

# JOHN DEERE-UAW NEGOTIATIONS UPDATE



**JOHN DEERE**



## BACKGROUND

For nearly 80 years, John Deere has fostered strong relationships with our employees and the Union, United Automobile, Aerospace and Agricultural Implement Workers of America (UAW). Together, we have reached collective bargaining agreements that have provided economic progress for our employees, maintained John Deere's competitiveness, and produced products and technologies that have transformed our industries, the livelihoods of our customers, and the communities John Deere proudly calls home.

On Aug. 17, John Deere began negotiations with the UAW on two new collective bargaining agreements. The first would cover over 10,100 employees at 12 facilities in the Midwest U.S. In Iowa, these facilities are Davenport Works, Des Moines Works, Dubuque Works, Ottumwa Works, and Waterloo Works, including Tractor and Cab Assembly, Engine Works, and the Foundry. In Illinois, these facilities are Harvester Works in East Moline, North American Parts Distribution Center in Milan, and the Seeding Group and Cylinder Division in Moline. In Kansas, we have one facility, Coffeyville Works. The second would cover over 100 production and maintenance employees at John Deere parts facilities in Denver and Atlanta.

While the current collective bargaining agreements expired on Oct. 1, John Deere and the UAW were able to reach tentative agreements shortly after expiration. On Oct. 10, a majority of John Deere employees voted to reject the tentative agreements, and on Oct. 14, the UAW called a strike.

Despite the strike, John Deere and the UAW actively continued negotiations. On Oct. 30, John Deere and the UAW reached their second tentative agreements. On Nov. 2, a narrow majority of John Deere employees at the 12 Midwest facilities voted to reject their tentative agreement, while employees at the two parts facilities voted in favor theirs.

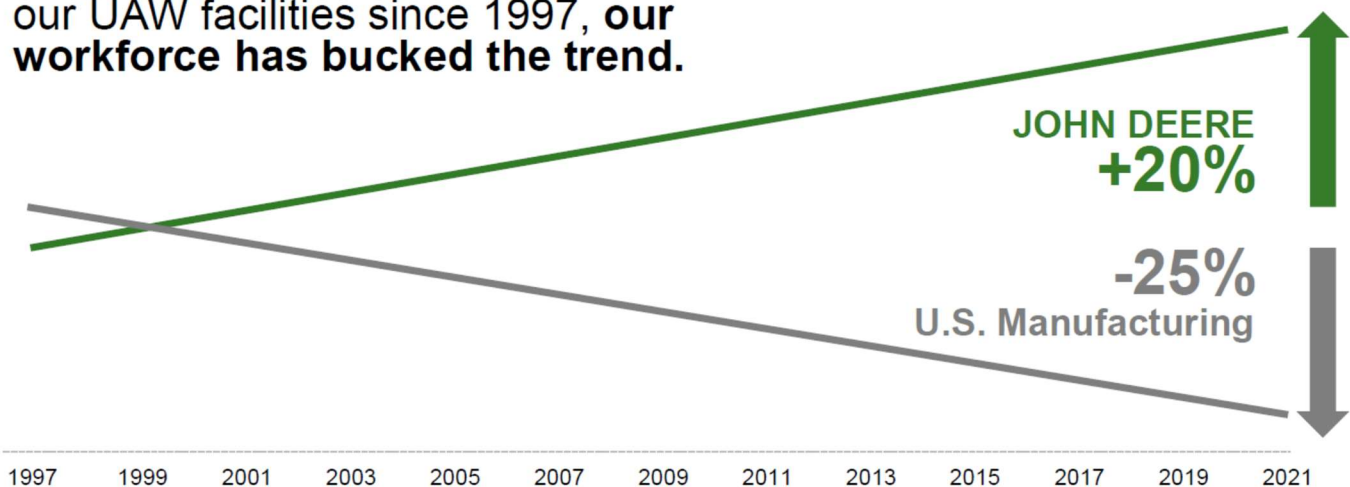
With the narrow rejection of the second tentative agreement covering John Deere's Midwest facilities and the increasing impact on John Deere and our employees of a strike that has lasted more than three weeks, John Deere and the UAW are working actively and in good faith to reach a resolution. The purpose of this Negotiations Update is to provide useful background on John Deere's approach to collective bargaining and details of its latest offer.

## OUR PRINCIPLES & IMPACT

John Deere's collective bargaining objectives are simple—we wish to achieve a fair, equitable, and competitive labor agreement that positions our employees, customers, and company for long-term success. This includes continued and accelerated implementation of our Smart Industrial Operating Model, which is helping our customers do their jobs more productively, profitably, and sustainably.

John Deere's success in reaching balanced collective bargaining agreements can be seen in the success we have achieved, exemplified by the recent growth in our UAW-represented workforce. In 1997, John Deere had approximately 8,600 employees represented by the UAW. Today, even with the introduction of increased efficiencies and technologies over 25 years, that number has grown to well over 10,000. This job growth was aided by John Deere's investments of nearly \$5.7 billion in new product forms and capital improvements at the facilities with employees represented by the UAW since 1997.

Helped by \$5.7B of investments in our UAW facilities since 1997, **our workforce has bucked the trend.**



Key product and capital investments include:

- **Davenport Works** – After dissolving our partnership with Bell Equipment, John Deere moved production of a new articulated dump truck to Davenport Works.
- **Des Moines Works** – John Deere has invested over \$100 million at Des Moines Works, including the addition of a new sprayer line and ongoing investments in new machine tools.
- **Dubuque Works** – Besides adding a line for production dozers, John Deere doubled the capacity of skid steer loaders and compact loaders.
- **Harvester Works** – Last year, John Deere introduced a powerful new combine model called the X series at its factory in East Moline. This project alone represented tens of millions of dollars in capital improvements.

- **Waterloo Works** – John Deere invested over \$100 million dollars in our Waterloo facilities to support production of the Next Generation tractor models, as well as upgrades to our foundry and drivetrain operations.

What has made John Deere’s collective bargaining experience so unique when compared to that of other historic Midwest manufacturers, is that we have grown our workforce and manufacturing footprint while also rewarding our production and maintenance employees with the best wages and most comprehensive benefits in our industries.

## Production & Maintenance Employee by Community

UNIT	COMMUNITY	EMPLOYEE #s
Coffeyville Works	Coffeyville, KS	177
Davenport Works	Davenport, IA	1,036
Des Moines Works	Ankeny, IA	879
Dubuque Works	Dubuque, IA	1,420
Harvester Works	East Moline, IL	1,421
NA PDC	Milan, IL	786
Ottumwa Works	Ottumwa, IA	576
Seeding/Cylinder	Moline, IL	707
Waterloo Units	Waterloo, IA	3,317
<b>Total</b> Includes Denver and Atlanta		<b>10,439</b>

Through an innovative combination of market-based wages and unique offerings such as Continuous Improvement Payment Plan (CIPP) incentives and profit sharing, John Deere shows how highly we value and respect our UAW-represented employees. We believe that when our employees help John Deere be the best by beating the competition, they should earn the best wages in our industries. We’re committed to this belief as we continue our collective bargaining.

In addition to our wage offerings, John Deere provides healthcare and retirement benefits that offer security and dignity to our employees. Consistent with our foremost commitment to the safety, health, and wellbeing of our UAW-represented employees, John Deere has provided high-quality and low-cost health care. UAW-represented employees pay no premiums, no deductibles, and no co-insurance—they have only copayments at point of care. In terms of retirement, John Deere is also unique in our industry in that we provide both a defined benefit plan – a pension – and a defined contribution plan – a 401k.

The impact of John Deere and our employees' shared success is not limited to our workforce and footprint. When we succeed, other businesses and their workforces succeed as well. Let's take our suppliers as just one example.

As the last two years has revealed, John Deere's success is intertwined with the success of our supply chain. Suppliers play an important role in ensuring John Deere maintains a competitive cost structure. They also contribute to the vitality of their local communities. The company partners with 775 suppliers in Illinois, Iowa, and Kansas with an annual spend over \$3.8 billion. Further, John Deere's suppliers employ tens of thousands of people across the U.S.

### Suppliers by Community (2020)\*

COMMUNITY	# of Suppliers	Annual Spend
Coffeyville, KS	31	\$15.5 million
Des Moines, IA	154	\$416 million
Dubuque, IA	75	\$260 million
Quad Cities, IA/IL	301	\$783 million
Ottumwa	38	\$28 million
Waterloo	181	\$417 million
Illinois	745	\$1.7 billion
Iowa	921	\$2.1 billion
Kansas	133	\$73 million

*\*Includes suppliers located in a 25-mile radius of the metro area. Further, state data for Illinois, Iowa, and Kansas reflects the total number of suppliers in the state.*



## OUR OFFER

In light of the principles that guide our collective bargaining and our proven ability sustain and grow manufacturing in the Midwest, John Deere has offered its UAW-represented employees wages and benefits that are more than merely the best in our industries, they are groundbreaking. Specifically, John Deere has offered three things that no other major manufacturer in the U.S. includes as part of a UAW labor agreement:

- > Full protection of employee wages through cost-of-living adjustments every 3 months for inflation
- > Greater retirement security for employees by providing them with both a company-funded defined benefit pension plan and defined contribution plan (401k)
- > Enrichment of retirement income and flexibility by the addition of an entirely new cash balance savings for employees to use on post-retirement healthcare or other priorities

While these aspects of the offer are special, they are part and parcel of an entire agreement that sees our employees gain in every regard without a single concession – here are additional highlights:

- > Increasing wages immediately by 10%, with projected wage increases of 30% over the term of contract, amounting to \$6-9 hourly wage increases
- > Maintaining incentives and profit sharing to enhance wages further
- > Continuing the healthcare with \$0 premiums, \$0 deductibles, \$0 coinsurance, and no changes to copayments
- > Improving health-related benefits by adding paid parental leave and autism care
- > Awarding a bonus of up to \$50,000 at retirement
- > Awarding a \$8,500 bonus at ratification

Our investment in the second tentative agreement is a big one—over six years, the terms of this agreement will cost John Deere \$6.8 billion. All in, employees stand to gain \$3.5 billion in new economic improvements over their careers. While these investments will pose challenges for John Deere and our employees in an increasingly competitive and dynamic market, we believe that this investment is the right one because we have faith in our UAW-represented employees to sharpen our competitive edge.

# MAKING THE BEST BETTER OUR OFFER



JOHN DEERE

## BETTER TODAY...

### How Your Wages Grow

**\$82,000 in new money for average employee.** \$6-9 hourly wage increase over the contract depending on job classification—a 30% increase.

#### General Wage Increases (GWI) and Lump Sum Payments (LSP)

2021 10.0% GWI	2022 3.0% LSP	2023 5.0% GWI
2024 3.0% LSP	2025 5.0% GWI	2026 3.0% LSP

*Performance Incentive and profit sharing plan maintained.*

#### Cost of Living Adjustments (COLAs)\*

- Protection against inflation
- Adjusts every 3 months with inflation
- Formula based on The Consumer Price Index (CPI-W) published by U.S. Department of Labor, Bureau of Labor Statistics

**Ratification Bonus of  
\$8,500**

### Enhancing Your Healthcare

**New hire coverage first day of the month after 30 calendar days of employment.**

#### Industry-leading Health Insurance

- Continuation of Deere Premier Network
- No change in copayments at point of care

#### Improvements

- Paid parental leave
- Vision care transitioned from every 24 months to every 12 months
- Autism care coverage

You pay **\$0** premiums deductibles coinsurance

## BETTER TOMORROW...

### Securing Your Future

**\$270,000 for each employee in new retirement benefits, on average.\*\***

*All current employees and new hires will be eligible for Traditional PLUS.*

#### Traditional PLUS

- Traditional defined benefit pension (i.e., monthly payments)
- Increased multiplier for monthly pension to \$48 for each year of service

#### Additional Money

- Cash balance savings at 2.5 - 4.0% annual company contributions
- Company will make additional contributions to the cash balance savings based on years of service (in 2021, employee with 10 years of service earns additional \$20,000 contribution to cash balance savings, in addition to the 2.5-4.0% annual contribution)
- TDSP/401k – Company matching contributions of \$0.60/dollar up to 6%

**Retirement Bonus: \$37,500 (10 to 24 years of service) \$50,000 (25+ years of service)**

All employees will have the option to select a new defined contribution retirement—Choice PLUS—that includes an enhanced TDSP/401k with company matching contributions of \$0.70-\$1.00 up to 6% based on the same company performance metrics that determine profit sharing. For employees who elect Choice PLUS, the company will also contribute 5% of the employee's annual wages every year to their TDSP/401k.

\*COLA assumes 2.34% annual inflation \*\*Calculated for employee at age 65