DEERE & CO
Form 10-K/A
February 01, 2016

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-K/A

(Amendment No. 1)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d)

OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE FISCAL YEAR ENDED OCTOBER 31, 2015

Commission file number 1-4121

DEERE & COMPANY

(Exact name of registrant as specified in its charter)

Delaware	**36-2382580**
(State of incorporation)	(IRS Employer Identification No.)

One John Deere Place, Moline, Illinois	**61265**	**(309) 765-8000**
(Address of principal executive offices)	(Zip Code)	(Telephone Number)

SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT

Title of each class	Name of each exchange on which registered
Common stock, $1 par value	New York Stock Exchange
8-1/2% Debentures Due 2022	New York Stock Exchange
6.55% Debentures Due 2028	New York Stock Exchange

SECURITIES REGISTERED PURSUANT TO SECTION 12(g) OF THE ACT: NONE

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes x No o

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.

Yes o No x

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes x No o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes x No o

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant s knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. x

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer x	Accelerated filer o
Non-accelerated filer o (Do not check if a smaller reporting company)	Smaller reporting company o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act).

Yes o No x

The aggregate quoted market price of voting stock of registrant held by non-affiliates at April 30, 2015 was $30,160,160,199. At November 30, 2015, 316,700,104 shares of common stock, $1 par value, of the registrant were outstanding. *Documents Incorporated by Reference*. None.

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Explanatory Note

This Amendment No. 1 on Form 10-K/A (the Amendment No. 1) amends the Deere & Company (the Company) Annual Report on Form 10-K for the fiscal year ended October 31, 2015 (the Original 10-K), as filed with the Securities and Exchange Commission (Commission) on December 18, 2015. The purpose of this Amendment No. 1 is solely to amend and restate the Report of Independent Registered Public Accounting Firm (the Auditor s Report) included in the Original 10-K in response to comments received from the Staff of the Commission to correct typographical errors in certain of the references to the three year period covered by the Auditor s Report.

Except as described above, this Amendment No. 1 does not amend, update or change any other disclosures in the Original 10-K, including any of the financial information disclosed in Parts II and IV of the Original 10-K, and does not purport to reflect any information or events subsequent to the filing thereof.

This Amendment No. 1 speaks as of the original filing date of the Original 10-K, and the Company has not undertaken herein to amend, supplement or update any information contained in the Original 10-K to give effect to any subsequent events. Accordingly, this Amendment No. 1 should be read in conjunction with the Original 10-K.

PART II

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Deere & Company:

We have audited the accompanying consolidated balance sheets of Deere & Company and subsidiaries (the Company) as of October 31, 2015 and 2014, and the related statements of consolidated income, consolidated comprehensive income, changes in consolidated stockholders equity, and consolidated cash flows for each of the three years in the period ended October 31, 2015. Our audits also included the financial statement schedule listed in the Index under Part IV, Item 15(2). We also have audited the Company s internal control over financial reporting as of October 31, 2015, based on criteria established in *Internal Control Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. The Company s management is responsible for these financial statements and financial statement schedule, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management s Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on these financial statements and financial statement schedule and an opinion on the Company s internal control over financial reporting based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

A company s internal control over financial reporting is a process designed by, or under the supervision of, the company s principal executive and principal financial officers, or persons performing similar functions, and effected by the company s board of directors, management, and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company s internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company s assets that could have a material effect on the financial statements.

Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of October 31, 2015 and 2014, and the results of their operations and their cash flows for each of the three years in the period ended October 31, 2015, in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, such financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein. Also, in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of October 31, 2015, based on the criteria established in *Internal Control Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission.

/s/ DELOITTE & TOUCHE LLP
Chicago, Illinois

December 18, 2015

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PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES.

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Financial Statement Schedules Omitted

The following schedules for the Company and consolidated subsidiaries are omitted because of the absence of the conditions under which they are required: I, III, IV and V.

DEERE & COMPANY

STATEMENT OF CONSOLIDATED INCOME

For the Years Ended October 31, 2015, 2014 and 2013

(In millions of dollars)

	2015	2014	2013
Net Sales and Revenues			
Net sales	$ 25,775.2	$ 32,960.6	$ 34,997.9
Finance and interest income	2,381.1	2,282.1	2,115.1
Other income	706.5	824.2	682.4
Total	28,862.8	36,066.9	37,795.4
Costs and Expenses			
Cost of sales	20,143.2	24,775.8	25,667.3
Research and development expenses	1,425.1	1,452.0	1,477.3
Selling, administrative and general expenses	2,873.3	3,284.4	3,605.5
Interest expense	680.0	664.0	741.3
Other operating expenses	961.1	1,093.3	820.6
Total	26,082.7	31,269.5	32,312.0
Income of Consolidated Group before Income Taxes	2,780.1	4,797.4	5,483.4
Provision for income taxes	840.1	1,626.5	1,945.9
Income of Consolidated Group	1,940.0	3,170.9	3,537.5
Equity in income (loss) of unconsolidated affiliates	.9	(7.6)	.1
Net Income	1,940.9	3,163.3	3,537.6
Less: Net income attributable to noncontrolling interests	.9	1.6	.3
Net Income Attributable to Deere & Company	$ 1,940.0	$ 3,161.7	$ 3,537.3
Per Share Data			
Basic	$ 5.81	$ 8.71	$ 9.18
Diluted	$ 5.77	$ 8.63	$ 9.09
Dividends declared	$ 2.40	$ 2.22	$ 1.99
Average Shares Outstanding			

Basic	333.6	363.0	385.3
Diluted	336.0	366.1	389.2

The notes to consolidated financial statements are an integral part of this statement.

DEERE & COMPANY

STATEMENT OF CONSOLIDATED COMPREHENSIVE INCOME

For the Years Ended October 31, 2015, 2014 and 2013

(In millions of dollars)

	2015	2014	2013
Net Income	$ 1,940.9	$ 3,163.3	$ 3,537.6
Other Comprehensive Income (Loss), Net of Income Taxes			
Retirement benefits adjustment	(7.7)	(684.4)	1,950.0
Cumulative translation adjustment	(935.1)	(415.5)	(70.9)
Unrealized gain (loss) on derivatives	(2.5)	2.8	10.7
Unrealized gain (loss) on investments	(1.5)	6.9	(11.3)
Other Comprehensive Income (Loss), Net of Income Taxes	(946.8)	(1,090.2)	1,878.5
Comprehensive Income of Consolidated Group	994.1	2,073.1	5,416.1
Less: Comprehensive income attributable to noncontrolling interests	.5	1.3	.4
Comprehensive Income Attributable to Deere & Company	$ 993.6	$ 2,071.8	$ 5,415.7

The notes to consolidated financial statements are an integral part of this statement.

DEERE & COMPANY

CONSOLIDATED BALANCE SHEET

As of October 31, 2015 and 2014

(In millions of dollars except per share amounts)

	2015	2014
ASSETS		
Cash and cash equivalents	$ 4,162.2	$ 3,787.0
Marketable securities	437.4	1,215.1
Receivables from unconsolidated affiliates	33.3	30.2
Trade accounts and notes receivable net	3,051.1	3,277.6
Financing receivables net	24,809.0	27,422.2
Financing receivables securitized net	4,834.6	4,602.3
Other receivables	991.2	1,500.3
Equipment on operating leases net	4,970.4	4,015.5
Inventories	3,817.0	4,209.7
Property and equipment net	5,181.5	5,577.8
Investments in unconsolidated affiliates	303.5	303.2
Goodwill	726.0	791.2
Other intangible assets net	63.6	68.8
Retirement benefits	215.6	262.0
Deferred income taxes	2,767.3	2,776.6
Other assets	1,583.9	1,496.9
Total Assets	$ 57,947.6	$ 61,336.4
LIABILITIES AND STOCKHOLDERS' EQUITY		
LIABILITIES		
Short-term borrowings	$ 8,426.6	$ 8,019.2
Short-term securitization borrowings	4,590.0	4,558.5
Payables to unconsolidated affiliates	80.6	101.0
Accounts payable and accrued expenses	7,311.5	8,554.1
Deferred income taxes	160.8	160.9
Long-term borrowings	23,832.8	24,380.7
Retirement benefits and other liabilities	6,787.7	6,496.5
Total liabilities	51,190.0	52,270.9
Commitments and contingencies (Note 22)		
STOCKHOLDERS' EQUITY		
Common stock, $1 par value (authorized 1,200,000,000 shares; issued 536,431,204 shares in 2015 and 2014), at paid-in amount	3,825.6	3,675.4
Common stock in treasury, 219,743,893 shares in 2015 and 190,926,805 shares in 2014, at cost	(15,497.6)	(12,834.2)
Retained earnings	23,144.8	22,004.4
Accumulated other comprehensive income (loss)	(4,729.4)	(3,783.0)
Total Deere & Company stockholders' equity	6,743.4	9,062.6
Noncontrolling interests	14.2	2.9

Total stockholders' equity	6,757.6	9,065.5
Total Liabilities and Stockholders' Equity	$ 57,947.6	$ 61,336.4

The notes to consolidated financial statements are an integral part of this statement.

DEERE & COMPANY

STATEMENT OF CONSOLIDATED CASH FLOWS

For the Years Ended October 31, 2015, 2014 and 2013

(In millions of dollars)

	2015	2014	2013
Cash Flows from Operating Activities			
Net income	$ 1,940.9	$ 3,163.3	$ 3,537.6
Adjustments to reconcile net income to net cash provided by operating activities:			
Provision for credit losses	55.4	38.1	20.5
Provision for depreciation and amortization	1,382.4	1,306.5	1,140.3
Impairment charges	34.8	95.9	102.0
Share-based compensation expense	66.1	78.5	80.7
Undistributed earnings of unconsolidated affiliates	(1.0)	9.3	9.1
Credit for deferred income taxes	(18.4)	(280.1)	(172.6)
Changes in assets and liabilities:			
Trade, notes and financing receivables related to sales	811.6	(749.0)	(1,510.2)
Insurance receivables	333.4	(149.9)	263.4
Inventories	(691.4)	(297.9)	(728.4)
Accounts payable and accrued expenses	(503.6)	(137.1)	217.1
Accrued income taxes payable/receivable	(137.6)	342.6	80.4
Retirement benefits	427.5	336.9	262.0
Other	40.2	(231.2)	(47.6)
Net cash provided by operating activities	3,740.3	3,525.9	3,254.3
Cash Flows from Investing Activities			
Collections of receivables (excluding receivables related to sales)	14,919.7	15,319.1	14,088.0
Proceeds from maturities and sales of marketable securities	860.7	1,022.5	843.9
Proceeds from sales of equipment on operating leases	1,049.4	1,091.5	936.7
Proceeds from sales of businesses, net of cash sold	149.2	345.8	22.0
Cost of receivables acquired (excluding receivables related to sales)	(14,996.5)	(17,240.4)	(17,011.7)
Purchases of marketable securities	(154.9)	(614.6)	(1,026.3)
Purchases of property and equipment	(694.0)	(1,048.3)	(1,158.4)
Cost of equipment on operating leases acquired	(2,132.1)	(1,611.0)	(1,216.9)
Acquisitions of businesses, net of cash acquired			(83.5)
Other	(60.2)	(145.6)	(214.5)
Net cash used for investing activities	(1,058.7)	(2,881.0)	(4,820.7)
Cash Flows from Financing Activities			
Increase in total short-term borrowings	501.6	89.2	2,749.4
Proceeds from long-term borrowings	5,711.0	8,232.0	4,734.0
Payments of long-term borrowings	(4,863.2)	(5,209.1)	(4,958.5)
Proceeds from issuance of common stock	172.1	149.5	174.5
Repurchases of common stock	(2,770.7)	(2,731.1)	(1,531.4)
Dividends paid	(816.3)	(786.0)	(752.9)
Excess tax benefits from share-based compensation	18.5	30.8	50.7
Other	(72.1)	(63.6)	(59.3)
Net cash (used for) provided by financing activities	(2,119.1)	(288.3)	406.5

Effect of Exchange Rate Changes on Cash and Cash Equivalents		(187.3)		(73.6)		11.7
Net Increase (Decrease) in Cash and Cash Equivalents		375.2		283.0		(1,148.2)
Cash and Cash Equivalents at Beginning of Year		3,787.0		3,504.0		4,652.2
Cash and Cash Equivalents at End of Year	$	4,162.2	$	3,787.0	$	3,504.0

The notes to consolidated financial statements are an integral part of this statement.

DEERE & COMPANY

STATEMENT OF CHANGES IN CONSOLIDATED STOCKHOLDERS' EQUITY

For the Years Ended October 31, 2013, 2014 and 2015

(In millions of dollars)

		Deere & Company Stockholders				
	Total Stockholders' Equity	Common Stock	Treasury Stock	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Non-controlling Interests
Balance October 31, 2012	$ 6,862.0	$ 3,352.2	$ (8,813.8)	$ 16,875.2	$ (4,571.5)	$ 19.9
Net income	3,537.6			3,537.3		..3
Other comprehensive income	1,878.5				1,878.4	.1
Repurchases of common stock	(1,531.4)		(1,531.4)			
Treasury shares reissued	134.3		134.3			
Dividends declared	(774.5)			(766.6)		(7.9)
Deconsolidation of variable interest entity	(10.6)					(10.6)
Stock options and other shareholder transactions	171.8	172.0		(.3)		.1
Balance October 31, 2013	10,267.7	3,524.2	(10,210.9)	19,645.6	(2,693.1)	1.9
Net income	3,163.3			3,161.7		1.6
Other comprehensive loss	(1,090.2)				(1,089.9)	(.3)
Repurchases of common stock	(2,731.1)		(2,731.1)			
Treasury shares reissued	107.8		107.8			
Dividends declared	(803.7)			(803.4)		(.3)
Stock options and other shareholder transactions	151.7	151.2		.5		
Balance October 31, 2014	9,065.5	3,675.4	(12,834.2)	22,004.4	(3,783.0)	2.9
Net income	1,940.9			1,940.0		..9
Other comprehensive loss	(946.8)				(946.4)	(.4)
Repurchases of common stock	(2,770.7)		(2,770.7)			
Treasury shares reissued	107.3		107.3			
Dividends declared	(800.8)			(799.5)		(1.3)
Stock options and other shareholder transactions	162.2	150.2		(.1)		12.1
Balance October 31, 2015	$ 6,757.6	$ 3,825.6	$ (15,497.6)	$ 23,144.8	$ (4,729.4)	$ 14.2

The notes to consolidated financial statements are an integral part of this statement.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. ORGANIZATION AND CONSOLIDATION

Structure of Operations

The information in the notes and related commentary are presented in a format which includes data grouped as follows:

Equipment Operations Includes the company's agriculture and turf operations and construction and forestry operations with financial services reflected on the equity basis.

Financial Services Includes primarily the company's financing operations.

Consolidated Represents the consolidation of the equipment operations and financial services. References to "Deere & Company" or "the company" refer to the entire enterprise.

Principles of Consolidation

The consolidated financial statements represent primarily the consolidation of all companies in which Deere & Company has a controlling interest. Certain variable interest entities (VIEs) are consolidated since the company has both the power to direct the activities that most significantly impact the VIEs' economic performance and the obligation to absorb losses or the right to receive benefits that could potentially be significant to the VIEs. Deere & Company records its investment in each unconsolidated affiliated company (generally 20 to 50 percent ownership) at its related equity in the net assets of such affiliate (see Note 10). Other investments (less than 20 percent ownership) are recorded at cost.

Fiscal Year

The company has historically and continues to use a 52/53 week fiscal year ending on the last Sunday in the reporting period. The fiscal year ends for 2015, 2014 and 2013 were November 1, 2015, November 2, 2014 and October 27, 2013, respectively. Fiscal year 2014 contained 53 weeks. For ease of presentation, the consolidated financial statements and notes continue to be dated October 31.

Variable Interest Entities

See Note 13 for VIEs related to securitization of financing receivables.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following are significant accounting policies in addition to those included in other notes to the consolidated financial statements.

Use of Estimates in Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in the U.S. requires management to make estimates and assumptions that affect the reported amounts and related disclosures. Actual results could differ from those estimates.

Revenue Recognition

Sales of equipment and service parts are recorded when the sales price is determinable and the risks and rewards of ownership are transferred to independent parties based on the sales agreements in effect. In the U.S. and most international locations, this transfer occurs primarily when goods are shipped. In Canada and some other international locations, certain goods are shipped to dealers on a consignment basis under which the risks and rewards of ownership are not transferred to the dealer.

Accordingly, in these locations, sales are not recorded until a retail customer has purchased the goods. In all cases, when a sale is recorded by the company, no significant uncertainty exists surrounding the purchaser's obligation to pay. No right of return exists on sales of equipment. Service parts and certain attachments returns are estimable and accrued at the time a sale is recognized. The company makes appropriate provisions based on experience for costs such as doubtful receivables, sales incentives and product warranty.

Financing revenue is recorded over the lives of related receivables using the interest method. Insurance premiums recorded in other income are generally recognized in proportion to the costs expected to be incurred over the contract period. Deferred costs on the origination of financing receivables are recognized as a reduction in finance revenue over the expected lives of the receivables using the interest method. Income and deferred costs on the origination of operating leases are recognized on a straight-line basis over the scheduled lease terms in finance revenue.

Sales Incentives

At the time a sale is recognized, the company records an estimate of the future sales incentive costs for allowances and financing programs that will be due when a dealer sells the equipment to a retail customer. The estimate is based on historical data, announced incentive programs, field inventory levels and retail sales volumes.

Product Warranties

At the time a sale is recognized, the company records the estimated future warranty costs. These costs are usually estimated based on historical warranty claims (see Note 22).

Sales Taxes

The company collects and remits taxes assessed by different governmental authorities that are both imposed on and concurrent with revenue producing transactions between the company and its customers. These taxes may include sales, use, value-added and some excise taxes. The company reports the collection of these taxes on a net basis (excluded from revenues).

Shipping and Handling Costs

Shipping and handling costs related to the sales of the company's equipment are included in cost of sales.

Advertising Costs

Advertising costs are charged to expense as incurred. This expense was $157 million in 2015, $174 million in 2014 and $183 million in 2013.

Depreciation and Amortization

Property and equipment, capitalized software and other intangible assets are stated at cost less accumulated depreciation or amortization. These assets are depreciated over their estimated useful lives generally using the straight-line method. Equipment on operating leases is depreciated over the terms of the leases using the straight-line method. Property and equipment expenditures for new and revised products, increased capacity and the replacement or major renewal of significant items are capitalized. Expenditures for maintenance, repairs and minor renewals are generally charged to expense as incurred.

Securitization of Receivables

Certain financing receivables are periodically transferred to special purpose entities (SPEs) in securitization transactions (see Note 13). These securitizations qualify as collateral for secured borrowings and no gains or losses are recognized at the time of securitization. The receivables remain on the balance sheet and are classified as "Financing receivables securitized net." The company recognizes finance income over the lives of these receivables using the interest method.

Receivables and Allowances

All financing and trade receivables are reported on the balance sheet at outstanding principal adjusted for any charge-offs, the allowance for credit losses, and any deferred fees or costs on originated financing receivables. Allowances for credit losses are maintained in amounts considered to be appropriate in relation to the receivables outstanding based on collection experience, economic conditions and credit risk quality. Receivables are written-off to the allowance when the account is considered uncollectible.

Impairment of Long-Lived Assets, Goodwill and Other Intangible Assets

The company evaluates the carrying value of long-lived assets (including property and equipment, goodwill and other intangible assets) when events or circumstances warrant such a review. Goodwill and intangible assets with indefinite lives are tested for impairment annually at the end of the third fiscal quarter each year, and more often if events or circumstances indicate a reduction in the fair value below the carrying value. Goodwill is allocated and reviewed for impairment by reporting units, which consist primarily of the operating segments and certain other reporting units. The goodwill is allocated to the reporting unit in which the business that created the goodwill resides. To test for goodwill impairment, the carrying value of each reporting unit is compared with its fair value. If the carrying value of the goodwill or long-lived asset is considered impaired, a loss is recognized based on the amount by which the carrying value exceeds the fair value of the asset (see Note 5).

Derivative Financial Instruments

It is the company's policy that derivative transactions are executed only to manage exposures arising in the normal course of business and not for the purpose of creating speculative positions or trading. The company's financial services manage the relationship of the types and amounts of their funding sources to their receivable and lease portfolio in an effort to diminish risk due to interest rate and foreign currency fluctuations, while responding to favorable financing opportunities. The company also has foreign currency exposures at some of its foreign and domestic operations related to buying, selling and financing in currencies other than the functional currencies.

All derivatives are recorded at fair value on the balance sheet. Cash collateral received or paid is not offset against the derivative fair values on the balance sheet. Each derivative is designated as either a cash flow hedge, a fair value hedge, or remains undesignated. Changes in the fair value of derivatives that are designated and effective as cash flow hedges are recorded in other comprehensive income and reclassified to the income statement when the effects of the item being hedged are recognized in the income statement. Changes in the fair

value of derivatives that are designated and effective as fair value hedges are recognized currently in net income. These changes are offset in net income to the extent the hedge was effective by fair value changes related to the risk being hedged on the hedged item. Changes in the fair value of undesignated hedges are recognized currently in the income statement. All ineffective changes in derivative fair values are recognized currently in net income.

All designated hedges are formally documented as to the relationship with the hedged item as well as the risk-management strategy. Both at inception and on an ongoing basis the hedging instrument is assessed as to its effectiveness. If and when a derivative is determined not to be highly effective as a hedge, the underlying hedged transaction is no longer likely to occur, the hedge designation is removed, or the derivative is terminated, the hedge accounting discussed above is discontinued (see Note 27).

Foreign Currency Translation

The functional currencies for most of the company's foreign operations are their respective local currencies. The assets and liabilities of these operations are translated into U.S. dollars at the end of the period exchange rates. The revenues and expenses are translated at weighted-average rates for the period. The gains or losses from these translations are recorded in other comprehensive income. Gains or losses from transactions denominated in a currency other than the functional currency of the subsidiary involved and foreign exchange forward contracts are included in net income. The pretax net gain (loss) for foreign exchange in 2015, 2014 and 2013 was $22 million, $(47) million and $(26) million, respectively.

3. NEW ACCOUNTING STANDARDS
New Accounting Standards Adopted

In April 2015, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2015-04, Practical Expedient for the Measurement Date of an Employer's Defined Benefit Obligation and Plan Assets, which amends Accounting Standards Codification (ASC) 715, Compensation Retirement Benefits. This ASU provides a practical expedient for entities whose fiscal year end does not coincide with a month end. The practical expedient permits defined benefit plan assets and obligations to be measured using the month end that is closest to the entity's fiscal year end. Early adoption is permitted. The company early adopted this ASU in the fourth quarter of 2015. As a result, pension and other postretirement benefit plan assets and liabilities were measured as of October 31, 2015. The adoption did not have a material effect on the company's consolidated financial statements.

In May 2015, the FASB issued ASU No. 2015-07, Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent), which amends ASC 820, Fair Value Measurement. This ASU removes the requirement to categorize within the fair value hierarchy investments without readily determinable fair values in entities that elect to measure fair value using net asset value per share or its equivalent. The ASU requires that these investments continue to be shown in the investment disclosure amount to allow the disclosure to reconcile to the investment amount presented in the balance sheet. The ASU was early adopted in the fourth quarter of fiscal year 2015 and was applied retrospectively (see pension and health care assets in Note 7). The adoption did not have a material effect on the consolidated financial statements.

New Accounting Standards to be Adopted

In May 2014, the FASB issued ASU No. 2014-09, Revenue from Contracts with Customers (Topic 606), which supersedes the revenue recognition requirements in ASC 605, Revenue Recognition. This ASU is based on the principle that revenue is recognized to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The ASU also requires additional disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments and assets recognized from costs incurred to obtain or fulfill a contract. In August 2015, the FASB issued ASU No. 2015-14, Deferral of the Effective Date, which amends ASU No. 2014-09. As a result, the effective date will be the first quarter of fiscal year 2019 with early adoption permitted in the first quarter of fiscal year 2018. The adoption will use one of two retrospective application methods. The company has not determined the potential effects on the consolidated financial statements.

In June 2014, the FASB issued ASU No. 2014-12, Accounting for Share-Based Payments When the Terms of an Award Provide That a Performance Target Could Be Achieved after the Requisite Service Period, which amends ASC 718, Compensation Stock Compensation. This ASU requires that a performance target that affects vesting and that could be achieved after the requisite service period be treated as a performance condition. Therefore, the performance target should not be reflected in estimating the grant-date fair value of the award. Compensation cost should be recognized in the period in which it becomes probable that the performance target will be achieved and should represent the compensation cost attributable to the period(s) for which the requisite service has already been rendered. The total compensation cost recognized during and after the requisite service period should reflect the number of awards that are expected to vest and should be adjusted to reflect those awards that ultimately vest. The effective date will be the first quarter of fiscal year 2017. The adoption will not have a material effect on the company's consolidated financial statements.

In April 2015, the FASB issued ASU No. 2015-03, Simplifying the Presentation of Debt Issuance Costs, which amends ASC 835-30, Interest Imputation of Interest. This ASU requires that debt issuance costs related to borrowings be presented in the balance sheet as a direct deduction from the carrying amount of the borrowing. This treatment is consistent with debt discounts. The ASU does not affect the amount or timing of expenses for debt issuance costs. The effective date will be the first quarter of fiscal year 2017 and will be applied retrospectively. The adoption will not have a material effect on the company's consolidated financial statements.

In April 2015, the FASB issued ASU No. 2015-05, Customer's Accounting for Fees Paid in a Cloud Computing Arrangement, which amends ASC 350-40, Intangibles-Goodwill and Other-Internal-Use Software. This ASU provides guidance to

customers about whether a cloud computing arrangement includes a software license. If an arrangement includes a software license, the accounting for the license will be consistent with licenses of other intangible assets. If the arrangement does not include a license, the arrangement will be accounted for as a service contract. The effective date will be the first quarter of fiscal year 2017 and will be adopted prospectively. The adoption will not have a material effect on the company's consolidated financial statements.

In May 2015, the FASB issued ASU No. 2015-09, Disclosures about Short-Duration Contracts, which amends ASC 944, Financial Services Insurance. This ASU requires disclosure of additional information about unpaid claims and claims adjustment expenses, including a rollforward of the liability of the claims adjustment liability. The effective date will be the fourth quarter of fiscal year 2017. The adoption will not have a material effect on the company's consolidated financial statements.

In July 2015, the FASB issued ASU No. 2015-11, Simplifying the Measurement of Inventory, which amends ASC 330, Inventory. This ASU simplifies the subsequent measurement of inventory by using only the lower of cost or net realizable value. The ASU does not apply to inventory measured using the last-in, first-out method. The effective date will be the first quarter of fiscal year 2018 with early adoption permitted. The adoption will not have a material effect on the company's consolidated financial statements.

In August 2015, the FASB issued ASU No. 2015-15, Presentation and Subsequent Measurement of Debt Issuance Costs Associated with Line-of-Credit Arrangements, which amends ASC 835-30, Interest Imputation of Interest. This ASU clarifies the presentation and subsequent measurement of debt issuance costs associated with lines of credit. These costs may be presented as an asset and amortized ratably over the term of the line of credit arrangement, regardless of whether there are outstanding borrowings on the arrangement. The effective date will be the first quarter of fiscal year 2017 and will be applied retrospectively. The adoption will not have a material effect on the company's consolidated financial statements.

4. DISPOSITIONS

In March 2015, the company closed the sale of all of the stock of its wholly-owned subsidiaries, John Deere Insurance Company and John Deere Risk Protection, Inc. (collectively the Crop Insurance operations) to Farmers Mutual Hail Insurance Company of Iowa. These operations were included in the company's financial services operating segment. At January 31, 2015, the total assets of $381 million and liabilities of $267 million were classified as held for sale in the consolidated financial statements, which consisted of $13 million of cash and cash equivalents, $79 million of marketable securities, $265 million of other receivables, $4 million of other intangible assets-net and $20 million of other assets. The related liabilities held for sale consisted of accounts payable and accrued expenses. The total amount of proceeds from the sale was approximately $154 million, including $5 million of cash and cash equivalents sold, with a gain recorded in other income of $42 million pretax and $40 million after-tax. The tax expense was partially offset by a change in a valuation allowance on a capital loss carryforward.

The company provided certain business services for a fee during a transition period.

In May 2014, the company closed the sale of the stock and certain assets of the entities that compose the company's Water operations to FIMI Opportunity Funds. The sale was the result of the company's intention to invest its resources in growing core businesses. At April 30, 2014, the total assets of $85 million and liabilities of $50 million were classified as held for sale in the consolidated financial statements, which consisted of $57 million of trade receivables, $10 million of other receivables, $49 million of inventories and $5 million of other assets less a $36 million asset impairment. The related liabilities held for sale consisted of accounts payable and accrued expenses of $47 million and retirement benefits and other liabilities of $3 million. The total amount of proceeds from the sale was approximately $35 million with a loss recorded in other operating expenses of $10 million pretax and after-tax in addition to the impairments recorded (see Note 5). The company provided certain business services for a fee during a transition period.

In December 2013, the company closed the sale of 60 percent of its subsidiary John Deere Landscapes, LLC (Landscapes) to a private equity investment firm affiliated with Clayton, Dubilier & Rice, LLC (CD&R). At October 31, 2013, the total assets of $505 million and liabilities of $120 million for these operations were classified as held for sale in the consolidated financial statements and written down to realizable value, which consisted of $153 million of trade receivables, $219 million of inventories, $37 million of property and equipment, $106 million of goodwill, $25 million of other intangible assets and $10 million of other assets less a $45 million asset impairment. The related liabilities held for sale consisted of accounts payable and accrued expenses. The total amount of proceeds from the sale at closing was approximately $305 million with no significant gain or loss, which consisted of $174 million equity contribution and third party debt raised by Landscapes.

The equity contribution was in the form of newly issued cumulative convertible participating preferred units representing 60 percent of the voting rights (on an as converted basis), which rank senior to the company's investment in Landscapes common stock as to dividends. The preferred units had an initial liquidation preference of $174 million and accrue dividends at a rate of 12 percent per annum. The liquidation preference is subject to the company's rights under the stockholders agreement. Due to preferred dividend payment in additional preferred shares over the first two years, CD&R's ownership increased over the two-year period.

The company initially retained 40 percent of the Landscapes business in the form of common stock. As of January 2014, the company deconsolidated Landscapes and began reporting the results as an equity investment in unconsolidated affiliates. Due to the company's continuing involvement through its initial 40 percent interest, Landscapes' historical operating results are presented in continuing operations. Landscapes was rebranded to SiteOne Landscapes Supply, Inc. during 2015.

5. SPECIAL ITEMS
Impairments

In the fourth quarter of 2014, the company recorded non-cash charges in cost of sales for the impairment of long-lived assets of $18 million and other assets of $16 million pretax and after-tax. The assets are part of the company's agriculture and turf operations in China. The impairment is the result of a decline in forecasted financial performance that indicated it was probable the future cash flows would not cover the carrying amount of assets used to manufacture agricultural equipment in that country (see Note 26).

In 2014, the company recorded non-cash charges of $62 million pretax, or $30 million after-tax, related to the Water operations. In the first quarter, a $26 million pretax and after-tax loss was recorded in cost of sales for the impairment of long-lived assets. In the second quarter, an additional non-cash charge of $36 million pretax, or $4 million after-tax, was recorded in other operating expenses for an impairment to write the Water operations down to fair value less costs to sell. The tax benefits recognized resulted primarily from a change in valuation allowances of the Water operations. These operations were included in the company's agriculture and turf operating segment (see Note 26).

In 2013, the company recorded a non-cash charge for the impairment of long-lived assets of $57 million pretax, or $51 million after-tax. This consists of $50 million pretax, or $44 million after-tax, in the third quarter and $7 million pretax and after-tax in the fourth quarter, related to the company's Water operations, which were included in the agriculture and turf operating segment. The total pretax impairment loss consisted of $50 million recorded in cost of sales and $7 million in selling, administrative and general expenses. The impairments were due to a decline in the forecasted financial performance and a review of strategic options for the business (see Note 26).

In the fourth quarter of 2013, the company recorded a non-cash charge of $45 million pretax and after-tax in other operating expenses for an impairment to write the Landscapes operations down to realizable value. These operations were included in the agriculture and turf operating segment (see Note 4).

6. CASH FLOW INFORMATION

For purposes of the statement of consolidated cash flows, the company considers investments with purchased maturities of three months or less to be cash equivalents. Substantially all of the company's short-term borrowings, excluding the current maturities of long-term borrowings, mature or may require payment within three months or less.

The equipment operations sell a significant portion of their trade receivables to financial services. These intercompany cash flows are eliminated in the consolidated cash flows.

All cash flows from the changes in trade accounts and notes receivable (see Note 12) are classified as operating activities in the statement of consolidated cash flows as these receivables arise from sales to the company's customers. Cash flows from financing receivables that are related to sales to the company's customers (see Note 12) are also included in operating activities. The remaining financing receivables are related to the financing of equipment sold by independent dealers and are included in investing activities.

The company had the following non-cash operating and investing activities that were not included in the statement of consolidated cash flows. The company transferred inventory to equipment on operating leases of $674 million, $794 million and $659 million in 2015, 2014 and 2013, respectively. The company also had accounts payable related to purchases of property and equipment of $89 million, $128 million and $198 million at October 31, 2015, 2014 and 2013, respectively.

Cash payments for interest and income taxes consisted of the following in millions of dollars:

	2015	2014	2013
Interest:			
Equipment operations	$ 471	$ 506	$ 511
Financial services	443	454	502
Intercompany eliminations	(253)	(268)	(247)
Consolidated	$ 661	$ 692	$ 766
Income taxes:			
Equipment operations	$ 828	$ 1,640	$ 1,863
Financial services	190	333	270
Intercompany eliminations	(117)	(253)	(179)
Consolidated	$ 901	$ 1,720	$ 1,954

7. PENSION AND OTHER POSTRETIREMENT BENEFITS

The company has several defined benefit pension plans and postretirement health care and life insurance plans covering its U.S. employees and employees in certain foreign countries. The company uses an October 31 measurement date for these plans.

The components of net periodic pension cost and the assumptions related to the cost consisted of the following in millions of dollars and in percents:

	2015	2014	2013
Pensions			
Service cost	$ 282	$ 244	$ 273
Interest cost	474	480	439
Expected return on plan assets	(769)	(776)	(778)
Amortization of actuarial loss	223	177	265
Amortization of prior service cost	25	25	12
Other postemployment benefits	1	5	
Settlements/curtailments	11	9	2
Net cost	$ 247	$ 164	$ 213

Weighted-average assumptions			
Discount rates	4.0%	4.5%	3.8%
Rate of compensation increase	3.8%	3.8%	3.9%
Expected long-term rates of return	7.3%	7.5%	7.8%

The components of net periodic postretirement benefits cost and the assumptions related to the cost consisted of the following in millions of dollars and in percents:

	2015	2014	2013
Health care and life insurance			
Service cost	$ 46	$ 44	$ 58
Interest cost	259	267	255
Expected return on plan assets	(55)	(72)	(84)
Amortization of actuarial loss	91	33	141
Amortization of prior service credit	(77)	(3)	(8)
Settlements/curtailments	1	(1)	
Net cost	$ 265	$ 268	$ 362

Weighted-average assumptions			
Discount rates	4.2%	4.7%	3.8%
Expected long-term rates of return	7.0%	7.2%	7.5%

The previous pension cost in net income and other changes in plan assets and benefit obligations in other comprehensive income in millions of dollars were as follows:

	2015	2014	2013
Pensions			
Net cost	$ 247	$ 164	$ 213
Retirement benefit adjustments included in other comprehensive (income) loss:			
Net actuarial (gain) loss	361	940	(1,481)
Prior service (credit) cost	66		(26)
Amortization of actuarial loss	(223)	(177)	(265)
Amortization of prior service cost	(25)	(25)	(12)
Settlements/curtailments	(11)	(9)	(2)
Total (gain) loss recognized in other comprehensive (income) loss	168	729	(1,786)
Total recognized in comprehensive (income) loss	$ 415	$ 893	$ (1,573)

The previous postretirement benefits cost in net income and other changes in plan assets and benefit obligations in other comprehensive income in millions of dollars were as follows:

	2015	2014	2013
Health care and life insurance			
Net cost	$ 265	$ 268	$ 362

Retirement benefit adjustments included in other comprehensive (income) loss:						
Net actuarial (gain) loss		(141)		748		(1,165)
Prior service credit		(3)		(370)		(2)
Amortization of actuarial loss		(91)		(33)		(141)
Amortization of prior service credit		77		3		8
Settlements/curtailments		(2)		1		
Total (gain) loss recognized in other comprehensive (income) loss		(160)		349		(1,300)
Total recognized in comprehensive (income) loss	$	105	$	617	$	(938)

The benefit plan obligations, funded status and the assumptions related to the obligations at October 31 in millions of dollars follow:

	Pensions		Health Care and Life Insurance	
	2015	**2014**	**2015**	**2014**
Change in benefit obligations				
Beginning of year balance	$ (12,190)	$ (10,968)	$ (6,304)	$ (5,926)
Service cost	(282)	(244)	(46)	(44)
Interest cost	(474)	(480)	(259)	(267)
Actuarial gain (loss)	(174)	(1,306)	172	(757)
Amendments	(66)		3	370
Benefits paid	781	675	344	336
Health care subsidies			(20)	(22)
Other postemployment benefits	(1)	(5)		
Settlements/curtailments	2	2	1	
Foreign exchange and other	218	136	25	6
End of year balance	(12,186)	(12,190)	(6,084)	(6,304)
Change in plan assets (fair value)				
Beginning of year balance	11,447	11,008	957	1,157
Actual return on plan assets	582	1,132	24	81
Employer contribution	83	87	48	51
Benefits paid	(781)	(675)	(344)	(336)
Settlements/curtailments	(2)	(2)		
Foreign exchange and other	(165)	(103)	4	4
End of year balance	11,164	11,447	689	957
Funded status	$ (1,022)	$ (743)	$ (5,395)	$ (5,347)
Weighted-average assumptions				
Discount rates	4.1%	4.0%	4.3%	4.2%
Rate of compensation increase	3.8%	3.8%		

In the fourth quarter of 2015, the company decided to transition Medicare eligible wage and certain Medicare eligible salaried retirees to a Medicare Advantage plan offered by a private insurance company. This transition, which will take effect in January 2016, will not affect the participants' level of benefits and is expected to result in future cost savings for the company.

In the fourth quarter of 2015 and 2014, the company updated mortality assumptions based on tables issued by the Society of Actuaries.

For Medicare eligible salaried retirees that primarily retire after July 1, 1993 and are eligible for postretirement medical benefits, the company's postretirement benefit plan consists of annual Retiree Medical Credits (RMCs). The RMC is a monetary amount provided to the retirees annually to assist with their medical costs. In October 2014, the RMC plan was modified to change the annual cost sharing provisions. Beginning in 2015, the annual RMC amount did not increase and the rate of future changes will continue to be set each year by the company.

The amounts recognized at October 31 in millions of dollars consist of the following:

	Pensions	Health Care and

			Life Insurance	
	2015	**2014**	**2015**	**2014**
Amounts recognized in balance sheet				
Noncurrent asset	$ 216	$ 262		
Current liability	(44)	(51)	$ (20)	$ (21)
Noncurrent liability	(1,194)	(954)	(5,375)	(5,326)
Total	$ (1,022)	$ (743)	$ (5,395)	$ (5,347)

Amounts recognized in accumulated other comprehensive income pretax				
Net actuarial loss	$ 4,393	$ 4,266	$ 1,442	$ 1,675
Prior service cost (credit)	83	42	(334)	(407)
Total	$ 4,476	$ 4,308	$ 1,108	$ 1,268

The total accumulated benefit obligations for all pension plans at October 31, 2015 and 2014 was $11,508 million and $11,425 million, respectively.

The accumulated benefit obligations and fair value of plan assets for pension plans with accumulated benefit obligations in excess of plan assets were $7,254 million and $6,669 million, respectively, at October 31, 2015 and $1,381 million and $916 million, respectively, at October 31, 2014. The projected benefit obligations and fair value of plan assets for pension plans with projected benefit obligations in excess of plan assets were $8,196 million and $6,958 million, respectively, at October 31, 2015 and $8,213 million and $7,208 million, respectively, at October 31, 2014.

The amounts in accumulated other comprehensive income that are expected to be amortized as net expense (income) during fiscal 2016 in millions of dollars follow:

	Pensions	Health Care and Life Insurance
Net actuarial loss	$ 208	$ 75
Prior service cost (credit)	16	(78)
Total	$ 224	$ (3)

Actuarial gains and losses are recorded in accumulated other comprehensive income (loss). To the extent unamortized gains and losses exceed 10% of the higher of the market-related value of assets or the benefit obligation, the excess is amortized as a component of net periodic cost over the remaining service period of the active participants. For plans in which all or almost all of the plan's participants are inactive, the amortization period is the remaining life expectancy of the inactive participants.

The company expects to contribute approximately $73 million to its pension plans and approximately $25 million to its health care and life insurance plans in 2016, which are primarily direct benefit payments for unfunded plans.

The benefits expected to be paid from the benefit plans, which reflect expected future years of service, are as follows in millions of dollars:

	Pensions	Health Care and Life Insurance*
2016	$ 697	$ 317
2017	688	333
2018	685	339
2019	690	342
2020	694	344
2021 to 2025	3,484	1,766

* Net of prescription drug group benefit subsidy under Medicare Part D.

The annual rates of increase in the per capita cost of covered health care benefits (the health care cost trend rates) used to determine accumulated postretirement benefit obligations were based on the trends for medical and prescription drug claims for pre- and post-65 age groups due to the effects of Medicare. At October 31, 2015, the weighted-average composite trend rates for these obligations were assumed to be a .8 percent increase from 2015 to 2016, followed by an increase of 7.9 percent from 2016 to 2017, gradually decreasing to 4.8 percent from 2024 to 2025 and all future years. The small estimated increase from 2015 to 2016 resulted from the transition to the Medicare Advantage plan in January 2016. The obligations at October 31, 2014 and the cost in 2015 assumed a 6.2 percent increase from 2014 to 2015, gradually decreasing to 5.0 percent from 2022 to 2023 and all future years. An increase of one percentage point in the assumed health care cost trend rate would increase the accumulated postretirement benefit obligations by $807 million and the aggregate of service and interest cost component of net periodic postretirement benefits cost for the year by $45 million. A decrease of one percentage point would decrease the obligations by $619 million and the cost by $34 million.

The discount rate assumptions used to determine the postretirement obligations at October 31, 2015 and 2014 were based on hypothetical AA yield curves represented by a series of annualized individual discount rates. These discount rates represent the rates at which the company's benefit obligations could effectively be settled at the October 31 measurement dates.

Beginning in 2016, the company will change the method used to estimate the service and interest cost components of the net periodic pension and other postretirement benefit costs. The new method uses the spot yield curve approach to estimate the service and interest costs by applying the specific spot rates along the yield curve used to determine the benefit obligations to relevant projected cash outflows. Previously, those costs were

determined using a single weighted-average discount rate. The change does not affect the measurement of the total benefit obligations as the change in service and interest costs offsets in the actuarial gains and losses recorded in other comprehensive income. The new method provides a more precise measure of interest and service costs by improving the correlation between the projected benefit cash flows and the discrete spot yield curve rates. The company will account for this change as a change in estimate prospectively beginning in the first quarter of 2016. See "Postretirement Benefit Obligations" in Critical Accounting Policies for additional details.

Fair value measurement levels in the following tables are defined in Note 26.

The fair values of the pension plan assets at October 31, 2015 follow in millions of dollars:

	Total	Level 1	Level 2
Cash and short-term investments	$ 867	$ 378	$ 489
Equity:			
U.S. equity securities and funds	3,075	3,053	22
International equity securities	1,802	1,781	21
Fixed Income:			
Government and agency securities	386	197	189
Corporate debt securities	751	1	750
Mortgage-backed securities	83		83

Fixed income funds	26	26	
Real estate	133	130	3
Derivative contracts assets*	190	25	165
Derivative contracts liabilities**	(26)	(4)	(22)
Receivables, payables and other	4	3	1
Securities lending collateral	745	92	653
Securities lending liability	(745)	(92)	(653)
Securities sold short	(470)	(466)	(4)
Total of Level 1 and Level 2 assets	6,821	$ 5,124	$ 1,697
Investments at net asset value***:			
Short-term investments	195		
U.S. equity funds	33		
International equity funds	540		
Corporate debt funds	26		
Fixed income funds	495		
Real estate	501		
Hedge funds	625		
Private equity/venture capital	1,604		
Other investments	324		
Total net assets	$ 11,164		

*
Includes contracts for interest rates of $137 million, foreign currency of $17 million, equity of $30 million and other of $6 million.

**
Includes contracts for interest rates of $7 million, foreign currency of $15 million and other of $4 million.

***
Investments are measured at fair value using the net asset value per share practical expedient, and therefore, are not classified in the fair value hierarchy.

The fair values of the health care assets at October 31, 2015 follow in millions of dollars:

	Total	Level 1	Level 2
Cash and short-term investments	$ 35	$ 25	$ 10
Equity:			
U.S. equity securities and funds	229	229	
International equity securities	39	39	
Fixed Income:			
Government and agency securities	84	78	6
Corporate debt securities	35		35
Mortgage-backed securities	13		13
Fixed income funds	1	1	
Real estate	4	4	
Derivative contracts assets*	4	1	3
Receivables, payables and other	1	1	
Securities lending collateral	65	9	56
Securities lending liability	(65)	(9)	(56)
Securities sold short	(10)	(10)	
Total of Level 1 and Level 2 assets	435	$ 368	$ 67
Investments at net asset value**:			
Short-term investments	4		
International equity funds	103		
Fixed income funds	47		
Real estate funds	10		
Hedge funds	50		
Private equity/venture capital	34		
Other investments	6		
Total net assets	$ 689		

* Includes contracts for interest rates of $2 million, foreign currency of $1 million and equity of $1 million.

** Investments are measured at fair value using the net asset value per share practical expedient, and therefore, are not classified in the fair value hierarchy.

The fair values of the pension plan assets at October 31, 2014 follow in millions of dollars:

	Total	Level 1	Level 2
Cash and short-term investments	$ 977	$ 426	$ 551
Equity:			
U.S. equity securities and funds	3,088	3,088	
International equity securities and funds	2,046	2,046	
Fixed Income:			

Government and agency securities	434	412	22
Corporate debt securities	322	1	321
Mortgage-backed securities	96	11	85
Fixed income funds	127	127	
Real estate	132	132	
Derivative contracts assets*	322	14	308
Derivative contracts liabilities**	(39)	(9)	(30)
Receivables, payables and other	1		1
Securities lending collateral	847		847
Securities lending liability	(847)		(847)
Securities sold short	(477)	(477)	
Total of Level 1 and Level 2 assets	7,029	$ 5,771	$ 1,258

Investments at net asset value***:	
Short-term investments	108
U.S. equity funds	38
International equity funds	382
Fixed income funds	957
Real estate funds	442
Hedge funds	593
Private equity/venture capital	1,578
Other investments	320
Total net assets	$ 11,447

* Includes contracts for interest rates of $246 million, foreign currency of $61 million, equity of $11 million and other of $4 million.

** Includes contracts for interest rates of $6 million, foreign currency of $25 million and other of $8 million.

*** Investments are measured at fair value using the net asset value per share practical expedient, and therefore, are not classified in the fair value hierarchy.

The fair values of the health care assets at October 31, 2014 follow in millions of dollars:

	Total	Level 1	Level 2
Cash and short-term investments	$ 52	$ 37	$ 15
Equity:			
U.S. equity securities and funds	310	310	
International equity securities	57	57	
Fixed Income:			
Government and agency securities	164	159	5
Corporate debt securities	33		33
Mortgage-backed securities	13		13
Fixed income funds	1	1	
Real estate	5	5	
Derivative contracts assets*	5		5
Derivative contracts liabilities**	(1)		(1)
Receivables, payables and other	1	1	
Securities lending collateral	126		126
Securities lending liability	(126)		(126)
Securities sold short	(13)	(13)	
Total of Level 1 and Level 2 assets	627	$ 557	$ 70
Investments at net asset value***:			
Short-term investments	3		
International equity funds	121		
Fixed income funds	69		
Real estate funds	12		
Hedge funds	72		
Private equity/venture capital	44		
Other investments	9		
Total net assets	$ 957		

* Includes contracts for interest rates of $3 million and foreign currency of $2 million.

** Includes contracts for foreign currency of $1 million.

*** Investments are measured at fair value using the net asset value per share practical expedient, and therefore, are not classified in the fair value hierarchy.

Fair values are determined as follows:

Cash and Short-Term Investments Includes accounts that are valued based on the account value, which approximates fair value, and investment funds that are valued on the fund's net asset value (NAV) based on the fair value of the underlying securities. Also included are securities that are valued using a market approach (matrix pricing model) in which all significant inputs are observable or can be derived from or corroborated by observable market data.

Equity Securities and Funds The values are determined primarily by closing prices in the active market in which the equity investment trades, or the fund's NAV, based on the fair value of the underlying securities.

Fixed Income Securities and Funds The securities are valued using either a market approach (matrix pricing model) in which all significant inputs are observable or can be derived from or corroborated by observable market data such as interest rates, yield curves, volatilities, credit risk and prepayment speeds, or they are valued using the closing prices in the active market in which the fixed income investment trades. Fixed income funds are valued using the NAV, based on the fair value of the underlying securities or closing prices in the active market in which the investment trades.

Real Estate, Venture Capital, Private Equity, Hedge Funds and Other The investments, which are structured as limited partnerships, are valued at estimated fair value based on

their proportionate share of the limited partnership's fair value that is determined by the general partner. The general partner values these investments using a combination of NAV, an income approach (primarily estimated cash flows discounted over the expected holding period), or market approach (primarily the valuation of similar securities and properties). Real estate investment trusts are primarily valued at the closing prices in the active markets in which the investment trades. Real estate investment funds and other investments are primarily valued at NAV, based on the fair value of the underlying securities.

Interest Rate, Foreign Currency and Other Derivative Instruments The derivatives are valued using either an income approach (discounted cash flow) using market observable inputs, including swap curves and both forward and spot exchange rates, or a market approach (closing prices in the active market in which the derivative instrument trades).

The primary investment objective for the pension and health care plans assets is to maximize the growth of these assets to support the projected obligations to the beneficiaries over a long period of time, and to do so in a manner that is consistent with the company's risk tolerance. The asset allocation policy is the most important decision in managing the assets and it is reviewed regularly. The asset allocation policy considers the long-term asset class risk/return expectations since the obligations are long-term in nature. The current target allocations for pension assets are approximately 49 percent for equity securities, 24 percent for debt securities, 5 percent for real estate and 22 percent for other investments. The target allocations for health care assets are approximately 53 percent for equity securities, 28 percent for debt securities, 4 percent for real estate and 15 percent for other investments. The allocation percentages above include the effects of combining derivatives with other investments to manage asset allocations and exposures to interest rates and foreign currency exchange. The assets are well diversified and are managed by professional investment firms as well as by investment professionals who are company employees. As a result of the company's diversified investment policy, there were no significant concentrations of risk.

The expected long-term rate of return on plan assets reflects management's expectations of long-term average rates of return on funds invested to provide for benefits included in the projected benefit obligations. A market related value of plan assets is used to calculate the expected return on assets. The market related value recognizes changes in the fair value of pension plan assets systematically over a five-year period. The market related value of the health care and life insurance plan assets equal fair value. The expected return is based on the outlook for inflation and for returns in multiple asset classes, while also considering historical returns, asset allocation and investment strategy. The company's approach has emphasized the long-term nature of the return estimate such that the return assumption is not changed significantly unless there are fundamental changes in capital markets that affect the company's expectations for returns over an extended period of time (i.e., 10 to 20 years). The average annual return of the company's U.S. pension fund was approximately 8.0 percent during the past ten years and approximately 9.0 percent during the past 20 years. Since return premiums over inflation and total returns for major asset classes vary widely even over ten-year periods, recent history is not necessarily indicative of long-term future expected returns. The company's systematic methodology for determining the long-term rate of return for the company's investment strategies supports the long-term expected return assumptions.

The company has created certain Voluntary Employees' Beneficiary Association trusts (VEBAs) for the funding of postretirement health care benefits. The future expected asset returns for these VEBAs are lower than the expected return on the other pension and health care plan assets due to investment in a higher proportion of liquid securities. These assets are in addition to the other postretirement health care plan assets that have been funded under Section 401(h) of the U.S. Internal Revenue Code and maintained in a separate account in the company's pension plan trust.

The company has defined contribution plans related to employee investment and savings plans primarily in the U.S. The company's contributions and costs under these plans were $185 million in 2015, $184 million in 2014 and $178 million in 2013. The contribution rate varies primarily based on the company's performance in the prior year and employee participation in the plans.

8. INCOME TAXES

The provision for income taxes by taxing jurisdiction and by significant component consisted of the following in millions of dollars:

	2015	2014	2013
Current:			
U.S.:			
Federal	$ 377	$ 1,217	$ 1,405
State	32	126	145
Foreign	449	564	569
Total current	858	1,907	2,119
Deferred:			
U.S.:			
Federal	21	(189)	(117)
State	4	(11)	(11)
Foreign	(43)	(80)	(45)
Total deferred	(18)	(280)	(173)
Provision for income taxes	$ 840	$ 1,627	$ 1,946

Based upon the location of the company's operations, the consolidated income before income taxes in the U.S. in 2015, 2014 and 2013 was $1,838 million, $3,219 million and $4,124 million, respectively, and in foreign countries was $942 million, $1,578 million and $1,359 million, respectively. Certain foreign operations are branches of Deere & Company and are subject to U.S. as well as foreign income tax regulations. The pretax income by location and the preceding analysis of the income tax provision by taxing jurisdiction are not directly related.

A comparison of the statutory and effective income tax provision and reasons for related differences in millions of dollars follow:

	2015	2014	2013
U.S. federal income tax provision at a statutory rate of 35 percent	$ 973	$ 1,679	$ 1,919
Increase (decrease) resulting from:			
State and local income taxes, net of federal income tax benefit	23	75	87
German branch deferred tax write-off			56
Differences in taxability of foreign (earnings) losses	(449)	(305)	43

Nondeductible impairment charges		32	29
Research and business tax credits	(76)	(99)	(56)
Tax rates on foreign earnings	(36)	(71)	(34)
Valuation allowance on deferred taxes	384	454	(14)
Other net	21	(138)	(84)
Provision for income taxes	$ 840	$ 1,627	$ 1,946

At October 31, 2015, accumulated earnings in certain subsidiaries outside the U.S. totaled $5,282 million for which no provision for U.S. income taxes or foreign withholding taxes has been made, because it is expected that such earnings will be reinvested outside the U.S. indefinitely. Determination of the amount of unrecognized deferred tax liability on these unremitted earnings is not practicable. At October 31, 2015, the amount of cash and cash equivalents and marketable securities held by these foreign subsidiaries was $1,588 million.

Deferred income taxes arise because there are certain items that are treated differently for financial accounting than for income tax reporting purposes. An analysis of the deferred income tax assets and liabilities at October 31 in millions of dollars follows:

	2015		**2014**	
	Deferred Tax Assets	Deferred Tax Liabilities	Deferred Tax Assets	Deferred Tax Liabilities
Other postretirement benefit liabilities	$ 1,972		$ 1,968	
Tax over book depreciation		$ 574		$ 542
Accrual for sales allowances	618		654	
Lease transactions		528		404
Tax loss and tax credit carryforwards	604		514	
Foreign unrealized losses	458		146	
Pension liability net	315		160	
Accrual for employee benefits	172		229	
Share-based compensation	141		145	
Inventory			22	
Goodwill and other intangible assets		80		89
Allowance for credit losses	72		73	
Deferred gains on distributed foreign earnings	33		32	
Deferred compensation	51		47	
Undistributed foreign earnings		25		26
Other items	436	119	440	116
Less valuation allowances	(940)		(637)	
Deferred income tax assets and liabilities	$ 3,932	$ 1,326	$ 3,793	$ 1,177

Deere & Company files a consolidated federal income tax return in the U.S., which includes the wholly-owned financial services subsidiaries. These subsidiaries account for income taxes generally as if they filed separate income tax returns.

At October 31, 2015, certain tax loss and tax credit carryforwards of $604 million, of which $88 million are capital losses, were available with $226 million expiring from 2016 through 2035 and $378 million with an indefinite carryforward period.

In March 2013, the company changed the corporate structure of most of its German operations from a branch to a subsidiary of Deere & Company. The change provides the company increased flexibility and efficiency in funding growth in international operations. As a result, the tax status of these operations changed. Formerly, as a branch these earnings were taxable in the U.S. as earned. As a subsidiary, these earnings are now taxable in the U.S. if they are distributed to Deere & Company as dividends, which is the same as the company's other foreign subsidiaries. The earnings of the new German subsidiary remain taxable in Germany. Due to the change in tax status and the expectation that the German subsidiary's earnings are indefinitely reinvested, the deferred tax assets and liabilities related to U.S. taxable temporary differences for the previous German branch were written off. The effect of this write-off was a decrease in net deferred tax assets and a charge to the income tax provision of $56 million during the second fiscal quarter of 2013.

A reconciliation of the total amounts of unrecognized tax benefits at October 31 in millions of dollars follows:

	2015	2014	2013
Beginning of year balance	$ 213	$ 272	$ 265
Increases to tax positions taken during the current year	32	28	30
Increases to tax positions taken during prior years	29	20	24
Decreases to tax positions taken during prior years	(15)	(84)	(51)
Decreases due to lapse of statute of limitations	(11)	(4)	(5)
Settlements	(6)		
Foreign exchange	(13)	(19)	9
End of year balance	$ 229	$ 213	$ 272

The amount of unrecognized tax benefits at October 31, 2015 that would affect the effective tax rate if the tax benefits were recognized was $79 million. The remaining liability was related to tax positions for which there are offsetting tax receivables, or the uncertainty was only related to timing. The company expects that any reasonably possible change in the amounts of unrecognized tax benefits in the next twelve months would not be significant.

The company files its tax returns according to the tax laws of the jurisdictions in which it operates, which includes the U.S. federal jurisdiction, and various state and foreign jurisdictions. The U.S. Internal Revenue Service has completed the examination of the company's federal income tax returns for periods prior to 2009. The years 2009 through 2012 federal income tax returns are currently under examination. Various state and foreign income tax returns, including major tax

jurisdictions in Canada and Germany, also remain subject to examination by taxing authorities.

The company's policy is to recognize interest related to income taxes in interest expense and interest income, and recognize penalties in selling, administrative and general expenses. During 2015, 2014 and 2013, the total amount of expense from interest and penalties was $23 million, $11 million and $9 million and the interest income was $3 million, $4 million and $4 million, respectively. At October 31, 2015 and 2014, the liability for accrued interest and penalties totaled $69 million and $54 million and the receivable for interest was $2 million and $2 million, respectively.

9. OTHER INCOME AND OTHER OPERATING EXPENSES

The major components of other income and other operating expenses consisted of the following in millions of dollars:

2015	2014	2013

Other income						
Insurance premiums and fees earned	$	173	$	297	$	252
Revenues from services		280		276		256
Investment income		26		17		15
Other		228		234		159
Total	$	707	$	824	$	682

Other operating expenses						
Depreciation of equipment on operating leases	$	577	$	494	$	389
Insurance claims and expenses		183		324		204
Cost of services		160		151		143
Other		41		124		85
Total	$	961	$	1,093	$	821

The company offers extended equipment warranties and, prior to the divestiture of the crop insurance subsidiaries (see Note 4), issued crop insurance policies. To limit losses and reduce exposure to crop insurance claims, the company utilized reinsurance. Although reinsurance contracts permitted recovery of certain claims from reinsurers, the insurance subsidiary was not relieved of its primary obligation to the policyholders. The premiums ceded by the crop insurance subsidiary in 2015, 2014 and 2013 were $54 million, $288 million and $337 million, and claims recoveries on the ceded business were $65 million, $304 million and $294 million, respectively. The amounts from reinsurance are netted against the insurance premiums and fees earned and the insurance claims and expenses in the table above.

10. UNCONSOLIDATED AFFILIATED COMPANIES

Unconsolidated affiliated companies are companies in which Deere & Company generally owns 20 percent to 50 percent of the outstanding voting shares. Deere & Company does not control these companies and accounts for its investments in them on the equity basis. The investments in these companies primarily consist of Bell Equipment Limited (32 percent ownership), Deere-Hitachi Construction Machinery Corporation (50 percent ownership), Deere-Hitachi Máquinas de Construção do Brasil S.A. (50 percent ownership) and SiteOne Landscapes Supply, LLC. (35 percent ownership). The unconsolidated affiliated companies primarily manufacture or market equipment and landscapes products. Deere & Company's share of the income or loss of these companies is reported in the consolidated income statement under "Equity in income (loss) of unconsolidated affiliates." The investment in these companies is reported in the consolidated balance sheet under "Investments in unconsolidated affiliates."

Combined financial information of the unconsolidated affiliated companies in millions of dollars follows:

Operations	**2015**	**2014**	**2013**
Sales	$ 3,290	$ 3,082	$ 2,299
Net income	23	1	10
Deere & Company's equity in net income (loss)	1	(8)	

Financial Position	**2015**	**2014**
Total assets	$ 2,139	$ 2,101
Total external borrowings	660	648
Total net assets	878	842
Deere & Company's share of the net assets	303	303

Consolidated retained earnings at October 31, 2015 include undistributed earnings of the unconsolidated affiliates of $165 million. Dividends from unconsolidated affiliates were $1 million in 2015, $1 million in 2014 and $10 million in 2013.

In the ordinary course of business, the company purchases components and finished goods and sells these products to the unconsolidated affiliated companies. Transactions with unconsolidated affiliated companies reported in the statement of consolidated income in millions of dollars follow:

	2015	**2014**	**2013**
Net sales	$ 37	$ 39	$ 54
Purchases	1,284	1,415	1,427

11. MARKETABLE SECURITIES

All marketable securities are classified as available-for-sale, with unrealized gains and losses shown as a component of stockholders' equity. Realized gains or losses from the sales of marketable securities are based on the specific identification method.

The amortized cost and fair value of marketable securities at October 31 in millions of dollars follow:

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
2015				
Equity fund	$ 38	$ 5		$ 43
U.S. government debt securities	79	3		82
Municipal debt securities	29	2		31
Corporate debt securities	121	4	$ 1	124
International debt securities	48		1	47
Mortgage-backed securities*	108	3	1	110
Marketable securities	$ 423	$ 17	$ 3	$ 437

*

Primarily issued by U.S. government sponsored enterprises.

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
2014				
Equity fund	$ 39	$ 6		$ 45
Fixed income fund	10			10
U.S. government debt securities	806	3	$ 1	808
Municipal debt securities	31	3		34
Corporate debt securities	167	7	2	172
Mortgage-backed securities*	145	3	2	146
Marketable securities	$ 1,198	$ 22	$ 5	$ 1,215

*

Primarily issued by U.S. government sponsored enterprises.

The contractual maturities of debt securities at October 31, 2015 in millions of dollars follow:

	Amortized Cost	Fair Value
Due in one year or less	$ 51	$ 50
Due after one through five years	88	91
Due after five through 10 years	99	101
Due after 10 years	40	42
Mortgage-backed securities	108	110
Debt securities	$ 386	$ 394

Actual maturities may differ from contractual maturities because some securities may be called or prepaid. Because of the potential for prepayment on mortgage-backed securities, they are not categorized by contractual maturity. Proceeds from the sales of available-for-sale securities were $120 million in 2015, $6 million in 2014 and $7 million in 2013. Realized gains, realized losses, the increase (decrease) in net unrealized gains or losses and unrealized losses that have been continuous for over twelve months were not significant in 2015, 2014 and 2013. Unrealized losses at October 31, 2015 and 2014 were primarily the result of an increase in interest rates and were not recognized in income due to the ability and intent to hold to maturity. There were no significant impairment write-downs in the periods reported.

12. RECEIVABLES
Trade Accounts and Notes Receivable

Trade accounts and notes receivable at October 31 consisted of the following in millions of dollars:

	2015	2014
Trade accounts and notes:		
Agriculture and turf	$ 2,278	$ 2,633
Construction and forestry	773	645
Trade accounts and notes receivable net	$ 3,051	$ 3,278

At October 31, 2015 and 2014, dealer notes included in the previous table were $90 million and $61 million, and the allowance for credit losses was $41 million and $55 million, respectively.

The equipment operations sell a significant portion of their trade receivables to financial services and provide compensation to these operations at approximate market rates of interest.

Trade accounts and notes receivable primarily arise from sales of goods to independent dealers. Under the terms of the sales to dealers, interest is primarily charged to dealers on outstanding balances, from the earlier of the date when goods are sold to retail customers by the dealer or the expiration of certain interest-free periods granted at the time of the sale to the dealer, until payment is received by the company. Dealers cannot cancel purchases after the equipment is shipped and are responsible for payment even if the equipment is not sold to retail customers. The interest-free periods are determined based on the type of equipment sold and the time of year of the sale. These periods range from one to twelve months for most equipment. Interest-free periods may not be extended. Interest charged may not be forgiven and the past due interest rates exceed market rates. The company evaluates and assesses dealers on an ongoing basis as to their creditworthiness and generally retains a security interest in the goods associated with the trade receivables. The company is obligated to repurchase goods sold to a dealer upon cancellation or termination of the dealer's contract for such causes as change in ownership and closeout of the business.

Trade accounts and notes receivable have significant concentrations of credit risk in the agriculture and turf sector and construction and forestry sector as shown in the previous table. On a geographic basis, there is not a disproportionate concentration of credit risk in any area.

Financing Receivables

Financing receivables at October 31 consisted of the following in millions of dollars:

	2015		**2014**	
	Unrestricted/Securitized		Unrestricted/Securitized	
Retail notes:				
Equipment:				
Agriculture and turf	$ 15,359	$ 4,236	$ 16,970	$ 3,975
Construction and forestry	2,086	686	1,951	697
Total	17,445	4,922	18,921	4,672
Wholesale notes	4,269		5,390	
Revolving charge accounts	2,740		2,603	
Financing leases (direct and sales-type)	1,333		1,558	
Total financing receivables	25,787	4,922	28,472	4,672
Less:				
Unearned finance income:				
Equipment notes	726	74	753	56
Financing leases	108		136	
Total	834	74	889	56
Allowance for credit losses	144	13	161	14
Financing receivables net	$ 24,809	$ 4,835	$ 27,422	$ 4,602

The residual values for investments in financing leases at October 31, 2015 and 2014 totaled $115 million and $112 million, respectively.

Financing receivables have significant concentrations of credit risk in the agriculture and turf sector and construction and forestry sector as shown in the previous table. On a geographic basis, there is not a disproportionate concentration of credit risk in any area. The company generally retains as collateral a security interest in the equipment associated with retail notes, wholesale notes and financing leases.

Financing receivables at October 31 related to the company's sales of equipment that were included in the table above consisted of the following in millions of dollars:

	2015 Unrestricted	2014 Unrestricted
Retail notes*:		
Equipment:		
Agriculture and turf	$ 1,792	$ 2,125
Construction and forestry	356	403
Total	2,148	2,528
Wholesale notes	4,269	5,390
Sales-type leases	690	844
Total	7,107	8,762
Less:		
Unearned finance income:		
Equipment notes	178	212
Sales-type leases	45	57
Total	223	269
Financing receivables related to the company's sales of equipment	$ 6,884	$ 8,493

* These retail notes generally arise from sales of equipment by company-owned dealers or through direct sales.

Financing receivable installments, including unearned finance income, at October 31 are scheduled as follows in millions of dollars:

	2015		2014	
	Unrestricted/Securitized		Unrestricted/Securitized	
Due in months:				
0 12	$ 13,006	$ 2,057	$ 14,357	$ 1,878
13 24	4,987	1,418	5,254	1,331
25 36	3,719	921	4,053	880
37 48	2,444	426	2,819	457
49 60	1,283	95	1,575	120
Thereafter	348	5	414	6
Total	$ 25,787	$ 4,922	$ 28,472	$ 4,672

The maximum terms for retail notes are generally seven years for agriculture and turf equipment and five years for construction and forestry equipment. The maximum term for financing leases is generally five years, while the average term for wholesale notes is less than twelve months.

At October 31, 2015 and 2014, the unpaid balances of receivables administered but not owned were $22 million and $54 million, respectively. At October 31, 2015 and 2014, worldwide financing receivables administered, which include financing receivables administered but not owned, totaled $29,666 million and $32,078 million, respectively.

Past due balances of financing receivables still accruing finance income represent the total balance held (principal plus accrued interest) with any payment amounts 30 days or more past the contractual payment due date. Non-performing financing receivables represent loans for which the company has ceased accruing finance income. These receivables are generally 120 days delinquent and the estimated uncollectible amount, after charging the dealer's withholding account, has been written off to the allowance for credit losses. Finance income for non-performing receivables is recognized on a cash basis. Accrual of finance income is generally resumed when the receivable becomes contractually current and collections are reasonably assured.

An age analysis of past due financing receivables that are still accruing interest and non-performing financing receivables at October 31 follows in millions of dollars:

	30 59 Days Past Due	60 89 Days Past Due	90 Days or Greater Past Due	Total Past Due
2015				
Retail Notes:				
Agriculture and turf	$ 112	$ 54	$ 47	$ 213
Construction and forestry	64	29	12	105
Other:				
Agriculture and turf	26	12	4	42
Construction and forestry	13	5	3	21
Total	$ 215	$ 100	$ 66	$ 381

	Total Past Due	Total Non-Performing	Current	Total Financing Receivables
Retail Notes:				
Agriculture and turf	$ 213	$ 98	$ 18,574	$ 18,885
Construction and forestry	105	21	2,556	2,682
Other:				
Agriculture and turf	42	13	7,175	7,230
Construction and forestry	21	10	973	1,004
Total	$ 381	$ 142	$ 29,278	29,801
Less allowance for credit losses				157
Total financing receivables net				$ 29,644

30 59 Days Past Due	60 89 Days Past Due	90 Days or Greater Past Due	Total Past Due

2014				
Retail Notes:				
Agriculture and turf	$ 93	$ 34	$ 28	$ 155
Construction and forestry	54	16	7	77
Other:				
Agriculture and turf	23	12	2	37
Construction and forestry	12	3	4	19
Total	$ 182	$ 65	$ 41	$ 288

(continued)

	Total Past Due	Total Non-Performing	Current	Total Financing Receivables
Retail Notes:				
Agriculture and turf	$ 155	$ 107	$ 19,966	$ 20,228
Construction and forestry	77	17	2,462	2,556
Other:				
Agriculture and turf	37	15	8,208	8,260
Construction and forestry	19	2	1,134	1,155
Total	$ 288	$ 141	$ 31,770	32,199
Less allowance for credit losses				175
Total financing receivables net				$ 32,024

An analysis of the allowance for credit losses and investment in financing receivables follows in millions of dollars:

	Retail Notes	Revolving Charge Accounts	Other	Total
2015				
Allowance:				
Beginning of year balance	$ 109	$ 41	$ 25	$ 175
Provision	22	21	3	46
Write-offs	(26)	(37)	(4)	(67)
Recoveries	10	15	1	26
Translation adjustments	(20)		(3)	(23)
End of year balance*	$ 95	$ 40	$ 22	$ 157

Financing receivables:				
End of year balance	$ 21,567	$ 2,740	$ 5,494	$ 29,801
Balance individually evaluated	$ 40		$ 6	$ 46
2014				
Allowance:				
Beginning of year balance	$ 101	$ 41	$ 31	$ 173
Provision	18	11	2	31
Write-offs	(16)	(26)	(7)	(49)
Recoveries	11	15		26
Translation adjustments	(5)		(1)	(6)
End of year balance*	$ 109	$ 41	$ 25	$ 175
Financing receivables:				
End of year balance	$ 22,784	$ 2,603	$ 6,812	$ 32,199
Balance individually evaluated	$ 26		$ 1	$ 27
2013				
Allowance:				
Beginning of year balance	$ 110	$ 40	$ 27	$ 177
Provision (credit)	(2)	5	7	10
Write-offs	(11)	(21)	(3)	(35)
Recoveries	9	17	1	27
Translation adjustments	(5)		(1)	(6)
End of year balance*	$ 101	$ 41	$ 31	$ 173
Financing receivables:				
End of year balance	$ 21,160	$ 2,593	$ 6,206	$ 29,959
Balance individually evaluated	$ 21		$ 33	$ 54

* Individual allowances were not significant.

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Past-due amounts over 30 days represented 1.28 percent and .90 percent of the receivables financed at October 31, 2015 and 2014, respectively. The allowance for credit losses represented .53 percent and .54 percent of financing receivables outstanding at October 31, 2015 and 2014, respectively. In addition, at October 31, 2015 and 2014, the company's financial services operations had $179 million and $196 million, respectively, of deposits withheld from dealers and merchants available for potential credit losses.

Financing receivables are considered impaired when it is probable the company will be unable to collect all amounts due according to the contractual terms. Receivables reviewed for impairment generally include those that are either past due, or have provided bankruptcy notification, or require significant collection efforts. Receivables, which are impaired, are generally classified as non-performing.

An analysis of the impaired financing receivables at October 31 follows in millions of dollars:

	Recorded Investment	Unpaid Principal Balance	Specific Allowance	Average Recorded Investment
2015*				
Receivables with specific allowance**	$ 14	$ 13	$ 2	$ 13
Receivables without a specific allowance***	14	14		20
Total	$ 28	$ 27	$ 2	$ 33
Agriculture and turf	$ 19	$ 18	$ 2	$ 20
Construction and forestry	$ 9	$ 9		$ 13
2014*				
Receivables with specific allowance**	$ 9	$ 9	$ 2	$ 10
Receivables without a specific allowance**	6	6		7
Total	$ 15	$ 15	$ 2	$ 17
Agriculture and turf	$ 12	$ 12	$ 2	$ 13
Construction and forestry	$ 3	$ 3		$ 4

* Finance income recognized was not material.

**

Primarily retail notes.

***

Primarily retail notes and wholesale receivables.

A troubled debt restructuring is generally the modification of debt in which a creditor grants a concession it would not otherwise consider to a debtor that is experiencing financial difficulties. These modifications may include a reduction of the stated interest rate, an extension of the maturity dates, a reduction of the face amount or maturity amount of the debt, or a reduction of accrued interest. During 2015, 2014 and 2013, the company identified 107, 66 and 92 financing receivable contracts, primarily operating loans and retail notes, as troubled debt restructurings with aggregate balances of $8 million, $3 million and $16 million pre-modification and $7 million, $2 million and $15 million post-modification, respectively. During these same periods, there were no significant troubled debt restructurings that subsequently defaulted and were written off. At October 31, 2015, the company had no significant

commitments to lend additional funds to borrowers whose accounts were modified in troubled debt restructurings.

Other Receivables

Other receivables at October 31 consisted of the following in millions of dollars:

	2015	2014
Taxes receivable	$ 720	$ 697
Reinsurance receivables		502
Insurance premium receivables		23
Other	271	278
Other receivables	$ 991	$ 1,500

Reinsurance and insurance premium receivables were associated with the financial services' crop insurance subsidiary (see Note 9), which was sold in 2015 (see Note 4).

13. SECURITIZATION OF FINANCING RECEIVABLES

The company, as a part of its overall funding strategy, periodically transfers certain financing receivables (retail notes) into variable interest entities (VIEs) that are special purpose entities (SPEs), or a non-VIE banking operation, as part of its asset-backed securities programs (securitizations). The structure of these transactions is such that the transfer of the retail notes did not meet the criteria of sales of receivables, and is, therefore, accounted for as a secured borrowing. SPEs utilized in securitizations of retail notes differ from other entities included in the company's consolidated statements because the assets they hold are legally isolated. Use of the assets held by the SPEs or the non-VIE is restricted by terms of the documents governing the securitization transactions.

In securitizations of retail notes related to secured borrowings, the retail notes are transferred to certain SPEs or to a non-VIE banking operation, which in turn issue debt to investors. The debt securities issued to the third party investors result in secured borrowings, which are recorded as "Short-term securitization borrowings" on the consolidated balance sheet. The securitized retail notes are recorded as "Financing receivables securitized net" on the balance sheet. The total restricted assets on the balance sheet related to these securitizations include the financing receivables securitized less an allowance for credit losses, and other assets primarily representing restricted cash. For those securitizations in which retail notes are transferred into SPEs, the SPEs supporting the secured borrowings are consolidated unless the company does not have both the power to direct the activities that most significantly impact the SPEs' economic performance and the obligation to absorb losses or the right to receive benefits that could potentially be significant to the SPEs. No additional support to these SPEs beyond what was previously contractually required has been provided during the reporting periods.

In certain securitizations, the company consolidates the SPEs since it has both the power to direct the activities that most significantly impact the SPEs' economic performance through its role as servicer of all the receivables held by the SPEs, and the obligation through variable interests in the SPEs to absorb losses or receive benefits that could potentially be significant to the SPEs. The restricted assets (retail notes securitized, allowance for credit losses and other assets) of the consolidated SPEs totaled $3,006 million and $3,011 million at

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October 31, 2015 and 2014, respectively. The liabilities (short-term securitization borrowings and accrued interest) of these SPEs totaled $2,743 million and $2,942 million at October 31, 2015 and 2014, respectively. In the fourth quarter of 2015, as part of a receivable transfer, the company retained $228 million of securitization borrowings, with a balance of $189 million at October 31, 2015. This amount is not shown as a liability above as the borrowing is not outstanding to a third party. The credit holders of these SPEs do not have legal recourse to the company's general credit.

In certain securitizations, the company transfers retail notes to a non-VIE banking operation, which is not consolidated since the company does not have a controlling interest in the entity. The company's carrying values and interests related to the securitizations with the unconsolidated non-VIE were restricted assets (retail notes securitized, allowance for credit losses and other assets) of $249 million and $368 million at October 31, 2015 and 2014, respectively. The liabilities (short-term securitization borrowings and accrued interest) were $238 million and $351 million at October 31, 2015 and 2014, respectively.

In certain securitizations, the company transfers retail notes into bank-sponsored, multi-seller, commercial paper conduits, which are SPEs that are not consolidated. The company does not service a significant portion of the conduits' receivables, and therefore, does not have the power to direct the activities that most significantly impact the conduits' economic performance. These conduits provide a funding source to the company (as well as other transferors into the conduit) as they fund the retail notes through the issuance of commercial paper. The company's carrying values and variable interest related to these conduits were restricted assets (retail notes securitized, allowance for credit losses and other assets) of $1,689 million and $1,331 million at October 31, 2015 and 2014, respectively. The liabilities (short-term securitization borrowings and accrued interest) related to these conduits were $1,611 million and $1,267 million at October 31, 2015 and 2014, respectively.

The company's carrying amount of the liabilities to the unconsolidated conduits, compared to the maximum exposure to loss related to these conduits, which would only be incurred in the event of a complete loss on the restricted assets, was as follows at October 31 in millions of dollars:

	2015
Carrying value of liabilities	$ 1,611
Maximum exposure to loss	1,689

The total assets of unconsolidated VIEs related to securitizations were approximately $54 billion at October 31, 2015.

The components of consolidated restricted assets related to secured borrowings in securitization transactions at October 31 were as follows in millions of dollars:

	2015	2014
Financing receivables securitized (retail notes)	$ 4,848	$ 4,616
Allowance for credit losses	(13)	(14)
Other assets	109	108
Total restricted securitized assets	$ 4,944	$ 4,710

The components of consolidated secured borrowings and other liabilities related to securitizations at October 31 were as follows in millions of dollars:

	2015	2014
Short-term securitization borrowings	$ 4,590	$ 4,559

Accrued interest on borrowings	2	1
Total liabilities related to restricted securitized assets	$ 4,592	$ 4,560

The secured borrowings related to these restricted securitized retail notes are obligations that are payable as the retail notes are liquidated. Repayment of the secured borrowings depends primarily on cash flows generated by the restricted assets. Due to the company's short-term credit rating, cash collections from these restricted assets are not required to be placed into a segregated collection account until immediately prior to the time payment is required to the secured creditors. At October 31, 2015, the maximum remaining term of all securitized retail notes was approximately six years.

14. EQUIPMENT ON OPERATING LEASES

Operating leases arise primarily from the leasing of John Deere equipment to retail customers. Initial lease terms generally range from four to 60 months. Net equipment on operating leases at October 31 consisted of the following in millions of dollars:

	2015	**2014**
Equipment on operating leases:		
Agriculture and turf	$ 3,909	$ 3,261
Construction and forestry	1,061	755
Equipment on operating leases net	$ 4,970	$ 4,016

The equipment is depreciated on a straight-line basis over the terms of the lease. The accumulated depreciation on this equipment was $793 million and $634 million at October 31, 2015 and 2014, respectively. The corresponding depreciation expense was $577 million in 2015, $494 million in 2014 and $389 million in 2013.

Future payments to be received on operating leases totaled $1,704 million at October 31, 2015 and are scheduled in millions of dollars as follows: 2016 $712, 2017 $508, 2018 $294, 2019 $156 and 2020 $34.

15. INVENTORIES

Most inventories owned by Deere & Company and its U.S. equipment subsidiaries are valued at cost, on the "last-in, first-out" (LIFO) basis. Remaining inventories are generally valued at the lower of cost, on the "first-in, first-out" (FIFO) basis, or market. The value of gross inventories on the LIFO basis represented 66 percent and 65 percent of worldwide gross inventories at FIFO value at October 31, 2015 and 2014, respectively. The pretax favorable income effects from the liquidation of LIFO inventory during 2015 and 2014 were approximately $22 million and $13 million, respectively. If all inventories had been valued on a FIFO basis, estimated inventories by major classification at October 31 in millions of dollars would have been as follows:

	2015	**2014**
Raw materials and supplies	$ 1,559	$ 1,724
Work-in-process	450	654
Finished goods and parts	3,234	3,360
Total FIFO value	5,243	5,738
Less adjustment to LIFO value	1,426	1,528
Inventories	$ 3,817	$ 4,210

16. PROPERTY AND DEPRECIATION

A summary of property and equipment at October 31 in millions of dollars follows:

	Useful Lives* (Years)	**2015**	**2014**
Equipment Operations			
Land		$ 114	$ 120
Buildings and building equipment	23	3,016	3,037
Machinery and equipment	11	5,055	5,089
Dies, patterns, tools, etc.	8	1,567	1,552
All other	5	875	889
Construction in progress		345	530
Total at cost		10,972	11,217
Less accumulated depreciation		5,846	5,694
Total		5,126	5,523
Financial Services			
Land		4	4
Buildings and building equipment	27	73	71
All other	6	36	37
Total at cost		113	112
Less accumulated depreciation		58	57
Total		55	55
Property and equipment net		$ 5,181	$ 5,578

* Weighted-averages

Total property and equipment additions in 2015, 2014 and 2013 were $666 million, $1,016 million and $1,158 million and depreciation was $692 million, $696 million and $637 million, respectively. Capitalized interest was $6 million, $6 million and $13 million in the same periods, respectively. The cost of leased property and equipment under capital leases of $27 million and $36 million and accumulated depreciation of $14 million and $15 million at October 31, 2015 and 2014, respectively, is included in property and equipment.

Capitalized software has an estimated useful life of three years. The amounts of total capitalized software costs, including purchased and internally developed software, classified as "Other Assets" at October 31, 2015 and 2014 were $934 million and $912 million, less accumulated amortization of $681 million and $656 million, respectively. Capitalized interest on software was $2 million at October 31, 2015. Amortization of these software costs was $103 million in 2015, $106 million in 2014 and $93 million in 2013. The cost of leased software assets under capital leases amounting to $86 million and $77 million at October 31, 2015 and 2014, respectively, is included in other assets.

The cost of compliance with foreseeable environmental requirements has been accrued and did not have a material effect on the company's consolidated financial statements.

17. GOODWILL AND OTHER INTANGIBLE ASSETS NET

The changes in amounts of goodwill by operating segments were as follows in millions of dollars:

	Agriculture and Turf	Construction and Forestry	Total
Balance at October 31, 2013	$ 302	$ 603	$ 905
Less accumulated impairment losses	60		60
Net balance	242	603	845
Divestiture*	(60)		(60)
Translation adjustments and other	(7)	(47)	(54)
Balance at October 31, 2014	235	556	791
Less accumulated impairment losses*			
Net balance	235	556	791
Translation adjustments and other	(8)	(57)	(65)
Goodwill at October 31, 2015	$ 227	$ 499	$ 726

* Accumulated impairment losses were also reduced by $60 million related to the sale of the Water operations (see Note 4).

The components of other intangible assets are as follows in millions of dollars:

	Useful Lives* (Years)	2015	2014
Amortized intangible assets:			
Customer lists and relationships	14	$ 23	$ 20

Technology, patents, trademarks and other	17	96	90
Total at cost		119	110
Less accumulated amortization**		55	45
Total		64	65
Unamortized intangible assets:			
Licenses			4
Other intangible assets net		$ 64	$ 69

* Weighted-averages

** Accumulated amortization at 2015 and 2014 for customer lists and relationships was $10 million and $9 million and technology, patents, trademarks and other was $45 million and $36 million, respectively.

Other intangible assets are stated at cost less accumulated amortization. The amortization of other intangible assets in 2015, 2014 and 2013 was $10 million, $11 million and $22 million, respectively. The estimated amortization expense for the next five years is as follows in millions of dollars: 2016 $12, 2017 $12, 2018 $8, 2019 $5 and 2020 $5.

18. TOTAL SHORT-TERM BORROWINGS

Total short-term borrowings at October 31 consisted of the following in millions of dollars:

	2015	2014
Equipment Operations		
Commercial paper	$ 225	$ 45
Notes payable to banks	154	146
Long-term borrowings due within one year	86	243
Total	465	434
Financial Services		
Commercial paper	2,743	2,588
Notes payable to banks	52	267
Long-term borrowings due within one year*	5,167	4,730
Total	7,962	7,585
Short-term borrowings	8,427	8,019
Financial Services		
Short-term securitization borrowings	4,590	4,559
Total short-term borrowings	$ 13,017	$ 12,578

* Includes unamortized fair value adjustments related to interest rate swaps.

The short-term securitization borrowings for financial services are secured by financing receivables (retail notes) on the balance sheet (see Note 13). Although these securitization borrowings are classified as short-term since payment is required if the retail notes are liquidated early, the payment schedule for these borrowings of $4,590 million at October 31, 2015 based on the expected liquidation of the retail notes in millions of dollars is as follows: 2016 $2,337, 2017 $1,413, 2018 $661, 2019 $157, 2020 $21 and 2021 $1.

The weighted-average interest rates on total short-term borrowings, excluding current maturities of long-term borrowings, at October 31, 2015 and 2014 were .9 percent and 1.0 percent, respectively.

Lines of credit available from U.S. and foreign banks were $7,205 million at October 31, 2015. At October 31, 2015, $4,031 million of these worldwide lines of credit were unused. For the purpose of computing the unused credit lines, commercial paper and short-term bank borrowings, excluding secured borrowings and the current portion of long-term borrowings, were primarily considered to constitute utilization. Included in the above lines of credit were long-term credit facility agreements for $2,900 million, expiring in April 2019, and $2,900 million, expiring in April 2020. The agreements are mutually extendable and the annual facility fees are not significant. These credit agreements require Capital Corporation to maintain its consolidated ratio of earnings to fixed charges at not less than 1.05 to 1 for each fiscal quarter and the ratio of senior debt, excluding securitization indebtedness, to capital base (total subordinated debt and stockholder's equity excluding accumulated other comprehensive income (loss)) at not more than 11 to 1 at the end of any fiscal quarter. The credit agreements also require the equipment operations to maintain a ratio of total debt to total capital (total debt and stockholders' equity excluding accumulated other comprehensive income (loss)) of 65 percent or less at the end of each fiscal quarter. Under this provision, the company's excess equity capacity and retained earnings balance free of restriction at October 31, 2015 was $8,835 million. Alternatively under this provision, the

equipment operations had the capacity to incur additional debt of $16,408 million at October 31, 2015. All of these requirements of the credit agreements have been met during the periods included in the consolidated financial statements.

Deere & Company has an agreement with Capital Corporation pursuant to which it has agreed to continue to own, directly or through one or more wholly-owned subsidiaries, at least 51 percent of the voting shares of capital stock of Capital Corporation and to maintain Capital Corporation's consolidated tangible net worth at not less than $50 million. This agreement also obligates Deere & Company to make payments to Capital Corporation such that its consolidated ratio of earnings to fixed charges is not less than 1.05 to 1 for each fiscal quarter. Deere & Company's obligations to make payments to Capital Corporation under the agreement are independent of whether Capital Corporation is in default on its indebtedness, obligations or other liabilities. Further, Deere & Company's obligations under the agreement are not measured by the amount of Capital Corporation's indebtedness, obligations or other liabilities. Deere & Company's obligations to make payments under this agreement are expressly stated not to be a guaranty of any specific indebtedness, obligation or liability of Capital Corporation and are enforceable only by or in the name of Capital Corporation. No payments were required under this agreement during the periods included in the consolidated financial statements.

19. ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenses at October 31 consisted of the following in millions of dollars:

	2015	2014
Equipment Operations		
Accounts payable:		
Trade payables	$ 1,435	$ 1,661
Dividends payable	193	210
Other	186	208
Accrued expenses:		
Dealer sales discounts	1,423	1,551
Employee benefits	1,122	1,350
Product warranties	807	809
Unearned revenue	379	355
Other	1,256	1,374
Total	6,801	7,518
Financial Services		
Accounts payable:		
Deposits withheld from dealers and merchants	179	196
Other	258	468
Accrued expenses:		
Unearned revenue	671	647
Accrued interest	111	103
Employee benefits	71	87
Insurance claims reserve*	29	247
Other	192	279
Total	1,511	2,027
Eliminations**	1,001	991
Accounts payable and accrued expenses	$ 7,311	$ 8,554

*

See Note 9

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Primarily trade receivable valuation accounts which are reclassified as accrued expenses by the equipment operations as a result of their trade receivables being sold to financial services.

20. LONG-TERM BORROWINGS

Long-term borrowings at October 31 consisted of the following in millions of dollars:

	2015	2014
Equipment Operations		
Notes and debentures:		
4.375% notes due 2019	$ 750	$ 750
8-1/2% debentures due 2022	105	105
2.60% notes due 2022	1,000	1,000
6.55% debentures due 2028	200	200
5.375% notes due 2029	500	500
8.10% debentures due 2030	250	250
7.125% notes due 2031	300	300
3.90% notes due 2042	1,250	1,250
Other notes	106	288
Total	4,461	4,643
Financial Services		
Notes and debentures:		
Medium-term notes due 2016 2025: (principal $17,610 2015, $17,939 2014) Average interest rates of 1.4% 2015, 1.2% 2014	17,857*	18,141*
2.75% senior note due 2022: ($500 principal) Swapped $500 to variable interest rate of 1.1% 2015, ..9% 2014	512*	498*
Other notes	1,003	1,099
Total	19,372	19,738
Long-term borrowings**	$ 23,833	$ 24,381

*

Includes unamortized fair value adjustments related to interest rate swaps.

**

All interest rates are as of year end.

The approximate principal amounts of the equipment operations' long-term borrowings maturing in each of the next five years in millions of dollars are as follows: 2016 $86, 2017 $48, 2018 $63, 2019 $752 and 2020 $2. The approximate principal amounts of the financial services' long-term borrowings maturing in each of the next five years in millions of dollars are as follows: 2016 $5,159, 2017 $5,124, 2018 $5,124, 2019 $2,876 and 2020 $2,394.

21. LEASES

At October 31, 2015, future minimum lease payments under capital leases amounted to $60 million as follows: 2016 $37, 2017 $13, 2018 $4, 2019 $3, 2020 $2, and later years $1. Total rental expense for operating leases was $200 million in 2015, $205 million in 2014 and $237 million in 2013. At October 31, 2015, future minimum lease payments under operating leases amounted to $354 million as follows: 2016 $98, 2017 $72, 2018 $53, 2019 $40, 2020 $31, and later years $60.

22. COMMITMENTS AND CONTINGENCIES

The company generally determines its warranty liability by applying historical claims rate experience to the estimated amount of equipment that has been sold and is still under warranty based on dealer inventories and retail sales. The historical claims rate is primarily determined by a review of five-year claims costs and current quality developments.

The premiums for the company's extended warranties are primarily recognized in income in proportion to the costs expected to be incurred over the contract period. The unamortized extended warranty premiums (unearned revenue) included in the following table totaled $454 million and $425 million at October 31, 2015 and 2014, respectively.

A reconciliation of the changes in the warranty liability and unearned premiums in millions of dollars follows:

	Warranty Liability/ Unearned Premiums	
	2015	**2014**
Beginning of year balance	$ 1,234	$ 1,164
Payments	(779)	(792)
Amortization of premiums received	(161)	(142)
Accruals for warranties	810	797
Premiums received	209	228
Foreign exchange	(52)	(21)
End of year balance	$ 1,261	$ 1,234

At October 31, 2015, the company had approximately $162 million of guarantees issued primarily to banks outside the U.S. related to third-party receivables for the retail financing of John Deere equipment. The company may recover a portion of any required payments incurred under these agreements from repossession of the equipment collateralizing the receivables. At October 31, 2015, the company had accrued losses of approximately $4 million under these agreements. The maximum remaining term of the receivables guaranteed at October 31, 2015 was approximately four years.

At October 31, 2015, the company had commitments of approximately $165 million for the construction and acquisition of property and equipment. At October 31, 2015, the company also had pledged or restricted assets of $99 million, primarily as collateral for borrowings and restricted other assets. In addition, see Note 13 for restricted assets associated with borrowings related to securitizations.

The company also had other miscellaneous contingencies totaling approximately $30 million at October 31, 2015, for which it believes the probability for payment is substantially remote. The accrued liability for these contingencies was not material at October 31, 2015.

The company is subject to various unresolved legal actions which arise in the normal course of its business, the most prevalent of which relate to product liability (including asbestos related liability), retail credit, employment, software licensing, patent, trademark and environmental matters. The company believes the reasonably possible range of losses for these unresolved legal actions in addition to the amounts accrued would not have a material effect on its financial statements.

23. CAPITAL STOCK

Changes in the common stock account in millions were as follows:

	Number of Shares Issued	Amount
Balance at October 31, 2012	536.4	$ 3,352
Stock options and other		172
Balance at October 31, 2013	536.4	3,524
Stock options and other		151
Balance at October 31, 2014	536.4	3,675
Stock options and other		151
Balance at October 31, 2015	536.4	$ 3,826

The number of common shares the company is authorized to issue is 1,200 million. The number of authorized preferred shares, none of which has been issued, is nine million.

The Board of Directors at its meeting in December 2013 authorized the repurchase of up to $8,000 million of common stock (102.6 million shares based on the October 31, 2015 closing common stock price of $78.00 per share). At October 31, 2015, this repurchase program had $3,461 million (44.4 million shares at the same price) remaining to be repurchased. Repurchases of the company's common stock under this plan will be made from time to time, at the company's discretion, in the open market.

A reconciliation of basic and diluted net income per share attributable to Deere & Company follows in millions, except per share amounts:

	2015	**2014**	**2013**
Net income attributable to Deere & Company	$ 1,940.0	$ 3,161.7	$ 3,537.3
Less income allocable to participating securities	.8	1.0	.9
Income allocable to common stock	$ 1,939.2	$ 3,160.7	$ 3,536.4
Average shares outstanding	333.6	363.0	385.3
Basic per share	$ 5.81	$ 8.71	$ 9.18
Average shares outstanding	333.6	363.0	385.3
Effect of dilutive stock options	2.4	3.1	3.9

Total potential shares outstanding		336.0		366.1		389.2
Diluted per share	$	5.77	$	8.63	$	9.09

All stock options outstanding were included in the computation during 2015, 2014 and 2013, except 2.4 million in 2014 and 2.4 million in 2013 that had an antidilutive effect under the treasury stock method.

24. STOCK OPTION AND RESTRICTED STOCK AWARDS

The company issues stock options and restricted stock awards to key employees under plans approved by stockholders. Restricted stock is also issued to nonemployee directors for their services as directors under a plan approved by stockholders. Options are awarded with the exercise price equal to the market price and become exercisable in one to three years after grant. Options expire ten years after the date of grant. Restricted stock awards generally vest after three years. The compensation cost for stock options, service based restricted stock units and market/service based restricted stock units, which is based on the fair value at the grant date, is recognized on a straight-line basis over the requisite period the employee is required to render service. The compensation cost for performance/service based units, which is based on the fair value at the grant date, is recognized over the employees' requisite service period and periodically adjusted for the probable number of shares to be awarded. According to these plans at October 31, 2015, the company is authorized to grant an additional 16.9 million shares related to stock options or restricted stock.

The fair value of each option award was estimated on the date of grant using a binomial lattice option valuation model. Expected volatilities are based on implied volatilities from traded call options on the company's stock. The expected volatilities are constructed from the following three components: the starting implied volatility of short-term call options traded within a few days of the valuation date; the predicted implied volatility of long-term call options; and the trend in implied volatilities over the span of the call options' time to maturity. The company uses historical data to estimate option exercise behavior and employee termination within the valuation model. The expected term of options granted is derived from the output of the option valuation model and represents the period of time that options granted are expected to be outstanding. The risk-free rates utilized for periods throughout the contractual life of the options are based on U.S. Treasury security yields at the time of grant.

The assumptions used for the binomial lattice model to determine the fair value of options follow:

	2015		2014		2013	
Risk-free interest rate	.04%	2.3%	.03%	2.9%	.04%	1.7%
Expected dividends	2.5%		2.3%		2.3%	
Expected volatility	23.4%	25.7%	25.9%	32.0%	26.6%	32.5%
Weighted-average volatility	25.6%		31.9%		32.4%	
Expected term (in years)	7.2	8.2	7.3	7.4	7.3	7.9

Stock option activity at October 31, 2015 and changes during 2015 in millions of dollars and shares follow:

	Shares	Exercise Price*	Remaining Contractual Term (Years)	Aggregate Intrinsic Value
Outstanding at beginning of year	14.9	$ 71.64		
Granted	3.0	88.19		
Exercised	(2.9)	58.65		
Expired or forfeited	(.2)	87.44		
Outstanding at end of year	14.8	77.39	6.21	$ 94.5
Exercisable at end of year	9.3	72.78	5.19	84.8

* Weighted-averages

The weighted-average grant-date fair values of options granted during 2015, 2014 and 2013 were $19.67, $24.74 and $23.73, respectively. The total intrinsic values of options exercised during 2015, 2014 and 2013 were $98 million, $125 million and $183 million, respectively. During 2015, 2014 and 2013, cash received from stock option exercises was $172 million, $149 million and $175 million with tax benefits of $36 million, $46 million and $68 million, respectively.

The company granted 248 thousand, 236 thousand and 254 thousand restricted stock units to employees and nonemployee directors in 2015, 2014 and 2013, of which 122 thousand, 102 thousand and 110 thousand are subject to service based only conditions, 63 thousand, 67 thousand and 72 thousand are subject to performance/service based conditions, 63 thousand, 67 thousand and 72 thousand are subject to market/service based conditions, respectively. The service based only units award one share of common stock for each unit at the end of the vesting period and include dividend equivalent payments.

The performance/service based units are subject to a performance metric based on the company's compound annual revenue growth rate, compared to a benchmark group of companies over the vesting period. The market/service based units are subject to a market related metric based on total shareholder return, compared to the same benchmark group of companies over the vesting period. The performance/service based units and the market/service based units both award common stock in a range of zero to 200 percent for each unit granted based on the level of the metric achieved and do not include dividend equivalent payments over the vesting period. The weighted-average fair values of the service based only units at the grant dates during 2015, 2014 and 2013 were $88.66, $87.16 and $86.88 per unit, respectively, based on the market price of a share of underlying common stock. The fair value of the performance/service based units at the grant date during 2015, 2014 and 2013 were $81.78, $81.53 and $80.73 per unit, respectively, based on the market price of a share of underlying common stock excluding dividends. The fair value of the market/service based units at the grant date during 2015, 2014 and 2013 were $113.97, $116.86 and $106.75 per unit, respectively, based on a lattice valuation model excluding dividends.

The company's nonvested restricted shares at October 31, 2015 and changes during 2015 in millions of shares follow:

	Shares	Grant-Date Fair Value*
Service based only		
Nonvested at beginning of year	.3	$ 83.00
Granted	.1	88.66
Vested	(.1)	76.37
Nonvested at end of year	.3	87.58

Performance/service and market/service based		
Nonvested at beginning of year	.4	$ 91.30
Granted	.1	97.88
Expired or forfeited	(.1)	93.31
Nonvested at end of year	.4	96.87

* Weighted-averages

During 2015, 2014 and 2013, the total share-based compensation expense was $66 million, $79 million and $81 million, respectively, with recognized income tax benefits of $25 million, $29 million and $30 million, respectively. At October 31, 2015, there was $46 million of total unrecognized compensation cost from share-based compensation arrangements granted under the plans, which is related to nonvested shares. This compensation is expected to be recognized over a weighted-average period of approximately two years. The total grant-date fair values of stock options and restricted shares vested during 2015, 2014 and 2013 were $74 million, $69 million and $68 million, respectively.

The company currently uses shares that have been repurchased through its stock repurchase programs to satisfy share option exercises. At October 31, 2015, the company had 220 million shares in treasury stock and 44 million shares remaining to be repurchased under its current publicly announced repurchase program (see Note 23).

25. OTHER COMPREHENSIVE INCOME ITEMS

The after-tax changes in accumulated other comprehensive income at October 31 in millions of dollars follow:

	Retirement Benefits Adjustment	Cumulative Translation Adjustment	Unrealized Gain (Loss) on Derivatives	Unrealized Gain (Loss) on Investments	Total Accumulated Other Comprehensive Income (Loss)
2012	$ (4,759)	$ 184	$ (14)	$ 17	$ (4,572)
Period Change	1,950	(71)	11	(11)	1,879
2013	(2,809)	113	(3)	6	(2,693)
Period Change	(684)	(416)	3	7	(1,090)
2014	(3,493)	(303)		13	(3,783)
Period Change	(8)	(935)	(2)	(1)	(946)
2015	$ (3,501)	$ (1,238)	$ (2)	$ 12	$ (4,729)

Following are amounts recorded in and reclassifications out of other comprehensive income (loss), and the income tax effects, in millions of dollars:

	Before Tax Amount	Tax (Expense) Credit	After Tax Amount
2015			
Cumulative translation adjustment	$ (938)	$ 3	$ (935)
Unrealized gain (loss) on derivatives:			
Unrealized hedging (loss)	(12)	4	(8)
Reclassification of realized (gain) loss to:			
Interest rate contracts Interest expense	12	(4)	8
Foreign exchange contracts Other operating expenses	(4)	2	(2)
Net unrealized (loss) on derivatives	(4)	2	(2)
Unrealized gain (loss) on investments:			
Unrealized holding gain	12	(4)	8
Reclassification of realized (gain) loss Other income	(14)	5	(9)
Net unrealized (loss) on investments	(2)	1	(1)
Retirement benefits adjustment:			
Pensions			
Net actuarial (loss) and prior service (cost)	(427)	151	(276)
Reclassification through amortization of actuarial (gain) loss and prior service (credit) cost to net income:*			
Actuarial loss	223	(81)	142
Prior service cost	25	(9)	16
Settlements/curtailments	11	(4)	7
Health care and life insurance			
Net actuarial gain and prior service credit	145	(52)	93
Reclassification through amortization of actuarial (gain) loss and prior service (credit) cost to net income:*			
Actuarial loss	91	(34)	57
Prior service (credit)	(77)	29	(48)
Settlements/curtailments	1		1
Net unrealized (loss) on retirement benefits adjustment	(8)		(8)
Total other comprehensive income (loss)	$ (952)	$ 6	$ (946)

* These accumulated other comprehensive income amounts are included in net periodic postretirement costs. See Note 7 for additional detail.

	Before Tax Amount	Tax (Expense) Credit	After Tax Amount

2014			
Cumulative translation adjustment:			
Unrealized (loss) on translation adjustment	$ (427)	$ 2	$ (425)
Reclassification of loss to Other operating expenses*	9		9
Net unrealized (loss) on translation adjustment	(418)	2	(416)
Unrealized gain (loss) on derivatives:			
Unrealized hedging (loss)	(14)	5	(9)
Reclassification of realized (gain) loss to:			
Interest rate contracts Interest expense	13	(5)	8
Foreign exchange contracts Other operating expenses	6	(2)	4
Net unrealized gain on derivatives	5	(2)	3
Unrealized gain (loss) on investments:			
Unrealized holding gain	10	(3)	7
Net unrealized gain on investments	10	(3)	7
Retirement benefits adjustment:			
Pensions			
Net actuarial (loss)	(940)	343	(597)
Reclassification through amortization of actuarial (gain) loss and prior service (credit) cost to net income:**			
Actuarial loss	177	(64)	113
Prior service cost	25	(9)	16
Settlements/curtailments	9	(3)	6
Health care and life insurance			
Net actuarial (loss) and prior service credit	(378)	138	(240)
Reclassification through amortization of actuarial (gain) loss and prior service (credit) cost to net income:**			
Actuarial loss	33	(12)	21
Prior service (credit)	(3)	1	(2)
Settlements/curtailments	(1)		(1)
Net unrealized (loss) on retirement benefits adjustment	(1,078)	394	(684)
Total other comprehensive income (loss)	$ (1,481)	$ 391	$ (1,090)

*

Represents the accumulated translation adjustments related to the foreign subsidiaries of the Water operations that were sold (see Note 4).

**

These accumulated other comprehensive income amounts are included in net periodic postretirement costs. See Note 7 for additional detail.

	Before Tax Amount	Tax (Expense) Credit	After Tax Amount
2013			
Cumulative translation adjustment	$ (74)	$ 3	$ (71)
Unrealized gain (loss) on derivatives:			
Unrealized hedging gain	43	(14)	29
Reclassification of realized (gain) loss to:			
Interest rate contracts Interest expense	22	(8)	14
Foreign exchange contracts Other operating expenses	(49)	17	(32)
Net unrealized gain on derivatives	16	(5)	11
Unrealized gain (loss) on investments:			
Unrealized holding (loss)	(17)	6	(11)
Net unrealized (loss) on investments	(17)	6	(11)
Retirement benefits adjustment:			
Pensions			
Net actuarial gain and prior service credit	1,507	(552)	955
Reclassification through amortization of actuarial (gain) loss and prior service (credit) cost to net income:*			
Actuarial loss	265	(101)	164
Prior service cost	12	(6)	6
Settlements/curtailments	2		2
Health care and life insurance			
Net actuarial gain and prior service credit	1,167	(426)	741
Reclassification through amortization of actuarial (gain) loss and prior service (credit) cost to net income:*			
Actuarial loss	141	(54)	87
Prior service (credit)	(8)	3	(5)
Net unrealized gain on retirement benefits adjustment	3,086	(1,136)	1,950
Total other comprehensive income (loss)	$ 3,011	$ (1,132)	$ 1,879

* These accumulated other comprehensive income amounts are included in net periodic postretirement costs. See Note 7 for additional detail.

The noncontrolling interests' comprehensive income was $.5 million in 2015, $1.3 million in 2014 and $.4 million in 2013, which consisted of net income of $.9 million in 2015, $1.6 million in 2014 and $.3 million in 2013 and cumulative translation adjustments of $(.4) million in 2015, $(.3) million in 2014 and $.1 million in 2013.

26. FAIR VALUE MEASUREMENTS

The fair values of financial instruments that do not approximate the carrying values at October 31 in millions of dollars follow:

	2015		2014	
	Carrying Value	Fair Value*	Carrying Value	Fair Value*
Financing receivables net	$ 24,809	$ 24,719	$ 27,422	$ 27,337
Financing receivables securitized net	$ 4,835	$ 4,820	$ 4,602	$ 4,573
Short-term securitization borrowings	$ 4,590	$ 4,590	$ 4,559	$ 4,562
Long-term borrowings due within one year:				
Equipment operations	$ 86	$ 78	$ 243	$ 233
Financial services	5,167	5,167	4,730	4,743
Total	$ 5,253	$ 5,245	$ 4,973	$ 4,976
Long-term borrowings:				
Equipment operations	$ 4,461	$ 4,835	$ 4,643	$ 5,095
Financial services	19,372	19,348	19,738	19,886
Total	$ 23,833	$ 24,183	$ 24,381	$ 24,981

* Fair value measurements above were Level 3 for all financing receivables and Level 2 for all borrowings.

Fair values of the financing receivables that were issued long-term were based on the discounted values of their related cash flows at interest rates currently being offered by the company for similar financing receivables. The fair values of the remaining financing receivables approximated the carrying amounts.

Fair values of long-term borrowings and short-term securitization borrowings were based on current market quotes for identical or similar borrowings and credit risk, or on the discounted values of their related cash flows at current market interest rates. Certain long-term borrowings have been swapped to current variable interest rates. The carrying values of these long-term borrowings included adjustments related to fair value hedges.

Assets and liabilities measured at October 31 at fair value on a recurring basis in millions of dollars follow:

	2015*	2014*
Marketable securities		
Equity fund	$ 43	$ 45
Fixed income fund		10
U.S. government debt securities	82	808
Municipal debt securities	31	34
Corporate debt securities	124	172
International debt securities	47	
Mortgage-backed securities**	110	146
Total marketable securities	437	1,215
Other assets		
Derivatives:		
Interest rate contracts	353	319
Foreign exchange contracts	50	18
Cross-currency interest rate contracts	25	16
Total assets***	$ 865	$ 1,568

Accounts payable and accrued expenses		
Derivatives:		
Interest rate contracts	$ 60	$ 81
Foreign exchange contracts	18	29
Total liabilities	$ 78	$ 110

*

All measurements above were Level 2 measurements except for Level 1 measurements of U.S. government debt securities of $37 million and $741 million at October 31, 2015 and 2014, respectively, and the equity fund of $43 million and $45 million at October 31, 2015 and 2014, respectively, and the fixed income fund of $10 million at October 31, 2014. In addition, $29 million of the international debt securities were Level 3 measurements at October 31, 2015. There were no transfers between Level 1 and Level 2 during 2015 and 2014.

**

Primarily issued by U.S. government sponsored enterprises.

***

Excluded from this table were cash equivalents, which were carried at cost that approximates fair value. The cash equivalents consist primarily of money market funds that were Level 1 measurements.

Fair value, recurring, Level 3 measurements from available for sale marketable securities at October 31 in millions of dollars follow:

2015

Beginning of period balance		
Purchases	$	30
Change in unrealized gain (loss)		(1)
End of period balance	$	29

Fair value, nonrecurring, Level 3 measurements from impairments at October 31 in millions of dollars follow:

	Fair Value*		Losses*		
	2015	**2014**	**2015**	**2014**	**2013**
Equipment on operating leases net	$ 479		$ 10		
Property and equipment net	$ 33	$ 53	$ 10	$ 44	$ 48
Other intangible assets net					$ 9
Other assets	$ 112	$ 15	$ 15	$ 16	
Assets held for sale Water operations				$ 36	

* See financing receivables with specific allowances in Note 12 that were not significant. See Note 5 for impairments.

Level 1 measurements consist of quoted prices in active markets for identical assets or liabilities. Level 2 measurements include significant other observable inputs such as quoted prices for similar assets or liabilities in active markets; identical assets or liabilities in inactive markets; observable inputs such as interest rates and yield curves; and other market-corroborated inputs. Level 3 measurements include significant unobservable inputs.

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, the company uses various methods including market and income approaches. The company utilizes valuation models and techniques that maximize the use of observable inputs. The models are industry-standard models that consider various assumptions including time values and yield curves as well as other economic measures. These valuation techniques are consistently applied.

The following is a description of the valuation methodologies the company uses to measure certain financial instruments on the balance sheet and nonmonetary assets at fair value:

Marketable Securities The portfolio of investments, except for the Level 3 measurement international debt securities, is primarily valued on a market approach (matrix pricing model) in which all significant inputs are observable or can be derived from or corroborated by observable market data such as interest rates, yield curves, volatilities, credit risk and prepayment speeds. Funds are primarily valued using the fund's net asset value, based on the fair value of the underlying securities. The Level 3 measurement international debt securities are primarily valued using an income approach based on discounted cash flows using yield curves derived from limited, observable market data.

Derivatives The company's derivative financial instruments consist of interest rate swaps and caps, foreign currency futures, forwards and swaps, and cross-currency interest rate swaps. The portfolio is valued based on an income approach (discounted cash flow) using market observable inputs, including swap curves and both forward and spot exchange rates for currencies.

Financing Receivables Specific reserve impairments are based on the fair value of the collateral, which is measured using a market approach (appraisal values or realizable values). Inputs include a selection of realizable values (see Note 12).

Equipment on Operating Leases-Net The impairments are based on an income approach (discounted cash flow), using the contractual payments, plus an estimate of equipment sale price at lease maturity. Inputs include realized sales values.

Property and Equipment-Net The impairments are measured at the lower of the carrying amount, or fair value. The valuations were based on a cost approach. The inputs include replacement cost estimates adjusted for physical deterioration and economic obsolescence.

Other Intangible Assets-Net The impairments are measured at the lower of the carrying amount, or fair value. The valuations were based on an income approach (discounted cash flows). The inputs include estimates of future cash flows.

Other Assets The impairments are measured at the lower of the carrying amount, or fair value. The valuations were based on a market approach. The inputs include sales of comparable assets.

Assets Held For Sale-Water Operations The impairment of the disposal group was measured at the lower of carrying amount, or fair value less cost to sell. Fair value was based on the probable sale price. The inputs included estimates of the final sale price (see Note 5).

27. DERIVATIVE INSTRUMENTS
Cash Flow Hedges

Certain interest rate and cross-currency interest rate contracts (swaps) were designated as hedges of future cash flows from borrowings. The total notional amounts of the receive-variable/pay-fixed interest rate contracts at October 31, 2015 and 2014 were $2,800 million and $3,050 million, respectively. The total notional amounts of the cross-currency interest rate contracts were $60 million and $70 million at October 31, 2015 and 2014, respectively. The effective portions of the fair value gains or losses on these cash flow hedges were recorded in other comprehensive income (OCI) and subsequently reclassified into interest expense or other operating expenses (foreign exchange) in the same periods during which the hedged transactions affected earnings. These amounts offset the effects of interest rate or foreign currency exchange rate changes on the related borrowings. Any ineffective portions of the gains or losses on all cash flow interest rate contracts designated as cash flow hedges were recognized currently in interest expense or other operating expenses (foreign exchange) and were not material during any years presented. The cash flows from these contracts were recorded in operating activities in the statement of consolidated cash flows.

The amount of loss recorded in OCI at October 31, 2015 that is expected to be reclassified to interest expense or other operating expenses in the next twelve months if interest rates or exchange rates remain unchanged is approximately $4 million after-tax. These contracts mature in up to 35 months. There were no gains or losses reclassified from OCI to earnings based on the probability that the original forecasted transaction would not occur.

Fair Value Hedges

Certain interest rate contracts (swaps) were designated as fair value hedges of borrowings. The total notional amounts of the receive-fixed/pay-variable interest rate contracts at October 31, 2015 and 2014 were $8,618 million and $8,798 million, respectively. The effective portions of the fair value gains or losses on these contracts were offset by fair value gains or losses on the hedged items (fixed-rate borrowings). Any ineffective portions of the gains or losses were recognized currently in interest expense. The ineffective portions were a gain of $2 million and loss of $2 million in 2015 and 2014, respectively. The cash flows from these contracts were recorded in operating activities in the statement of consolidated cash flows.

The gains (losses) on these contracts and the underlying borrowings recorded in interest expense follow in millions of dollars:

	2015	2014
Interest rate contracts*	$ 104	$ (13)
Borrowings**	(102)	11

*

Includes changes in fair values of interest rate contracts excluding net accrued interest income of $173 million and $168 million during 2015 and 2014, respectively.

** Includes adjustments for fair values of hedged borrowings excluding accrued interest expense of $274 million and $267 million during 2015 and 2014, respectively.

Derivatives Not Designated as Hedging Instruments

The company has certain interest rate contracts (swaps and caps), foreign exchange contracts (futures, forwards and swaps) and cross-currency interest rate contracts (swaps), which were not formally designated as hedges. These derivatives were held as economic hedges for underlying interest rate or foreign currency exposures primarily for certain borrowings and purchases or sales of inventory. The total notional amounts of the interest rate swaps at October 31, 2015 and 2014 were $6,333 million and $6,317 million, the foreign exchange contracts were $3,160 million and $3,524 million and the cross-currency interest rate contracts were $76 million and $98 million, respectively. At October 31, 2015 and 2014, there were also $1,069 million and $1,703 million, respectively, of interest rate caps purchased and the same amounts sold at the same capped interest rate to facilitate borrowings through securitization of retail notes. The fair value gains or losses from the interest rate contracts were recognized currently in interest expense and the gains or losses from foreign exchange contracts in cost of sales or other operating expenses, generally offsetting over time the expenses on the exposures being hedged. The cash flows from these non-designated contracts were recorded in operating activities in the statement of consolidated cash flows.

Fair values of derivative instruments in the consolidated balance sheet at October 31 in millions of dollars follow:

	2015	2014
Other Assets		
Designated as hedging instruments:		
Interest rate contracts	$ 299	$ 266
Cross-currency interest rate contracts	14	13
Total designated	313	279
Not designated as hedging instruments:		
Interest rate contracts	54	53
Foreign exchange contracts	50	18
Cross-currency interest rate contracts	11	3
Total not designated	115	74
Total derivative assets	$ 428	$ 353
Accounts Payable and Accrued Expenses		
Designated as hedging instruments:		
Interest rate contracts	$ 8	$ 35
Total designated	8	35
Not designated as hedging instruments:		
Interest rate contracts	52	46
Foreign exchange contracts	18	29
Total not designated	70	75
Total derivative liabilities	$ 78	$ 110

The classification and gains (losses) including accrued interest expense related to derivative instruments on the statement of consolidated income consisted of the following in millions of dollars:

		2015	2014	2013
Fair Value Hedges				
Interest rate contracts	Interest expense	$ 277	$ 155	$ (89)
Cash Flow Hedges				
Recognized in OCI				
(Effective Portion):				

Interest rate contracts	OCI (pretax)*	(16)	(10)	(15)
Foreign exchange contracts	OCI (pretax)*	4	(4)	58
Reclassified from OCI (Effective Portion):				
Interest rate contracts	Interest expense*	(12)	(13)	(22)
Foreign exchange contracts	Other expense*	4	(6)	49
Recognized Directly in Income (Ineffective Portion)		**	**	**
Not Designated as Hedges				
Interest rate contracts	Interest expense*	$ (17)	$ 3	$ (6)
Foreign exchange contracts	Cost of sales	97	25	35
Foreign exchange contracts	Other expense*	304	79	20
Total not designated		$ 384	$ 107	$ 49

* Includes interest and foreign exchange gains (losses) from cross-currency interest rate contracts.

** The amounts are not significant.

Counterparty Risk and Collateral

Certain of the company's derivative agreements contain credit support provisions that may require the company to post collateral based on the size of the net liability positions and credit ratings. The aggregate fair value of all derivatives with credit-risk-related contingent features that were in a net liability

position at October 31, 2015 and October 31, 2014, was $41 million and $57 million, respectively. The company, due to its credit rating and amounts of net liability position, has not posted any collateral. If the credit-risk-related contingent features were triggered, the company would be required to post collateral up to an amount equal to this liability position, prior to considering applicable netting provisions.

Derivative instruments are subject to significant concentrations of credit risk to the banking sector. The company manages individual counterparty exposure by setting limits that consider the credit rating of the counterparty, the credit default swap spread of the counterparty and other financial commitments and exposures between the company and the counterparty banks. All interest rate derivatives are transacted under International Swaps and Derivatives Association (ISDA) documentation. Some of these agreements include credit support provisions. Each master agreement permits the net settlement of amounts owed in the event of default or termination.

Derivatives are recorded without offsetting for netting arrangements or collateral. The impact on the derivative assets and liabilities related to netting arrangements and any collateral received or paid at October 31 in millions of dollars follows:

	Gross Amounts Recognized	Netting Arrangements	Collateral Received	Net Amount
2015				
Assets	$ 428	$ (62)		$ 366
Liabilities	78	(62)		16
2014				
Assets	$ 353	$ (76)	$ (5)	$ 272
Liabilities	110	(76)		34

28. SEGMENT AND GEOGRAPHIC AREA DATA FOR THE YEARS ENDED OCTOBER 31, 2015, 2014 AND 2013

The company's operations are presently organized and reported in three major business segments described as follows:

The agriculture and turf segment primarily manufactures and distributes a full line of agriculture and turf equipment and related service parts including large, medium and utility tractors; loaders; combines, corn pickers, cotton and sugarcane harvesters and related front-end equipment and sugarcane loaders; tillage, seeding and application equipment, including sprayers, nutrient management and soil preparation machinery; hay and forage equipment, including self-propelled forage harvesters and attachments, balers and mowers; turf and utility equipment, including riding lawn equipment and walk-behind mowers, golf course equipment, utility vehicles, and commercial mowing equipment, along with a broad line of associated implements; integrated agricultural management systems technology and solutions; and other outdoor power products.

The construction and forestry segment primarily manufactures and distributes a broad range of machines and service parts used in construction, earthmoving, material handling and timber harvesting including backhoe loaders; crawler dozers and loaders; four-wheel-drive loaders; excavators; motor graders; articulated dump trucks; landscape loaders; skid-steer loaders; and log skidders, feller bunchers, log loaders, log forwarders, log harvesters and related attachments.

The products and services produced by the segments above are marketed primarily through independent retail dealer networks and major retail outlets.

The financial services segment primarily finances sales and leases by John Deere dealers of new and used agriculture and turf equipment and construction and forestry equipment. In addition, the financial services segment provides wholesale financing to dealers of the foregoing equipment, finances retail revolving charge accounts and offers extended equipment warranties.

Because of integrated manufacturing operations and common administrative and marketing support, a substantial number of allocations must be made to determine operating segment and geographic area data. Intersegment sales and revenues represent sales of components and finance charges, which are generally based on market prices.

Information relating to operations by operating segment in millions of dollars follows. In addition to the following unaffiliated sales and revenues by segment, intersegment sales and revenues in 2015, 2014 and 2013 were as follows: agriculture and turf net sales of $49 million, $89 million and $69 million, construction and forestry net sales of $1 million, $1 million and $2 million, and financial services revenues of $225 million, $228 million and $220 million, respectively.

OPERATING SEGMENTS	**2015**	**2014**	**2013**
Net sales and revenues			
Unaffiliated customers:			
Agriculture and turf net sales	$ 19,812	$ 26,380	$ 29,132
Construction and forestry net sales	5,963	6,581	5,866
Total net sales	25,775	32,961	34,998
Financial services revenues	2,591	2,577	2,349
Other revenues*	497	529	448
Total	$ 28,863	$ 36,067	$ 37,795

* Other revenues are primarily the equipment operations' revenues for finance and interest income, and other income as disclosed in Note 31, net of certain intercompany eliminations.

Operating profit			
Agriculture and turf	$ 1,649	$ 3,649	$ 4,680
Construction and forestry	528	648	378
Financial services*	963	921	870
Total operating profit	3,140	5,218	5,928
Interest income	61	57	55
Investment income		2	2
Interest expense	(273)	(289)	(297)
Foreign exchange gains (losses) from equipment operations' financing activities	13	(2)	(8)
Corporate expenses net	(160)	(196)	(197)
Income taxes	(840)	(1,627)	(1,946)

Total	(1,199)	(2,055)	(2,391)
Net income	1,941	3,163	3,537
Less: Net income attributable to noncontrolling interests	1	1	
Net income attributable to Deere & Company	$ 1,940	$ 3,162	$ 3,537

*

Operating profit of the financial services business segment includes the effect of its interest expense and foreign exchange gains or losses.

OPERATING SEGMENTS	2015	2014	2013
Interest income*			
Agriculture and turf	$ 14	$ 17	$ 24
Construction and forestry	2	1	2
Financial services	1,687	1,754	1,668
Corporate	61	57	55
Intercompany	(253)	(268)	(247)
Total	$ 1,511	$ 1,561	$ 1,502

*

Does not include finance rental income for equipment on operating leases.

Interest expense			
Agriculture and turf	$ 160	$ 175	$ 167
Construction and forestry	45	37	36
Financial services	455	431	488
Corporate	273	289	297
Intercompany	(253)	(268)	(247)
Total	$ 680	$ 664	$ 741

Depreciation* and amortization expense			
Agriculture and turf	$ 659	$ 681	$ 627
Construction and forestry	133	115	106
Financial services	590	511	407
Total	$ 1,382	$ 1,307	$ 1,140

*

Includes depreciation for equipment on operating leases.

Equity in income (loss) of unconsolidated affiliates			
Agriculture and turf	$ 7	$ 8	$ (1)
Construction and forestry	(7)	(18)	
Financial services	1	2	1
Total	$ 1	$ (8)	

Identifiable operating assets			
Agriculture and turf	$ 8,332	$ 9,442	$ 10,799
Construction and forestry	3,295	3,405	3,461
Financial services	40,909	42,784	38,646
Corporate*	5,412	5,705	6,615
Total	$ 57,948	$ 61,336	$ 59,521

*

Corporate assets are primarily the equipment operations' retirement benefits, deferred income tax assets, marketable securities and cash and cash equivalents as disclosed in Note 31, net of certain intercompany eliminations.

Capital additions			
Agriculture and turf	$ 522	$ 868	$ 981
Construction and forestry	138	145	174
Financial services	6	3	3
Total	$ 666	$ 1,016	$ 1,158

Investments in unconsolidated affiliates			
Agriculture and turf	$ 116	$ 110	$ 24
Construction and forestry	177	182	187
Financial services	10	11	10
Total	$ 303	$ 303	$ 221

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The company views and has historically disclosed its operations as consisting of two geographic areas, the U.S. and Canada, and outside the U.S. and Canada, shown below in millions of dollars. No individual foreign country's net sales and revenues were material for disclosure purposes.

GEOGRAPHIC AREAS	2015	2014	2013
Net sales and revenues			
Unaffiliated customers:			
U.S. and Canada:			
Equipment operations net sales (87%)*	$ 16,498	$ 20,171	$ 21,821
Financial services revenues (78%)*	2,252	2,220	2,031
Total	18,750	22,391	23,852
Outside U.S. and Canada:			
Equipment operations net sales	9,277	12,790	13,177
Financial services revenues	339	357	318
Total	9,616	13,147	13,495
Other revenues	497	529	448
Total	$ 28,863	$ 36,067	$ 37,795

* The percentages indicate the approximate proportion of each amount that relates to the U.S. only and are based upon a three-year average for 2015, 2014 and 2013.

Operating profit			
U.S. and Canada:			
Equipment operations	$ 1,643	$ 3,311	$ 4,062
Financial services	802	727	706
Total	2,445	4,038	4,768
Outside U.S. and Canada:			
Equipment operations	534	986	996
Financial services	161	194	164
Total	695	1,180	1,160
Total	$ 3,140	$ 5,218	$ 5,928

Property and equipment			
U.S.	$ 3,098	$ 3,154	$ 2,997
Germany	568	640	647
Other countries	1,515	1,784	1,823
Total	$ 5,181	$ 5,578	$ 5,467

29. SUPPLEMENTAL INFORMATION (UNAUDITED)

Common stock per share sales prices from New York Stock Exchange composite transactions quotations follow:

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
2015 Market price				
High	$ 90.85	$ 92.75	$ 97.33	$ 97.14
Low	$ 84.55	$ 86.64	$ 88.98	$ 72.89
2014 Market price				
High	$ 91.33	$ 93.89	$ 94.53	$ 87.16
Low	$ 81.50	$ 84.05	$ 85.11	$ 80.01

At October 31, 2015, there were 23,415 holders of record of the company's $1 par value common stock.

Quarterly information with respect to net sales and revenues and earnings is shown in the following schedule. The company's fiscal year ends in October and its interim periods (quarters) end in January, April and July. Such information is shown in millions of dollars except for per share amounts.

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
2015				
Net sales and revenues	$ 6,383	$ 8,171	$ 7,594	$ 6,715
Net sales	5,605	7,399	6,839	5,932
Gross profit	1,184	1,704	1,482	1,262
Income before income taxes	568	1,017	738	457
Net income attributable to Deere & Company	387	690	512	351
Per share data:				
Basic	1.13	2.05	1.54	1.09
Diluted	1.12	2.03	1.53	1.08
Dividends declared	.60	.60	.60	.60
Dividends paid	.60	.60	.60	.60
2014*				
Net sales and revenues	$ 7,654	$ 9,948	$ 9,500	$ 8,965
Net sales	6,949	9,246	8,723	8,043
Gross profit	1,753	2,374	2,112	1,946
Income before income taxes	965	1,464	1,292	1,076
Net income attributable to Deere & Company	681	981	851	649
Per share data:				
Basic	1.83	2.67	2.35	1.84
Diluted	1.81	2.65	2.33	1.83
Dividends declared	.51	.51	.60	.60
Dividends paid	.51	.51	.51	.60

Net income per share for each quarter must be computed independently. As a result, their sum may not equal the total net income per share for the year.

*

See Note 5 for "Special Items."

30. SUBSEQUENT EVENTS

A quarterly dividend of $.60 per share was declared at the Board of Directors meeting on December 2, 2015, payable on February 1, 2016 to stockholders of record on December 31, 2015.

31. SUPPLEMENTAL CONSOLIDATING DATA
INCOME STATEMENT
For the Years Ended October 31, 2015, 2014 and 2013
(In millions of dollars)

	EQUIPMENT OPERATIONS*			FINANCIAL SERVICES		
	2015	**2014**	**2013**	**2015**	**2014**	**2013**
Net Sales and Revenues						
Net sales	$ 25,775.2	$ 32,960.6	$ 34,997.9			
Finance and interest income	77.0	76.5	80.8	$ 2,557.0	$ 2,475.0	$ 2,280.5
Other income	602.7	622.6	549.1	258.9	330.2	288.4
Total	26,454.9	33,659.7	35,627.8	2,815.9	2,805.2	2,568.9
Costs and Expenses						
Cost of sales	20,145.2	24,777.8	25,668.8			
Research and development expenses	1,425.1	1,452.0	1,477.3			
Selling, administrative and general expenses	2,393.8	2,765.1	3,143.9	487.3	529.2	473.2
Interest expense	272.8	289.4	297.1	455.0	430.9	487.6
Interest compensation to Financial Services	204.8	212.1	202.7			
Other operating expenses	195.0	285.4	223.7	911.7	925.6	739.0
Total	24,636.7	29,781.8	31,013.5	1,854.0	1,885.7	1,699.8
Income of Consolidated Group before Income Taxes	1,818.2	3,877.9	4,614.3	961.9	919.5	869.1
Provision for income taxes	509.9	1,329.6	1,640.7	330.2	296.9	305.2
Income of Consolidated Group	1,308.3	2,548.3	2,973.6	631.7	622.6	563.9
Equity in Income (Loss) of Unconsolidated Subsidiaries and Affiliates						
Financial Services	632.9	624.5	565.0	1.2	1.9	1.1
Other	(.3)	(9.5)	(1.0)			
Total	632.6	615.0	564.0	1.2	1.9	1.1
Net Income	1,940.9	3,163.3	3,537.6	632.9	624.5	565.0
Less: Net income attributable to noncontrolling interests	..9	1.6	..3			
Net Income Attributable to Deere & Company	$ 1,940.0	$ 3,161.7	$ 3,537.3	$ 632.9	$ 624.5	$ 565.0

* Deere & Company with Financial Services on the equity basis.

The supplemental consolidating data is presented for informational purposes. The "Equipment Operations" reflect the basis of consolidation described in Note 1 to the consolidated financial statements. The consolidated group data in the "Equipment Operations" income statement reflect the results of the agriculture and turf operations and construction and forestry operations. Transactions between the "Equipment

Operations" and "Financial Services" have been eliminated to arrive at the consolidated financial statements.

31. SUPPLEMENTAL CONSOLIDATING DATA (continued)
BALANCE SHEET
As of October 31, 2015 and 2014
(In millions of dollars except per share amounts)

	EQUIPMENT OPERATIONS*		FINANCIAL SERVICES	
	2015	2014	2015	2014
ASSETS				
Cash and cash equivalents	$ 2,900.0	$ 2,569.2	$ 1,262.2	$ 1,217.8
Marketable securities	47.7	700.4	389.7	514.7
Receivables from unconsolidated subsidiaries and affiliates	2,428.7	3,663.9		
Trade accounts and notes receivable net	485.2	706.0	3,553.1	3,554.4
Financing receivables net	.9	18.5	24,808.1	27,403.7
Financing receivables securitized net			4,834.6	4,602.3
Other receivables	849.5	848.0	152.9	659.0
Equipment on operating leases net			4,970.4	4,015.5
Inventories	3,817.0	4,209.7		
Property and equipment net	5,126.2	5,522.5	55.3	55.3
Investments in unconsolidated subsidiaries and affiliates	4,817.6	5,106.5	10.5	10.9
Goodwill	726.0	791.2		
Other intangible assets net	63.6	64.8		4.0
Retirement benefits	211.9	263.5	25.0	32.9
Deferred income taxes	3,092.0	2,981.9	67.9	64.9
Other assets	807.3	850.6	779.1	648.2
Total Assets	$ 25,373.6	$ 28,296.7	$ 40,908.8	$ 42,783.6
LIABILITIES AND STOCKHOLDERS' EQUITY				
LIABILITIES				
Short-term borrowings	$ 464.3	$ 434.1	$ 7,962.3	$ 7,585.1
Short-term securitization borrowings			4,590.0	4,558.5
Payables to unconsolidated subsidiaries and affiliates	80.6	101.0	2,395.4	3,633.7
Accounts payable and accrued expenses	6,801.2	7,518.4	1,511.2	2,027.0
Deferred income taxes	86.8	87.1	466.6	344.1
Long-term borrowings	4,460.6	4,642.5	19,372.2	19,738.2
Retirement benefits and other liabilities	6,722.5	6,448.1	86.4	82.8
Total liabilities	18,616.0	19,231.2	36,384.1	37,969.4
Commitments and contingencies (Note 22)				
STOCKHOLDERS' EQUITY				
Common stock, $1 par value (authorized 1,200,000,000 shares; issued 536,431,204 shares in 2015 and 2014), at paid-in amount	3,825.6	3,675.4	2,050.8	2,023.1
Common stock in treasury, 219,743,893 shares in 2015 and 190,926,805 shares in 2014, at cost	(15,497.6)	(12,834.2)		
Retained earnings	23,144.8	22,004.4	2,764.8	2,811.8
Accumulated other comprehensive income (loss)	(4,729.4)	(3,783.0)	(290.9)	(20.7)
Total Deere & Company stockholders' equity	6,743.4	9,062.6	4,524.7	4,814.2
Noncontrolling interests	14.2	2.9		
Total stockholders' equity	6,757.6	9,065.5	4,524.7	4,814.2
Total Liabilities and Stockholders' Equity	$ 25,373.6	$ 28,296.7	$ 40,908.8	$ 42,783.6

* Deere & Company with Financial Services on the equity basis.

The supplemental consolidating data is presented for informational purposes. The "Equipment Operations" reflect the basis of consolidation described in Note 1 to the consolidated financial statements. Transactions between the "Equipment Operations" and "Financial Services" have been eliminated to arrive at the consolidated financial statements.

31. SUPPLEMENTAL CONSOLIDATING DATA (continued)
STATEMENT OF CASH FLOWS
For the Years Ended October 31, 2015, 2014 and 2013
(In millions of dollars)

	EQUIPMENT OPERATIONS*			FINANCIAL SERVICES		
	2015	**2014**	**2013**	**2015**	**2014**	**2013**
Cash Flows from Operating Activities						
Net income	$ 1,940.9	$ 3,163.3	$ 3,537.6	$ 632.9	$ 624.5	$ 565.0
Adjustments to reconcile net income to net cash provided by operating activities:						
Provision for credit losses	5.5	2.9	10.8	49.9	35.2	9.7
Provision for depreciation and amortization	791.8	795.7	733.0	688.5	574.9	492.2
Impairment charges	15.3	95.9	102.0	19.5		
Undistributed earnings of unconsolidated subsidiaries and affiliates	46.6	(463.4)	(369.0)	(1.0)	(1.7)	(.9)
Provision (credit) for deferred income taxes	(139.8)	(236.4)	(204.6)	121.4	(43.7)	32.0
Changes in assets and liabilities:						
Trade receivables	113.4	231.5	26.1			
Insurance receivables				333.4	(149.9)	263.4
Inventories	(17.0)	496.2	(69.6)			
Accounts payable and accrued expenses	(253.8)	(277.0)	470.5	(245.4)	263.3	(207.9)
Accrued income taxes payable/receivable	(133.0)	330.5	84.2	(4.6)	12.1	(3.8)
Retirement benefits	414.3	323.0	241.6	13.2	13.9	20.4
Other	271.1	70.0	106.0	(25.7)	(7.7)	73.5
Net cash provided by operating activities	3,055.3	4,532.2	4,668.6	1,582.1	1,320.9	1,243.6
Cash Flows from Investing Activities						
Collections of receivables (excluding trade and wholesale)				16,266.1	16,772.0	15,440.0
Proceeds from maturities and sales of marketable securities	700.1	1,000.1	800.1	160.6	22.4	43.8
Proceeds from sales of equipment on operating leases				1,049.4	1,091.5	936.7
Proceeds from sales of businesses, net of cash sold		345.8	22.0	149.2		
Cost of receivables acquired (excluding trade and wholesale)				(16,327.8)	(19,015.3)	(18,792.7)
Purchases of marketable securities	(60.0)	(504.1)	(911.1)	(94.9)	(110.5)	(115.2)
Purchases of property and equipment	(688.1)	(1,045.2)	(1,155.2)	(5.9)	(3.1)	(3.2)
Cost of equipment on operating leases acquired				(3,043.6)	(2,684.2)	(2,107.2)
Increase in investment in Financial Services	(27.4)	(66.8)	(121.6)			
Acquisitions of businesses, net of cash acquired			(83.5)			
Decrease (increase) in trade and wholesale receivables				657.0	(782.0)	(1,152.7)
Other	6.8	(98.6)	(120.0)	(45.1)	(47.1)	(94.5)
Net cash used for investing activities	(68.6)	(368.8)	(1,569.3)	(1,235.0)	(4,756.3)	(5,845.0)
Cash Flows from Financing Activities						
Increase (decrease) in total short-term borrowings	211.9	(65.8)	36.0	289.7	155.0	2,713.5
Change in intercompany receivables/payables	928.6	(367.5)	(2,007.2)	(928.6)	367.5	2,007.2
Proceeds from long-term borrowings	6.2	60.7	282.9	5,704.8	8,171.3	4,451.1
Payments of long-term borrowings	(214.2)	(819.1)	(191.0)	(4,649.0)	(4,390.0)	(4,767.4)
Proceeds from issuance of common stock	172.1	149.5	174.5			
Repurchases of common stock	(2,770.7)	(2,731.1)	(1,531.4)			

Capital investment from Equipment Operations				27.4	66.8	121.6
Dividends paid	(816.3)	(786.0)	(752.9)	(679.6)	(150.0)	(186.0)
Excess tax benefits from share-based compensation	18.5	30.8	50.7			
Other	(45.4)	(27.7)	(40.1)	(26.7)	(35.9)	(19.2)
Net cash provided by (used for) financing activities	(2,509.3)	(4,556.2)	(3,978.5)	(262.0)	4,184.7	4,320.8
Effect of Exchange Rate Changes on Cash and Cash Equivalents	(146.6)	(61.3)	(5.4)	(40.7)	(12.3)	17.1
Net Increase (Decrease) in Cash and Cash Equivalents	330.8	(454.1)	(884.6)	44.4	737.0	(263.5)
Cash and Cash Equivalents at Beginning of Year	2,569.2	3,023.3	3,907.9	1,217.8	480.8	744.3
Cash and Cash Equivalents at End of Year	$ 2,900.0	$ 2,569.2	$ 3,023.3	$ 1,262.2	$ 1,217.8	$ 480.8

* Deere & Company with Financial Services on the equity basis.

The supplemental consolidating data is presented for informational purposes. The "Equipment Operations" reflect the basis of consolidation described in Note 1 to the consolidated financial statements. Transactions between the "Equipment Operations" and "Financial Services" have been eliminated to arrive at the consolidated financial statements.

DEERE & COMPANY

SELECTED FINANCIAL DATA

(Dollars in millions except per share amounts)

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Net sales and revenues	$ 28,863	$ 36,067	$ 37,795	$ 36,157	$ 32,013	$ 26,005	$ 23,112	$ 28,438	$ 24,082	$ 22,148
Net sales	25,775	32,961	34,998	33,501	29,466	23,573	20,756	25,803	21,489	19,884
Finance and interest income	2,381	2,282	2,115	1,981	1,923	1,825	1,842	2,068	2,055	1,777
Research and development expenses	1,425	1,452	1,477	1,434	1,226	1,052	977	943	817	726
Selling, administrative and general expenses	2,873	3,284	3,606	3,417	3,169	2,969	2,781	2,960	2,621	2,324
Interest expense	680	664	741	783	759	811	1,042	1,137	1,151	1,018
Income from continuing operations*	1,940	3,162	3,537	3,065	2,800	1,865	873	2,053	1,822	1,453
Net income*	1,940	3,162	3,537	3,065	2,800	1,865	873	2,053	1,822	1,694
Return on net sales	7.5%	9.6%	10.1%	9.1%	9.5%	7.9%	4.2%	8.0%	8.5%	8.5%
Return on beginning Deere & Company stockholders' equity	21.4%	30.8%	51.7%	45.1%	44.5%	38.7%	13.4%	28.7%	24.3%	24.7%
Comprehensive income (loss)*	994	2,072	5,416	2,171	2,502	2,079	(1,333)	1,303	2,201	1,795
Income per share from continuing operations basic*	$ 5.81	$ 8.71	$ 9.18	$ 7.72	$ 6.71	$ 4.40	$ 2.07	$ 4.76	$ 4.05	$ 3.11
diluted*	5.77	8.63	9.09	7.63	6.63	4.35	2.06	4.70	4.00	3.08
Net income per share basic*	5.81	8.71	9.18	7.72	6.71	4.40	2.07	4.76	4.05	3.63
diluted*	5.77	8.63	9.09	7.63	6.63	4.35	2.06	4.70	4.00	3.59
Dividends declared per share	2.40	2.22	1.99	1.79	1.52	1.16	1.12	1.06	.91	.78
Dividends paid per share	2.40	2.13	1.94	1.74	1.41	1.14	1.12	1.03	.85½	.74
Average number of common shares outstanding (in millions) basic	333.6	363.0	385.3	397.1	417.4	424.0	422.8	431.1	449.3	466.8
dilu ted	336.0	366.1	389.2	401.5	422.4	428.6	424.4	436.3	455.0	471.6
Total assets	$ 57,948	$ 61,336	$ 59,521	$ 56,266	$ 48,207	$ 43,267	$ 41,133	$ 38,735	$ 38,576	$ 34,720
Trade accounts and notes receivable net	3,051	3,278	3,758	3,799	3,295	3,464	2,617	3,235	3,055	3,038
Financing receivables net	24,809	27,422	25,633	22,159	19,924	17,682	15,255	16,017	15,631	14,004
Financing receivables securitized net	4,835	4,602	4,153	3,618	2,905	2,238	3,108	1,645	2,289	2,371
Equipment on operating leases net	4,970	4,016	3,152	2,528	2,150	1,936	1,733	1,639	1,705	1,494
Inventories	3,817	4,210	4,935	5,170	4,371	3,063	2,397	3,042	2,337	1,957
Property and equipment net	5,181	5,578	5,467	5,012	4,352	3,791	4,532	4,128	3,534	2,764
Short-term borrowings:										
Equipment operations	465	434	1,080	425	528	85	490	218	130	282
Financial services	7,962	7,585	7,709	5,968	6,324	5,241	3,537	6,621	7,495	5,436
Total	8,427	8,019	8,789	6,393	6,852	5,326	4,027	6,839	7,625	5,718
Short-term securitization borrowings:										
Financial services	4,590	4,559	4,109	3,575	2,777	2,209	3,132	1,682	2,344	2,403
Long-term borrowings:										
Equipment operations	4,461	4,643	4,871	5,445	3,167	3,329	3,073	1,992	1,973	1,969
Financial services	19,372	19,738	16,707	17,008	13,793	13,486	14,319	11,907	9,825	9,615
Total	23,833	24,381	21,578	22,453	16,960	16,815	17,392	13,899	11,798	11,584
Total Deere & Company stockholders' equity	6,743	9,063	10,266	6,842	6,800	6,290	4,819	6,533	7,156	7,491
Book value per share*	$ 21.29	$ 26.23	$ 27.46	$ 17.64	$ 16.75	$ 14.90	$ 11.39	$ 15.47	$ 16.28	$ 16.48
Capital expenditures	$ 655	$ 1,004	$ 1,132	$ 1,360	$ 1,050	$ 795	$ 767	$ 1,117	$ 1,025	$ 774
Number of employees (at year end)	57,180	59,623	67,044	66,859	61,278	55,650	51,262	56,653	52,022	46,549

* Attributable to Deere & Company.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

DEERE & COMPANY

By: /s/ Rajesh Kalathur
Rajesh Kalathur
Senior Vice President and Chief Financial Officer

Date: February 1, 2016

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SCHEDULE II

DEERE & COMPANY AND CONSOLIDATED SUBSIDIARIES
VALUATION AND QUALIFYING ACCOUNTS

For the Years Ended October 31, 2015, 2014 and 2013
(in thousands of dollars)

Column A	Column B	Column C Additions			Column D		Column E
Description	Balance at beginning of period	Charged to costs and expenses	Charged to other accounts Description	Amount	Deductions Description	Amount	Balance at end of period
YEAR ENDED OCTOBER 31, 2015							
Allowance for credit losses:							
Equipment operations:							
Trade receivable allowances	$ 50,248	$ 5,270	Bad debt recoveries	$ 116	Trade receivable write-offs	$ 5,260	$ 34,891
					Other-primarily translation	15,483	
Financial services:							
	5,298	1,172		230		329	5,932

Trade receivable allowances					Bad debt recoveries			Trade receivable write-offs			
								Other-primarily translation		439	
Financing receivable allowances		174,632		46,481	Bad debt recoveries		25,987	Financing receivable write-offs		66,807	157,621
								Other-primarily translation		22,672	
Consolidated receivable allowances	$	230,178	$	52,923		$	26,333		$	110,990	$ 198,444
YEAR ENDED OCTOBER 31, 2014 Allowance for credit losses:											
Equipment operations:											
Trade receivable allowances	$	62,845	$	3,054	Bad debt recoveries	$	92	Trade receivable write-offs	$	10,744	$ 50,248
								Other-primarily translation		4,999	
Financial services:											
Trade receivable allowances		4,300		4,009	Bad debt recoveries		92	Trade receivable write-offs		2,863	5,298
								Other-primarily translation		240	
Financing receivable allowances		173,000		31,179	Bad debt recoveries		25,968	Financing receivable write-offs		49,313	174,632
								Other-primarily translation		6,202	
Consolidated receivable allowances	$	240,145	$	38,242		$	26,152		$	74,361	$ 230,178
YEAR ENDED OCTOBER 31, 2013 Allowance for credit losses:											
Equipment operations:											
Trade receivable allowances	$	62,255	$	10,546	Bad debt recoveries	$	476	Trade receivable write-offs	$	3,847	$ 62,845
								Other-primarily translation		6,585	
Financial services:											
Trade receivable allowances		4,037		(102)	Bad debt recoveries		203	Trade receivable write-offs		300	4,300
					Other-primarily translation		462				
Financing receivable allowances		176,574		9,726	Bad debt recoveries		27,406	Financing receivable write-offs		35,258	173,000
								Other-primarily translation		5,448	
Consolidated receivable allowances	$	242,866	$	20,170		$	28,547		$	51,438	$ 240,145

Index to Exhibits

23 Consent of Deloitte & Touche LLP

31.1	Rule 13a-14(a)/15d-14(a) Certification
31.2	Rule 13a-14(a)/15d-14(a) Certification
32	Section 1350 Certifications
101	Interactive Data File