FORM 10-Q

Quarterly report pursuant to sections 13 or 15(d)

Filing Date: **1994-03-17** | Period of Report: **1994-01-31**
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DEERE & CO
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SIC: **3523** Farm machinery & equipment

Business Address
JOHN DEERE RD
MOLINE IL 61265
3097658000

SECURITIES
AND EXCHANGE COMMISSION

Washington, D. C. 20549

FORM 10-Q

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

For Quarter Ended

Commission File Number
1-4121

January 31, 1994

DEERE & COMPANY

Incorporated in Delaware I.R.S. Employer Identification Number 36-2382580

Principal Executive Office: John Deere Road
Moline, Illinois 61265
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 X NO

At January 31, 1994, 85,800,703 shares of common stock, $1 par value, of the registrant were outstanding.

Index to exhibits is on page 20.

PART I. FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS
DEERE & COMPANY
STATEMENT OF CONSOLIDATED INCOME

CONSOLIDATED
(Deere & Company
and Consolidated Subsidiaries)

Millions of dollars (Unaduited)	Three Months Ended January 31 1994	1993
Net Sales and Revenues		
Net sales of equipment	$1,406.8	$ 1,115.1
Finance and interest income	124.8	145.8
Insurance and health care premiums	157.5	126.9
Investment income	22.3	23.0
Other income	15.4	12.7
Total	1,726.8	1,423.5
Costs and Expenses		
Cost of goods sold	1,121.7	1,009.8
Research and development		

expenses	60.4	63.9
Selling, administrative and general expenses	197.6	196.7
Interest expense	71.2	95.0
Insurance and health care claims and benefits	135.4	107.2
Other operating expenses	7.1	6.4
Total	1,593.4	1,479.0
Income (Loss) of Consolidated Group Before Income Taxes and Changes in Accounting	133.4	(55.5)
Provision (credit) for income taxes	48.1	(18.2)
Income (Loss) of Consolidated Group before Changes in Accounting	85.3	(37.3)
Equity in Income of Unconsolidated Subsidiaries and Affiliates before Changes in Accounting		
Credit Insurance and health care	1.3	.2
Other	.4	.2
Total	1.7	.4
Income (Loss) before Changes in Accounting	87.0	(36.9)
Changes in accounting		(1,105.3)
Net Income (Loss)	$ 87.0	$(1,142.2)
Return on average assets:		
Before changes in accounting	.7%	(.3)%
Total	.7%	(9.7)%
Per share data		
Primary and fully diluted:		
Income (loss) before changes in accounting	$ 1.02	$ (.48)
Changes in accounting		(14.30)
Net income (loss)	$ 1.02	$ (14.78)

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

DEERE & COMPANY STATEMENT OF CONSOLIDATED INCOME

EQUIPMENT OPERATIONS
(Deere & Company with Financial Services on the Equity Basis)

	Three Months Ended January 31	
Millions of dollars (Unaudited)	1994	1993
Net Sales and Revenues		
Net sales of equipment	$1,406.8	$ 1,115.1
Finance and interest income	19.7	21.2
Insurance and health care premiums		
Investment income		
Other income	4.5	8.0
Total	1,431.0	1,144.3
Costs and Expenses		
Cost of goods sold	1,125.1	1,012.3
Research and development expenses	60.4	63.9
Selling, administrative and general expenses	134.8	137.3
Interest expense	30.7	45.1
Insurance and health care claims and benefits		
Other operating expenses	2.0	2.4
Total	1,353.0	1,261.0
Income (Loss) of Consolidated Group Before Income Taxes and Changes in Accounting	78.0	(116.7)
Provision (credit) for income taxes	30.0	(38.7)
Income (Loss) of Consolidated Group before Changes in Accounting	48.0	(78.0)
Equity in Income of Unconsolidated Subsidiaries and Affiliates before Changes in Accounting		
Credit	25.6	30.8
Insurance and health care	13.0	10.1
Other	.4	.2
Total	39.0	41.1
Income (Loss) before Changes in Accounting	87.0	(36.9)
Changes in accounting		(1,105.3)

Net Income (Loss)	$ 87.0	$(1,142.2)

PART I. FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS
DEERE & COMPANY STATEMENT OF CONSOLIDATED INCOME

FINANCIAL SERVICES

	Three Months Ended January 31	
	1994	1993
Millions of dollars		
(Unaudited)		
Net Sales and Revenues		
Net sales of equipment		
Finance and interest income	$ 106.0	$ 125.3
Insurance and health care premiums	184.1	162.2
Investment income	22.3	23.0
Other income	12.0	6.3
Total	324.4	316.8
Costs and Expenses		
Cost of goods sold		
Research and development expenses		
Selling, administrative and general expenses	65.2	62.5
Interest expense	41.4	50.6
Insurance and health care claims and benefits	157.3	138.5
Other operating expenses	5.1	4.0
Total	269.0	255.6
Income (Loss) of Consolidated Group Before Income Taxes and Changes in Accounting	55.4	61.2
Provision (credit) for income taxes	18.1	20.5
Income (Loss) of Consolidated Group before Changes in Accounting	37.3	40.7
Equity in Income of Unconsolidated Subsidiaries and Affiliates before Changes in Accounting Credit		
Insurance and health care	1.3	.2
Other		
Total	1.3	.2
Income (Loss) before Changes in Accounting	38.6	40.9
Changes in accounting		(6.9)
Net Income (Loss)	$ 38.6	$ 34.0

See Notes to Interim Financial Statements. Supplemental consolidating data are shown for the "Equipment Operations" and "Financial Services". Transactions between the "Equipment Operations" and "Financial Services" have been eliminated to arrive at the "Consolidated" data.

DEERE & COMPANY
CONDENSED CONSOLIDATED BALANCE SHEET

	CONSOLIDATED (Deere & Company and Consolidated Subsidiaries)		
Millions of dollars (Unaudited)	Jan 31 1994	Oct 31 1993	Jan 31 1993
Assets			
Cash and cash equivalents	$ 344.1	$ 338.2	$ 338.4
Marketable securities carried at cost	988.3	994.8	920.6
Receivables from unconsolidated subsidiaries and affiliates	2.6	4.0	13.6
Dealer accounts and notes receivable - net	2,727.8	2,793.7	2,759.3
Credit receivables - net	3,907.0	3,754.8	4,389.2
Other receivables	412.3	413.2	321.4
Equipment on operating leases - net	197.0	195.4	169.7
Inventories (Note 5)	687.6	464.4	718.6
Property and equipment - net	1,208.4	1,240.3	1,270.3
Investments in unconsolidated			

subsidiaries and affiliates	146.3	140.6	117.8
Intangible assets - net	297.0	296.8	336.1
Deferred income taxes	681.8	681.7	631.7
Other assets and deferred charges	180.2	169.0	174.1
Total	$11,780.4	$11,486.9	$12,160.8
Liabilities and Stockholders' Equity			
Short-term borrowings	$ 2,219.0	$ 1,601.4	$ 3,111.0
Payables to unconsolidated subsidiaries and affiliates	21.5	32.8	22.4
Accounts payable and accrued expenses	1,959.5	2,085.9	1,683.0
Insurance and health care claims and reserves	691.5	692.2	685.6
Accrued taxes	99.9	71.0	41.4
Deferred income taxes	8.7	8.6	3.7
Long-term borrowings	2,292.4	2,547.5	2,802.4
Retirement benefit accruals and other liabilities	2,343.8	2,362.1	2,342.7
Total liabilities	9,636.3	9,401.5	10,692.2
Common stock, $1 par value (issued shares at January 31, 1994 - 86,069,637)	1,450.8	1,436.8	840.4
Retained earnings (Note 3)	970.8	926.5	824.0
Minimum pension liability adjustment	(215.5)	(215.5)	(156.4)
Cumulative translation adjustment (Note 4)	(40.4)	(41.5)	(21.4)
Unamortized restricted stock compensation	(7.1)	(8.2)	(6.3)
Common stock in treasury, at cost	(14.5)	(12.7)	(11.7)
Total stockholders' equity	2,144.1	2,085.4	1,468.6
Total	$11,780.4	$11,486.9	$12,160.8

DEERE & COMPANY
CONDENSED CONSOLIDATED BALANCE SHEET

	EQUIPMENT OPERATIONS (Deere & Company with Financial Services on the Equity Basis)		
Millions of dollars (Unaudited)	Jan 31 1994	Jan 31 1993	Jan 31 1993
Assets			
Cash and cash equivalents	$ 144.1	$ 71.7	$ 51.9
Marketable securities carried at cost			
Receivables from unconsolidated subsidiaries and affiliates	71.5	511.9	91.9
Dealer accounts and notes receivable - net	2,727.8	2,793.7	2,759.3
Credit receivables - net	152.2	115.8	160.5
Other receivables		14.3	
Equipment on operating leases - net	75.0	76.2	79.3
Inventories (Note 5)	687.6	464.4	718.6
Property and equipment - net	1,182.3	1,215.5	1,248.6
Investments in unconsolidated subsidiaries and affiliates	1,218.1	1,341.7	1,299.0
Intangible assets - net	278.6	277.8	314.7
Deferred income taxes	628.2	628.9	577.7
Other assets and deferred charges	110.0	106.3	107.8
Total	$7,275.4	$ 7,618.2	$ 7,409.3
Liabilities and Stockholders' Equity			
Short-term borrowings	$ 352.7	$ 476.3	$1,220.5
Payables to unconsolidated subsidiaries and affiliates	21.5	32.8	23.8
Accounts payable and accrued expenses	1,295.9	1,533.4	1,106.0
Insurance and health care claims and reserves			
Accrued taxes	93.0	66.1	39.5
Deferred income taxes	8.7	8.4	2.8
Long-term borrowings	1,031.0	1,069.3	1,219.6

Retirement benefit accruals and other liabilities	2,328.5	2,346.5	2,328.5
Total liabilities	5,131.3	5,532.8	5,940.7
Common stock, $1 par value (issued shares at January 31, 1994 - 86,069,637)	1,450.8	1,436.8	840.4
Retained earnings (Note 3)	970.8	926.5	824.0
Minimum pension liability adjustment	(215.5)	(215.5)	(156.4)
Cumulative translation adjustment (Note 4)	(40.4)	(41.5)	(21.4)
Unamortized restricted stock compensation	(7.1)	(8.2)	(6.3)
Common stock in treasury, at cost	(14.5)	(12.7)	(11.7)
Total stockholders' equity	2,144.1	2,085.4	1,468.6
Total	$ 7,275.4	$ 7,618.2	$7,409.3

DEERE & COMPANY
CONDENSED CONSOLIDATED BALANCE SHEET

	FINANCIAL SERVICES		
	Jan 31	Oct 31	Jan 31
Millions of dollars (Unaudited)	1994	1993	1993
Assets			
Cash and cash equivalents	$ 200.0	$ 266.5	$ 286.5
Marketable securities carried at cost	988.3	994.8	920.6
Receivables from unconsolidated subsidiaries and affiliates			11.4
Dealer accounts and notes receivable - net			
Credit receivables - net.	3,754.8	3,639.0	4,228.7
Other receivables	413.4	399.9	322.5
Equipment on operating leases - net	121.9	119.2	90.4
Inventories (Note 5)			
Property and equipment - net	26.2	24.8	21.7
Investments in unconsolidated subsidiaries and affiliates	57.4	52.1	35.2
Intangible assets - net	18.5	19.0	21.4
Deferred income taxes	53.6	52.8	54.1
Other assets and deferred charges	70.1	62.8	66.2
Total	$5,704.2	$5,630.9	$6,058.7
Liabilities and Stockholders' Equity			
Short-term borrowings	$1,866.3	$1,125.1	$1,890.5
Payables to unconsolidated subsidiaries and affiliates	69.0	507.9	88.3
Accounts payable and accrued expenses	664.7	553.6	578.1
Insurance and health care claims and reserves	691.5	692.2	685.6
Accrued taxes	6.8	4.9	1.9
Deferred income taxes		.2	.9
Long-term borrowings	1,261.3	1,478.2	1,582.7
Retirement benefit accruals and other liabilities	15.4	15.6	14.3
Total liabilities	4,575.0	4,377.7	4,842.3
Common stock, $1 par value (issued shares at January 31, 1994 - 86,069,637)	208.7	208.2	205.8
Retained earnings (Note 3)	922.1	1,046.5	1,009.0
Minimum pension liability adjustment			
Cumulative translation adjustment (Note 4)	(1.6)	(1.5)	1.6
Unamortized restricted stock compensation			
Common stock in treasury, at cost			
Total stockholders' equity	1,129.2	1,253.2	1,216.4
Total	$5,704.2	$5,630.9	$6,058.7

See Notes to Interim Financial Statements. Supplemental consolidating data are shown for the "Equipment Operations" and "Financial Services". Transactions between the "Equipment Operations" and "Financial Services" have been eliminated to arrive at the "Consolidated" data.

DEERE & COMPANY
CONDENSED STATEMENT OF CONSOLIDATED CASH FLOWS
CONSOLIDATED

(Deere & Company and Consolidated Subsidiaries
Millions of dollars (Unaudited)

	Three Months Ended January 31	
	1994	1993
Cash Flows From Operating Activities		
Net income (loss)	$ 87.0	$(1,142.2)
Adjustments to reconcile net income (loss) to net cash provided by (used for) operating activities	(307.3)	904.6
Net cash provided by (used for) operating activities	(220.3)	(237.6)
Cash Flows From Investing Activities		
Collections and sales of credit receivables	773.9	893.7
Proceeds from sales of marketable securities	86.2	77.0
Cost of credit receivables acquired	(935.3)	(875.1)
Purchases of marketable securities	(80.4)	(41.6)
Purchases of property and equipment	(31.9)	(37.1)
Cost of operating leases acquired	(18.3)	(18.0)
Other	93.2	9.9
Net cash provided by (used for) investing activities	(112.6)	8.8
Cash Flows From Financing Activities		
Increase (decrease) in short-term borrowings	630.3	60.0
Change in intercompany receivables/payables		
Proceeds from issuance of long-term borrowings		344.0
Principal payments on long-term borrowings	(259.1)	(13.9)
Proceeds from issuance of common stock	13.9	.4
Dividends paid	(42.7)	(38.1)
Other	(2.5)	(1.4)
Net cash provided by (used for) financing activities	339.9	351.0
Effect of Exchange Rate Changes on Cash	(1.1)	(.6)
Net Increase (Decrease) in Cash and Cash Equivalents	5.9	121.6
Cash and Cash Equivalents at Beginning of Period	338.2	216.8
Cash and Cash Equivalents at End of Period	$344.1	$338.4

DEERE & COMPANY
CONDENSED STATEMENT OF CONSOLIDATED CASH FLOWS

EQUIPMENT OPERATIONS
(Deere & Company with Financial Services
on the Equity Basis)

	Three Months Ended January 31	
	1994	1993
Millions of dollars (Unaudited		
Cash Flows From Operating Activities		
Net income (loss)	$ 87.0	$(1,142.2)
Adjustments to reconcile net income (loss) to net cash provided by (used for) operating activities	(197.0)	873.3
Net cash provided by (used for)		

operating activities	(110.0)	(268.9)
Cash Flows From Investing Activities		
Collections and sales of credit receivables	19.0	27.6
Proceeds from sales of marketable securities		
Cost of credit receivables acquired	(55.5)	(108.3)
Purchases of marketable securities		
Purchases of property and equipment	(29.2)	(34.7)
Cost of operating leases acquired	(6.1)	(5.0)
Other	.4	5.2
Net cash provided by (used for)investing activities	(71.4)	(115.2)
Cash Flows From Financing Activities		
Increase (decrease) in short-term borrowings	(47.5)	387.2
Change in intercompany receivables/payables	439.0	62.0
Proceeds from issuance of long-term borrowings		
Principal payments on long-term borrowings	(106.1)	(13.9)
Proceeds from issuance of common stock	13.9	.4
Dividends paid	(42.7)	(38.1)
Other	(2.5)	(1.4)
Net cash provided by (used for) financing activities	254.1	396.2
Effect of Exchange Rate Changes on Cash	(.3)	(.6)
Net Increase (Decrease) in Cash and Cash Equivalents	72.4	11.5
Cash and Cash Equivalents at Beginning of Period	71.7	40.4
Cash and Cash Equivalents at End of Period	$ 144.1	$ 51.9

DEERE & COMPANY
CONDENSED STATEMENT OF CONSOLIDATED CASH FLOWS

FINANCIAL SERVICES

	Three Months Ended January 31	
	1994	1993
Millions of dollars (Unaudited)		
Cash Flows From Operating Activities		
Net income (loss)	$ 38.6	$ 34.0
Adjustments to reconcile net income (loss) to net cash provided by (used for) operating activities	14.2	(2.8)
Net cash provided by (used for) operating activities	52.8	31.2
Cash Flows From Investing Activities		
Collections and sales of credit receivables	759.9	870.0
Proceeds from sales of marketable securities	86.2	77.0
Cost of credit receivables acquired	(884.7)	(770.7)
Purchases of marketable securities	(80.4)	(41.6)
Purchases of property and equipment	(2.7)	(2.4)

Cost of operating leases acquired	(12.2)	(12.9)
Other	92.7	4.7
Net cash provided by (used for) investing activities	(41.2)	124.1
Cash Flows From Financing Activities		
Increase (decrease) in short-term borrowings	677.8	(327.2)
Change in intercompany receivables/payables	(439.0)	(62.0)
Proceeds from issuance of long-term borrowings		344.0
Principal payments on long-term borrowings	(153.0)	
Proceeds from issuance of common stock		
Dividends paid	(163.1)	
Other		
Net cash provided by used for) financing activities	(77.3)	(45.2)
Effect of Exchange Rate Changes on Cash	(.8)	
Net Increase (Decrease) in Cash and Cash Equivalents	(66.5)	110.1
Cash and Cash Equivalents at Beginning of Period	266.5	176.4
Cash and Cash Equivalents at End of Period	$ 200.0	$ 286.5

See Notes to Interim Financial Statements. Supplemental consolidating data are shown for the "Equipment Operations" and "Financial Services". Transactions between the "Equipment Operations" and "Financial Services" have been eliminated to arrive at the "Consolidated" data.

Notes to Interim Financial Statements

(1) The consolidated financial statements of Deere & Company and consolidated subsidiaries have been prepared by the Company, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosures normally included in annual financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted as permitted by such rules and regulations. All adjustments, consisting of normal recurring adjustments, have been included. Management believes that the disclosures are adequate to present fairly the financial position, results of operations and cash flows at the dates and for the periods presented. It is suggested that these condensed financial statements be read in conjunction with the financial statements and the notes thereto included in the Company's latest annual report on Form 10-K. Results for interim periods are not necessarily indicative of those to be expected for the fiscal year.

(2) The Company's consolidated financial statements and some information in the notes and related commentary are presented in a format which includes data grouped as follows:

Equipment Operations - These data include the Company's agricultural equipment, industrial equipment and lawn and grounds care equipment operations with Financial Services reflected on the equity basis. Data relating to the above equipment operations, including the consolidated group data in the income statement, are also referred to as "Equipment Operations" in this report.

Financial Services - These data include the Company's credit, insurance and health care operations.

Consolidated - These data represent the consolidation of the Equipment Operations and Financial Services in conformity with Financial Accounting Standards Board (FASB) Statement

No. 94. References to "Deere & Company" or "the Company" refer to the entire enterprise.

(3) An analysis of the Company's retained earnings follows in millions of dollars:

	Three Months Ended January 31 1994	1993
Balance, beginning of period.........	$926.5	$ 2,004.3
Net income (loss)....................	87.0	(1,142.2)
Dividends declared...................	(42.7)	(38.1)
Balance, end of period..............	$970.8	$ 824.0

(4) An analysis of the cumulative translation adjustment follows in millions of dollars:

	Three Months Ended January 31 1994	1993
Balance, beginning of period.........	$41.5	$19.4
Translation adjustment...............	(1.8)	3.5
Income taxes applicable to translation adjustments	.7	(1.5)
Balance, end of period...............	$40.4	$21.4

(5) Substantially all inventories owned by Deere & Company and its United States equipment subsidiaries are valued at cost on the last-in, first out (LIFO) method. Under this method, cost of goods sold ordinarily reflects current production costs, thus providing a matching of current costs and current revenues in the income statement. However, when LIFO-valued inventories decline, lower costs that prevailed in prior years are matched against current year revenues, resulting in higher reported net income. In the first three months of 1993, the Company recognized a proportionate part of the lower, prior-year costs relating to the estimated reduction in LIFO inventories. Consequently, the after-tax results for the first three months of 1993 benefited by $8.7 million or $.11 per share. A LIFO benefit was not recognized in the first quarter of 1994.

If all of the Company's inventories had been valued on an approximate FIFO value, estimated inventories by major classification in millions of dollars would have been as follows:

	Jan 31 1994	Oct 31 1993	Jan31 1993
Raw materials and supplies................	$ 191	$ 192	$ 212
Work-in-process...........	369	295	420
Finished machines and parts...................	1,075	919	1,135
Total FIFO value..........	1,635	1,406	1,767
Adjustment to LIFO basis...................	947	942	1,048
Inventories...............	$ 688	$ 464	$ 719

(6) During the first three months of 1994, the Financial Services subsidiaries and the Equipment Operations received proceeds from the sale of retail notes in the public market and to other financial institutions of $1 million. At January 31, 1994, the net unpaid balance of all retail notes previously sold by the Financial Services subsidiaries and the Equipment Operations was $1,142 million. The Company was contingently liable for recourse on credit receivable sales in the maximum amount of $111 million at January 31, 1994.

Certain foreign subsidiaries have pledged assets with a balance sheet value of $33 million as collateral for bank advances of $2 million as of January 31, 1994.

At January 31, 1994, the Company had commitments of approximately $68 million for construction and acquisition of property and equipment.

(7) Dividends declared and paid on a per share basis were as follows:

	Three Months Ended January 31 1994	1993
Dividends declared..................	$.50	$.50
Dividends paid......................	$.50	$.50

(8) The calculation of primary net income per share is based on the average number of shares outstanding during the three months ended January 31, 1994 and 1993 of 85,592,000 and 77,291,000, respectively. The calculation of fully diluted net income per share recognizes the dilutive effect of the assumed exercise of stock options, stock appreciation rights and conversion of convertible debentures. The effect of the fully diluted calculation was either immaterial or anti-dilutive.

(9) In the fourth quarter of 1993, 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, effective November 1, 1992. Previous quarters of 1993 were restated as required by these Statements. As a result, the first quarter of 1993 has been restated to reflect the cumulative pretax effect of these changes in accounting of $1,728 million ($1,105 million or $14.30 per share after income taxes) and an incremental pretax benefits expense of $14.5 million ($9.3 million or $.12 per share after income taxes).

(10) In the first quarter of 1994, the Company adopted FASB Statement No. 113, Accounting and Reporting for Reinsurance of Short-Duration and Long-Duration Contracts. This Statement eliminates the practice of reporting amounts for reinsured contracts net of the effects of reinsurance. The consolidated balance sheets for prior periods were restated which increased total assets and liabilities by immaterial amounts. There were no effects on stockholders' equity or the consolidated income statement.

(11) In December 1993, the Company granted options to employees for the purchase of 595,322 shares of common stock at an exercise price of $70.69 per share. At January 31, 1994, options for 2,482,664 shares were outstanding at option prices in a range of $23.31 to $70.69 per share. A total of 3,862,580 shares remain available for the granting of future options.

(12) The Company is subject to various unresolved legal actions which arise in the normal course of its business, the most prevalent of which relate to product liability and retail credit matters. The Company and certain subsidiaries of the Capital Corporation are currently involved in legal actions relating to alleged violations of certain technical provisions of Texas consumer credit statutes in connection with John Deere Company's financing of the retail purchase of recreational vehicles and boats in that state. These actions include: a class action brought by Russell Durrett individually and on behalf of others against John Deere Company (filed in state court on February 19, 1992 and removed on February 26, 1992 to the United States District Court for the Northern District of Texas, Dallas Division), which case was certified as a class action by the court on November 6, 1992; and a class action titled Deere Credit, Inc. v. Shirley Y.

Morgan, et al., originally filed on February 20, 1992, and certified in the 281st Judicial District Court of Harris County, Texas, on October 12, 1993 for all persons who opt out of the federal class action. The Company and the Capital Corporation subsidiaries believe that they have substantial defenses and intend to defend these actions vigorously. Although it is not possible to predict with certainty the outcome of these unresolved legal actions or the range of possible loss and the amounts of claimed damages and penalties are unspecified. The Company believes these unresolved legal actions will not be material.

(13) Certain amounts for 1993 have been reclassified to conform with 1994 financial statement presentations.

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

RESULTS OF OPERATIONS

Deere & Company's worldwide net income was $87.0 million or $1.02 per share in the first quarter of the 1994 fiscal year compared with a loss before the cumulative effect of changes in accounting of $36.9 million or $.48 per share in the first quarter of 1993. The 1993 first quarter results were restated for accounting changes relating to 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, which were adopted in the fourth quarter of 1993, effective November 1, 1992. After the cumulative effect of these changes, the net loss for the first quarter of 1993 was $1,142.2 million or $14.78 per share.

	Three Months Ended January 31	
	1994	1993
Net income (loss) as originally reported	$ 87.0	$ (27.6)
Restatement of income (loss) for the incremental effect of changes in accounting		(9.3)
Income (loss) before cumulative effect of changes in accounting	87.0	(36.9)
Cumulative effect of changes in accounting		(1,105.3)
Net income (loss) as restated	$ 87.0	$(1,142.2)

Worldwide income before the cumulative effect of changes in accounting improved by $123.9 million compared with the first quarter of last year due primarily to significantly higher 1994 production and sales volumes. Total worldwide production tonnage was 25 percent higher than in last year's first quarter, when several of the Company's factories scheduled additional production shutdowns along with the normal holiday shutdowns. In addition, income this year benefited from lower operating expenses and improved productivity in both the North American and overseas operations.

Worldwide net sales and revenues increased 21 percent to $1,727 million in the first quarter of 1994 from $1,424 million last year.

Net sales and revenues include net sales to dealers of agricultural, industrial and lawn and grounds care equipment which were $1,407 million in the current quarter, an increase of 26 percent from sales of $1,115 million in the first quarter of last year. The physical volume of worldwide net sales to dealers increased approximately 23 percent in the first quarter this year. Net sales and revenues also include revenues of the Company's credit, insurance and health care operations, which totaled $298 million in the first quarter of 1994 compared with $281 million in the same quarter last year.

Worldwide net sales and revenues in millions of dollars follow:

	Three Months Ended January 31		%
	1994	1993	Change
Net sales:			
Agricultural equipment	$ 887	$ 689	+29
Industrial equipment	308	231	+33
Lawn and grounds care equipment	212	195	+ 9
Total net sales	1,407	1,115	+26
Financial Services revenues	298	281	+ 6
Other revenues	22	28	-21
Total net sales and revenues	$1,727	$1,424	+21
United States and Canada:			
Equipment net sales	$1,120	$ 829	+35
Financial Services revenues	298	281	+ 6
Total	1,418	1,110	+28
Overseas net sales	287	286	
Other revenues	22	28	-21
Total net sales and revenues	$1,727	$1,424	+21

Retail sales of John Deere agricultural equipment in North America were higher than first quarter 1993 levels, due to continued strong retail demand. North American retail sales of the Company's lawn and grounds care equipment increased significantly compared with the same period last year, reflecting continued recovery in the general economy. North American industrial equipment retail sales were also up substantially for the quarter, resulting from continued increases in residential and public construction activity. Overseas industry retail demand for agricultural equipment continued to be relatively weak. However, overseas retail sales of John Deere equipment continued to outperform the industry.

The Company's worldwide Equipment Operations, which exclude the Financial Services subsidiaries, had income of $48.0 million in the first quarter this year compared with a loss of $78.0 million before the cumulative effect of changes in accounting in 1993. The higher production and sales volumes and enhanced efficiencies explain this improvement. The Equipment Operations incurred a net loss of $1,176.4 million in the first quarter of 1993 including the cumulative effect of the accounting changes. First quarter 1993 results benefited by $8.7 million after taxes from the reduction of inventories which are valued on a last-in, first-out (LIFO) basis. A LIFO benefit was not recognized in the first quarter of 1994.

The ratio of cost of goods sold to net sales of the Equipment Operations decreased from 90.8 percent in the first quarter of 1993 to 80.0 percent in the same period this year. The North American operations' cost ratio was lower due mainly to significantly higher production volume and improved productivity compared with last year. The overseas operations also had a lower cost ratio due mainly to lower operating costs and somewhat higher production volume.

Operating profit is defined as income before interest expense, foreign exchange gains and losses, income taxes and certain corporate expenses, except for the operating profit of the credit segment, which includes the effect of interest expense. All of the Company's equipment businesses reported earnings improvements during the quarter.

The North American agricultural equipment division generated a strong operating profit in the first quarter of 1994 compared with an operating loss incurred in the same period last year, primarily as a result of substantially higher production and sales volumes combined with continued improvements in operating efficiency. North American agricultural equipment production tonnage increased 41 percent and sales increased 42 percent in the first quarter this year.

The North American lawn and grounds care equipment division generated a comparable operating profit for the current quarter compared with the first quarter last year. North American lawn and grounds care equipment production tonnage increased 19 percent and sales increased 12 percent compared to the same quarter last year. However, higher operating expenses and a small product modification program in 1994 offset the earnings improvement resulting from the higher volumes.

The North American industrial equipment division had an operating profit for the first quarter of 1994 compared with an operating loss incurred during the same period last year. Higher production and sales volumes combined with lower operating costs were the major factors contributing to the improvement in operating profit. North American industrial equipment production tonnage increased 22 percent and sales increased 40 percent in the current quarter.

The overseas division had a small operating profit during the first quarter of 1994 compared with a large operating loss last year, as operating costs were substantially lower due to the restructuring of these operations while production volume was slightly higher than last year. As of January 31, 1994, the expected employment reductions from the restructuring in Europe were approximately 52% complete and approximately 50% of the $107 million accrual established during the second quarter of 1993 had been disbursed. The production tonnage and physical volume of overseas sales were both approximately one percent higher in the first quarter of 1994 compared with the same period of 1993.

Net income of the Company's credit operations was $25.6 million for the first quarter of 1994, down from last year's income of $30.8 million before the cumulative effect of the accounting changes. The decrease in earnings primarily reflects lower revenues from a smaller receivable and lease portfolio caused by the sale of retail notes in 1993. The impact of these lower revenues was partially offset by higher securitization and servicing fee income from notes previously sold but still administered. Net income of the credit operations totaled $27.0 million in the first quarter of 1993 including the cumulative effect of the accounting changes. Total revenues of the credit operations decreased 10 percent from $131.6 million in the first quarter of 1993 to $118.0 million in the first quarter of 1994. The average balance of total net receivables and leases financed was 12 percent lower than in the first three months of last year, due primarily to sale of receivables during 1993. Revenues were also affected by a lower level of interest rates and corresponding lower finance charges earned on the receivable and lease portfolio compared with the first quarter last year. These developments were partially offset by the increase in securitization and servicing fee income from retail notes previously sold to $9.7 million in the first quarter of 1994 from $2.5 million in the first quarter of 1993. Additionally, lower borrowing rates and a decrease in average borrowings this year resulted in a 19 percent decrease in interest expense compared with the first quarter of 1993. The credit subsidiaries' consolidated ratio of earnings before fixed charges to fixed charges was 1.90 to 1 during the first three months this year compared with 1.93 to 1 in the comparable period of 1993.

Net income from insurance and health care operations was $13.0 million in the first quarter of 1994 compared with income of $10.1 million before the cumulative effect of accounting changes in the same quarter of last year. Insurance and health care results in 1994 have improved, reflecting the continued profitable growth of these businesses. For the three-month period, insurance and health care premiums earned increased 13 percent in 1994 compared with the same period last year, while expenses and the provision for losses increased 11 percent this year. Net income of the insurance and health care operations totaled $7.0 million in the first quarter of 1993 including the cumulative effect of the accounting changes.

First quarter North American retail sales provide a strong base for operations during the remainder of the year. Despite weather-related shortfalls of corn and soybean production, United States farm net cash income is forecasted to have achieved record levels in 1993. Due to the lower 1993 production and the resulting reduction in carryover stocks, a substantial increase in planted acreage of corn and soybeans should occur in 1994. While farm income will likely be lower in 1994 due mainly to lower livestock cash receipts, farm net cash income is still expected to be one of the highest in history. Additionally, early customer buying patterns are showing continued strengthening in demand for the Company's products. These developments are currently anticipated to result in an improved outlook for North American industry retail sales of agricultural equipment in 1994, assuming a return to more normal weather patterns and continuing lower levels of interest rates.

The European agricultural industry remains in the midst of fundamental change due to revisions to government agricultural policies. Although the long-term downward trend of European industry retail sales of agricultural equipment is expected to continue, the current outlook for 1994 is that retail sales will approximate 1993 levels.

The North American economy is expected to continue its recovery in 1994. While factors including tax increases, government spending reductions, downsizing of the defense industry and recessionary conditions prevalent with many of the country's trading partners may limit general growth prospects, the lowest mortgage interest rates since the 1970's should continue to stimulate housing starts and consumer durable expenditures this year. Public construction expenditures should also experience moderate real growth, particularly in street, highway, bridge and sewer projects. Such developments should favorably affect the demand for industrial and construction equipment. Lawn and grounds care equipment is also expected to benefit from continued general economic growth and higher housing starts.

In response to strong retail demand, the Company has recently increased production schedules in each of its North American equipment operations. As a result, 1994 worldwide production tonnage is now anticipated to be about 13 percent higher than 1993 output, which would bring the Company's production schedules up to the level of expected retail demand. Worldwide agricultural equipment production tonnage is expected to be up approximately 10 percent from last year, when dealer receivables were reduced by $146 million. Lawn and grounds care equipment and industrial equipment production schedules are each anticipated to be up 19 percent compared with a year ago. Worldwide production during the final three quarters of 1994 is scheduled to be up about 10 percent from output in the same period last year.

CAPITAL RESOURCES AND LIQUIDITY

The discussion of capital resources and liquidity focuses on the balance sheet and statement of cash flows. The nature of the Company's Equipment Operations and Financial Services businesses is so different that most of the asset, liability and cash flow categories do not lend themselves to simple combination. Additionally, the fundamental differences between these businesses are reflected in different financial measurements commonly used by investors, rating agencies and financial analysts. In recognition of these differences and to provide clarity with respect to the analyses of the capital resources and liquidity of these different businesses, the following discussion has been organized to discuss separately, where appropriate, the Company's Equipment Operations, Financial Services operations and the consolidated totals.

Equipment Operations

The Company's equipment businesses are capital intensive and are subject to large seasonal variations in financing requirements

for
receivables from dealers and inventories. Accordingly, to the extent necessary, funds provided from operations are supplemented from external borrowing sources.

Negative cash flows from operating activities of $110 million in the first quarter of 1994 resulted from the normal seasonal increases in Company-owned inventories, annual volume discount program payments made to dealers and contributions to the pension fund. Partially offsetting these operating cash outflows were dividends received from the Financial Services operations and positive cash flows from net income and the decline in dealer receivables. The resulting net cash requirement for operating activities, along with cash required for the payment of borrowings, increases in cash and cash equivalents, payment of dividends and purchases of property and equipment were provided primarily from a decrease in receivables from the Financial Services operations.

In the first quarter of 1993, the normal seasonal increases in Company inventories, annual volume discount payments to dealers, contributions to the pension fund and the net loss resulted in negative cash flows from operating activities of $269 million. As
a result of planned lower production last year, dealer receivables
declined, partially offsetting the negative first quarter 1993 operating cash flows. The resulting net cash requirement for operating activities, along with cash required for purchases of property and equipment, payment of dividends and increases in cash
and cash equivalents were provided primarily by increases in borrowings and a decrease in receivables from the Financial Services operations.

Net dealer accounts and notes receivable, which largely represent dealers' inventories financed by the Company, decreased $66 million during the first quarter and were $31 million lower than one year ago when receivables had been substantially reduced to facilitate improved asset utilization. North American agricultural equipment and lawn and grounds care equipment dealer receivables were both approximately $5 million lower than one year
ago. North American industrial equipment dealer receivables increased approximately $45 million compared with the level 12 months earlier. Total overseas dealer receivables were approximately $70 million lower than a year ago. The ratios of worldwide net dealer accounts and notes receivable to the last 12 months' net sales were 40 percent at January 31, 1994, 43 percent at October 31, 1993 and 48 percent at January 31, 1993. The percentage of total worldwide dealer receivables outstanding for periods exceeding 12 months was 10 percent at January 31, 1994, 11 percent at October 31, 1993 and 13 percent at January 31, 1993.

Company-owned inventories at January 31, 1994 have increased seasonally by $223 million compared with the end of the previous fiscal year and are $31 million lower than year ago levels.

Capital expenditures for the first three months of 1994 were $29 million compared with $35 million during the same period last year. Capital expenditures were $196 million for the 1993 fiscal year and are currently expected to approximate $230 million in 1994.

Total interest-bearing debt of the Equipment Operations was $1,384
million at January 31, 1994 compared with $1,546 million at the end of fiscal year 1993 and $2,440 million at January 31, 1993. The ratio of total debt to total capital (total interest-bearing debt and stockholders' equity) was 39 percent, 43 percent and 49 percent at January 31, 1994, October 31, 1993 and January 31, 1993, respectively.

In January 1994, Deere & Company redeemed $80 million of its 8% debentures due 2002 and announced that on March 1, 1994, it will redeem the $37 million balance of outstanding 8.45% debentures due
2000.

Financial Services

The Financial Services' credit subsidiaries rely on their ability to raise substantial amounts of funds to finance their receivable and lease portfolios. Their primary sources of funds for this purpose are a combination of borrowings and equity capital. Additionally, the John Deere Capital Corporation (Capital Corporation), the Company's United States credit subsidiary, periodically sells substantial amounts of retail notes in the public market. The insurance and health care operations generate their funds through internal operations and have no external borrowings.

During the first quarter of 1994, $53 million of cash provided from operating activities and $67 million of cash and cash equivalents were used for financing and investing activities. Cash outlays for financing activities totaled $86 million during the first quarter of 1994, resulting from a $439 million decrease in payables to the Equipment Operations and payment of a $163 million dividend to the Equipment Operations, which were partially offset by proceeds from a $525 million net increase in outside borrowings. Cash used for investing activities totaled $41 million in the current quarter, primarily due to the cost of credit receivables acquired exceeding collections. Other cash flows from investing activities increased in 1994 mainly due to collections on receivables previously sold that were being held for payment to the trusts.

In the first quarter of last year, the aggregate cash provided from operating and investing activities was used to increase cash and cash equivalents and reduce obligations to the Equipment Operations. Cash provided from Financial Services operating activities was $31 million during the first three months of 1993.

Investing activities provided $124 million of cash in the first quarter of 1993, primarily because seasonally high collections of credit receivables exceeded the cost of credit receivables acquired by $99 million. Cash used for financing activities totaled $45 million in the first quarter of last year, representing a $62 million decrease in payables to the Equipment Operations, which was partially offset by a $17 million net increase in outside borrowings.

The positive cash flows from insurance and health care operations have been primarily invested in marketable securities during the past 12 months. However, during the first quarter of 1994, these investments decreased due to payment of a dividend to the Equipment Operations. Marketable securities carried at cost consist primarily of debt securities held by the insurance and health care operations in support of their obligations to policyholders. During the past 12 months, marketable securities have increased resulting primarily from the continuing growth in the insurance and health care operations.

Net credit receivables increased by $116 million in the first quarter of 1994 and decreased by $474 million during the past 12 months. These receivables consist of retail notes originating in connection with retail sales by dealers of John Deere products, retail notes from non-Deere-related customers, revolving charge accounts, financing leases and wholesale notes receivable.

The credit subsidiaries' receivables increased during the first quarter of 1994 due to the cost of credit receivables acquired exceeding collections. Total acquisitions of credit receivables were 15 percent higher in the first quarter of 1994 compared with the same period last year. This significant increase resulted mainly from improvements in the general economy, increased retail sales of John Deere equipment and a higher revolving charge account volume. Although the cost of credit receivables acquired exceeded collections by $848 million during the past 12 months, the balance of credit receivables decreased during the same period mainly due to proceeds of $1,143 million received from the sales of John Deere retail notes. The levels of revolving charge accounts and financing lease receivables were higher than one year ago, while wholesale receivables decreased slightly. Net credit receivables administered by the credit subsidiaries, which include receivables previously sold, amounted to $4,934 million at January 31, 1994 compared with $5,076 million at October 31, 1993 and $4,816 million at January 31, 1993. At January 31, 1994, the net unpaid balance of all retail notes previously sold was $1,137 million compared with $1,394 million at October 31, 1993 and $541 million at January 31, 1993. Additional sales of retail notes are expected to be made in future periods.

Total interest-bearing debt of the credit subsidiaries was $3,128 million at January 31, 1994 compared with $2,603 million at the end of fiscal year 1993 and $3,473 million at January 31, 1993. Total outside borrowings increased during the first quarter of 1994 but decreased over the past 12 months, generally corresponding with the level of the net credit receivable and lease portfolio financed and the change in payables owed to the Equipment Operations. The credit subsidiaries' ratio of total interest-bearing debt to stockholder's equity was 4.6 to 1 at January 31, 1994 compared with 3.8 to 1 at October 31, 1993 and 4.4 to 1 at January 31, 1993.

In January 1994, the Capital Corporation redeemed $40 million of its 9.35% subordinated debentures due 2003. During the first quarter of 1994, the Capital Corporation also retired $103 million of medium-term notes.

Consolidated

The parent, Deere & Company, maintains unsecured lines of credit with various banks in North America and overseas. Some of the lines are available to both the Equipment Operations and certain credit subsidiaries. Worldwide lines of credit totaled $3,439 million at January 31, 1994, $1,770 million of which were unused. For the purpose of computing unused credit lines, total short-term borrowings, excluding the current portion of long-term borrowings, were considered to constitute utilization. Included in the total credit lines are two long-term credit agreement commitments totaling $2,449 million.

Stockholders' equity was $2,144 million at January 31, 1994 compared with $2,085 million at October 31, 1993 and $1,469 million at January 31, 1993. The increase of $59 million in the first three months of 1994 resulted primarily from net income of $87 million and an increase in common stock of $14 million, partially offset by dividends declared of $43 million.

The Board of Directors at its meeting on February 23, 1994 declared a quarterly dividend of 50 cents per share payable May 2, 1994 to stockholders of record on March 31, 1994.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

See Note (12) to the Interim Financial Statements.

Item 2. Changes in Securities

On January 4, 1994, Deere & Company redeemed all of its outstanding 8% debentures due 2002.

Item 3. Defaults upon Senior Securities

None

Item 4. Submission of Matters to a Vote of Security Holders

(a,c) None

Item 5. Other Information

None

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

See the index to exhibits immediately preceding the exhibits filed with this report.

Certain instruments relating to long-term debt constituting less than 10% of the registrant's total assets are not filed as exhibits herewith pursuant to Item 601(b)(4)(iii) of Regulation S-K. The registrant will file copies of such instruments upon request of the Commission.

(b) Reports on Form 8-K

Current Reports on Form 8-K dated November 17, 1993 (item 5), December 7, 1993 (items 5 and 7) and January 13, 1994 (item 5).

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

DEERE & COMPANY

Date: March 8, 1994 By s/ P. E. Leroy
P. E. Leroy
Senior Vice President
(Chief Financial Officer)

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Exhibit 11

DEERE & COMPANY AND CONSOLIDATED SUBSIDIARIES

COMPUTATION OF NET INCOME PER SHARE

(Shares and dollars in thousands except per share amounts)

	For the Three Months Ended January 31	
	1994	1993
1. Net income (loss)	$87,015	$(1,142,201)
2. Adjustment - Interest expense, after tax benefit, applicable to convertible debentures outstanding	15	15
3.Net income (loss) applicable to common stock - before interest applicable to convertible debentures	$87,030	$(1,142,186)
PRIMARY NET INCOME PER COMMON SHARE:		
Shares:		
4.Weighted average number of common shares outstanding	85,592	77,291
5. Incremental shares:		
Dilutive common stock options	864	89
Dilutive stock appreciation rights	66	4
Total incremental shares	930	93
6. Primary net income (loss) per common share (1 divided by 4)	$ 1.02 *	$ (14.78)*
FULLY DILUTED NET INCOME PER COMMON SHARE:		
Shares:		
7. Weighted average number of common shares outstanding	85,592	77,291
8. Incremental shares:		
Dilutive common stock options	935	201
Dilutive stock appreciation rights	66	9

9. Common equivalent shares from assumed conversion of convertible debentures:		
5-1/2% debentures due 2001	47	53
10. Total	86,640	77,554
11. Fully diluted net income (loss) per common share (3 divided by 10)	$ 1.02 *	$ (14.78)*

* Net income per common share outstanding was used in the designated calculations since the dilutive effect of common stock options, stock appreciation rights and assumed conversion of convertible debentures was either immaterial or anti-dilutive.

EXHIBIT 12

DEERE & COMPANY AND CONSOLIDATED SUBSIDIARIES
COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES

	Three Months Ended January31 (unaudited)	
	1994	1993
Earnings:		
Income (loss) of consolidated group before income taxes and accounting changes	$133,422	$(55,508)
Dividends received from less-than-fifty-percent owned affiliates	514	144
Fixed charges net of capitalized interest	72,722	96,668
Total earnings	$206,658	$ 41,304
Fixed charges:		
Interest expense of consolidated group (includes capitalized interest)	$ 71,190	$ 95,461
Portion of rental charges deemed to be interest	1,532	1,680
Total fixed charges	72,722	$ 97,141
Ratio of earnings to fixed charges	2.84	*

DEERE & COMPANY AND CONSOLIDATED SUBSIDIARIES
COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES

	Year Ended October 31		
	1993	1992	1991
	(In thousands of dollars)		
Earnings:			
Income (loss) of consolidated group before income taxes and accounting changes	$272,345	43,488	$(26,176)
Dividends received from less-than-fifty-percent owned affiliates	1,706	2,325	6,229
Fixed charges net of capitalized interest	375,238	420,133	454,092
Total earnings	$649,289	$465,946	$434,145
Fixed charges:			
Interest expense of consolidated group (includes capitalized interest)	$369,325	$415,205	$451,936
Portion of rental charges deemed to be interest	6,127	6,720	4,088
Total fixed charges	$375,452	$421,925	$456,024
Ratio of earnings to fixed charges	1.73	1.10	*

DEERE & COMPANY AND CONSOLIDATED SUBSIDIARIES
COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES

	Year Ended October 31	
	1990	1989
	(In thousands of dollars)	
Earnings:		
Income (loss) of		

consolidated group before income taxes and accounting changes	$587,528	$539,126
Dividends received from less-than-fifty-percent owned affiliates	7,775	1,200
Fixed charges net of capitalized interest	439,200	412,041
Total earnings	$1,034,503	$952,367
Fixed charges:		
Interest expense of consolidated group (includes capitalized interest)	$ 435,217	$406,583
Portion of rental charges deemed to be interest	3,983	5,468
Total fixed charges	$ 439,200	$412,051
Ratio of earnings to fixed charges	2.36	2.31

The computation of the ratio of earnings to fixed charges is based on applicable amounts of the Company and its consolidated subsidiaries plus dividends received from less-than fifty percent owned affiliates. "Earnings" consist of income before income taxes, accounting changes and fixed charges excluding capitalized interest. "Fixed charges" consist of interest on indebtedness, amortization of debt discount and expense, an estimated amount of rental expense which is deemed to be representative of the interest factor, and capitalized interest.

* For the three months ended January 31, 1993 and the year ended October 31, 1991, earnings available for fixed charges coverage were $56 million less and $22 million less, respectively, than the amount required for a ratio of earnings to fixed charges of 1.0.

** The Company has not issued preferred stock, therefore, the ratios of earnings to combined fixed charges and preferred stock dividends are the same as the ratios presented above.