



JOHN DEERE

Second Quarter 2007 Earnings Conference Call

Safe Harbor Statement & Disclosures

The earnings call and accompanying material include forward-looking comments and information concerning the company's projections, plans and objectives 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 GAAP. Words such as "forecast," "projection," "outlook," "expected," "estimated," "will," "plan," "anticipate," "intend," 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 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.

Additional Supplemental Data

Fiscal Year 2006

	Q1	Q2	Q3	Q4	Fiscal Year	Diluted EPS
Net income	\$235.9	\$744.6	\$436.0	\$277.3	\$1,693.8	\$7.18
Income from discontinued operations (Health Care)	(12.0)	(227.6)	(.3)	(.6)	(240.6)	(1.02)
Income from continuing operations	223.9	517.0	435.7	276.7	1,453.2	6.16
Other special items:						
Debt securities tender offer	--	44.2	--	--	44.2	.19
Canadian factory closing	7.9	2.8	3.2	13.6	27.6	.12
Income from continuing operations, excluding special items	\$231.8	\$564.0	\$438.9	\$290.3	\$1,525.0	\$6.47

- ▶ NOTE: Due to the magnitude of the amounts for the items listed above either in the quarter or for the year, management believes the above additional supplemental data provides valuable insight into the operating performance for fiscal year 2006. Management believes this presentation will enhance the reader's understanding of the impact of these items on Deere & Company's performance during the year. Management does not intend this presentation to be considered in isolation or as a substitute for the related measures under accounting principles generally accepted in the U.S.

Second Quarter Overview

<i>(in millions of dollars except per share amounts)</i>	Q2 2007	Q2 2006	Change
Net Sales and Revenues	\$6,882	\$6,562	+5%
Net Sales	\$6,266	\$6,029	+4%
Income from Continuing Operations	\$623.6	\$517.0	+21%
Diluted EPS from Continuing Operations	\$2.72	\$2.17	+25%

Second Quarter Overview

Net Sales

- Equipment operations net sales: Up 4% in the quarter compared to Q2 2006
 - Price realization ~ +2 points
 - Currency translation ~ +2 points

Production Tonnage*

% Change	Q2 2007	Q2 2007 Previous Forecast	Q3 2007 Forecast	Fiscal 2007 Forecast	FY 2007 Previous Forecast
Total Worldwide	+1	+4	+5	+2	-2
Worldwide AG	+7			+11	+4
Worldwide C&F	-18			-19	-20
Worldwide CCE	+1			+1	+2
Total U.S. and Canada	-2			-1	-5
Outside U.S. and Canada	+6			+9	+6
U.S. and Canada AG	+9	+6	+16		
U.S. and Canada C&F	-22	-23	-23		

* Percentage change from same period in previous year, excluding purchased product.

Deere & Company Forecast as of 16 May 2007 (Previous Forecast as of 14 February 2007)

2007 Company Outlook

- Third Quarter 2007 Forecast
 - Net Sales up ~ 5% vs. 3Q 2006
 - Net Income \$400 – 425 million

- Fiscal Year 2007 Forecast
 - Net Sales up ~ 6% from FY 2006
 - Net price realization: 1 to 2 points
 - Currency translation: ~ +2 points
 - Previous forecast net sales up slightly
 - Net Income ~ \$1.55 billion
 - Previous forecast ~ \$1.4 billion

Deere & Company Forecast as of 16 May 2007 (Previous Forecast as of 14 February 2007)

Second Quarter Overview – Worldwide Agricultural Equipment Division

<i>(in millions of dollars)</i>	Q2 2007	Q2 2006	Change
Net Sales	\$3,498	\$3,068	+14%
Operating Profit*	\$487	\$385	+26%
Production Tonnage			+7%

* Operating Profit impacted by:

- Positive price realization
- Higher sales volumes
- Partially offset by higher selling, administrative and general expense
 - Growth initiatives

U.S. Commodity Price Estimates

	2006/07 Forecast	Previous 2006/07	2007/08 Forecast	Previous 2007/08	2008/09 Forecast
Corn (per bushel)	\$3.10	\$3.10	\$3.40	\$3.25	\$3.55
Wheat (per bushel)	\$4.40	\$4.25	\$4.25	\$3.95	\$4.30
Soybeans (per bushel)	\$6.40	\$6.35	\$6.65	\$7.00	\$6.85
Cotton (per pound)	\$.430	\$.450	\$.400	\$.420	\$.440

Deere & Company Estimates as of 16 May 2007 (Previous Estimates as of 14 February 2007)

U.S. Acreage & Yield Estimates

<i>Planted acres in millions</i>		2006/07 Forecast	2007/08 Forecast	2008/09 Forecast
Corn	Planted Acres	78.3	89.0	90.0
	Yield – Bu/Acre	149.1	152.0	156.0
Wheat	Planted Acres	57.3	60.3	59.0
	Yield – Bu/Acre	38.7	43.5	44.4
Soybeans	Planted Acres	75.5	69.5	69.5
	Yield – Bu/Acre	42.7	42.8	43.3
Cotton	Planted Acres	15.3	12.1	12.3
	Yield – Lbs/Acre	819	834	825

Deere & Company Estimates as of 16 May 2007

U.S. Farm Cash Receipts Estimates

<i>(in billions of dollars)</i>	2006 Forecast	Previous 2006	2007 Forecast	Previous 2007	2008 Forecast
Crops	122.4	121.4	134.8	133.3	138.9
Livestock	121.4	121.4	125.1	121.9	126.6
Government Payments	16.4	15.7	12.5	11.9	12.1
Total Cash Receipts	\$260.2	\$258.5	\$272.4	\$267.1	\$277.6

Deere & Company Estimates as of 16 May 2007 (Previous Estimates as of 14 February 2007)

Industry Outlook – Agricultural Equipment Retail Sales

- U.S. and Canada: Up about 5% for the fiscal year
 - Strength in large tractors
 - Flat combine sales
 - Weakness in cotton
 - Anticipates continued market strength
 - Previous outlook flat to up 5%

Deere & Company Outlook as of 16 May 2007 (Previous Outlook as of 14 February 2007)

Industry Outlook – Agricultural Equipment Retail Sales

- Western Europe: Flat to up 2%
 - Strength in overall farm economic fundamentals
 - Concern over potential drought in France, Germany and Italy
 - Previous outlook flat
- Eastern Europe and the Commonwealth of Independent States countries, including Russia: Higher
- Australia: Down about 20%
 - Continued serious drought
 - Previous outlook down about 25%

Deere & Company Outlook as of 16 May 2007 (Previous Outlook as of 14 February 2007)

Brazil Farm Net Income

	Net Income (US \$ Billion)				
	2004	2005	2006	2007 Forecast	Previous 2007
Soybeans	4.1	.9	-2.0	.8	1.2
Cotton	.2	-.1	-.2	.5	.4
Sugar Cane	1.0	.8	3.3	3.5	3.5
Corn	.2	.2	-1.1	1.0	.8
Rice	.6	.2	.0	.0	.2
Total	6.1	2.0	.0	5.8	6.1

Deere & Company Estimates as of 16 May 2007 (Previous Estimates as of 14 February 2007)

Industry Outlook – Agricultural Equipment Retail Sales

- South America: Up about 20%
 - Brazilian market continues to show signs of recovery
 - Previous outlook flat to up 5%

Deere & Company Outlook as of 16 May 2007 (Previous Outlook as of 14 February 2007)



Deere & Company Outlook - Worldwide Agricultural Equipment

- Fiscal Year 2007 Forecast
 - Net sales projected to be up ~13%
 - Currency translation ~ +3 points
 - Previous forecast up ~8%

 - Production tonnage projected up ~11%

Deere & Company Forecast as of 16 May 2007 (Previous Forecast as of 14 February 2007)

Second Quarter Overview – Worldwide Commercial & Consumer Equipment

<i>(in millions of dollars)</i>	Q2 2007	Q2 2006	Change
Net Sales	\$1,318	\$1,319	0%
Operating Profit*	\$150	\$127	+18%
Production Tonnage			+1%

* Operating Profit impacted by:

- Positive price realization
- Favorable product mix
 - Residential zero-turn radius mowers
- Improved operating costs
- Partially offset by lower shipment volumes

Deere & Company Outlook – Worldwide Commercial & Consumer Equipment

- **LESCO, Inc.**
 - Acquisition closed on 07 May 2007
 - Forecasted financial impact on Q3 and Q4 2007
 - Net Sales: ~ \$350 million
 - **Q3: ~\$120 million**
 - **Q4: ~\$230 million**
 - Operating Loss: \$5-10 million (mostly impacts Q4)
 - Selling, Administrative & General Expenses: ~ \$70 million
 - Trade receivables & inventory at 31 October: ~ \$150 million

Deere & Company Forecast as of 16 May 2007

Deere & Company Outlook – Worldwide Commercial & Consumer Equipment

- Fiscal Year 2007 Forecast
 - Net sales projected to be up ~11%
 - LESCO adds ~\$350 million
 - New products
 - Previous forecast up ~3%

 - Production tonnage projected up ~1%

Deere & Company Forecast as of 16 May 2007 (Previous Forecast as of 14 February 2007)

Second Quarter Overview – Worldwide Construction & Forestry

<i>(in millions of dollars)</i>	Q2 2007	Q2 2006	Change
Net Sales	\$1,450	\$1,642	-12%
Operating Profit*	\$192	\$274	-30%
Production Tonnage			-18%

- * Operating Profit impacted by:
- Lower sales volumes
 - Raw material cost increases

Deere & Company Outlook – Worldwide Construction & Forestry

- Fiscal Year 2007 Forecast
 - Net sales projected to be down ~11%
 - U.S. housing starts lower; non-residential growth
 - Sales to independent rental channel down significantly
 - Previous forecast down ~9%

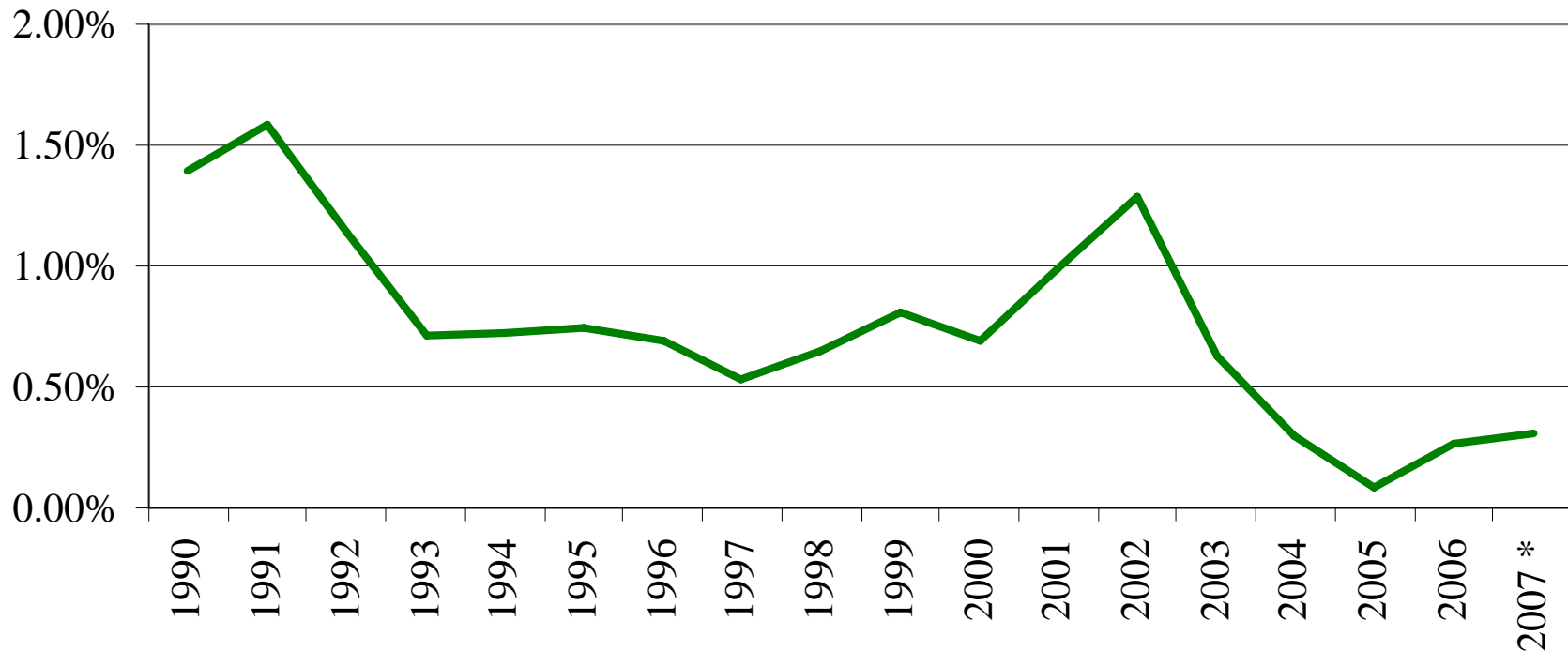
 - Production tonnage projected down ~19%
 - U.S. and Canada down ~24%

Deere & Company Forecast as of 16 May 2007 (Previous Forecast as of 14 February 2007)

Loss History - Credit

- Low losses driven by strong obligor cash flows, low repossession rates and strong used equipment market

Provision for Credit Losses / Average Owned Portfolio



* 2007 is an annualized year-to-date April 2007 rate

Credit

- **Second Quarter 2007**
 - Net income \$86.6 million... up 6% vs. Q2 2006
 - Growth in credit portfolio
 - Higher provision for credit losses

- **Fiscal Year 2007 Forecast**
 - Net income ~ \$355 million
 - Growth in credit portfolio
 - Higher SA&G expense in support of growth initiatives
 - Previous forecast of ~ \$355 million (unchanged)

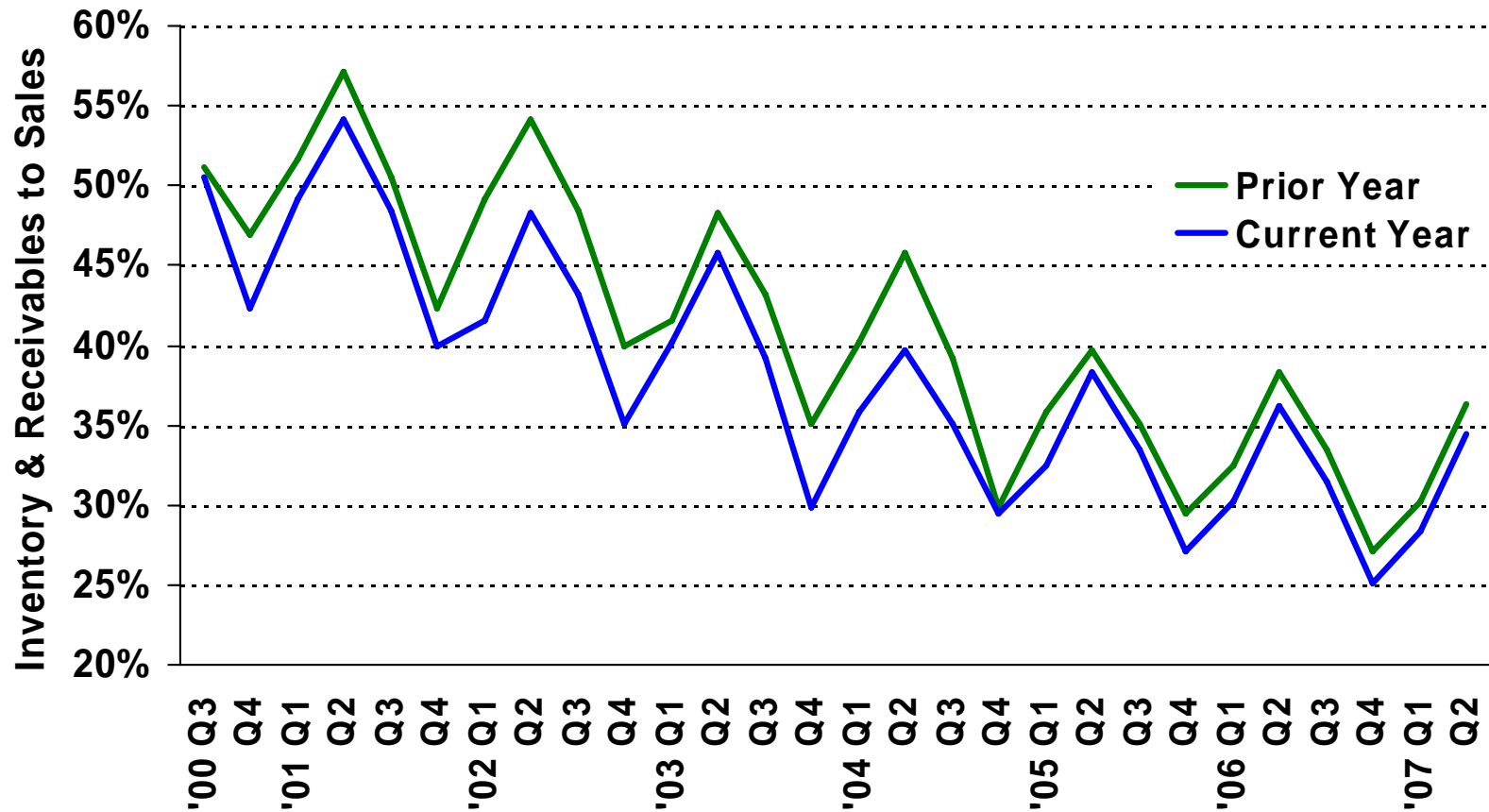
Deere & Company Forecast as of 16 May 2007 (Previous Forecast as of 14 February 2007)

Credit

- Dividends to Equipment Operations
 - 1H07 dividends ~ \$320 million higher vs. 1H06
 - Impacts Equipment Operations Cash Flows from Operating Activities
 - Includes \$230 million special dividend in Q2 2007
 - Result of increased leverage of U.S. retail portfolios approved by rating agencies

Consolidated Trade Receivables & Inventory

- 28 consecutive quarters of year-over-year receivables and inventory reduction relative to sales



Consolidated Trade Receivables & Inventory

Change at 30 April: 2007 vs. 2006

<i>(in millions of dollars)</i>	Q2 Actual
AG	↑ 69
CCE	↓ 74
C&F	↓ 135
Total, as reported	↓ 140
Total, constant exchange	↓ 300

Consolidated Trade Receivables & Inventory

Forecasted change at 31 October: 2007 vs. 2006

<i>(in millions of dollars)</i>	2007 Forecast	2007 Prior Forecast
AG	↑ 175	Flat
CCE*	↑ 100	Flat
C&F	↓ 125	↓ 100
Total*	↑ 150	↓ 100

* Includes \$150 million related to LESCO inventory and receivables.

Deere & Company Forecast as of 16 May 2007 (Previous Forecast as of 14 February 2007)

April Retail Sales – U.S. and Canada

	Industry*	Deere**
Utility Tractors	↑ 7%	↓ a single digit
Row-Crop Tractors	↑ 14%	↑ double digits; less than industry
4 WD Tractors	↑ 40%	↑ double digits; less than industry
Combines	↓ 24%	↓ more than the industry

* As reported by the Association of Equipment Manufacturers

** As reported to the Association of Equipment Manufacturers

Deere Dealer Inventories – U.S. and Canada

at April 30 – in units as a % of trailing 12 months retail sales

	2007	2006
Row-Crop Tractors	23%	22%
Combines	8%	10%

As reported to the Association of Equipment Manufacturers

April Retail Sales – Western Europe

	Deere & Company
Tractors	↑ single digit
Combines	↓ double digits

Based on EU Government Reporting of Registrations

April Retail Sales – U.S. and Canada

	Deere & Company
Commercial and Consumer Equipment	flat
Construction and Forestry	
First-in-the-Dirt	↓ double digits
Settlements	↓ double digits

Raw Material and Freight

Equipment Operations

- Second Quarter 2007
 - Up ~ \$70 million vs. Q2 2006

- Fiscal Year 2007 Forecast
 - Up ~\$200 million
 - By Division
 - Agricultural Equipment: ~ \$75 million
 - Commercial & Consumer Equipment: ~ \$25 million
 - Construction & Forestry: ~ \$100 million

Deere & Company Forecast as of 16 May 2007



Research & Development Expense

Equipment Operations

- Second Quarter 2007
 - Up ~ 9% vs. Q2 2006

- Fiscal Year 2007 Forecast
 - Up ~ 11%

Deere & Company Forecast as of 16 May 2007

Selling, Administrative & General Expenses

Equipment Operations

- **Second Quarter 2007**
 - Up ~ 8% vs. Q2 2006
 - Includes ~ 4 points related to global growth initiatives and currency translation

- **Fiscal Year 2007**
 - Forecast anticipates Up ~ 13% vs. FY2006
 - Includes ~ 10 points related to global growth initiatives (including LESCO) and currency translation

Deere & Company Forecast as of 16 May 2007

Tax Rate

Equipment Operations

- Second Quarter 2007
 - Effective tax rate of 31%
 - Discrete items

- Fiscal Year 2007 Forecast
 - Assumes a tax rate of ~33%

Deere & Company Forecast as of 16 May 2007



Shares Outstanding

Second Quarter 2007

- Period ending shares outstanding: 225.0 million
- Average diluted shares outstanding for the quarter: 229.3 million

Share Repurchase as Part of Publicly Announced Plans

26 million share authorization 30 November 2005*

FY2007	Shares Repurchased (in millions)	Total \$ Amount (in billions)
Q1	2.1	\$0.2
Q2	3.6	\$0.4
Q3		
Q4		
YTD	5.7	\$0.6

FY2006	Shares Repurchased (in millions)	Total \$ Amount (in billions)
Q1		
2004 auth.	1.2	\$0.1
2005 auth.	<u>2.3</u>	<u>\$0.2</u>
Total Q1	3.5	\$0.3
Q2	4.1	\$0.3
Q3	4.9	\$0.4
Q4	4.5	\$0.3
YTD	17.0	\$1.3

* At 30 April 2007, approximately 4.6 million shares remained.

Other Information

Equipment Operations

- Fiscal Year 2007 Forecast
 - Capital Expenditures
 - About \$600 million
 - Depreciation and Amortization
 - \$400 – 450 million
 - Pension/OPEB Contributions
 - About \$375 million

Deere & Company Forecast as of 16 May 2007



JOHN DEERE

**Deere's third-quarter 2007 conference call
is scheduled for 9:00 a.m. central time on
Wednesday, August 15, 2007.**

