

DEERE & CO
Form 10-Q
February 24, 2006

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, 2006

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**

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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 is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act. (Check one):

Large Accelerated Filer Accelerated Filer Non-Accelerated Filer

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

Yes No

At January 31, 2006, 234,571,240 shares of common stock, \$1 par value, of the registrant were outstanding.

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

DEERE & COMPANY
STATEMENT OF CONSOLIDATED INCOME
For the Three Months Ended January 31, 2006 and 2005

(In millions of dollars and shares except per share amounts) Unaudited	2006	2005
Net Sales and Revenues		
Net sales	\$ 3,691.4	\$ 3,526.5
Finance and interest income	403.5	325.6
Other income	107.2	82.4
Total	4,202.1	3,934.5
Costs and Expenses		
Cost of sales	2,896.3	2,769.8
Research and development expenses	161.0	149.3
Selling, administrative and general expenses	467.6	429.7
Interest expense	229.9	167.1
Other operating expenses	107.2	85.3
Total	3,862.0	3,601.2
Income of Consolidated Group Before Income Taxes	340.1	333.3
Provision for income taxes	116.1	115.4
Income of Consolidated Group	224.0	217.9
Equity in Income (Loss) of Unconsolidated Affiliates		
Credit	.1	.2
Other	(.2)	(3.1)
Total	(.1)	(2.9)
Income from Continuing Operations	223.9	215.0
Income from Discontinued Operations	12.0	7.8
Net Income	\$ 235.9	\$ 222.8
Per Share Data		
Basic:		
Continuing operations	\$.95	\$.87
Discontinued operations	.05	.03
Net income	\$ 1.00	\$.90
Diluted:		
Continuing operations	\$.94	\$.86
Discontinued operations	.05	.03
Net income	\$.99	\$.89
Average Shares Outstanding:		
Basic	235.9	247.1
Diluted	238.5	251.0

See Notes to Interim Financial Statements.

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DEERE & COMPANY
CONDENSED CONSOLIDATED BALANCE SHEET

(In millions of dollars) Unaudited	January 31 2006	October 31 2005	January 31 2005
Assets			
Cash and cash equivalents	\$ 1,477.2	\$ 2,258.2	\$ 2,865.5
Marketable securities	1,967.7	2,169.1	
Receivables from unconsolidated affiliates	14.2	18.4	20.1
Trade accounts and notes receivable - net	3,179.1	3,117.8	3,131.7
Financing receivables - net	12,527.5	12,869.4	11,352.3
Restricted financing receivables - net	1,561.6	1,457.9	
Other receivables	371.1	523.0	317.4
Equipment on operating leases - net	1,311.8	1,335.6	1,232.3
Inventories	2,731.7	2,134.9	2,802.0
Property and equipment - net	2,393.3	2,343.3	2,136.9
Investments in unconsolidated affiliates	106.2	106.7	103.7
Goodwill	1,102.5	1,088.5	984.5
Other intangible assets - net	21.0	18.3	21.4
Prepaid pension costs	2,653.1	2,662.7	2,491.1
Other assets	541.9	419.8	467.8
Deferred income taxes	646.3	628.1	551.2
Deferred charges	137.8	133.8	122.7
Assets of discontinued operations	313.3	351.3	347.5
Total Assets	\$ 33,057.3	\$ 33,636.8	\$ 28,948.1
Liabilities and Stockholders' Equity			
Short-term borrowings	\$ 6,530.2	\$ 6,883.8	\$ 3,971.8
Payables to unconsolidated affiliates			