




First Quarter 2016 Earnings Conference Call

19 February 2016

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.

First Quarter Overview

(in millions of dollars except per share amounts)	Q1 2016	Q1 2015	Change
Net Sales and Revenues	$5,525	$6,383	-13%
Net Sales	$4,769	$5,605	-15%
Net Income Attributable to Deere & Company	$254	$387	-34%
Diluted EPS	$0.80	$1.12	-29%

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First Quarter Overview
Net Sales

Equipment operations net sales: Down 15% in Q1 2016 vs. Q1 2015

- Price realization: +2 points
- Currency translation: (4) points

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Worldwide Agriculture & Turf
First Quarter Overview

(in millions of dollars)	Q1 2016	Q1 2015	Change
Net Sales	$3,600	$4,081	-12%
Operating Profit*	$144	$268	-46%

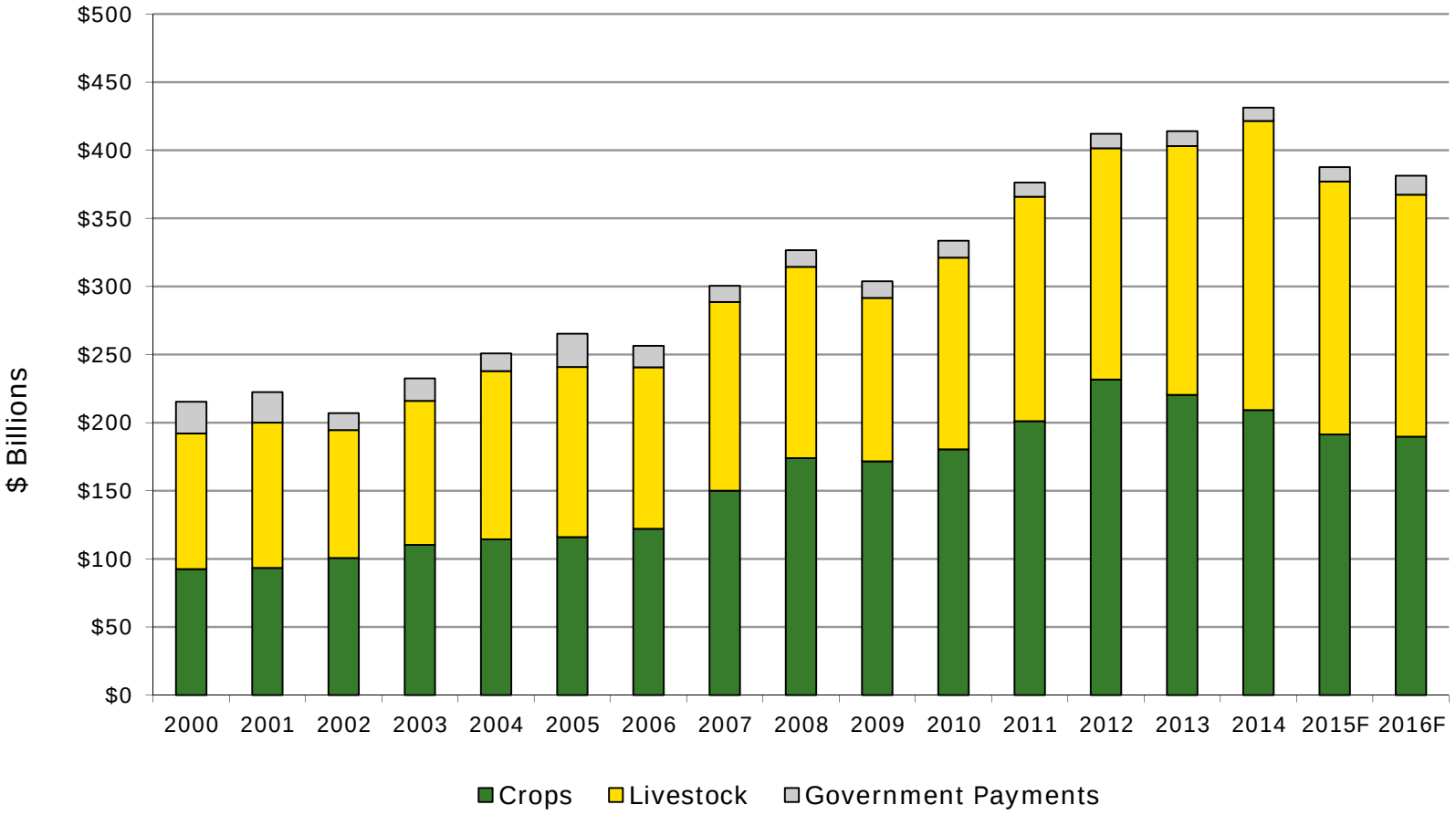
*Q1 2016 operating profit impacted by:

Favorable
- Price Realization
- Selling, Administrative & General Expenses
- Production Costs

Unfavorable
- Shipment Volumes
- Foreign-Currency Exchange
- Product Mix

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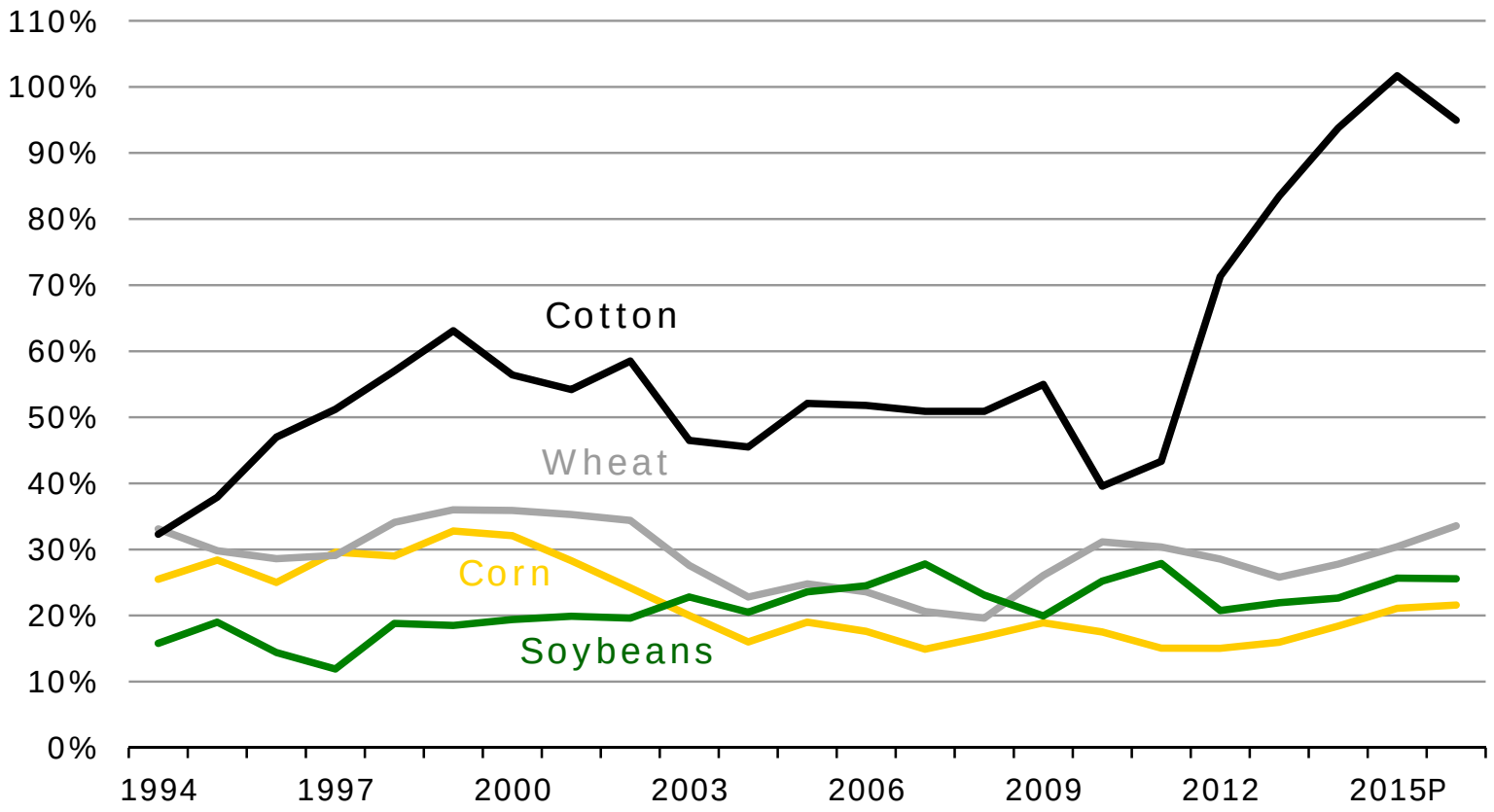
U.S. Farm Cash Receipts



Source: 2000 – 2014: USDA 9 February 2016
2015F – 2016F: Deere & Company Forecast as of 19 February 2016

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World Farm Fundamentals
Global Stocks-to-Use Ratios



Source: USDA – 9 February 2016

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Economic Update
EU 28 – Fiscal 2016

Economic activity gradually improving

Arable income remains under pressure

Continued weakness in dairy sector

Beef prices remain solid, pork prices at low levels

Deere & Company Forecast as of 19 February 2016

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Economic Update
Other Selected Markets – Fiscal 2016

China

- Slower economic growth continues
- Value of agricultural production expected to be flat
- Mechanization trends remain positive, however, changes in subsidies are causing uncertainty

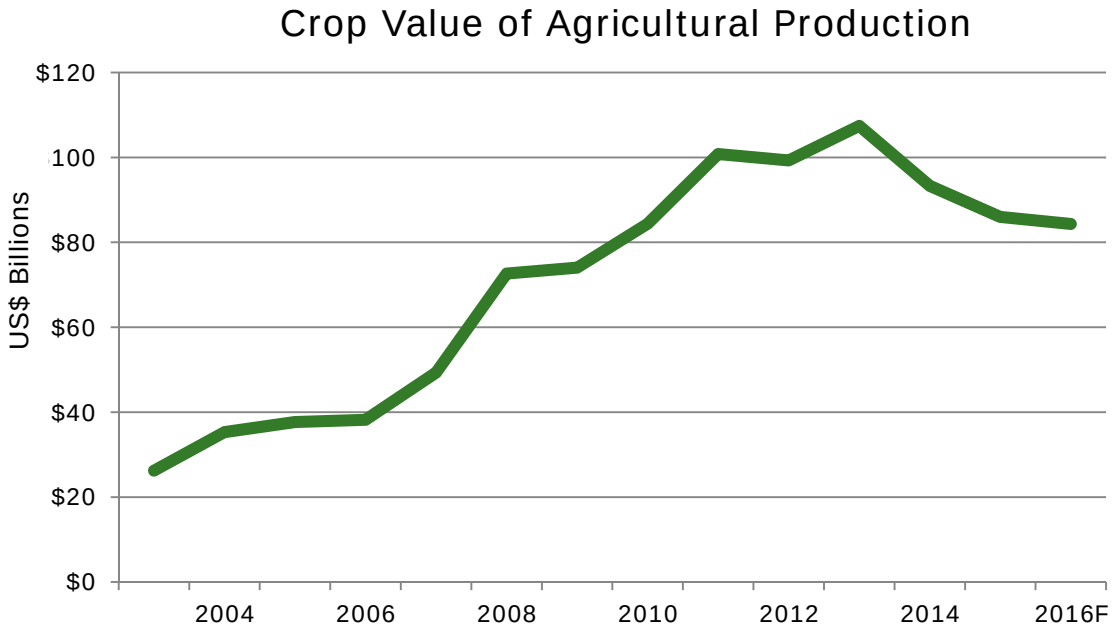
India

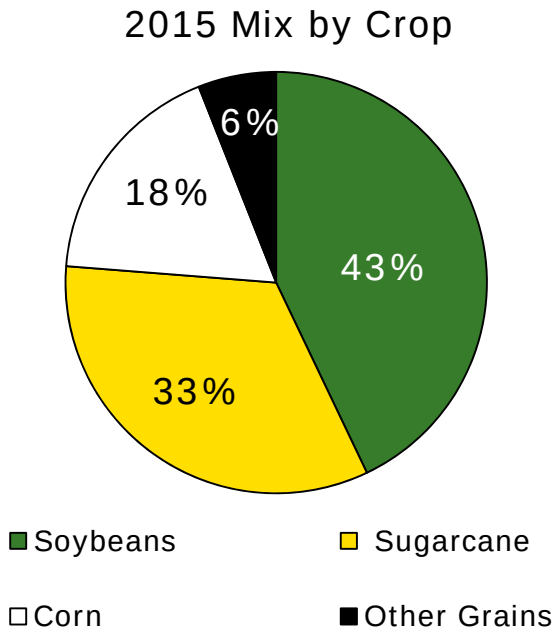
- Government continues to support the agricultural sector
- Value of agricultural production expected to be down
- Two consecutive below normal monsoon seasons impacting farm incomes

Deere & Company Forecast as of 19 February 2016

Crop Value of Agricultural Production
Brazil

Expected to decrease ~ 2% in 2016 over prior season





Source: IHS Global Insight, February 2016

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Agriculture & Turf Retail Sales
Industry Outlook – Fiscal 2016

	2016 Forecast	Previous Forecast
U.S. and Canada Ag	Down 15-20%	No change between Previous Forecast and Current Forecast
EU 28 Ag	Flat to down 5%	
South America Ag (Tractors and Combines)	Down 10-15%	
Asia Ag	Flat to down slightly	
U.S. and Canada Turf and Utility Equipment	Flat to up 5%	

Deere & Company Forecast as of 19 February 2016 (Previous Forecast as of 25 November 2015)

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Worldwide Agriculture & Turf
Deere & Company Outlook

Fiscal Year 2016 Forecast

- Net sales: Down ~ 10%
  - Currency translation: ~ (4) points
- Previous forecast: Down ~ 8%
  - Currency translation: ~ (2) points

Deere & Company Forecast as of 19 February 2016 (Previous Forecast as of 25 November 2015)

Worldwide Construction & Forestry
First Quarter Overview

(in millions of dollars)	Q1 2016	Q1 2015	Change
Net Sales	$1,169	$1,524	-23%
Operating Profit*	$70	$146	-52%

*Q1 2016 operating profit impacted by:

Favorable
- Price Realization
- Selling, Administrative & General Expenses

Unfavorable
- Shipment Volumes

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Worldwide Construction & Forestry
Deere & Company Outlook

Fiscal Year 2016 Forecast

- Net sales: Down ~ 11%
  - Currency translation: ~ (2) points
- Previous forecast: Down ~ 5%
  - Currency translation: ~ (1) point

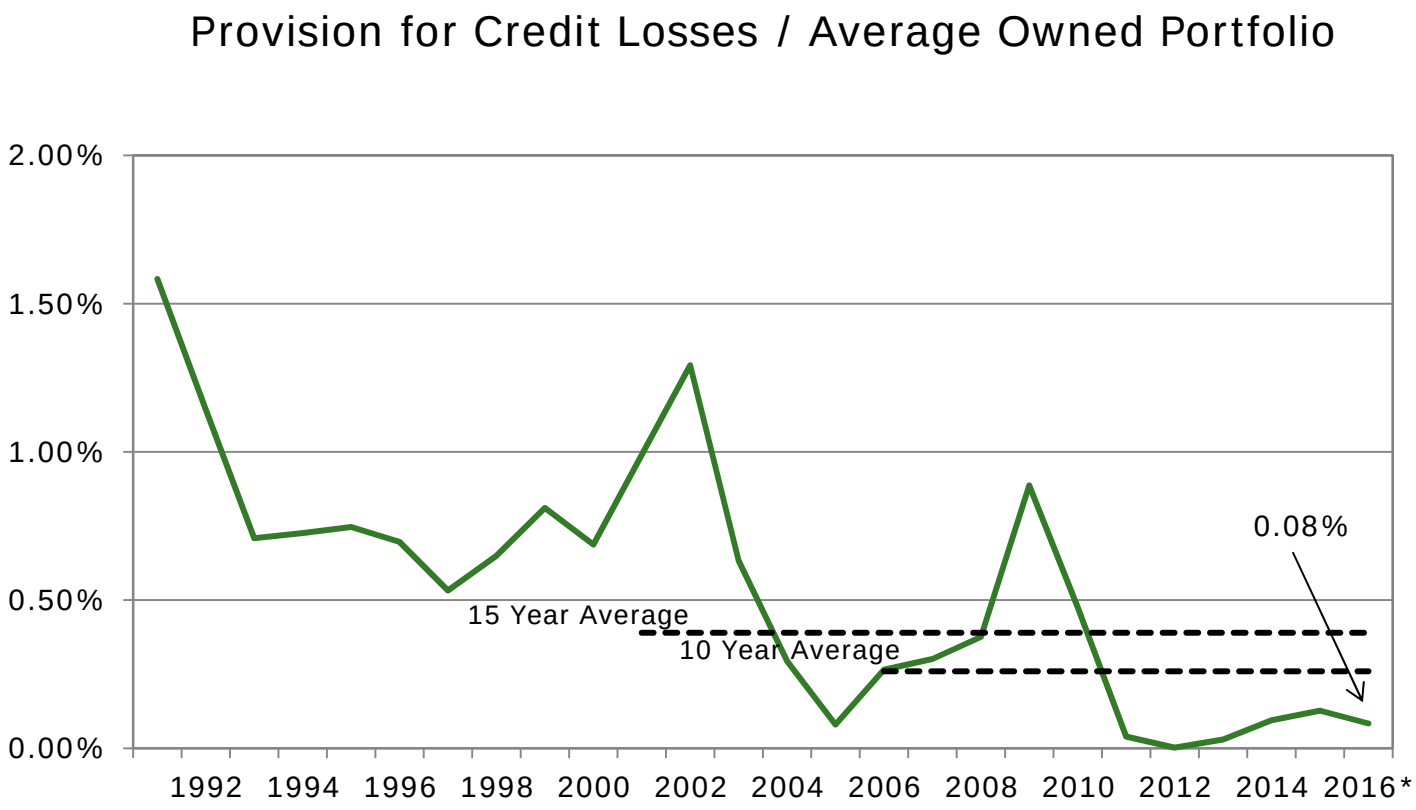
U.S. Economic Indicators	2016 Forecast	Previous Forecast
GDP Growth (annual percentage rate)*	+2.7%	+2.9%
Housing Starts (thousands)	1,220	1,277
Total Construction Investment (annual percentage rate)*	+3.9%	+6.0%
Government Construction Investment (annual percentage rate)*	+3.8%	+1.1%

Source: IHS Global Insight, Calendar Year Estimates – January 2016
** Change from prior year in real dollars*

Deere & Company Forecast as of 19 February 2016 (Previous Forecast as of 25 November 2015)

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Worldwide Financial Services
Credit Loss History



** Annualized provision for credit losses as of 31 January 2016*

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Worldwide Financial Services

First Quarter 2016

- Net income attributable to Deere & Company
  - $129 million in Q1 2016 vs. $157 million in Q1 2015

Fiscal Year 2016 Forecast

- Net income attributable to Deere & Company of ~ $525 million
  - Previous forecast: ~ $550 million

Deere & Company Forecast as of 19 February 2016 (Previous Forecast as of 25 November 2015)

Consolidated Trade Receivables & Inventory

(in millions of dollars)	Q1 2016* Actual	2016** Forecast	2016** Previous Forecast
A&T	↓ $241	↓ $250	↓ $425
C&F	↑ $36	↓ $300	↓ $225
Total, as reported	↓ $205	↓ $550	↓ $650
Total, constant exchange	↑ $183	↓ $475	↓ $625

** Change at 31 January 2016 vs. 31 January 2015*
*** Forecasted change at 31 October 2016 vs. 31 October 2015*
Note: Before the sale of receivables to John Deere Financial
Deere & Company Forecast as of 19 February 2016 (Previous Forecast as of 25 November 2015)

Cost of Sales as a Percent of Net Sales
Equipment Operations

First Quarter 2016

- 81%

Fiscal Year 2016 Forecast

- ~ 79%
- No change from previous forecast

Deere & Company Forecast as of 19 February 2016 (Previous Forecast as of 25 November 2015)

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Research & Development Expense
Equipment Operations

First Quarter 2016

- Down 4% vs. Q1 2015
  - Currency translation: ~ (2) points

Fiscal Year 2016 Forecast

- Down ~ 3% vs. FY 2015
  - Currency translation: ~ (1) point
- Previous forecast: Down ~ 3% vs. FY 2015

Deere & Company Forecast as of 19 February 2016 (Previous Forecast as of 25 November 2015)

Selling, Administrative & General Expense
Equipment Operations

First Quarter 2016

- Down 11% vs. Q1 2015
  - Currency translation: ~ (5) points
  - Incentive compensation: ~ (2) points
  - Pension/OPEB: ~ (1) point

Fiscal Year 2016 Forecast

- Down ~ 4% vs. FY 2015
  - Currency translation: ~ (3) points
  - Pension/OPEB: ~ (2) points
  - Incentive compensation: ~ (1) point
- Previous forecast: Down ~ 1% vs. FY 2015
  - Currency translation: ~ (2) points
  - Pension/OPEB: ~ (2) points

Deere & Company Forecast as of 19 February 2016 (Previous Forecast as of 25 November 2015)

Pension and OPEB Expense

First Quarter 2016

- Down $44 million vs. Q1 2015

Fiscal Year 2016 Forecast

- Down ~ $200 million vs. FY 2015
- No change from previous forecast

Deere & Company Forecast as of 19 February 2016 (Previous Forecast as of 25 November 2015)

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Income Taxes
Equipment Operations

First Quarter 2016

- Effective tax rate: 20%

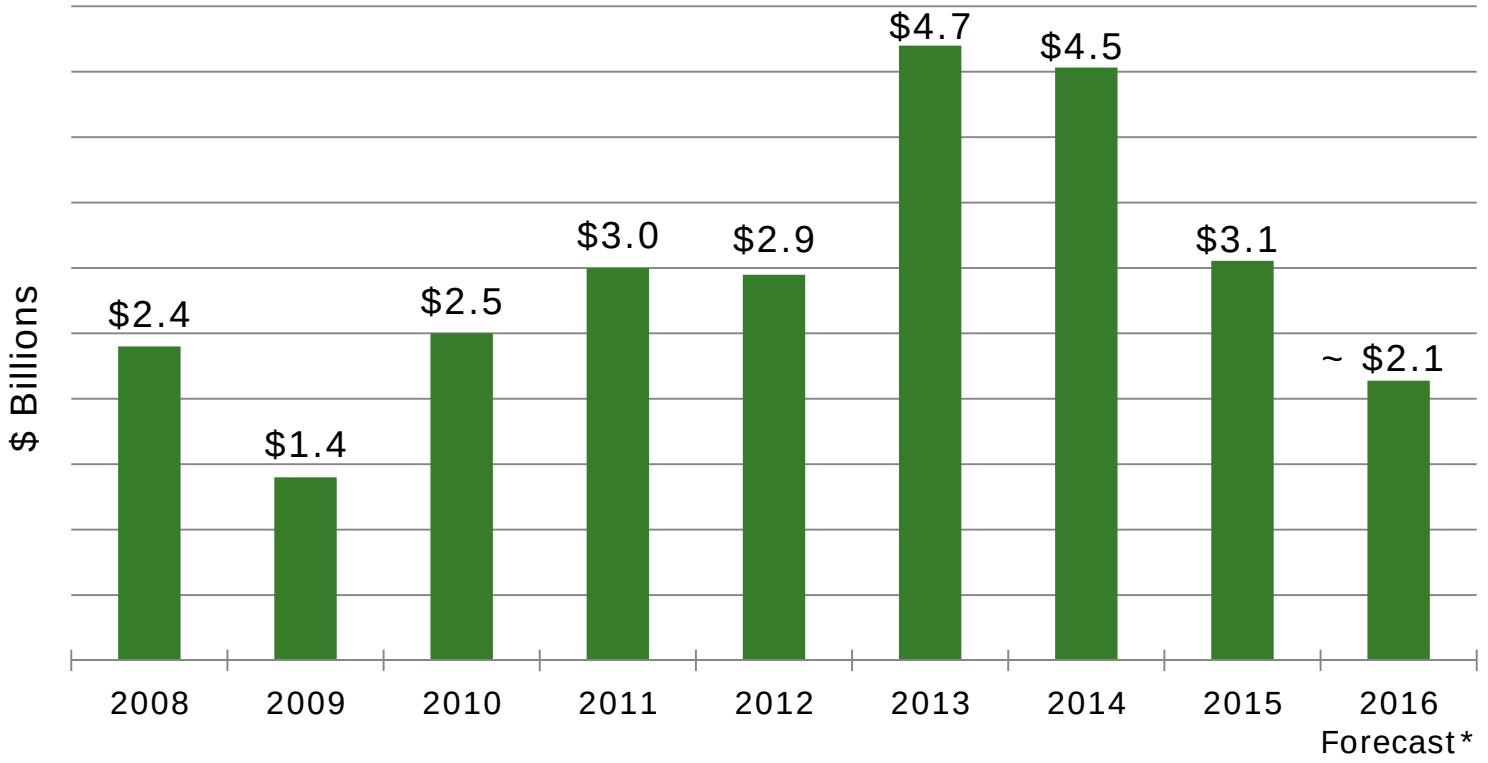
Fiscal Year 2016 Forecast

- Effective tax rate: 33-35%
  - Previous forecast: 34-36%

Deere & Company Forecast as of 19 February 2016 (Previous Forecast as of 25 November 2015)

Strong Operating Performance
Equipment Operations

Fiscal Year Cash Flows from Operations



** Previous forecast ~ $2.6 billion*

Deere & Company Forecast as of 19 February 2016 (Previous Forecast as of 25 November 2015)

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2016 Company Outlook

Second Quarter 2016 Forecast

- Net sales: Down ~ 8% vs. Q2 2015
  - Price realization: ~ +2 points
  - Currency translation: ~ (3) points

Deere & Company Forecast as of 19 February 2016

2016 Company Outlook

Fiscal Year 2016 Forecast

- Net sales: Down ~ 10% vs. FY 2015
  - Price realization: ~ +2 points
  - Currency translation: ~ (3) points
- Previous forecast: Down ~ 7% vs. FY 2015
  - Price realization: ~ +2 points
  - Currency translation: ~ (2) points

- Net income attributable to Deere & Company of ~ $1.3 billion
- Previous forecast ~ $1.4 billion

Deere & Company Forecast as of 19 February 2016 (Previous Forecast as of 25 November 2015)

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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

Cash from Operations

Committed to "A" Rating

- Manage the balance sheet, including liquidity, to support a rating that provides access to low-cost and readily available short- and long-term funding mechanisms
  - Reflects the strategic nature of our financial services operation

Fund Operating and Growth Needs

- Fund value-creating investments in our businesses

Common Stock Dividend

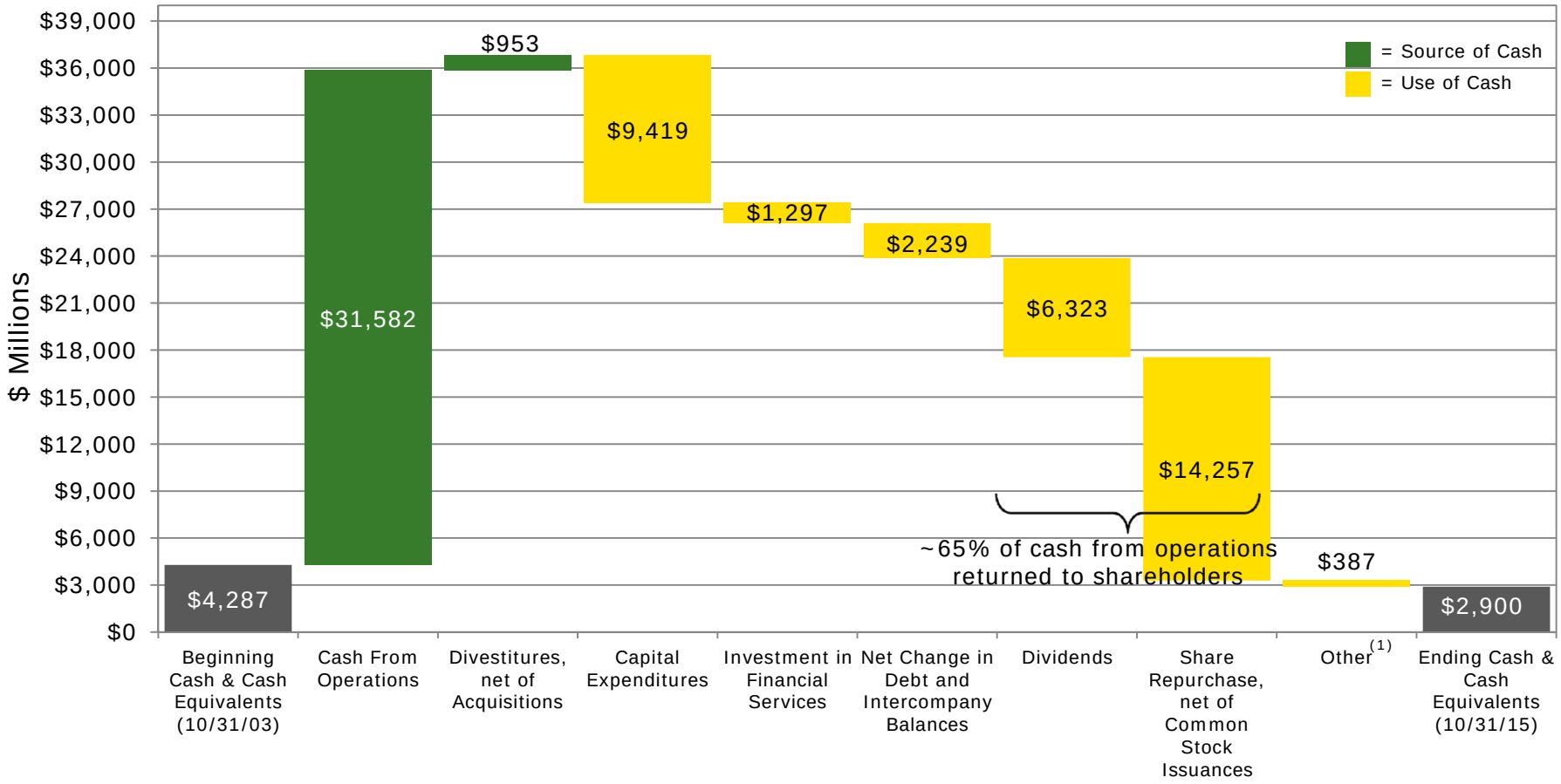
- Consistently and moderately raise dividend targeting a 25%-35% payout ratio of mid-cycle earnings

Share Repurchase

- Consider share repurchase as a means to deploy excess cash to shareholders, once above requirements are met and repurchase is viewed as value-enhancing

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Sources and Uses of Cash Fiscal 2004–2015
Equipment Operations

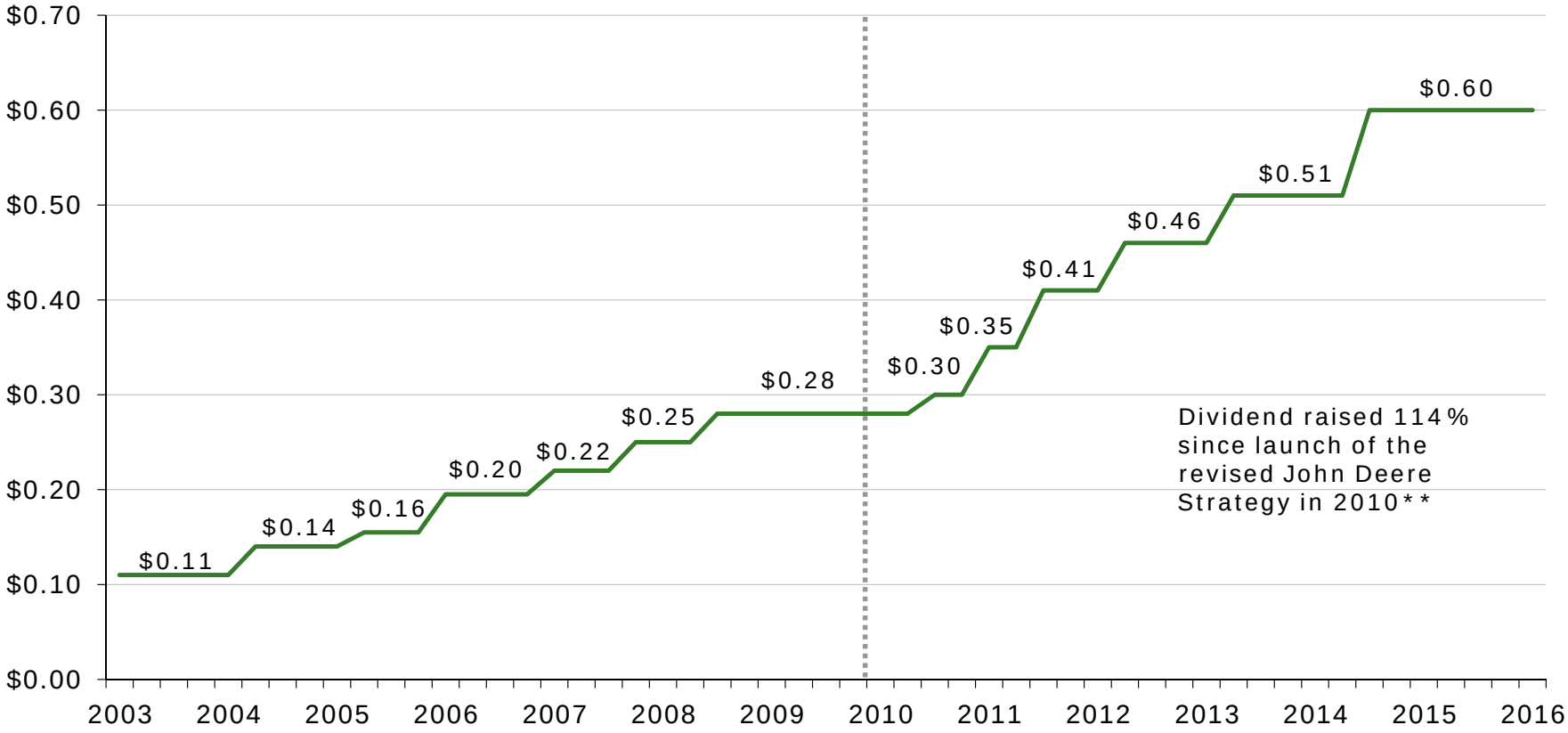


(1) Other includes proceeds from maturities and sales of marketable securities and purchases of marketable securities and reconciliation for non-cash items including excess tax benefits from share-based compensation and the effect of exchange rates on cash and cash equivalents

Source: Deere & Company SEC filings

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Deere Quarterly Dividends Declared*
Q1 2003 – Q1 2016

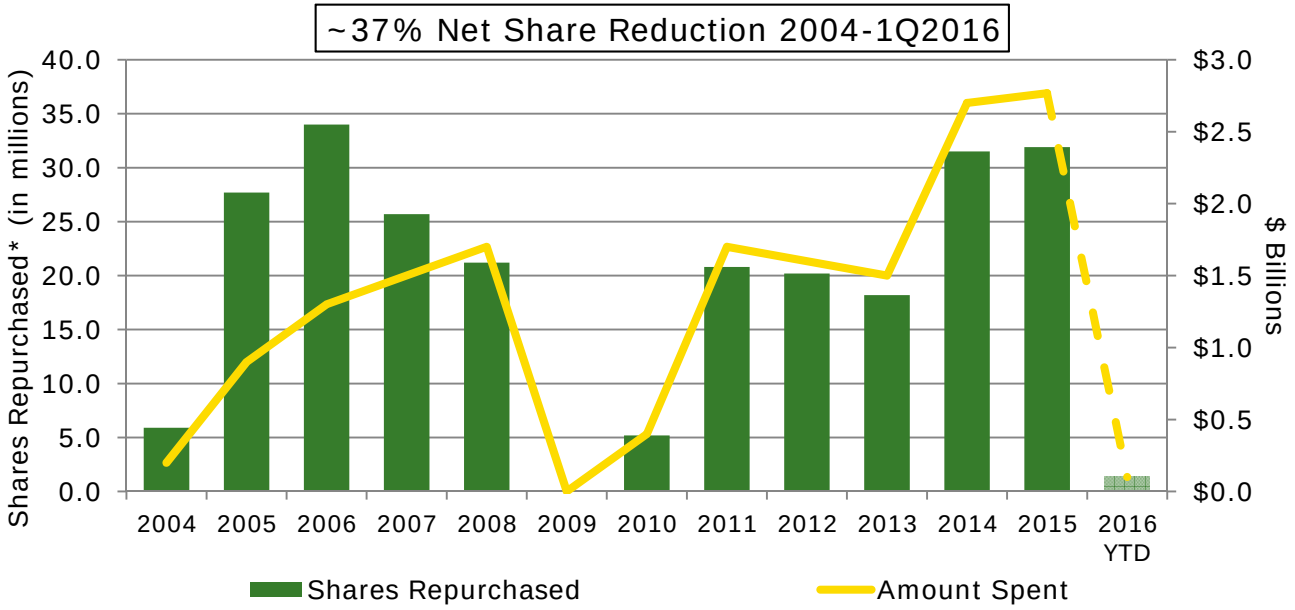


** Adjusted for 2 for 1 stock split on 26 November 2007*
*** See revised John Deere Strategy in Appendix*

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Share Repurchase
As Part of Publicly Announced Plans

Cumulative cost of repurchases 2004-1Q2016:	~ $16.3 billion
Amount remaining on December 2013 authorization of $8 billion:	~ $3.4 billion
31 January 2016 period ended basic shares:	~ 315.3 million
1Q2016 average diluted shares:	~ 317.6 million
Shares repurchased 2004-1Q2016:	~ 243.7 million
Average repurchase price 2004-1Q2016:	$66.91



** All shares adjusted for two-for-one stock split effective 26 November 2007*

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Other Information
Equipment Operations

Fiscal Year 2016 Forecast

- Capital Expenditures: ~ $775 million
  - Previous forecast: ~ $800 million
- Depreciation and Amortization: ~ $800 million
  - Previous forecast: ~ $850 million
- Pension/OPEB Contributions: ~ $60 million
  - Previous forecast: ~ $100 million

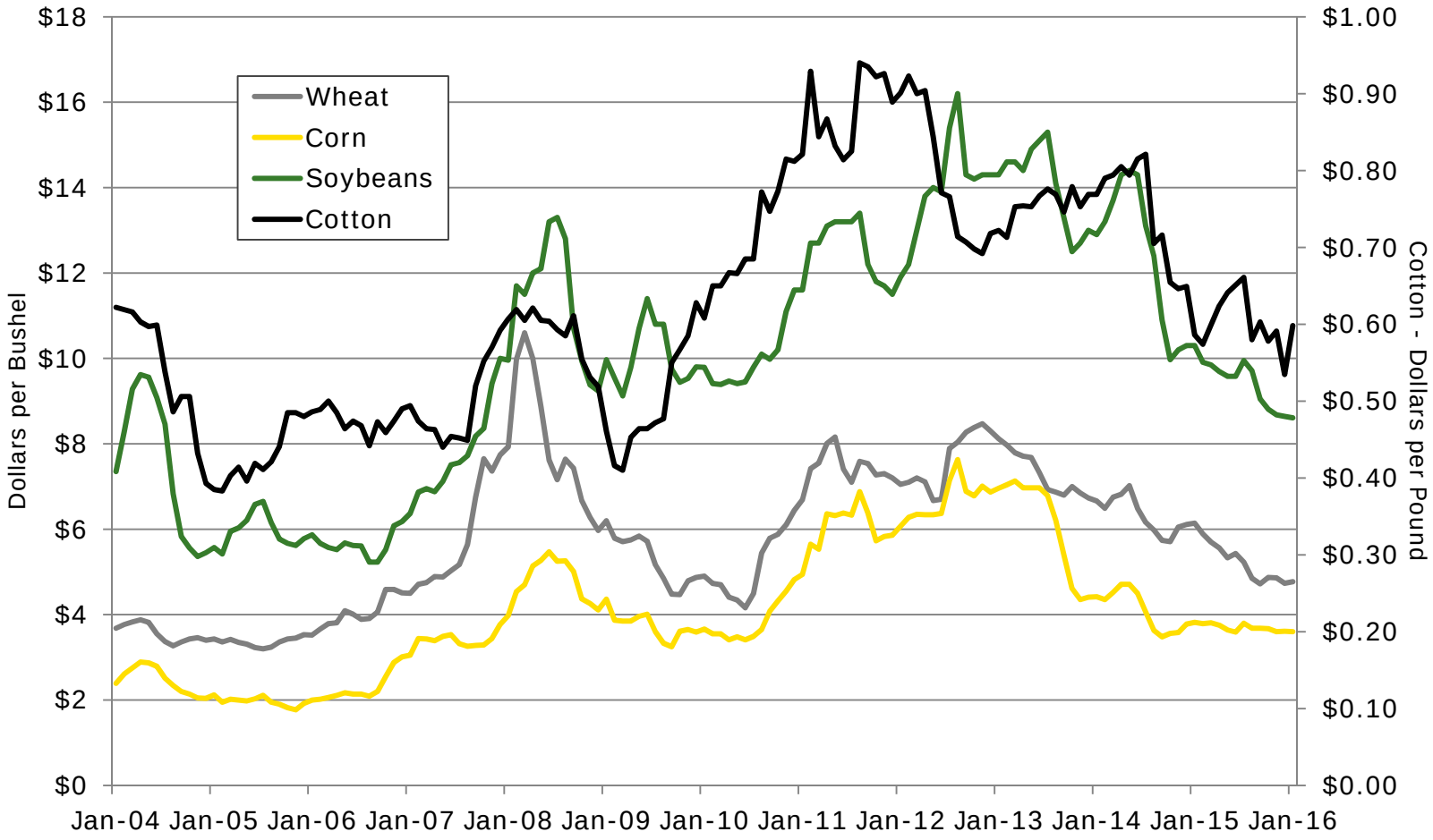
Deere & Company Forecast as of 19 February 2016 (Previous Forecast as of 25 November 2015)

U.S. Farm Commodity Prices

(dollars per bushel, except cotton, which is dollars per pound)	2014/15 Estimate	Previous 2014/15	2015/16 Projection	Previous 2015/16
Corn	$3.70	$3.86	$3.60	$3.65
Wheat	$5.99	$5.99	$5.00	$5.00
Soybeans	$10.10	$10.10	$8.80	$8.90
Cotton	$.61	$.61	$.60	$.59

Deere & Company Forecast as of 19 February 2016 (Previous Forecast as of 25 November 2015)

U.S. Farm Commodity Prices



Source: USDA

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U.S. Acres Planted

	Acres Planted *(millions)*	
	2014/15 Estimate	2015/16 Projection
Corn	90.6	88.0
Wheat	56.8	54.6
Soybeans	83.3	82.7
Cotton	11.0	8.6

Deere & Company Forecast as of 19 February 2016

U.S. Farm Cash Receipts

(in billions of dollars)	2014	2015 Forecast	Previous 2015	2016 Forecast	Previous 2016
Crops	$209.3	$191.3	$193.3	$189.7	$192.8
Livestock	$212.2	$185.7	$190.3	$177.7	$192.2
Government Payments	$9.8	$10.6	$11.1	$13.9	$9.4
Total Cash Receipts	$431.3	$387.6	$394.7	$381.3	$394.4

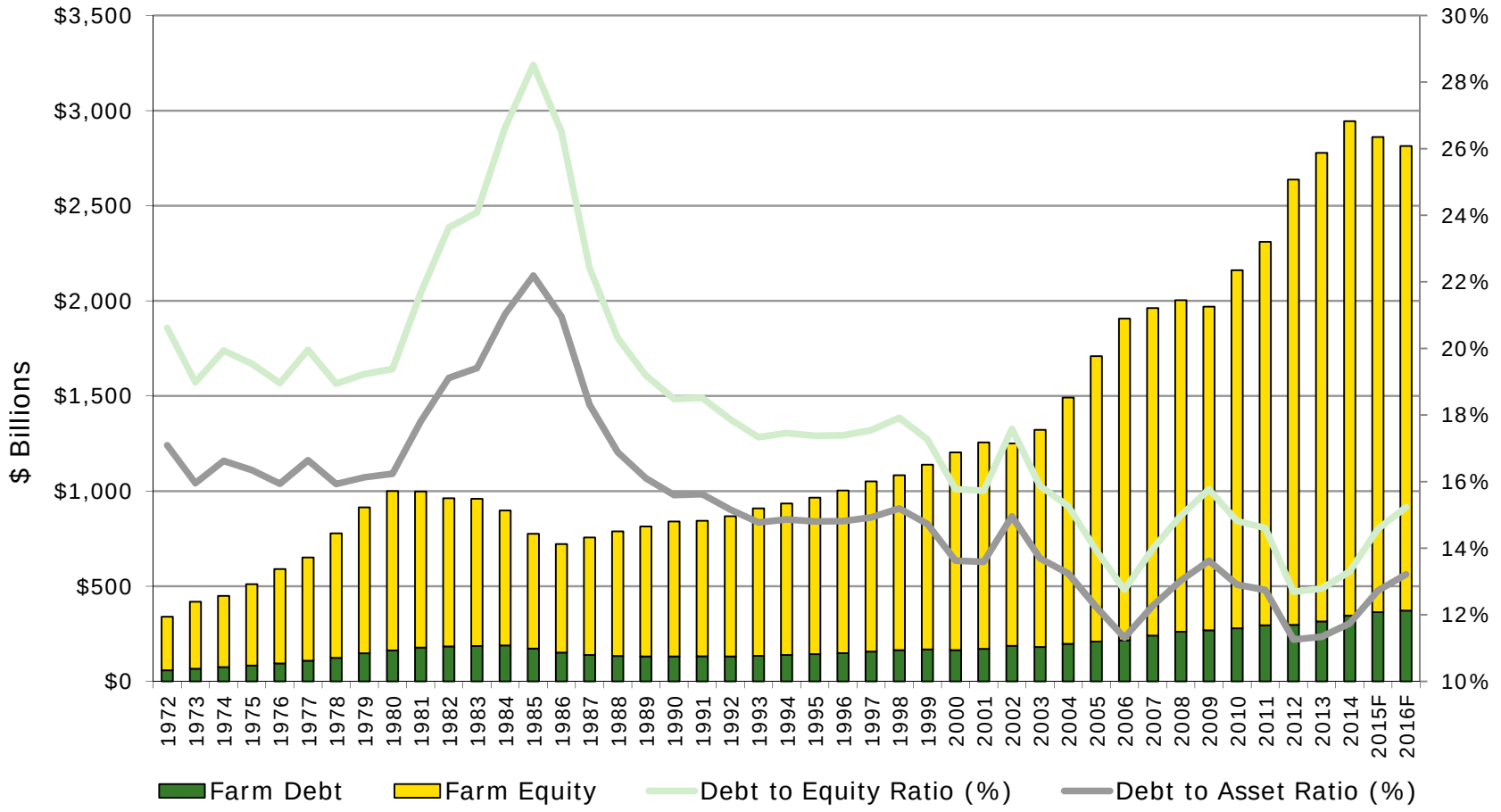
Deere & Company Forecast as of 19 February 2016 (Previous Forecast as of 25 November 2015)

U.S. Net Farm Cash Income

(in billions of dollars)	2014	2015 Forecast	Previous 2015	2016 Forecast	Previous 2016
Total Cash Receipts	$431.3	$387.6	$394.7	$381.3	$394.4
Other Farm-Related Income	$35.3	$33.8	$35.7	$34.3	$35.5
Gross Cash Income	$466.6	$421.4	$430.4	$415.6	$429.9
Cash Expenses	($338.5)	($328.2)	($329.0)	($324.8)	($323.0)
Net Cash Income	$128.1	$93.2	$101.4	$90.8	$106.9

Deere & Company Forecast as of 19 February 2016 (Previous Forecast as of 25 November 2015)

U.S. Farm Balance Sheet



Source: 1972 – 2014: USDA 9 February 2016
2015F – 2016F: Deere & Company Forecast as of 19 February 2016

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January 2016 Retail Sales and Dealer Inventories

Retail Sales		
U.S. and Canada Ag	Industry*	Deere**
2WD Tractors (< 40 PTO hp)	↑ 11%	↑ more than the industry
2WD Tractors (40 < 100 PTO hp)	↓ 5%	↓ in line with the industry
2WD Tractors (100+ PTO hp)	↓ 36%	↓ in line with the industry
4WD Tractors	↑ 10%	↑ more than the industry
Combines	↑ 19%	↑ more than the industry

Deere Dealer Inventories***		
U.S. and Canada Ag	2016	2015
2WD Tractors (100+ PTO hp)	29%	24%
Combines	10%	10%

* *As reported by the Association of Equipment Manufacturers*
** *As reported to the Association of Equipment Manufacturers*
*** *At 31 January – in units as a % of trailing 12 months retail sales, as reported to the Association of Equipment Manufacturers*

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January 2016 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	↓ single digit

** Based on internal sales reports*

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Deere's second quarter 2016 conference call
is scheduled for 9:00 a.m. central time
on Friday, May 20, 2016



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