2014.

Of course, the wide difference between the two comes in the “little or no change category.” A year ago, 36% of dealers in the survey projected essentially “flat” new equipment revenues. At this point, only 17.2% expect “little or no change” for all of 2014.

Revenue % increase/decrease	Current Estimate for 2014	Last Year's Projections for 2014
+8% or more	11.2%	6.6%
+2-7%	23.2%	33.1%
Little or no change	17.2%	36.0%
-2-7%	23.5%	18.8%
-8% or more	24.9%	5.5%

revenues, 27.6% anticipate a dropoff of 2-7% and 22.4% see sales revenue tailing off by 8% or more.

On a weighted basis, overall dealers anticipate a -2.06 average decline for new equipment revenues in the year ahead. This compares with a weighted average of +0.94 in 2014 and a +2.37 in 2013.

Factors Impacting Sales

In addition to the continuing descent of crop prices from a year ago

(-27.2% corn, -28.2% soybeans, -27.1% wheat in mid-September), other factors are also weighing on dealers’ attitudes as they look ahead.

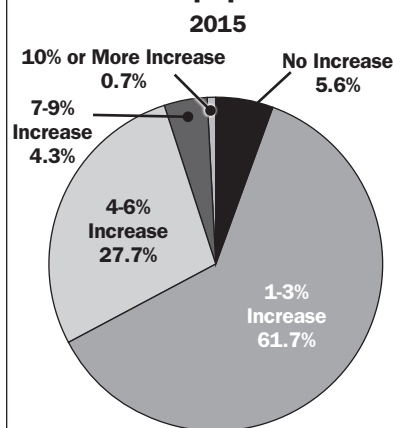
One of the concerns most often expressed by dealers is the rising price of new ag machinery. Dealers say that it’s been difficult to pass along price hikes in the past year and they don’t expect it’s going to get any easier in 2015.

Top executives from two of the major full-line farm equipment makers told *Ag Equipment Intelligence* that they recognize the rising prices of new machinery are causing problems for their dealers. One estimated that overall prices have risen by nearly 25% over the past 5 years. Another said it’s probably closer to 30%.

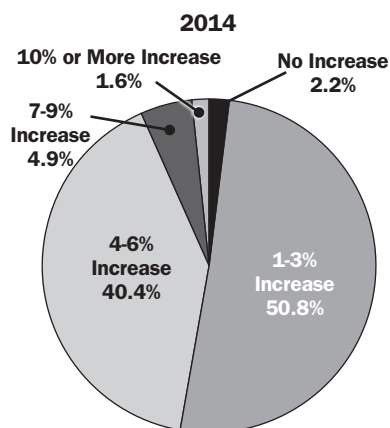
Dealers say it wasn’t as difficult explaining the price hikes associated with the new Tier 4 Interim equipment, as significant gains in engine performance and fuel efficiency were easily quantifiable. That’s not the case with Final Tier 4 engines.

While the equipment with the new engines was subject to robust price increases, little or no significant improvement in performance and efficiency over the earlier Tier 4 Interim engines could be demonstrated.

New Equipment Price Increases — 2015 vs. 2014



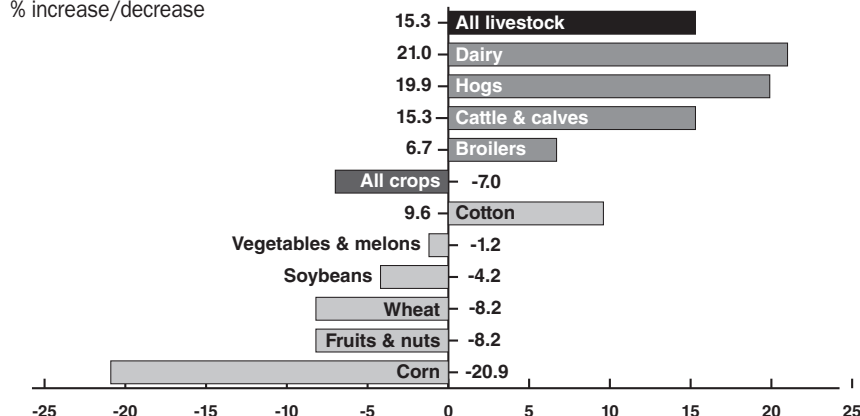
Nearly two-thirds of dealers expect new equipment prices to rise by 1-3% in 2015. The next largest percentage, 28%, say new equipment prices will increase by 4-6%.



A year earlier, slightly more than 90% of North American dealers expected a price increase on equipment. Only 2.2% said they didn’t expect any price hikes last year.

Percent Change in Cash Receipts Selected Livestock/Crops — 2013F-14F

% increase/decrease



Crop receipts are expected to decline 7% in 2014, the second annual decrease following a record high in 2012. At the same time, record livestock prices are projected to drive a 15.3% increase in livestock cash receipts. Wholesale milk and broiler receipts are expected to benefit from higher production and record annual average prices. Note: Data for 2013 and 2014 are forecasts.

Source: USDA, ERS, Farm Income and Wealth Statistics, data as of August 26, 2014

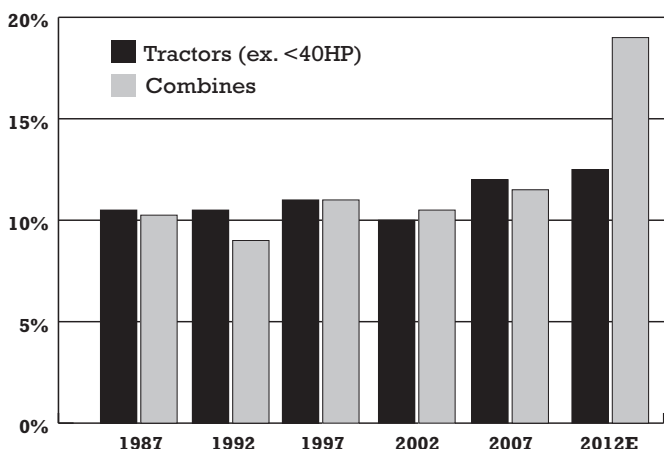
According to the results of this year's survey, it would seem price increases for 2015 equipment could rival those seen in 2014. Overall, 97.8% of dealers say they are expecting another price increase on new equipment in the year ahead. This compares to 94.4% of dealers last year.

A breakdown by the size of increase for 2015 (vs. 2014), shows that nearly two-thirds of dealers, or 61.7%, say price hikes will be in the

range of 1-3% (vs. 50.8%). Another 27.7% expect price hikes for new machinery will range between 4-6% (vs. 40.4%), while 4.3% say increases will be 7-9% (vs. 4.9%). Less than 2% of the dealers report prices for new equipment will exceed 10% (vs. 0.7%).

Only 2.2% of dealers expected no price increases a year ago. This compares with 5.6% of dealers who do not anticipate a price hike in the year ahead.

Age of U.S. Tractor & Combines (Percentage Less Than 5 Years Old)



The percentage of U.S. combines 5 years old or less grew dramatically between 2008-12. Far more high horsepower and 4WD tractors are less than 5 years old considering unit sales of these units increased by 34% between 2008 and the end of 2013. For the same period, sales of mid-size tractors (40-100 horsepower) were down by 24%.

Source: USDA, AEM, Baird Estimates

In addition to declining crop prices and rising new equipment costs, many dealers also say that another headwind they are confronting is the newness of the existing farm fleet. Analysts from RW Baird estimate that the age of the mid-range and high horsepower tractors and combines operating in North America today is probably the youngest they've been in 30 years.

So many farmers have upgraded their equipment in the past 5 years or so, they can afford to sit out a year or two without purchasing new machinery or affecting their productivity.

According to analysts with RW Baird, far more high horsepower and 4WD tractors are less than 5 years old considering unit sales of these units increased by 34% between 2008 and the end of 2013. For the same period, sales of mid-size tractors (40-100 horsepower) were down by 24%. With this being the case, the age of row-crop and 4WD tractors is probably younger than indicated here.

In any case, using the latest USDA (2012 Ag Census) and Assn. of Equipment Manufacturers data, the percentage of combines aged 5 years or less had increased to between 17-19% in 2012 from 12% in 2007. Tractors, excluding those in the 40 horsepower or less category, had increased to 13% in 2012 from 12% that were age 5 years or less in 2007.

On a more positive note, strong livestock and dairy prices have given dealers serving those market segments a nice pick up in the sale of mid-range tractors (41-100 horsepower) and hay tools.

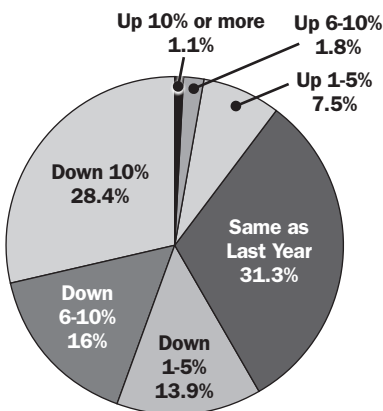
Early Orders Down

Another signal that it will be a softer market for new equipment sales in 2015 is the presells or early orders for equipment are lower at this point in the year compared with a year ago.

Nearly 60% of dealers say early orders are below the level they saw a year ago at this time: 28.4% down 10% or more, 16% down 6-10% and 13.9% down 1-5%. This compares with 27.8% who reported presells were down at this point last year.

Only slightly more than 10% of dealers are reporting a higher level

Early Orders 2015 vs. 2014



The percentage of North American dealers who report that their early orders are down from the previous year more than doubled this time around compared to the previous year — 60% in 2015 vs. 28% in 2014.

of presells than last year: 1% up more than 10%, 1.8% up 6-10% and 7.5% up 1-5%. A year ago, 27.2% of dealers said their early orders were up.

This year, 31.3% say their new equipment presells are at about the same level they were in 2013. A year earlier, 45% said they were at the same as the year before.

Used Equipment Revenues — 2015

Declining prices and rising backlog of used ag equipment, particularly high horsepower tractors and combines, has been a major concern for North American dealers for the last several years. Nothing much has

changed in the past year to alleviate their concerns. As a result, dealers' sentiments about their prospects for improving used equipment revenues in 2013 were somewhat less optimistic than they were a year ago.

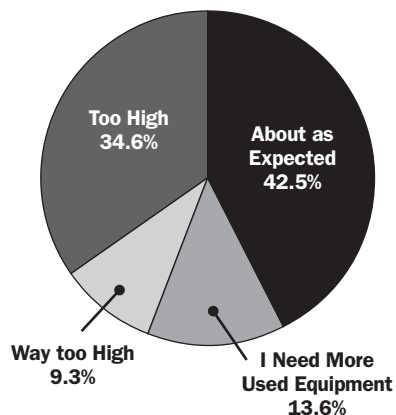
Asked to rate the status of their used equipment inventory, 42.5% said it was about as expected, which in this case, most likely means it's larger than the dealers would like. That response was just slightly better than the 43.9% of dealers who rated the used equipment backlog as "way too high" (9.3%) or "too high" (34.6%). Less than 14% reported that they "need more used equipment."

Going forward, slightly over one-quarter (25.7%) of U.S. and Canada dealers expect revenues from the sale of used machinery to increase in 2015. Of this group, only 4% are forecasting revenues to increase 8% or more, while 21.7% anticipate revenues to rise 2-7%. Compared to a year ago, this is down nearly 5%, when 30.4% of dealers expected to see an increase in used equipment revenues (8.3% up 8% or more, 32.1% up 2-7%).

Those dealers forecasting used equipment revenues to decline rose significantly. For 2015, a solid one-third of dealers (33.3%) are forecasting falling revenues, while only 19.1% were projecting declining revenues from used machinery for 2014.

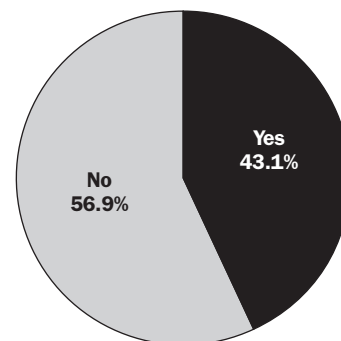
Of those forecasting decreased revenues in the year ahead, 13.4% see sales dropping by 8% or more and 19.9% project revenues to come in

How Dealers Rate Their Used Equipment Inventory — Aug/Sept '14



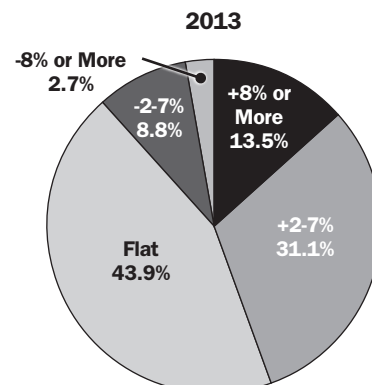
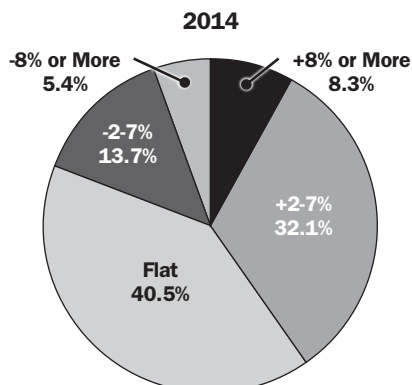
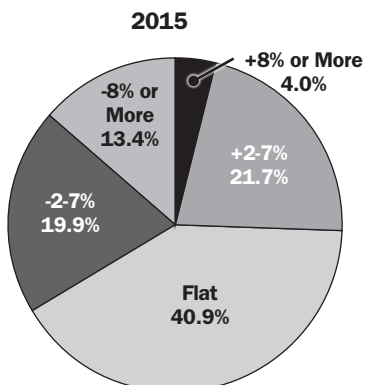
Some 44% of dealers describe their current used equipment inventories as either "way too high" or "too high." This compares with 28% who rated it in the same way last year.

Dealers Use of Equipment Auctions — 2014



While there are no previous numbers for comparison, it's estimated that the 43.1% of dealers who say they used auctions to move their used is probably higher than in the past.

Dealers' Outlook for Used Equipment Revenue 2015 vs. 2014 vs. 2013



Nearly 26% of North American dealers see revenues from the sale of used equipment increasing in 2015. This is down from about 40% last year and 44% in 2013. Large backlogs of used machinery is one of the biggest concerns going into 2015.

Revenue Outlook for New Equipment — 2015 vs. 2014 (% of survey respondents)

New Equipment	North America		U.S.		Canada	
Revenue Outlook	2015	2014	2015	2014	2015	2014
+8% or More	3.2%	6.6%	2.4%	6.0%	7.9%	13.3%
+2-7%	16.1%	33.1%	14.9%	34.3%	23.7%	20.0%
Little or No Change	30.8%	36.0%	30.2%	33.8%	34.2%	60.0%
-2-7%	27.6%	18.8%	28.2%	19.9%	23.7%	6.7%
-8% or More	22.4%	5.5%	24.2%	6.0%	10.5%	0.0%
Weighted Avg.	-2.06%	0.73%	-2.34%	0.65%	-0.21%	1.66%

Revenue Outlook for Used Equipment — 2015 vs. 2014 (% of survey respondents)

Used Equipment	North America		U.S.		Canada	
Revenue Outlook	2015	2014	2015	2014	2015	2014
+8% or More	4.0%	8.3%	3.3%	7.8%	8.6%	13.3%
+2-7%	21.7%	32.1%	22.0%	32.7%	20.0%	26.7%
Little or No Change	40.9%	40.5%	39.8%	39.3%	48.6%	53.3%
-2-7%	19.9%	13.7%	21.2%	15.0%	11.4%	0.0%
-8% or More	13.4%	5.4%	13.7%	5.2%	11.4%	6.7%
Weighted Avg.	-0.67%	1.06%	-0.79%	1.00%	0.16%	1.73%

2-7% lower than in the previous year. This compares to 5.4% who anticipated revenues to fall by 8% or more a year ago, and 13.7% who predicted used equipment sales would decline by 2-7%.

The percentage of dealers who are forecasting little or no change in used equipment revenues was about the same for 2015 (40.9%) as a year earlier (40.5%).

With the emphasis on moving used equipment during the past, we posed another new question to dealers this year regarding their use of auctions to increase the turns of trade-ins. While we have no earlier numbers for comparison purposes, we suspect that dealers are utilizing commercial auction services more than in the past.

Responding to the question "Has your dealership utilized a commercial

auction service — either public or online — to reduce its inventory of used equipment during the past year?" 43.1% of dealers say they did make use of a service during the past year. The remaining 56.9% said they did not.

HHP Tractor & Combine Sales Slowing

The equipment categories that garner the most attention when it comes to overall equipment sales, larger, high horsepower tractors and combines, are the ones that have slowed the most in the last year, a trend that looks like it will continue throughout 2015. But it's the smaller and mid-range tractors that are demonstrating the most sales vigor going into the new year.

Through the first 8 months of 2014, unit sales of row-crop tractors (100 horsepower and higher) and 4WD tractors declined in the U.S. by 8.8% and 14.4%, respectively. In Canada, row-crop tractor sales are up 1.1% through August but 4WD equipment is down by 24% for the first 8 months of the year.

U.S. sales of compact tractors (less than 40 horsepower) January through August are up by 6.3% and sales of mid-range units (40-100 horsepower) have risen by 4.7% compared to the same period last year.

Canadian sales of compacts are down 1.5% through August vs. the first 8 months of 2013, while mid-range tractor sales are up by 5.7%.

Kubota, Independent Dealers Most Optimistic for 2015

Considering only the percentage of dealers who expect increases in revenues in 2015, Kubota and independent dealers, those not carrying any of the major brands, would be at the top of this year's "most optimistic" list. At the other end of the "optimism" scale are Case IH and John Deere dealers.

Overall, 52% of Kubota dealers are forecasting a pick up in revenues in 2015, 4% are looking for gains of 8% or more and 48% see increases of 2-7%.

Of the independent dealers in the 2015 Dealer Business Outlook & Trends survey, 44.8% are forecasting increased revenues; 6.9% see growth of 8% or more, while 37.9% anticipate increases ranging from 2-7%.

Only 4.4% of Case IH dealers are looking at revenue growth in the year ahead; 1.1% expect revenues to rise by 8% or more, and another 3.3% anticipate increases of 2-7%. Only 14.6% of Deere dealers are forecasting a revenue increase for the year; 4.2% project growth of 8% or more, while 10.4% expect an increase of 2-7%. AGCO and New Holland deal-

Dealer Projections for New Equipment Sales Revenues by Major Line Carried — 2015

Mainline	Up 8% or More	Up 2-7%	Little/No Change	Down 2-7%	Down 8% or More
AGCO	2.6%	18.4%	31.6%	29.0%	18.4%
Case IH	1.1%	3.3%	25.2%	36.3%	34.1%
John Deere	4.2%	10.4%	20.8%	33.3%	31.3%
Kubota	4.0%	48.0%	40.0%	8.0%	0.0%
New Holland	3.9%	13.7%	43.1%	21.6%	17.7%
Independent	6.9%	37.9%	31.0%	17.2%	6.9%

ers occupy the middleground this year, with 21% of AGCO dealers and 17.6% of New Holland dealers anticipating increased revenues in 2015.

Tractor & Combine Unit Sales Outlook — 2015

(% dealers projecting sales +2% or higher/-2% or lower)

	All Dealers	U.S.	Canada
2WD Tractors <40 HP	25.9%/11.4%	25.6%/11.7%	28.1%/ 9.4%
2WD Tractors 40-100 HP	29.8%/13.3%	29.7%/13.1%	30.3%/15.2%
2WD Tractors >100 HP	19.8%/35.8%	16.9%/38.0%	40.0%/20.0%
4WD Tractors (All)	19.3%/45.0%	17.1%/46.9%	37.0%/29.6%
Combines	6.1%/57.9%	3.7%/60.3%	24.0%/40.0%

Sales of combines in both the U.S. and Canada continue to tank. In the U.S. sales are off by 17.3% compared with the January through August time-frame of last year. During this same period, Canadian combine sales have

declined by 25.2%.

While U.S. dealers see the 2014 sales pattern continuing into 2015 for the most part, as a group, North American dealers see good growth potential for compact tractors with

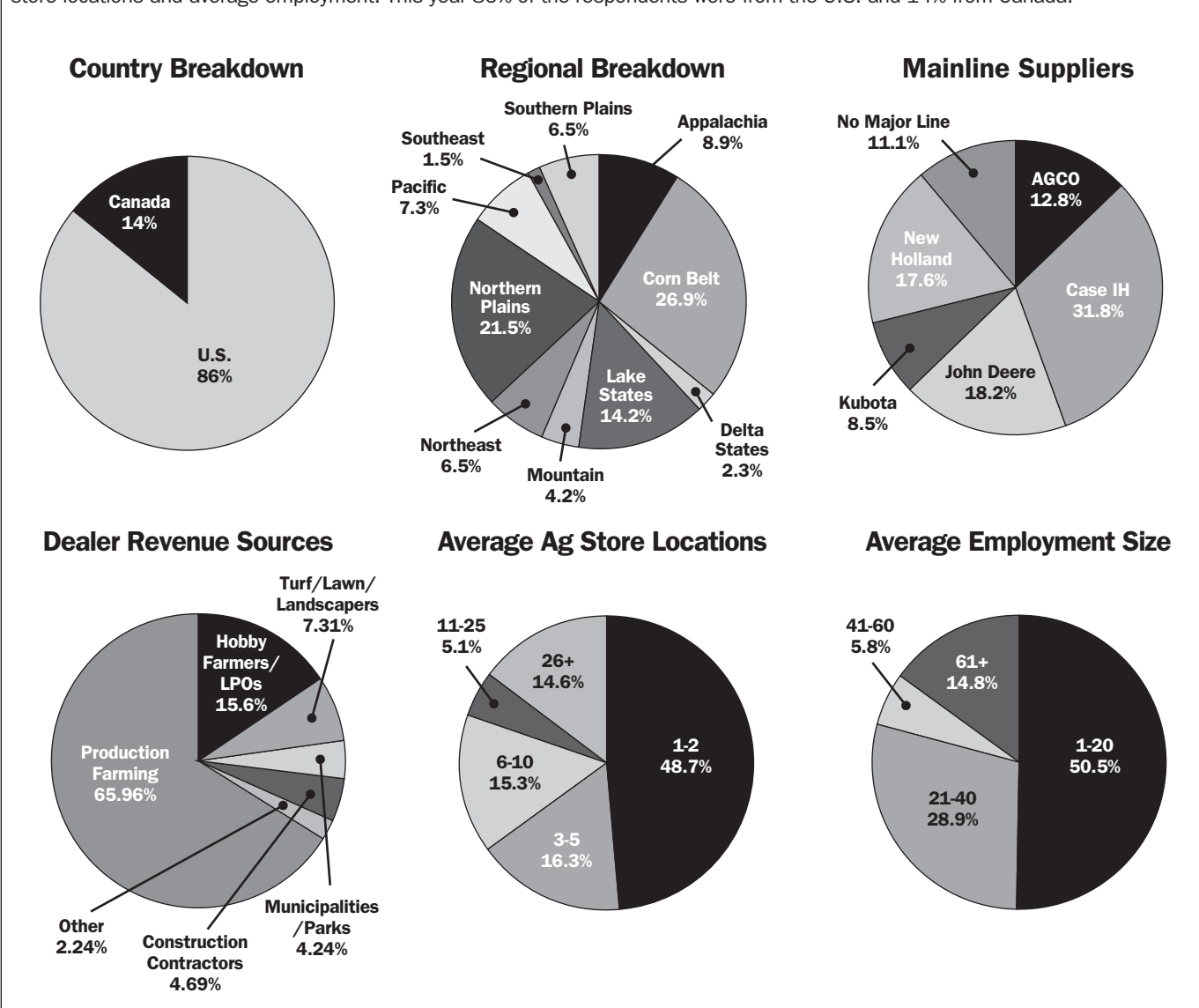
nearly 26% projecting an increase in unit sales in 2015 and only 11.4% forecasting lower sales. For the mid-range tractor category, nearly 30% expect higher unit sales in the year ahead, while 13.3% anticipate lower sales.

A significant gap exists between what U.S. dealers expect in unit sales of row-crop and 4WD tractors and the volume of sales Canada dealers are forecasting for the year.

Only 17% of U.S. dealers see the potential for growing sales of row-crop tractors and 38% anticipate 2015 sales will fall below 2014 levels. With 4WD equipment, 16.9% of U.S. dealers are projecting higher sales, while

Demographics of 2015 Survey Respondents

Some 301 North American dealers participated in *Farm Equipment's* "2015 Dealer Business Trends & Outlook" survey. The charts below show how the participants broke out by country, regions, mainline suppliers, dealer revenue sources, average number of store locations and average employment.



nearly 47% are projecting lower sales in the year ahead.

Canadian dealers' outlook for high horsepower tractors, on the other hand, is significantly more upbeat. Some 40% of dealers in Canada see higher unit sales of row-crop tractors in the next year and only 20% see a decrease. For 4WD units, 37% of dealers in Canada expect increasing sales and a little less than 30% see sales of 4WD equipment declining.

As a group, North American dealers see little potential for increasing unit sales of combines in 2015, but again, the Canadians are far more optimistic than are their U.S. dealer counterparts.

Together, only 6.1% of North American dealers see unit sales of combines increasing during the year ahead and nearly 58% see sales declining. Projections from the U.S. dealers are even more dire with less than 4% seeing any chance of growing sales in 2015 and more than 60% forecasting decreasing sales. But nearly one-quarter (24%) of Canada's dealers are projecting an increase in combine sales compared with 40% who expect sales to decline.

Best Product Bets for 2015

When it comes to which products have the most potential for increasing unit sales in the next year, of the Top 10, seven involve hay and forage equipment, including mid-size tractors. This would appear to indicate that dealers are acknowledging the strength of the livestock and dairy segments, which up until the last year or so, hasn't had a lot to crow about. With demand rising and tight supplies of meat, livestock producers are getting back on their feet and spending money to upgrade their equipment.

After holding the #1 or #2 spot on the best product bets list since the inception of the Dealer Business Outlook & Trends survey, GPS and precision farming equipment this year dropped down to #8 for 2015. In all likelihood, this reflects a combination

Best Bets for Improving Unit Sales (North America)

		2015 Rank	2014 Rank
Feeders/Mixers	91.2%	1	n/a
Lawn/Garden Equipment	91.1%	2	3
Mower Conditioners	89.9%	3	7
Windrowers/Swathers	89.2%	4	4
2WD Tractors (<40 HP)	88.6%	5	6
Rectangular Balers	88.5%	6	8
Forage Harvesters	88.2%	7	8
GPS/Precision Ag	87.4%	8	2
Round Balers	87.4%	8	5
2WD Tractors (40-100 HP)	86.7%	9	14
Farm Loaders	85.8%	10	1
Pull-Type Sprayers	74.1%	11	15
Chisel Plows	73.2%	12	13
Field Cultivators	73.1%	13	16
Disc Harrows	73.0%	14	12
Air Seeders/Drills	72.3%	15	11
Self-Propelled Sprayers	68.7%	16	9
2WD Tractors (>100 HP)	64.2%	17	18
Planters (All)	56.1%	18	10
4WD Tractors (All)	55.0%	19	17
Combines	42.1%	20	19

This "Best Bets" list is ranked by combining the percentage of dealers who expect increased unit sales in the year ahead with those who expect that sales of the product group will be as good as the previous year.

of the slowing in large equipment sales during the past year, as well as more equipment coming with precision systems factory installed. This is reducing the volume of aftermarket systems being sold by dealers and forcing them to look for new areas of revenue growth in the precision farming segment.

For the first time since we started the survey, feeders/mixers were included as a product category and it occupies the top spot on the dealers' list of best bets for the year ahead. Other hay and forage equipment in this year's Top 10 include mower/conditioners (#3), windrowers/swathers (#4), rectangular balers (#6), forage harvesters (#7), round balers (tied with GPS/precision farming at #8) and 2WD tractors in the 40-100 horsepower range (#9) that are typically used by livestock and dairy producers.

In addition to GPS/precision farming, the only other products to crack

the Top 10 list were lawn and garden equipment (#2) and tractors 40 horsepower and smaller, which would seem to mirror the recovery of the housing market.

At the bottom of this year's list, as you might expect, are products associated to row-crop production and big ag. Easily coming in last, as it did last year, are combines (#20). The backlog of low hour harvesters is many dealers' biggest challenge going into the new year. Several dealers have reported that they will not take combines in on trade until they can get their inventories in working order.

Not too far behind combines at the bottom of this year's "Best Bets" list are 4WD tractors (#19), planters (#18), 2WD tractors in the 100-plus horsepower category (#17), self-propelled sprayers (#16) and air seeders/drills (#15).

The ranking of "Best Bets" changes somewhat when viewed on a weighted basis. Viewed in this way, less than half of the product groups fall into positive territory. This year, dealers placed only 9 of the 21 product categories as having positive

potential. A year ago, dealers viewed only 4 of the 20 product groups negatively. Feeder/mixers was added to the list as a new category this year.

While no product group was matched last year's outlook, what didn't change was that lawn and garden equipment and precision farming products, while switching places, remain at the top of the dealers' list as having good potential in the year ahead. Meanwhile, combines remain at the bottom of the list, which indicates that dealers don't view them as having little or no potential to increase their unit sales in 2015 compared with 2014. On a weighted average basis the product groups ranked as follows:

	2015	2014
1. Lawn & Garden Equipment	+1.37%	+2.24%
2. GPS/Precision Farming	+1.21%	+2.37%
3. Round Balers	+0.84%	+0.88%

4. 2WD Tractors (40-100 HP)	+0.77%	+0.92%
5. 2WD Tractors (<40 HP)	+0.65%	+1.27%
6. Mower/ Conditioners	+0.54%	+1.00%
7. Farm Loaders	+0.45%	+1.31%
8. Windrowers/ Swathers	+0.24%	+0.31%
9. Feeder/Mixers	+0.19%	N/A
10. Rectangular Balers	-0.09%	+0.25%
11. Forage Harvesters	-0.24%	-0.10%
12. Air Seeders/ Drills	-0.97%	+0.56%
13. 2WD Tractors (>100 HP)	-1.04%	+0.29%
14. Self-Propelled Sprayers	-1.08%	+0.39%
15. Disc Harrows	-1.11%	+0.43%
16. Field Cultivators	-1.14%	+0.28%
17. Chisel Plows	-1.26%	-0.28%
18. Pull-Type Sprayers	-1.42%	-0.44%
19. 4WD Tractors	-1.74%	+1.07%
20. Planters (all)	-2.11%	+1.03%
21. Combines	-3.27%	-1.69%

2015's Biggest Concerns

Essentially, dealers' most vexing concerns for the year ahead are, in large part, the same ones they worried about last year and the year before that. There has been some rearranging of the biggest concerns for the year ahead, but the only issue to fall out of the top five is energy/fuel costs, which slipped down to the eighth spot for 2015.

This time around, farm input costs topped the dealers' list of major concerns for the coming year. It barely edged out farm commodity prices.

We believe that worries about input costs center on high land rents,

North American Dealer Issues & Concerns — 2015

Greatest Concerns	Most Concerned	Concerned	Not Concerned	2014 Ranking
1. Farm Input Costs	48.2%	47.8%	4.0%	4
2. Farm Commodity Prices	64.1%	30.8%	5.1%	2
3. Increasing Cost of New Equipment	46.0%	47.8%	6.2%	1
4. Technician Availability	46.7%	41.6%	11.7%	6
5. Health Care Affordability	46.2%	38.2%	15.6%	3
6. Shrinking Farm Customer Base	27.5%	55.1%	17.4%	7
7. Depreciation Rules	42.8%	39.8%	17.5%	10
8. Used Equipment Inventory	36.6%	42.0%	21.4%	8
9. Energy/Fuel Costs	23.9%	54.0%	22.1%	5
10. Product Reliability	29.1%	47.1%	23.7%	11
11. Dealership 'Purity' Efforts by Majors	14.7%	52.8%	32.6%	14
12. Financing Availability - Floor Planning	15.7%	46.7%	37.6%	15
13. Industry Consolidation	11.5%	48.2%	40.4%	13
14. Steel Prices/Supplies	7.8%	50.0%	42.2%	12
15. Manufacturer Succession Policies	11.0%	45.1%	44.0%	16
16. Financing Availability - Retail	9.1%	42.9%	48.0%	17
17. New Equipment Availability	9.6%	39.7%	50.7%	13

Dealers' issues and concerns are ranked by combining the percentage of "most concerned" and "concerned" responses.

which along with falling commodity prices, could result in many farmers finishing this year in the red.

According to published reports, the high rents, which are based on the high commodity prices in recent years, will need to be renegotiated for 2015 or farmers will be forced to dramatically reduce their production and acreage in the next planting season.

Falling crop commodity prices

is also high on the dealers' worry list going into next year and could further stunt ag equipment sales. The increasing cost of new ag equipment, which occupied the top spot a year ago, slipped to #3 on the list — but not by much.

The availability of qualified technicians came in at #4, while health care affordability rounded out the top 5 biggest concerns for dealers.

Where Dealers Will Invest 2015

	2015	2014
Shop & Service	45.2%	53.1%
Retail/Showroom	25.7%	33.9%
Business Info. Sys.	30.0%	42.2%
Mobile Service Vehicles	42.1%	48.3%

Dealer Capital Spending Plans — 2015

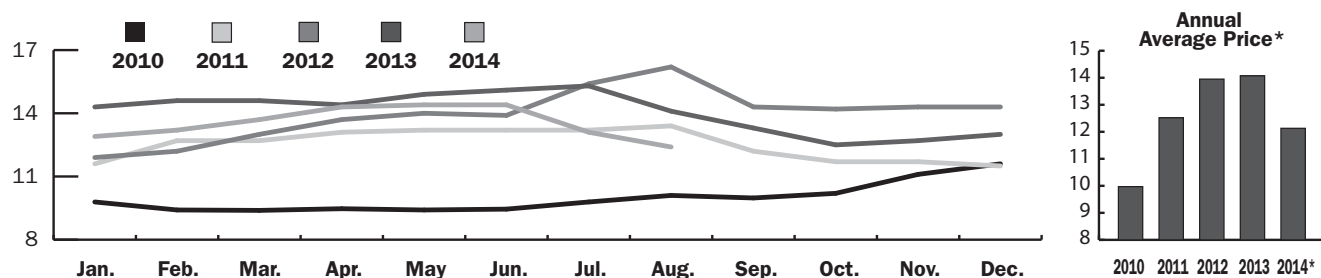
	2015	2014
No Increase	53.7%	45.4%
+1-5%	37.5%	41.4%
+6-10%	5.3%	8.8%
+11%	3.5%	4.4%

North American Dealer Hiring Plans — 2015 vs. 2014

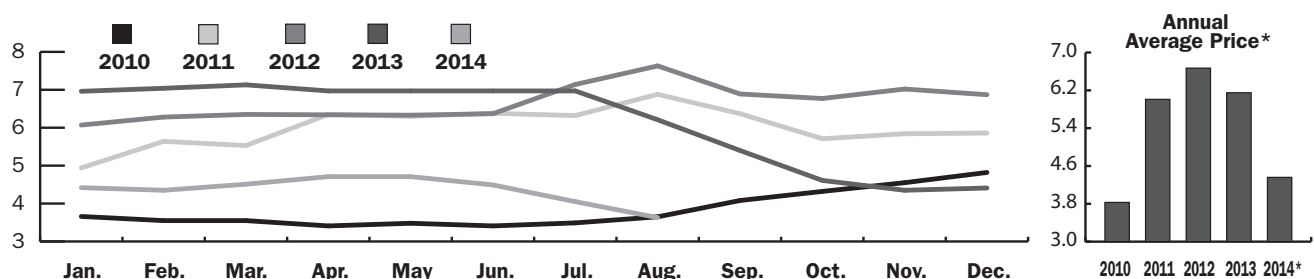
2015	Add Staff	No Change	Reduce/Relocate Staff	2014	Add Staff	No Change	Reduce/Relocate Staff
Parts Department	22.7%	72.7%	4.6%	Parts Department	29.1%	69.8%	1.1%
Service Department	58.4%	39.2%	2.5%	Service Department	62.1%	37.4%	<1%
Wholegoods Sales	25.0%	70.7%	4.3%	Wholegoods Sales	35.7%	63.2%	1.1%
Admin./Office	4.3%	89.2%	6.5%	Admin./Office	8.1%	87.3%	4.6%
Precision Farming Specialist	19.6%	77.7%	2.6%	Precision Farming Specialist	23.0%	75.8%	1.2%

High Horsepower Ag Equipment to Follow Crop Pricing Downward

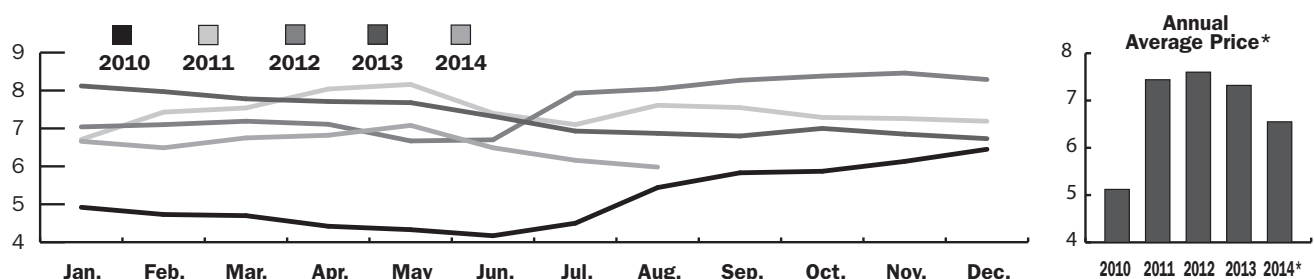
U.S. Monthly Average Soybeans Price Received — 2010 – 2014 Calendar Year(s)



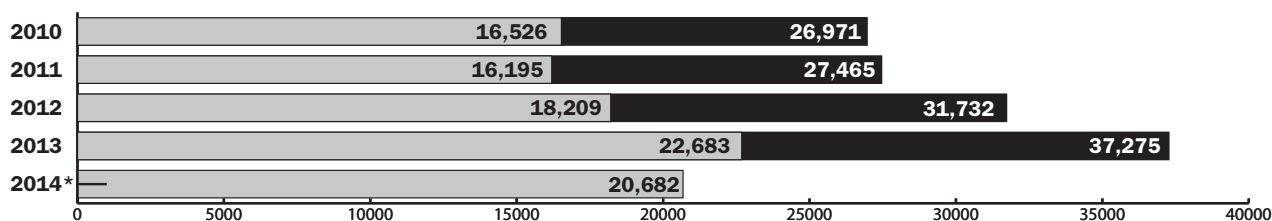
U.S. Monthly Average Corn Price Received — 2010 – 2014 Calendar Year(s)



U.S. Monthly Average Wheat Price Received — 2010 – 2014 Calendar Year(s)



U.S. Unit Sales High Horsepower Tractors — 2010-14*



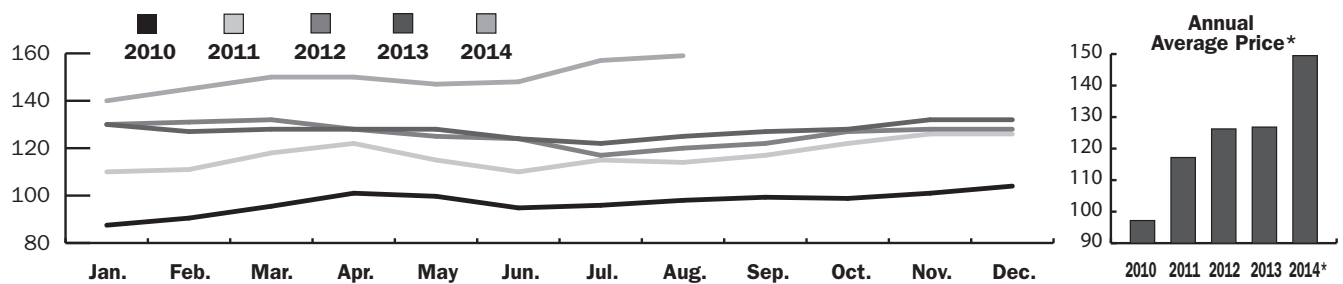
* covers January through August 2014 only

Crop receipts are expected to decline 7% in 2014, the second annual decrease following a record high in 2012 as the annual average price of soybeans, corn and wheat continues to drop. Unit sales of high horsepower tractors (100-plus) in the U.S. followed much the same pattern in recent years. As crop receipts decline, the sale of this equipment, including combines, has also trended downward.

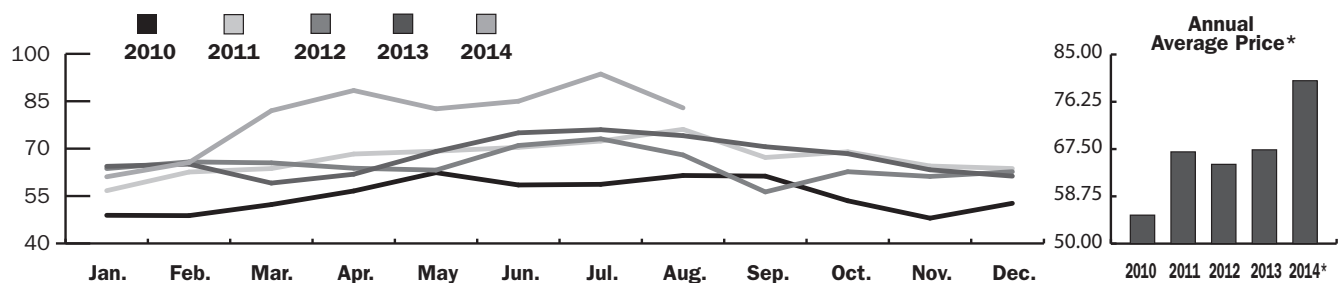
Source: USDA National Agricultural Statistics Service and AEM. All 2014* numbers are through August only.

Mid-Range Horsepower Ag Equipment to Follow Livestock Dairy Pricing Up

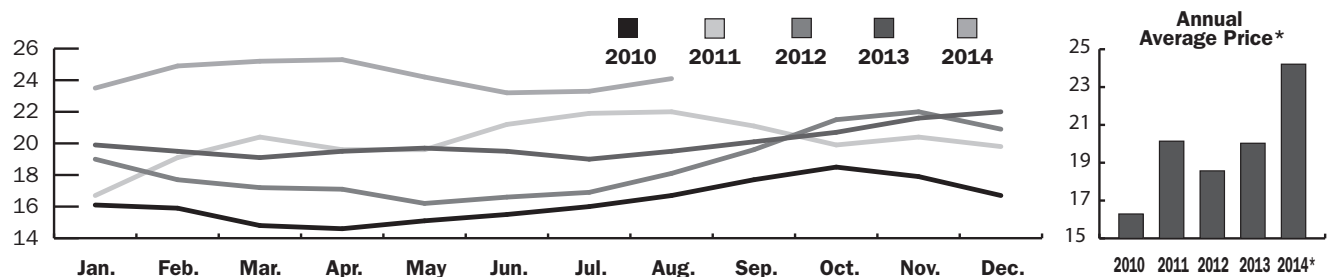
U.S. Monthly Average Cattle Price Received 2010 – 2014 Calendar Year(s)



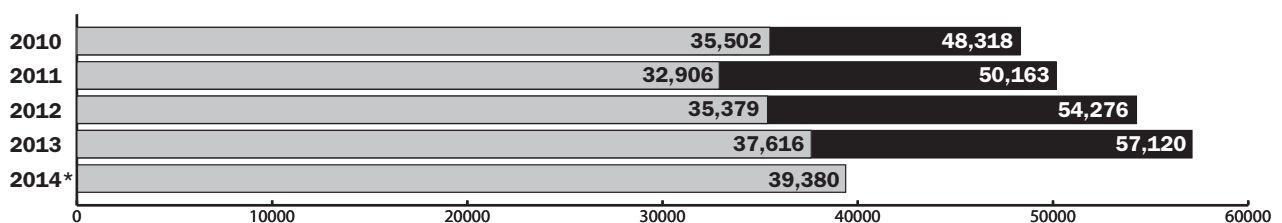
U.S. Monthly Average Hogs Price Received — 2010 – 2014 Calendar Year(s)



U.S. Monthly Average Milk Price Received — 2010 – 2014 Calendar Year(s)



U.S. Unit Sales Mid-Range Tractors — 2010-14*



*covers January through August 2014 only

Record livestock prices are projected to drive a 15.3% increase in livestock cash receipts. Despite expected declines in beef production, cattle/calves receipts are expected to set a record in 2014 due to higher prices. Hog production is also expected to decline, but higher expected annual average prices drive the forecast increase in hog cash receipts. Wholesale milk and broiler receipts are expected to benefit from higher production and record annual average prices. Source: USDA National Agricultural Statistics Service and AEM. All 2014* numbers are through August only.

PART II — U.S. OUTLOOK

Strong Livestock & Dairy Segments Won't Offset Continuing Declines in Crop Pricing

U.S. farm equipment dealers are decidedly less optimistic going into 2015 than they were a year ago as they looked ahead toward 2014. While current record high prices for livestock and dairy is helping with sales of mid-range tractors (40-100 horsepower) as well as hay tools and forage equipment, it isn't enough to offset the declining dealer sentiments about falling sales of high horsepower tractors, combines, sprayers and planting equipment. (See p. 12-13 in Section I.)

Through the first week of October, year-to-year corn prices are down 26.1%, soybeans are down 27.3% and wheat is down 29.3%. Livestock and dairy prices continue a solid upward trend. Through the end of August, the average price for a hundredweight of cattle was \$149.50 vs. the \$126.83 average price for all of 2013. Hog prices were averaging \$80.15 per hundredweight compared with \$67.36 for 2013. The average price received for milk for 2014 through August was \$24.21 compared with \$20.03 for full-year 2013.

For almost one-half of U.S. dealers, the slowdown in ag equipment sales started in 2014 and will continue into 2015. Their estimates for new equipment revenues vs. 2013 show that nearly 35% of dealers experienced increased revenues; 11.7% report increases of 8% or more, while 23.2% of dealers expect revenue growth of 2-7% for the full year.

At the same time, 48.9% of dealers indicated they expect lower revenues for all of 2014. Of this number, 25.1% are projecting a drop of 2-7% in new equipment sales, while 23.8% say revenues will be off 8% or more. Only 16.2% are estimating new equipment revenues to be at about the same level as the previous year.

Declining New Equipment Revenues

Looking ahead, results from the 2015 dealer survey show that only

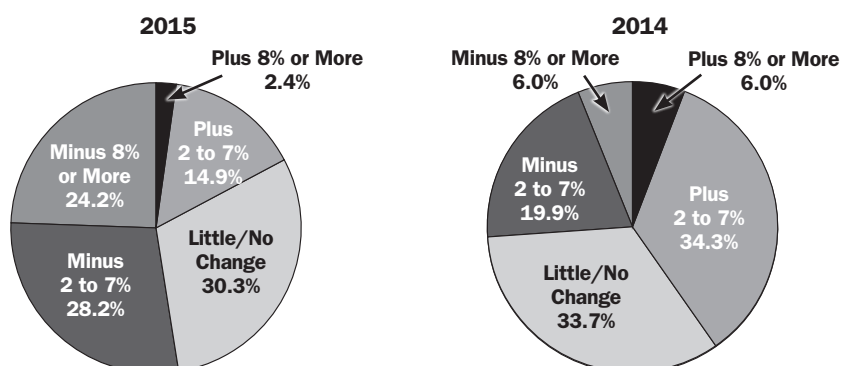
17.3% of U.S. dealers expect increased revenue from the sale of new farm equipment. This compares to 40.3% of dealers who expected rising revenues in 2014 from new machinery.

With about one-third of dealers looking for little or no change in revenues in 2015 vs. 2014 (30.3% of deal-

ers in 2015, 33.8% of dealers in 2014), the major shift comes in those expecting increases.

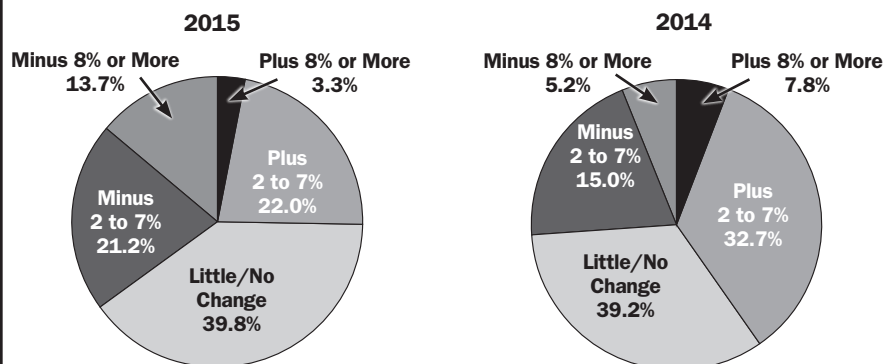
For the year ahead, 52.4% of U.S. dealers expect revenues from new equipment sales to be lower than the previous year. Broken down, 28.2% of dealers see revenues declining by 2-7%

U.S. Dealers' Projections for Sales Revenue New Equipment — 2015 vs. 2014



More than one-half of U.S. dealers are forecasting decreasing revenue from the sale of new equipment for 2015 vs. 2014. Slightly over 28% see sales declining by 2-7%, while 24% expect revenue to fall more than 8% during the year. Only 17.3% of U.S. dealers are projecting revenue growth: 2.4% by 8% or more and 14.9% by 2-7%. This compares with last year when more than 40% of dealers in the U.S. forecast increased revenues; 34.3% by 2-7% and 6% by 8% or more. Less than 26% projected a falloff in revenues last year.

U.S. Dealers' Projections for Sales Revenue Used Equipment — 2015 vs. 2014



Slightly over one-quarter, or 25.3%, of U.S. dealers see revenues from the sale of used farm equipment increasing by at least 2% for 2015. But nearly 35% are expecting used machinery revenue to fall by 2% or more in the year ahead. Nearly 40% are projecting little or no change in used revenues in. This compares to more than 40% of U.S. dealers who projected an increase in used equipment revenues a year ago. Only slightly over 20% forecasted decreasing revenues from sales of used for 2014.

U.S. Projected Unit Sales by Equipment Segment — 2015

	Up 8% or More	Up 2-7%	Little/ No Change	Down 2-7%	Down 8% Or More	Up 2% or More	Down 2% or More	2014 Optimism Level*	Optimism vs. LY	Same as or better for 2015**	Weighted Avg. 2015
Tractors & Combines											
2WD Tractors (<40 HP)	3.1%	22.4%	62.8%	9.0%	2.7%	25.6%	11.7%	29.4%	-3.8%	88.3%	0.64%
2WD Tractors (40-100 HP)	3.6%	26.1%	57.2%	10.4%	2.7%	29.7%	13.1%	30.5%	-0.8%	86.9%	0.78%
2WD Tractors (>100 HP)	1.4%	15.5%	45.1%	26.8%	11.3%	16.9%	38.0%	22.3%	-5.4%	62.0%	-1.30%
4WD Tractors (All)	1.4%	15.6%	36.0%	27.5%	19.4%	17.1%	46.9%	37.1%	-20.0%	53.1%	-1.97%
Combines	1.6%	2.1%	36.0%	29.6%	30.7%	3.7%	60.3%	7.3%	-3.6%	39.7%	-3.57%
Hay Tools & Forage											
Rectangular Balers	2.1%	10.1%	76.6%	5.9%	5.3%	12.2%	11.2%	13.3%	-1.1%	88.8%	-0.06%
Round Balers	2.4%	29.8%	55.6%	8.3%	3.9%	32.2%	12.2%	24.6%	7.6%	87.8%	0.85%
Mower Conditioners	1.5%	21.9%	66.3%	6.1%	4.1%	23.5%	10.2%	26.6%	-3.1%	89.8%	0.51%
Windrowers/Swathers	1.7%	15.9%	72.7%	5.5%	4.4%	17.5%	9.8%	15.7%	1.8%	90.2%	0.25%
Feeders/Mixers	1.8%	13.6%	76.3%	3.6%	5.3%	15.4%	8.9%	n/a	n/a	91.7%	0.17%
Forage Harvesters	1.2%	8.9%	77.4%	7.7%	4.8%	10.1%	12.5%	4.9%	5.2%	87.5%	-0.23%
Planting & Seeding											
Planters (All)	0.0%	11.6%	41.3%	25.4%	21.7%	11.6%	47.1%	32.7%	-21.1%	52.9%	-2.35%
Air Seeders/Drills	0.0%	10.9%	61.1%	20.0%	8.0%	10.9%	28.0%	22.7%	-11.8%	72.0%	-1.05%
Tillage											
Field Cultivators	0.0%	9.0%	60.9%	20.6%	9.5%	9.0%	30.2%	23.3%	-14.3%	69.8%	-1.29%
Chisel Plows	0.6%	6.6%	63.9%	18.0%	10.9%	7.1%	29.0%	9.7%	-2.6%	71.0%	-1.35%
Disc Harrows	0.0%	9.3%	60.3%	20.6%	9.8%	9.3%	30.4%	23.8%	-14.5%	69.6%	-1.29%
Sprayers											
Self-Propelled Sprayers	0.6%	14.1%	54.1%	17.7%	13.5%	14.7%	31.2%	16.6%	-1.9%	68.8%	-1.19%
Pull-Type Sprayers	0.0%	3.0%	70.8%	15.5%	10.7%	3.0%	26.2%	7.3%	-4.3%	73.8%	-1.42%
Other Equipment											
Farm Loaders	3.3%	21.0%	59.5%	12.9%	3.3%	24.3%	16.2%	29.4%	-5.1%	83.8%	0.36%
GPS/Precision Farming	7.1%	29.1%	50.5%	10.2%	3.1%	36.2%	13.3%	44.1%	-7.9%	86.7%	1.18%
Lawn/Garden Equipment	7.3%	28.3%	55.1%	5.9%	3.4%	35.6%	9.3%	49.3%	-13.7%	90.7%	1.32%

On a weighted basis, dealers are indicating that only 9 of 21 categories of farm machinery present good potential for increasing unit sales in 2015.

*2014 optimism is ranked by combining +8% with +2-7% increase. **Ranked by combining increases with little or no change in 2015.

and 24.2% expect a falloff of 8% or more. A year earlier, 25.9% forecasted a drop in revenues from new equipment sales. Of that percentage, 19.9% pro-

jected declines would be in the 2-7% range, while only 6% anticipated an 8% or more dropoff in sales revenues.

Several U.S. dealers indicated that

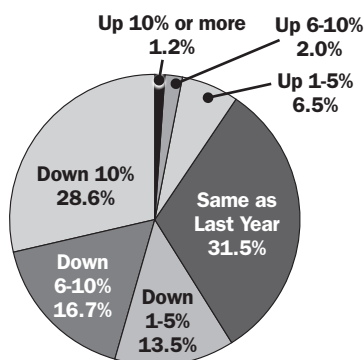
the rising price of new machinery is also contributing to a slowdown in sales. Only 6.6% of U.S. dealers are not expecting higher prices in 2015.

Of those dealers who say new equipment price hikes are in the offing, 61.9% say they will be in the range of 1-3%, 26.2% expect them to be 4-6%. The remaining 5.3% report price increases will be more than 7%.

Another signal that 2015 will present challenges for U.S. dealers in improving new equipment revenues is the level of early orders they've seen so far this year compared to last year.

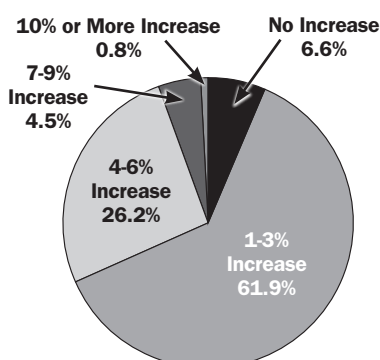
Overall, nearly 60% of U.S. dealers indicated their early orders or presells are down compared to a year ago. This compares to 35% of dealers in 2014 who said their early orders for new equipment were down vs. the previous year. Specifically, this year, 28.6% said early orders are down by more

U.S. Early Orders 2015 vs. 2014



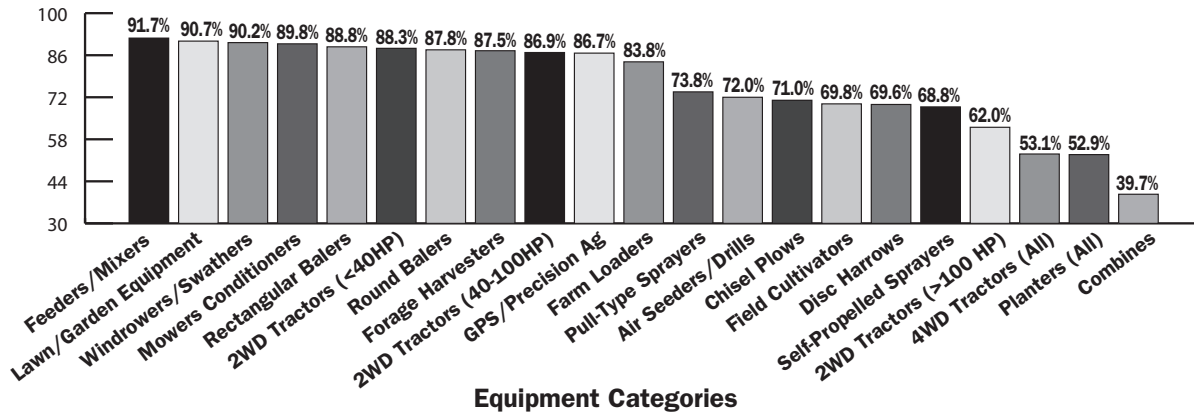
Nearly 57% of U.S. dealers report that their early orders are lower for 2015 than they were in 2014, a strong signal for a slowdown in sales in the year ahead.

New Equipment Price Increases for 2015



Less than 7% of U.S. dealers expect no price hikes for new equipment in 2015. About two-thirds of those expecting an increase say it will be between 1-3%.

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



Equipment Categories

The “Best Bets” ranking is based on the percentage of dealers who expect unit sales for a particular category of equipment to increase in 2015 or stay about the same as the previous year. For 2015, hay tools and forage equipment hold the best potential for increasing sales. Compact and mid-range tractors also have good prospects for sales growth in the year ahead.

than 10%, 16.7% reported they were down 6-10% and 13.5% indicated they were down by 1-5%.

Conversely, less than 10% of dealers reported that their 2015 early orders were higher than they were one year ago. Only 1.2% said their presells were up more than 10%, 2% said they were up 6-10% and 6.5% indicated their early orders were up 1-5% compared to last year.

Challenging Year for Used

While their outlook for increasing revenue from the sale of used machines in 2015 isn't quite as gloomy as their forecast for new, U.S. dealers don't see significant potential for growing used sales in the year ahead.

In general, 36.8% of dealers sur-

veyed say their current used equipment inventory is “too high” and an additional 9.5% call it “way too high.” About 40% say it’s “about as expected.” This compares to a year earlier when 26.7% of U.S. dealers said their backlog of used machines was “too high” and 6.3% said it was “way too high.”

Last year 18.6% of dealers said they needed more used equipment vs. this year where 14.5% say their looking to increase their used machinery inventory.

For the first time, this year dealers were asked about their use of commercial auction services to reduce used equipment backlogs. Overall, 42% said they did use auction services — public or Internet — to move excess used inventory in 2014. Since this was the first time the question was asked, there is no prior history for comparison. It's strongly suspected, though, that this percentage of dealers is higher than in past years, indicating the urgency to move used equipment has increased.

Looking toward the new year, less than one-quarter (23.3%) of U.S. dealers are looking for a pick up in used revenue. Of that number, 3.3% are forecasting a revenue increase of 8% or more and 20% see sales rising in the 2-7% range. There's almost no difference in the percentage of dealers who are looking at “little or no change” in used equipment revenue in 2015 vs. 2014: 39.8% for this year and 39.3% last year.

When it comes to those dealers

looking at declining used equipment sales in the year ahead, the percentage doubles compared with results of last year's survey. In total, nearly 35% of survey respondents expect revenues from the sale of used machinery to be less than what they saw in 2014.

For the year ahead, 21.2% are looking at decreasing revenues from used in the range of 2-7% and 13.7% are forecasting a drop of 8% or more. Last year, only 20.2% of dealers projected decreasing revenues from the sale of used machinery: 15% anticipated revenues to slip 2-7% and 5.2% had expected a dropoff of 8% or more.

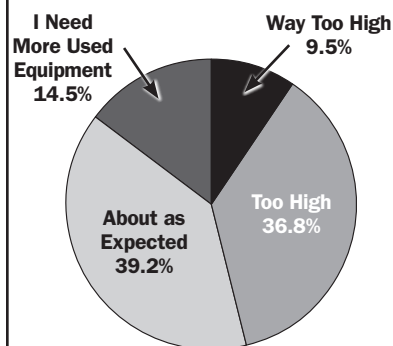
Best Product Prospects for 2015

The most significant shifts in U.S. dealers' outlook for the product categories with the most potential to increase unit sales in the year ahead were GPS/precision farming products slipping to #10 on the list from #2 last year. Farm loaders, which tied with GPS at #2 last year, also slid down the list to #11.

As for those product groups where dealers see prospects for growth, hay tools and forage equipment dominate the top 10 reflecting the strength in livestock and dairy end-use markets. Products associated with rural lifestyle customers — hobby farmers, large property owners, etc. — also showed up in the “Best Bets” list this year.

A new equipment category added this year, feeders/mixers, finished at

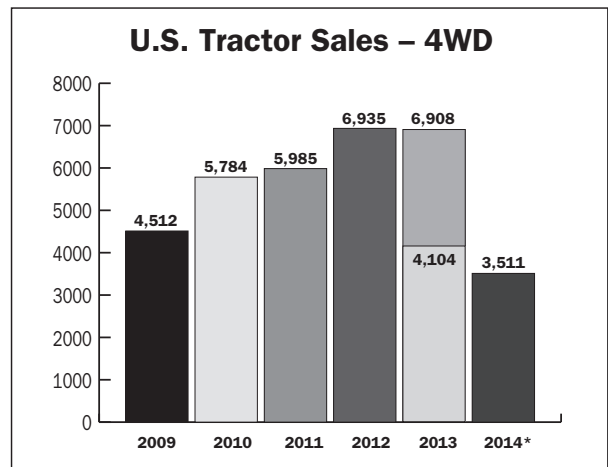
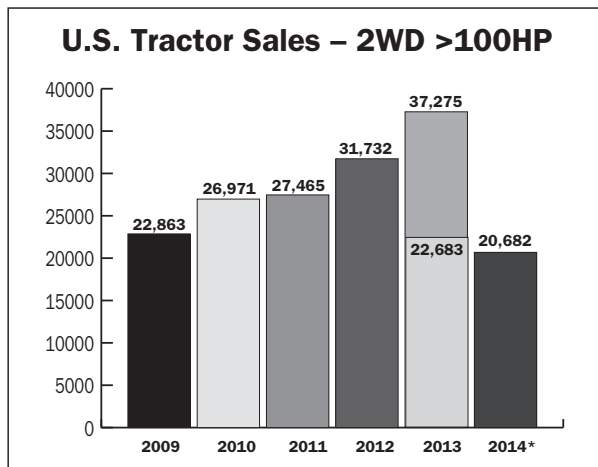
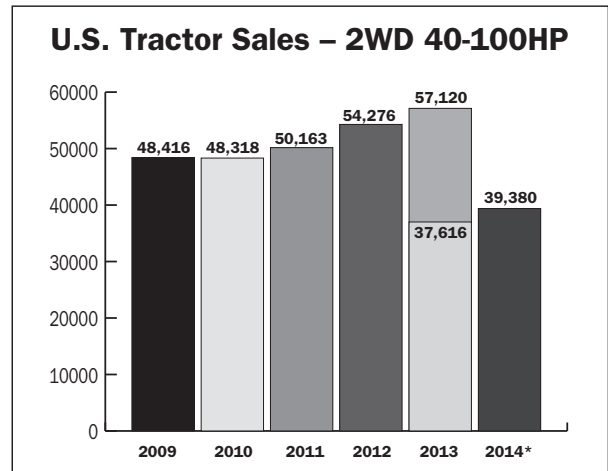
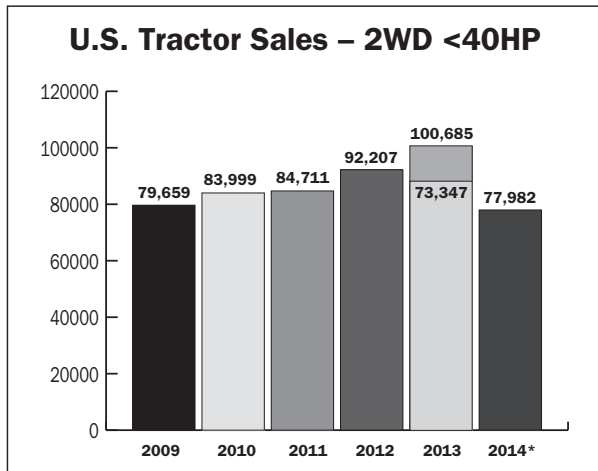
U.S. Dealers' View of Used Equipment Inventory — 2015



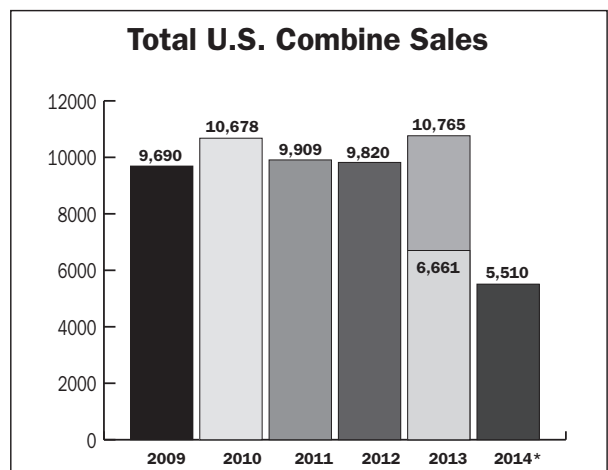
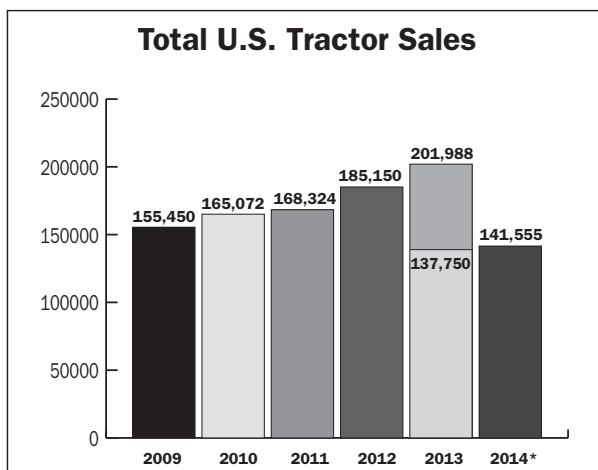
Large used equipment backlogs continue to plague U.S. dealers. Overall, 46.3% of dealers say their inventories of used are “way too high” or “too high.” Only 14.5% indicate they could use more used machines.

U.S. Retail Tractor & Combine Unit Sales — 2009-14*

(*Year-to-Date January through August 2014)



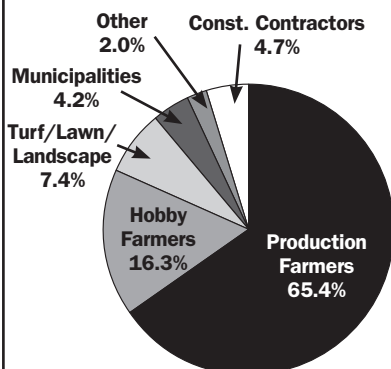
Through the first 8 months of 2014, U.S. unit sales small and mid-range tractors solid year-over-year growth vs. the same period of 2013. Sales of 2WD compact tractors (<40 horsepower) are up by 6.3%; mid-range 2WD models (40-100 horsepower) increased by 4.7%; 2WD row-crop tractor (>100 horsepower) sales were down by 8.8%; and 4WD tractor sales fell by 14.4%. (Source: AEM)



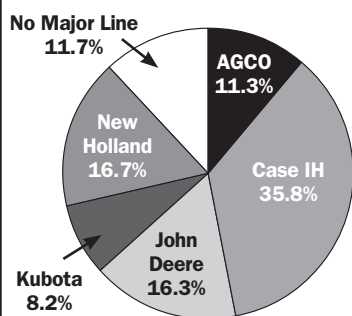
Total farm tractor retail sales through the first 8 months of 2014 increased by 2.8% to 141,555 units from 137,750 units during the same period in 2013. Unit sales of combines in the U.S. saw a significant decline during the January to August period of 2014. Retail sales of combines during the period fell by 17.3% to 5,510 units vs. 6,661 units for the same 8-month period in 2013. (Source: AEM)

Demographics of 2015 Respondents — U.S.

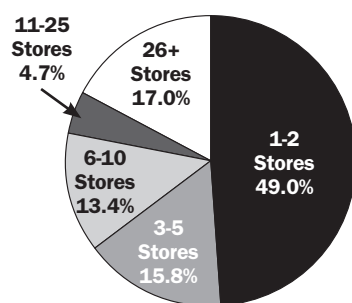
Dealer Revenue Sources



Mainline Equipment Suppliers



Average Stores Per U.S. Dealer



The demographics of U.S. dealers participating in *Ag Equipment Intelligence's* 2015 "Dealer Business Outlook & Trends" survey showed that, on average, dealerships employed 44.1 employees. More than 65% of U.S. dealers' revenue comes from their production farmer customers, followed by hobby farmers and large property owners, which accounted for a little more than 16% of revenues. A good cross section of the major line suppliers are represented in the 2015 survey results, with the largest number of respondents (35.8%) being Case IH dealers. A little under one-half of U.S. respondents operate 1-2 stores, 15.8% own 3-5 locations, 4.7% have 11-25 stores and 17% operate 26 or more dealerships.

the top of the ranking. Other hay and forage related categories at the top of the dealers' list this year included windrowers/swathers (#3), mower/conditioners (#4), rectangular balers (#5), round balers (#7) and forage harvesters (#8). At #9 was mid-range tractors (40-100 horsepower), which are most often associated with dairy and livestock operations.

Rural lifestyle-type products in the top 10 included lawn and garden equipment at #2 and compact tractors (less than 40 horsepower) made it to #6 on the dealers' list of best bets going into 2015.

What's Keeping Dealers Up at Night?

Clearly, U.S. dealers see the sale of new and used wholegoods slowing for 2015. So it isn't surprising that the top three things that are keeping them up these days each have an impact on the sale of equipment. And all three involve rising costs and prices.

At the top of their list of concerns going into 2015 is rising farm input costs. It was #4 last year. Of course, higher prices for consumable-type products (seed, fertilizer, fuel, pesticides, herbicides, etc.) is often a challenge for equipment dealers as farmers

will almost always defer capital expenditures to make sure they can cover the cost of inputs.

In the second spot on dealers' list of concerns for the year ahead are farm commodity prices, which are top of mind for dealers specializing in big ag equipment: row-crop tractors, combines, planters, etc. As noted in Section I of this report, through the first week of October 2014, year-to-year corn prices are down 26.1%, soybeans down 27.3% and wheat down 29.3%. Enough said.

Not far behind in the #3 slot is the increasing prices of new equipment. Along with the normal price hikes for new features and technologies, dealers are still dealing with the huge development costs of developing the Final Tier 4 engines.

Health care affordability slipped to #4 for 2015 from #1 in 2014. It's doubtful that it is any less of a concern, but dealers are seeing the more immediate issues associated with slowing wholegoods sales as a bigger priority — at the moment.

Finding and keeping qualified technicians was slotted #5 by dealers, most of whom continue to be challenged to continue improving their services, especially as rapidly evol-

U.S. Dealer Top Concerns for 2015 (% of Dealers)

Rank	Major Issues	Most Concerned	Concerned	Not Concerned	2014 Ranking
1.	Farm Input Costs	47.1%	48.4%	4.6%	4
2.	Farm Commodity Prices	64.6%	29.6%	5.8%	3
3.	Increasing Cost of New Equipment	46.1%	47.7%	6.2%	2
4.	Health Care Affordability	50.4%	40.2%	9.4%	1
5.	Technician Availability	44.4%	43.6%	12.1%	6
6.	Depreciation Rules	47.1%	40.8%	12.2%	9
7.	Shrinking Farm Customer Base	24.7%	58.0%	17.3%	7
8.	Used Equipment Inventory	37.5%	40.7%	21.8%	10
9.	Energy/Fuel Costs	21.8%	56.1%	22.2%	5
10.	Product Reliability	28.3%	48.0%	23.7%	12
11.	Dealer Purity Efforts	13.7%	53.1%	33.2%	15
12.	Finance – Floor Planning	14.0%	49.0%	37.0%	16
13.	Industry Consolidation	11.3%	48.3%	40.4%	14
14.	Steel Prices/Supplies	7.2%	51.7%	41.1%	11
15.	Mfr. Succession Policies	11.2%	46.9%	41.9%	17
16.	Finance – Retail	8.6%	44.3%	47.1%	18
17.	New Equipment Availability	8.8%	41.4%	50.0%	13

ing technology in farm machinery requires a different skillset than was required of mechanics a decade ago.

Uncertainty about depreciation allowances, which have helped fuel strong ag equipment sales in the U.S. for the past several years, #6 on the list, remains a significant concern. As demonstrated during the past decade, generous depreciation allowance does move the needle in the decision whether or not to upgrade equipment.

Dealers to Slow Hiring & Capital Spending

Following on the lowered outlook for new and used wholegood sales in 2015, dealers will also cut back on their hiring and capital investments in the year ahead.

In terms of hiring, across the board, fewer dealers are planning to expand their staffs during the next year. At the same time, very few plan to reduce the number of employees in the various departments.

As in the past, for the dealers planning to hire, most of it will come in their service departments. Nearly 60% of dealers say they'll add technicians in the year ahead, if they can find qualified candidates. No other dealership department came anywhere near that level of planned hiring. Only 2.9% of dealers indicate that they will reduce service staff, while 38.4% say they're not planning any changes to staff size for 2015. A year ago, 62.5% of dealers said they were planning to add service technicians and less than 1% had plans to reduce shop staff.

Between 22% and 23% of dealers would like to hire wholegoods sales people in the next year. This compares with 35.1% who were planning to do so a year earlier. Only 4.1% of dealers in this year's survey said they will reduce their sales staff in 2015 vs. 1.2% who indicated last year that they were planning to cut sales people.

Fewer dealers are expecting to add parts people in 2015 compared with those planning to increase their counter staff a year earlier. Slightly over 21% of dealers say will hire parts people in the year ahead, while a little under 5% will reduce employees in this department. Last year, nearly 28% of dealers were planning to expand employment

in the parts department, while 1.2% said they would reduce staff.

Staffing for precision farming operations, the hottest area for hiring a couple of years ago, also appears to be cooling. This coming year, only 17.3% of dealers have plans to add precision specialists in the year ahead. This compares with 23.5% of dealers a year ago. A very small percentage of dealers plan to reduce staff in the precision farming area; only 2.6% in the year ahead vs. 1.3% last year.

As usual, the smallest percentage of dealers will add to their administrative staff in 2015. Only about 4% says they're planning to add more people to administration area in the coming year, while 6.6% of dealers are planning cuts in the department. This compares with 7.4% who planned to increase and less than 5% who planned to reduce administrative personnel last year.

As far as expenditures for capital projects, most dealers will cut back in 2015. Over one-half (54.7%) of dealers said there will be no increase in capital spending in the coming year. The remaining 45.3% say they will increase their spending somewhat. Nearly 36.5% plan to up their capital investments by 1-5% in the coming year. Another 5.3% will increase expenditures by 6-10% and 3.6% plan to spend 11% or more than they invested in 2014.

For those planning to spend on capital projects during the coming year, most will invest in their service departments. Of those dealers who are planning capital projects for 2015, 45.1% will improve or expand their shop facilities, while nearly 42% will spend on mobile service vehicles. Slightly less than 28% plan investments in their business information systems, and 24.7% are planning retail and showroom improvements.

In the past year, about 20% of dealers report they either built new or expanded their facilities; 8.9% say they built new, while 19.8% they invested to expand their existing facilities. The remaining 71.3% say they did not make significant investment in new or expanded facilities during 2014.

An even smaller percentage of dealers are planning investments to

U.S. Dealers' Hiring Plans 2015 vs. 2014

	Add Staff 2015	Add Staff 2014
Parts Department	21.1%	27.8%
Service Technicians	58.8%	62.5%
Wholegoods Sales	22.5%	35.1%
Administration	4.1%	7.4%
Precision Farming Specialists	17.3%	23.5%

U.S. Dealers' Spending Plans for 2015 vs. 2014

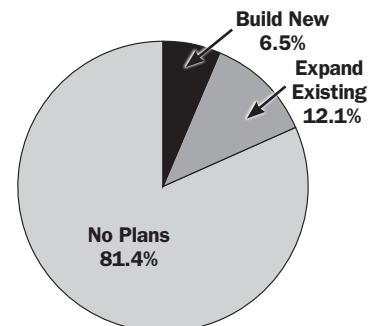
	2015	2014
No Increase	54.7%	47.3%
Increase 0 to 5%	36.4%	40.7%
Increase 6 to 10%	5.3%	8.4%
Increase 11%+	3.6%	3.6%

Where U.S. Dealers Will Invest in 2015

	2015	2014
Shop & Service	45.1%	50.9%
Retail/Showroom	24.7%	32.7%
Business Info System	27.9%	40.7%
Mobile Service Vehicles	41.8%	46.5%

build new facilities or expand existing facilities in 2015. Of all U.S. respondents, only 6.5% say they are or will be building new facilities in the year ahead. Another 12.1% are planning to expand existing facilities in the next year. But, most dealers (81.4%) say they will not build new or expand existing facilities in 2015.

Planning to Build New or Expand Existing Facilities in 2015



Less than 20% of dealers are planning to build a new or expand an existing facility during 2015. In 2014, nearly 30% of dealers either built a new facility or expanded their existing facilities.

U.S. Dealers' Regional Profile & Outlook for 2015

Ag Equipment Intelligence's regional breakdown provides a basic profile of the 10 agricultural regions in the U.S. The profile includes average employees per location, average stores per dealership and dealer revenue sources/market segments. The "Most Promising Opportunities" are the top product categories that show the most potential for increasing sales.

Northeast

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

Avg. Employees/Location: 31

Avg. Stores/Dealer: 2.4

Revenue Source Breakdown: Production Farm 44%; Hobby Farm 24%; Turf/Lawn 12%; Municipal 7%; Construction 8%; Other 5%

Most Promising Opportunities: Lawn & Garden, Farm Loaders, Mower Conditioners, Round Balers

Appalachia

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

Avg. Employees/Location: 39

Avg. Stores/Dealer: 3.7

Revenue Sources: Production Farm 47%; Hobby Farm 27%; Turf/Lawn 14%; Municipal 6%; Construction 4%; Other 2%

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

Southeast

Coverage: Alabama, Florida, Georgia, South Carolina

Avg. Employees/Location: 12

Avg. Stores/Dealer: 1.5

Revenue Sources: Production Farm 54%; Hobby Farm 18%; Turf/Lawn 10%; Municipal 9%; Construction 7%; Other 3%

Most Promising Opportunities: Round Balers, 4WD, Lawn & Garden, Disc Harrows

Delta States

Coverage: Arkansas, Mississippi, Louisiana

Avg. Employees/Location: 18.2

Avg. Stores/Dealer: 3

Revenue Sources: Production Farm 39%; Hobby Farm 29%; Turf/Lawn 20%; Municipal 3%; Construction 6%; Other 4%

Most Promising Opportunities: 2WD (40-100HP), 4WD, Mower Conditioners, Disc Harrows, Air Seeders/Drill, Lawn & Garden

Southern Plains

Coverage: Oklahoma, Texas

Avg. Employees/Location: 35.6

Avg. Stores/Dealer: 4.2

Revenue Sources: Production Farm 46%; Hobby Farm 29%; Turf/Lawn 10%; Municipal 7%; Construction 7%; Other 1%

Most Promising Opportunities: Mower Conditioners, Lawn & Garden, 4WD, 2WD (40-100HP)

Northern Plains

Coverage: Kansas, Nebraska, North Dakota, South Dakota

Avg. Employees/Location: 36.4

Avg. Stores/Dealer: 15.4

Revenue Sources: Production Farm 81%; Hobby Farm 10%; Turf/Lawn 2%; Municipal 3%; Construction 3%; Other 1%

Most Promising Opportunities: Round Balers, Windrowers/Swathers, GPS, Mower/Conditioners, Feeders/Mixers, Farm Loaders

Lake States

Coverage: Michigan, Minnesota, Wisconsin

Avg. Employees/Location: 41.3

Avg. Stores/Dealer: 8.9

Revenue Sources: Production Farm 70%; Hobby Farm 12%; Turf/Lawn 7%; Municipal 4%; Construction 6%; Other 1%

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

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.

Corn Belt

Coverage: Illinois, Indiana, Iowa, Missouri, Ohio

Avg. Employees/Location: 46.5

Avg. Stores/Dealer: 6.4

Revenue Sources: Production Farm 69%; Hobby Farm 14%; Turf/Lawn 8%; Municipal 3%; Const. 3%; Other 3%

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

Mountain

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

Avg. Employees/Location: 50.8

Avg. Stores/Dealer: 4.2

Revenue Sources: Production Farm 77%; Hobby Farm 12%; Turf/Lawn 4%; Municipal 4%; Const. 2%; Other 1%

Most Promising Opportunities: GPS, 2WD (>100HP), 2WD (40-100HP), Windrowers/Swathers, Rectangular Balers, Feeder/Mixers

Pacific

Coverage: Alaska, California, Hawaii, Oregon, Washington

Avg. Emp./Location: 27.4

Avg. Stores/Dealer: 3.7

Revenue Sources: Production Farm 62%; Hobby Farm 20%; Turf/Lawn 3%; Municipal 4%; Construction 10%; Other 1%

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

General Demographics of Combined U.S. Regions

Average Employment at Participating Dealerships 45.2

Average Number of Stores at Participating Dealerships in specified ranges

1-2 Stores	23.7%
3-5 Stores	18.3%
6-10 Stores	14.0%
11-25 Stores	6.5%
26+ Stores	37.5%

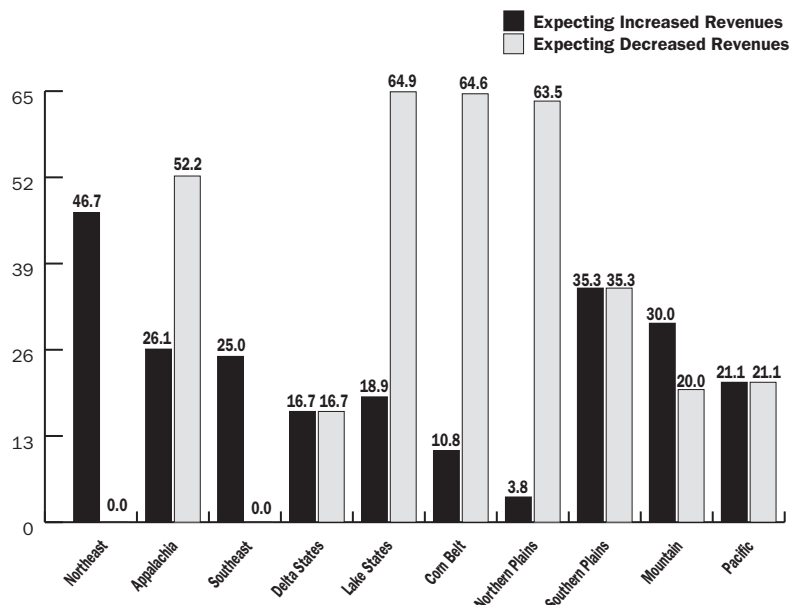
Ranking U.S. Regional Expectations for Revenue Gains/Losses New Equipment Sales — 2015 vs. 2014

Region	% Expecting Gains in 2015	% Expected Gains in 2014	% Expecting Losses in 2015	Weighted Avg. 2015
1. Northeast	46.7%	13.4%	00.0%	2.57%
2. Southern Plains	35.3%	36.4%	35.3%	0.00%
3. Mountain	30.0%	50.0%	20.0%	-3.75%
4. Appalachia	26.1%	35.3%	52.2%	-1.78%
5. Southeast	25.0%	61.5%	00.0%	1.13%
6. Pacific	21.1%	66.7%	21.1%	-0.18%
7. Lake States	18.9%	50.0%	64.9%	-3.30%
8. Delta States	16.7%	50.0%	16.7%	0.00%
9. Corn Belt	10.8%	36.3%	64.6%	-3.39%
10. Northern Plains	3.8%	30.0%	63.5%	-3.83%

Ranking U.S. Regional Expectations for Revenue Gains/Losses Used Equipment Sales — 2015 vs. 2014

Region	% Expecting Gains in 2015	% Expected Gains in 2014	% Expecting Losses in 2015	Weighted Avg. 2015
1. Southern Plains	41.2%	63.7%	11.8%	1.74%
2. Northeast	37.5%	15.4%	12.5%	1.34%
3. Delta States	33.3%	37.5%	16.7%	0.75%
4. Lake States	32.4%	40.0%	43.2%	-1.05%
5. Mountain States	30.0%	71.5%	50.0%	-1.25%
6. Pacific	27.8%	20.0%	5.6%	1.00%
7. Southeast	25.0%	45.5%	00.0%	1.13%
8. Northern Plains	21.6%	43.8%	35.3%	-0.96%
9. Corn Belt	20.6%	40.0%	46.0%	-1.81%
10. Appalachia	5.3%	40.0%	52.6%	-2.87%

U.S. Regional Expectations — New Equipment Sales Revenues 2015



The most optimistic dealers going into 2015 those are those operating in the Northeast region, with 46.7% expecting revenue gains. Only 3.8% of dealers in the Northern Plains expect gains.

PART III — CANADIAN OUTLOOK

Canadian Dealers Split Evenly on Prospect for 2015 Sales

Throughout the 10 year history of *Ag Equipment Intelligence's* Dealer Business Outlook & Trends survey, Canadian farm equipment dealers have been typically more optimistic in their business outlook than their U.S. counterparts. This time around is no different from previous years.

In terms of agricultural economic conditions, the situation in Canada isn't significantly dissimilar to that of the U.S. when it comes to commodity pricing. Both countries confront many of the same pressures and trends. But their projections for the year ahead are distinctly diverse.

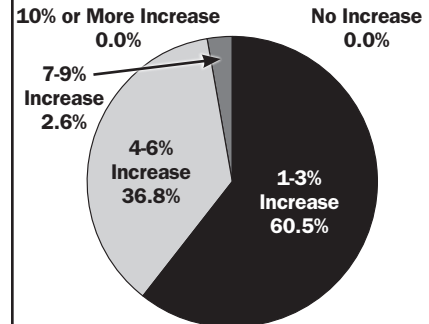
In their outlook for new equipment revenues in 2015, Canada's deal-

ers are pretty evenly spread across the board: 31.6% see revenue increasing; 34.2% forecast little or no change compared with 2014; and 34.2% expect declining revenues. (For comparison purposes, the spread for U.S. dealers is 17.3%, 30.3% and 56.4%, respectively.)

On a weighted basis, Canadian farm equipment dealers are looking at an overall decrease in new equipment revenue of -0.21%. This compares with gains of 1.66% projected a year ago, 1.97% for 2013 and a 3.35% increase in 2012.

Breaking the Canadian numbers down for new equipment revenue, 7.9% see revenue increasing by 8%

New Equipment Price Increases for 2015



All Canadian dealers are expecting some level of price increase for new farm machinery in 2015: 60.5% say the price hike will be 1-3%; 36.8% say 4-6%; and 2.6% anticipate price increases of 7-9%.

Canada Projected Unit Sales by Equipment Segment — 2015

	Up 8% or More	Up 2-7%	Little/ No Change	Down 2-7%	Down 8% Or More	Up 2% or More	Down 2% or More	2014 Optimism Level*	Optimism vs. LY	Same or better** 2015	Weighted Avg. 2015
Tractors & Combines											
2WD Tractors (<40 HP)	0.0%	28.1%	62.5%	6.3%	3.1%	28.1%	9.4%	46.2%	-18.1%	90.6%	0.73%
2WD Tractors (40-100 HP)	0.0%	30.3%	54.6%	15.2%	0.0%	30.3%	15.2%	53.8%	-23.5%	84.9%	0.68%
2WD Tractors (>100 HP)	0.0%	40.0%	40.0%	16.7%	3.3%	40.0%	20.0%	38.5%	1.5%	80.0%	0.78%
4WD Tractors (All)	3.7%	33.3%	33.3%	18.5%	11.1%	37.0%	29.6%	45.5%	-8.5%	70.4%	0.07%
Combines	4.0%	20.0%	36.0%	28.0%	12.0%	24.0%	40.0%	25.0%	-1.0%	60.0%	-1.00%
Hay Tools & Forage											
Rectangular Balers	0.0%	13.3%	73.3%	6.7%	6.7%	13.3%	13.3%	25.0%	-11.7%	86.7%	-0.23%
Round Balers	0.0%	33.3%	51.5%	15.2%	0.0%	33.3%	15.2%	38.5%	-5.2%	84.9%	0.82%
Forage Harvesters	0.0%	3.9%	88.5%	3.9%	3.9%	3.9%	7.7%	16.7%	-12.9%	92.3%	-0.31%
Mower/Conditioners	0.0%	29.0%	61.3%	6.5%	3.2%	29.0%	9.7%	46.2%	-17.2%	90.3%	0.76%
Windrowers/Swathers	0.0%	24.1%	58.6%	13.8%	3.5%	24.1%	17.2%	9.1%	15.0%	82.8%	0.19%
Feeders/Mixers	4.0%	16.0%	72.0%	8.0%	0.0%	20.0%	8.0%	n/a	n/a	92.0%	0.68%
Planting & Seeding											
Planters (All)	4.0%	8.0%	68.0%	20.0%	0.0%	12.0%	20.0%	40.0%	-28.0%	80.0%	-0.22%
Air Seeders/Drills	3.7%	14.8%	55.6%	18.5%	7.4%	18.5%	25.9%	54.5%	-36.0%	74.1%	-0.46%
Tillage											
Field Cultivators	0.0%	3.7%	92.6%	0.0%	3.7%	3.7%	3.7%	27.3%	-23.6%	96.3%	-0.13%
Chisel Plows	0.0%	0.0%	88.5%	7.7%	3.9%	0.0%	11.5%	18.2%	-18.2%	88.5%	-0.65%
Disc Harrows	0.0%	10.7%	85.7%	0.0%	3.6%	10.7%	3.6%	36.4%	-25.7%	96.4%	0.20%
Sprayers											
Self-Propelled Sprayers	0.0%	28.0%	40.0%	28.0%	4.0%	28.0%	32.0%	50.0%	-22.0%	68.0%	-0.32%
Pull-Type Sprayers	0.0%	8.0%	68.0%	4.0%	20.0%	8.0%	24.0%	30.0%	-22.0%	76.0%	-1.42%
Other Equipment											
Farm Loaders	0.0%	24.1%	75.9%	0.0%	0.0%	24.1%	0.0%	46.2%	-22.1%	100.0%	1.09%
Lawn/Garden Equipment	6.7%	3.3%	53.3%	6.7%	0.0%	10.0%	6.7%	35.7%	-25.7%	63.3%	0.38%
GPS/Precision Ag	7.4%	25.9%	59.3%	7.4%	0.0%	33.3%	7.4%	91.7%	-58.4%	92.6%	1.43%

On a weighted basis, Canadian dealers say 12 of 21 categories of farm machinery present good potential for increasing unit sales in 2015.

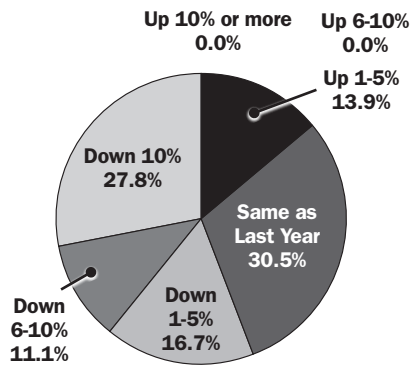
*2014 optimism is ranked by combining +8% with +2-7% increase. **Ranked by combining increases with little or no change in 2015.

or more in 2015, 23.7% forecast it to rise between 2-7%. On the downside, 23.7% expect declining revenue in the range of 2-7%, while 10.5% are projecting it to drop by 8% or more.

This compares with 13.3% who projected revenue growth of 8% or more, 20% who forecast increases of 2-7% and 60% who expected little or no change. Last year, no Canadian dealers forecasted decreases of 8% or more and only 6.7% anticipated a drop of 2-7%.

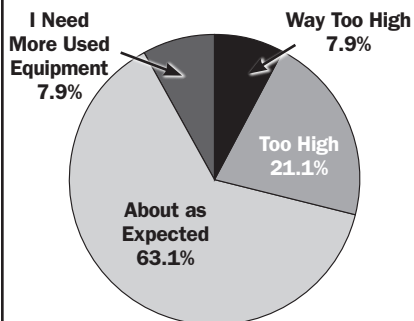
As far as early orders go, 55.8% of Canada's dealers report they are down from a year ago: 27.8% say they're down by 10% or more, 11.1% indicate they're 6-10% lower and 16.7% say presells are 1-5% below last year's levels of early orders.

Canada Early Orders 2015 vs. 2014



Less than 14% of Canada's dealers have seen a pick up in early orders for 2015, but 56% report that presells are well below year-ago levels.

Canadian Dealers' View of Used Equipment Inventory



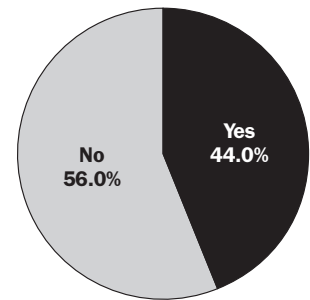
A big majority, 63%, of Canadian dealers indicate their used equipment backlog is about where they expected it to be, but 29% rate used inventory as either "way too high" or "too high."

Used Outlook 2015

When it comes to used equipment revenues, their outlook is more in line with U.S. dealers. Just under 29% of Canadian dealers expect increased revenue from used in 2015, slightly less than one-half (48.6%) see little or no change from 2014 and about 23% project that they will decline. (In the U.S., the numbers are 25.3%, 39.8% and 34.9%, respectively.)

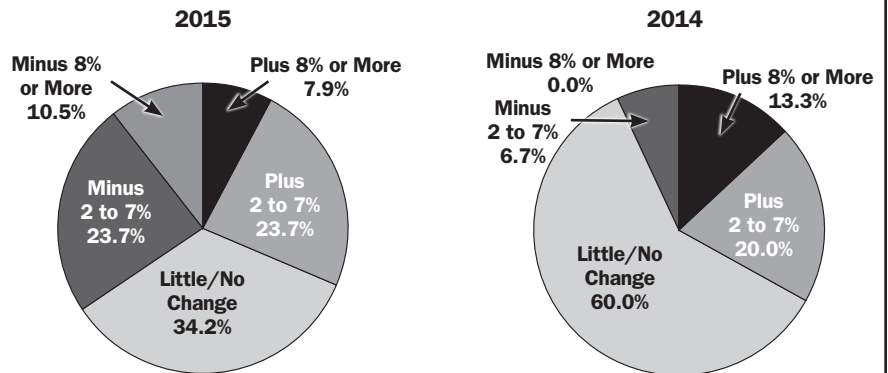
A year earlier, projections for new equipment from Canadian dealers weren't too different with 31.5% expecting increases and 28.6% anticipating declining revenues for 2014.

Canadian Dealers use of Equipment Auctions 2014



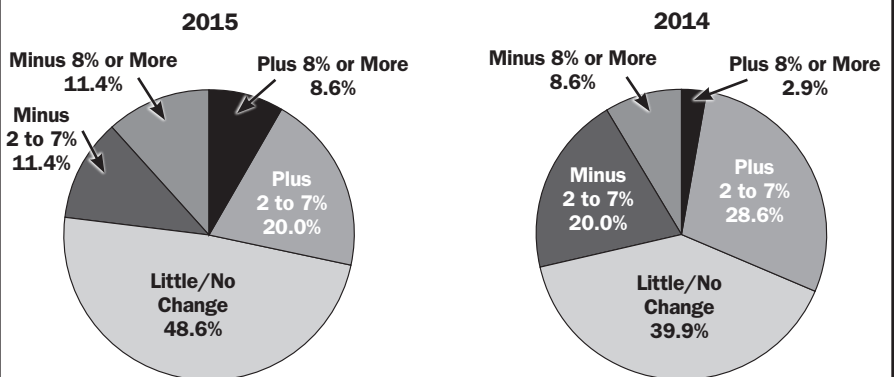
Of the Canadian dealers participating in the 2015 Dealers Business Outlook & Trends survey, 44.4% used commercial auction services in 2014 to sell excess used inventory.

Canadian Dealers' Projections for Sales Revenue New Equipment— 2015 vs. 2014



Canadian dealers' outlook is pretty much evenly spread, with 31.6% of dealer forecasting an increase in revenues from the sale of new ag equipment, 34.2% expecting a decrease and 34.2% anticipating little or no change from a year earlier. This compares with 33.3% who expected a revenue increase a year ago and only 6.7% forecasting declining revenues for 2014. Last year 60% expected flat revenues in 2014.

Canadian Dealers' Projections for Sales Revenue Used Equipment— 2015 vs. 2014

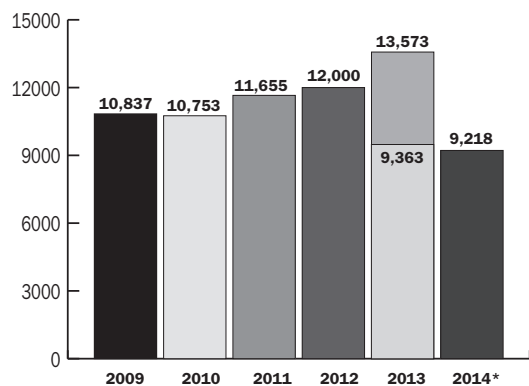


More Canadian dealers (28.6%) expect an increase in revenues from the sale of used equipment in 2015 than expect a decrease in sales (22.8%). Nearly half (48.6%) are projecting flat used machinery sales for 2015. A year earlier, 31.5% forecasted growth in used equipment revenues, while 28.6% projected declining revenues. Just about 40% expect little or no change in the level of used sales in 2014.

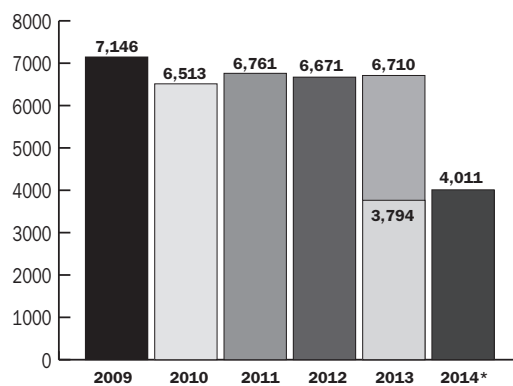
Canadian Retail Tractor & Combine Unit Sales — 2009-14*

(*Year-to-Date January through August 2014)

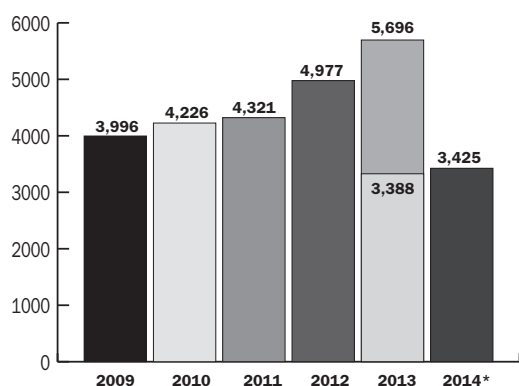
Canada Tractor Sales – 2WD <40HP



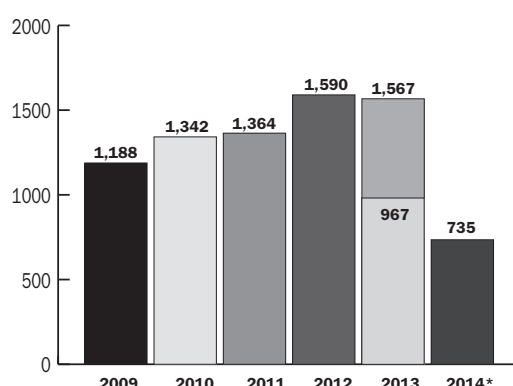
Canada Tractor Sales – 2WD 40-100HP



Canada Tractor Sales – 2WD >100HP

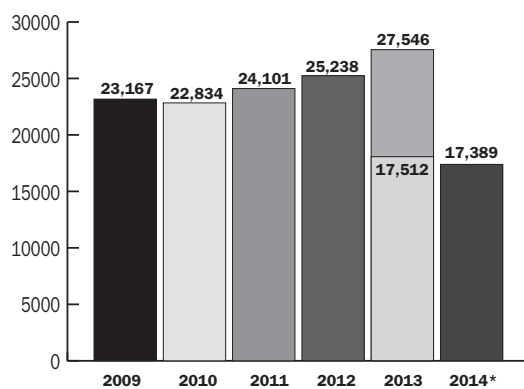


Canada Tractor Sales – 4WD

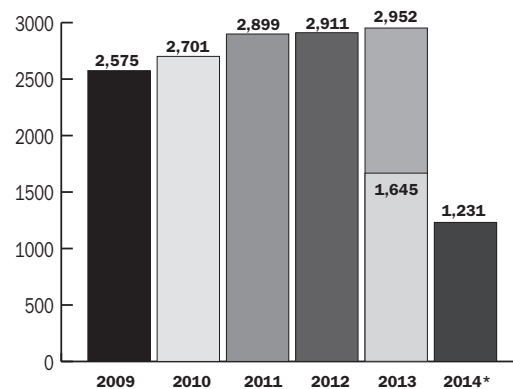


Through the first 8 months of 2014, Canadian unit sales of mid-range and row-crop tractors were up vs. the same period of 2013, but compact and 4WD units were down. Year-over-year 2WD tractors (<40HP) were down by 1.5%; 2WD mid-range tractors (40-100HP) were up by 5.7%; 2WD row-crop tractors (100 HP+) were up by 1.1%; and 4WD tractors were down by 24%. (Source: AEM)

Total Canada Tractor Sales

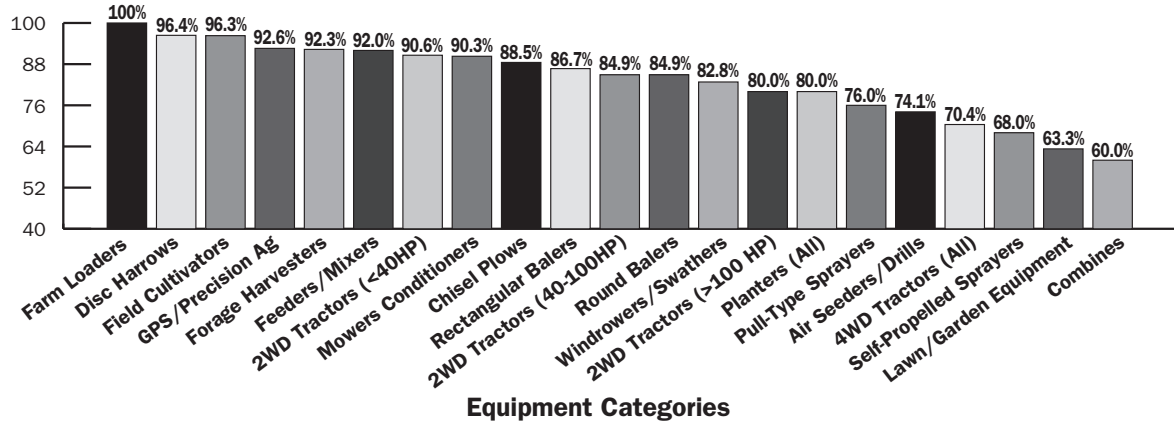


Total Canada Combine Sales



Total unit sales of farm tractors in Canada through the first 8 months of 2014 were down by 0.7% to 17,389 units vs. 17,512 tractors in the January through August 2013 timeframe. For the same time period, total Canadian unit sales of combines declined by 25.2% to 1,231 units from 1,645 combines sold during January through August 2013. (Source: AEM)

Best Product Bets for Improving Unit Sales in 2015 — Canada



Canadian farm equipment dealers see good potential for increasing unit sales in the year ahead from most categories of tillage tools. They also anticipate solid prospects in precision farming equipment and compact tractors and forage equipment.

As far as the current status of used equipment inventory, 7.9% of Canadian dealers rate it as “way too high,” 21.1% says it’s “too high” and about 8% say they “need more used equipment.” A big majority, 63.1% say it’s where they expected it to be.

On a weighted basis, Canadian dealers are looking for positive used equipment revenues at +0.16%.

Best 2015 Prospects

Canadian dealers are leaning a bit more toward tillage tools as holding the best prospect for upping unit sale in the year ahead, but at the top of their list this year is farm loaders.

It’s followed by disc harrows (#2) and field cultivators (#3). GPS and precision farming equipment place #4 this year, falling from the top spot a year earlier. Hay and forage products dominate the remainder of the top 10 products with the most potential to improve sales in 2015.

At #5 are forage harvesters, followed by feeders/mixers (#6). Compact tractors (<40 HP) was the highest rated tractor category this year at #7. Mower/conditioners was slotted at #8, chisel plows #9 and rectangular balers round out the top 10 at #10.

Lawn and garden equipment, which was ranked #2 on the U.S. deal-

ers list of “Best Bets” for 2015, was second from last (#20) on the Canadian list. But like their U.S. counterparts, dealers operating in Canada rated combines (#21) as dead last when it comes to prospect for sales growth in the year ahead.

Issues & Concerns for 2015

While not necessarily in the same order of priority, with few exceptions, Canadian dealers share the same concerns going into 2015 as their U.S. counterparts. Their #1 concern is farm commodity prices and #2 is farm input costs, which is flip flopped from their colleagues to the south.

Canadian Dealer Issues & Concerns — 2015 (2014 Rank)

Issue	Most Concerned	Concerned	Not Concerned
1. Farm Commodity Prices (4)	60.6%	39.4%	0.0%
2. Farm Input Costs (1)	56.3%	43.8%	0.0%
3. Increasing Cost of New Equipment (2)	45.5%	48.5%	6.1%
4. Technician Availability (3)	63.6%	27.3%	9.1%
5. Shrinking Farm Customer Base (6)	48.5%	33.3%	18.2%
6. Used Equipment Inventory (7)	30.3%	51.5%	18.2%
7. Energy/Fuel Costs (5)	39.4%	39.4%	21.2%
8. Product Reliability (8)	35.3%	41.2%	23.5%
9. Dealership ‘Purity’ Efforts by Majors (9)	21.9%	50.0%	28.1%
10. Industry Consolidation (14)	12.5%	46.9%	40.6%
11. Financing Availability - Floor Planning (10)	29.0%	29.0%	41.9%
12. Steel Prices/Supplies (11)	12.5%	37.5%	50.0%
13. Financing Availability – Retail (15)	12.9%	32.3%	54.8%
14. New Equipment Availability (12)	15.6%	28.1%	56.3%
15. Depreciation Rules (17)	9.7%	32.3%	58.1%
16. Manufacturer Succession Policies (13)	9.4%	31.3%	59.4%
17. Health Care Affordability (16)	12.9%	22.6%	64.5%

Canadian Dealers' Hiring Plans 2015 vs. 2014

	2015			2014		
	Add Staff	No Change	Reduce/Relocate Staff	Add Staff	No Change	Reduce/Relocate Staff
Parts Department	33.3%	63.9%	2.8%	46.2%	53.8%	0.0%
Service Techs	55.6%	44.4%	0.0%	57.1%	42.9%	0.0%
Wholegood Sales	42.9%	51.4%	5.7%	42.9%	52.1%	0.0%
Administration	5.7%	88.6%	5.9%	18.2%	81.8%	0.0%
Precision Farm Specialist	35.3%	61.8%	2.9%	16.7%	83.8%	0.0%

The Canadians #3 top issue is the same as the Americans, the rising price of new equipment. While U.S. dealers rated affordability of health care as their #4 biggest concern, with socialized medicine, that was dead last on Canada's dealers list of priorities. Rather, the availability of qualified service technicians is the Canadian dealers' #4 issue (#5 for U.S. dealers). The shrinking number of farmers was ranked #5 by dealers in Canada (#7 in U.S.), followed by high used equipment inventories at #6 (#8 in the U.S.).

Hiring & Spending Decline

With lower expectations for equipment sales in 2015, more Canadian dealers are also looking to cut back on their spending and hiring. But when it comes to hiring, they will be far more aggressive than U.S. dealers. Nearly one-half (47.2%) of dealers indicate they have no plans to increase capital expenditures in the coming year. This compares with only 21.4% who planned on spending increases a year earlier.

Of those who are planning to invest in capital projects in the next year, 44.4% say they will raise spending from 1-5%, 5.6% will increase it by 6-10% and 2.8% will up spending by 10% or more.

For those planning capital expenditures in the year ahead, 45.7% will spend to improve their shop and service operations vs. 78.6% in 2014. Also related to their shop area, 45.5% of Canadian dealers plan to invest in mobile service vehicles.

Another 33.3% will invest in their retail and showroom areas (vs. 50% last year) and 45.5% says they are looking to invest in their business information systems, which is up from 36.4% in the previous year.

Overall, compared with last year, Canadian dealers will also reduce hiring, but as is typically the case, cutback won't involve service technicians. This year, 55.6% of dealers say they plan to add service staff, very nearly the same as last year's percentage, 57.1%.

Nearly 43% of dealers in Canada plan to add staff in their sales area, the

Canadian Dealers' Spending Plans for 2015

No Increase	47.2%
0 to +5%	44.4%
+6 to 10%	5.6%
+10%	2.8%

Where Canadian Dealers Will Invest in 2015

	2015	2014
Shop & Service	45.7%	78.6%
Retail/Showroom	33.3%	50.0%
Business Info. Sys.	45.5%	36.4%
Mobile Service Vehicles	44.1%	30.8%

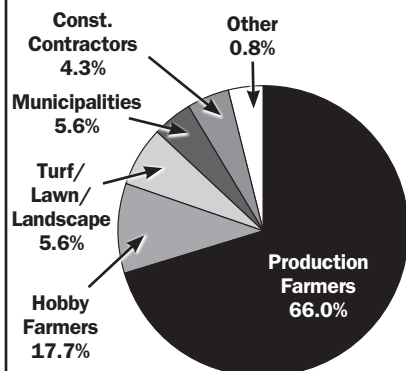
same percentage who planned to add sales people last year (42.9%).

Unlike their U.S. counterparts who appear to be cutting back on precision farming staff, more than double the Canadian dealerships who were looking for precision specialists last year will be trying to hire them this year. A year ago, only 16.7% of dealers were looking for precision farming specialists. This compares with 35.3% who are looking this year.

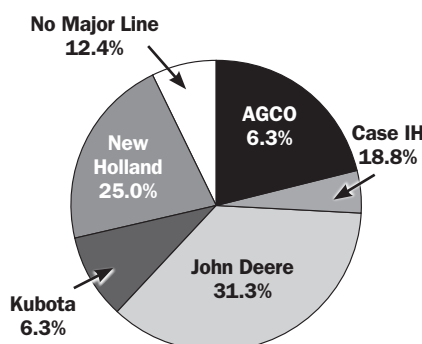
Only one-third (33.3%) are planning to add parts department staff, down from 46.2% in 2014. Far fewer dealers will be recruiting for administrative staff this year than last. Only 5.7% of Canadian dealers say they plan to add staff in their administrative operations compared with 18.2% who were looking to add admin staff a year ago.

Demographics of 2015 Survey Respondents — Canada

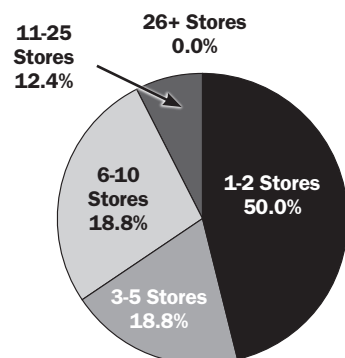
Dealer Revenue Sources



Mainline Suppliers (% of respondents)



Average Stores Per Dealer



Canadian dealers participating in *Ag Equipment Intelligence's* 2015 Dealer Business Outlook & Trends survey report that 66% of their 2014 revenues came from production farming and nearly 18% came from the hobby farming and large property owner segments.

PART IV — BREAKOUT BY MAINLINE SUPPLIERS

In each of the previous 10 *Ag Equipment Intelligence* “Dealer Business Outlook & Trends” reports, this section 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 dealers groups by brand and stripping out the “little or no change” responses, once again the most optimistic dealers are those who handle Kubota equipment. Over half of Kubota dealers (52%) are expecting an increase in revenue for 2015. This is down from the nearly 62% who forecasted increases last year.

They were followed by the independent dealer group, as 44.8% projected revenue increases in new equipment sales in 2015. AGCO was next in line as 21% of its dealers see revenues increasing, followed by New Holland dealers, of whom, 17.6% are projecting increased new equipment revenue levels in the year ahead.

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 Case IH dealers. Only 4.4% of these dealers expect to see improvement in new equipment revenues, while slightly over 70% are looking at declining revenues in 2015.

They’re followed by John Deere dealers when it comes to diminished expectations for 2015. More than 14% of Deere’s retailers expect to see gains in new equipment revenue in the coming year, and 64.6% are anticipating revenues to be lower in 2015 vs. 2014.

As would be expected, on a weighted average basis for both new and used farm machinery, Kubota and the

shortline-only dealers are showing positive results, but overall, AGCO dealers are also looking at some potential for increasing sales revenues in the next year. The others find themselves in negative territory when viewed on a weighted basis:

	New Equipment	Used Equipment
AGCO	-1.74%	+0.65%
Case IH	-4.12%	-1.97%
John Deere	-3.20%	-0.45%
Kubota	+2.12%	+1.13%
New Holland	-1.45%	-1.01%
Independent	+0.93%	+0.76%

Price Increases

	None	1-3% Increase	4-6% Increase	7% or More Increase
AGCO	2.7%	59.5%	35.1%	2.7%
Case IH	5.6%	67.8%	22.2%	4.4%
John Deere	2.1%	70.2%	25.5%	2.1%
Kubota	0.0%	56.0%	32.0%	12.0%
New Holland	2.0%	49.0%	42.9%	6.1%
Independent	26.7%	56.7%	10.0%	6.7%

AGCO — % of Total Responses12.8%

Case IH — % of Total Responses31.8%

John Deere — % of Total Responses18.2%

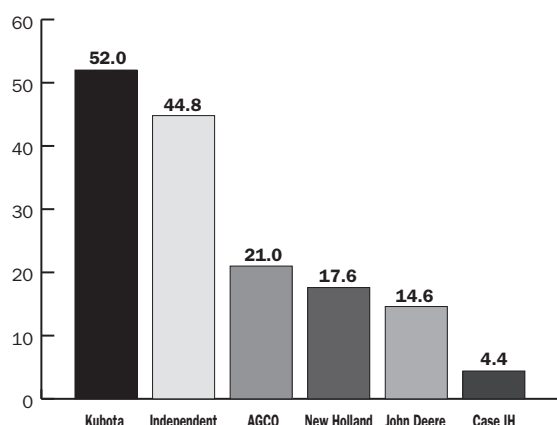
Kubota — % of Total Responses8.5%

New Holland — % of Total Responses17.6%

Independent Dealers — % of Total Responses11.1%

Most Optimistic Equipment Dealers for 2015

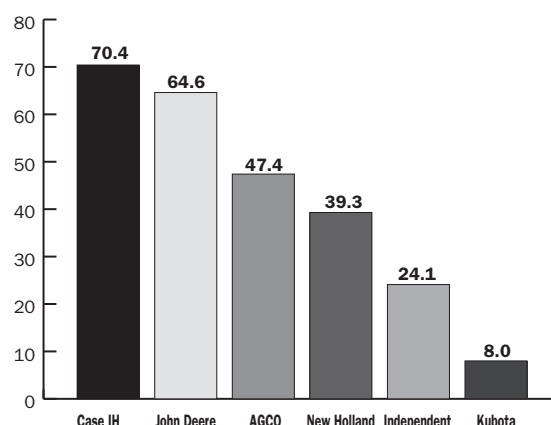
(% of dealers expecting revenue gains)



Kubota dealers followed by independent dealers, those carrying none of the major branded tractors, are the most optimistic going into 2015.

Least Optimistic Equipment Dealers for 2015

(% of dealers expecting revenue declines)



The least optimistic dealers going into 2015 are those carrying Case IH and John Deere branded equipment.



AGCO Dealers' Outlook for 2015

AGCO Dealers' Projections for Improved Revenue from New & Used Equipment Sales in 2015

	New Equipment	Used Equipment
+8%	2.6%	5.6%
+2-7%	18.4%	36.1%
Little or No Change	31.6%	33.3%
-2-7%	29.0%	16.7%
-8%	18.4%	8.3%

Expecting New Equipment Price Increase in 2015

No	2.7%
1-3%	59.5%
4-6%	35.1%
7-9%	2.7%
10%+	0.0%

Early Orders 2015 vs. 2014

Down 10% or more	22.9%
Down 6-10%	11.4%
Down 1-5%	14.3%
Same as Last Year	34.3%
Up 1-5%	8.6%
Up 6-10%	5.7%
Up 10% or more	2.9%

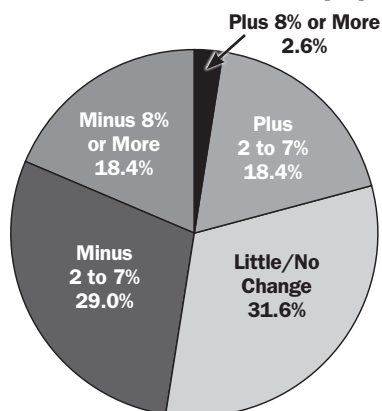
AGCO Dealers' Projected Unit Sales of Tractors & Combines — 2015

Tractor Type (Size)	Sales +8%	Sales +2-7%	Little or No Change	Sales -2-7%	Sales -8%	Forecasting Growth	Loss
2WD (<40HP)	0.0%	26.3%	57.9%	10.5%	5.3%	26.3%	15.8%
2WD (40-100HP)	2.7%	21.6%	56.5%	13.5%	5.4%	24.3%	18.9%
2WD (>100HP)	0.0%	29.4%	41.2%	11.8%	17.7%	29.4%	29.5%
4WD (All)	0.0%	25.0%	43.8%	18.8%	12.5%	25.0%	31.3%
Combines	6.5%	12.9%	32.3%	32.3%	16.1%	19.4%	48.4%

AGCO Dealers' Projected Unit Sales for All Other Equipment — 2015

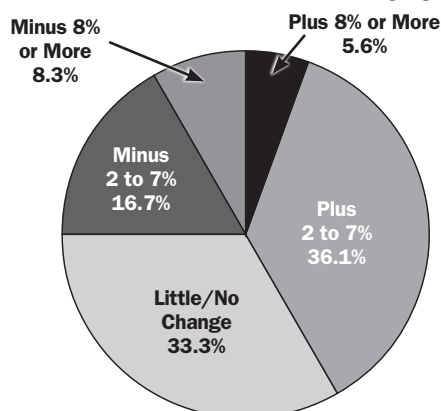
Equipment Category	Sales +8%	Sales +2-7%	Little or No Change	Sales -2-7%	Sales -8%
Rectangular Balers	0.0%	26.7%	66.7%	0.0%	6.7%
Round Balers	3.0%	36.4%	42.4%	12.1%	6.1%
Forage Harvesters	0.0%	0.0%	84.0%	12.0%	4.0%
Planters (All)	3.1%	21.9%	46.9%	18.8%	9.4%
Mower/Conditioners	3.6%	42.9%	46.4%	3.6%	3.6%
Windrowers/Swathers	0.0%	28.1%	65.6%	3.1%	3.1%
Field Cultivators	0.0%	12.9%	67.7%	9.7%	9.7%
Farm Loaders	3.1%	12.5%	68.8%	9.4%	6.3%
Chisel Plows	0.0%	9.7%	74.2%	6.5%	9.7%
Disc Harrows	0.0%	19.4%	64.5%	9.7%	6.5%
Air Seeders/Drills	3.5%	20.7%	55.2%	13.8%	6.9%
Self-Propelled Sprayers	3.9%	26.9%	46.2%	15.4%	7.7%
Pull-Type Sprayers	0.0%	3.7%	77.8%	7.4%	11.1%
Lawn/Garden Equip.	8.1%	18.2%	66.7%	6.1%	3.0%
GPS	15.6%	34.4%	43.8%	6.3%	0.0%

AGCO Dealers' Projected Sales Revenues 2015 — New Equipment



Just 21% of AGCO dealers expect increased revenues from new equipment sales in 2015, but 47.4% are forecasting declining revenues.

AGCO Dealers' Projected Sales Revenues 2015 — Used Equipment



Slightly over 41% of AGCO dealers see improved revenues from the sale of used machinery in 2015 and 25% see decreased used sales.

AGCO Dealers' Major Revenue Sources — 2014

Revenue by Market Segment:

- Production Farmers: 70.0%
- Hobby Farmers: 15.0%
- Turf & Lawn: 6.0%
- Municipalities/Parks: 4.0%
- Const. Contractors: 3.0%
- Other: 1.0%

Used Equipment Inventory

Way Too High	11.1%
Too High	33.3%
As Expected	41.7%
Need More	13.9%

AGCO Dealer Spending Plans for 2015

No Increase	54.1%
0 to +5%	32.4%
+6 to 10%	10.8%
+11% or more	2.7%

Where AGCO Dealers Will Invest in 2015

Modernize Shop & Service	41.2%
Modernize Retail	39.4%
Bus. Info. Systems	37.5%
Mobile Service Vehicles	53.1%

AGCO Dealerships

Est. Ag Dealer Locations*

975

% Dealers with 5 or More Locations*

23%

Avg. #Employees/Location**

57.5

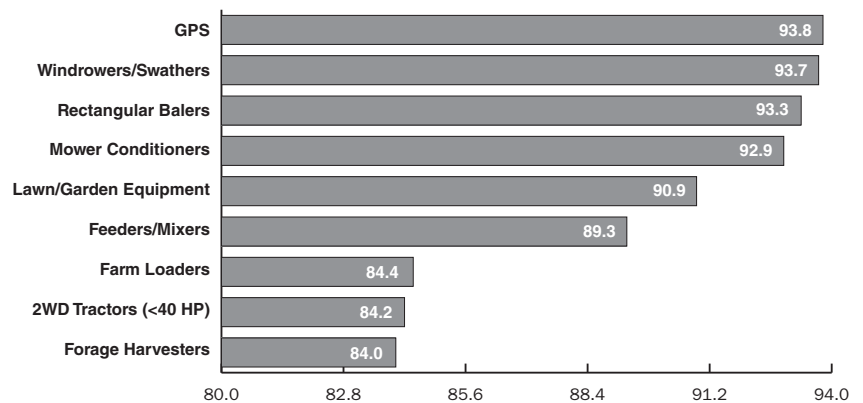
Avg. # Stores/Dealership Group**

1-2 Stores	68.4%
3-5 Stores	15.8%
6-10 Stores	15.8%
11-25 Stores	0.0%
26+ Stores	0.0%
Wtd. Avg.	2.92

*AEI 2014 Big Dealer Report

**AEI 2015 Dealer Business Outlook & Trends

Best Bets for Improving Unit Sales in 2015 AGCO Dealers



AGCO dealers' best bets for increasing 2015 unit sales include precision farming products, and hay tools including windrowers/swathers, rectangular balers and mower/conditioners.

AGCO Dealers' Hiring Plans for 2015 vs. 2014

	2015			2014		
	Add Staff	No Change	Reduce/Relocate Staff	Add Staff	No Change	Reduce/Relocate Staff
Parts Department	29.4%	70.6%	0.0%	24.0%	72.0%	4.0%
Service Techs	74.3%	25.7%	0.0%	73.1%	23.1%	3.8%
Wholegood Sales	35.3%	55.9%	8.8%	46.2%	50.0%	3.8%
Administration	5.9%	91.2%	2.9%	4.3%	91.4%	4.3%
Precision Farming Specialist	38.2%	61.8%	0.0%	37.5%	62.5%	0.0%

AGCO Dealers' Issues and Concerns — 2015 (2014) Rank

Issue	Most Concerned	Concerned	Not Concerned
1. Farm Commodity Prices (3)	62.9%	34.3%	2.9%
2. Farm Input Costs (4)	51.4%	45.7%	2.9%
3. Technician Availability (6)	48.6%	42.9%	8.6%
4. Increasing Cost of New Equipment (1)	40.0%	48.6%	11.4%
5. Product Reliability (11)	31.4%	51.4%	17.1%
6. Energy/Fuel Costs (5)	35.3%	47.1%	17.7%
7. Used Equipment Inventory (12)	34.3%	45.7%	20.0%
8. Shrinking Farm Customer Base (7)	31.4%	48.6%	20.0%
9. Depreciation Rules (9)	31.4%	45.7%	22.9%
10. Health Care Affordability (2)	45.7%	28.6%	25.7%
11. Financing Availability			
- Floor Planning (16)	17.7%	52.9%	29.4%
12. Dealership 'Purity'			
Efforts by Majors (13)	5.7%	62.9%	31.4%
13. Manufacturer Succession Policies (15)	14.3%	48.6%	37.1%
14. New Equipment Availability (10)	14.7%	47.1%	38.2%
15. Industry Consolidation (8)	17.7%	38.2%	44.1%
16. Steel Prices/Supplies (17)	0.0%	50.0%	50.0%
17. Financing Availability – Retail (18)	2.9%	44.1%	52.9%

Case IH Dealers' Outlook for 2015



Case IH Dealers' Projections for Improved Revenue from New & Used Equipment Sales in 2015

	New Equipment	Used Equipment
+8%	1.1%	2.2%
+2-7%	3.3%	16.7%
Little or No Change	25.3%	32.2%
-2-7%	36.3%	28.9%
-8%	34.1%	20.0%

Expecting New Equipment Price Increase in 2015

No	5.6%
1-3%	67.8%
4-6%	22.2%
7-9%	4.4%
10%+	0.0%

Early Orders 2015 vs. 2014

Down 10% or more	42.1%
Down 6-10%	21.6%
Down 1-5%	12.5%
Same as Last Year	18.2%
Up 1-5%	4.6%
Up 6-10%	1.1%
Up 10% or more	0.0%

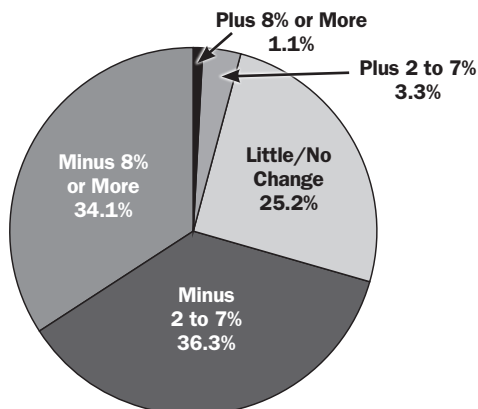
Case IH Dealers' Projected Unit Sales of Tractors and Combines — 2015

Tractor Type (Size)	Sales +8%	Sales +2-7%	Little or No Change	Sales -2-7%	Sales -8%	Forecasting Growth	Forecasting Loss
2WD (<40HP)	3.5%	15.3%	69.4%	10.6%	1.2%	18.8%	11.8%
2WD (40-100HP)	3.5%	22.4%	58.8%	11.8%	3.5%	25.9%	15.3%
2WD (>100HP)	0.0%	12.9%	41.2%	34.1%	11.8%	12.9%	45.9%
4WD (All)	1.2%	8.2%	28.2%	44.7%	17.7%	9.4%	62.4%
Combines	1.2%	2.4%	19.1%	40.5%	36.9%	3.6%	77.4%

Case IH Dealers' Unit Sales Projections for Other Equipment in 2015

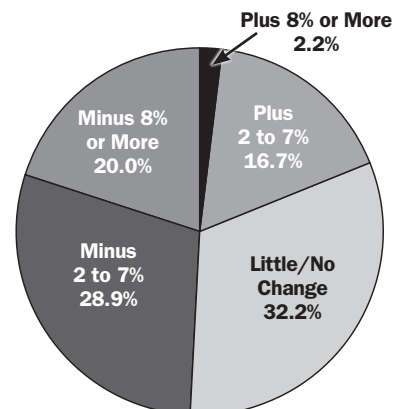
Equipment Category	Sales +8%	Sales +2-7%	Little or No Change	Sales -2-7%	Sales -8%
Rectangular Balers	2.7%	5.5%	80.8%	5.5%	5.5%
Round Balers	1.3%	25.5%	65.8%	4.0%	4.0%
Forage Harvesters	0.0%	7.5%	85.1%	3.0%	4.5%
Planters (All)	0.0%	11.3%	30.0%	31.3%	27.5%
Mower/Conditioners	1.3%	13.3%	78.7%	4.0%	2.7%
Windrower/Swathers	1.4%	9.7%	79.2%	5.6%	4.2%
Field Cultivators	0.0%	8.6%	58.0%	23.5%	9.9%
Farm Loaders	1.3%	18.2%	58.4%	18.2%	3.9%
Chisel Plows	0.0%	6.6%	57.9%	22.4%	13.2%
Disc Harrows	0.0%	4.9%	61.7%	23.5%	9.9%
Air Seeders/Drills	0.0%	8.0%	61.3%	22.7%	8.0%
Self-Propelled Sprayers	0.0%	15.8%	51.3%	19.7%	13.2%
Pull-Type Sprayers	0.0%	2.9%	65.7%	17.1%	14.3%
Lawn/Garden Equip.	5.5%	16.4%	67.1%	6.9%	4.1%
GPS	2.4%	35.3%	49.4%	9.4%	3.5%

Case IH Dealers' Projections for Sales Revenues 2015 — New Equipment



Less than 5% of Case IH dealers are expecting an increase in new equipment revenues in 2015, while 70.4% project a decrease in sales.

Case IH Dealers' Projections for Sales Revenues 2015 — Used Equipment



A little under 19% of Case IH dealers forecast a pick up in used equipment sales in 2015, while nearly half (49.9%) expect a drop.

Case IH Dealers' Major Revenue Sources — 2014

Revenue by Market Segment:

- Production Farmers: 82.0%
- Hobby Farmers: 8.0%
- Turf & Lawn: 2.0%
- Municipalities/Parks: 3.0%
- Const. Contractors: 3.0%
- Other: 2.0%

Used Equipment Inventory

Way Too High	12.1%
Too High	46.2%
As Expected	36.3%
Need More	5.5%

Case IH Dealer Spending Plans for 2015

No Increase	64.7%
0 to +5%	28.2%
+6% to 10%	3.5%
+10%	3.5%

Where Case IH Dealers Will Invest in 2015

Modernize Shop & Service	42.1%
Modernize Retail	15.1%
Bus. Info. Systems	17.2%
Mobile Service Vehicles	36.1%

Case IH Dealerships

Est. Ag Dealer Locations*

925

% Dealers with 5 or More Locations*

46%

Avg. #Employees/Location**

45.2

Avg. # Stores/Dealership Group**

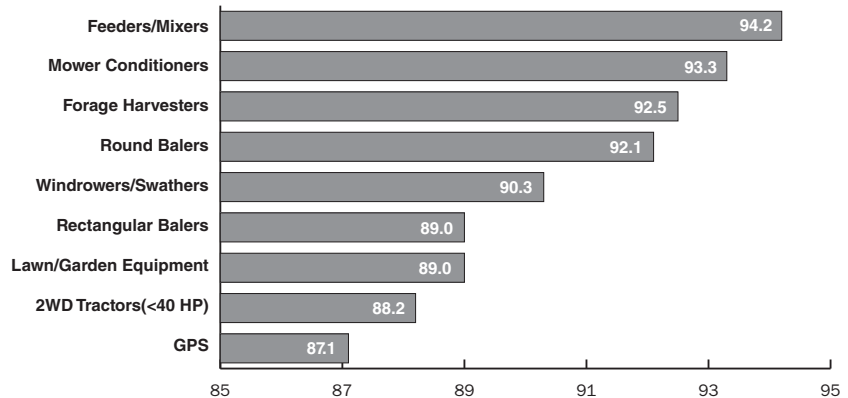
1-2 Stores	23.7%
3-5 Stores	18.3%
6-10 Stores	14.0%
11-25 Stores	6.5%
26+ Stores	37.6%
Wtd. Avg.	13.12

*AEI 2014 Big Dealer Report

**AEI 2015 Dealer Business

Outlook & Trends

Best Bets for Improving Unit Sales in 2015 Case IH Dealers



Case IH dealers' best bets for increasing unit sales in 2015 are mostly hay tools and forage equipment, including feeder/mixers, round balers, mower/conditioners and forage harvesters.

Case IH Dealers' Hiring Plans 2015 vs. 2014

	2015			2014		
	Add Staff	No Change	Reduce/Relocate Staff	Add Staff	No Change	Reduce/Relocate Staff
Parts Department	10.2%	81.8%	8.0%	31.4%	65.7%	2.9%
Service Techs	55.8%	40.7%	3.5%	71.4%	28.6%	0.0%
Wholegood Sales	19.3%	75.0%	5.7%	34.3%	62.8%	2.9%
Administration	0.0%	89.8%	10.2%	11.4%	77.2%	11.4%
Precision Farming Specialist	20.5%	75.0%	4.6%	26.5%	73.5%	0.0%

Case IH Dealers' Issues and Concerns — 2015 (2014 Rank)

Issue	Most Concerned	Concerned	Not Concerned
1. Farm Commodity Prices (1)	79.3%	19.5%	1.2%
2. Farm Input Costs (4)	44.3%	54.6%	1.1%
3. Increasing Cost of New Equipment (2)	50.0%	42.1%	8.0%
4. Depreciation Rules (10)	47.7%	38.4%	14.0%
5. Used Equipment Inventory (6)	47.7%	36.4%	15.9%
6. Health Care Affordability (3)	38.6%	44.3%	17.1%
7. Technician Availability (5)	37.9%	43.7%	18.4%
8. Shrinking Farm Customer Base (7)	29.6%	51.1%	19.3%
9. Product Reliability (12)	23.9%	48.9%	27.3%
10. Dealership 'Purity' Efforts by Majors (16)	11.5%	54.0%	34.5%
11. Energy/Fuel Costs (8)	16.1%	47.1%	36.8%
12. Financing Availability - Floor Planning (17)	11.4%	46.6%	42.1%
13. Manufacturer Succession Policies (13)	6.9%	46.0%	47.1%
14. Industry Consolidation (15)	6.8%	43.2%	50.0%
15. Financing Availability – Retail (18)	9.1%	37.5%	53.4%
16. Steel Prices/Supplies (11)	5.8%	38.4%	55.8%
17. New Equipment Availability (14)	1.1%	23.9%	75.0%

John Deere Dealers' Outlook for 2015



John Deere Dealers' Projections for Improved Revenue from New & Used Equipment Sales in 2015

	New Equipment	Used Equipment
+8%	4.2%	6.3%
+2-7%	10.4%	18.8%
Little or No Change	20.8%	41.7%
-2-7%	33.3%	25.0%
-8%	31.3%	8.3%

Expecting New Equipment Price Increase in 2015

No	2.1%
1-3%	70.2%
4-6%	25.5%
7-9%	2.1%
10%+	0.0%

Early Orders 2015 vs. 2014

Down 10% or more	31.3%
Down 6-10%	27.1%
Down 1-5%	10.4%
Same as Last Year	25.0%
Up 1-5%	6.3%
Up 6-10%	0.0%
Up 10% or more	0.0%

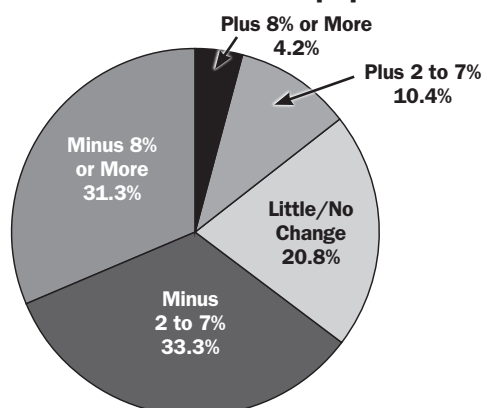
John Deere Dealers' Projected Unit Sales of Tractors and Combines — 2015

Tractor Type (Size)	Sales +8%	Sales +2-7%	Little or No Change	Sales -2-7%	Sales -8%	Forecasting Growth	Forecasting Loss
2WD (<40HP)	4.4%	41.3%	47.8%	6.5%	0.0%	45.7%	6.5%
2WD (40-100HP)	4.4%	45.7%	43.5%	6.5%	0.0%	50.1%	6.5%
2WD (>100HP)	4.4%	21.7%	39.1%	28.3%	6.5%	26.1%	34.8%
4WD (All)	0.0%	9.1%	36.4%	25.0%	29.6%	9.1%	54.6%
Combines	2.3%	4.7%	27.9%	34.9%	30.2%	7.0%	65.1%

John Deere Dealers' Unit Sales Projections for All Other Equipment in 2015

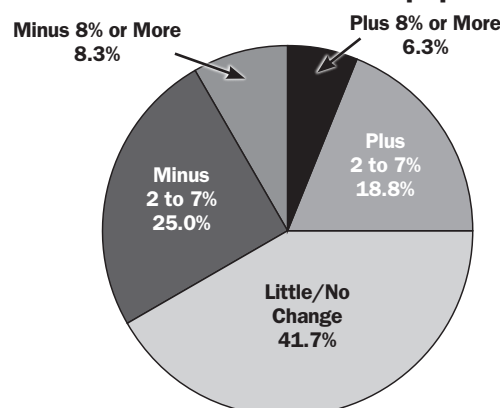
Equipment Category	Sales +8%	Sales +2-7%	Little or No Change	Sales -2-7%	Sales -8%
Rectangular Balers	2.3%	11.6%	76.7%	7.0%	2.3%
Round Balers	4.6%	38.6%	47.7%	9.1%	0.0%
Forage Harvesters	5.3%	10.5%	79.0%	2.6%	2.6%
Planters (All)	0.0%	12.5%	35.0%	30.0%	22.5%
Mower Conditioners	2.3%	25.6%	65.1%	2.3%	4.7%
Windrower-Swathers	2.5%	25.0%	62.5%	7.5%	2.5%
Field Cultivators	0.0%	12.5%	47.5%	30.0%	10.0%
Farm Loaders	7.0%	34.9%	51.2%	7.0%	0.0%
Chisel Plows	2.5%	10.0%	55.0%	25.0%	7.5%
Disc Harrows	0.0%	10.0%	50.0%	30.0%	10.0%
Air Seeders/Drills	0.0%	13.9%	44.4%	36.1%	5.6%
Self-Propelled Sprayer	0.0%	15.0%	40.0%	27.5%	17.5%
Pull-type Sprayers	0.0%	2.7%	73.0%	10.8%	13.5%
Lawn/Garden	6.5%	52.2%	34.8%	6.5%	0.0%
GPS	16.3%	32.6%	39.5%	11.6%	0.0%

John Deere Dealers' Projections for Sales Revenues 2015 — New Equipment



Less than 15% of John Deere dealers are forecasting revenue gains from new equipment sales in 2015, and 64.6% expect lower revenues.

John Deere Dealers' Projections for Sales Revenues 2015 — Used Equipment



Slightly over one-quarter of Deere dealers are looking for higher revenues from used sales in 2015 and 33.3% are expecting gains.

John Deere Dealers' Major Revenue Sources — 2014

Revenue by Market Segment:

- Production Farmers: 70.0%
- Hobby Farmers: 13.0%
- Turf & Lawn: 10.0%
- Municipalities/Parks: 4.0%
- Const. Contractors: 3.0%
- Other: 1.0%

Used Equipment Inventory

Way Too High	12.5%
Too High	45.8%
As Expected	33.3%
Need More	8.3%

John Deere Dealer Spending Plans for 2015

No Increase	51.0%
0 to +5%	36.7%
+6% to 10%	6.1%
+10%	6.1%

Where John Deere Dealers Will Invest in 2015

Modernize Shop & Service	55.1%
Modernize Retail	29.8%
Bus. Info. Systems	31.1%
Mobile Service Vehicles	59.6%

John Deere Dealerships

Est. Ag Dealer Locations*

1,539

% Dealers with 5 or More Locations*

69%

Avg. #Employees/Location**

77.4

Avg. # Stores/Dealership Group**

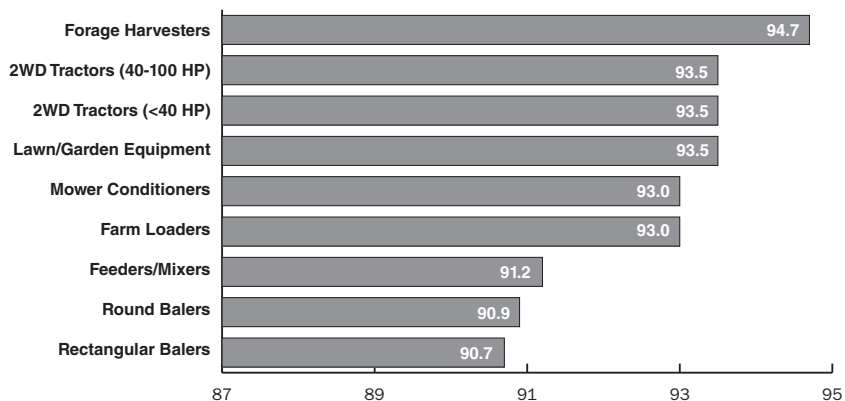
1-2 Stores	18.5%
3-5 Stores	33.3%
6-10 Stores	29.6%
11-25 Stores	14.8%
26+ Stores	3.7%
Wtd. Avg.	7.54

*AEI 2014 Big Dealer Report

**AEI 2015 Dealer Business

Outlook & Trends

Best Bets for Improving Unit Sales in 2015 John Deere Dealers



John Deere dealers are looking at a mix of products as their best bets for growing unit sales in 2015: forage harvesters, compact and mid-range tractors and lawn and garden products.

John Deere Dealers' Hiring Plans 2015 vs. 2014

	2015			2014		
	Add Staff	No Change	Reduce/Relocate Staff	Add Staff	No Change	Reduce/Relocate Staff
Parts Department	34.7%	65.3%	0.0%	37.1%	62.9%	0.0%
Service Techs	75.5%	22.5%	2.0%	71.4%	28.6%	0.0%
Wholesale Sales	29.2%	66.7%	4.2%	45.7%	54.3%	0.0%
Administration	6.4%	87.2%	6.4%	15.2%	78.7%	6.1%
Precision Farming Specialist	26.1%	73.9%	0.0%	47.1%	52.9%	0.0%

Deere Dealers' Issues & Concerns — 2015 (2014 Rank)

Issue	Most Concerned	Concerned	Not Concerned
1. Farm Commodity Prices (1)	68.8%	31.3%	0.0%
2. Farm Input Costs (4)	58.3%	41.7%	0.0%
3. Increasing Cost of New Equipment (5)	34.0%	61.7%	4.3%
4. Technician Availability (3)	46.9%	42.9%	10.2%
5. Used Equipment Inventory (2)	51.0%	36.7%	12.2%
6. Shrinking Farm Customer Base (7)	17.0%	70.2%	12.8%
7. Health Care Affordability (6)	40.4%	42.6%	17.0%
8. Depreciation Rules (10)	51.1%	31.9%	17.0%
9. Energy/Fuel Costs (8)	20.8%	60.4%	18.8%
10. Product Reliability (12)	32.7%	40.8%	26.5%
11. Dealership 'Purity' Efforts by Majors (16)	16.7%	50.0%	33.3%
12. Industry Consolidation (13)	19.2%	44.7%	36.2%
13. Steel Prices/Supplies (14)	2.2%	53.3%	44.4%
14. Manufacturer Succession Policies (15)	17.0%	38.3%	44.7%
15. Financing Availability - Floor Planning (17)	14.6%	35.4%	50.0%
16. Financing Availability - Retail (18)	6.3%	35.4%	58.3%
17. New Equipment Availability (11)	2.1%	35.4%	62.5%

Kubota Dealers' Outlook for 2015



Kubota Dealers' Projections for Improved Revenue from New & Used Equipment Sales in 2015

	New Equipment	Used Equipment
+8%	4.0%	4.4%
+2-7%	48.0%	30.4%
Little or No Change	40.0%	52.2%
-2-7%	8.0%	13.0%
-8%	0.0%	0.0%

Expecting New Equipment Price Increase in 2015

No	0.0%
1-3%	56.0%
4-6%	32.0%
7-9%	8.0%
10%+	4.0%

Early Orders 2015 vs. 2014

Down 10% or more	0.0
Down 6-10%	4.2%
Down 1-5%	8.3%
Same as Last Year	62.5%
Up 1-5%	20.8%
Up 6-10%	0.0%
Up 10% or more	4.2%

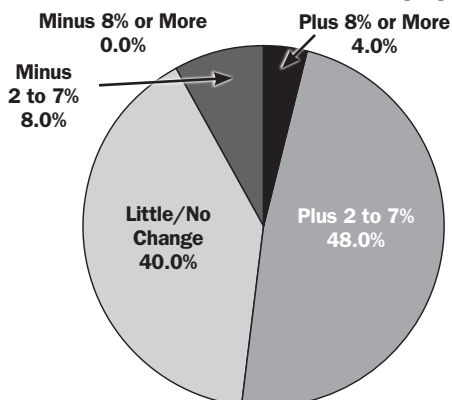
Kubota Dealers' Projected Unit Sales of Tractors and Combines — 2015

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%	31.7%	52.6%	10.5%	5.3%	31.6%	15.8%
2WD (40-100HP)	0.0%	20.0%	65.0%	15.0%	0.0%	20.0%	15.0%
2WD (>100HP)	0.0%	17.7%	47.1%	29.4%	5.9%	17.7%	35.3%
4WD (All)	5.3%	52.6%	36.8%	5.3%	0.0%	57.9%	5.3%
Combines	0.0%	0.0%	87.5%	0.0%	12.5%	0.0%	12.5%

Kubota Dealers' Unit Sales Projections for All Other Equipment in 2015

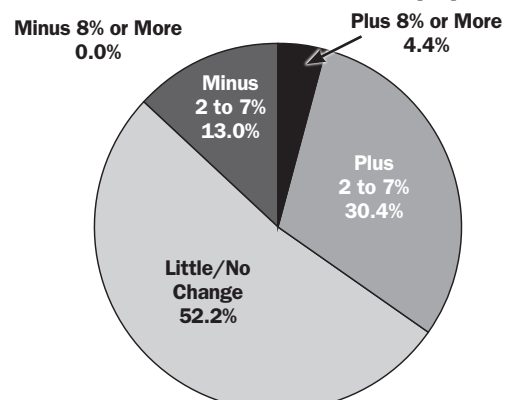
Equipment Category	Sales +8%	Sales +2-7%	Little or No Change	Sales -2-7%	Sales -8%
Rectangular Balers	0.0%	0.0%	80.0%	10.0%	10.0%
Round Balers	0.0%	40.0%	53.3%	0.0%	6.7%
Forage Harvesters	0.0%	11.1%	88.9%	0.0%	0.0%
Planters (All)	0.0%	0.0%	77.8%	0.0%	22.2%
Mower Conditioners	0.0%	35.7%	57.4%	7.1%	0.0%
Windrower-Swathers	0.0%	10.0%	80.0%	10.0%	0.0%
Field Cultivators	0.0%	7.7%	76.9%	15.4%	0.0%
Farm Loaders	0.0%	36.8%	57.9%	5.3%	0.0%
Chisel Plows	0.0%	0.0%	81.8%	18.2%	0.0%
Disc Harrows	0.0%	25.0%	62.5%	12.5%	0.0%
Air Seeders/Drills	0.0%	7.7%	84.6%	7.7%	0.0%
SP Sprayer	0.0%	0.0%	100.0%	0.0%	0.0%
Pull-type Sprayers	0.0%	11.1%	77.8%	11.1%	0.0%
Lawn/Garden	9.5%	61.9%	28.6%	0.0%	0.0%
GPS	0.0%	11.1%	78.8%	11.1%	0.0%

Kubota Dealers' Projections for Sales Revenue in 2015 — New Equipment



More than half, 52%, of Kubota dealers see revenues from new equipment sales rising in 2014, while only 8% expect revenues to decline.

Kubota Dealers' Projections for Sales Revenue in 2015 — Used Equipment



Over half (52.2%) of Kubota dealers expect revenues from the sale of used equipment to be flat in 2015 and 34.4% see sales rising.

Kubota Dealers' Major Revenue — 2014

Revenue by Market Segment:

- Production Farmers: 25.0%
- Hobby Farmers: 39.0%
- Turf & Lawn: 14.0%
- Municipalities/Parks: 10.0%
- Const. Contractors: 8.0%
- Other: 4.0%

Used Equipment Inventory

Way Too High	0.0%
Too High	17.4%
As Expected	47.8%
Need More	34.8%

Kubota Dealer

Spending Plans for 2015

No Increase	50.0%
0 to +5%	45.8%
+6% to 10%	0.0%
+10%	4.2%

Where Kubota Dealers Will Invest in 2015

Modernize Shop & Service	50.0%
Modernize Retail	37.5%
Bus. Info. Systems	54.2%
Mobile Service Vehicles	29.2%

Kubota Dealerships

Est. Ag Dealer Locations*

1,100

% Dealers with

5 or More Locations*

11%

Avg. #Employees/Location**

16.1

Avg. # Stores/Dealership Group**

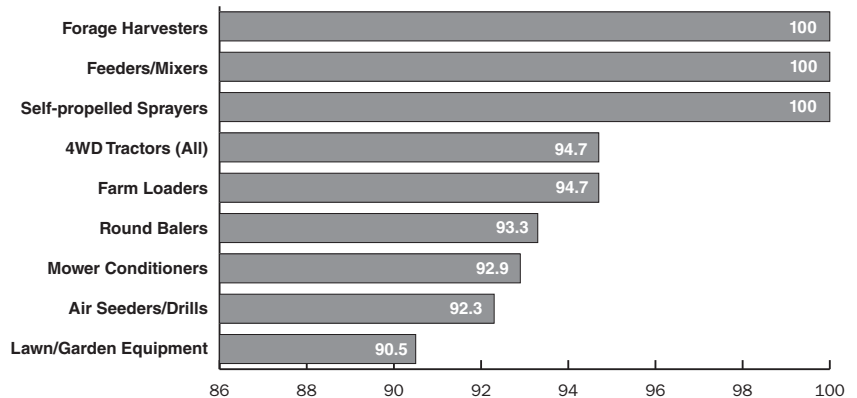
1-2 Stores	87.0%
3-5 Stores	0.0%
6-10 Stores	8.7%
11-25 Stores	4.4%
26+ Stores	0.0%
Wtd. Avg.	2.76

*AEI 2014 Big Dealer Report

**AEI 2015 Dealer Business

Outlook & Trends

Best Bets for Improving Unit Sales in 2015 Kubota Dealers



From forage harvesters, feeder/mixers, SP sprayers and 4WD tractors, Kubota dealers are expecting growth in new equipment revenues from a variety of product lines in 2015.

Kubota Dealers' Hiring Plans 2015 vs. 2014

	2015			2014		
	Add Staff	No Change	Reduce/Relocate Staff	Add Staff	No Change	Reduce/Relocate Staff
Parts Department	28.0%	72.0%	0.0%	21.1%	78.9%	0.0%
Service Techs	40.0%	60.0%	0.0%	44.4%	55.6%	0.0%
Wholegood Sales	16.0%	84.0%	0.0%	42.1%	57.9%	0.0%
Administration	8.0%	88.0%	4.0%	5.3%	94.7%	0.0%
Precision Farming Specialist	4.8%	90.5%	4.8%	0.0%	94.1%	5.9%

Kubota Dealers' Issues and Concerns — 2015 (2014 Rank)

Issue	Most Concerned	Concerned	Not Concerned
1. Increasing Cost of New Equipment (4)	62.5%	33.3%	4.2%
2. Energy/Fuel Costs (1)	45.8%	50.0%	4.2%
3. Technician Availability (7)	50.0%	41.7%	8.3%
4. Health Care Affordability (2)	45.8%	45.8%	8.3%
5. Shrinking Farm Customer Base (3)	37.5%	50.0%	12.5%
6. Depreciation Rules (15)	25.0%	58.3%	16.7%
7. New Equipment Availability (11)	20.8%	62.5%	16.7%
8. Dealership 'Purity' Efforts by Majors (9)	24.0%	56.0%	20.0%
9. Farm Input Costs (12)	20.8%	58.3%	20.8%
10. Farm Commodity Prices (8)	30.4%	47.8%	21.7%
11. Product Reliability (16)	25.0%	45.8%	29.2%
12. Financing Availability – Retail (17)	20.8%	50.0%	29.2%
13. Steel Prices/Supplies (5)	4.2%	66.7%	29.2%
14. Industry Consolidation (13)	4.2%	66.7%	29.2%
15. Financing Availability - Floor Planning (14)	20.8%	45.8%	33.3%
16. Used Equipment Inventory (10)	16.7%	50.0%	33.3%
17. Manufacturer Succession Policies (18)	8.3%	54.2%	37.5%



New Holland Dealers' Outlook for 2015

NEW HOLLAND

New Holland Dealers' Projections for Improved Revenue from New & Used Equipment Sales in 2015

	New Equipment	Used Equipment
+8%	3.9%	2.0%
+2-7%	13.7%	16.0%
Little or No Change	43.1%	54.0%
-2-7%	21.6%	10.0%
-8%	17.7%	18.0%

Expecting New Equipment Price Increase in 2015

No	2.0%
1-3%	49.0%
4-6%	42.9%
7-9%	4.1%
10%+	2.0%

Early Orders 2015 vs. 2014

Down 10% or more	23.5%
Down 6-10%	7.8%
Down 1-5%	23.5%
Same as Last Year	35.3%
Up 1-5%	5.9%
Up 6-10%	2.0%
Up 10% or more	2.0%

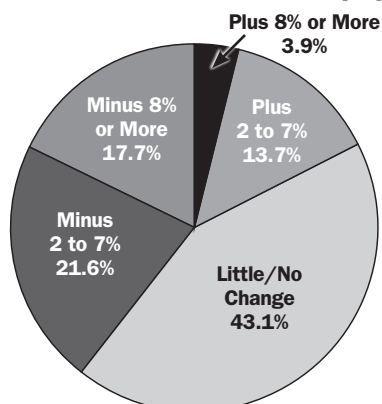
New Holland Dealers' Projected Unit Sales of Tractors and Combines — 2015

Tractor Type (Size)	Sales +8%	Sales +2-7%	Little or No Change	Sales -2-7%	Sales -8%	Forecasting Growth	Loss
2WD (<40HP)	4.4%	15.2%	71.7%	8.7%	0.0%	19.6%	8.7%
2WD (40-100HP)	4.2%	22.9%	62.5%	10.4%	0.0%	27.1%	10.4%
2WD (>100HP)	2.3%	20.5%	50.0%	22.7%	4.6%	22.8%	27.3%
4WD Tractors (All)	0.0%	23.7%	39.5%	15.8%	21.1%	23.7%	36.4%
Combines	0.0%	3.1%	62.5%	12.5%	21.9%	3.1%	34.4%

New Holland Dealers' Unit Sales Projections for All Other Equipment in 2015

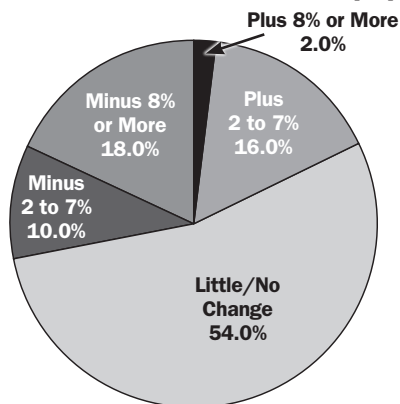
Equipment Category	Sales +8%	Sales +2-7%	Little or No Change	Sales -2-7%	Sales -8%
Rectangular Balers	0.0%	13.3%	71.1%	11.1%	4.4%
Round Balers	0.0%	31.3%	45.8%	22.9%	0.0%
Forage Harvesters	0.0%	11.1%	63.9%	19.4%	5.6%
Planters (All)	0.0%	8.8%	64.7%	17.7%	8.8%
Mower Conditioners	0.0%	23.4%	55.3%	17.0%	4.3%
Windrower-Swathers	0.0%	17.5%	65.0%	12.5%	5.0%
Field Cultivators	0.0%	2.9%	82.4%	8.8%	5.9%
Farm Loaders	2.1%	12.8%	76.6%	8.5%	0.0%
Chisel Plows	0.0%	0.0%	78.8%	12.1%	9.0%
Disc Harrows	0.0%	5.6%	72.2%	11.1%	11.1%
Air Seeders/Drills	0.0%	15.6%	62.5%	9.4%	12.5%
Self-Propelled Sprayers	0.0%	17.9%	50.0%	25.0%	7.1%
Pull-type Sprayers	0.0%	3.0%	66.7%	21.2%	9.1%
Lawn/Garden	6.8%	20.5%	63.6%	6.8%	2.3%
GPS	2.7%	18.9%	56.8%	16.2%	5.4%

New Holland Dealers' Projections for Sales Revenues in 2015 — New Equipment



Nearly 40% of New Holland dealers see decreasing revenues from new equipment sales in 2015 and 17.6% expect increases.

New Holland Dealers' Projections for Sales Revenues in 2015 — Used Equipment



While only 18% of New Holland dealers expect increasing revenues from used machinery sales in 2015, 28% are looking for revenues to decline.

New Holland Dealers Major Revenue Sources — 2014

Revenue by Market Segment:

- Production Farmers: 60.0%
- Hobby Farmers: 21.0%
- Turf & Lawn: 7.0%
- Municipalities/Parks: 4.0%
- Const. Contractors: 7.0%
- Other: 1.0%

Used Equipment Inventory

Way Too High	6.1%
Too High	18.4%
As Expected	55.1%
Need More	20.4%

New Holland Dealer Spending Plans for 2015

No Increase	45.1%
0 to +5%	45.1%
+6% to 10%	7.8%
+10%	2.0%

Where New Holland Dealers Will Invest in 2015

Modernize Shop & Service	51.0%
Modernize Retail	22.5%
Bus. Info. Systems	37.5%
Mobile Service Vehicles	44.9%

New Holland Dealerships

Est. Ag Dealer Locations*

1,000

% Dealers with 5 or More Locations*

17%

Avg. #Employees/Location**

31.4

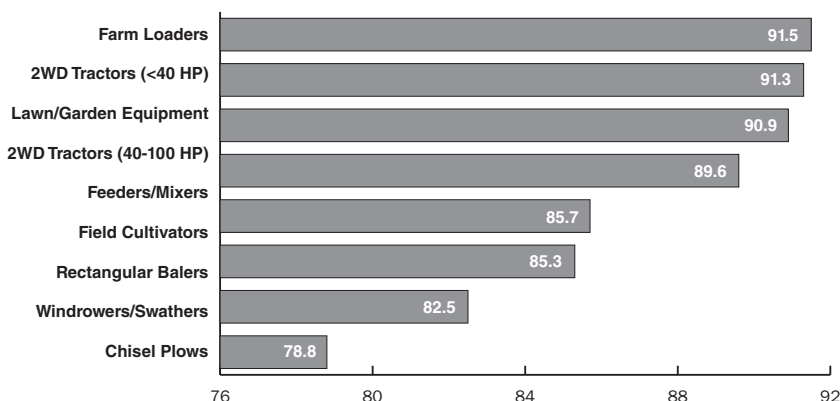
Avg. # Stores/Dealership Group**

1-2 Stores	70.6%
3-5 Stores	7.8%
6-10 Stores	13.7%
11-25 Stores	0.0%
26+ Stores	7.8%
Wtd. Avg.	4.51

*AEI 2014 Big Dealer Report

**AEI 2015 Dealer Business Outlook & Trends

Best Bets for Improving Unit Sales in 2015 New Holland Dealers



Farm loaders, lawn and garden equipment and compact and mid-range tractors top New Holland dealers' list of best bet products for improving unit sales in 2015.

New Holland Dealers' Hiring Plans 2015 vs. 2014

	2015			2014		
	Add Staff	No Change	Reduce/Relocate Staff	Add Staff	No Change	Reduce/Relocate Staff
Parts Department	25.5%	68.6%	5.9%	34.4%	65.6%	0.0%
Service Techs	66.0%	32.0%	2.0%	69.7%	30.3%	0.0%
Wholegood Sales	36.0%	62.0%	2.0%	31.3%	68.7%	0.0%
Administration	8.0%	88.0%	4.0%	9.7%	90.3%	0.0%
Precision Farming Specialist	15.9%	81.8%	2.3%	7.4%	92.6%	0.0%

New Holland Dealers' Concerns — 2015 (2014 Rank)

Issue	Most Concerned	Concerned	Not Concerned
1. Technician Availability (6)	68.0%	30.0%	2.0%
2. Increasing Cost of New Equipment (1)	48.0%	50.0%	2.0%
3. Farm Input Costs (2)	52.1%	41.7%	6.3%
4. Farm Commodity Prices (4)	56.0%	34.0%	10.0%
5. Health Care Affordability (5)	59.2%	28.6%	12.2%
6. Energy/Fuel Costs (3)	18.0%	66.0%	16.0%
7. Depreciation Rules (10)	49.0%	34.7%	16.3%
8. Product Reliability (7)	30.0%	50.0%	20.0%
9. Shrinking Farm Customer Base (9)	26.0%	50.0%	24.0%
10. Steel Prices/Supplies (8)	8.2%	63.3%	28.6%
11. Financing Availability - Floor Planning (12)	20.0%	48.0%	32.0%
12. Used Equipment Inventory (15)	18.4%	46.9%	34.7%
13. Industry Consolidation (14)	10.4%	52.1%	37.5%
14. Dealership 'Purity' Efforts by Majors (11)	16.3%	44.9%	38.8%
15. New Equipment Availability (16)	16.0%	42.0%	42.0%
16. Financing Availability - Retail (18)	8.0%	44.0%	48.0%
17. Manufacturer Succession Policies (17)	4.0%	48.0%	48.0%

Independent Dealers' Outlook for 2015

Independent Dealers' Projections for Improved Revenue from New & Used Equipment Sales in 2015

	New Equipment	Used Equipment
+8%	6.9%	8.0%
+2-7%	37.9%	32.0%
Little or No Change	31.0%	40.0%
-2-7%	17.2%	8.0%
-8%	6.9%	12.0%

Expecting New Equipment Price Increase in 2015

No	26.7%
1-3%	56.7%
4-6%	10.0%
7-9%	6.7%
10%+	0.0%

Early Orders 2015 vs. 2014

Down 10% or more	25.8%
Down 6-10%	12.9%
Down 1-5%	9.7%
Same as Last Year	41.9%
Up 1-5%	6.5%
Up 6-10%	3.2%
Up 10% or more	0.0%

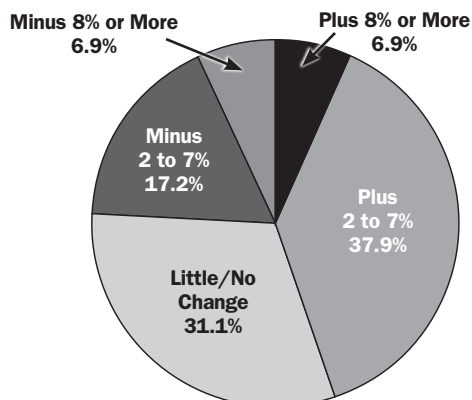
Independent Dealers' Projected Unit Sales of Tractors and Combines — 2015

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%	16.7%	66.7%	0.0%	16.7%	16.7%	16.7%
2WD (40-100HP)	0.0%	23.5%	58.8%	11.8%	5.9%	23.5%	17.7%
2WD (>100HP)	0.0%	12.5%	62.5%	6.3%	18.8%	12.5%	31.3%
4WD (All)	5.6%	22.2%	44.4%	5.6%	22.2%	27.8%	27.8%
Combines	0.0%	0.0%	71.4%	0.0%	28.6%	0.0%	28.6%

Independent Dealers' Unit Sales Projections for All Other Equipment in 2015

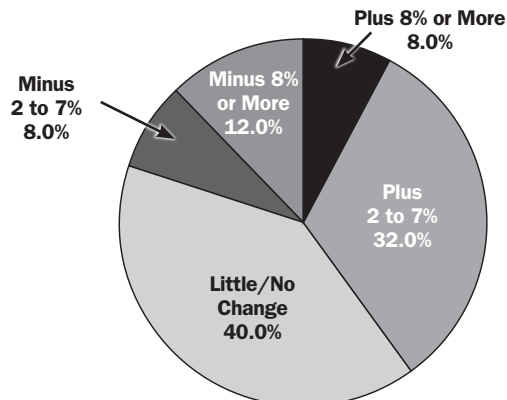
Equipment Category	Sales +8%	Sales +2-7%	Little or No Change	Sales -2-7%	Sales -8%
Rectangular Balers	6.7%	0.0%	80.0%	0.0%	13.3%
Round Balers	5.3%	10.5%	73.7%	0.0%	10.5%
Forage Harvesters	0.0%	12.5%	68.8%	6.3%	12.5%
Planters (All)	0.0%	0.0%	68.8%	18.8%	12.5%
Mower Conditioners	0.0%	17.7%	70.6%	0.0%	11.8%
Windrower-Swathers	6.7%	13.3%	66.7%	0.0%	13.3%
Field Cultivators	0.0%	0.0%	85.7%	0.0%	14.3%
Farm Loaders	5.6%	22.2%	55.6%	5.6%	11.1%
Chisel Plows	0.0%	0.0%	86.7%	0.0%	13.3%
Disc Harrows	0.0%	0.0%	86.7%	0.0%	13.3%
Air Seeders/Drills	0.0%	0.0%	78.6%	7.1%	14.3%
Self-Propelled Sprayers	0.0%	0.0%	78.6%	0.0%	21.4%
Pull-type Sprayers	0.0%	0.0%	85.7%	0.0%	14.3%
Lawn/Garden	20.0%	13.3%	46.7%	6.7%	13.3%
GPS	7.1%	0.0%	85.7%	0.0%	7.1%

Independent Dealers' Projections for Sales Revenues in 2015 — New Equipment



Nearly 45% of independent dealers expect revenue gains from the sale of new machinery in 2015, while about 24% see sales declining.

Independent Dealers' Projections for Sales Revenues in 2015 — Used Equipment



Some 40% of independent dealers anticipate increased revenues from used equipment sales in 2015, while 20% expect a drop in sales.

Independent Dealers Major Revenue Sources — 2014

Revenue by Market Segment:

- Production Farmers: 52.0%
- Hobby Farmers: 15.0%
- Turf & Lawn: 14.0%
- Municipalities/Parks: 5.0%
- Const. Contractors: 9.0%
- Other: 5.0%

Used Equipment Inventory

Way Too High	6.7%
Too High	26.7%
As Expected	46.7%
Need More	20.0%

Independent Dealer Spending Plans for 2015

No Increase	48.5%
0 to +5%	45.5%
+6 to 10%	3.0%
+10	3.0%

Where Independent Dealers Will Invest in 2015

Modernize Shop & Service	32.3%
Modernize Retail	31.0%
Bus. Info. Systems	26.7%
Mobile Service Vehicles	20.7%

Independent Dealerships

Est. Ag Dealer Locations*

2,362

% Dealers with 5 or More Locations*

27%

Avg. #Employees/Location**

10

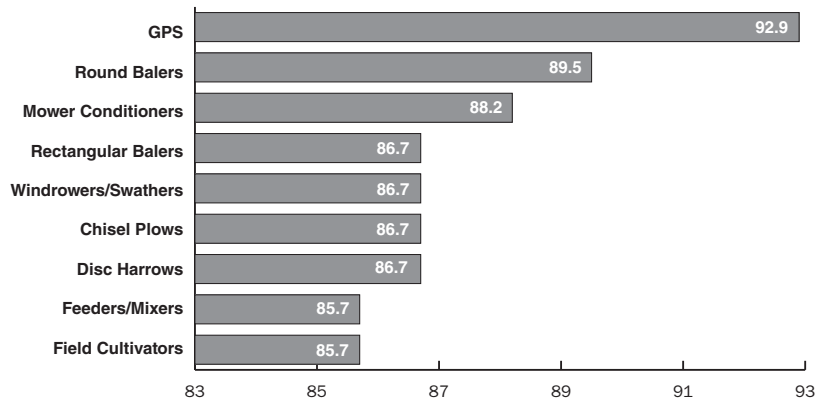
Avg. # Stores/Dealership Group**

1-2 Stores	80.7%
3-5 Stores	9.7%
6-10 Stores	3.2%
11-25 Stores	0.0%
26+ Stores	6.5%
Wtd. Avg.	3.53

*AEI 2014 Big Dealer Report

**AEI 2015 Dealer Business Outlook & Trends

Best Bets for Improving Unit Sales in 2015 Independent Dealers



While independent dealers see solid sales from precision farming products in 2015, the remainder of their best prospects are hay tools — mower/conditioners, round and rectangular balers.

Independent Dealers' Hiring Plans 2015 vs. 2014

	2015			2014		
	Add Staff	No Change	Reduce/Relocate Staff	Add Staff	No Change	Reduce/Relocate Staff
Parts Department	22.6%	67.7%	9.7%	25.0%	75.0%	0.0%
Service Techs	25.0%	68.8%	6.3%	38.7%	61.3%	0.0%
Wholegood Sales	16.1%	80.7%	3.2%	19.4%	80.6%	0.0%
Administration	3.3%	90.0%	6.7%	0.0%	96.4%	3.6%
Precision Farming Specialist	3.6%	92.9%	3.6%	7.7%	88.5%	3.8%

Independent Dealers' Concerns — 2015 (2014 Rank)

Issue	Most Concerned	Concerned	Not Concerned
1. Increasing Cost of New Equipment (5)	41.4%	55.2%	3.5%
2. Farm Input Costs (6)	50.0%	46.4%	3.6%
3. Farm Commodity Prices (4)	50.0%	43.3%	6.7%
4. Health Care Affordability (3)	55.2%	34.5%	10.3%
5. Shrinking Farm Customer Base (7)	27.6%	62.1%	10.3%
6. Energy/Fuel Costs (2)	33.3%	55.6%	11.1%
7. New Equipment Availability (16)	23.1%	61.5%	15.4%
8. Product Reliability (12)	40.0%	43.3%	16.7%
9. Technician Availability (8)	29.6%	51.9%	18.5%
10. Used Equipment Inventory (14)	28.6%	50.0%	21.4%
11. Depreciation Rules (9)	30.8%	46.2%	23.0%
12. Financing Availability – Retail (10)	14.3%	60.7%	25.0%
13. Steel Prices/Supplies (11)	33.3%	40.7%	25.9%
14. Dealership 'Purity' Efforts by Majors (18)	22.2%	51.9%	25.9%
15. Financing Availability - Floor Planning (13)	18.5%	55.6%	25.9%
16. Industry Consolidation (15)	11.1%	63.0%	25.9%
17. Manufacturer Succession Policies (17)	25.0%	35.7%	39.3%

PART V — EMPLOYMENT SIZE BREAKDOWN

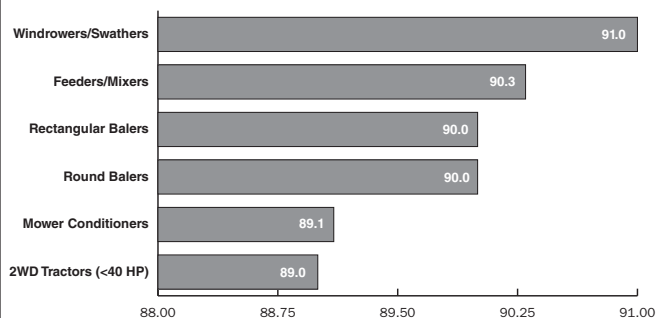
Revenue Projections for Used Equipment by Employee Size — 2015

Employee Size	Sales +8%	Sales +2-7%	Little or No Change	Sales -2-7%	Sales -8%	Forecasting Growth	Forecasting Decline
North America	4.0%	21.7%	40.9%	19.9%	13.4%	25.7%	33.3%
1-20 Employees	6.1%	17.4%	48.5%	17.4%	10.6%	23.5%	28.0%
21-40 Employees	1.2%	25.9%	35.8%	21.0%	16.1%	27.1%	37.1%
41-60 Employees	6.7%	20.0%	26.7%	33.3%	13.3%	26.7%	46.6%
61+ Employees	2.4%	26.8%	34.2%	24.4%	12.2%	29.2%	36.6%

Revenue Projections for New Equipment by Employee Size — 2015

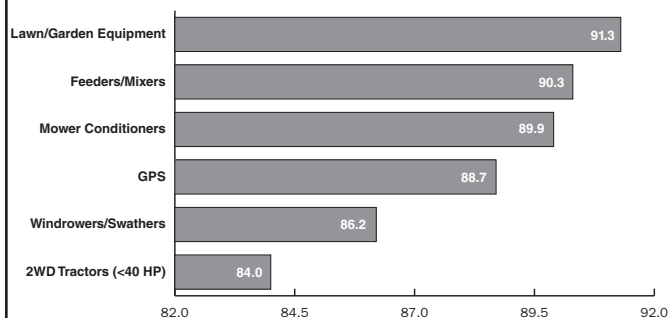
Employee Size	Sales +8%	Sales +2-7%	Little or No Change	Sales -2-7%	Sales -8%	Forecasting Growth	Forecasting Decline
North America	3.2%	16.1%	30.8%	27.6%	22.4%	19.3%	50.0%
1-20 Employees	3.6%	23.0%	32.4%	22.3%	18.7%	26.6%	41.0%
21-40 Employees	1.2%	8.6%	30.9%	37.0%	22.2%	9.8%	59.2%
41-60 Employees	0.0%	13.3%	20.0%	26.7%	40.0%	13.3%	66.7%
61+ Employees	2.4%	7.1%	28.6%	28.6%	33.3%	9.5%	61.9%

Best Bets for Improving Sales in 2015 Dealers with 1-20 Employees



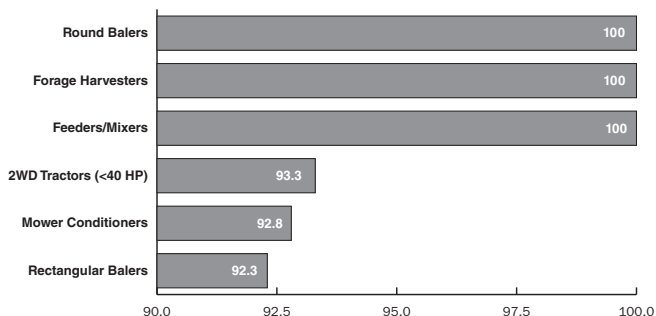
Dealers with 1-20 employees rated windrowers/swathers, feeder/mixers, rectangular and round balers, mower/conditioners and compact tractors as having the best prospects to improve unit sales in 2015.

Best Bets for Improving Sales in 2015 Dealers with 21-40 Employees



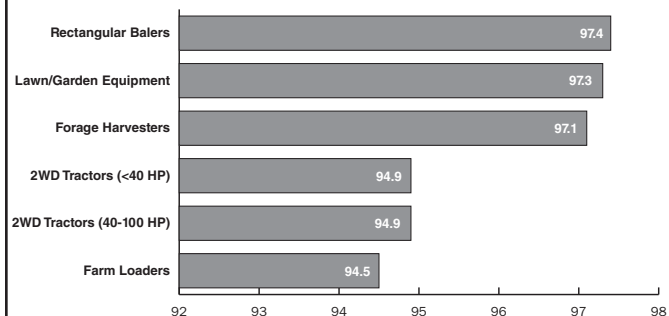
Lawn and garden equipment, feeder mixers, mower/conditioners, GPS/precision farming products, windrowers/swathers and compact tractors head up the 2015 "Best Bets" list of dealers employing 21-40 people.

Best Bets for Improving Sales in 2015 Dealers with 41-60 Employees



Dealers who employ 41-60 people see solid potential to grow sales in 2015 with round balers, forage harvesters, feeder/mixers, compact tractors, mower/conditioners and rectangular balers.

Best Bets for Improving Sales in 2015 Dealers with 60+ Employees



Dealers with 61 or more employees see the most potential to increase unit sales in 2015 with rectangular balers, lawn and garden equipment, forage harvesters, compact and utility tractors and farm loaders.

Unit Sales Projections for Tractors & Combines by Employee Size — 2015

	Sales +8%	Sales +2-7%	Little or No Change	Sales -2-7%	Sales -8%	Forecasting Growth	Forecasting Decline
Tractors							
2WD (<40HP)							
North America Average	2.8%	23.1%	62.8%	8.6%	2.8%	25.9%	11.4%
1-20 Employees	2.5%	17.8%	68.6%	7.6%	3.4%	20.3%	11.0%
21-40 Employees	1.3%	16.0%	66.7%	13.3%	2.7%	17.3%	16.0%
41-60 Employees	0.0%	46.7%	46.7%	6.7%	0.0%	46.7%	6.7%
61+ Employees	7.7%	43.6%	43.6%	5.1%	0.0%	51.3%	5.1%
2WD (40-100HP)							
North America Average	3.1%	26.7%	56.9%	11.0%	2.4%	29.8%	13.3%
1-20 Employees	2.5%	24.6%	59.3%	11.9%	1.7%	27.1%	13.6%
21-40 Employees	2.6%	21.1%	59.2%	14.5%	2.6%	23.7%	17.1%
41-60 Employees	0.0%	33.3%	53.3%	6.7%	6.7%	33.3%	13.4%
61+ Employees	7.7%	43.6%	43.6%	5.1%	0.0%	57.3%	5.1%
2WD (>100HP)							
North America Average	1.2%	18.5%	44.4%	25.5%	10.3%	19.8%	35.8%
1-20 Employees	0.9%	17.6%	46.3%	25.0%	10.2%	18.5%	35.2%
21-40 Employees	0.0%	22.7%	42.7%	25.3%	9.3%	22.7%	34.6%
41-60 Employees	0.0%	13.3%	40.0%	40.0%	6.7%	13.3%	46.7%
61+ Employees	5.3%	15.8%	44.7%	23.7%	10.5%	21.1%	34.2%
4WD (All)							
North America Average	1.7%	17.7%	35.7%	26.5%	18.5%	19.3%	45.0%
1-20 Employees	1.9%	23.0%	40.4%	20.2%	14.4%	24.9%	34.6%
21-40 Employees	0.0%	13.7%	31.5%	37.0%	17.8%	13.7%	54.8%
41-60 Employees	0.0%	7.1%	35.7%	21.4%	35.7%	7.1%	57.1%
61+ Employees	0.0%	10.3%	33.3%	30.8%	25.6%	10.3%	56.4%
Combines							
North America Average	1.9%	4.2%	36.0%	29.4%	28.5%	6.1%	57.9%
1-20 Employees	0.0%	4.6%	51.7%	19.5%	24.1%	4.6%	43.6%
21-40 Employees	2.9%	5.9%	19.1%	48.5%	23.5%	8.8%	72.0%
41-60 Employees	0.0%	0.0%	14.3%	35.7%	50.0%	0.0%	85.7%
61+ Employees	5.3%	2.6%	31.6%	21.1%	39.5%	7.9%	60.6%

Projected Sales Revenue Increase/Decrease by Employment Size for 2015 (weighted avg.)

Employee Size	
1-20	-1.20%
21-40	-3.00%
41-60	-3.80%
61+	-3.40%

Dealer Spending Plans for 2015 by Employee Size

No. Employees	No Increase	0-5%	6-10%	10%
1-20 Employees	52.5%	42.6%	2.1%	2.8%
21-40 Employees	60.8%	34.2%	3.8%	1.3%
41-60 Employees	60.0%	26.7%	6.7%	6.7%
61+ Employees	44.7%	26.3%	18.4%	10.5%

Employment Size Breakdown — 2015

Employee Size	% of Responses
1-20	50.5%
21-40	28.9%
41-60	5.8%
61+	14.8%

Where Dealers Will Invest in 2015 by Employee Size

No. Employees	Shop & Service	Retail	Business Info. Systems	Mobile Vehicle Service
1-20 Employees	39.1%	23.7%	30.0%	42.1%
21-40 Employees	41.3%	17.7%	25.3%	38.0%
41-60 Employees	35.7%	28.6%	30.8%	57.1%
61+ Employees	75.7%	47.4%	36.1%	76.3%

1-20 Employees Unit Sales Projections for Other Equipment in 2015

Equipment Category	Sales +8%	Sales +2-7%	Little or No Change	Sales -2-7%	Sales -8%
Rectangular Balers	2.2%	8.9%	78.9%	5.6%	4.4%
Round Balers	1.8%	31.8%	56.4%	8.2%	1.8%
Forage Harvesters	0.0%	7.5%	78.8%	8.8%	5.0%
Planters (All)	0.0%	9.2%	55.2%	24.1%	11.5%
Mowers/Conditioners	1.0%	24.8%	63.4%	7.9%	2.9%
Windrower/Swathers	2.3%	13.5%	75.3%	4.5%	4.5%
Field Cultivators	0.0%	9.0%	69.7%	15.7%	5.6%
Farm Loaders	2.7%	17.9%	67.9%	18.9%	2.7%
Chisel Plows	0.0%	4.7%	70.9%	17.4%	7.0%
Disc Harrows	0.0%	12.6%	62.1%	19.0%	6.3%
Air Seeders/Drills	0.0%	9.8%	72.0%	11.0%	7.3%
Self-Propelled Sprayers	0.0%	9.0%	62.8%	23.1%	5.1%
Pull-Type Sprayers	0.0%	5.0%	72.5%	15.0%	7.5%
Lawn/Garden Equip.	9.2%	27.5%	52.3%	8.3%	2.8%
GPS-Auto Steer	2.2%	22.2%	61.1%	11.1%	3.3%

21-40 Employees Unit Sales Projections for Other Equipment in 2015

Equipment Category	Sales +8%	Sales +2-7%	Little or No Change	Sales -2-7%	Sales -8%
Rectangular Balers	0.0%	14.7%	69.1%	8.8%	7.4%
Round Balers	0.0%	23.2%	58.0%	13.0%	5.8%
Forage Harvesters	0.0%	10.0%	73.3%	10.0%	6.7%
Planters (All)	1.5%	11.8%	38.2%	23.5%	25.0%
Mower/Conditioners	1.5%	17.4%	71.0%	4.4%	5.8%
Windrowers/Swathers	0.0%	16.9%	69.2%	9.2%	4.6%
Field Cultivators	0.0%	8.6%	60.0%	17.1%	14.3%
Farm Loaders	1.5%	18.8%	58.0%	17.4%	4.4%
Chisel Plows	1.5%	7.4%	61.8%	13.2%	16.2%
Disc Harrows	0.0%	4.3%	68.6%	14.3%	12.9%
Air Seeders/Drills	1.5%	13.9%	55.4%	23.1%	6.2%
Self-Propelled Sprayers	1.6%	19.4%	45.2%	14.5%	19.4%
Pull-Type Sprayers	0.0%	1.6%	64.5%	16.1%	17.7%
Lawn/Garden Equip.	4.4%	23.2%	63.8%	4.4%	4.4%
GPS-Auto Steer	5.6%	33.8%	49.3%	8.5%	2.8%

41-60 Employees Unit Sales Projections for Other Equipment in 2015

Equipment Category	Sales +8%	Sales +2-7%	Little or No Change	Sales -2-7%	Sales -8%
Rectangular Balers	0.0%	7.7%	84.6%	7.7%	0.0%
Round Balers	15.4%	30.8%	53.9%	0.0%	0.0%
Forage Harvesters	0.0%	8.3%	91.7%	0.0%	0.0%
Planters (All)	0.0%	0.0%	40.0%	26.7%	33.3%
Mowers/Conditioners	0.0%	28.6%	64.2%	7.1%	0.0%
Windrowers/Swathers	7.7%	15.4%	69.2%	7.7%	0.0%
Field Cultivators	0.0%	7.1%	71.4%	21.4%	0.0%
Farm Loaders	6.7%	26.7%	46.7%	20.0%	0.0%
Chisel Plows	0.0%	0.0%	78.6%	21.4%	0.0%
Disc Harrows	0.0%	7.1%	57.1%	21.4%	14.3%
Air Seeders/Drills	0.0%	15.4%	53.9%	30.8%	0.0%
Self-Propelled Sprayers	0.0%	8.3%	58.3%	16.7%	16.7%
Pull-Type Sprayers	0.0%	0.0%	91.7%	0.0%	8.3%
Lawn/Garden Equip.	8.3%	25.0%	58.3%	8.3%	0.0%
GPS-Auto Steer	13.3%	20.0%	46.7%	20.0%	0.0%

61+ Employees Unit Sales Projections for Other Equipment in 2015

Equipment Category	Sales +8%	Sales +2-7%	Little or No Change	Sales -2-7%	Sales -8%
Rectangular Balers	5.1%	10.3%	82.1%	2.6%	0.0%
Round Balers	2.6%	44.7%	42.1%	10.5%	0.0%
Forage Harvesters	5.7%	8.6%	82.9%	2.9%	0.0%
Planters (All)	0.0%	19.4%	30.6%	27.8%	22.2%
Mower/Conditioners	2.8%	27.8%	61.1%	5.6%	2.8%
Windrower/Swathers	0.0%	26.3%	63.2%	7.9%	2.6%
Field Cultivators	0.0%	8.3%	58.3%	27.8%	5.6%
Farm Loaders	5.6%	30.6%	58.3%	5.6%	0.0%
Chisel Plows	0.0%	8.6%	60.0%	22.9%	8.6%
Disc Harrows	0.0%	13.9%	58.3%	25.0%	2.8%
Air Seeders/Drills	0.0%	11.4%	40.0%	34.3%	14.3%
Self-Propelled Sprayers	0.0%	24.3%	40.5%	21.6%	13.5%
Pull-Type Sprayers	0.0%	3.0%	72.7%	15.2%	9.1%
Lawn/Garden Equip.	8.1%	40.5%	48.7%	2.7%	0.0%
GPS-Auto Steer	20.0%	37.5%	35.0%	7.5%	0.0%

Dealers' Hiring Plans 2015 vs. 2014 by Employee Size

	2015			2014		
	Add Staff	No Change	Reduce/Relocate Staff	Add Staff	No Change	Reduce/Relocate Staff
Parts Department						
1-20 Employees	19.4%	77.7%	2.9%	24.3%	73.9%	1.8%
21-40 Employees	16.3%	77.5%	6.3%	45.2%	54.8%	0.0%
41-60 Employees	26.7%	53.3%	20.0%	37.5%	62.5%	0.0%
61+ Employees	42.1%	55.3%	2.6%	40.9%	59.1%	0.0%
Service Department						
1-20 Employees	53.2%	44.6%	2.2%	55.0%	44.1%	0.9%
21-40 Employees	58.2%	39.2%	2.5%	80.6%	19.4%	0.0%
41-60 Employees	53.3%	46.7%	0.0%	54.5%	45.5%	0.0%
61+ Employees	84.2%	10.5%	5.3%	81.8%	18.2%	0.0%
Sales Department						
1-20 Employees	18.8%	76.8%	4.4%	31.5%	67.6%	0.9%
21-40 Employees	24.1%	72.2%	3.8%	41.9%	54.9%	3.2%
41-60 Employees	33.3%	53.3%	13.3%	36.4%	63.6%	0.0%
61+ Employees	50.0%	47.4%	2.6%	45.5%	54.5%	0.0%
Administration						
1-20 Employees	3.7%	92.7%	3.7%	4.8%	93.3%	1.9%
21-40 Employees	1.3%	92.4%	6.3%	6.9%	82.8%	10.3%
41-60 Employees	13.3%	53.3%	33.3%	9.1%	63.6%	27.3%
61+ Employees	10.8%	81.1%	8.1%	22.7%	77.3%	0.0%
Precision Farming Specialist						
1-20 Employees	12.7%	84.1%	3.2%	11.3%	86.6%	2.1%
21-40 Employees	17.1%	81.6%	1.3%	34.5%	65.5%	0.0%
41-60 Employees	33.3%	60.0%	6.7%	27.3%	72.7%	0.0%
61+ Employees	44.7%	52.6%	2.6%	59.1%	40.9%	0.0%

PART VI — MARKET SEGMENTS & DEALER REVENUE SOURCES

U.S. Regional Market Segmentation — 2014

Northeast

Production Farmers	44.0%
Hobby Farmers	24.0%
Turf/Lawn/Landscape Contractors	12.0%
Municipalities/Park Depts	7.0%
Construction Contractors	8.0%
Other	6.0%

Appalachia

Production Farmers	47.0%
Hobby Farmers	27.0%
Turf/Lawn/Landscape Contractors	14.0%
Municipalities/Park Depts	6.0%
Construction Contractors	4.0%
Other	2.0%

Southeast

Production Farmers	54.0%
Hobby Farmers	18.0%
Turf/Lawn/Landscape Contractors	10.0%
Municipalities/Park Depts	9.0%
Construction Contractors	6.0%
Other	4.0%

Delta States

Production Farmers	39.0%
Hobby Farmers	29.0%

Turf/Lawn/Landscape Contractors	20.0%
Municipalities/Park Depts	3.0%
Construction Contractors	5.0%
Other	3.0%

Lake States

Production Farmers	70.0%
Hobby Farmers	12.0%
Turf/Lawn/Landscape Contractors	7.0%
Municipalities/Park Depts	4.0%
Construction Contractors	6.0%
Other	1.0%

Southern Plains

Production Farmers	46.0%
Hobby Farmers	29.0%
Turf/Lawn/Landscape Contractors	10.0%
Municipalities/Park Depts	7.0%
Construction Contractors	7.0%
Other	2.0%

Northern Plains

Production Farmers	81.0%
Hobby Farmers	10.0%
Turf/Lawn/Landscape Contractors	2.0%
Municipalities/Park Depts	3.0%

Construction Contractors	3.0%
Other	1.0%

Corn Belt

Production Farmers	69.0%
Hobby Farmers	14.0%
Turf/Lawn/Landscape Contractors	8.0%
Municipalities/Park Depts	3.0%
Construction Contractors	3.0%
Other	3.0%

Mountain

Production Farmers	77.0%
Hobby Farmers	12.0%
Turf/Lawn/Landscape Contractors	4.0%
Municipalities/Park Depts	4.0%
Construction Contractors	3.0%
Other	1.0%

Pacific

Production Farmers	62.0%
Hobby Farmers	20.0%
Turf/Lawn/Landscape Contractors	3.0%
Municipalities/Park Depts	4.0%
Construction Contractors	10.0%
Other	1.0%

Market Segmentation Dealer Revenue Sources — 2014

Customer Segment	North America	U.S.	Canada
Production Farmers	66.0%	65.4%	70.4%
Hobby Farmers	15.6%	16.3%	9.9%
Turf/Lawn/Landscape Contractors	7.3%	7.4%	6.8%
Municipalities/Park Depts	4.2%	4.2%	4.3%
Construction Contractors	4.7%	4.7%	4.8%
Other	2.2%	2.0%	3.7%

Employee Size Analysis by Market Segment — 2014

1-20 Employees

Production Farmers	59.0%
Hobby Farmers	19.0%
Turf/Lawn/Landscape Contractors	9.0%
Municipalities/Park Depts	5.0%
Construction Contractors	5.0%
Other	2.0%

21-40 Employees

Production Farmers	75.0%
Hobby Farmers	10.0%
Turf/Lawn/Landscape Contractors	5.0%
Municipalities/Park Depts	4.0%
Construction Contractors	4.0%
Other	2.0%

41-60 Employees

Production Farmers	67.0%
Hobby Farmers	19.0%
Turf/Lawn/Landscape Contractors	4.0%
Municipalities/Park Depts	4.0%
Construction Contractors	3.0%
Other	2.0%

61+ Employees

Production Farmers	76.0%
Hobby Farmers	9.0%
Turf/Lawn/Landscape Contractors	7.0%
Municipalities/Park Depts	4.0%
Construction Contractors	4.0%
Other	1.0%

Market Segment Analysis by Canada Regions—2014

Central Canada

Production Farmers	54.0%
Hobby Farmers	19.0%
Turf/Lawn/Landscape Contractors	14.0%
Municipalities/Park Depts	6.0%
Construction Contractors	7.0%
Other	2.0%

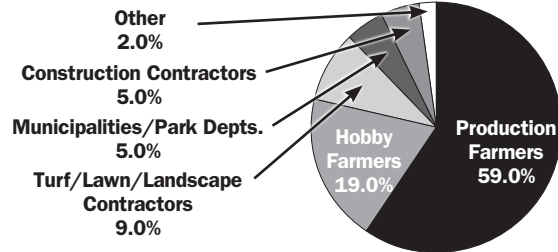
Eastern Canada

Production Farmers	58.0%
Hobby Farmers	15.0%
Turf/Lawn/Landscape Contractors	8.0%
Municipalities/Park Depts	5.0%
Construction Contractors	5.0%
Other	10.0%

Western Canada

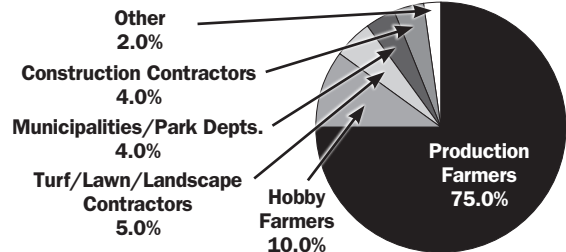
Production Farmers	79.0%
Hobby Farmers	6.0%
Turf/Lawn/Landscape Contractors	4.0%
Municipalities/Park Depts	4.0%
Construction Contractors	4.0%
Other	4.0%

Market Segment Revenue – 1-20 Employees



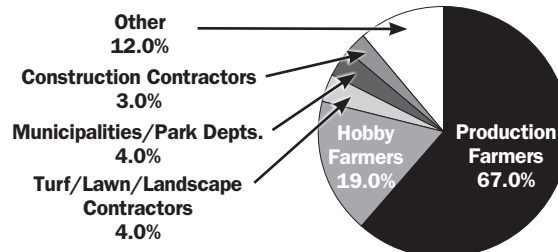
Nearly 60% of sales revenues by the smallest dealers, by employment size, come from production farming and 19% are derived from the hobby farm/rural lifestyle markets.

Market Segment Revenue – 21-40 Employees



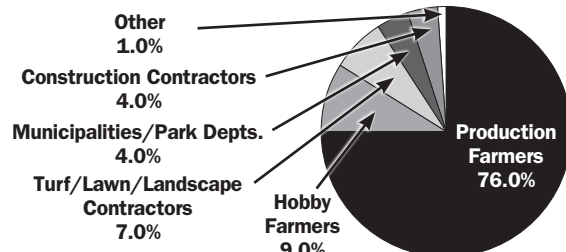
Revenues derived from production farming (75% of total) easily dominates the equipment sales of dealers employing 21-40 employees, while hobby farmers contribute about 10% of sales revenues.

Market Segment Revenue – 41-60 Employees



Dealers with 41-60 employees generated 19% of their sales dollars from the hobby farmer/large property owner market, but rely largely on production farming for nearly 70% of their annual revenues.

Market Segment Revenue – 60+ Employees



The largest dealers derive more than three-quarters (76%) of their annual sales revenues from the production farm segment. Less than 10% of revenues come from hobby farmers.

Major Equipment Supplier Analysis by Market Segment — 2014

AGCO		
Production Farmers	70.0%	
Hobby Farmers	15.0%	
Turf/Lawn/Landscape Contractors	6.0%	
Municipalities/Park Depts	4.0%	
Construction Contractors	3.0%	
Other	1.0%	

Case IH		
Production Farmers	82.0%	
Hobby Farmers	8.0%	
Turf/Lawn/Landscape Contractors	2.0%	
Municipalities/Park Depts	3.0%	
Construction Contractors	3.0%	
Other	2.0%	

John Deere		
Production Farmers	70.0%	
Hobby Farmers	13.0%	
Turf/Lawn/Landscape Contractors	10.0%	
Municipalities/Park Depts	4.0%	
Construction Contractors	3.0%	
Other	1.0%	

New Holland		
Production Farmers	60.0%	
Hobby Farmers	21.0%	
Turf/Lawn/Landscape Contractors	7.0%	
Municipalities/Park Depts	4.0%	
Construction Contractors	7.0%	
Other	1.0%	

Kubota		
Production Farmers	25.0%	
Hobby Farmers	39.0%	
Turf/Lawn/Landscape Contractors	14.0%	
Municipalities/Park Depts	10.0%	
Construction Contractors	8.0%	
Other	4.0%	

Independent		
Production Farmers	52.0%	
Hobby Farmers	15.0%	
Turf/Lawn/Landscape Contractors	14.0%	
Municipalities/Park Depts	5.0%	
Construction Contractors	9.0%	
Other	6.0%	

Segment Analysis by Major Equipment Supplier — 2014

Production Farmers		
Case	82.4%	1
AGCO	70.4%	2
John Deere	70.1%	3
New Holland	60.0%	4
Independent	51.7%	5
Kubota	25.0%	6

Hobby Farmers		
Kubota	38.5%	1
New Holland	20.6%	2
AGCO	15.2%	3
Independent	14.7%	4
John Deere	12.7%	5
Case	7.9%	6

Turf/Lawn/Landscape Contractors		
Kubota	14.1%	1
Independent	13.7%	2
John Deere	9.9%	3
New Holland	7.2%	4
AGCO	6.2%	5
Case	2.3%	6

Municipalities/Parks Dept		
Kubota	10.0%	1
Independent	4.8%	2
New Holland	4.4%	3
AGCO	4.0%	4
John Deere	3.9%	5
Case	2.6%	6

Construction Contractors		
Independent	8.9%	1
Kubota	8.0%	2
New Holland	6.7%	3
AGCO	3.3%	4
Case	2.7%	5
John Deere	2.5%	6

Other		
Independent	6.3%	1
Kubota	4.3%	2
Case	2.1%	3
New Holland	1.1%	4
AGCO	0.9%	5
John Deere	0.9%	6

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: compact 2WD 40 horsepower and smaller tractors; 2WD 40-100 horsepower mid-range tractors, 2WD 100 horsepower and higher row-crop 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–AUGUST 2014														
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-12	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%)
Sep-13	8,527	4,871	3,360	574	17,332	3,934	1,291	7%	7%	7%	(29%)	5%	0%	(27%)
Oct-13	9,665	6,747	5,943	1,228	43,182	7,171	1,671	(2%)	(2%)	5%	(18%)	80%	0%	(28%)
Nov-13	5,628	3,873	2,651	644	12,796	3,295	903	9%	(3%)	6%	2%	4%	5%	25%
Dec-13	7,683	6,944	4,940	962	20,529	5,902	1,547	(7%)	10%	14%	(7%)	4%	12%	36%
Jan-14	4,762	4,172	3,314	631	12,879	3,945	824	1%	1%	12%	(7%)	3%	9%	34%
Feb-14	5,310	3,655	2,423	575	11,963	2,998	526	4%	(2%)	(6%)	(14%)	(1%)	(8%)	(15%)
Mar-14	10,156	5,149	3,157	657	19,119	3,814	906	22%	4%	(9%)	(7%)	10%	(4%)	(24%)
Apr-14	14,163	6,029	3,744	746	24,682	4,490	999	1%	7%	(12%)	(13%)	0%	(12%)	(13%)
May-14	16,815	6,602	2,929	474	26,820	3,403	671	(2%)	4%	(14%)	(15%)	(2%)	(14%)	(24%)
Jun-14	15,198	6,520	2,731	409	24,858	3,140	839	13%	2%	(17%)	(24%)	5%	(18%)	(25%)
Jul-14	11,249	5,943	3,225	389	20,806	3,614	1,035	5%	7%	2%	(21%)	4%	(1%)	(30%)
Aug-14	9,691	5,444	2,575	371	18,081	2,946	946	4%	8%	(10%)	(37%)	2%	(14%)	(24%)

NORTH AMERICAN FARM EQUIPMENT INVENTORY — DECEMBER 2011–JULY 2014

Units								Inventory to 12-month Sales						
	<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%
Aug-13	58,711	30,907	15,063	2,307	107,218	17,370	3,325	52%	49%	36%	26%	47%	34%	23%
Sep-13	60,787	31,714	15,372	2,507	110,380	17,879	3,255	53%	49%	36%	26%	47%	34%	23%
Oct-13	63,364	31,876	14,009	2,094	11,343	16,103	2,222	55%	50%	33%	25%	49%	32%	17%
Nov-13	67,922	33,406	14,847	2,312	118,487	17,159	2,343	59%	53%	35%	27%	52%	34%	18%
Dec-13	67,863	32,028	13,318	2,049	115,258	15,367	2,083	59%	50%	31%	24%	50%	30%	15%
Jan-14	69,111	33,240	12,620	2,028	116,999	14,648	1,681	60%	52%	29%	24%	51%	28%	12%
Feb-14	71,514	34,326	13,267	2,046	121,153	15,313	2,063	62%	54%	31%	25%	53%	30%	15%
Mar-14	71,249	35,256	14,058	2,218	122,781	16,276	2,456	61%	55%	33%	27%	53%	32%	18%
Apr-14	69,986	35,615	13,298	2,117	121,016	15,415	2,467	60%	55%	31%	26%	52%	31%	18%
May-14	66,364	34,755	13,505	2,255	116,879	15,760	2,734	57%	54%	32%	28%	51%	32%	21%
Jun-14	62,025	34,004	14,531	2,294	112,854	16,825	3,101	53%	52%	35%	29%	49%	34%	24%
Jul-14	61,829	34,393	14,836	2,159	113,217	16,995	3,144	52%	52%	36%	27%	49%	35%	25%

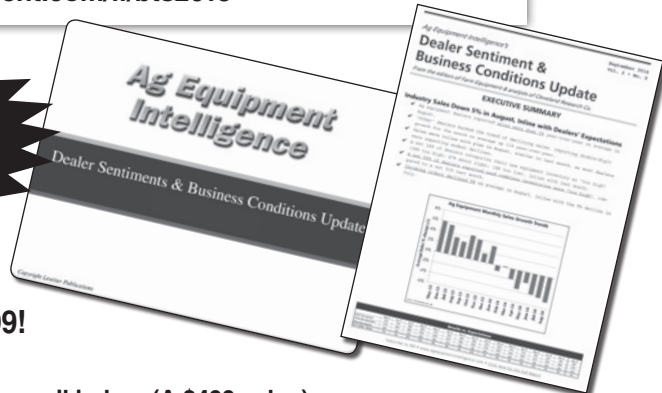
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