

Second Quarter 2015 Earnings Conference Call

22 May 2015

JOHN DEERE

Safe Harbor Statement & Disclosures

The earnings call and accompanying material include forward-looking comments and information concerning the company's plans and projections for the future, including estimates and assumptions with respect to economic, political, technological, weather, market acceptance and other factors that impact our businesses and customers. They also may include financial measures that are not in conformance with accounting principles generally accepted in the United States of America (GAAP). Words such as "forecast," "projection," "outlook," "prospects," "expected," "estimated," "will," "plan," "anticipate," "intend," "believe," or other similar words or phrases often identify forward-looking statements. Actual results may differ materially from those projected in these forward-looking statements based on a number of factors and uncertainties. Additional information concerning factors that could cause actual results to differ materially is contained in the company's most recent Form 8-K and periodic report filed with the U.S. Securities and Exchange Commission, and is incorporated by reference herein. Investors should refer to and consider the incorporated information on risks and uncertainties in addition to the information presented here. Investors should consider non-GAAP financial measures in addition to, and not as a substitute for, financial measures prepared in accordance with GAAP. The company, except as required by law, undertakes no obligation to update or revise its forward-looking statements whether as a result of new developments or otherwise. The call and accompanying materials are not an offer to sell or a solicitation of offers to buy any of the company's securities.

Second Quarter Overview

(in millions of dollars except per share amounts)	Q2 2015	Q2 2014	Change
Net Sales and Revenues	$8,171	$9,948	-18%
Net Sales	$7,399	$9,246	-20%
Net Income Attributable to Deere & Company	$690	$981	-30%
Diluted EPS	$2.03	$2.65	-23%

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Second Quarter Overview
Net Sales

Equipment operations net sales: Down 20% in Q2 2015 vs. Q2 2014

- Price realization: +2 points
- Currency translation: (5) points

Worldwide Agriculture & Turf
Second Quarter Overview

(in millions of dollars)	Q2 2015	Q2 2014	Change
Net Sales	$5,766	$7,646	-25%
Operating Profit*	$639	$1,229	-48%

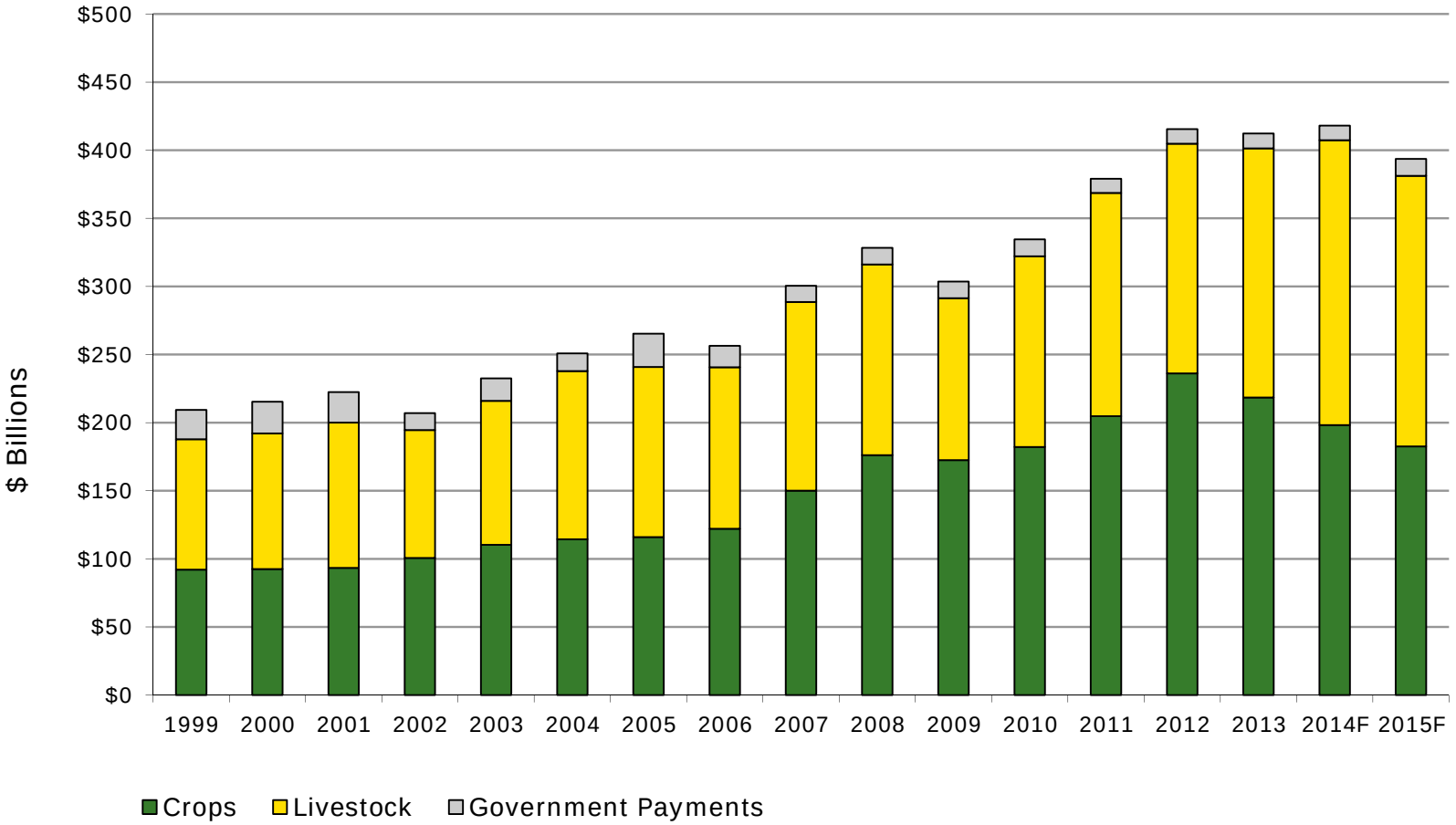
*Q2 2015 operating profit impacted by:

Favorable
- Price Realization
- Selling, Administrative, and General Expenses

Unfavorable
- Shipment Volumes
- Less Favorable Sales Mix
- Foreign-Currency Exchange

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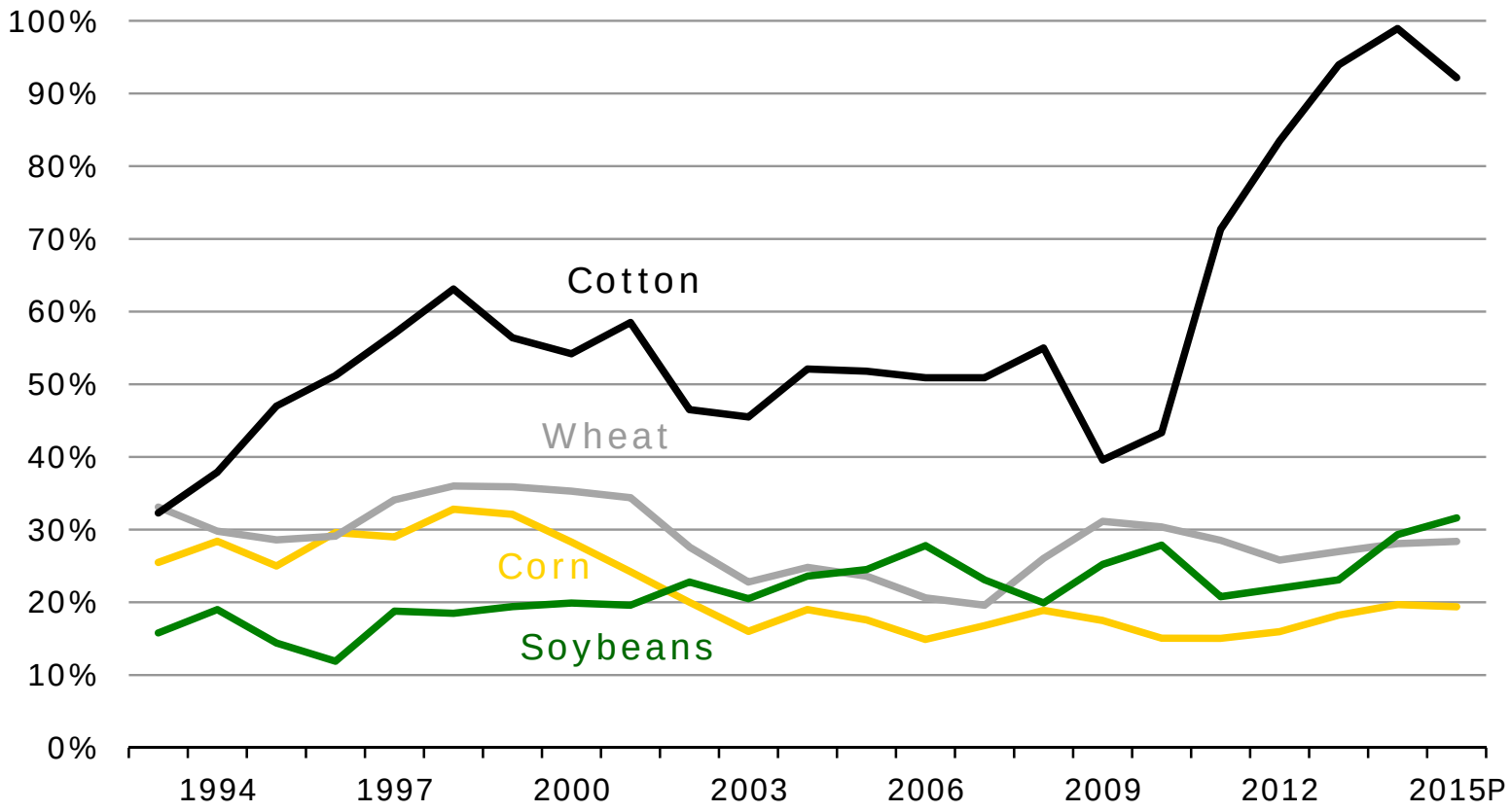
U.S. Farm Cash Receipts



Source: 1999 – 2013: USDA 10 February 2015
2014F – 2015F: Deere & Company Forecast as of 22 May 2015

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World Farm Fundamentals
Global Stocks-to-Use Ratios



Source: USDA – 12 May 2015

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Economic Update
EU 28 – Fiscal 2015

Outlook for economic growth improves slightly

Fluctuating crop prices are expected to stabilize near the long-term average

Livestock margins at sound levels

- Beef prices have stabilized
- Feed costs have eased
- Downward pressure on dairy margins

Deere & Company Forecast as of 22 May 2015

Economic Update
Other Selected Markets – Fiscal 2015

China

- Continued slowdown in economic growth
- Lower commodity prices impacting agricultural economy, somewhat mitigated by domestic supports
- Ongoing subsidies are supportive of agricultural equipment

India

- Increased manufacturing and investment activity supports growth forecast
- Below normal monsoon and lower commodity prices resulting in lower agricultural output

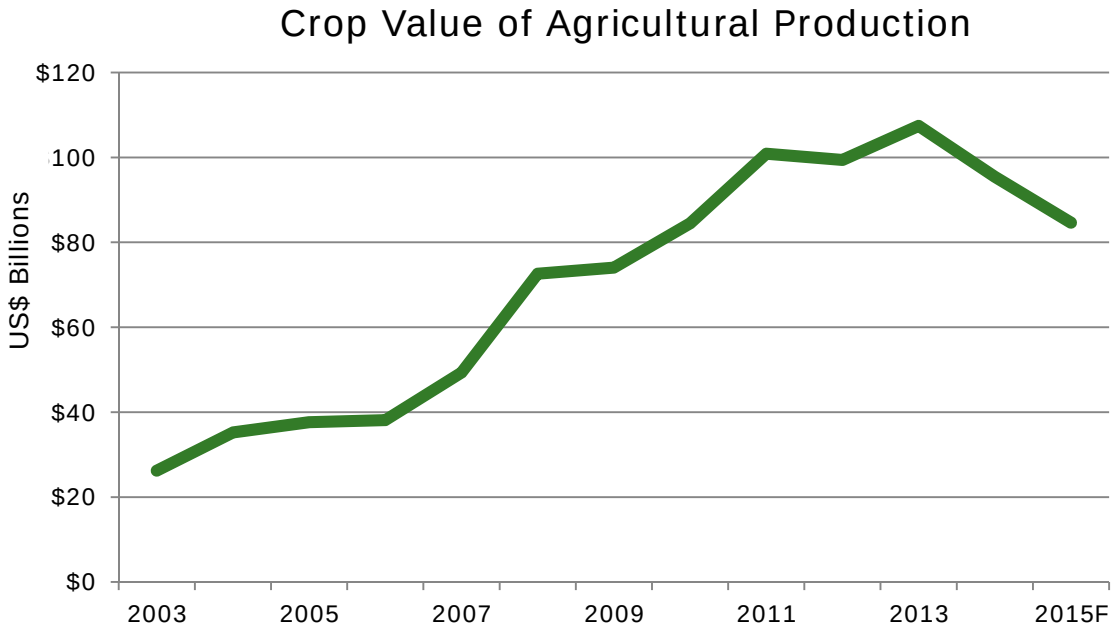
Commonwealth of Independent States (CIS)

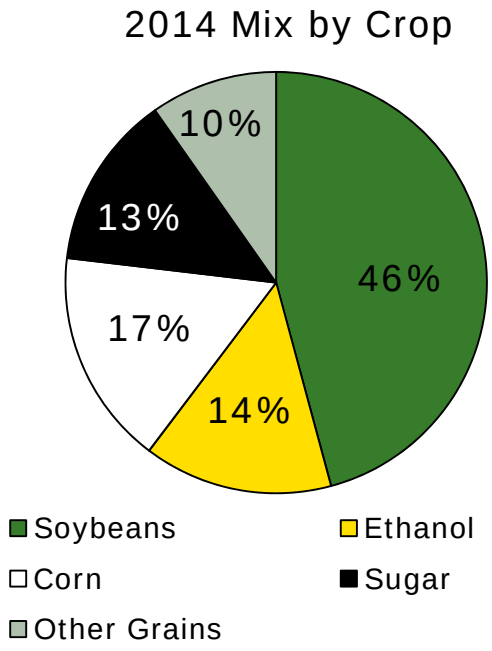
- Continued deterioration of economic growth
- Further tightening of credit conditions
- Foreign-currency exchange and geopolitical uncertainty impacting Western manufacturers

Deere & Company Forecast as of 22 May 2015

Crop Value of Agricultural Production
Brazil

Expected to decrease ~ 11% in 2015 over prior season

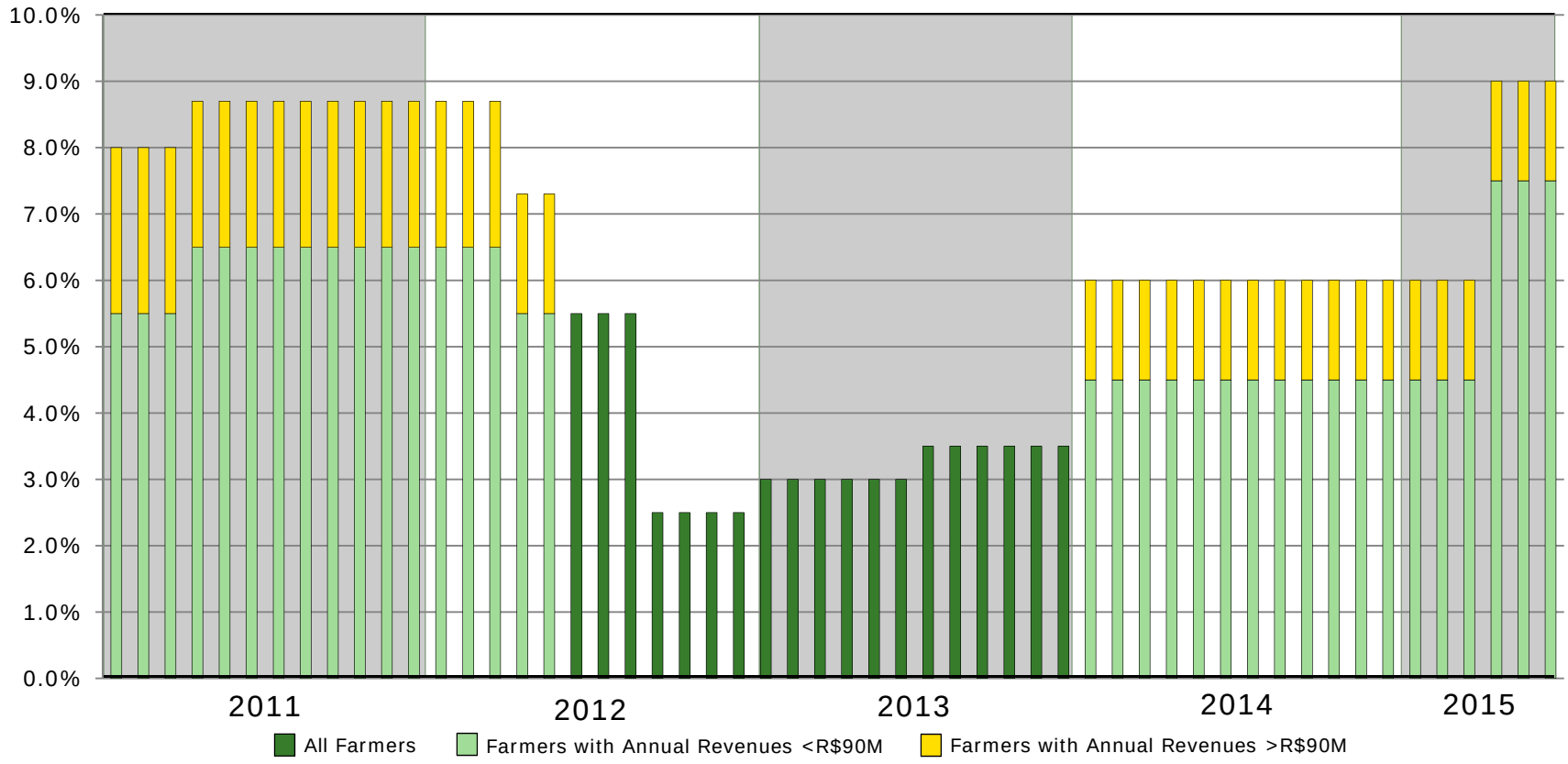




Source: IHS Global Insight, May 2015

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Eligible Finance Rates for Ag Equipment
Brazil



Source: ABIMAQ (Brazilian Association of Machinery and Equipment) and BNDES
PSI-FINAME was the key credit line for machinery acquisition from 2011 – 2014; Moderfrota is the most attractive credit line through June 2015

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Agriculture & Turf Retail Sales
Industry Outlook – Fiscal 2015

	2015 Forecast	Previous Forecast *
U.S. and Canada Ag	Down ~ 25%	Down 25-30%
EU 28 Ag	Down ~ 10%	
South America Ag (Tractors and Combines)	Down 15-20%	Down 10-15%
Asia Ag	Down modestly	Down slightly
CIS Countries Ag	Down significantly	
U.S. and Canada Turf and Utility Equipment	Flat to up 5%	

** If left blank no change between Previous Forecast and Current Forecast*
Deere & Company Forecast as of 22 May 2015 (Previous Forecast as of 20 February 2015)

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Worldwide Agriculture & Turf
Deere & Company Outlook

Fiscal Year 2015 Forecast

- Net sales: Down ~ 24%
  - Currency translation: ~ (5) points
- Previous forecast: Down ~ 23%
  - Currency translation ~ (4) points

Deere & Company Forecast as of 22 May 2015 (Previous Forecast as of 20 February 2015)

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8000 Series Self-Propelled Forage Harvester
SIMA – 2015 Forage Harvester Machine of the Year

- Complete product replacement results in greater efficiency and productivity for livestock, dairy and biogas producers
- Forward-thinking technology, guidance and harvest analysis
- Improved performance, uptime, operator comfort and cost of ownership



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Worldwide Construction & Forestry
Second Quarter Overview

(in millions of dollars)	Q2 2015	Q2 2014	Change
Net Sales	$1,633	$1,600	+2%
Operating Profit*	$189	$132	+43%

Incremental Margin ~ 173%

*Q2 2015 operating profit impacted by:

Favorable
- Price Realization
- Selling, Administrative, and General Expenses

Unfavorable
- Foreign-Currency Exchange

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Worldwide Construction & Forestry
Deere & Company Outlook

Fiscal Year 2015 Forecast

- Net sales: Up ~ 2%
  - Currency translation: ~ (3) points
- Previous forecast: Up ~ 5%
  - Currency translation: ~ (2) points

U.S. Economic Indicators	2015 Forecast	Previous Forecast
GDP Growth (annual percentage rate)*	+2.8%	+3.1%
Housing Starts (thousands)	1,120	1,163
Total Construction Investment (annual percentage rate)*	+0.3%	+4.1%
Government Spending Growth (annual percentage rate)*	+1.2%	+2.4%

Source: Global Insight, Calendar Year Estimates – April 2015
** Change from prior year in real dollars*

Deere & Company Forecast as of 22 May 2015 (Previous Forecast as of 20 February 2015)

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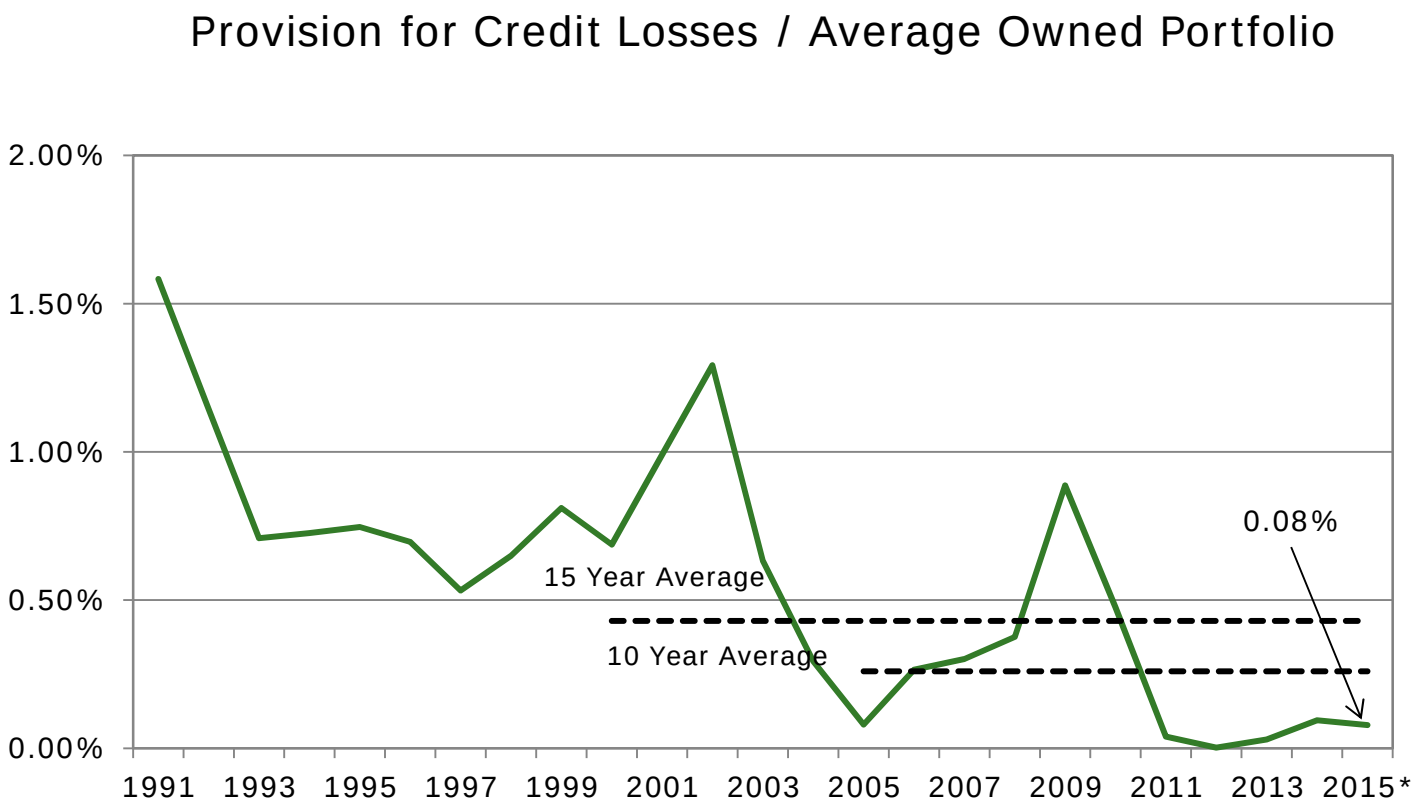
1050K Crawler Dozer
Increased Power and Productivity

- First Deere-built production class dozer
- Exclusive dual-path hydrostatic transmission for machine-size class
- Superior power-to-weight ratio provides traction needed to push more material
- John Deere WorkSight telematics optimizes machines, uptime and jobsites



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Worldwide Financial Services
Credit Loss History



** Annualized provision for credit losses as of 30 April 2015*

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Worldwide Financial Services

Second Quarter 2015

- Net income attributable to Deere & Company
  - $170 million in Q2 2015 vs. $148 million in Q2 2014

Fiscal Year 2015 Forecast

- Net income attributable to Deere & Company of ~ $630 million
- No change from previous forecast

Deere & Company Forecast as of 22 May 2015 (Previous Forecast as of 20 February 2015)

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Consolidated Trade Receivables & Inventory

(in millions of dollars)	Q2 2015* Actual	2015** Forecast	2015** Previous Forecast
A&T	↓ $1,963	↓ $1,000	↓ $525
C&F	↑ $335	↑ $400	↑ $625
Total, as reported	↓ $1,628	↓ $600	↑ $100
Total, constant exchange	↓ $965	↓ $200	↑ $325

** Change at 30 April 2015 vs. 30 April 2014*
*** Forecasted change at 31 October 2015 vs. 31 October 2014*
Deere & Company Forecast as of 22 May 2015 (Previous Forecast as of 20 February 2015)

Cost of Sales as a Percent of Net Sales
Equipment Operations

Second Quarter 2015

- ~ 77%

Fiscal Year 2015 Forecast

- ~ 78%
- No change from previous forecast

Deere & Company Forecast as of 22 May 2015 (Previous Forecast as of 20 February 2015)

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Research & Development Expense
Equipment Operations

Second Quarter 2015

- Down ~ 4% vs. Q2 2014
  - Currency translation: ~ (3) points

Fiscal Year 2015 Forecast

- Down ~ 1% vs. FY 2014
  - Currency translation: ~ (3) points
- Previous forecast: Down ~ 1% vs. FY 2014
  - Currency translation: ~ (2) points

Deere & Company Forecast as of 22 May 2015 (Previous Forecast as of 20 February 2015)

Selling, Administrative & General Expense
Equipment Operations

Second Quarter 2015

- Down ~ 14% vs. Q2 2014
  - Currency translation: ~ (4) points

Fiscal Year 2015 Forecast

- Down ~ 11% vs. FY 2014
  - JD Landscapes and JD Water: ~ (2) points
  - Currency translation: ~ (4) points
- Previous forecast: Down ~ 9% vs. FY 2014
  - JD Landscapes and JD Water: ~ (2) points
  - Currency translation: ~ (3) points

Deere & Company Forecast as of 22 May 2015 (Previous Forecast as of 20 February 2015)

Pension and OPEB Expense

Second Quarter 2015

- Up ~ $15 million vs. Q2 2014

Fiscal Year 2015 Forecast

- Up ~ $70 million vs. FY 2014
- Previous forecast: Up ~ $80 million vs. FY 2014

Deere & Company Forecast as of 22 May 2015 (Previous Forecast as of 20 February 2015)

Income Taxes
Equipment Operations

Second Quarter 2015

- Effective tax rate: ~ 30%

Year to Date 2015

- Effective tax rate: ~ 30%

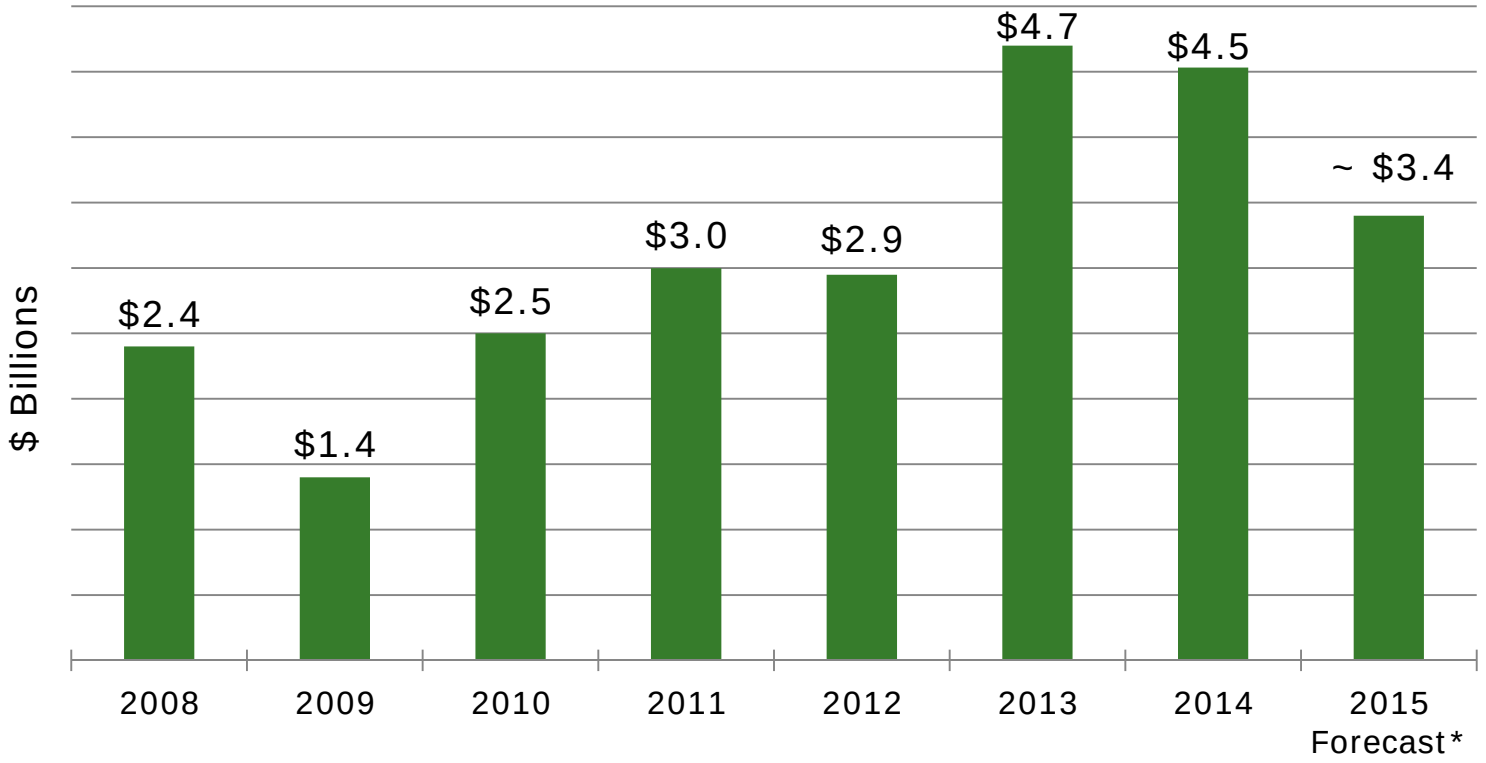
Rest of Year 2015 Forecast

- Effective tax rate: 34-36%

Deere & Company Forecast as of 22 May 2015

Strong Operating Performance
Equipment Operations

Fiscal Year Cash Flows from Operations



** Previous forecast ~ $3.3 billion*

Deere & Company Forecast as of 22 May 2015 (Previous Forecast as of 20 February 2015)

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2015 Company Outlook

Third Quarter 2015 Forecast

- Net sales: Down ~ 17% vs. Q3 2014
  - Price realization: ~ +2 points
  - Currency translation ~ (6) points

Deere & Company Forecast as of 22 May 2015

2015 Company Outlook

Fiscal Year 2015 Forecast

- Net sales: Down ~ 19% vs. FY 2014
  - Price realization: ~ +2 points
  - Currency translation: ~ (4) points
- Previous forecast: Down ~ 17% vs. FY 2014
  - Price realization: ~ +2 points
  - Currency translation ~ (3) points
- Net income attributable to Deere & Company of ~ $1.9 billion
- Previous forecast ~ $1.8 billion

Deere & Company Forecast as of 22 May 2015 (Previous Forecast as of 20 February 2015)

Appendix

The John Deere Strategy

OUR PURPOSE: Committed to those linked to the land

OUR ASPIRATIONS Realizing sustainable SVA growth through global expansion

Global Agricultural Equipment Solutions Preeminence	Globally Diverse Construction Equipment Solutions	$50B Sales (2018 @ Mid-Cycle)	12% Operating Margins (@ Mid-Cycle)	2.5 Asset Turns (2018 @ Mid-Cycle)

INTEGRATED ENTERPRISE Leveraging the strengths and unique capabilities of three types of businesses

Global Growth Businesses	Complementary Businesses	Supporting Businesses

CRITICAL SUCCESS FACTORS Developing the capabilities essential to reaching our goals

Deep Customer Understanding	Deliver Customer Value	World-Class Distribution System	Grow Extraordinary Global Talent

FOUNDATIONAL SUCCESS FACTORS Building on the core strengths that have guided our success

Exceptional Operating Performance	Disciplined SVA Growth	Aligned High-Performance Teamwork

MEASURES Delivering results today, within each business, while building for the future

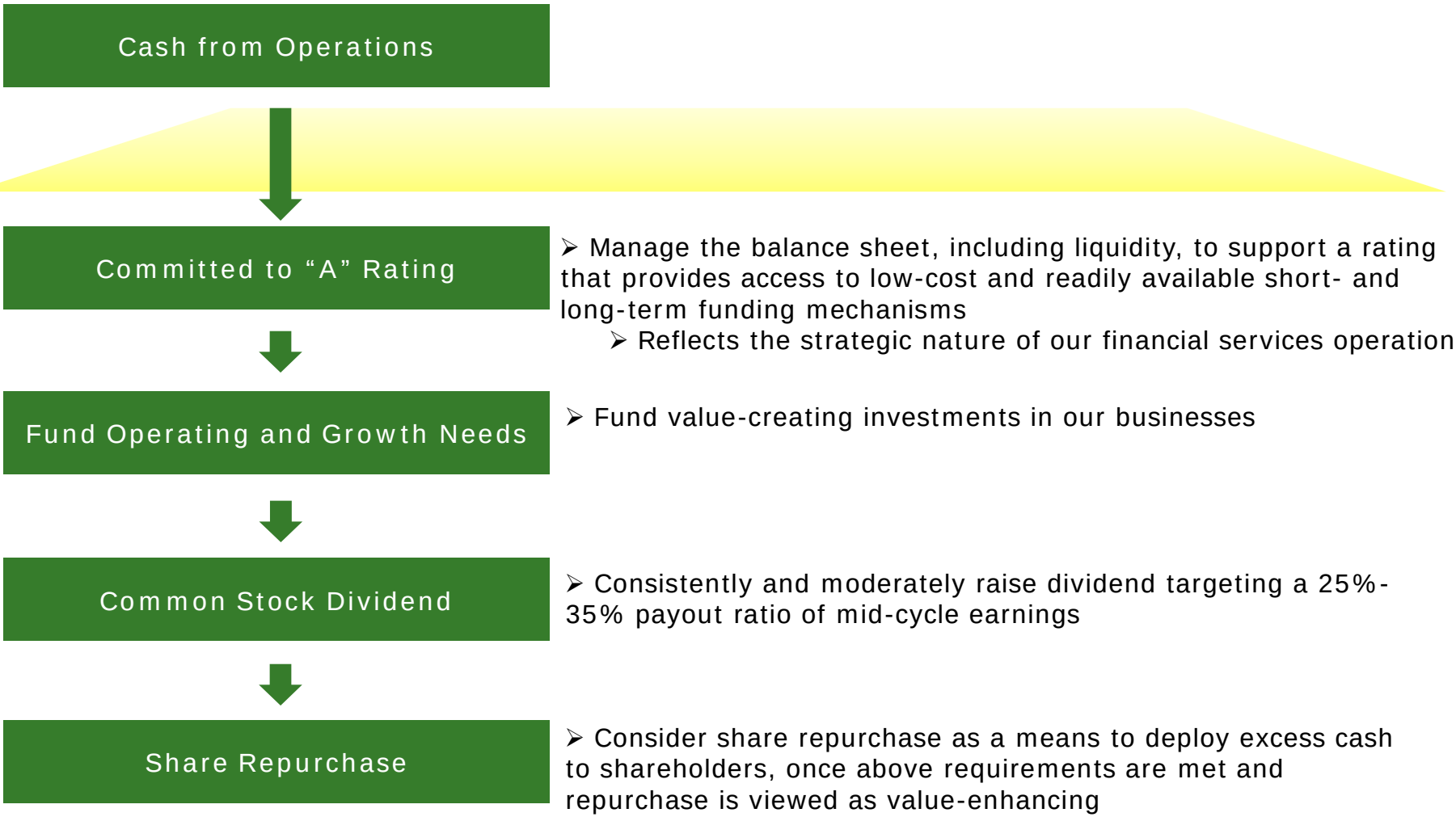
Performance	Health

JOHN DEERE VALUES Unwavering adherence to the values that unite – and differentiate – us

Integrity	Quality	Commitment	Innovation

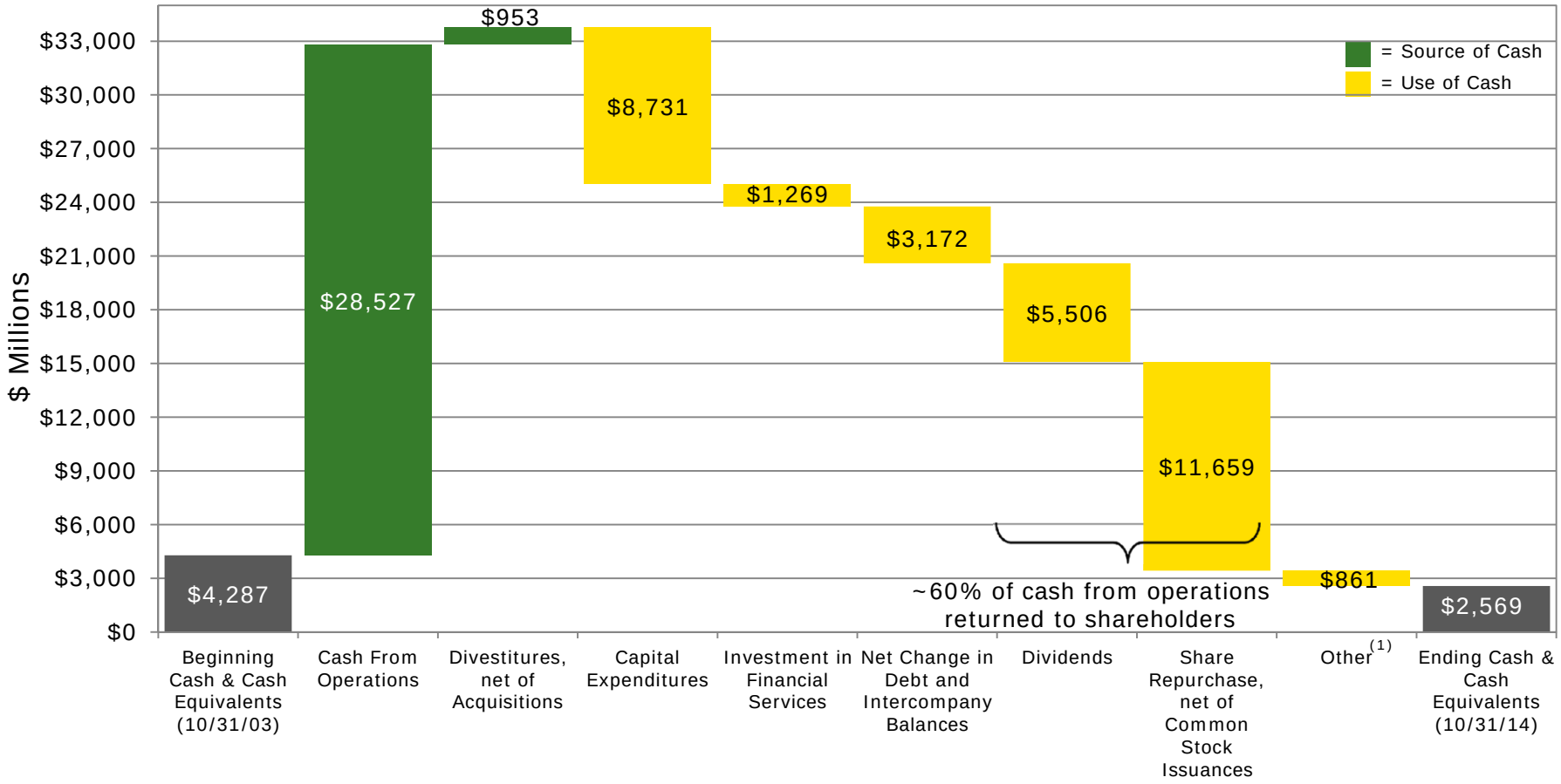
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Deere Use-of-Cash Priorities



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Sources and Uses of Cash Fiscal 2004–2014
Equipment Operations

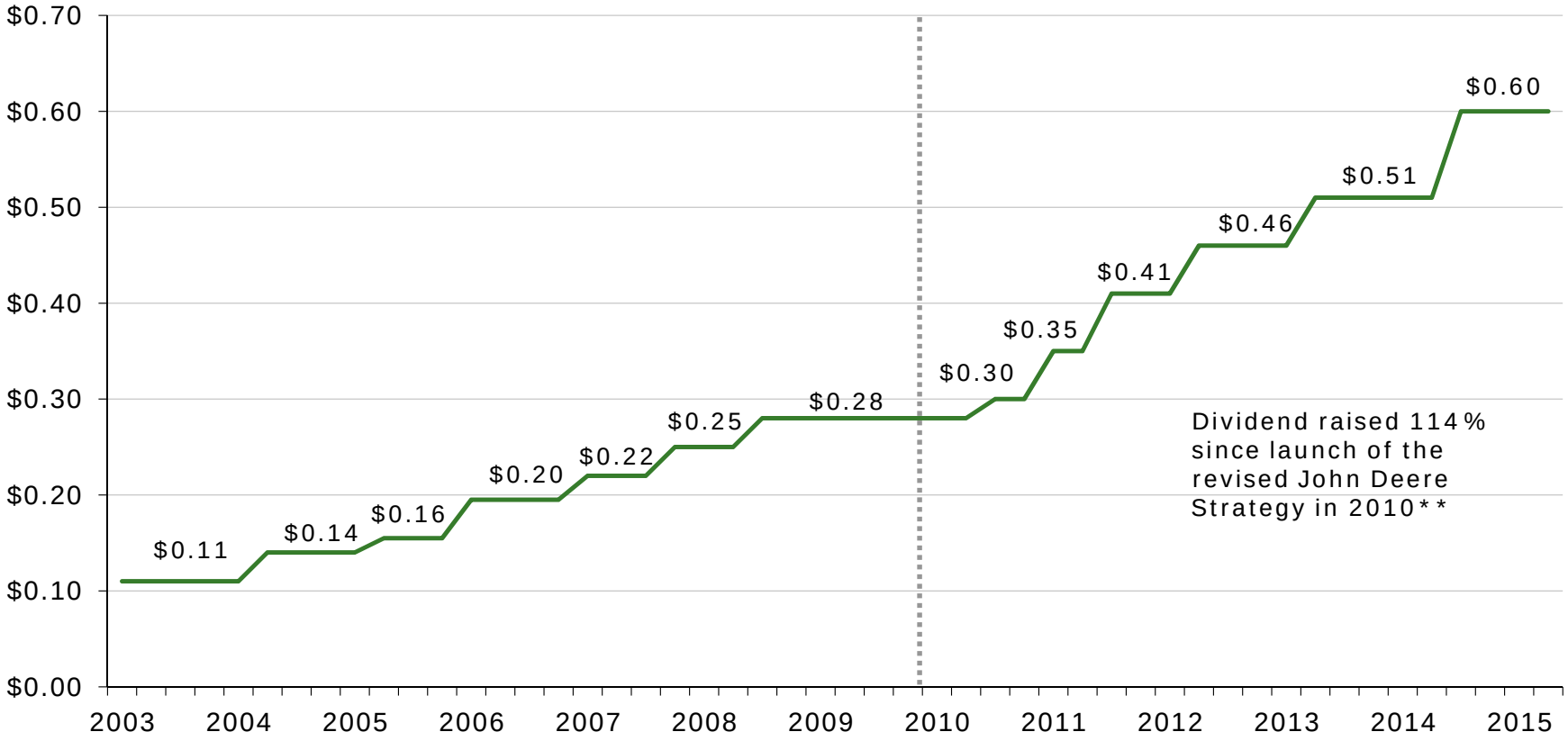


(1) Other includes proceeds from maturities and sales of marketable securities and purchases of marketable securities and reconciliation for non-cash items including excess tax benefits from share-based compensation and the effect of exchange rates on cash and cash equivalents

Source: Deere & Company SEC filings

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Deere Quarterly Dividends Declared*
Q1 2003 – Q2 2015



** Adjusted for 2 for 1 stock split on 26 November 2007*
*** See revised John Deere Strategy in Appendix*

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Share Repurchase
As Part of Publicly Announced Plans

Cumulative cost of repurchases 2004-2Q2015:	~ $14.6 billion
Amount remaining on December 2013 authorization of $8 billion:	~ $5.1 billion
30 April 2015 period ended basic shares:	~ 333.9 million
2Q2015 average diluted shares:	~ 339.7 million
Shares repurchased 2004-2Q2015:	~ 223.7 million
Average repurchase price 2004-2Q2015:	$65.29

Actual	Shares Repurchased* *(in millions)*	Total Amount** *(in billions)*
2004	5.9	$0.2
2005	27.7	$0.9
2006	34.0	$1.3
2007	25.7	$1.5
2008	21.2	$1.7
2009	0.0	$0.0
2010	5.2	$0.4
2011	20.8	$1.7
2012	20.2	$1.6
2013	18.2	$1.5
2014	31.5	$2.7
2015 YTD	13.3	$1.2

** All shares adjusted for two-for-one stock split effective 26 November 2007*
*** Rounded totals for each period – sum may not tie to cumulative cost of repurchases 2004-2Q2015*

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Other Information
Equipment Operations

Fiscal Year 2015 Forecast

- Capital Expenditures: ~ $825 million
  - Previous forecast: ~ $850 million
- Depreciation and Amortization: ~ $800 million
  - No change from previous forecast
- Pension/OPEB Contributions: ~ $100 million
  - No change from previous forecast

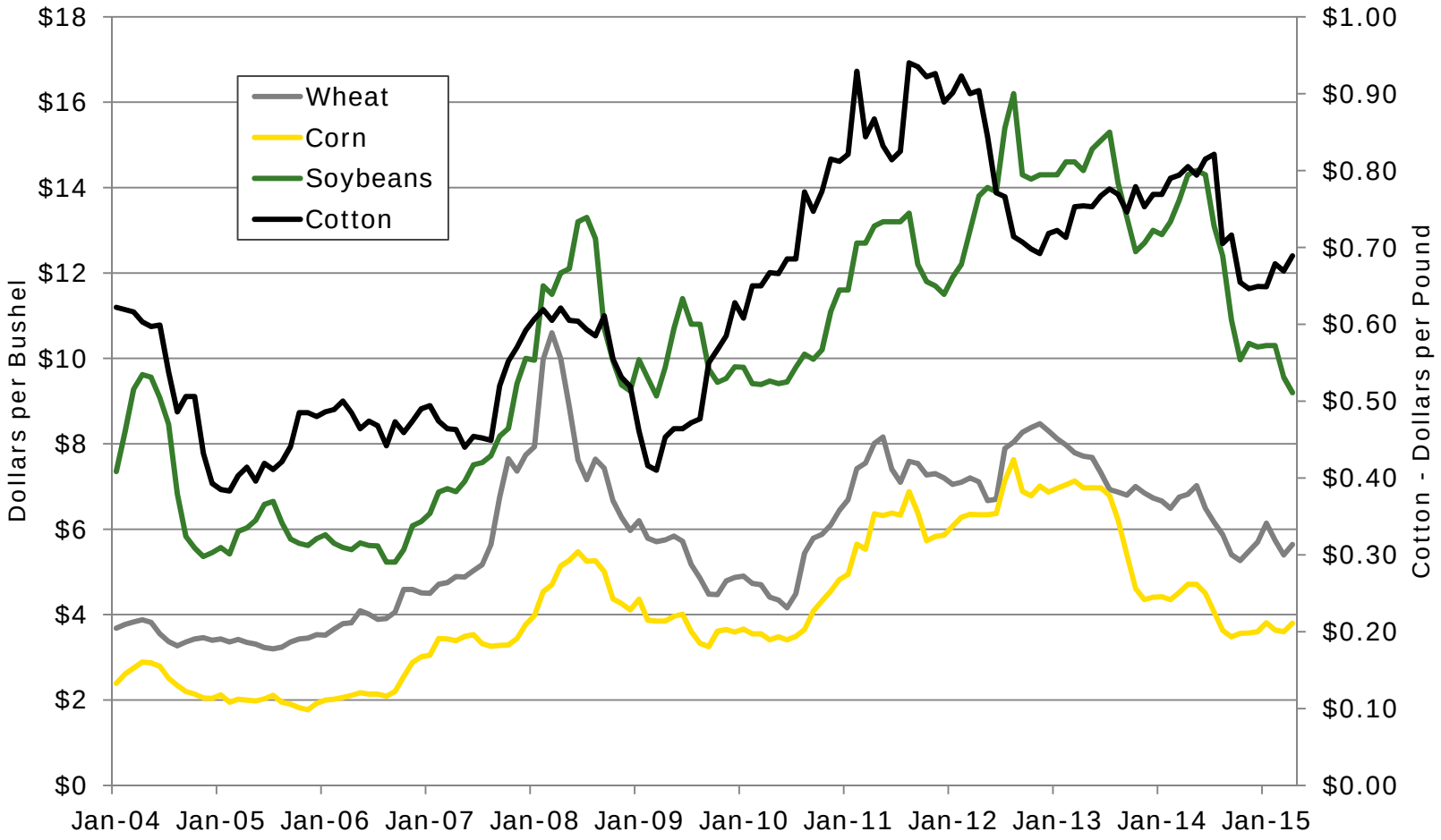
Deere & Company Forecast as of 22 May 2015 (Previous Forecast as of 20 February 2015)

U.S. Farm Commodity Prices

(dollars per bushel, except cotton, which is dollars per pound)	2013/14	2014/15 Estimate	Previous 2014/15	2015/16 Projection
Corn	$4.46	$3.65	$3.85	$3.75
Wheat	$6.87	$6.00	$6.10	$5.10
Soybeans	$13.00	$10.05	$9.85	$8.90
Cotton	$.78	$.60	$.62	$.60

Deere & Company Forecast as of 22 May 2015 (Previous Forecast as of 20 February 2015)

U.S. Farm Commodity Prices



Source: USDA

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U.S. Acres Planted and Crop Yields

(Yield in bushels per acre, except cotton, which is pounds per acre)	Acres Planted *(millions)*		Yield	
	2014/15 Estimate	2015/16 Projection	2014/15 Estimate	2015/16 Projection
Corn	90.6	89.2	171.0	166.8
Wheat	56.8	55.4	43.7	43.7
Soybeans	83.7	84.6	47.8	46.0
Cotton	11.0	9.6	838	810

Deere & Company Forecast as of 22 May 2015

U.S. Farm Cash Receipts

(in billions of dollars)	2013	2014 Forecast	Previous 2014	2015 Forecast	Previous 2015
Crops	$218.5	$198.2	$198.2	$182.5	$182.8
Livestock	$182.8	$209.1	$209.2	$198.7	$199.0
Government Payments	$11.0	$10.8	$10.7	$12.4	$12.4
Total Cash Receipts	$412.3	$418.1	$418.1	$393.6	$394.2

Deere & Company Forecast as of 22 May 2015 (Previous Forecast as of 20 February 2015)

U.S. Net Farm Cash Income

(in billions of dollars)	2013	2014 Forecast	Previous 2014	2015 Forecast	2015 Forecast
Total Cash Receipts	$412.3	$418.1	$418.1	$393.6	$394.2
Other Farm-Related Income	$31.5	$27.3	$27.3	$25.4	$25.3
Gross Cash Income	$443.8	$445.4	$445.4	$419.0	$419.5
Cash Expenses	($312.7)	($330.3)	($330.3)	($320.0)	($320.0)
Net Cash Income	$131.1	$115.1	$115.1	$99.0	$99.5

Deere & Company Forecast as of 22 May 2015 (Previous Forecast as of 20 February 2015)

April 2015 Retail Sales and Dealer Inventories

Retail Sales		
U.S. and Canada Ag	Industry*	Deere**
Utility Tractors	↑ 7%	↑ less than the industry
Row-Crop Tractors	↓ 17%	↓ more than the industry
4WD Tractors	↓ 42%	in line with the industry
Combines	↓ 33%	↓ slightly less than the industry

Deere Dealer Inventories***		
U.S. and Canada Ag	2015	2014
Row-Crop Tractors	23%	18%
Combines	17%	14%

* *As reported by the Association of Equipment Manufacturers*
** *As reported to the Association of Equipment Manufacturers*
*** *At 30 April – in units as a % of trailing 12 months retail sales, as reported to the Association of Equipment Manufacturers*

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April 2015 Retail Sales

EU 28	Deere*
Tractors	↓ single digit
Combines	↓ double digits

U.S. and Canada	Deere*
Selected Turf & Utility Equipment	↑ double digits

U.S. and Canada – Construction & Forestry	Deere*
First-in-the-Dirt	↑ double digits
Settlements	↑ double digits

** Based on internal sales reports*

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Deere's third quarter 2015 conference call
is scheduled for 9:00 a.m. central time
on Friday, August 21, 2015



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