

Income Statement Deere & Company Equipment Operations with Financial Services on the equity basis in millions of dollars except per share amounts for the year ended October 31.

	1993 ⁽¹⁾	1994	1995	1996 ⁽⁴⁾	1997 ⁽⁴⁾	1998 ⁽⁴⁾	1999 ⁽⁴⁾	2000 ⁽⁴⁾	2001 ⁽⁴⁾	2002 ⁽⁴⁾	2003 ⁽⁴⁾	2004 ⁽⁴⁾	2005 ⁽⁴⁾	2006 ⁽⁴⁾
Net Sales and Revenues														
Net sales of equipment	\$6,479.3	\$7,663.1	\$8,830.2	\$9,640.0	\$11,081.7	\$11,925.8	\$9,701.2	\$11,168.6	\$11,077.4	\$11,702.8	\$13,349.1	\$17,673.0	\$19,401.4	\$19,884.0
Finance and interest income	84.0	81.3	105.3	120.5	114.8	131.1	92.5	99.1	95.9	85.6	77.6	83.2	118.8	92.2
Other income	23.3	24.0	28.4	28.8	47.6	40.4	87.2	109.2	129.4	146.0	145.3	236.1	308.1	383.9
Total	6,586.6	7,768.4	8,963.9	9,789.3	11,244.1	12,097.3	9,880.9	11,376.9	11,302.7	11,934.4	13,572.0	17,992.3	19,828.3	20,360.1
Costs and Expenses														
Cost of goods sold	5,381.1	6,032.6	6,943.8	7,486.1	8,499.3	9,252.7	8,193.1	8,952.2	9,391.9	9,608.1	10,767.5	13,582.3	15,179.3	15,362.0
Research and development expenses	269.8	275.7	327.4	370.3	412.3	444.4	458.4	542.1	590.1	527.8	577.3	611.6	677.3	725.8
Selling, administrative and general expenses	602.8	638.3	707.7	817.7	940.3	932.5	953.6	1,149.4	1,295.3	1,153.5	1,284.7	1,647.6	1,766.8	1,942.1
Interest expense	180.3	117.1	126.7	107.4	80.8	128.0	161.9	183.1	268.9	222.9	217.6	205.0	211.3	193.4
Interest compensation to Financial Services									0.9	158.1	199.6	205.1	223.1	243.7
Other operating expenses	18.0	17.0	25.5	24.3	19.5	50.4	28.6	44.3	81.3	81.4	57.8	97.7	146.4	239.9
Restructuring costs	107.2													
Total	6,559.2	7,080.7	8,131.1	8,805.8	9,952.2	10,808.0	9,795.6	10,871.1	11,628.4	11,751.8	13,104.5	16,349.3	18,204.2	18,706.9
Income (loss) from consolidated group before taxes and changes in accounting	27.4	687.7	832.8	983.5	1,291.9	1,289.3	85.3	505.8	(325.7)	182.6	467.5	1,643.0	1,624.1	1,653.2
Provision (credit) for income taxes	14.4	254.7	303.8	373.5	475.2	458.1	42.1	194.7	(87.9)	104.2	162.4	546.4	527.7	564.4
Income (loss) of consolidated group before changes in accounting	13.0	433.0	529.0	610.0	816.7	831.2	43.2	311.1	(237.8)	78.4	305.1	1,096.6	1,096.4	1,088.8
Equity in income (loss) of unconsolidated subsidiaries and affiliates before changes in accounting														
Credit	122.2	113.7	120.9	146.6	147.2	162.8	174.9	161.5	176.8	243.0	310.5	306.2	317.4	342.8
Other	49.2	56.9	56.2	42.3	33.5	21.9	8.9	(2.3)	(21.8)	(25.1)	4.2	(4.4)	0.2	21.6
Total	171.4	170.6	177.1	188.9	180.7	184.7	183.8	159.2	155.0	217.9	314.7	301.8	317.6	364.4
Income (loss) from continuing operations before changes in accounting	184.4	603.6	706.1	798.9	997.4	1,015.9	227.0	470.3	(82.8)	296.3	619.8	1,398.4	1,414.0	1,453.2
Income (loss) from discontinued operations before changes in accounting				18.4	(37.3)	5.5	12.2	15.2	18.8	22.9	23.3	7.7	32.8	240.6
Changes in accounting	(1,105)													
Net income (loss)	(\$920.9)	\$603.6	\$706.1	\$817.3	\$960.1	\$1,021.4	\$239.2	\$485.5	(\$64.0)	\$319.2	\$643.1	\$1,406.1	\$1,446.8	\$1,693.8
Average number of common shares outstanding (in thousands)	231,874	258,438	260,494	260,547	253,723	243,315	232,874	234,276	234,980	238,217	240,200	247,248	243,293	233,410
Income (loss) per share from continuing operations - basic ⁽²⁾	\$0.80	\$2.34	\$2.71	\$3.07	\$3.93	\$4.18	\$0.98	\$2.01	(\$0.35)	\$1.24	\$2.58	\$5.66	\$5.81	\$6.23
Income (loss) per share from continuing operations - diluted ⁽³⁾				\$3.04	\$3.89	\$4.14	\$0.97	\$2.00	(\$0.35)	\$1.23	\$2.55	\$5.53	\$5.74	\$6.16
Net income (loss) per share - basic ⁽³⁾	(\$3.97)	\$2.34	\$2.71	\$3.14	\$3.78	\$4.20	\$1.03	\$2.07	(\$0.27)	\$1.34	\$2.68	\$5.69	\$5.95	\$7.26
Net income (loss) per share - diluted ⁽²⁾⁽³⁾	(\$3.97)	\$2.32	\$2.69	\$3.11	\$3.74	\$4.16	\$1.02	\$2.06	(\$0.27)	\$1.33	\$2.64	\$5.56	\$5.87	\$7.18

⁽¹⁾ In the fourth quarter of 1993, effective November 1, 1992, the company adopted Financial Accounting Standards Board (FASB) Statement No. 106, Employers' Accounting for Postretirement Benefits Other Than Pensions, and FASB Statement No. 112, Employers' Accounting for Postemployment Benefits. The aggregate cumulative effect of adopting the new standards as of November 1, 1992, which relate mainly to retiree health care and life insurance benefits, was a non-cash charge of \$1,105 million after income taxes or \$4.76 per share (\$1,728 million before income taxes).

⁽²⁾ Restated for adoption of FASB Statement No. 128 in 1998.

⁽³⁾ Adjusted for three-for-one stock split effective November 17, 1995.

⁽⁴⁾ Deere & Company with Financial Services on the equity basis except for the health care operations reported on a discontinued basis.

Income Statement % To Net Sales *Deere & Company Equipment Operations with Financial Services on the equity basis for the year ended October 31.*

	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Net Sales and Revenues														
Net sales of equipment	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Finance and interest income	1.3	1.1	1.2	1.3	1.0	1.1	1.0	0.9	0.9	0.7	0.6	0.5	0.6	0.5
Other income	0.4	0.3	0.3	0.3	0.4	0.3	0.9	1.0	1.2	1.2	1.1	1.3	1.6	1.9
Total	101.7	101.4	101.5	101.6	101.4	101.4	101.9	101.9	102.0	102.0	101.7	101.8	102.2	102.4
Costs and Expenses														
Cost of goods sold	83.1	78.7	78.7	77.7	76.7	77.6	84.5	80.2	84.8	82.1	80.7	76.9	78.2	77.3
Research and development expenses	4.2	3.6	3.7	3.8	3.7	3.7	4.7	4.9	5.3	4.5	4.3	3.5	3.5	3.7
Selling, administrative and general expenses	9.3	8.3	8.0	8.5	8.5	7.8	9.8	10.3	11.7	9.9	9.6	9.3	9.1	9.8
Interest expense	2.8	1.5	1.4	1.1	0.7	1.1	1.7	1.6	2.4	1.9	1.6	1.2	1.1	1.0
Interest compensation to Financial Services									0.0	1.4	1.5	1.2	1.1	1.2
Other operating expenses	0.3	0.3	0.3	0.3	0.2	0.4	0.3	0.4	0.7	0.7	0.4	0.6	0.8	1.2
Restructuring costs	1.6													
Total	101.3	92.4	92.1	91.4	89.8	90.6	101.0	97.3	105.0	100.4	98.2	92.5	93.8	94.1
Income (loss) from consolidated group before taxes	0.4	9.0	9.4	10.2	11.7	10.8	0.9	4.5	(2.9)	1.6	3.5	9.3	8.4	8.3
Provision (credit) for income taxes	0.2	3.3	3.4	3.9	4.3	3.8	0.4	1.7	(0.8)	0.9	1.2	3.1	2.7	2.8
Income (loss) of consolidated group	0.2	5.7	6.0	6.3	7.4	7.0	0.4	2.8	(2.1)	0.7	2.3	6.2	5.7	5.5
Equity in income (loss) of unconsolidated affiliates														
Credit	1.9	1.5	1.4	1.5	1.3	1.4	1.8	1.4	1.6	2.1	2.3	1.7	1.6	1.7
Other	0.7	0.7	0.6	0.4	0.3	0.2	0.1	(0.0)	(0.2)	(0.2)	0.0	(0.0)	0.0	0.1
Total	2.6	2.2	2.0	2.0	1.6	1.5	1.9	1.4	1.4	1.9	2.4	1.7	1.6	1.8
Income (loss) from continuing operations before changes in accounting	2.8	7.9	8.0	8.3	9.0	8.5	2.3	4.2	(0.7)	2.5	4.6	7.9	7.3	7.3
Income (loss) from discontinued operations before changes in accounting				0.2	(0.3)	0.0	0.1	0.1	0.2	0.2	0.2	0.0	0.2	1.2
Changes in accounting	(17.0)													
Net income (loss) for the year	(14.2)%	7.9%	8.0%	8.5%	8.7%	8.6%	2.5%	4.3%	(.6)%	2.7%	4.8%	8.0%	7.5%	8.5%

Net Sales *(millions of dollars)*

	1993	1994	1995	1996	1997 ⁽¹⁾	1998 ⁽¹⁾	1999 ⁽¹⁾	2000 ⁽¹⁾	2001 ⁽¹⁾	2002 ⁽¹⁾	2003 ^{(1) (2)}	2004 ^{(1) (2)}	2005 ^{(1) (2)}	2006 ^{(1) (2)}
Net Sales by Industry Segment:														
Agricultural equipment	\$4,078	\$4,718	\$5,277	\$6,097	\$7,289	\$7,463	\$5,138	\$5,934	\$6,269	\$6,738	\$7,390	\$9,717	\$10,567	\$10,232
Construction and forestry	1,348	1,640	1,875	1,919	1,998	2,281	1,880	2,395	2,226	2,199	2,728	4,214	5,229	5,775
Commercial and consumer equipment	1,053	1,305	1,678	1,624	1,795	2,182	2,648	2,774	2,527	2,712	3,231	3,742	3,605	3,877
Other							35	66	55	54				
Total	\$6,479	\$7,663	\$8,830	\$9,640	\$11,082	\$11,926	\$9,701	\$11,169	\$11,077	\$11,703	\$13,349	\$17,673	\$19,401	\$19,884
Net Sales by Geographic Areas:														
United States and Canada	\$4,934	\$5,860	\$6,648	\$6,886	\$8,018	\$8,877	\$7,023	\$8,272	\$8,124	\$8,199	\$9,249	\$12,333	\$13,511	\$13,851
Outside the United States and Canada	1,545	1,803	2,182	2,754	3,064	3,049	2,678	2,897	2,953	3,504	4,100	5,340	5,890	6,033
Total	\$6,479	\$7,663	\$8,830	\$9,640	\$11,082	\$11,926	\$9,701	\$11,169	\$11,077	\$11,703	\$13,349	\$17,673	\$19,401	\$19,884

⁽¹⁾ Beginning in 1997, results reflect the adoption of FASB 131, prior periods were not restated.

⁽²⁾ Beginning in fiscal 2004, the special technologies group's segment results were transferred from the other operations to the agricultural equipment operations due to changes in internal reporting. The 2003 fiscal year results of these operations were restated for net sales of \$41 million, related to the special technologies group. This had no effect on the total net sales.

Quarterly Sales

(millions of dollars)

	1Q	2Q	3Q	4Q	Total
1992	1,144.3	1,554.9	1,448.9	1,575.3	5,723.4
1993	1,115.1	1,788.2	1,726.5	1,849.5	6,479.3
1994	1,406.8	2,128.0	1,979.0	2,149.3	7,663.1
1995	1,730.5	2,452.9	2,304.5	2,342.3	8,830.2
1996	1,936.6	2,699.7	2,516.1	2,487.6	9,640.0
1997	2,002.6	3,107.6	2,992.6	2,978.9	11,081.7
1998	2,404.7	3,609.9	3,218.3	2,692.9	11,925.8
1999	1,973.2	2,957.1	2,489.4	2,281.5	9,701.2
2000	1,880.0	3,324.1	3,122.2	2,842.3	11,168.6
2001	2,143.0	3,261.9	3,070.3	2,602.2	11,077.4
2002	1,937.5	3,409.0	3,409.6	2,946.7	11,702.8
2003	2,273.7	3,867.3	3,833.0	3,375.0	13,349.1
2004	2,911.6	5,296.1	4,853.6	4,611.7	17,673.0
2005	3,526.5	6,019.2	5,370.1	4,485.6	19,401.4
2006	3,691.4	6,029.0	5,677.3	4,486.3	19,884.0

Net Income Per Share – Diluted per FASB 128⁽²⁾⁽³⁾

(dollars)

	1Q	2Q	3Q	4Q	Total
1992					.16
1993 ⁽¹⁾					(3.97)
1994					2.32
1995					2.69
1996					3.11
1997	.68	1.24	.99	.83	3.74
1998	.81	1.45	1.19	.71	4.16
1999	.21	.65	.29	(.13)	1.02
2000	.16	.87	.72	.30	2.06
2001	.24	.54	.30	(1.36)	(.27)
2002	(.16)	.59	.61	.28	1.33
2003	.28	1.07	1.02	.27	2.64
2004	.68	1.88	1.58	1.41	5.56
2005	.89	2.43	1.58	.96	5.87
2006 ⁽⁷⁾	.99	3.13	1.85	1.20	7.18

(1) In the fourth quarter of 1993, the company adopted FASB Statements No. 106 and 112 relating to postretirement and postemployment benefits, effective November 1, 1992.

Accordingly, results for the first quarter of 1993 were restated for the cumulative after-tax effect of these changes in accounting as of November 1, 1992, which totaled

\$1,105 million or \$4.76 per share. The second quarter of 1993 also includes pretax restructuring costs of \$107.2 million (\$80.0 million or \$.34 per share after income taxes).

(2) FASB Statement No. 128 was adopted in 1998.

(3) Adjusted for three-for-one stock split effective November 17, 1995.

(4) Results in the fourth quarter of 1999 include pretax early retirement program costs of \$68 million (\$40 million or \$.17 per share after income taxes).

(5) Results in the fourth quarter of 2001 include pretax special item charges of \$344 million (\$217 million or \$.91 per share after income taxes).

(6) Results in 2002 include pretax special item charges of \$72 million (\$46 million or \$.18 per share after income taxes).

(7) Net income as reported (includes discontinued operations).

Quarterly Net Income

(millions of dollars)

	1Q	2Q	3Q	4Q	Total
1992	(19.9)	44.0	9.1	4.2	37.4
1993 ⁽¹⁾	(1,142.2)	21.0	90.8	109.5	(920.9)
1994	87.0	189.3	157.7	169.6	603.6
1995	138.4	237.0	180.1	150.6	706.1
1996	166.2	272.7	204.4	174.0	817.3
1997	176.7	319.5	252.7	211.3	960.1
1998	203.3	365.2	290.8	162.1	1,021.4
1999 ⁽⁴⁾	49.7	150.1	68.9	(29.5)	239.2
2000	37.7	204.3	172.4	71.1	485.5
2001 ⁽⁵⁾	56.4	127.8	71.8	(320.0)	(64.0)
2002 ⁽⁶⁾	(38.1)	141.8	147.6	68.0	319.2
2003	68.0	256.9	247.5	70.6	643.1
2004	170.8	477.3	401.4	356.7	1,406.1
2005	222.8	604.0	387.1	232.8	1,446.8
2006 ⁽⁷⁾	235.9	744.6	436.0	277.3	1,693.8

Net Income Per Share – Prior to FASB 128⁽³⁾

(dollars)

	1Q	2Q	3Q	4Q	Total
1992	(.09)	.19	.04	.02	.16
1993 ⁽¹⁾	(4.93)	.09	.40	.47	(3.97)
1994	.34	.73	.61	.66	2.34
1995	.53	.92	.69	.57	2.71
1996	.63	1.04	.79	.68	3.14

Net Sales by Major Markets (millions of dollars)

	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
United States	\$4,431	\$5,266	\$6,016	\$6,211	\$7,167	\$8,130	\$6,457	\$7,574	\$7,439	\$7,494	\$8,322	\$11,258	\$12,057	\$12,253
Canada	503	594	632	675	851	747	568	698	685	709	930	1,078	1,460	1,605
Europe, Africa and Middle East	1,126	1,253	1,608	1,993	2,021	2,115	1,972	1,963	1,999	2,454	2,897	3,541	4,052	4,224
Central and South America	212	279	241	351	529	562	394	528	590	640	705	1,052	951	979
Asia – Pacific Region	207	271	333	410	514	372	310	406	364	406	495	744	881	822
Total	\$6,479	\$7,663	\$8,830	\$9,640	\$11,082	\$11,926	\$9,701	\$11,169	\$11,077	\$11,703	\$13,349	\$17,673	\$19,401	\$19,884

Exports from U.S.

(millions of dollars)

1979	572
1980	688
1981	705
1982	630
1983	447
1984	546
1985	524
1986	484
1987	385
1988	653
1989	779
1990	758
1991	713
1992	778
1993	961
1994	1,144
1995	1,314
1996	1,584
1997	2,013
1998	1,970
1999	1,529
2000	1,764
2001	1,661
2002	1,635
2003	1,700
2004	2,229
2005	2,553
2006	2,845

Operating Profit (millions of dollars)

Operating Profit (Loss) by Industry Segment:	1993 ⁽³⁾	1994	1995	1996	1997 ⁽⁴⁾	1998 ⁽⁴⁾	1999 ⁽⁴⁾⁽⁵⁾	2000 ⁽⁴⁾⁽⁶⁾⁽⁷⁾	2001 ⁽⁴⁾⁽⁵⁾⁽⁶⁾⁽⁷⁾	2002 ⁽⁴⁾⁽⁸⁾	2003 ⁽⁴⁾⁽⁹⁾⁽¹⁰⁾	2004 ⁽¹⁰⁾	2005 ⁽¹¹⁾	2006 ⁽¹¹⁾
Agricultural equipment	\$123	\$553	\$643	\$821	\$1,048	\$941	(\$51)	\$400	\$257	\$439	\$329	\$1,072	\$970	\$882
Construction and forestry	20	132	198	186	245	326	149	183	(83)	(75)	152	587	689	802
Commercial and consumer equipment	99	162	165	118	115	213	213	167	(165)	79	227	246	183	221
Other					(6)	(4)	(39)	(57)	(55)	(42)				
Total equipment operations	242	847	1,006	1,125	1,402	1,476	272	693	(46)	401	708	1,905	1,842	1,905
Credit ⁽¹¹⁾	190	178	189	229	232	256	274	254	274	386	474	466	491	520
Insurance ⁽¹⁾	40	36	47	46										
Other ⁽²⁾					41	10	(8)							1
Total financial services	230	214	236	275	273	266	266	254	274	386	474	466	491	521
Total operating profit	\$472	\$1,061	\$1,242	\$1,400	\$1,675	\$1,742	\$538	\$947	\$228	\$787	\$1,182	\$2,371	\$2,333	\$2,426
Operating Profit (Loss) by Geographic Area														
United States and Canada														
Equipment operations	\$372	\$764	\$839	\$867	\$1,101	\$1,177	\$48	\$529	(\$164)	\$170	\$386	\$1,284	\$1,298	\$1,445
Financial services	230	214	236	275	273	266	263	247	259	380	439	413	431	470
Total	602	978	1,075	1,142	1,374	1,443	311	776	95	550	825	1,697	1,729	1,915
Outside United States and Canada														
Equipment operations	(130)	83	167	258	301	299	224	164	118	231	322	621	544	460
Financial services							3	7	15	6	35	53	60	51
Total	(130)	83	167	258	301	299	227	171	133	237	357	674	604	511
Total operating profit	\$472	\$1,061	\$1,242	\$1,400	\$1,675	\$1,742	\$538	\$947	\$228	\$787	\$1,182	\$2,371	\$2,333	\$2,426

(1) Prior to 1993 health care amounts are included in insurance.

(2) Other includes Insurance and Health Care.

(3) Operating profit of the agricultural equipment business segment includes restructuring costs of \$107 million (all overseas).

(4) Beginning in 1997, results reflect the adoption of FASB 131, prior periods were not restated.

(5) Operating profit of the agricultural equipment business segment includes \$68 million of early retirement cost.

(6) Operating profit (loss) of the agricultural equipment, commercial and consumer equipment, construction and forestry, other equipment, and credit segments includes expense of special items of \$97 million, \$163 million, \$80 million, \$1 million and \$3 million, respectively.

(7) Years 2001 and 2000 were restated for sales of \$140 million and \$192 million, operating losses of \$29 million and \$8 million and identifiable assets of \$63 million and \$160 million, respectively, for the transfer of the production of skid-steer loaders from commercial and consumer equipment to construction and forestry.

(8) Operating profit (loss) of the agricultural equipment, commercial and consumer equipment, construction and forestry, credit and other segments includes expense for special items of \$12 million, \$24 million, \$27 million, none and \$9 million, respectively.

(9) In 2003, there was no goodwill amortization and the costs or income for special items were not material. In 2002, the operating profit (loss) of the agricultural equipment, commercial and consumer equipment, construction and forestry and other segments included pretax goodwill amortization of \$15, \$14, \$17 and \$12, respectively, for a total of \$58. In 2001, goodwill amortization was \$12, \$13, \$16 and \$14, respectively, for a total of \$55.

(10) Beginning in fiscal 2004, the special technologies group's segment results were transferred from the other operations to the agricultural equipment operations due to changes in internal reporting. The other operations now represent primarily the health care operations along with certain miscellaneous service operations added in 2004. The 2003 fiscal year results of these operations were restated for operating losses of \$8 million related to the special technologies group. This had no effect on the total operating profit.

(11) Operating profit of the credit business segment includes the effect of its interest expense and foreign exchange gains or losses. The "Other" operating profit includes health care's investment income.

Balance Sheet *Deere & Company Equipment Operations with Financial Services on the equity basis in millions of dollars except per share amounts for the year ended October 31.*

Assets	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004 ⁽²⁾	2005 ⁽²⁾	2006 ⁽²⁾
Cash and cash equivalents	\$511.2	\$206.7	\$531.1	\$624.8	\$411.2	\$207.9	\$229.1	\$639.7	\$455.4	\$2,638.5	\$4,009.3	\$2,915.1	\$1,943.9	\$1,476.7
Cash equivalents deposited with unconsolidated subsidiaries									\$1,643.2	\$790.8	\$278.1	\$224.4	\$179.7	
Cash and cash equivalents									\$2,098.6	\$3,429.3	\$4,287.4	\$3,139.5	\$2,123.6	\$1,476.7
Marketable Securities							\$205.3						2,158.7	1,709.0
Receivables from unconsolidated subsidiaries and affiliates	72.4	94.2	55.5	105.3	57.3	95.5	266.0	408.4	271.8	220.1	178.8	1,469.5	324.4	494.2
Trade accounts and notes receivable - net	2,793.7	2,939.4	3,259.7	3,152.7	3,333.8	4,059.2	3,251.1	3,169.2	1,050.7	909.4	646.1	781.5	873.7	986.7
Financing receivables - net	115.8	115.8	118.3	103.4	83.5	85.8	118.4	125.0	49.7	60.1	63.5	64.7	5.6	5.3
Other receivables	14.3	15.2	3.2	56.6	2.1	139.4	129.4	266.4	260.8	279.1	236.6	498.4	401.2	317.9
Equipment on operating leases - net	76.2	94.3	119.3	152.9	193.9	218.6	2.6	5.9	10.6	12.4	11.9	8.9		
Inventories	464.4	698.0	720.8	828.9	1,072.7	1,286.7	1,294.3	1,552.9	1,505.7	1,371.8	1,366.1	1,999.1	2,134.9	1,957.3
Property and equipment - net	1,215.5	1,281.8	1,295.0	1,301.3	1,479.1	1,653.9	1,738.8	1,864.6	2,012.8	1,963.4	2,042.9	2,112.3	2,277.3	2,414.0
Investments in unconsolidated subsidiaries and affiliates	1,341.7	1,285.9	1,378.4	1,445.3	1,494.7	1,620.4	1,362.8	1,561.8	2,383.8	2,248.5	2,431.2	2,119.5	2,318.8	2,665.3
Intangible assets - net	277.8	266.8	295.4	276.3	148.4	210.1	294.8	651.2	873.1	894.3	1,124.5	995.2	1,106.8	1,166.4
Prepaid pension costs	20.2	21.2	25.9	30.9	592.9	674.3	619.9	635.3	652.0	49.6	62.0	2,474.5	2,638.5	2,630.3
Other assets	24.8	31.1	29.4	34.1	66.6	78.3	95.7	117.5	151.4	208.1	195.0	206.2	173.5	200.5
Deferred income taxes	628.9	620.5	578.9	603.2	490.8	372.6	592.9	736.4	944.3	1,576.3	1,590.8	656.7	729.7	681.5
Deferred charges	61.3	39.5	53.2	52.4	57.2	63.3	80.8	78.4	90.6	73.4	78.4	86.8	102.2	105.6
Assets of discontinued operations												130.7	159.6	
Total	\$7,618.2	\$7,710.4	\$8,464.1	\$8,768.1	\$9,484.2	\$10,766.0	\$10,281.9	\$11,812.7	\$12,355.9	\$13,295.8	\$14,315.2	\$16,743.5	\$17,528.5	\$16,810.7
Liabilities and Stockholders' Equity														
Liabilities														
Short-term borrowings	\$476.3	\$53.8	\$395.7	\$223.6	\$171.1	\$1,512.4	\$642.2	\$927.5	\$773.4	\$398.1	\$577.0	\$311.9	\$677.4	\$282.5
Payables to unconsolidated subsidiaries and affiliates	32.8	34.0	27.5	27.6	54.8	43.0	15.5	41.4	52.2	79.4	96.7	142.8	141.1	31.0
Accounts payable and accrued expenses	1,533.4	1,617.3	1,859.9	1,975.1	2,134.1	2,098.1	1,891.9	2,360.8	2,676.4	2,800.7	2,771.5	3,683.8	4,044.7	4,115.2
Accrued taxes	66.1	79.7	72.4	130.3	114.2	142.1	138.1	45.5	36.5	83.2	209.9	162.0	188.2	137.9
Deferred income taxes	8.4	13.5	15.6	9.4	21.4	19.7	7.2	2.5	4.5	9.5	11.5	35.9	11.8	16.8
Long-term borrowings	1,069.3	1,019.4	702.9	625.9	539.9	552.9	1,036.1	1,717.7	2,210.2	2,988.8	2,727.5	2,728.5	2,423.4	1,969.5
Retirement benefit accruals and other liabilities	2,346.5	2,334.8	2,304.7	2,219.0	2,301.5	2,318.0	2,456.6	2,415.4	2,610.5	3,772.9	3,919.0	3,285.8	3,190.4	2,766.6
Total liabilities	5,532.8	5,152.5	5,378.7	5,210.9	5,337.0	6,686.2	6,187.6	7,510.8	8,363.7	10,132.6	10,313.1	10,350.7	10,677.0	9,319.5
Stockholders' Equity														
Common stock, at stated value	1,436.8	1,491.4	1,728.7	1,770.1	1,778.5	1,789.8	1,850.4	1,864.4	1,948.6	1,957.0	1,987.8	2,043.5	2,081.7	2,212.0
Common stock in treasury	(12.7)	(12.3)	(13.1)	(265.9)	(613.1)	(1,467.6)	(1,469.4)	(1,439.0)	(1,405.5)	(1,322.2)	(1,141.4)	(1,040.4)	(1,743.5)	(2,673.4)
Unamortized restricted stock compensation	(8.2)	(8.8)	(12.1)	(11.1)	(17.4)	(7.2)	(21.3)	(10.9)	(16.8)	(17.8)	(5.8)	(12.7)	(16.4)	(8.5)
Retained earnings	926.5	1,353.9	1,690.3	2,299.5	3,048.4	3,839.5	3,855.3	4,117.2	3,834.8	3,912.6	4,329.5	5,445.1	6,556.1	7,886.8
Total	2,342.4	2,824.2	3,393.8	3,792.6	4,196.4	4,154.5	4,215.0	4,531.7	4,361.1	4,529.6	5,170.1	6,435.5	6,877.9	7,416.9
Minimum pension liability adjustment	(215.5)	(248.4)	(300.4)	(235.4)	(14.0)	(18.7)	(18.9)	(8.5)	(16.2)	(1,032.1)	(1,078.0)	(57.2)	(108.9)	(87.6)
Cumulative translation adjustment	(41.5)	(17.9)	(11.6)	(14.0)	(57.4)	(80.5)	(107.4)	(222.4)	(285.5)	(293.1)	(79.2)	9.1	70.6	150.3
Unrealized loss on derivatives									(72.0)	(47.0)	(22.4)	(6.4)	6.2	6.8
Unrealized gain on investments			3.6	14.0	22.2	24.5	5.6	1.1	4.8	5.8	11.6	11.8	5.7	4.8
Accumulated other comprehensive income (loss)	(257.0)	(266.3)	(308.4)	(235.4)	(49.2)	(74.7)	(120.7)	(229.8)	(368.9)	(1,366.4)	(1,168.0)	(42.7)	(26.4)	74.3
Total stockholders' equity	2,085.4	2,557.9	3,085.4	3,557.2	4,147.2	4,079.8	4,094.3	4,301.9	3,992.2	3,163.2	4,002.1	6,392.8	6,851.5	7,491.2
Total liabilities and stockholders' equity	\$7,618.2	\$7,710.4	\$8,464.1	\$8,768.1	\$9,484.2	\$10,766.0	\$10,281.9	\$11,812.7	\$12,355.9	\$13,295.8	\$14,315.2	\$16,743.5	\$17,528.5	\$16,810.7
Book value per share⁽¹⁾	\$8.13	\$9.87	\$11.78	\$13.83	\$16.57	\$17.56	\$17.51	\$18.34	\$16.82	\$13.24	\$16.43	\$25.90	\$28.92	\$32.97

(1) Adjusted for three-for-one stock split effective November 17, 1995.

(2) Deere & Company with Financial Services on the equity basis except for the health care operations reported on a discontinued basis.

Cash Flow *Deere & Company with Financial Services on the equity basis (millions of dollars)*

	1999	2000	2001	2002	2003	2004	2005	2006
Cash Flows From Operating Activities								
Net income (loss)	\$239.2	\$485.5	\$(64.0)	\$319.2	\$643.1	\$1,406.1	\$1,446.8	\$1,693.8
Adjustments to reconcile net income (loss) to net cash provided by operating activities:								
Provision for doubtful receivables	5.6	11.2	10.4	6.5	17.9	9.3	13.2	14.6
Provision for depreciation and amortization	326.4	359.0	389.5	394.8	341.6	362.7	377.4	406.8
Gain on the sale of a business								(356.0)
Undistributed earnings of unconsolidated subsidiaries and affiliates	(117.5)	(147.0)	(165.1)	156.2	(86.9)	156.2	(181.8)	(273.7)
Provision (credit) for deferred income taxes	(203.2)	(152.3)	(229.4)	(19.2)	19.8	374.4	(40.2)	19.1
Changes in assets and liabilities:								
Receivables	802.4	(70.6)	2,198.0	116.7	338.6	(112.9)	16.7	(108.4)
Inventories	50.7	(184.0)	136.5	85.8	84.1	(293.6)	(68.5)	211.8
Accounts payable and accrued expenses	(172.1)	460.8	225.0	107.9	(162.0)	916.0	295.6	83.8
Retirement benefit accruals/prepaid pension costs						(1,224.9)	(313.7)	(395.1)
Other	143.6	(295.1)	200.4	219.9	7.1	(210.1)	115.9	14.6
Net cash provided by operating activities	1,075.1	467.5	2,701.3	1,387.8	1,203.3	1,383.2	1,661.4	1,311.3
Cash Flows from Investing Activities								
Collections of receivables	23.0	13.6	69.5	8.7	11.5	37.0		
Proceeds from sales of financing receivables		30.6						
Proceeds from maturities and sales of marketable securities		202.8					1,016.0	2,901.6
Proceeds from sales of equipment on operating leases		1.4	2.1	1.6	0.1	0.8	5.6	
Proceeds from sales of a business	179.1			53.5	22.5	90.4	50.0	440.1
Cost of receivables acquired	(50.8)	(20.1)	(2.6)	(27.4)	(4.2)	(17.3)		
Purchases of marketable securities							(3,175.4)	(2,447.3)
Purchases of property and equipment	(304.4)	(414.1)	(485.6)	(354.5)	(303.4)	(345.9)	(466.9)	(493.1)
Cost of operating leases acquired	(2.7)	(4.7)	(9.1)	(6.1)	(2.8)			
Increase in investment in Financial Services			(700.0)					
Acquisitions of businesses, net of cash acquired	(151.9)	(641.8)	(308.0)	(9.3)	(10.6)	(192.9)	(169.7)	(55.7)
Other	19.7	(5.1)	66.7	80.3	9.4	34.4	(10.5)	32.4
Net cash used for investing activities	(288.0)	(837.4)	(1,367.0)	(253.2)	(277.5)	(393.5)	(2,750.9)	378.0
Cash Flows from Financing Activities								
Increase (decrease) in short-term borrowings	(961.9)	459.7	(225.2)	(304.6)	(123.2)	(63.3)	96.7	(140.6)
Change in intercompany receivables/payables	(32.5)	(26.7)	62.8	29.6	50.5	(1,656.1)	1,132.7	(184.4)
Proceeds from long-term borrowings	499.8	752.1	558.8	708.3	9.1	10.9		
Principal payments on long-term borrowings	(19.1)	(208.7)	(73.3)	(75.9)	(19.0)	(267.4)	(76.6)	(782.7)
Proceeds from issuance of common stock	4.2	15.9	17.8	48.0	174.5	250.8	153.6	327.6
Repurchases of common stock	(49.0)	(0.6)	(1.3)	(1.2)	(0.4)	(193.1)	(918.9)	(1,299.3)
Dividends paid	(205.4)	(206.0)	(206.5)	(208.9)	(210.5)	(246.6)	(289.7)	(348.4)
Excess tax benefits from share-based compensation								85.6
Other	(0.2)	(1.3)	(2.9)	(1.5)	(1.8)	(0.4)	(2.0)	(10.6)
Net cash provided by (used for) financing activities	(764.1)	784.4	130.2	193.8	(120.8)	(2,165.2)	95.8	(2,352.8)
Effect of Exchange Rate Changes on Cash	(1.8)	(3.9)	(5.6)	2.3	53.1	27.6	(22.2)	16.6
Net Increase (Decrease) in Cash and Cash Equivalents	21.2	410.6	1,458.9	1,330.7	858.1	(1,147.9)	(1,015.9)	(646.9)
Cash and Cash Equivalents at Beginning of Year	207.9	229.1	639.7	2,098.6	3,429.3	4,287.4	3,139.5	2,123.6
Cash and Cash Equivalents at End of Year	\$229.1	\$639.7	\$2,098.6	\$3,429.3	\$4,287.4	\$3,139.5	\$2,123.6	\$1,476.7

Depreciation Expense *(millions of dollars)*

Industry Segments:	1991	1992	1993	1994	1995	1996
Agricultural equipment	\$134	\$152	\$156	\$159	\$168	\$172
Construction and forestry	33	37	39	37	38	41
Commercial and consumer equipment	18	23	26	29	36	39
Total equipment operations	185	212	221	225	242	252
Credit	2	2	2	2	2	3
Insurance ⁽¹⁾	2	2	1	1	2	1
Health care ⁽¹⁾			1	2	3	5
Corporate	1	1	1	1	1	1
Total	\$190	\$217	\$226	\$231	\$250	\$262

⁽¹⁾ Prior to 1993 health care amounts are included in insurance.**Depreciation and Amortization Expense** ⁽²⁾⁽³⁾ *(millions of dollars)*

Industry Segments:	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Agricultural equipment	\$195	\$214	\$193	\$199	\$204	\$232	\$213	\$225	\$236	\$255
Construction and forestry	50	52	46	64	76	82	60	65	66	70
Commercial and consumer equipment	59	57	71	71	89	81	69	73	75	82
Credit	79	129	208	283	321	322	281	250	250	284
Other ⁽⁴⁾	11	11	24	31	28	8	8	8	9	
Total	\$394	\$463	\$542	\$648	\$718	\$725	\$631	\$621	\$636	\$691

⁽²⁾ Includes depreciation for equipment on operating leases.⁽³⁾ SBU allocation reflects the adoption of FASB 131.⁽⁴⁾ Other represents primarily the health care operations (prior to 2004) along with certain miscellaneous service operations.

Capital Additions (millions of dollars)

Industry Segments ⁽²⁾ :	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Agricultural equipment	\$233	\$194	\$134	\$148	\$150	\$157	\$291	\$261	\$170	\$214	\$266	\$233	\$205	\$246	\$333	\$354
Construction and forestry	37	45	43	43	47	49	71	71	42	57	58	59	38	37	77	92
Commercial and consumer equipment	33	32	20	27	48	52	117	97	80	131	161	62	71	64	67	43
Credit	1	2	1	3	2	4	6	9	5	10	3	3	4	4	46	292
Insurance ⁽¹⁾	2	8	2	2	2	2										
Other ⁽³⁾			5	8	14	13	7	4	12	10	12	1	2	14	1	
Total	\$306	\$281	\$205	\$231	\$263	\$277	\$492	\$442	\$309	\$422	\$500	\$358	\$320	\$365	\$524	\$781

⁽¹⁾ Prior to 1993 health care amounts are included in insurance.

⁽²⁾ Beginning in 1997, results reflect the adoption of FASB 131, prior periods were not restated.

⁽³⁾ Other includes primarily the health care operations (1993-2005) along with certain miscellaneous service operations.

Changes in Worldwide Production Tonnage

(percent change from prior year)

Industry Segments ⁽⁴⁾ :	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Agricultural equipment	-13	9	15	4	10	27	1	-33	29	6	4	0	27	0	-11
Construction and forestry	-1	15	26	3	-4	11	12	-22	-1	-16	-8	17	32	15	19
Commercial and consumer equipment	31	13	22	26	8	-6	28	44	13	-21	4	40	10	-15	-9
Total	-7	11	18	6	6	19	7	-20	20	-4	2	10	24	-1	-5
Geographic Areas:															
North American equipment operations	-9	15	21	8	5	18	5	-26	22	-8	-5	11	32	1	-6
Overseas equipment operations.	-3	-2	9	-2	12	27	15	0	14	9	19	6	8	-4	0
Total	-7	11	18	6	6	19	7	-20	20	-4	2	10	24	-1	-5

⁽⁴⁾ Beginning in 1997, results reflect the adoption of FASB 131, prior periods were not restated.

Changes in Physical Volume of Worldwide Net Sales

(percent change from same period of prior year)

	1Q	2Q	3Q	4Q	Total
1993	-6	10	17	16	9
1994	23	16	9	10	14
1995	18	10	12	7	11
1996	8	8	8	4	7
1997	3	14	20	23	15
1998	22	17	8	-9	8
1999	-18	-17	-23	-13	-18
2000	-3	15	30	27	18
2001	17	-1	-3	-9	0
2002	-4	4	6	6	1
2003	12	7	5	8	7
2004	20	29	22	29	25
2005	13	7	6	-6	4
2006	4	-1	0	-5	-1

Physical volume excludes the effects of price increases and changes in currency relationships.

Number of Employees

	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
United States and Canada:																						
Equipment operations			26,400	26,500	26,800	26,300	24,800	23,300	22,700	24,200	23,600	22,600	22,400	24,000	23,800	26,000	26,100	24,500	24,300	26,700	26,800	26,500
Financial services			1,300	1,700	1,900	2,200	2,300	2,300	2,300	2,400	2,400	2,600	2,600	2,700	2,100	2,100	2,400	2,400	2,300	2,300	2,200	1,400
Total	29,600	26,700	27,700	28,200	28,700	28,500	27,100	25,600	25,000	26,600	26,000	25,200	25,000	26,700	25,900	28,100	28,500	26,900	26,600	29,000	29,000	27,900
Overseas:																						
Equipment operations	10,900	11,100	10,200	10,100	10,300	10,000	9,700	9,300	8,100	7,700	7,400	8,700	9,400	10,300	12,700	15,400	16,400	16,000	16,300	17,200	18,100	18,300
Financial services															100	200	200	200	300	300	300	300
Total	10,900	11,100	10,200	10,100	10,300	10,000	9,700	9,300	8,100	7,700	7,400	8,700	9,400	10,300	12,800	15,600	16,600	16,200	16,600	17,500	18,400	18,600
Total Worldwide	40,500	37,800	37,900	38,300	39,000	38,500	36,800	34,900	33,100	34,300	33,400	33,900	34,400	37,000	38,700	43,700	45,100	43,100	43,200	46,500	47,400	46,500