

DEERE & CO
Form 10-Q
June 01, 2009

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended April 30, 2009

Commission file no: 1-4121

DEERE & COMPANY

Delaware
(State of incorporation)

36-2382580
(IRS employer identification no.)

One John Deere Place

Moline, Illinois 61265

(Address of principal executive offices)

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Telephone Number: **(309) 765-8000**

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 No

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 No

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

Accelerated Filer

Non-Accelerated Filer

Smaller Reporting Company

(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

At April 30, 2009, 422,752,033 shares of common stock, \$1 par value, of the registrant were outstanding.

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

DEERE & COMPANY

STATEMENT OF CONSOLIDATED INCOME

For the Three Months Ended April 30, 2009 and 2008

(In millions of dollars and shares except per share amounts) Unaudited

	2009		2008
Net Sales and Revenues			
Net sales	\$ 6,187.0	\$	7,468.9
Finance and interest income	442.1		509.3
Other income	118.7		118.5
Total	6,747.8		8,096.7
Costs and Expenses			
Cost of sales	4,756.4		5,508.6
Research and development expenses	255.7		230.2
Selling, administrative and general expenses	688.0		766.6
Interest expense	269.4		283.6
Other operating expenses	166.3		145.1
Total	6,135.8		6,934.1
Income of Consolidated Group before Income Taxes	612.0		1,162.6
Provision for income taxes	137.1		411.1
Income of Consolidated Group	474.9		751.5
Equity in income (loss) of unconsolidated affiliates	(2.6)		12.0
Net Income	\$ 472.3	\$	763.5
Per Share Data			
Net income - basic	\$ 1.12	\$	1.76
Net income - diluted	\$ 1.11	\$	1.74
Average Shares Outstanding			
Basic	422.7		433.7
Diluted	423.7		439.6

See Condensed Notes to Interim Financial Statements.

DEERE & COMPANY
 STATEMENT OF CONSOLIDATED INCOME
 For the Six Months Ended April 30, 2009 and 2008
 (In millions of dollars and shares except per share amounts) Unaudited

	2009	2008
Net Sales and Revenues		
Net sales	\$ 10,747.1	\$ 11,999.5
Finance and interest income	908.7	1,037.2
Other income	238.0	261.1
Total	11,893.8	13,297.8
Costs and Expenses		
Cost of sales	8,298.9	8,870.4
Research and development expenses	475.1	434.5
Selling, administrative and general expenses	1,327.0	1,419.3
Interest expense	543.9	578.7
Other operating expenses	363.2	300.8
Total	11,008.1	11,603.7
Income of Consolidated Group before Income Taxes	885.7	1,694.1
Provision for income taxes	210.7	581.1
Income of Consolidated Group	675.0	1,113.0
Equity in income of unconsolidated affiliates	1.2	19.5
Net Income	\$ 676.2	\$ 1,132.5
Per Share Data		
Net income - basic	\$ 1.60	\$ 2.60
Net income - diluted	\$ 1.60	\$ 2.56
Average Shares Outstanding		
Basic	422.6	435.6
Diluted	423.7	441.9

See Condensed Notes to Interim Financial Statements.

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DEERE & COMPANY
CONDENSED CONSOLIDATED BALANCE SHEET
(In millions of dollars) Unaudited

	April 30 2009	October 31 2008	April 30 2008
Assets			
Cash and cash equivalents	\$ 4,797.2	\$ 2,211.4	\$ 2,287.8
Marketable securities	185.8	977.4	981.8
Receivables from unconsolidated affiliates	48.0	44.7	38.4
Trade accounts and notes receivable - net	4,373.1	3,234.6	4,629.4
Financing receivables - net	13,511.4	16,017.0	15,236.4
Restricted financing receivables - net	3,167.4	1,644.8	2,201.6
Other receivables	635.6	664.9	666.1
Equipment on operating leases - net	1,553.2	1,638.6	1,627.2
Inventories	3,551.0	3,041.8	3,570.8
Property and equipment - net	4,254.8	4,127.7	3,784.0
Investments in unconsolidated affiliates	207.6	224.4	167.4
Goodwill	1,256.7	1,224.6	1,277.5
Other intangible assets - net	145.2	161.4	127.8
Retirement benefits	1,150.4	1,106.0	2,011.6
Deferred income taxes	1,571.9	1,440.6	1,533.2
Other assets	1,391.5	974.7	830.9
Total Assets	\$ 41,800.8	\$ 38,734.6	\$ 40,971.9
Liabilities and Stockholders Equity			
Short-term borrowings	\$ 8,929.7	\$ 8,520.5	\$ 10,417.3
Payables to unconsolidated affiliates	101.2	169.2	207.1
Accounts payable and accrued expenses	5,589.7	6,393.6	6,533.7
Deferred income taxes	173.5	171.8	192.3
Long-term borrowings	16,850.2	13,898.5	12,752.0
Retirement benefits and other liabilities	3,288.3	3,048.3	3,519.9
Total liabilities	34,932.6	32,201.9	33,622.3
Commitments and contingencies (Note 5)			
Common stock, \$1 par value (issued shares at April 30, 2009 536,431,204)	2,976.6	2,934.0	2,908.8
Common stock in treasury	(5,580.1)	(5,594.6)	(4,934.4)
Retained earnings	11,020.0	10,580.6	9,898.7
Accumulated other comprehensive income (loss)	(1,548.3)	(1,387.3)	(523.5)
Stockholders equity	6,868.2	6,532.7	7,349.6
Total Liabilities and Stockholders Equity	\$ 41,800.8	\$ 38,734.6	\$ 40,971.9

See Condensed Notes to Interim Financial Statements.

DEERE & COMPANY
 STATEMENT OF CONSOLIDATED CASH FLOWS
 For the Six Months Ended April 30, 2009 and 2008
 (In millions of dollars) Unaudited

	2009	2008
Cash Flows from Operating Activities		
Net income	\$ 676.2	\$ 1,132.5
Adjustments to reconcile net income to net cash used for operating activities:		
Provision for doubtful receivables	96.1	40.8
Provision for depreciation and amortization	430.7	408.1
Share-based compensation expense	56.3	54.1
Undistributed earnings of unconsolidated affiliates	(1.7)	(16.9)
Credit for deferred income taxes	(73.3)	(100.6)
Changes in assets and liabilities:		
Trade, notes and financing receivables related to sales	(1,124.6)	(1,269.8)
Inventories	(626.5)	(1,317.8)
Accounts payable and accrued expenses	(614.4)	356.6
Accrued income taxes payable/receivable	(28.0)	318.5
Retirement benefits	38.3	(149.0)
Other	(10.0)	20.9
Net cash used for operating activities	(1,180.9)	(522.6)
Cash Flows from Investing Activities		
Collections of receivables	6,256.6	6,343.8
Proceeds from sales of financing receivables	7.9	31.1
Proceeds from maturities and sales of marketable securities	810.4	1,099.4
Proceeds from sales of equipment on operating leases	226.5	239.4
Proceeds from sales of businesses, net of cash sold		40.1
Cost of financing receivables acquired	(5,443.4)	(6,189.9)
Purchases of marketable securities	(12.3)	(489.8)
Purchases of property and equipment	(449.1)	(429.1)
Cost of equipment on operating leases acquired	(167.3)	(191.6)
Acquisitions of businesses, net of cash acquired	(44.3)	(35.3)
Other	(40.7)	(30.2)
Net cash provided by investing activities	1,144.3	387.9
Cash Flows from Financing Activities		
Increase in short-term borrowings	804.3	130.4
Proceeds from long-term borrowings	4,211.6	2,848.0
Payments of long-term borrowings	(1,944.7)	(1,826.5)
Proceeds from issuance of common stock	4.1	100.2
Repurchases of common stock	(3.2)	(1,001.5)
Dividends paid	(354.5)	(219.8)
Excess tax benefits from share-based compensation	.7	54.0
Other	(113.6)	(9.6)
Net cash provided by financing activities	2,604.7	75.2
Effect of Exchange Rate Changes on Cash and Cash Equivalents	17.7	68.7
Net Increase in Cash and Cash Equivalents	2,585.8	9.2

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