

DEERE & CO
Form 10-Q
March 01, 2010

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 January 31, 2010

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)
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).

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Yes No X

At January 31, 2010, 424,008,363 shares of common stock, \$1 par value, of the registrant were outstanding.

Index to Exhibits: Page 40

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

DEERE & COMPANY

STATEMENT OF CONSOLIDATED INCOME

For the Three Months Ended January 31, 2010 and 2009

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

	2010	2009
Net Sales and Revenues		
Net sales	\$ 4,237.3	\$ 4,560.2
Finance and interest income	467.2	466.6
Other income	130.3	119.1
Total	4,834.8	5,145.9
Costs and Expenses		
Cost of sales	3,205.5	3,542.5
Research and development expenses	235.7	219.4
Selling, administrative and general expenses	642.1	638.9
Interest expense	218.5	274.5
Other operating expenses	168.7	196.8
Total	4,470.5	4,872.1
Income of Consolidated Group before Income Taxes	364.3	273.8
Provision for income taxes	109.9	73.5
Income of Consolidated Group	254.4	200.3
Equity in income (loss) of unconsolidated affiliates	(8.8)	3.7
Net Income	245.6	204.0
Less: Net income attributable to noncontrolling interests	2.4	.1
Net Income Attributable to Deere & Company	\$ 243.2	\$ 203.9
Per Share Data		
Basic	\$.57	\$.48
Diluted	\$.57	\$.48
Average Shares Outstanding		
Basic	423.6	422.5
Diluted	427.5	423.7

See Condensed Notes to Interim Financial Statements.

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

	January 31 2010	October 31 2009	January 31 2009
Assets			
Cash and cash equivalents	\$ 5,043.3	\$ 4,651.7	\$ 5,004.1
Marketable securities	206.4	192.0	230.5
Receivables from unconsolidated affiliates	38.4	38.4	45.3
Trade accounts and notes receivable - net	3,120.5	2,616.9	3,475.4
Financing receivables - net	14,686.7	15,254.7	13,379.3
Restricted financing receivables - net	2,603.9	3,108.4	3,268.9
Other receivables	774.5	864.5	688.8
Equipment on operating leases - net	1,613.1	1,733.3	1,543.7
Inventories	2,752.5	2,397.3	3,836.6
Property and equipment - net	4,424.8	4,532.2	4,149.4
Investments in unconsolidated affiliates	220.4	212.8	213.7
Goodwill	1,010.1	1,036.5	1,241.0
Other intangible assets - net	130.6	136.3	152.0
Retirement benefits	124.0	94.4	1,131.8
Deferred income taxes	2,750.2	2,804.8	1,419.9
Other assets	1,281.3	1,458.4	1,559.2
Total Assets	\$ 40,780.7	\$ 41,132.6	\$ 41,339.6
Liabilities and Stockholders' Equity			
Short-term borrowings	\$ 7,679.4	\$ 7,158.9	\$ 9,333.2
Payables to unconsolidated affiliates	77.4	55.0	118.6
Accounts payable and accrued expenses	4,777.3	5,371.4	5,524.5
Deferred income taxes	155.4	167.3	166.2
Long-term borrowings	17,090.6	17,391.7	16,574.7
Retirement benefits and other liabilities	6,014.6	6,165.5	3,062.7
Total liabilities	35,794.7	36,309.8	34,779.9
Commitments and contingencies (Note 12)			
Common stock, \$1 par value (issued shares at January 31, 2010 536,431,204)	3,040.1	2,996.2	2,968.2
Common stock in treasury	(5,540.8)	(5,564.7)	(5,582.7)
Retained earnings	11,105.0	10,980.5	10,666.1
Accumulated other comprehensive income (loss)	(3,624.7)	(3,593.3)	(1,496.7)
Total Deere & Company stockholders' equity	4,979.6	4,818.7	6,554.9
Noncontrolling interests	6.4	4.1	4.8
Total stockholders' equity	4,986.0	4,822.8	6,559.7
Total Liabilities and Stockholders' Equity	\$ 40,780.7	\$ 41,132.6	\$ 41,339.6

See Condensed Notes to Interim Financial Statements.

DEERE & COMPANY

STATEMENT OF CONSOLIDATED CASH FLOWS

For the Three Months Ended January 31, 2010 and 2009

(In millions of dollars) Unaudited

	2010	2009
Cash Flows from Operating Activities		
Net income	\$ 245.6	\$ 204.0
Adjustments to reconcile net income to net cash used for operating activities:		
Provision for doubtful receivables	25.9	40.0
Provision for depreciation and amortization	241.4	216.9
Share-based compensation expense	40.1	45.7
Undistributed earnings of unconsolidated affiliates	8.7	(3.9)
Provision for deferred income taxes	39.3	29.9
Changes in assets and liabilities:		
Trade, notes and financing receivables related to sales	(205.6)	(283.0)
Inventories	(348.2)	(874.0)
Accounts payable and accrued expenses	(416.9)	(882.4)
Accrued income taxes payable/receivable	4.8	(12.9)
Retirement benefits	(48.7)	6.7
Other	95.3	(102.5)
Net cash used for operating activities	(318.3)	(1,615.5)
Cash Flows from Investing Activities		
Collections of receivables	3,211.8	3,381.2
Proceeds from sales of financing receivables	.2	5.7
Proceeds from maturities and sales of marketable securities	3.5	764.4
Proceeds from sales of equipment on operating leases	158.9	117.9
Proceeds from sales of businesses, net of cash sold	5.7	
Cost of receivables acquired	(2,697.7)	(2,613.8)
Purchases of marketable securities	(18.5)	(7.9)
Purchases of property and equipment	(162.7)	(262.1)
Cost of equipment on operating leases acquired	(54.5)	(74.6)
Acquisitions of businesses, net of cash acquired	(18.7)	(40.9)
Other	(55.5)	1.9
Net cash provided by investing activities	372.5	1,271.8
Cash Flows from Financing Activities		
Increase in short-term borrowings	571.6	1,157.1
Proceeds from long-term borrowings	335.1	2,842.2
Payments of long-term borrowings	(461.6)	(653.1)
Proceeds from issuance of common stock	24.5	3.1
Repurchases of common stock	(3.8)	(3.2)
Dividends paid	(118.5)	(118.2)
Excess tax benefits from share-based compensation	6.8	.5
Other	(8.3)	(96.0)
Net cash provided by financing activities	345.8	3,132.4