A JOHN DEERE PERSPECTIVE ON FINANCING

Fred Midkiff

WHY IS JOHN DEERE IN THE FINANCE BUSINESS?

* CONSTANT AVAILABILITY OF FUNDS
* LARGE VOLUMES
* INCENTIVES
  - HELP EQUALIZE RETAIL PRICES
  - HELP LEVEL PRODUCTION SCHEDULES
* PROFIT FOR THE COMPANY

EXPANDING INTO OTHER MARKETS

* AGRICULTURAL - INSTALLMENT & REVOLVING CREDIT
* INDUSTRIAL - INSTALLMENT & SOME WHOLESALE
* CONSUMER PRODUCTS - INSTALLMENT & REVOLVING CREDIT
* MARINE - INSTALLMENT
* RECREATIONAL VEHICLES - INSTALLMENT & SOME WHOLESALE

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RELATIONSHIP WITH BANKS AND FCS

* BANKS AND FCS PROVIDE A VITAL SERVICE TO THE FARM ECONOMY
  - OPERATING LOANS, STABILITY
  - FARM LEGISLATION (WE'RE ALL ON THE SAME TEAM)

* WE HAVE ENCOURAGED BANKS AND FCS TO SUGGEST JOHN DEERE EQUIPMENT AS A BETTER EQUIPMENT OPTION FOR RESALE, LESS DOWNTIME, DEALER NETWORK, ETC.

* THEN THERE IS COMPETITION
  - JDCC DOES COMPETE
    - FLEXIBILITY
    - NO LOAN IS TOO HIGH OR TOO LOW
    - AREA SALES MANAGERS IN THE FIELD
    - INCENTIVES
    - CONVENIENCE
      - INSTANT CREDIT
      - ENTERPRISE SYSTEM
      - PRIOR APPROVAL NOT MANDATORY
      - TOLL-FREE NUMBERS
      - IN CERTAIN MARKET CONDITIONS, IT'S TOUGH FOR JDCC TO OFFER RATES THAT MATCH

* SPONSORED BY THE EQUIPMENT MARKETING DIVISION

* WILL CONTINUE AS AN EFFECTIVE MARKETING TOOL

* WAIVERS AND LOW RATES