



JOHN DEERE

Third 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.



Third Quarter Overview

<i>(in millions of dollars except per share amounts)</i>	Q3 2007	Q3 2006	Change
Net Sales and Revenues	\$6,634	\$6,267	+6%
Net Sales	\$5,985	\$5,677	+5%
Income from Continuing Operations	\$537.2	\$435.7	+23%
Diluted EPS from Continuing Operations	\$2.37	\$1.85	+28%

Third Quarter Overview

Net Sales

- Equipment operations net sales: Up 5% in the quarter compared to Q3 2006
 - Currency translation ~ +3 points
 - Price realization ~ +2 points
 - LESCO added ~ \$125 million

Production Tonnage*

% Change	Q3 2007	Q3 2007 Previous Forecast	Q4 2007 Forecast	Fiscal 2007 Forecast	FY 2007 Previous Forecast
Total Worldwide	+6	+5	+19	+4	+2
Worldwide AG	+15			+14	+11
Worldwide C&F	-14			-17	-19
Worldwide CCE	+2			-1	+1
Total U.S. and Canada	+4			+2	-1
Outside U.S. and Canada	+10			+9	+9
U.S. and Canada AG	+19	+16	+63		
U.S. and Canada C&F	-18	-23	-22		

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

Deere & Company Forecast as of 15 August 2007 (Previous Forecast as of 16 May 2007)

2007 Company Outlook

- Fourth Quarter 2007 Forecast
 - Net Sales up ~ 16% vs. 4Q 2006
 - LESCO sales: ~ +5 points
 - Currency translation: ~ +3 points

- Fiscal Year 2007 Forecast
 - Net Sales up ~ 7% from FY 2006
 - Net price realization: ~ +2 points
 - Currency translation: ~ +2 points
 - Previous forecast Net Sales up ~ 6%
 - Net Income ~ \$1.70 billion
 - Previous forecast ~ \$1.55 billion

Deere & Company Forecast as of 15 August 2007 (Previous Forecast as of 16 May 2007)

Third Quarter Overview – Worldwide Agricultural Equipment Division

<i>(in millions of dollars)</i>	Q3 2007	Q3 2006	Change
Net Sales	\$3,355	\$2,899	+16%
Operating Profit*	\$431	\$249	+73%
Production Tonnage			+15%

* Operating Profit impacted by:

- Higher sales and production volumes
- Improved price realization
- Partially offset by higher raw material costs and research and development expenses

U.S. Farm Cash Receipts Estimates

<i>(in billions of dollars)</i>	2006 Forecast	2007 Forecast	Previous 2007	2008 Forecast	Previous 2008
Crops	122.2	135.0	134.8	139.6	138.9
Livestock	120.9	133.1	125.1	128.3	126.6
Government Payments	16.3	13.8	12.5	12.3	12.1
Total Cash Receipts	\$259.4	\$281.9	\$272.4	\$280.2	\$277.6

Deere & Company Estimates as of 15 August 2007 (Previous Estimates as of 16 May 2007)

U.S. Commodity Price Estimates

	2006/07 Forecast	Previous 2006/07	2007/08 Forecast	Previous 2007/08	2008/09 Forecast	Previous 2008/09
Corn (per bushel)	\$3.00	\$3.10	\$2.90	\$3.40	\$3.25	\$3.55
Wheat (per bushel)	\$4.27	\$4.40	\$4.85	\$4.25	\$4.00	\$4.30
Soybeans (per bushel)	\$6.55	\$6.40	\$7.45	\$6.65	\$7.65	\$6.85
Cotton (per pound)	\$.476	\$.430	\$.480	\$.400	\$.580	\$.440

Deere & Company Estimates as of 15 August 2007 (Previous Estimates as of 16 May 2007)

Industry Outlook – Agricultural Equipment Retail Sales

- U.S. and Canada: Up ~ 5% for the fiscal year (unchanged)
 - Strength in large tractors
 - Flat combine sales

- South America: Up ~ 30%
 - Higher commodity prices benefit farm incomes in the region
 - Brazilian market continues to show signs of recovery
 - Proposed resolution of issues concerning government-backed FINAME financing of farm machinery
 - Previous outlook up ~ 20%

Deere & Company Outlook as of 15 August 2007 (Previous Outlook as of 16 May 2007)

Brazil Agricultural Financing

- Proposed government-backed financing plan
 - 15% discount
 - For 2007 payment brought current or for rescheduling 2007 payment with 30% down payment
 - Applicable to main crops (e.g., soybeans, corn, cotton, rice, and wheat)
 - No discount available with less than 30% payment of 2007 obligation
 - No new FINAME financing available without bringing 2007 current, or, if rescheduled, no new funding available until 2008 FINAME repayments are made
 - Congressional approval needed

Industry Outlook – Agricultural Equipment Retail Sales

- Western Europe: Up ~ 2%
 - Strength in overall farm economic fundamentals
 - Considerable weather variation affecting numerous market areas
 - Previous outlook flat to up 2%

- Eastern Europe and the Commonwealth of Independent States countries, including Russia: Higher (unchanged)

- Australia: Down 20 - 25%
 - Serious drought abating
 - Previous outlook down ~ 20%

Deere & Company Outlook as of 15 August 2007 (Previous Outlook as of 16 May 2007)

Deere & Company Outlook - Worldwide Agricultural Equipment

- Fiscal Year 2007 Forecast
 - Net sales projected to be up ~ 16%
 - Currency translation ~ +3 points
 - Previous forecast up ~ 13%

 - Production tonnage projected up ~ 14%
 - Previous forecast up ~ 11%

Deere & Company Forecast as of 15 August 2007 (Previous Forecast as of 16 May 2007)



Third Quarter Overview – Worldwide Commercial & Consumer Equipment

<i>(in millions of dollars)</i>	Q3 2007	Q3 2006	Change
Net Sales	\$1,346	\$1,171	+15%
Operating Profit*	\$127	\$78	+63%
Production Tonnage			+2%

* Operating Profit impacted by improved price realization

- New product introductions well received
 - Residential zero-turn radius mowers, utility vehicles and compact tractors

Deere & Company Outlook – Worldwide Commercial & Consumer Equipment

- LESCO, Inc.
 - Acquisition closed on 07 May 2007
 - Income statement impact
 - Net Sales ~ \$350 million
 - Q3: ~\$125 million
 - Q4F: ~\$225 million
 - Small profit forecast for year
 - SA&G forecast ~ \$100 million

Deere & Company Forecast as of 15 August 2007

Deere & Company Outlook – Worldwide Commercial & Consumer Equipment

- Fiscal Year 2007 Forecast
 - Net sales projected to be up ~ 11% (unchanged)
 - LESCO adds ~ \$350 million
 - New products

 - Production tonnage projected down ~ 1%

Deere & Company Forecast as of 15 August 2007 (Previous Forecast as of 16 May 2007)

Third Quarter Overview – Worldwide Construction & Forestry

<i>(in millions of dollars)</i>	Q3 2007	Q3 2006	Change
Net Sales	\$1,284	\$1,607	-20%
Operating Profit*	\$150	\$256	-41%
Production Tonnage			-14%

* Operating Profit impacted by:

- Lower sales and production volumes
- Higher raw material costs
- Partially offset by positive price realization

Deere & Company Outlook – Worldwide Construction & Forestry

▪ Fiscal Year 2007 Forecast

- Net sales projected to be down ~ 12%
 - U.S. housing starts at 1.4 million
 - Non-residential spending up 8%
 - Sales to independent rental channel down significantly
 - Forestry down in U.S. but higher in Europe and other areas
 - Previous forecast down ~ 11%

- Production tonnage projected down ~ 17%

Deere & Company Forecast as of 15 August 2007 (Previous Forecast as of 16 May 2007)

Credit

- Third Quarter 2007
 - Net income of ~ \$91 million... up 3% vs. Q3 2006
 - Growth in credit portfolio

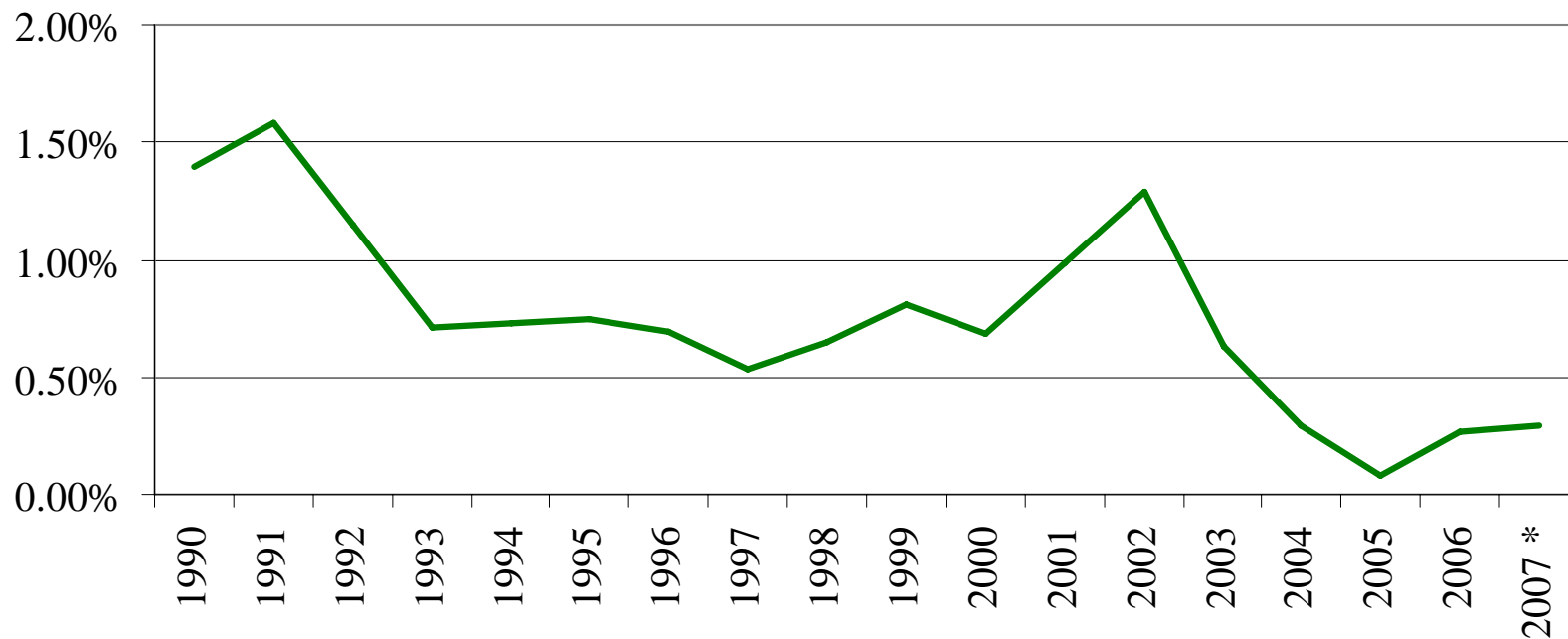
- Fiscal Year 2007 Forecast
 - Net income ~ \$355 million (unchanged)
 - Growth in credit portfolio
 - Increased SA&G expenses in support of growth initiatives
 - Higher provision for credit losses

Deere & Company Forecast as of 15 August 2007 (Previous Forecast as of 16 May 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



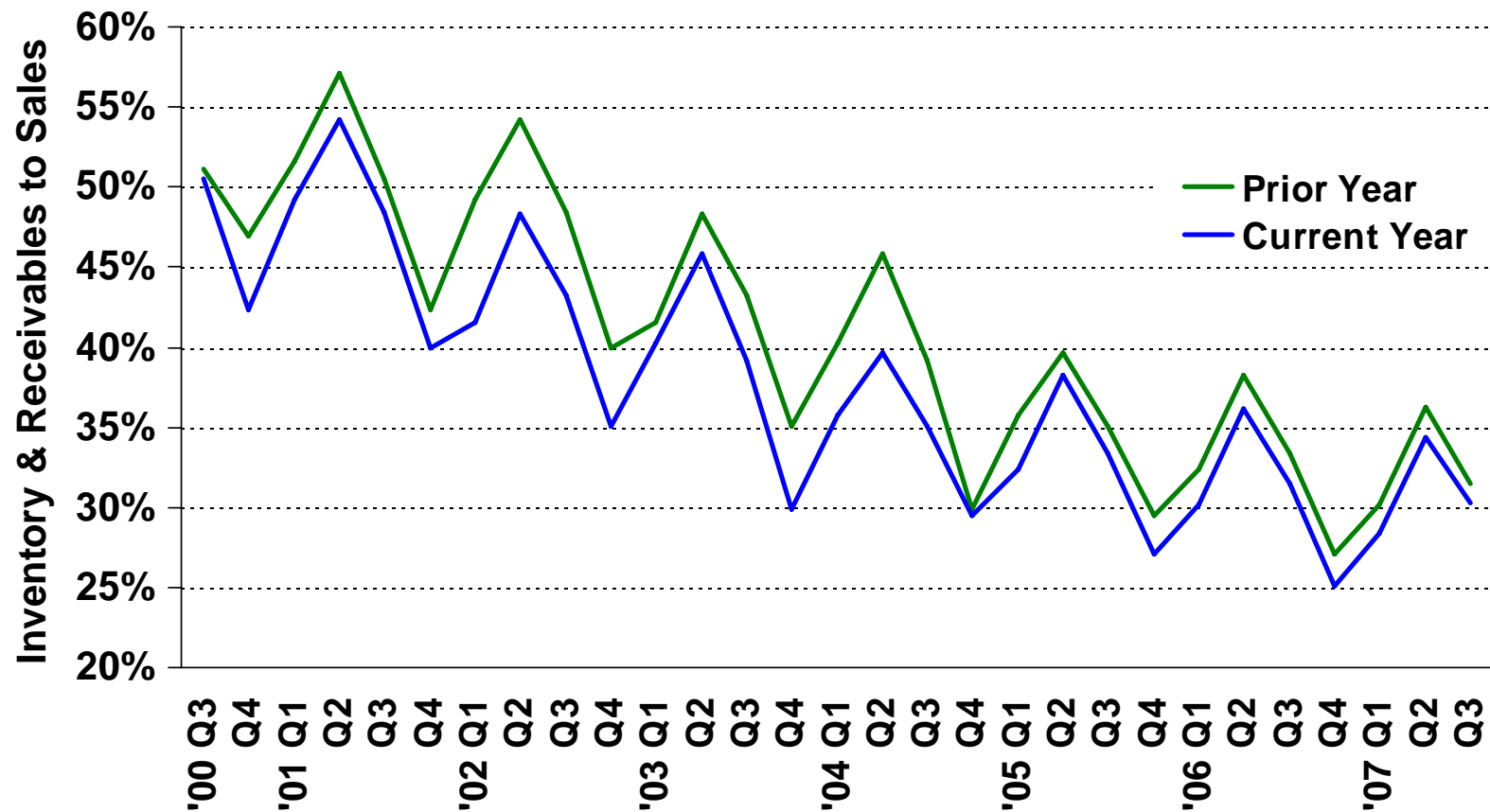
* 2007 is an annualized year-to-date July 2007 rate

Credit

- Dividends to Equipment Operations
 - YTD 2007 dividends ~ \$448 million higher vs. YTD 2006
 - 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

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



Consolidated Trade Receivables & Inventory

Change at 31 July: 2007 vs. 2006

<i>(in millions of dollars)</i>	Q3 Actual
AG	↑ 116
CCE*	↑ 88
C&F	↓ 241
Total, as reported*	↓ 37
Total, constant exchange*	↓ 234

* Includes ~ \$170 million related to LESCO inventory and receivables.

Consolidated Trade Receivables & Inventory

Forecasted change at 31 October: 2007 vs. 2006

<i>(in millions of dollars)</i>	2007 Forecast	2007 Prior Forecast
AG	↑ 375	↑ 175
CCE*	↑ 100	↑ 100
C&F	↓ 225	↓ 125
Total, as reported*	↑ 250	↑ 150
Total, constant exchange*	↑ 80	

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

Deere & Company Forecast as of 15 August 2007 (Previous Forecast as of 16 May 2007)

July Retail Sales – U.S. and Canada

	Industry*	Deere**
Utility Tractors	Flat	↓ a single digit
Row-Crop Tractors	↑ 20%	Flat
4 WD Tractors	↑ 4%	↓ double digits
Combines	↑ 3%	↓ a single digit

* As reported by the Association of Equipment Manufacturers

** As reported to the Association of Equipment Manufacturers

Deere Dealer Inventories – U.S. and Canada

at 31 July – in units as a % of trailing 12 months retail sales

	2007	2006
Row-Crop Tractors	19%	22%
Combines	16%	13%

As reported to the Association of Equipment Manufacturers

July Retail Sales – Western Europe

	Deere & Company
Tractors	↑ double digits
Combines	↑ double digits

Based on EU Government Reporting of Registrations

July 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

- Third Quarter 2007
 - Up ~ \$75 million vs. Q3 2006

- Fiscal Year 2007 Forecast
 - Up ~ \$200 million (unchanged)
 - By Division
 - Agricultural Equipment: ~ \$80 million
 - Commercial & Consumer Equipment: ~ \$20 million
 - Construction & Forestry: ~ \$100 million

Deere & Company Forecast as of 15 August 2007

Research & Development Expense

Equipment Operations

- Third Quarter 2007
 - Up ~ 16% vs. Q3 2006
- Fiscal Year 2007 Forecast
 - Up ~ 12%

Deere & Company Forecast as of 15 August 2007



Selling, Administrative & General Expenses

Equipment Operations

- **Third Quarter 2007**
 - Up ~ 9% vs. Q3 2006
 - Entirely related to global growth initiatives and currency translation

- **Fiscal Year 2007**
 - Forecast anticipates up ~ 14% vs. FY2006
 - Includes ~ 10 points related to global growth initiatives (including LESCO) and currency translation

Deere & Company Forecast as of 15 August 2007

Tax Rate

Equipment Operations

- Third Quarter 2007
 - Effective tax rate of 34%

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

Deere & Company Forecast as of 15 August 2007



Shares Outstanding

Third Quarter 2007

- Period ending shares outstanding: 221.9 million
- Average diluted shares outstanding for the quarter: 226.8 million
- May 30, 2007: Board authorized new repurchase program for 20 million shares

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	4.3	\$0.5
Q4		
YTD	10.0	\$1.1

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

Other Information

Fiscal Year 2007 Forecast

- **Equipment Operations**
 - Capital Expenditures
 - ~ \$600 million
 - Depreciation and Amortization
 - \$400 – 450 million
 - Pension/OPEB Contributions
 - ~ \$525 million

- **Financial Services**
 - Capital Expenditures – wind investment
 - ~ \$500 million

Deere & Company Forecast as of 15 August 2007

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.



JOHN DEERE

Deere's fourth-quarter 2007 conference call is scheduled for 9:00 a.m. central time on Wednesday, November 21, 2007.

