




Third Quarter 2016 Earnings Conference Call

19 August 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.

Third Quarter Overview

(in millions of dollars except per share amounts)	Q3 2016	Q3 2015	Change
Net Sales and Revenues	$6,724	$7,594	-11%
Net Sales	$5,861	$6,840	-14%
Net Income Attributable to Deere & Company	$489	$512	-4%
Diluted EPS	$1.55	$1.53	+1%

Third Quarter Overview
Net Sales

Equipment operations net sales: Down 14% in Q3 2016 vs. Q3 2015

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

Worldwide Agriculture & Turf
Third Quarter Overview

(in millions of dollars)	Q3 2016	Q3 2015	Change
Net Sales	$4,704	$5,308	-11%
Operating Profit*	$571	$472	+21%

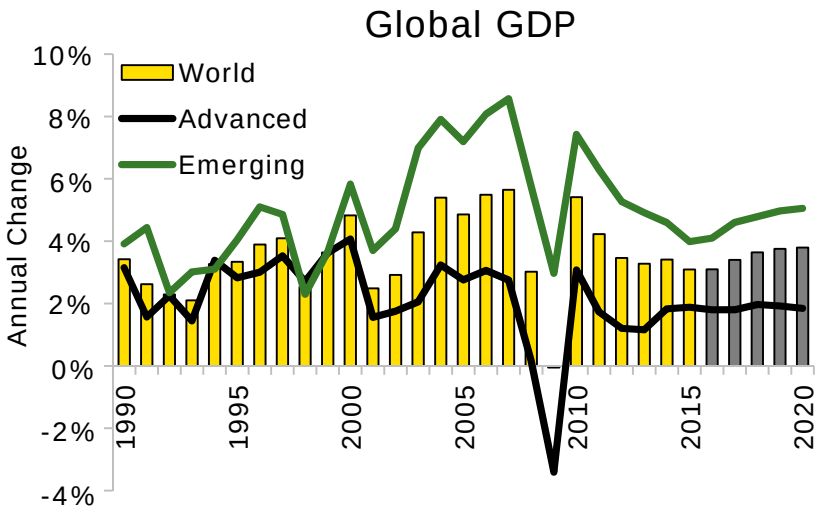
*Q3 2016 operating profit impacted by:

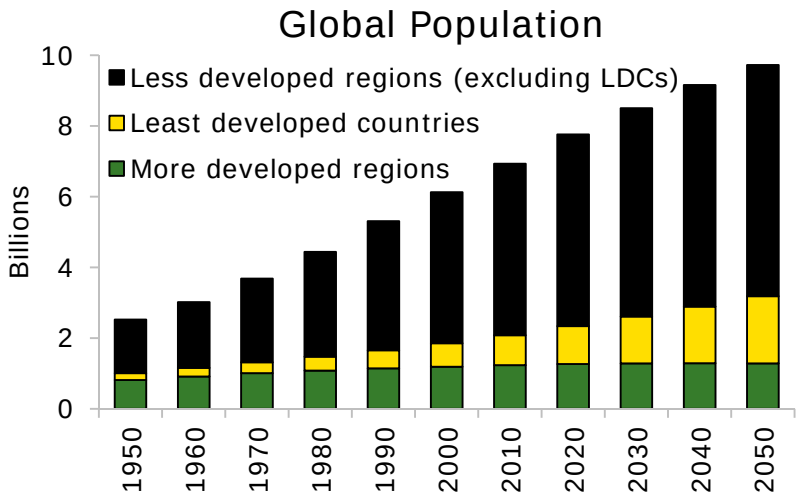
Favorable
- Price Realization
- Gain on sale of partial interest in SiteOne
- Production Costs
- Selling, Administrative & General Expenses

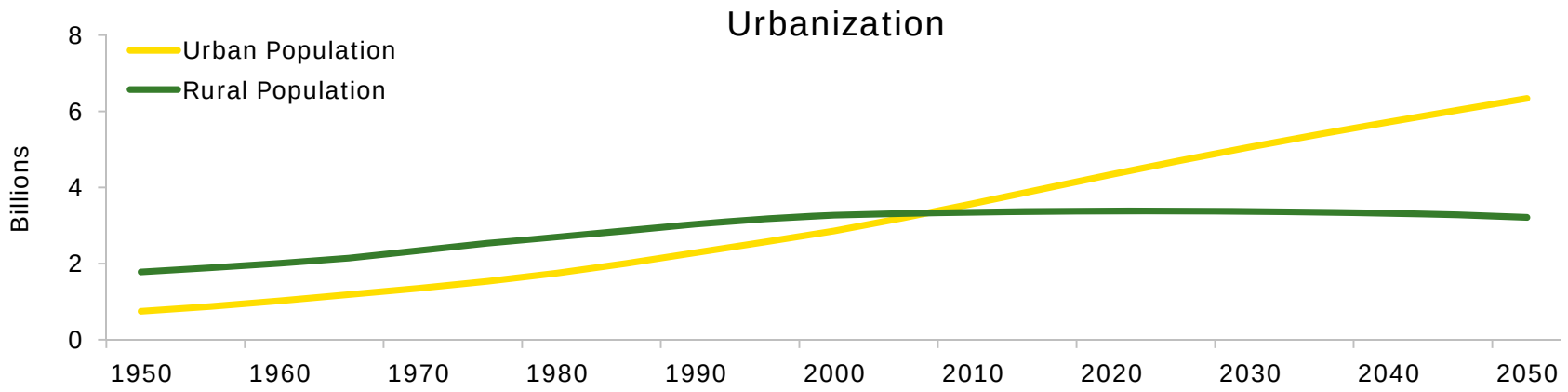
Unfavorable
- Shipment Volumes
- Foreign-Currency Exchange

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Global Agriculture Industry
Tailwinds Still Robust



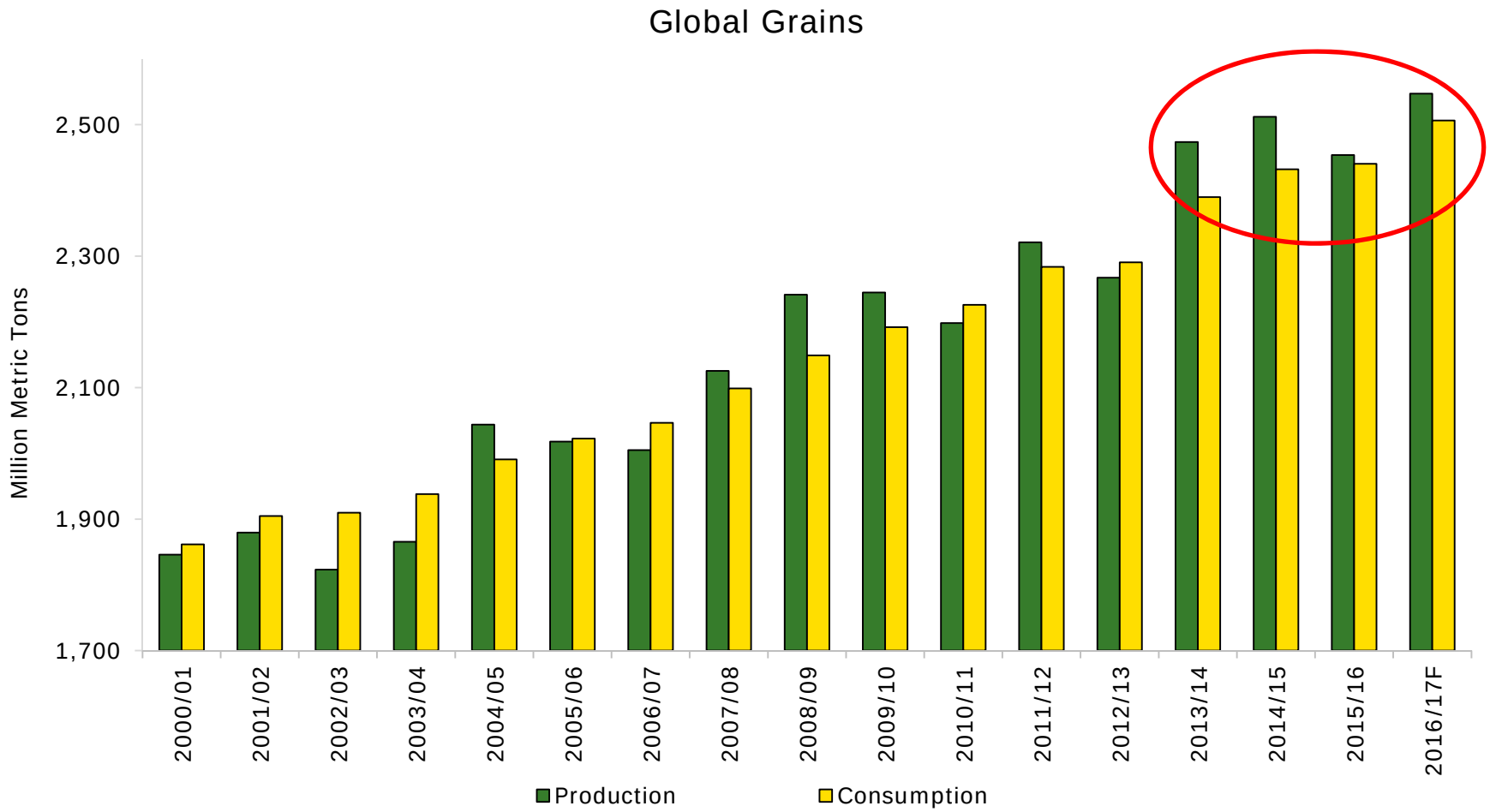




Source: IMF, July 2016; United Nations, 2014 and 2015

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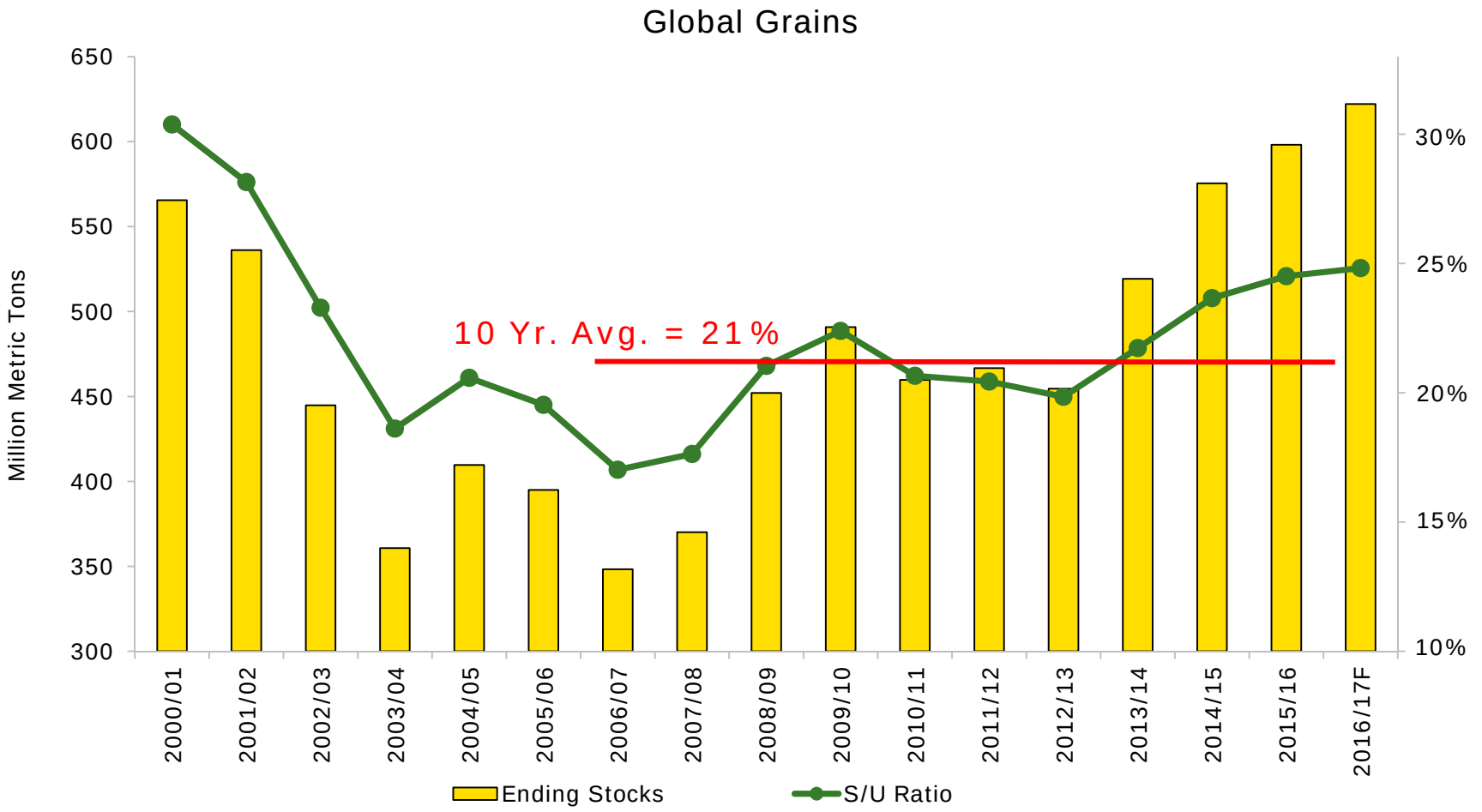
Production/Consumption Balance
Stable But Still Sensitive



Source: USDA, August 2016

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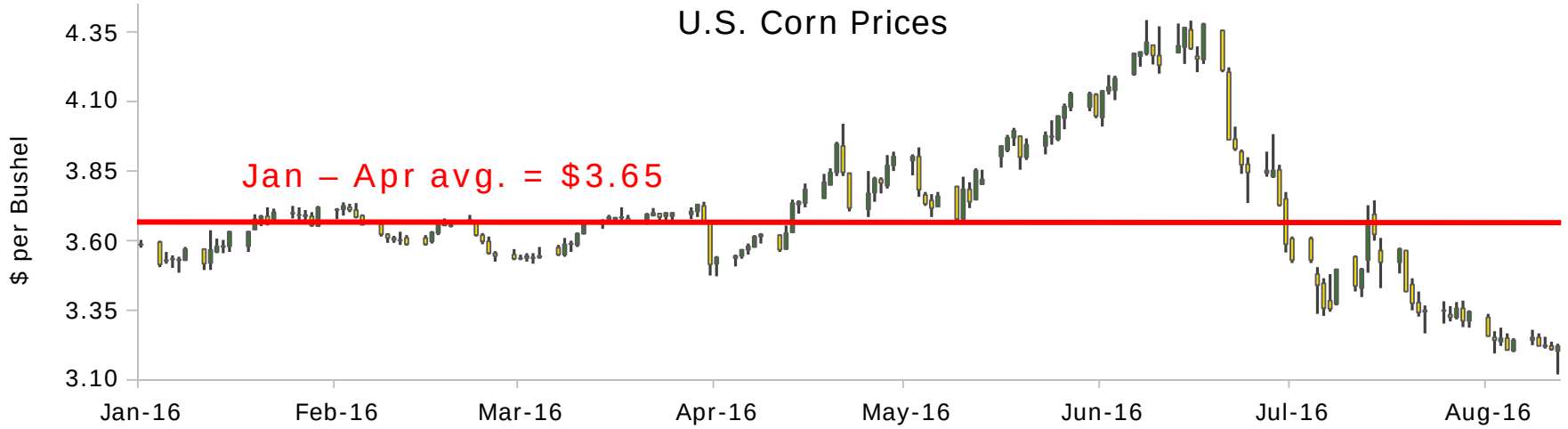
Production/Consumption Balance
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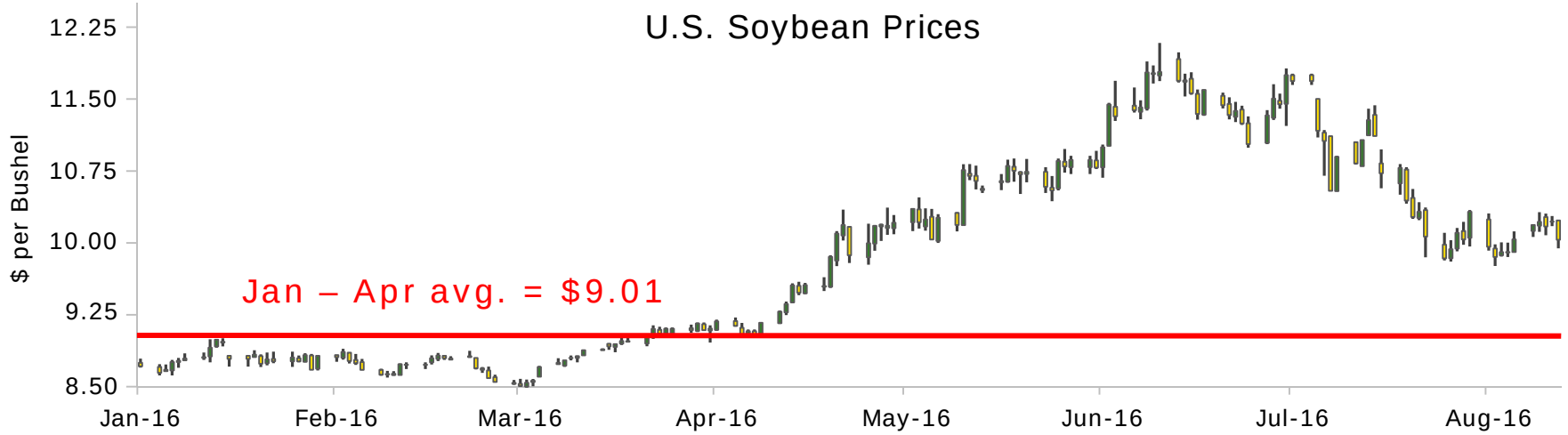


Source: USDA, August 2016

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Production/Consumption Balance
Stable But Still Sensitive





Source: Bloomberg, 12 August 2016

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2016 Increased Planted Acres
Explained by Pared but Positive Farmer Margins

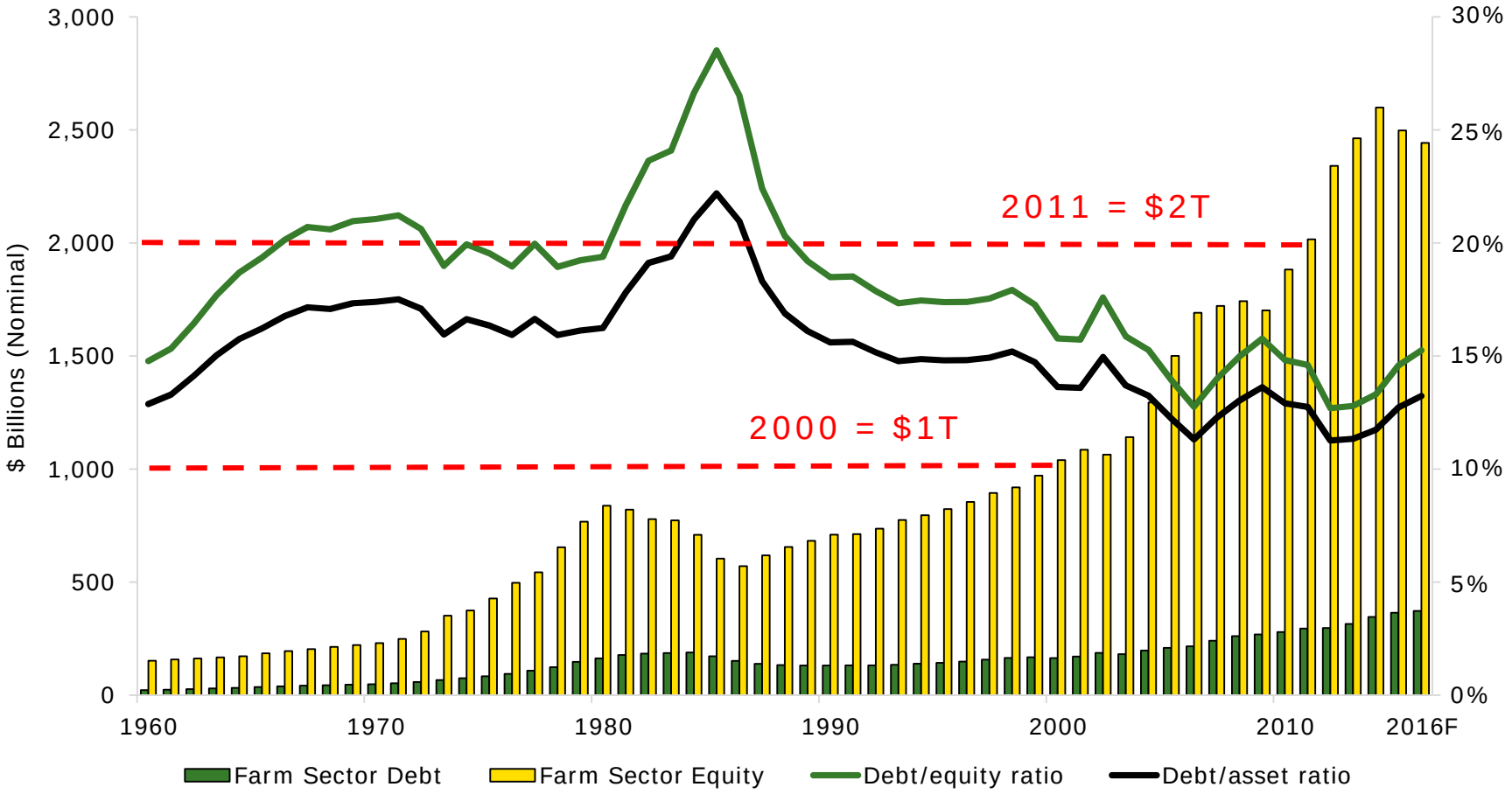
United States

- Market prices
- Farm program subsidies
- Revenue insurance
- Production cost declines

Other Exporting Countries

- Currency values
- Policy shifts

U.S. Farm Sector
Strong Balance Sheet



Source: USDA ERS, February 2016

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Summary Observations

Global Ag Sector

- Supplies fully adequate to meet needs
  - Risk premia recently erased from grain markets
- Planted acres: Minimal farmer response to lower prices
  - Aberrational factors at play
- Fourth consecutive favorable global weather year nearing completion
- Barring adverse weather events, little near-term improvement in ag market conditions anticipated
- Long-term drivers (population and income growth, urbanization) still intact

Summary Observations

U.S. Ag Sector

- Farmer financial conditions remain solid
- Farmer margins explain higher planted acres despite lower prices
  - Production cost decreases
  - Yield expectations
  - Farm bill subsidies
  - Revenue insurance risk reduction

What to Watch

Short Term

- Weather: Now the major market disruptor, outlook still one year at a time
- Next: Southern Hemisphere planting/growing season
- Then: Attention returns to Northern Hemisphere spring (2017) conditions

Longer Term Disruptors

- Geopolitical hot spots: Potential drag on GDP growth
- U.S. dollar relative to other currency values
- Fed actions, U.S. politics, central bank behavior
- China economy, Brexit fallout, EU
- Nationalism: Future of globalization

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 15-20%	
Asia Ag	Flat to down slightly	
U.S. and Canada Turf and Utility Equipment	Flat to up 5%	

Deere & Company Forecast as of 19 August 2016 (Previous Forecast as of 20 May 2016)

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Worldwide Agriculture & Turf
Deere & Company Outlook

Fiscal Year 2016 Forecast

- Net sales: Down ~ 8%
  - Currency translation: ~ (2) points
- No change from previous forecast

Deere & Company Forecast as of 19 August 2016 (Previous Forecast as of 20 May 2016)

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Worldwide Construction & Forestry
Third Quarter Overview

(in millions of dollars)	Q3 2016	Q3 2015	Change
Net Sales	$1,157	$1,532	-24%
Operating Profit*	$54	$129	-58%

*Q3 2016 operating profit impacted by:

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

Unfavorable
- Shipment Volumes
- Product Mix

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Worldwide Construction & Forestry
Deere & Company Outlook

Fiscal Year 2016 Forecast

- Net sales: Down ~ 18%
  - Currency translation: ~ (1) point
- Previous forecast: Down ~ 13%
  - Currency translation: ~ (1) point

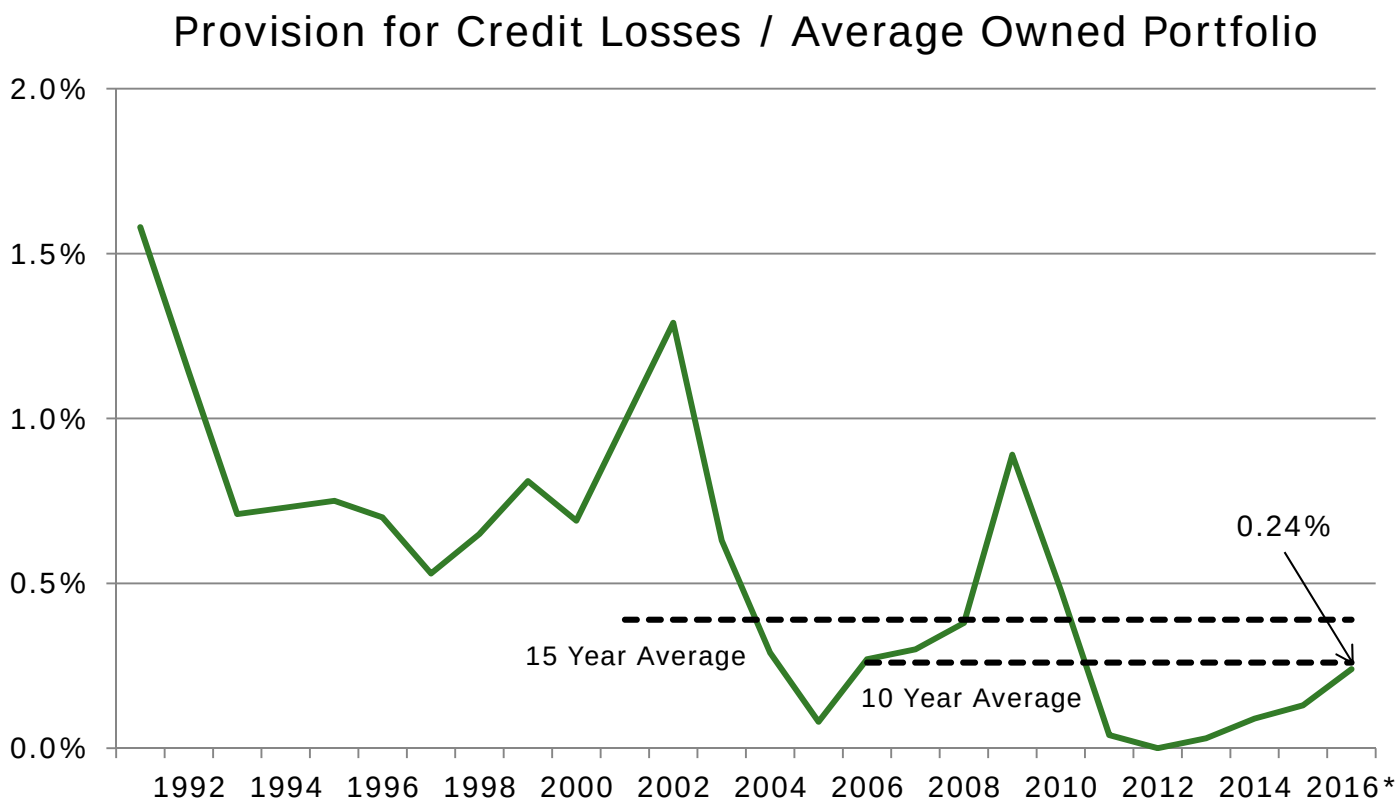
U.S. Economic Indicators	2016 Forecast	Previous Forecast
GDP Growth (annual percentage rate)*	+1.9%	+2.1%
Housing Starts (thousands)	1,181	1,161
Total Construction Investment (annual percentage rate)*	+2.8%	+3.2%
Government Construction Investment (annual percentage rate)*	+3.6%	+4.1%

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

Deere & Company Forecast as of 19 August 2016 (Previous Forecast as of 20 May 2016)

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Worldwide Financial Services
Credit Loss History



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

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Worldwide Financial Services

Third Quarter 2016

- Net income attributable to Deere & Company
  - $126 million in Q3 2016 vs. $153 million in Q3 2015

Fiscal Year 2016 Forecast

- Net income attributable to Deere & Company of ~ $480 million
  - No change from previous forecast

Deere & Company Forecast as of 19 August 2016 (Previous Forecast as of 20 May 2016)

Consolidated Trade Receivables & Inventory

(in millions of dollars)	Q3 2016* Actual	2016** Forecast	2016** Previous Forecast
A&T	↓ $137	↓ $100	↓ $100
C&F	↓ $627	↓ $400	↓ $300
Total, as reported	↓ $764	↓ $500	↓ $400
Total, constant exchange	↓ $718	↓ $550	↓ $475

** Change at 31 July 2016 vs. 31 July 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 August 2016 (Previous Forecast as of 20 May 2016)

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Cost of Sales as a Percent of Net Sales
Equipment Operations

Third Quarter 2016

- 76.7%

Fiscal Year 2016 Forecast

- ~ 78.7%

Deere & Company Forecast as of 19 August 2016

Research & Development Expense
Equipment Operations

Third Quarter 2016

- Down 2% vs. Q3 2015

Fiscal Year 2016 Forecast

- Down ~ 1% vs. FY 2015
  - Currency translation: ~ (1) point
- No change from previous forecast

Deere & Company Forecast as of 19 August 2016 (Previous Forecast as of 20 May 2016)

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Selling, Administrative & General Expense
Equipment Operations

Third Quarter 2016

- Down 10% vs. Q3 2015
  - Incentive compensation: ~ (4) points
  - Commissions paid to dealers: ~ (2) points
  - Pension/OPEB: ~ (2) points
  - Currency translation: ~ (1) point

Selling, Administrative & General Expense
Equipment Operations

Fiscal Year 2016 Forecast

- Down ~ 5% vs. FY 2015
  - Incentive compensation: ~ (2) points
  - Currency translation: ~ (2) points
  - Pension/OPEB: ~ (2) points
- Previous forecast: Down ~ 4% vs. FY 2015
  - Incentive compensation: ~ (3) points
  - Currency translation: ~ (2) points
  - Pension/OPEB: ~ (2) points

Deere & Company Forecast as of 19 August 2016 (Previous Forecast as of 20 May 2016)

Pension and OPEB Expense

Third Quarter 2016

- Down $53 million vs. Q3 2015

Fiscal Year 2016 Forecast

- Down ~ $210 million vs. FY 2015
- Previous forecast: Down ~ $200 million vs. FY 2015

Deere & Company Forecast as of 19 August 2016 (Previous Forecast as of 20 May 2016)

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Income Taxes
Equipment Operations

Third Quarter 2016

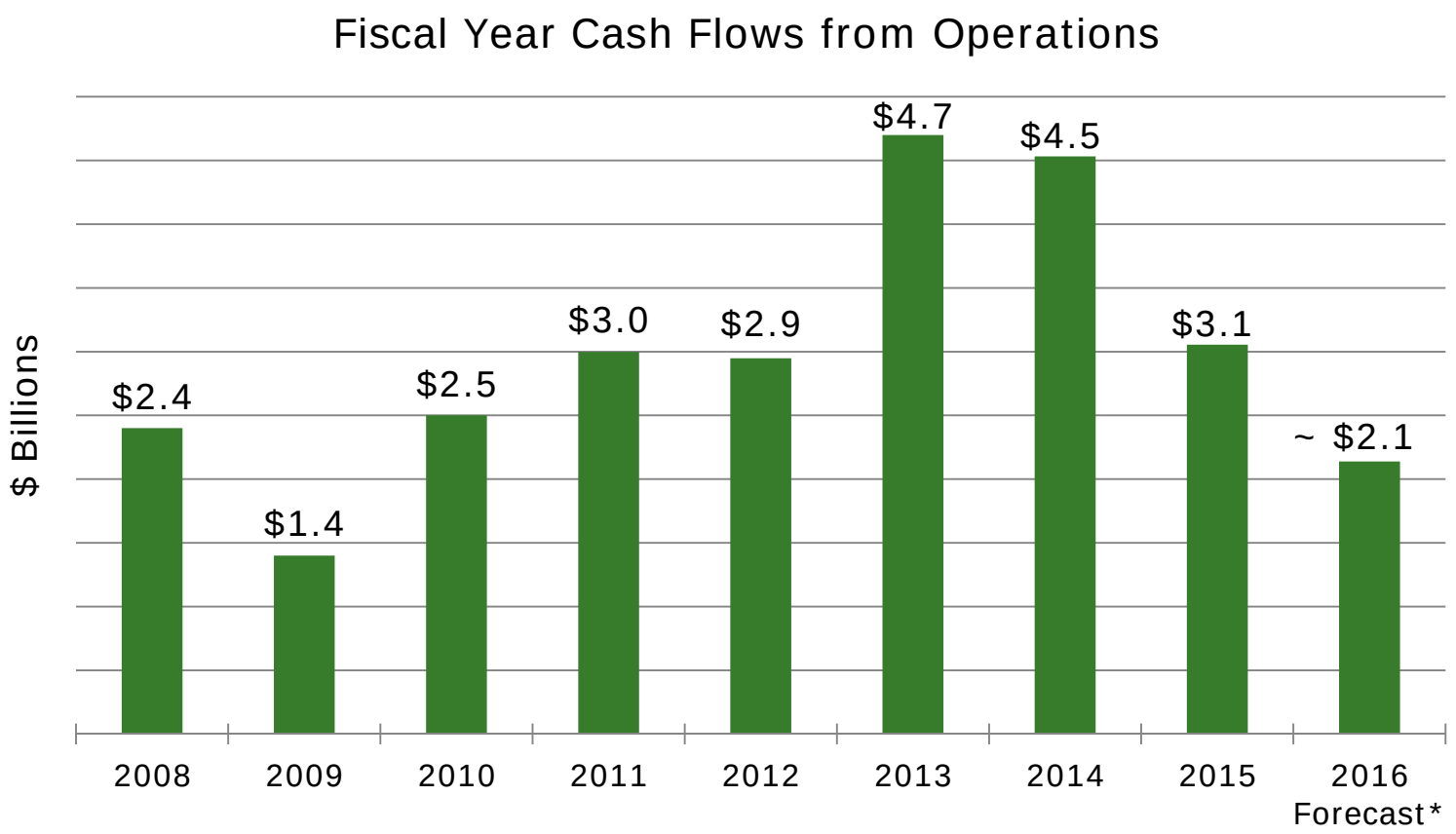
- Effective tax rate: 31%

Fiscal Year 2016 Forecast

- Effective tax rate: 29-31%
  - Previous forecast: 31-33%

Deere & Company Forecast as of 19 August 2016 (Previous Forecast as of 20 May 2016)

Strong Operating Performance
Equipment Operations



** No change from previous forecast*

Deere & Company Forecast as of 19 August 2016 (Previous Forecast as of 20 May 2016)

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2016 Company Outlook

Fourth Quarter 2016 Forecast

- Net sales: Down ~ 8% vs. Q4 2015
  - Price realization: ~ +1 point
  - Currency translation: ~ +1 point

Deere & Company Forecast as of 19 August 2016

2016 Company Outlook

Fiscal Year 2016 Forecast

- Net sales: Down ~ 10% vs. FY 2015
  - Price realization: ~ +1 point
  - Currency translation: ~ (2) points
- Previous forecast: Down ~ 9% vs. FY 2015
  - Price realization: ~ +1 point
  - Currency translation: ~ (2) points

- Net income attributable to Deere & Company of ~ $1.35 billion
- Previous forecast ~ $1.2 billion

Deere & Company Forecast as of 19 August 2016 (Previous Forecast as of 20 May 2016)

Appendix

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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

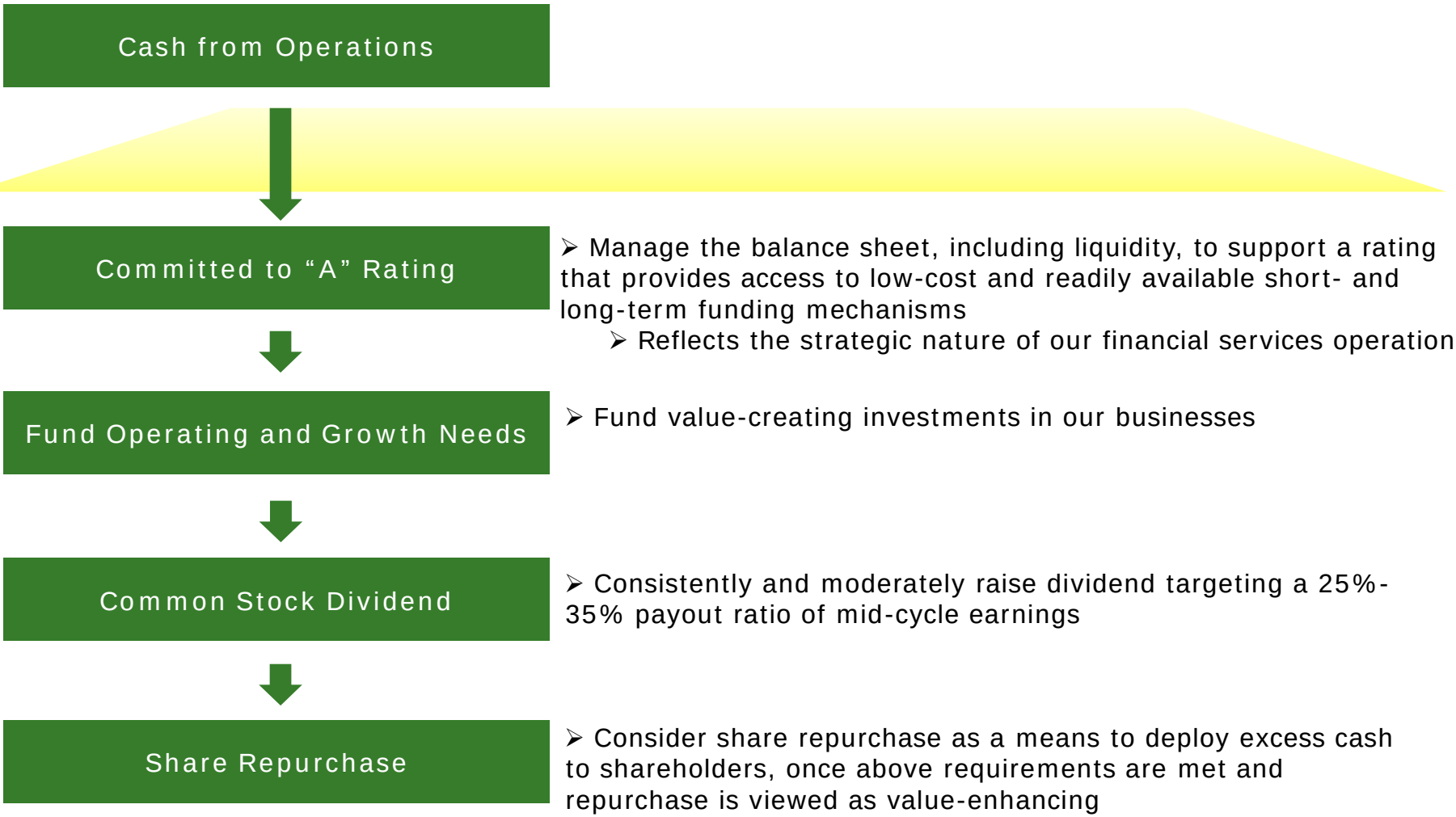
MEASURES Delivering results today, within each business, while building for the future

- Performance
- Health

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

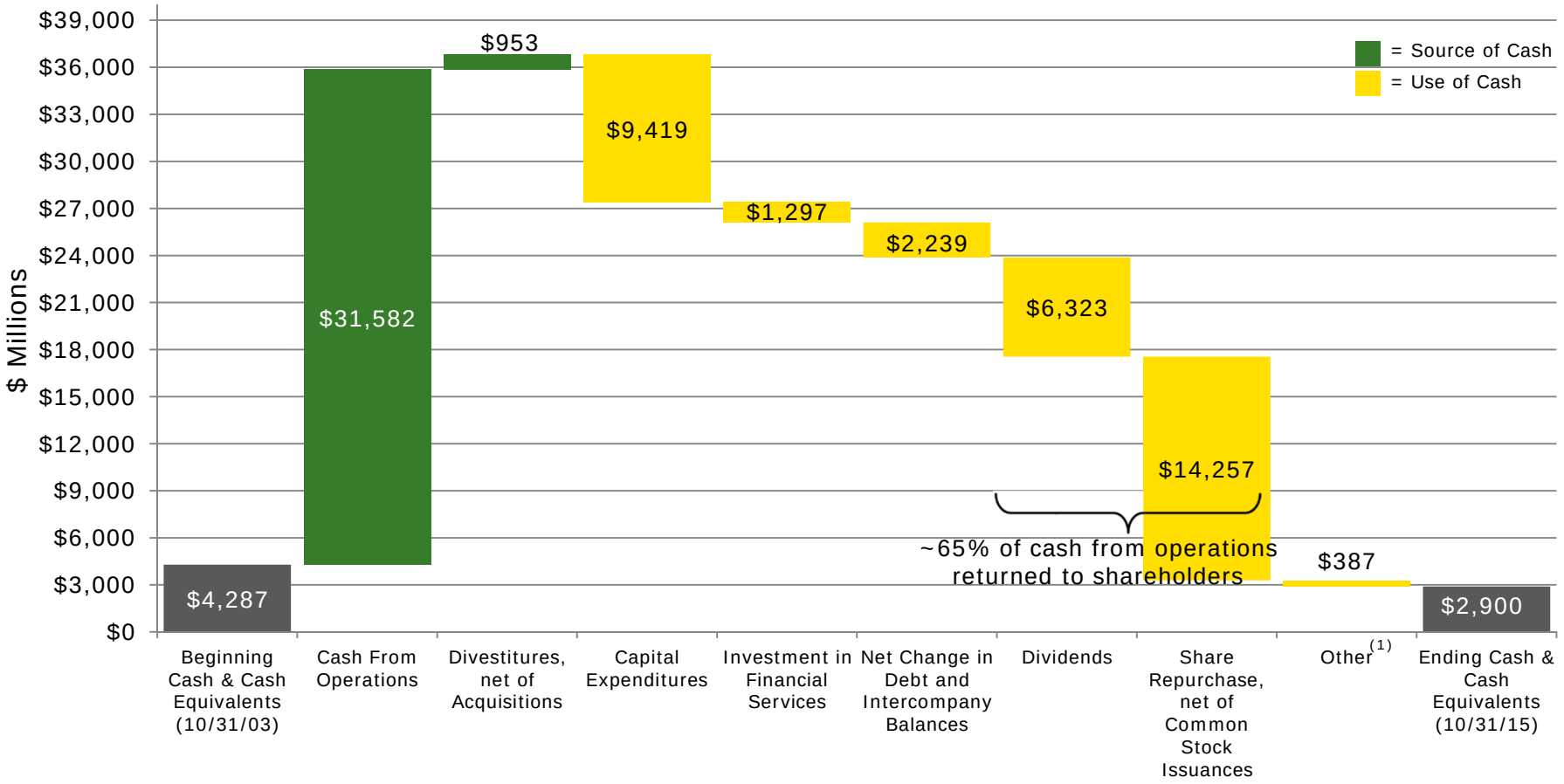
- Integrity
- Quality
- Commitment
- Innovation

Deere Use-of-Cash Priorities



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Sources and Uses of Cash Fiscal 2004–2015
Equipment Operations

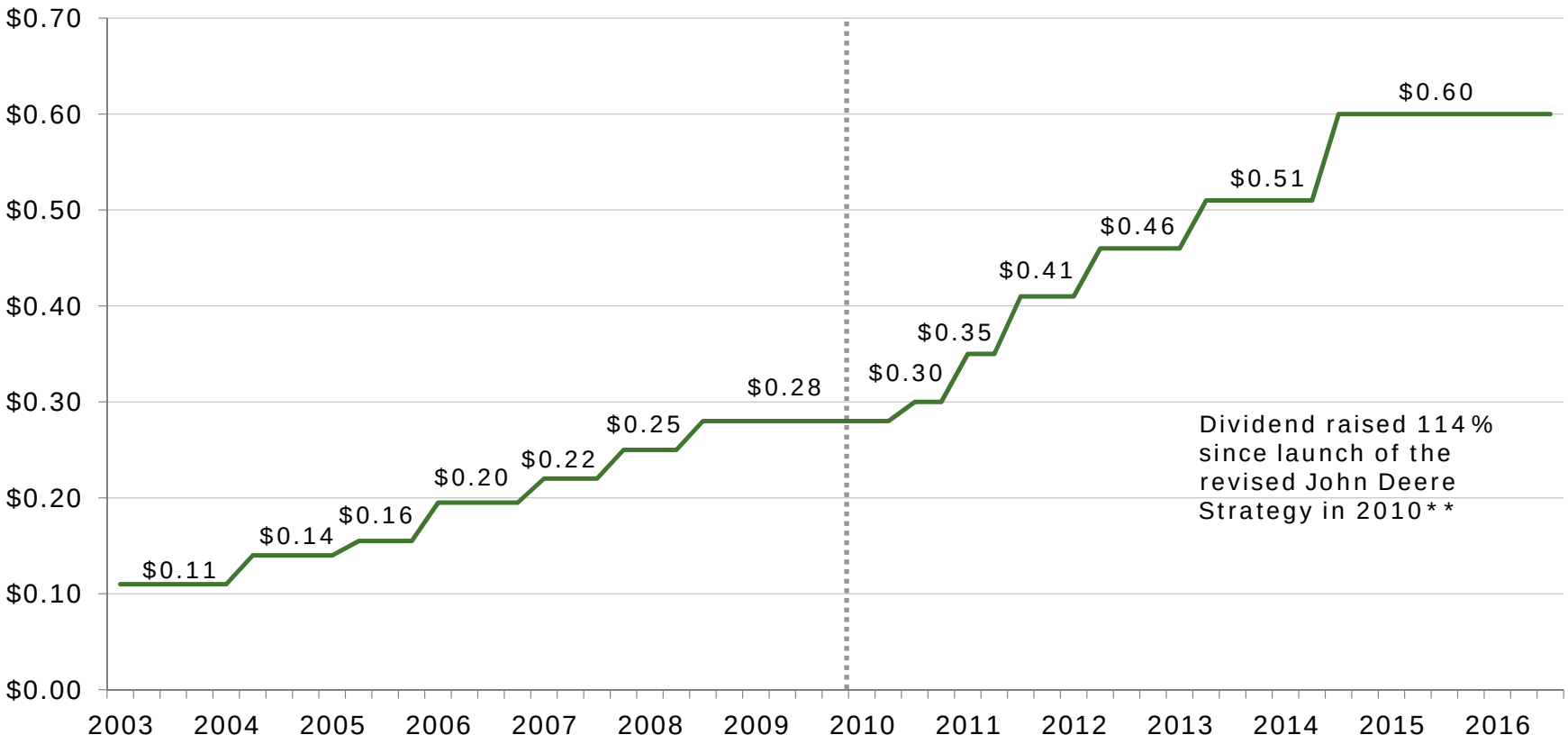


(1) Other includes proceeds from maturities and sales of marketable securities and purchases of marketable securities and reconciliation for non-cash items including excess tax benefits from share-based compensation and the effect of exchange rates on cash and cash equivalents

Source: Deere & Company SEC filings

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Deere Quarterly Dividends Declared*
Q1 2003 – Q3 2016

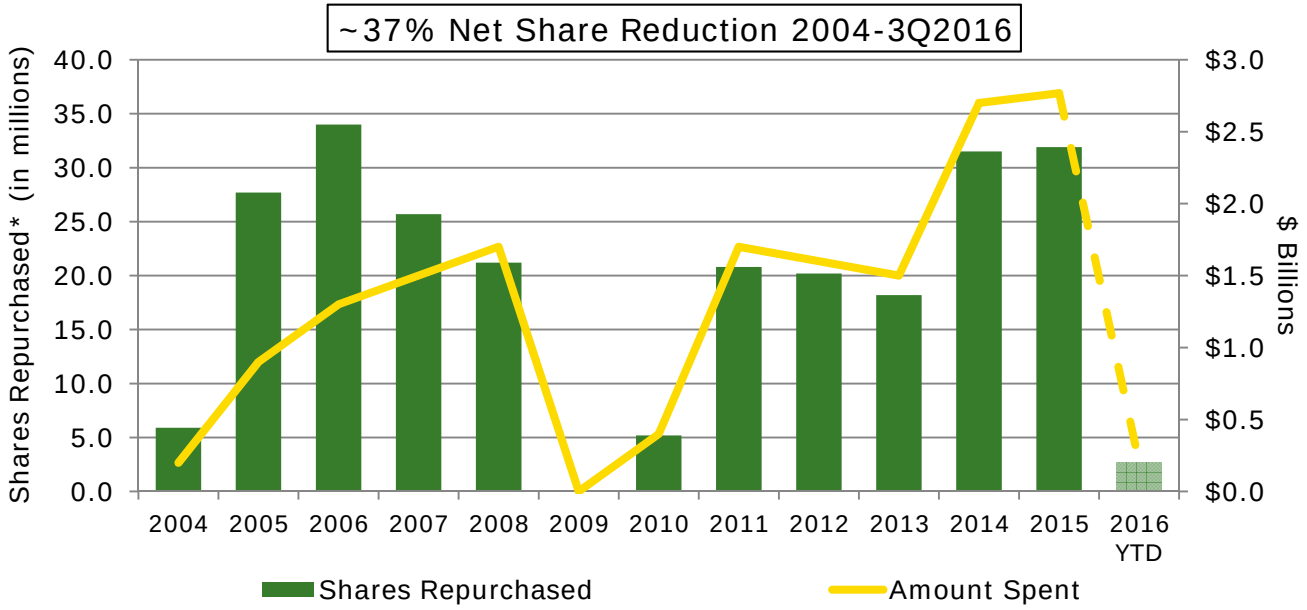


** Adjusted for 2 for 1 stock split on 26 November 2007*
*** See revised John Deere Strategy in Appendix*

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Share Repurchase
As Part of Publicly Announced Plans

Cumulative cost of repurchases 2004-3Q2016:	~ $16.4 billion
Amount remaining on December 2013 authorization of $8 billion:	~ $3.3 billion
31 July 2016 period ended basic shares:	~ 314.4 million
3Q2016 average diluted shares:	~ 315.7 million
Shares repurchased 2004-3Q2016:	~ 245.0 million
Average repurchase price 2004-3Q2016:	$66.96



** 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: ~ $650 million
  - Previous forecast: ~ $725 million
- Depreciation and Amortization: ~ $800 million
  - Previous forecast: ~ $825 million
- Pension/OPEB Contributions: ~ $105 million
  - Previous forecast: ~ $100 million

Deere & Company Forecast as of 19 August 2016 (Previous Forecast as of 20 May 2016)

Economic Update
EU 28 – Fiscal 2016

Continued modest economic growth; increased uncertainty due to non-economic risks

Arable income remains under pressure

Continued weakness in dairy sector

Beef prices remain above average; pork prices at low levels

Deere & Company Forecast as of 19 August 2016

Economic Update
Other Selected Markets – Fiscal 2016

China

- Slower economic growth continues
- Value of agricultural production expected to be stable
- Uncertainty due to recent policy announcements

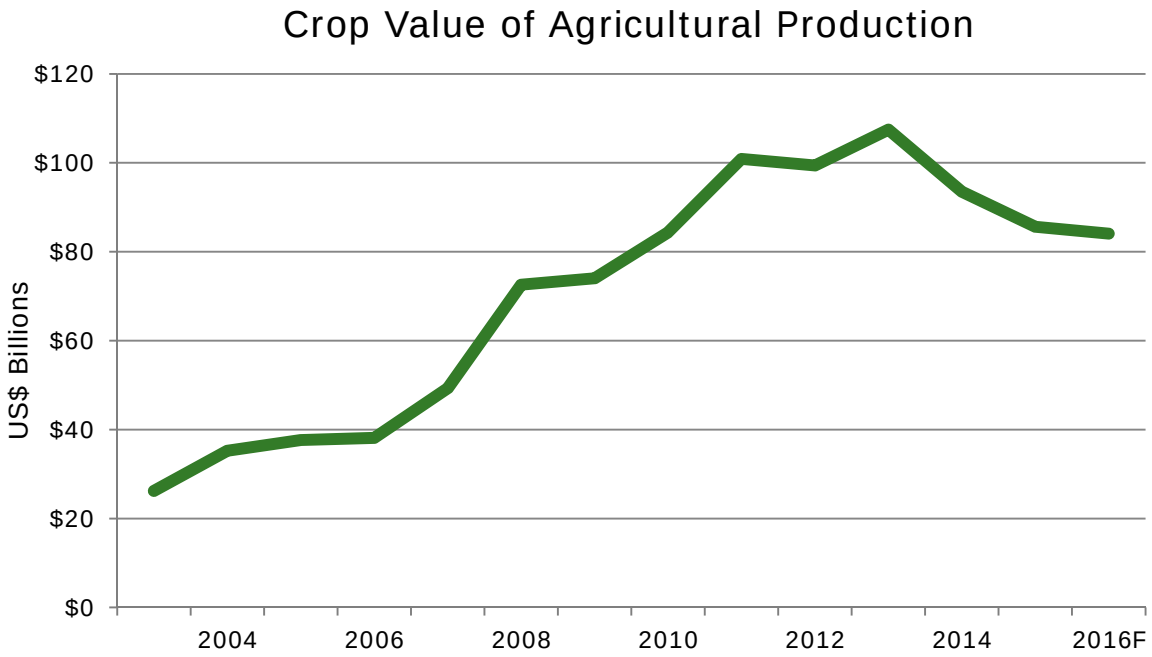
India

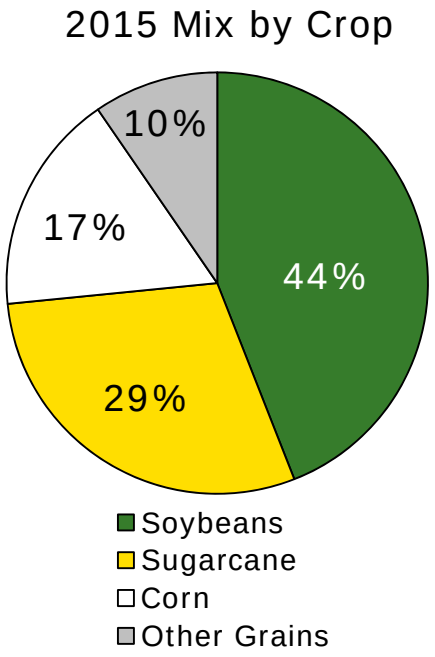
- Economy growing, driven by strong consumer demand
- Government continues to support the agricultural sector
- Value of agricultural production expected to increase
- Monsoon above average, following two consecutive below normal seasons

Deere & Company Forecast as of 19 August 2016

Crop Value of Agricultural Production
Brazil

Expected to decrease ~ 2% in 2016 over prior season

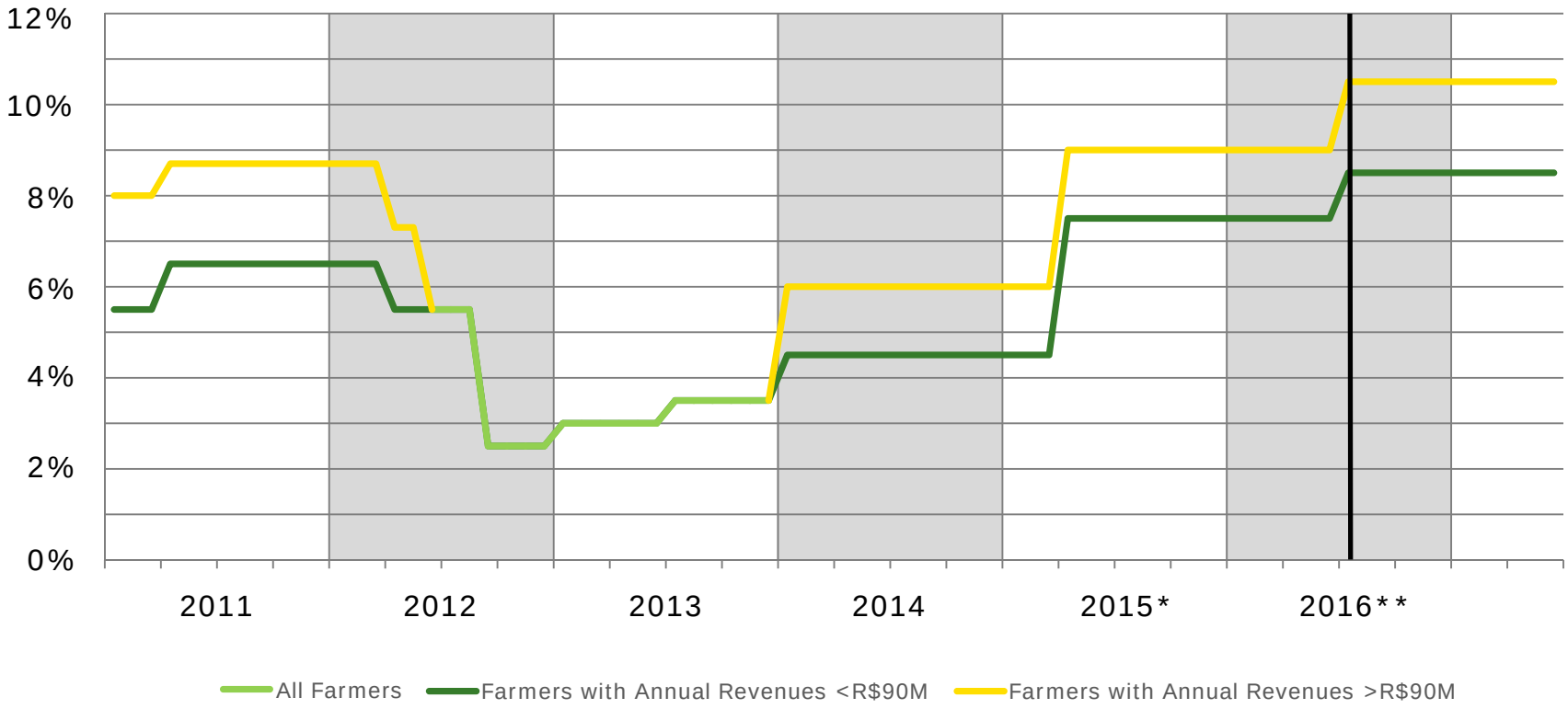




Source: IHS Global Insight, May 2016

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Eligible Finance Rates for Agricultural Equipment
Brazil



** Moderfrota suspended September – November 2015*
*** Rate change effective July 2016*
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 currently the most attractive credit line

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U.S. Farm Commodity Prices

(dollars per bushel, except cotton, which is dollars per pound)	2014/15	2015/16 Estimate	Previous 2015/16	2016/17 Projection	Previous 2016/17
Corn	$3.70	$3.60	$3.60	$3.15	$3.35
Wheat	$5.99	$4.89	$4.90	$3.75	$4.10
Soybeans	$10.10	$8.95	$8.85	$9.30	$9.10
Cotton	$0.61	$0.58	$0.58	$0.62	$0.57

Deere & Company Forecast as of 19 August 2016 (Previous Forecast as of 20 May 2016)

U.S. Acres Harvested and Crop Yields

(Yield in bushels per acre, except cotton, which is pounds per acre)	Acres Harvested *(millions)*		Yield	
	2015/16 Estimate	2016/17 Projection	2015/16 Estimate	2016/17 Projection
Corn	80.7	86.6	168.4	175.1
Wheat	47.1	44.1	43.6	52.6
Soybeans	81.8	83.0	48.0	48.9
Cotton	8.1	9.5	766	800

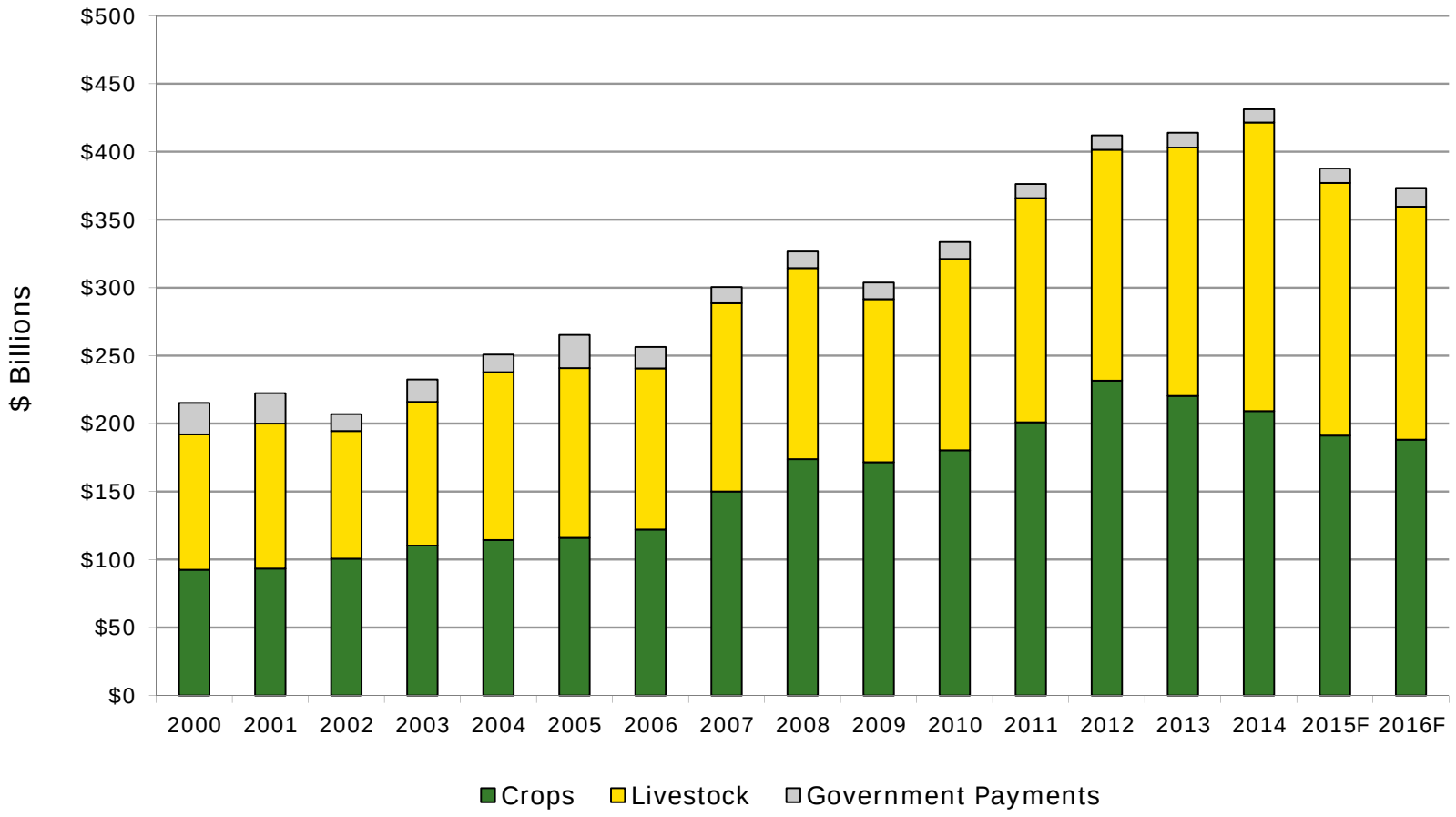
Deere & Company Forecast as of 19 August 2016

U.S. Farm Cash Receipts

(in billions of dollars)	2014	2015 Forecast	Previous 2015	2016 Forecast	Previous 2016
Crops	$209.3	$191.3	$191.3	$188.2	$184.1
Livestock	$212.2	$185.7	$185.7	$171.3	$177.1
Government Payments	$9.8	$10.6	$10.6	$13.9	$13.9
Total Cash Receipts	$431.3	$387.6	$387.6	$373.4	$375.1

Deere & Company Forecast as of 19 August 2016 (Previous Forecast as of 20 May 2016)

U.S. Farm Cash Receipts



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

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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	$387.6	$373.4	$375.1
Other Farm-Related Income	$35.4	$33.8	$33.8	$34.9	$34.1
Gross Cash Income	$466.7	$421.4	$421.4	$408.3	$409.2
Cash Expenses	($338.6)	($328.2)	($328.2)	($323.0)	($322.0)
Net Cash Income	$128.1	$93.2	$93.2	$85.3	$87.2

Deere & Company Forecast as of 19 August 2016 (Previous Forecast as of 20 May 2016)

July 2016 Retail Sales and Dealer Inventories

Retail Sales		
U.S. and Canada Ag	Industry*	Deere**
2WD Tractors (< 40 PTO hp)	↓ 7%	↑ single digit
2WD Tractors (40 < 100 PTO hp)	↓ 23%	↓ in line with the industry
2WD Tractors (100+ PTO hp)	↓ 26%	↓ less than the industry
4WD Tractors	↓ 43%	↓ more than the industry
Combines	↓ 23%	↓ more than the industry

Deere Dealer Inventories***		
U.S. and Canada Ag	2016	2015
2WD Tractors (100+ PTO hp)	37%	25%
Combines	20%	19%

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

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July 2016 Retail Sales

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

U.S. and Canada	Deere*
Selected Turf & Utility Equipment	↓ single digit

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

** Based on internal sales reports*

JOHN DEERE

Deere's fourth quarter 2016 conference call
is scheduled for 9:00 a.m. central time
on Wednesday, November 23, 2016



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