

INPUT MOST RECENT YEAR	1995
INPUT COMPANY NAME	DEERE Equipment
Number of years of data inputted [range is 1-5]	4

Discount Rate Assumption for Lease	7.0%
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	1995	1994	1993	1992	1991
Depreciation	249.2	230.6	233.5	230.5	192.2
Amortization	6	0	0	0	0
Depreciation and Amortization	255.2	230.6	233.5	230.5	192.2
Amortization of Goodwill ONLY	6				

R&D Expense	327.4	275.7	269.8	288.4	279.3
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Lifo Reserve	945	944	942	1044	
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Allowance for Doubtful Accounts	24	23	18	20	
Securitized AR					

Accumulated Amortization of Goodwill	30	59	53	47	
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	1995	1994	1993	1992	1991
Market Value Debt	1185	1119			
Book Value Debt	1099	1074			
Difference	-86	-45	0	0	0

Statutory Tax Rate	35%	35%	34.83%	34%	34%
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Input inflation % used for mandatory capital spending	0%	0%	0%	0%	0%
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Interest Capitalized					
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Preferred Stock Dividends	0	0	0	0	
Market Value of Preferred Stock	0	0	0	0	

Cost of Debt	7.82%				
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Input Number of Outstanding Shares	262.0	259.3			
Share Price	28.645	23.29			

	1995	1994	1993	1992	1991
Cash	71	104	72	40	
Marketable Securities					
Intercompany Receivables	516	197	512	161	
Gross Accounts Receivable	3110	2809.4	2680	2788	0
less allowance	24	23	18	20	0
Net Trade Receivable	3086	2786	2662	2768	
Other Receivables	174	153	132	178	
Other Receivables	122	131	130	80	
Inventory	721	698	464	525	
Prepaid Expenses					
Deferred Tax Current Assets					
Other Current Assets					
Total Current Assets	4688.9	4069.3	3972.1	3751.9	0
Net Property and Equipment	1295	1282	1216	1287	
Investments	1378	1286	1342	1265	
Goodwill net	119	109	97	101	
Other Intangibles	176	158	181	215	
Prepaid Pension Asset					
Deferred Charges	79	61	82	82	
Deferred Tax NonCurrent Assets	580	621	629	0	
Other Assets	119	94	76	83	
Other Assets	29	31	25	125	
Total Assets	8465.1	7711.1	7618.8	6909	0
Short Term Debt	77	41	328	833	
Current Portion Long Term Debt	319	13	151	32	
Dividends Payable	52	48	43	38	
Accounts Payable	892	650	749	647	
Accruals	944	953	771	645	
Income Tax Payable	72	80	66	65	
Deferred Income Tax	16	14	8	50	
Accrued Compensation					
Total Current Liabilities	2371.9	1798.7	2115.9	2310.1	0
Post Retirement Benefits	2305	2335	2347	713	
Other Long Term Liabilities					
Other					
Deferred Income Tax					
Long Term Debt	703	1019	1069	1234	
Subordinated Debt					
Redeemable Preferred					
Minority Interest					
Preferred Stock					
Common Equity	3085	2558	2085	2650	
Balance	0	0	2	2	0
Reported Long Term Debt Subtotal	703	1019	1069	1234.1	0
Reported Total Debt Subtotal	1099	1073	1548	2099.1	0
Total Non Debt Capital	3085	2558	2085	2650	0
Analytic Long Term Debt	703	1019	1069	1234	0
Analytic Total Debt	1099	1073	1548	2099	0

No Balance sheet adjustment for leases



DEERE Equipment

	1995	1994	1993	1992	1991
Net Income	706.1	603.6	-920.9	37.4	-20.2
Cash From Operations	714.5	676.8	701.8	148	449.9
Capital Expenditures	-244.6	-215.2	-197.4	-275.7	-295.2
Dividends	-190.5	-171.8	-152.9	-152.5	-152.3
Asset Writedowns					
Restructurings [Non Operating]					
Deferred Tax					
Gains or Losses on Asset Disposals					
Accounting Changes			1105.3		
Minority Interests					
Total	0	0	1105.3	0	0
Equity Income from the Income Statement	177	171	171	144.7	111.3
Cash Dividends received from subs and affiliates	94	228	86	101	84
Cash from Securitizations					
Mandatory capital spending	100%	100%	100%	100%	100%
Short Term Borrowings	35	-302	-465	50.1	133.2
Long Term Borrowings	0	0	0	249.4	350.2
Long Term Repayments	-11	-186	-39	-132.4	-202.9
Change in Debt	24	-488	-504	167.1	280.5
Equity Issued	44	37	586	2.4	1.7
Shares repurchased					
Equity	44	37	586	2.4	1.7
Acquisitions	0	-120	0		-71.1
Investing 1	58.1	77.1	87.7	78.5	79.7
Investing 2	0.5	1.6	5.7	14	6
Investing 3	24.3	25	25.4	27.1	12.2
Investing 4	-59	-70.1	-124.1	-82.5	-76.3
Investing 5	-62.5	-52.3	-31.8	-31.6	-12.5
Investing 6	-9.7	14.8	8.4	17	-12.8
Investing 7					
All Other Investing Activities	-48.3	-3.9	-28.7	22.5	-3.7
Financing 1	-8	-6	-13	-13.8	-13.7
Financing 2	135	320	-359	43.9	-121.2
Financing 3					
Financing 4					
Financing 5					
Financing 6					
All Other Financing Activities	127	314	-372	30.1	-134.9

DEERE Equipment	
1995	

Leasing:

		<i>DCF Method</i>	<i>Old Method</i>
INPUT:			
1995	50		50
1996	28	28	
1997	22	22	
1998	15	15	
1999	5	5	
2000	2	2	
thereafter	4	4	
Number of Years	2		
Rate	7.0%		
PV of lease		65	400
Interest Component		5	17

DEERE Equipment

<u>Pension Balance Sheet:</u>	<u>1995</u>	<u>1994</u>	<u>1993</u>	<u>1992</u>	<u>1991</u>
Gross Assets					
United States Overfunded	2025	1756	1805	1555	
United States Underfunded	2142	1767	1510	1240	
Foreign Overfunded	139	131	124	120	
Foreign Underfunded				1	
Total Assets	4306	3654	3439	2916	0
Gross Liabilities					
United States Overfunded	2129	1935	2027	1764	
United States Underfunded	2315	1983	1986	1709	
Foreign Overfunded	91	79	91	85	
Foreign Underfunded	312	282	242	263	
Total Liability	4847	4279	4346	3821	0
Accounting					
United States Overfunded	-158	-208	-188	-180	
United States Underfunded	-158	-202	-455	-445	
Foreign Overfunded	26	21	20	20	
Foreign Underfunded	-293	-253	-208	-217	
Total Accounting Amount	-583	-642	-831	-822	0
Net Economic reality	-541	-625	-907	-905	0
Adjustment	42	17	-76	-83	0
<u>PRBOTP Balance Sheet:</u>	<u>1995</u>	<u>1994</u>	<u>1993</u>	<u>1992</u>	<u>1991</u>
Accounting	-1517	-1505	-1672		
	-191	-182			
	-1708	-1687	-1672	0	0
Reality	-1569	-1436			
	-223	-182			
	-1792	-1618	0	0	0
Adjustment	-84	69	1672	0	0
<u>Pension Income Statement:</u>	<u>1995</u>	<u>1994</u>	<u>1993</u>	<u>1992</u>	<u>1991</u>
Service Cost [input the debit as a negative]	-82	-88	-84	-73	-73
Total Cost (dr = [], cr with no [])	-120	-130	-151	-121	-94
IS adjustment	-38	-42	-67	-48	-21
<u>PRBOTP adjustment</u>					
Service Cost [input the debit as a negative]	-58	-57	-31	-28	-3
Total Cost (dr = [], cr with no [])	-141	-131	-142	-126	-16
Adjustment	-83	-74	-111	-98	-13

Line #	1995	reported	chg # 1	chg # 2	chg # 3	chg # 4	chg # 5	adjusted
1	Revenue	8830.2						8830.2
2	Cost of Sales	-6943.8						-6943.8
3	Selling, General	-707.7						-707.7
4	R&D	-327.4						-327.4
5								0
6	Other	-25.5						-25.5
7	Operating Income	825.8	0	0	0	0	0	825.8
8	Interest Income	105.3						105.3
9								0
10	Other	28.4						28.4
11	Other							0
12	EBIT	959.5	0	0	0	0	0	959.5
13	Interest Expense	-126.7						-126.7
14	EBT	832.8	0	0	0	0	0	832.8
15	Tax Expense	-304	0	0	0	0	0	-304
16	NI from Con Ops	529	0	0	0	0	0	529
17	Equity Income	177.1						177.1
18	Minority Interest							0
19	Discontinued Ops							0
20								0
21								0
22	NI for ROE	706	0	0	0	0	0	706
23	Accounting Changes							0
24	Unusual Items							0
25								0
26								0
27								0
28	Net Income	706	0	0	0	0	0	706
29	Statutory Rate	35%	35%	35%	35%	35%	35%	35%
30	Expected Tax	-291.5	0	0	0	0	0	-291
31	State Tax							0
32								0
33								0
34	Other	-12.3						-12
35	Tax Expense	-303.8	0	0	0	0	0	-304
36	DA	-255.2						-255
37	R & D	-327.4						-327
38	Interest on Lease	-5						-5
39	Non Ops PRB	121						121
40	EBITDA	1214.7	0	0	0	0	0	1214.7

Income Statement

Line #		reported	chg # 1	chg # 2	chg # 3	chg # 4	chg # 5	adjusted
1	Revenue	6479.3						6479.3
2	Cost of Sales	-5381.1		-51				-5432.1
3	Selling, General	-602.8						-602.8
4	R&D	-269.8						-269.8
5	Other	-18						-18
6								0
7	Operating Income	207.6	0	-51	0	0	0	156.6
8	Interest Income	84						84
9	Other							0
10	Other	23.3						23.3
11	Restructuring	-107	107					0
12	EBIT	207.9	107	-51	0	0	0	263.9
13	Interest Expense	-180.3						-180.3
14	EBT	27.6	107	-51	0	0	0	83.6
15	Tax Expense	-14	-27	18	0	0	0	-24
16	NI from Con Ops	13	80	-33	0	0	0	60
17	Equity Income	171.4						171.4
18	Minority Interest							0
19	Discontinued Ops							0
20								0
21								0
22	NI for ROE	185	80	-33	0	0	0	231
23	Accounting Changes	-1105.3						-1105.3
24	Restructuring		-80					-80
25	LIFO gain			33				33
26								0
27								0
28	Net Income	-921	0	0	0	0	0	-921
29	Statutory Rate	35%	35%	35%	35%	35%	35%	35%
30	Expected Tax	-9.6	-37	18	0	0	0	-29
31	State Tax							0
32								0
33								0
34	Other	-4.8	10					5
35	Tax Expense	-14.4	-27	18	0	0	0	-24
36	Dep & Amortization	-233.5						-234
37	R & D	-269.8						-270
38	Interest on Lease	-5						-5
39	Non Ops PRB	178						178
40	EBITDA	441.4	107	-51	0	0	0	497.4

Line #		reported	chg # 1	chg # 2	chg # 3	chg # 4	chg # 5	adjusted
1	Revenue	5723.4						5723.4
2	Cost of Sales	-4902.2	-65					-4967.2
3	Selling, General	-588.2						-588.2
4		-288.4						-288.4
5		-24.6						-24.6
6								0
7	Operating Income	-80	-65	0	0	0	0	-145
8	Interest Income	98.5						98.5
9	Other							0
10	Other	22.8						22.8
11	Other							0
12	EBIT	41.3	-65	0	0	0	0	-23.7
13	Interest Expense	-197.5						-197.5
14	EBT	-156.2	-65	0	0	0	0	-221.2
15	Tax Expense	49	22	0	0	0	0	71
16	NI from Con Ops	-107	-43	0	0	0	0	-150
17	Equity Income	144.7						144.7
18	Minority Interest							0
19	Discontinued Ops							0
20								0
21								0
22	NI for ROE	38	-43	0	0	0	0	-5
23	Accounting Changes							0
24	Unusual Items							0
25			43					43
26								0
27								0
28	Net Income	38	0	0	0	0	0	38
29	Statutory Rate	34%	34%	34%	34%	34%	34%	34%
30	Expected Tax	53	22	0	0	0	0	75
31	State Tax							0
32								0
33								0
34	Other	-4.1						-4
35	Tax Expense	49	22	0	0	0	0	71
36	Dep & Amortization	-230.5						-231
37	R & D	-288.4						-288
38	Interest on Lease	-4.581288						-5
39	Non Ops PRB	146						146
40	EBITDA	271.8	-65	0	0	0	0	206.8

Line #		reported	chg # 1	chg # 2	chg # 3	chg # 4	chg # 5	adjusted
1	Revenue	5847.8						5847.8
2	Cost of Sales	-4903.9		-127				-5031.2
3	Selling, General	-599.1						-599.1
4	R&D	-279.3						-279.3
5		-17.5						-17.5
6								0
7	Operating Income	48	0	-127	0	0	0	-79.3
8	Interest Income	116.3						116.3
9	Other							0
10	Other	21.2						21.2
11	Other	-181.9	181.9					0
12	EBIT	3.6	181.9	-127	0	0	0	58.2
13	Interest Expense	-192.7						-192.7
14	EBT	-189.1	181.9	-127	0	0	0	-134.5
15	Tax Expense	58	-62	43	0	0	0	39
16	NI from Con Ops	-131	120	-84	0	0	0	-95
17	Equity Income	111.3						111.3
18	Minority Interest							0
19	Discontinued Ops							0
20								0
21								0
22	NI for ROE	-20	120	-84	0	0	0	16
23	Accounting Changes							0
24	Restructuring		-120					-120
25				84				84
26								0
27								0
28	Net Income	-20	0	0	0	0	0	-20
29	Statutory Rate	34%	34%	34%	34%	34%	34%	34%
30	Expected Tax	64	-62	43	0	0	0	46
31	State Tax							0
32								0
33								0
34	Other	-6.4						-6
35	Tax Expense	58	-62	43	0	0	0	39
36	Dep & Amortization	-192.2						-192
37	R & D	-279.3						-279
38	Interest on Lease	-5						-5
39	Non Ops PRB	34						34
40	EBITDA	195.8	181.9	-127.3	0	0	0	250.4

Adjusted Income Statement DEERE Equipment											
Line #		Adjusted 1995	Adjusted 1994	Adjusted 1993	Adjusted 1992	Adjusted 1991	C.S. Adjusted 1995	C.S. Adjusted 1994	C.S. Adjusted 1993	C.S. Adjusted 1992	C.S. Adjusted 1991
1	Revenue	8,830	7,663	6,479	5,723	5,848	100.0%	100.0%	100.0%	100.0%	100.0%
2	<i>Cost of Sales</i>	(6,944)	(6,033)	(5,432)	(4,967)	(5,031)	(78.6%)	(78.7%)	(83.8%)	(86.8%)	(86.0%)
2a	Gross Profit	1,886	1,631	1,047	756	817	21.4%	21.3%	16.2%	13.2%	14.0%
3	<i>Selling and Administrative</i>	(708)	(638)	(603)	(588)	(599)	(8.0%)	(8.3%)	(9.3%)	(10.3%)	(10.2%)
4	<i>Other Selling and Administrative</i>	(327)	(276)	(270)	(288)	(279)	(3.7%)	(3.6%)	(4.2%)	(5.0%)	(4.8%)
5	<i>DAX</i>	0	(17)	(18)	(25)	(18)	0.0%	(0.2%)	(0.3%)	-0.4%	-0.3%
6	<i>Other</i>	(26)	-	-	-	-	(0.3%)	0.0%	0.0%	0.0%	0.0%
7	Operating Profit	826	700	157	(145)	(79)	9.4%	9.1%	2.4%	-2.5%	-1.4%
8	<i>Interest Income</i>	105	81	84	99	116					
9	<i>Other Non Operating Income</i>	0	-	-	-	-					
10	<i>Other</i>	28	24	23	23	21					
11	<i>Other</i>	0	-	-	-	-					
12	EBIT	960	805	264	(24)	58					
13	<i>Interest Expense Gross</i>	(127)	(117)	(180)	(198)	(193)					
14	EBT	833	688	84	(221)	(135)					
15	Tax Provision	(304)	(255)	(24)	71	39					
16	Net Income before segregated items [RO]	529	433	60	(150)	(95)					
17	Equity Income	177	171	171	145	111					
18	Minority Interest	0	-	-	-	-					
19	Income from discontinued Operations	0	-	-	-	-					
20		0	-	-	-	-					
21		0	-	-	-	-					
22	Income before item below [Income for R]	706	604	231	(5)	16					
23	Accounting Changes	0	-	(1,105)	-	-					
24	Unusual Items	0	-	(80)	-	(120)					
25	Unusual Items	0	-	33	43	84					
26		0	-	-	-	-					
27		0	-	-	-	-					
28	Net Income	706	604	(921)	38	(20)					
36	Dep and Amortization	-255.2	-230.6	-233.5	-230.5	-192.2					
37	R&D	-327	-276	-270	-288	-279					
38	Imputed Interest on lease	-17	-17	-17	-17	-17					
39	Non Operating Pension	-121	-116	-178	-146	-34					
40	EBITDA	1,215	1,035	497	207	250	13.8%	13.5%	7.7%	3.6%	4.3%
41	Operating EBITDA	1,081	930	390	85	113	12.2%	12.1%	6.0%	1.5%	1.9%
42	Gross Interest Expense [not including	(127)	(117)	(180)	(198)	(193)					
46	EBITDA for Capital Structure	1215	1035	497	207	250					

<u>DEERE Equipment</u>	<u>1995</u>	<u>1994</u>	<u>1993</u>	<u>1992</u>
Accounts Receivable Days	120	128	151	174
Inventory Days	37	35	33	38
<i>Inventory days with Lifo reserve</i>	86	91	99	57
Accounts Payables Days	40	42	46	47
Net Trade Cycle	156	163	184	212
Net Cash Cycle	117	121	137	165
Working Assets	4102	3768	3389	3551
Working Liabilities	1924	1697	1594	1407
Operating Working Capital	2178	2072	1795	2144
<i>Change in Operating Working Capital</i>	<i>-107</i>	<i>-277</i>	<i>349</i>	<i>NA</i>
Operating Working Capital/Sales	24.7%	27.0%	27.7%	37.5%
Relative length of cash cycle	moderately long	long	long	long
Working Capital	2317	2271	1856	1442

Operating Working Capital/Sales:

- 20% very short*
- 5% short*
- 15% moderate*
- 20% moderately long*
- 27% long*

Deere Balance Sheet Management - Operating Working Capital

Note that Deere does have significant operating working capital

row #	<u>DEERE Equipment</u>	<u>1995</u>	<u>1994</u>	<u>1993</u>	<u>1992</u>	<u>1991</u>	<u>Total</u>	<u>Average</u>
1	Net Income	706	604	(921)	37	(20)	406	81
2	Depreciation & Amortization	255	231	234	231	192	1,142	228
3	Other Non Operating Adjustments	0	0	1,105	0	0	1,105	221
4	Reported Funds From Operations [Potential CFO or Long Run Operating Cash Flows]	961	834	418	268	172	2,653	531
5	<u>Adjusted Funds Flow</u>	<u>784</u>	<u>663</u>	<u>247</u>	<u>123</u>	<u>61</u>	<u>1,878</u>	376
6	Reported Cash From Operations	715	677	702	148	450	2,691	538
7	<u>Adjusted Cash From Operations</u>	<u>621</u>	<u>449</u>	<u>616</u>	<u>47</u>	<u>366</u>	<u>2,098</u>	420
8	<i>Operating WC Management</i>	(164)	(214)	369	(76)	305	220	44
9	Capital Expenditures	(245)	(215)	(197)	(276)	(295)	(1,228)	(246)
10	Dividends	(191)	(172)	(153)	(153)	(152)	(820)	(164)
11	Mandatory Capital Spending	(249)	(231)	(234)	(231)	(192)	(1,136)	(227)
12	<u>Free Cash Flow to Lenders</u>	<u>279</u>	<u>290</u>	<u>352</u>	<u>(280)</u>	<u>2</u>	<u>643</u>	129
13	Free Cash Flow Before Dividends	470	462	504	(128)	155	1,463	293
14	<u>Free Cash Flow in the Long Run</u>	<u>522</u>	<u>432</u>	<u>32</u>	<u>(115)</u>	<u>(173)</u>	<u>697</u>	139
14a	<u>Free Cash Flow in the Long Run</u>	<u>345</u>	<u>261</u>	<u>(140)</u>	<u>(260)</u>	<u>(284)</u>	<u>(78)</u>	<u>(16)</u>
15	<u>Free Cash Flow in the Short Run without securitization or dividends form subs</u>	<u>185</u>	<u>62</u>	<u>266</u>	<u>(381)</u>	<u>(82)</u>	<u>50</u>	10
16	Borrowings	24	(488)	(504)	167	281	(520)	(104)
17	Equity [issuances or purchases]	44	37	586	2	2	671	134
18	Acquisitions	0	(120)	0	0	(71)	(191)	(38)
19	Other Investing	(48)	(4)	(29)	23	(4)	(62)	(12)
20	Other Financing	127	314	(372)	30	(135)	(36)	(7)
21	Change in Cash	426	29	33	(58)	75	505	101
	AA EBITDA	1,215	1,035	497	207	250	3,205	641
	interest	(127)	(117)	(180)	(198)	(193)	(814)	(163)
	tax	(304)	(255)	(24)	71	39	(472)	(94)
	Funds Flow	784	664	293	80	97	1,918	384
								0
	AA NI Line 16	529	433	60	(150)	(95)	776	155
	DA	255	231	234	231	192	1,142	228
	Funds Flow	784	664	293	80	97	1,918	384

Cash Flow are reported including dividends received from affiliates. The adjusted numbers remove the affiliate income from Potential CFO and the cash dividends from actual CFO.

AG

	1995	1994	1993	1992	1991	Average
Revenue	5277	4718	4078	3759	4054	21886
Op Profit	643	553	123	106	123	1700
Lifo Gain			-69	45	-128	
Op Profit	643	553	192	61	251	7.8%
Id Assets	3661	3424	3233	3549	3445	
Growth	11.8%	15.7%	8.5%	-7.3%		
OPM	12.2%	11.7%	4.7%	1.6%	6.2%	
TATO	144.1%	137.8%	126.1%	105.9%	117.7%	
ROA	17.6%	16.2%	5.9%	1.7%	7.3%	

Industrial

	1995	1994	1993	1992	1991	Average
Revenue	1875	1640	1348	1068	1014	6945
Op Profit	198	132	20	-71	-131	145
Lifo Gain			13	20	-30	
Op Profit	198	132	7	-91	-101	2.1%
Id Assets	1218	1168	1129	1110	1187	
Growth	14.3%	21.7%	26.2%	5.3%		
OPM	10.6%	8.0%	0.5%	-8.5%	-10.0%	
TATO	153.9%	140.4%	119.4%	96.2%	85.4%	
ROA	16.3%	11.3%	0.6%	-8.2%	-8.5%	

US

	1995	1994	1993	1992	1991	Average
Revenue	6648	5860	4934	4147	4349	25938
Op Profit	839	764	372	74	26	2055
Lifo Gain			13	65	-58	
Op Profit	839	764	359	9	84	7.9%
Id Assets	4607	4265	3951	4015	4141	
Growth	13.4%	18.8%	19.0%	-4.6%		
OPM	12.6%	13.0%	7.3%	0.2%	1.9%	
TATO	144.3%	137.4%	124.9%	103.3%	105.0%	
ROA	18.2%	17.9%	9.1%	0.2%	2.0%	

Lawn & Ground Care

	1995	1994	1993	1992	1991	Average
Revenue	1678	1305	1053	896	780	5712
Op Profit	165	162	99	42	24	490
Lifo Gain					2	
Op Profit	165	162	99	42	22	8.6%
Id Assets	1141	989	767	767	763	
Growth	28.6%	23.9%	17.5%	14.9%		
OPM	9.8%	12.4%	9.4%	4.7%	2.8%	
TATO	147.1%	132.0%	137.3%	116.8%	102.2%	
ROA	14.5%	16.4%	12.9%	5.5%	2.9%	

Non US

	1995	1994	1993	1992	1991	Average
Revenue	2182	1803	1545	1576	1499	8605
Op Profit	167	83	-130	3	-10	202
Lifo Gain			-69		-20	
Op Profit	167	83	-61	3	10	2.3%
Id Assets	1413	1316	1178	1411	1254	
Growth	21.0%	16.7%	-2.0%	5.1%		
OPM	7.7%	4.6%	-3.9%	0.2%	0.7%	
TATO	154.4%	137.0%	131.2%	111.7%	119.5%	
ROA	11.8%	6.3%	-5.2%	0.2%	0.8%	

Year end 95 balance						
	Assets	Op Payables	Retirement	Debt	Equity	Total
Assets	10113					
<i>less investment</i>	2568					
Adjusted Assets	7545	611				8.1%
<i>less operating payables</i>	2306					
<i>less retirement accruals</i>	2347					
Adjusted Assets [III]	2892					
<i>plus investment</i>	2568					
Adjusted Assets [IV]	5460	788				14.4%
Sources of Financing:						
Operating Payables	2306					
Retirement Accruals	2347					
External Borrowings	1185					
Equity	4275					
Total	10113					
Reported	8464	1975	2305	1099	3085	8464
Lifo	945	331			614	945
Pension	15		42		-27	15
Debt	30			86	-56	30
Pension Intangible	-114				-114	-114
Investment	774				774	
	10113	2306	2347	1185	4275	9339

adjusted assets [IV] is Invested Capital

EERE Equipment

Profitability

	1995	1994	1993	1992	1991
Sales Growth	15.2%	18.3%	13.2%	-2.1%	
Gross Profit Margin	21.4%	21.3%	16.2%	13.2%	14.0%
EBITDA Margin	13.8%	13.5%	7.7%	3.6%	4.3%
Operating Profit Margin	9.4%	9.1%	2.4%	-2.5%	-1.4%
Unleveraged After Tax Profit	611	509	177	-20	32
Assets	7087	6425	6277	5644	
Return on Assets	8.6%	7.9%	2.8%	-0.3%	
Equity	3085	2558	2085	2650	
Return on Equity	22.9%	23.6%	11.1%	-0.2%	

Static Liquidity [Balance sheet management]

AR days	120	128	151	174	
INV days	37	35	33	38	
AP days	40	42	46	47	
Operating Working Capital	2178	2072	1795	2144	
OWC/Sales	24.7%	27.0%	27.7%	37.5%	
Working Capital	2317	2271	1856	1442	
Total Asset Turnover	1.09	1.00	0.89	0.83	

Cash Flow Analysis

Funds Flows from Operations	784	663	247	123	61
Operating Cash Flow	621	449	616	47	366
Free Cash Flow	185	62	266	(381)	(82)

Capital Structure and Long Term Solvency

EBIT/Gross Interest Cost	7.57	6.87	1.46	-0.12	0.30
EBITDA/Gross Interest Cost	9.59	8.84	2.76	1.05	1.30
Total Debt/Capitalization	26.3%	29.6%	42.6%	44.2%	
Total Debt/EBITDA	0.90	1.04	3.11	10.15	0.00
Funds Flow-CapX/Total Debt	49.1%	41.8%	3.2%	NM	NM

Capital Employed

Capital Employed at BV	3865	3618	3482	4717.1	
Profit on Capital Employed	788	680	349	125	
Return on Capital Employed	20.4%	18.8%	10.0%	2.6%	

DEERE Equipment		1995	1994	1993	1992
3	<i>EBIT/Gross Interest</i>	6.81	6.14	1.42	-0.03
2	Synthetic Debt Rating	A	A	B+	CCC
3	<i>EBITDA/Interest</i>	8.59	7.86	2.61	1.04
4	Synthetic Debt Rating	A	A-	B+	B-
5	<i>Debt/EBITDA</i>	0.90	1.04	3.11	10.15
	Synthetic Debt Rating	AA	AA	BB	CCC
6	<i>Funds Flow/Total Debt</i>	110.5%	96.5%	32.1%	9.9%
7	Synthetic Debt Rating	AAA	AAA	BBB	B-
8	<i>Long Term Debt/Capitalization</i>	18.6%	28.5%	33.9%	31.8%
	Synthetic Debt Rating	AAA	AA	A	A+
9	<i>Total Debt/Capitalization</i>	26.3%	29.6%	42.6%	44.2%
10	Synthetic Debt Rating	AA	AA	A-	BBB



Traditional 1/3 rents



No Balance sheet adjustment for leases

For manufacturing firms

If EBIT/Gross Interest is:		Rating is	Spread is
>	<		
-100000		-2 D	10.00%
-2		-1.5 C	7.50%
-1.5		-1 CC	6.00%
-1		0.1 CCC	5.00%
0.1		1 B-	4.25%
1		1.4 B	3.25%
1.4		2 B+	2.50%
2		3.2 BB	2.00%
3.2		4.4 BBB	1.50%
4.4		5.3 A-	1.25%
5.3		7.5 A	1.00%
7.5		8.5 A+	0.80%

If Funds Flo	
>	
-100000	
0.01	
0.05	
0.07	
0.08	
0.1	
0.12	
0.15	
0.21	
0.36	
0.46	
0.51	

DEERE Equipment**1995**

EBIT [after tax]	624
Depreciation & Amortization	255
Gross Cash Flow	879
<i>Balance Sheet Management</i>	-107
Capital Expenditures	245
Free Cash Flow to Firm	528
Dividends Paid	191
Interest Paid	-82
cfo	255
Borrowings	24
Equity [issuances or purchases]	44
Dividends received from subs and affiliates	94
Acquisitions	0
Other Investing	-48
Other Financing	127
Change in Cash	495
Actual change in cash	426