2Q 2017 Earnings Call

19 May 2017



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.

2Q 2017 Overview

($ millions except where noted)	2Q 2017	2Q 2017 vs. 2Q 2016
Net Sales & Revenues	**$8,287**	↑ **5%**
Net Sales (equipment operations)	**$7,260**	↑ **2%**
Net Income (attributable to Deere & Company)	**$802**	↑ **62%**
Diluted EPS ($ per share)	**$2.49**	↑ **60%**

2Q 2017 Overview

Equipment Operations

	2Q 2017 vs. 2Q 2016	
Net Sales		**2%**
Price realization		2 points
Currency translation		Flat

Worldwide Agriculture & Turf

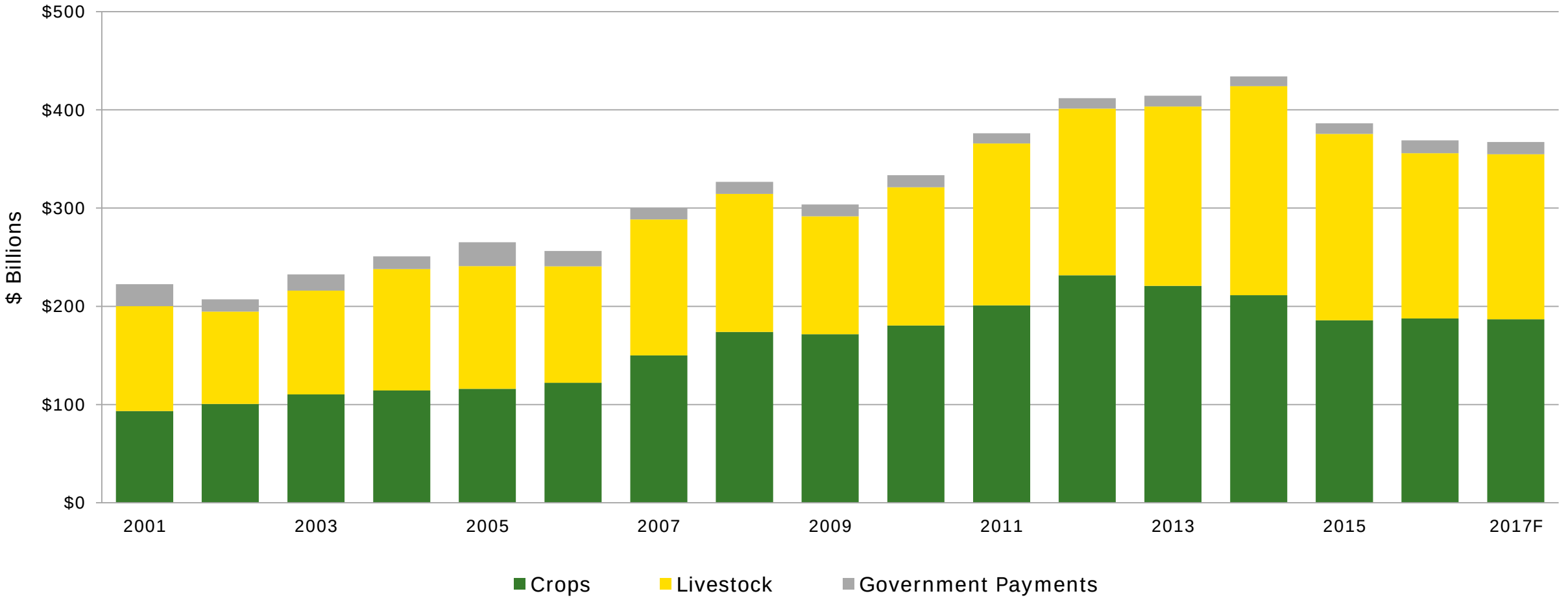
2Q 2017 Overview

($ millions)	2Q 2017	2Q 2017 vs. 2Q 2016
Net Sales	**$5,794**	↑ **1%**
Operating Profit*	**$1,003**	↑ **63%**

*2Q 2017 operating profit impacted by:

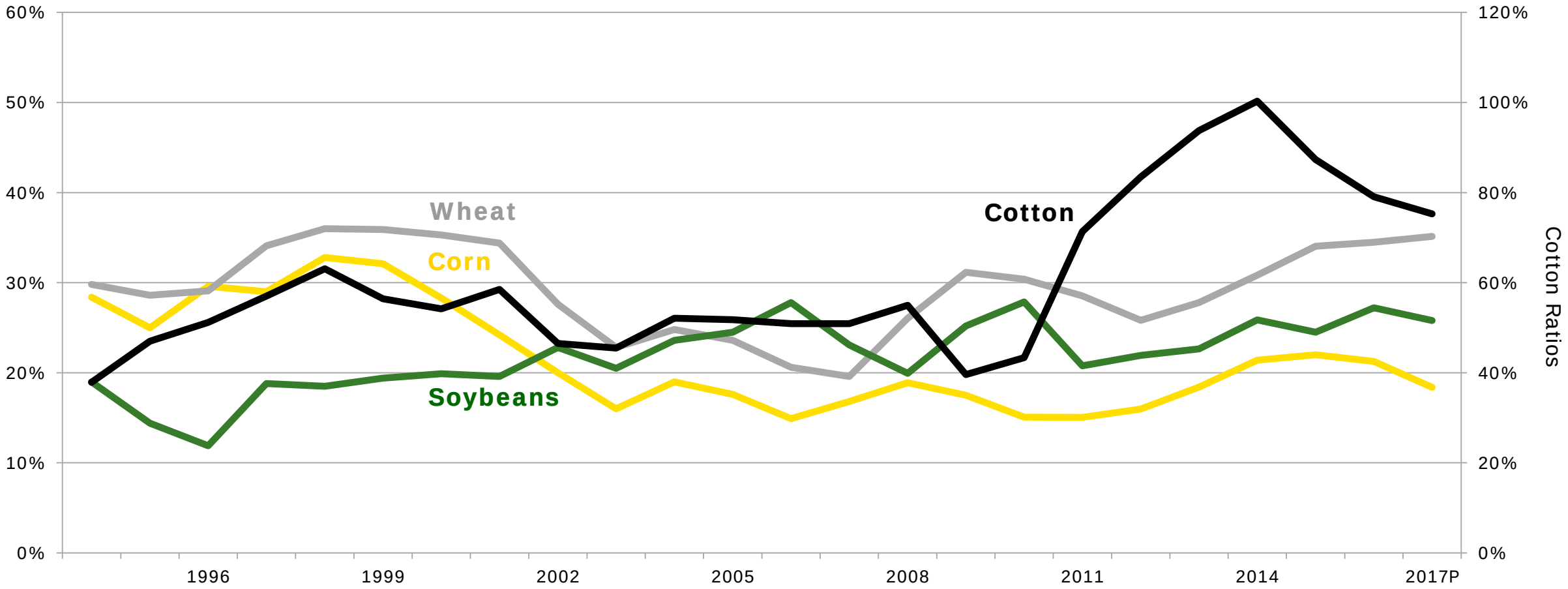
+ Gain on sale of partial interest in SiteOne Landscape Supply, Inc. ($176 million pre-tax)
+ Sales mix
+ Price realization
+ Foreign-currency exchange

U.S. Farm Cash Receipts



Source: 2001–2015: USDA, 7 February 2017
2016F–2017F: Deere & Company forecast as of 19 May 2017

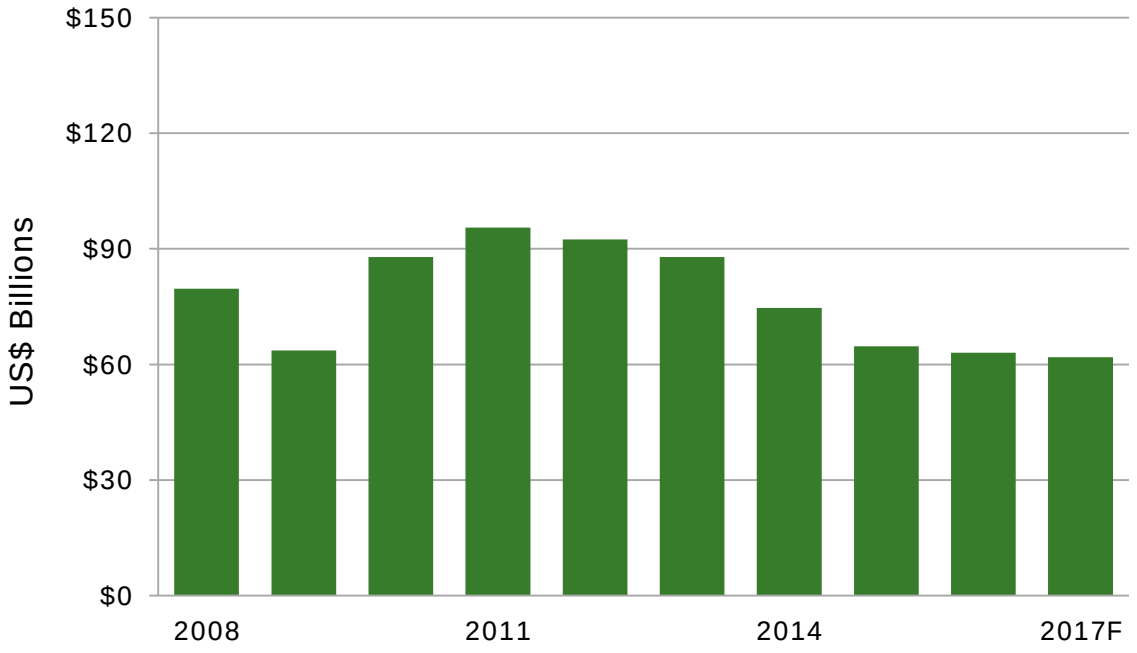
Global Stocks-to-Use Ratios



Source: USDA, 10 May 2017

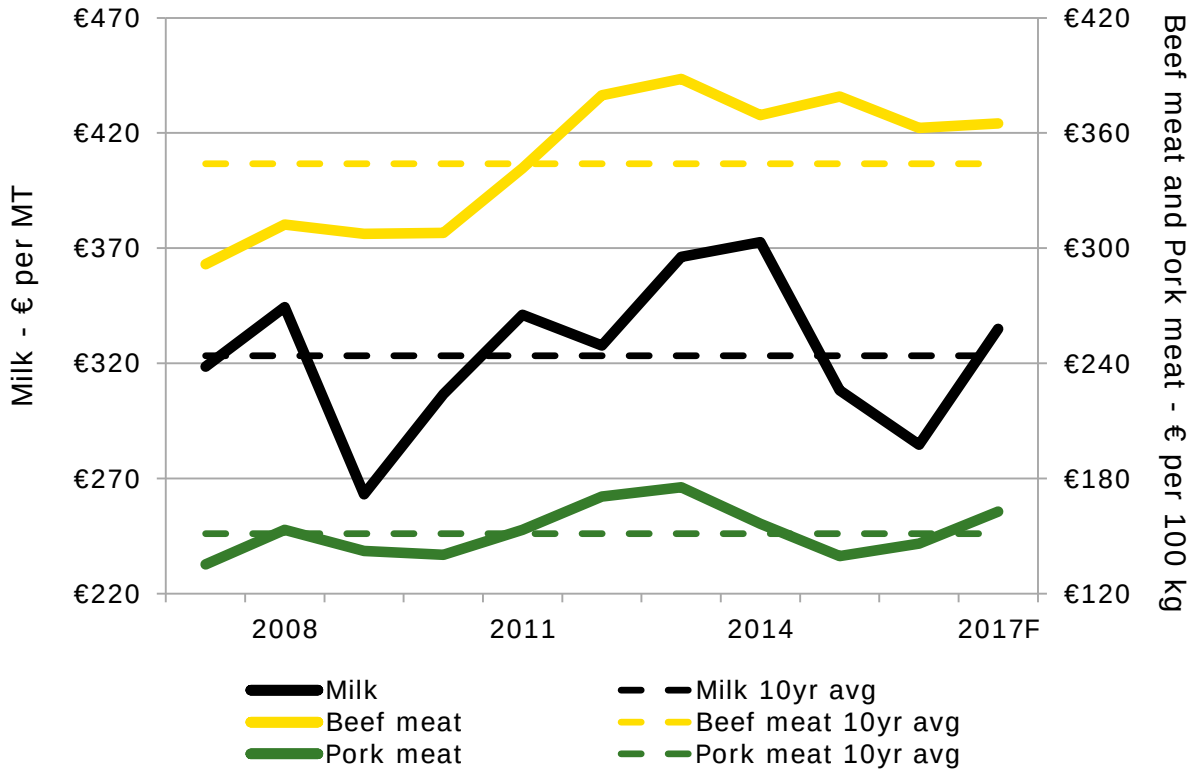
Economic Update
EU 28

Crop Value of Production*



** Includes wheat, barley, corn, sunflower seed, rapeseed, soybean, sugar beet, cotton, rice*
Source: IHS Global Insight, May 2017

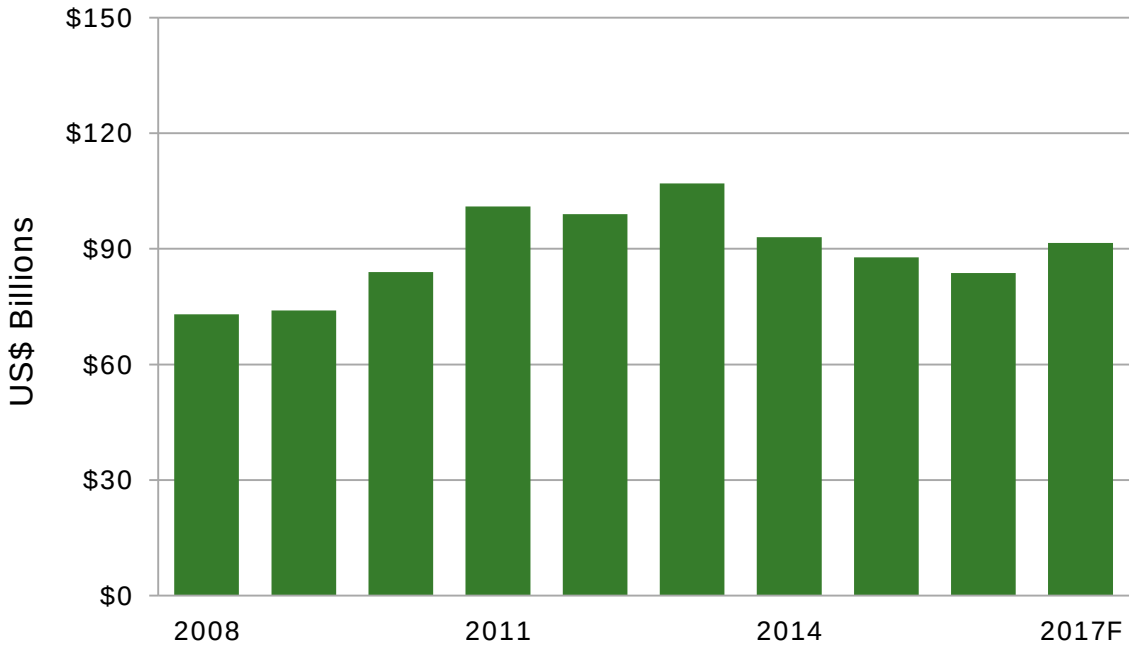
Dairy, Beef and Pork Prices



Source: EU Com, LTO, IFCN, April 2017
Deere & Company forecast as of 19 May 2017

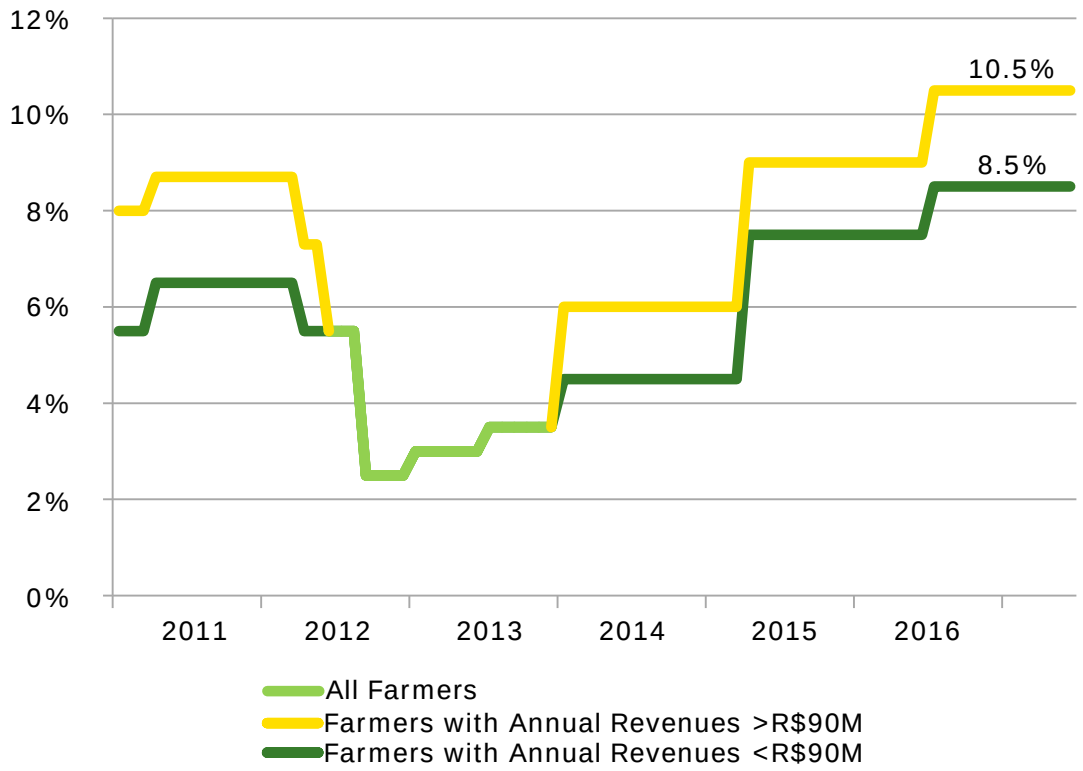
Economic Update
Brazil

Crop Value of Production*



** Includes key grains, ethanol, sugar*
Source: IHS Global Insight, May 2017

Eligible Finance Rates for Agriculture Equipment



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

Agriculture & Turf Retail Sales

Industry Outlook

	Fiscal 2017 Forecast	Previous Forecast
U.S. and Canada Ag	**~ 5%**	5-10%
EU 28 Ag	**Flat to down 5%**	~ 5%
South America Ag (tractors and combines)	**~ 20%**	15-20%
Asia Ag	**Flat to up slightly**	Flat to up slightly
U.S. and Canada Turf and Utility	**~ Flat**	~ Flat

Source: Deere & Company forecast as of 19 May 2017 (previous forecast as of 17 February 2017)

Worldwide Agriculture & Turf

Deere & Company Outlook

	Fiscal 2017 Forecast	Previous Forecast
Net Sales	**~ 8%**	~ 3%
Currency translation	~ Flat	~ Flat

Source: Deere & Company forecast as of 19 May 2017 (previous forecast as of 17 February 2017)

Worldwide Construction & Forestry

2Q 2017 Overview

($ millions)	2Q 2017	2Q 2017 vs. 2Q 2016
Net Sales	**$1,466**	↑ **7%**
Operating Profit*	**$108**	↑ **46%**

*2Q 2017 operating profit impacted by:

+ Shipment volumes
+ Price realization
– Warranty costs
– Sales mix

Worldwide Construction & Forestry

U.S. Economic Indicators

(annual percentage rate* except where noted)	Fiscal 2017 Forecast	Previous Forecast
GDP Growth	**2.3%**	2.2%
Housing Starts (thousands)	**1,258**	1,220
Total Construction Investment	**3.3%**	2.5%
Government Construction Investment	**0.1%**	1.4%

** Change from prior year in real dollars*
Source: IHS Global Insight, Calendar Year Estimates – April 2017 (previous forecast as of January 2017)

Worldwide Construction & Forestry

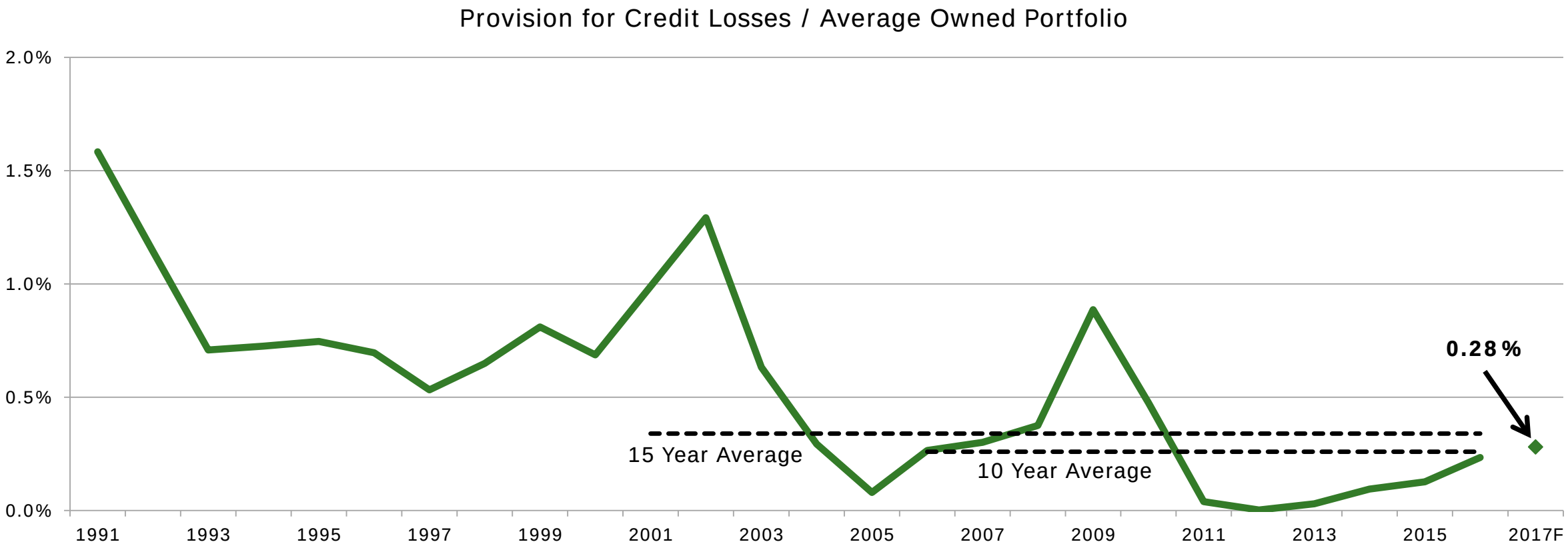
Deere & Company Outlook

	Fiscal 2017 Forecast	Previous Forecast
Net Sales	**~ 13%**	~ 7%
Currency translation	~ Flat	~ Flat

Source: Deere & Company forecast as of 19 May 2017 (previous forecast as of 17 February 2017)

Worldwide Financial Services

Credit Loss History



Source: Deere & Company forecast as of 19 May 2017

Worldwide Financial Services

($ millions)	2Q 2017	Fiscal 2017 Forecast	Previous Forecast
Net Income (attributable to Deere & Company)	**$103.5**	**~ $475**	~ $480

Source: Deere & Company forecast as of 19 May 2017 (previous forecast as of 17 February 2017)

Consolidated Trade Receivables & Inventory

($ millions)	2Q 2017*	Fiscal 2017 Forecast**	Previous Forecast**
Agriculture & Turf	↓ **$363**	↑ **~ $225**	↓ ~ $125
Construction & Forestry	↔ **$0**	↑ **~ $175**	↓ ~ $75
Total (as reported)	↓ **$363**	↑ **~ $400**	↓ ~ $200
Total (constant exchange)	↓ **$264**	↑ **~ $400**	↓ ~ $200

** Change at 30 April 2017 vs. 1 May 2016*
*** Forecasted change at 29 October 2017 vs. 30 October 2016*
Note: Before the sale of receivables to John Deere Financial
Source: Deere & Company forecast as of 19 May 2017 (previous forecast as of 17 February 2017)

Cost of Sales
Equipment Operations

	2Q 2017	Fiscal 2017 Forecast	Previous Forecast
COS (percent of Net Sales)	**75.0%**	**~ 77%**	~ 78%

Source: Deere & Company forecast as of 19 May 2017 (previous forecast as of 17 February 2017)

Research & Development Expense

Equipment Operations

	2Q 2017 vs. 2Q 2016	Fiscal 2017 Forecast	Previous Forecast
R&D Expense	⬇ **6%**	⬇ **~ 1%**	⬇ ~ 2%

Source: Deere & Company forecast as of 19 May 2017 (previous forecast as of 17 February 2017)

Selling, Administrative & General Expense
Equipment Operations

	2Q 2017 vs. 2Q 2016	Fiscal 2017 Forecast	Previous Forecast
SA&G Expense	**8%**	**~ 7%**	~ 5%
Incentive compensation	3 points	~ 2 points	~ Flat
Commissions paid to dealers	1 point	~ 1 point	~ 1 point
Voluntary separation program	Flat	~ 2 points	~ 2 points

Source: Deere & Company forecast as of 19 May 2017 (previous forecast as of 17 February 2017)

Income Taxes
Equipment Operations

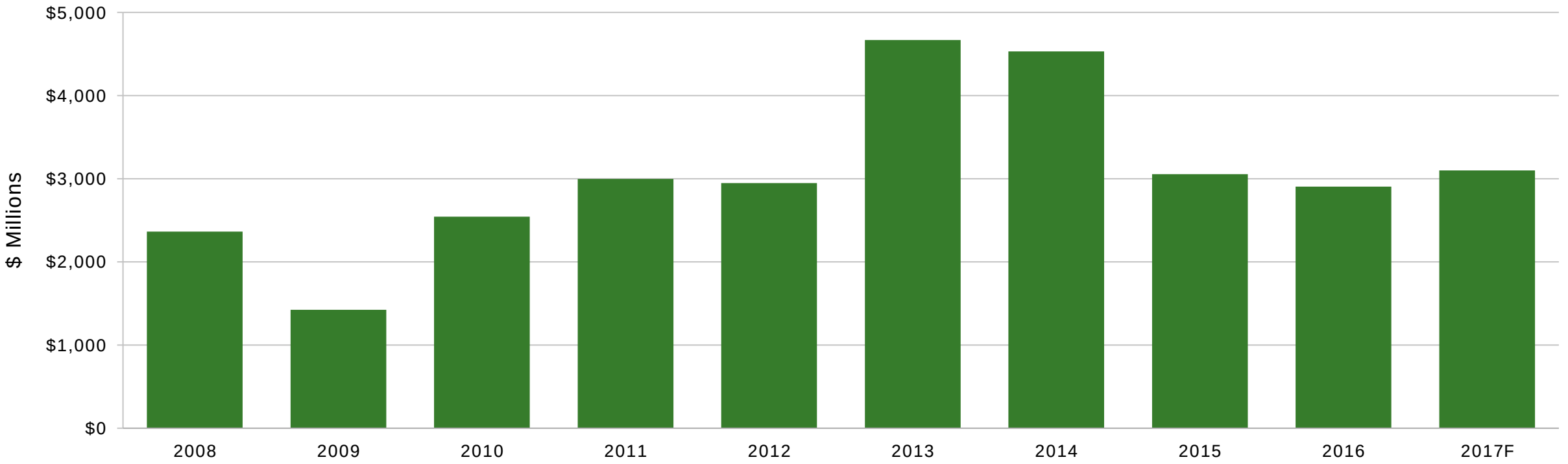
	2Q 2017	Fiscal 2017 Forecast	Previous Forecast
Effective Tax Rate	**31%**	**32-34%**	33-35%

Source: Deere & Company forecast as of 19 May 2017 (previous forecast as of 17 February 2017)

Net Operating Cash Flows

Equipment Operations

Fiscal 2017 Forecast* ~ $3.1 billion



** Previous forecast ~ $2.6 billion*
Source: Deere & Company forecast as of 19 May 2017 (previous forecast as of 17 February 2017)

Deere & Company Outlook

Fiscal 2017 Forecast

($ billions except where noted)	3Q 2017 Forecast	Fiscal 2017 Forecast	Previous Forecast
Net Sales (equipment operations)	**~ 18%**	**~ 9%**	~ 4%
Price realization	~ Flat	~ 1 point	~ 1 point
Currency translation	~ Flat	~ Flat	~ Flat
Net Income (attributable to Deere & Company)		**~ $2.0**	~ $1.5

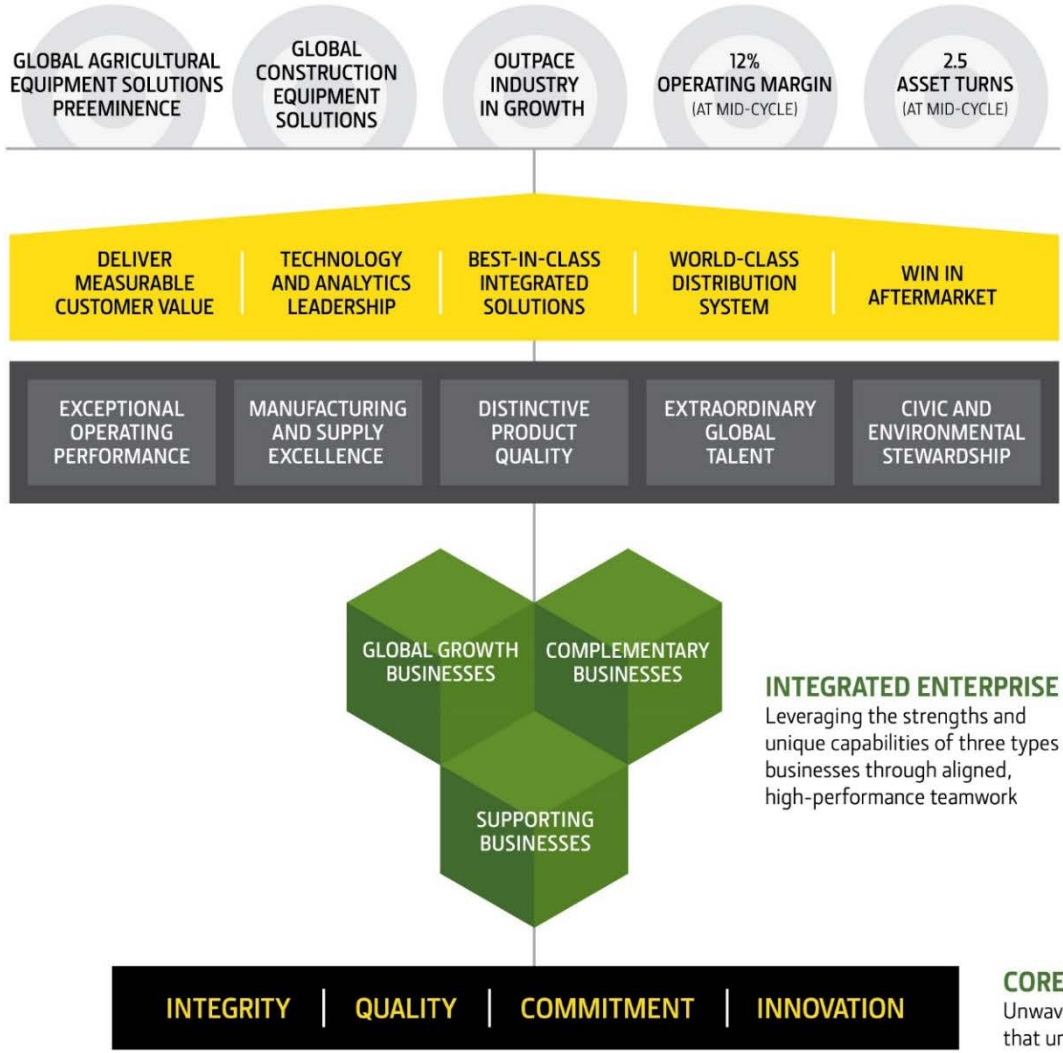
Source: Deere & Company forecast as of 19 May 2017 (previous forecast as of 17 February 2017)

Appendix



THE JOHN DEERE STRATEGY

OUR PURPOSE Committed to those linked to the land



OUR ASPIRATIONS

Realizing sustainable SVA growth through innovation and disciplined expansion

CRITICAL SUCCESS FACTORS

Further developing the capabilities essential to reaching our goals

FOUNDATIONAL SUCCESS FACTORS

Investing in the core strengths that have guided our success

INTEGRATED ENTERPRISE

Leveraging the strengths and unique capabilities of three types of businesses through aligned, high-performance teamwork

CORE VALUES

Unwavering adherence to the values that unite and differentiate us

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

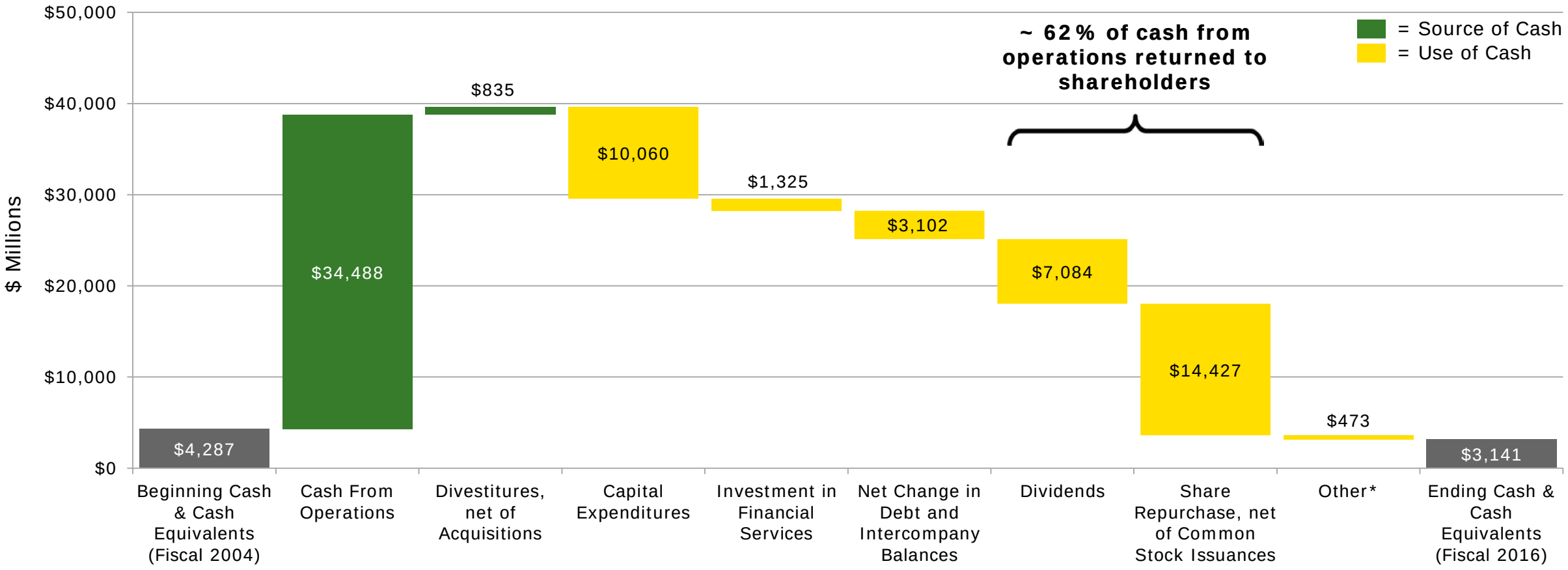
- Consistently and moderately raise dividend targeting a 25%-35% payout ratio of mid-cycle earnings

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

Sources and Uses of Cash Fiscal 2004-2016

Equipment Operations



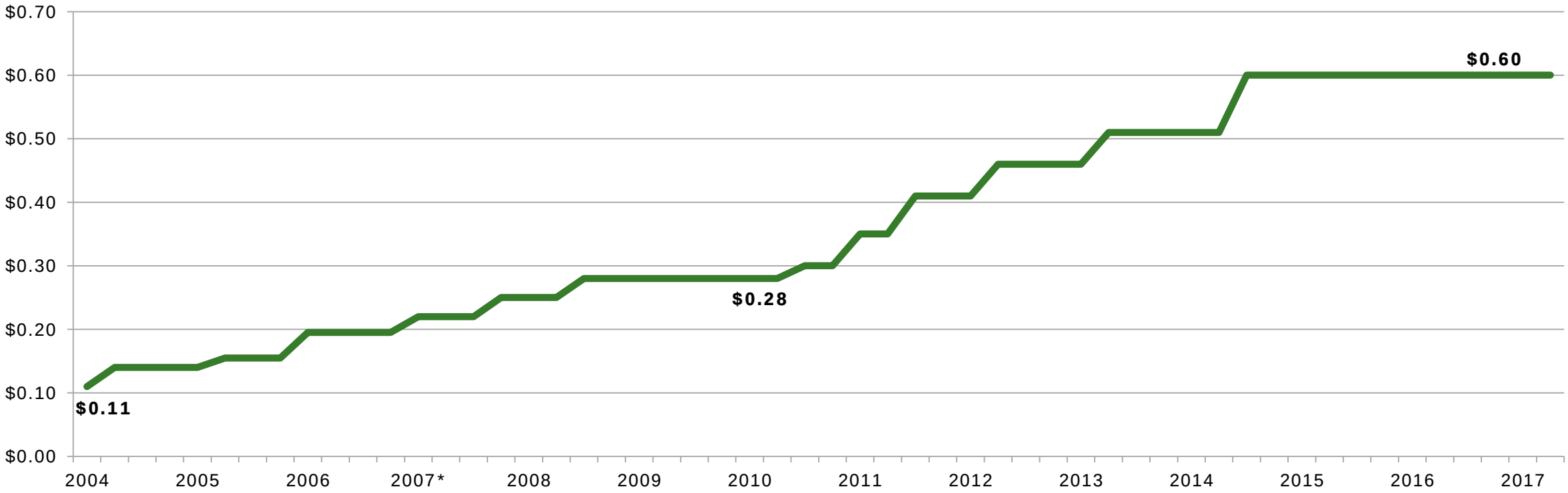
** Other includes proceeds from maturities and sales of marketable securities and purchases of marketable securities and reconciliation for non-cash items including excess tax benefits from share-based compensation and the effect of exchange rates on cash and cash equivalents*

Source: Deere & Company SEC filings

Deere Quarterly Dividends Declared

1Q 2004 – 2Q 2017

Dividend raised 114% since 2010



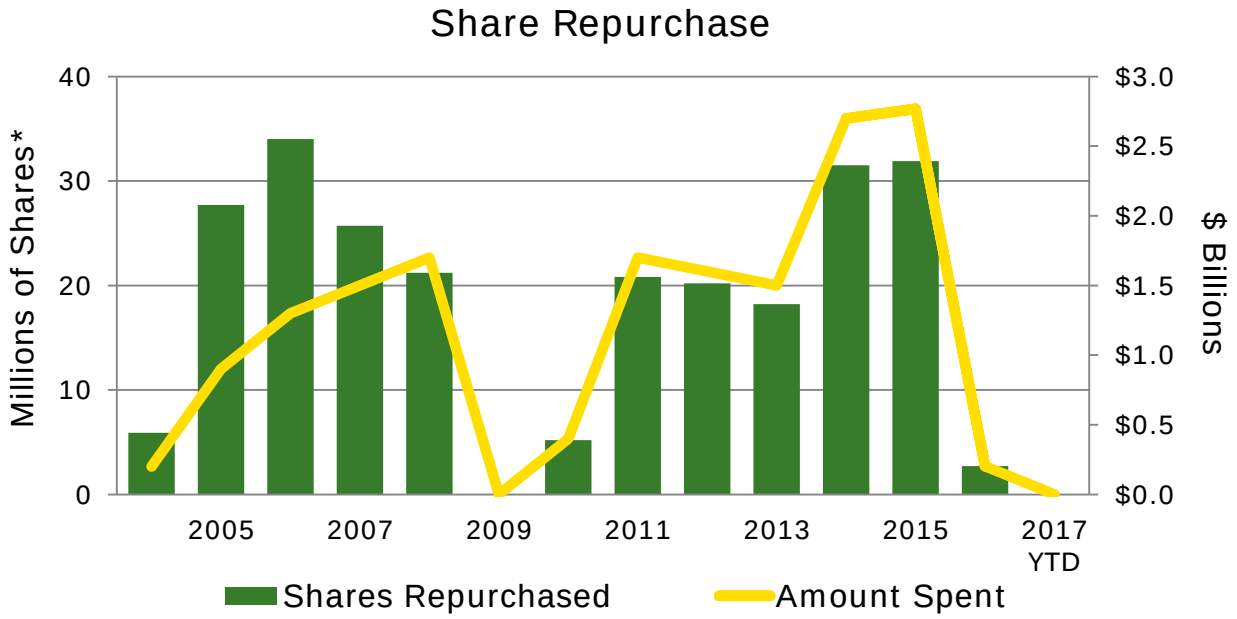
** Adjusted for 2 for 1 stock split on 26 November 2007*

Share Repurchase

As Part of Publicly Announced Plans

36% net share reduction since 2004

2004–2Q 2017:	
Cumulative cost of repurchases	$16.4 billion
Shares repurchased	245.0 million
Average repurchase price	$66.96
December 2013 authorization of $8 billion:	
Amount remaining	$3.3 billion
30 April 2017 period ended basic shares	319.9 million
2Q 2017 average diluted shares	322.5 million



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

Pension and OPEB Expense

($ millions)	2Q 2017	Fiscal 2017 Forecast	Previous Forecast
Pension and OPEB Expense	**$12**	**~ $35**	~ $35

Source: Deere & Company forecast as of 19 May 2017 (previous forecast as of 17 February 2017)

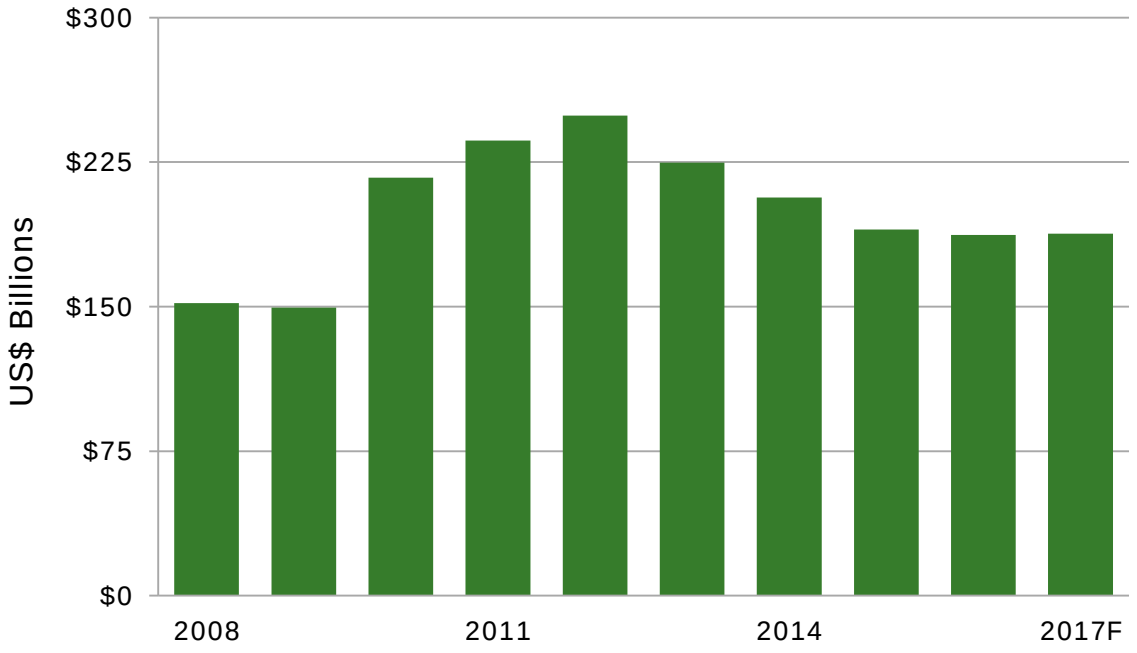
Other Information
Equipment Operations

($ millions)	Fiscal 2017 Forecast	Previous Forecast
Capital Expenditures	**~ $650**	~ $600
Depreciation and Amortization	**~ $850**	~ $850
Pension / OPEB Contributions	**~ $100**	~ $100

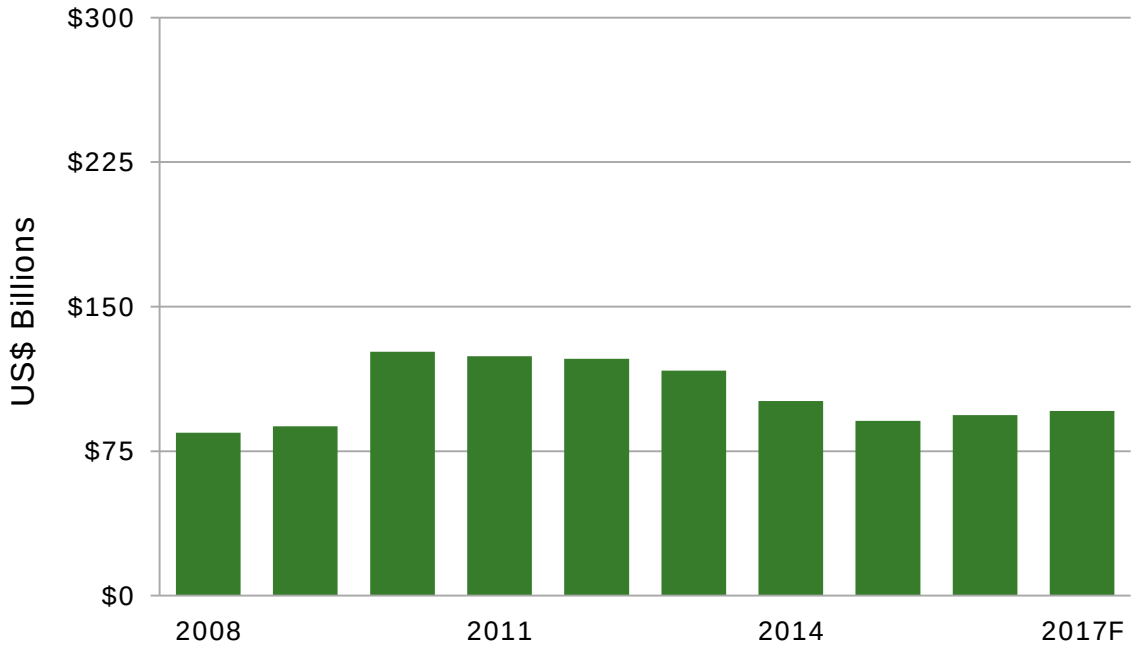
Source: Deere & Company forecast as of 19 May 2017 (previous forecast as of 17 February 2017)

Economic Update
Other Selected Markets

China - Crop Value of Production*



India - Crop Value of Production*



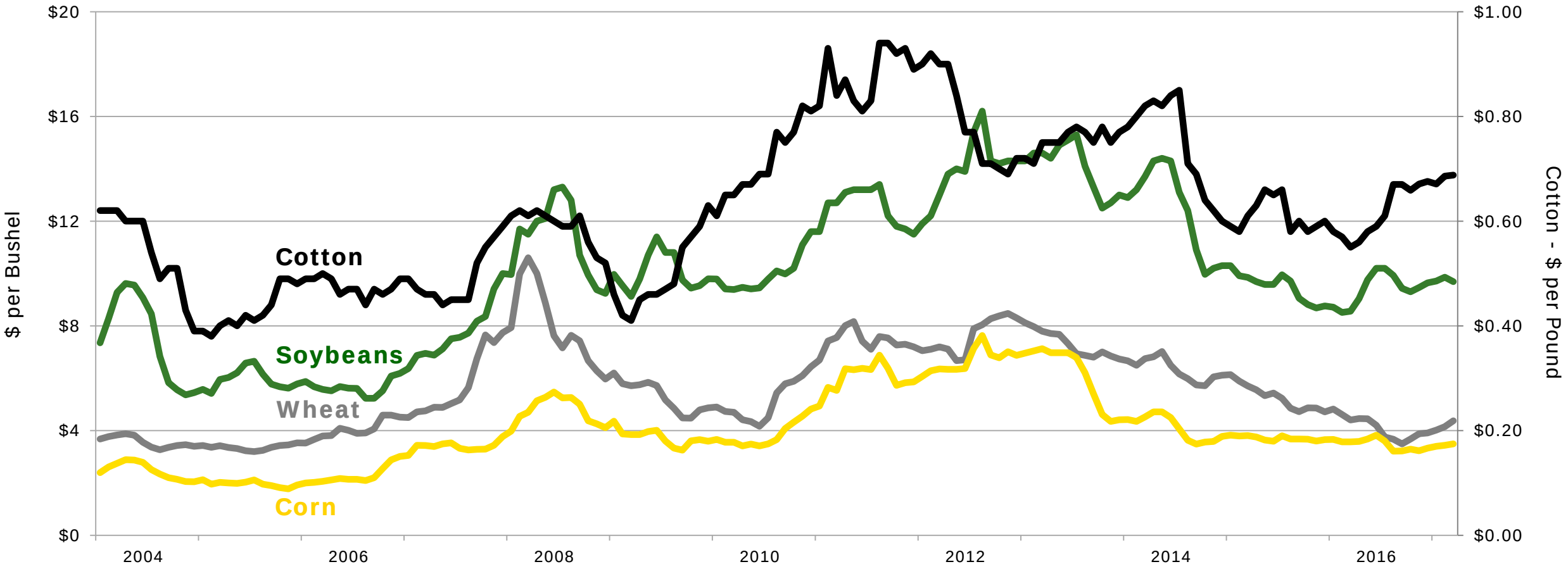
** Includes corn, wheat, rice, barley, sorghum, oilseeds, peanut, sugar, cotton*
Source: IHS Global Insight, May 2017

U.S. Farm Commodity Prices

($ per bushel except where noted)	2015/16	2016/17 Estimate	Previous 2016/17	2017/18 Projection
Corn	**$3.61**	**$3.40**	$3.40	**$3.40**
Soybeans	**$8.95**	**$9.55**	$9.50	**$9.30**
Wheat	**$4.89**	**$3.90**	$3.85	**$4.25**
Cotton ($ per pound)	**$0.61**	**$0.69**	$0.69	**$0.64**

Source: Deere & Company forecast as of 19 May 2017 (previous forecast as of 17 February 2017)

U.S. Farm Commodity Prices



Source: USDA, 10 May 2017

U.S. Acres Planted

(millions)	2016/17 Estimate	2017/18 Projection
Corn	94.0	90.0
Soybeans	83.4	89.5
Wheat	50.2	46.1
Cotton	10.1	12.2

Source: Deere & Company forecast as of 19 May 2017

U.S. Crop Yields

(bushels per acre except where noted)	2016/17 Estimate	2017/18 Projection
Corn	**174.6**	**170.7**
Soybeans	**52.1**	**48.0**
Wheat	**52.6**	**47.2**
Cotton (pounds per harvested acre)	**867**	**810**

Source: Deere & Company forecast as of 19 May 2017

U.S. Farm Cash Receipts

($ billions)	2015	2016 Forecast	2017 Forecast	Previous 2017
Crops	**$185.7**	**$187.7**	**$186.7**	$186.7
Livestock	**$189.8**	**$168.2**	**$168.2**	$168.2
Government Payments	**$10.8**	**$13.0**	**$12.5**	$12.5
Total Cash Receipts	**$386.3**	**$368.9**	**$367.4**	$367.4

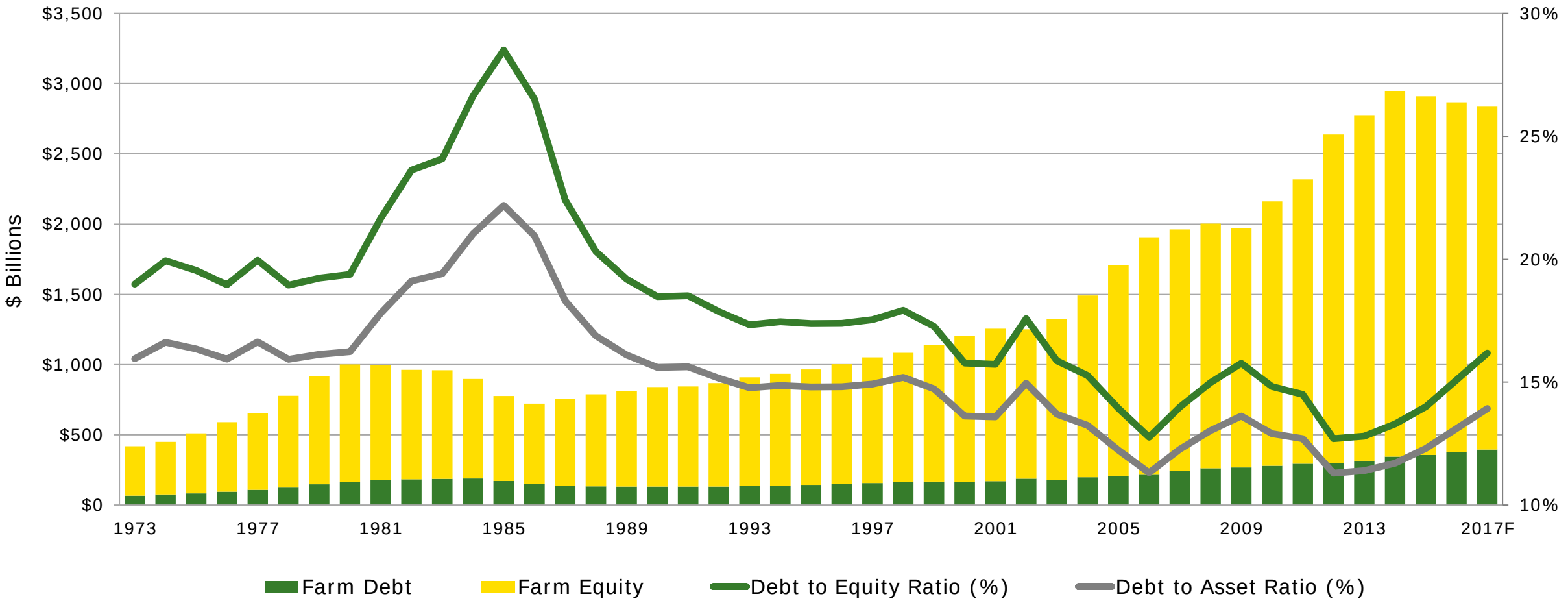
Source: 2015: USDA, 7 February 2017
2016F–2017F: Deere & Company forecast as of 19 May 2017 (previous forecast as of 17 February 2017)

U.S. Net Farm Cash Income

($ billions)	2015	2016 Forecast	2017 Forecast	Previous 2017
Total Cash Receipts	**$386.3**	**$368.9**	**$367.4**	$367.4
Other Farm-Related Income	**$34.3**	**$30.6**	**$34.4**	$34.4
Gross Cash Income	**$420.6**	**$399.5**	**$401.8**	$401.8
Cash Expenses	**($315.9)**	**($307.6)**	**($308.3)**	($308.3)
Net Cash Income	**$104.7**	**$91.9**	**$93.5**	$93.5

Source: 2015: USDA, 7 February 2017
2016F–2017F: Deere & Company forecast as of 19 May 2017 (previous forecast as of 17 February 2017)

U.S. Farm Balance Sheet



Source: 1973–2015: USDA, 7 February 2017
2016F–2017F: Deere & Company forecast as of 19 May 2017

April 2017 Retail Sales and Dealer Inventories

Retail Sales U.S. and Canada Ag	Industry*	Deere**
2WD Tractors (< 40 PTO hp)	↑ 10%	↑ Less than the industry
2WD Tractors (40 < 100 PTO hp)	↔ Flat	↔ In line with the industry
2WD Tractors (100+ PTO hp)	↓ 4%	↔ Flat
4WD Tractors	↑ 32%	↑ More than the industry
Combines	↑ 9%	↑ In line with the industry

Deere Dealer Inventories*** U.S. and Canada Ag	2017	2016
2WD Tractors (100+ PTO hp)	32%	37%
Combines	21%	13%

** As reported by the Association of Equipment Manufacturers*
*** As reported to the Association of Equipment Manufacturers*
**** In units as a % of trailing 12 months retail sales, as reported to the Association of Equipment Manufacturers*

April 2017 Retail Sales

Retail Sales EU 28 Ag	Deere*
Tractors	⬌ Flat
Combines	⬇ Single digit

Retail Sales U.S. and Canada	Deere*
Selected Turf & Utility Equipment	⬆ Low double digits
Construction & Forestry	
First-in-the-Dirt	⬆ Double digits
Settlements	⬆ Low double digits

** Based on internal sales reports*

Deere & Company's 3Q 2017 earnings call is scheduled for 9:00 a.m. central time on Friday, 18 August 2017

