

DEERE & CO
Form 8-K
June 03, 2013

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 OR 15(d) of The Securities Exchange Act of 1934

Date of Report: **June 3, 2013**

(Date of earliest event reported)

DEERE & COMPANY

(Exact name of registrant as specified in its charter)

DELAWARE
(State or other jurisdiction of incorporation)

1-4121
(Commission File Number)

36-2382580
(IRS Employer Identification No.)

One John Deere Place

Moline, Illinois 61265

(Address of principal executive offices and zip code)

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(309) 765-8000

(Registrant's telephone number, including area code)

(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 7.01

Regulation FD Disclosure

Deere & Company
One John Deere Place, Moline, IL 61265 USA
Phone: 309-765-8000
www.JohnDeere.com

DEERE TO RELEASE MONTHLY RETAIL-SALES COMMENT

MOLINE, IL (3 June 2013) Deere & Company today said it expects to release commentary on May retail sales next week. The company's statement will be available in the form of a recorded message, accessible by telephone or over the Internet, after the monthly announcement of industry sales by the Association of Equipment Manufacturers. The AEM report is normally made public on or around the tenth day of the month.

Deere's statement will provide comment about the AEM data and other information concerning company retail sales of farm machinery, selected turf & utility equipment, and construction equipment.

The company's comments will be available on the Internet at www.JohnDeere.com/Investors, or by phone at (309) 765-5149. The information is expected to be available by telephone shortly before it is posted on the website.

Other information regarding developments at Deere may also be posted on the company website from time to time.

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Deere & Company (NYSE: DE) is a world leader in providing advanced products and services and is committed to the success of customers whose work is linked to the land - those who cultivate, harvest, transform, enrich and build upon the land to meet the world's dramatically increasing need for food, fuel, shelter and infrastructure. Since 1837, John Deere has delivered innovative products of superior quality built on a tradition of integrity. For more information, visit John Deere at its worldwide website at www.JohnDeere.com.

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----- 31,006 30,000 Less current maturities 6 ----- \$31,000 \$30,000 =====

Note 6 - Other general corporate income (expense), net: Three months ended Six months ended June 30, June 30,
----- 2002 2003 2002 2003 ---- (In thousands) Interest income \$
111 \$ 35 \$ 295 \$ 86 Foreign currency transactions, net (640) (29) (930) (624) Defined benefit pension plan
settlement gain -- -- 677 -- Other, net 73 (3) (187) 50 ----- \$(456) \$ 3
\$(145) \$(488) ===== Note 7 - Provision for income taxes: Three months ended Six months
ended June 30, June 30, ----- 2002 2003 2002 2003 ---- (In thousands) Expected
tax expense \$ 549 \$ 192 \$ 1,301 \$ 541 Non-U.S. tax rates (116) -- (203) (67) Incremental
U.S. tax on earnings of foreign subsidiaries 735 119 783 336 State income taxes (7) 83 10
109 Other, net (424) (152) (337) (238) ----- \$ 737 \$ 242 \$ 1,554 \$ 681 =====

===== Note 8 - Foreign currency forward contracts: Certain of the Company's sales generated by
its non-U.S. operations are denominated in U.S. dollars. The Company periodically uses currency forward contracts to
manage a portion of foreign exchange rate market risk associated with receivables, or similar exchange rate risk
associated with future sales, denominated in a currency other than the holder's functional currency. At each balance
sheet date, any such outstanding currency forward contract is marked to market with any resulting gain or loss
recognized in income currently. These contracts are not accounted for as hedging instruments under SFAS No. 133.
At December 31, 2002, the Company held a series of contracts to manage such exchange rate risk to exchange an
aggregate of U.S. \$2.5 million for an equivalent amount of Canadian dollars at an exchange rate of Cdn. \$1.57 per
U.S. dollar. Such contracts matured through January 2003. At June 30, 2003, the Company held a series of contracts
to manage such exchange rate risk to exchange an aggregate of U.S. \$4.2 million for an equivalent amount of
Canadian dollars at exchange rates of Cdn. \$1.34 to Cdn. \$1.38 per U.S. dollar. Such contracts mature through August
2003.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF
OPERATIONS - ----- Overview The Company reported
net income of \$.3 million in the second quarter of 2003, a decrease of 63% from net income of \$.8 million for the
second quarter of 2002. The Company reported net income of \$.9 million in the first six months of 2003, a 60%
decrease from net income of \$2.2 million in the first six months of 2002. CompX anticipates continuing its focus on
opportunities to rationalize its cost structure throughout 2003. As part of this initiative, CompX has consolidated its
two Kitchener, Ontario plants into a single facility. Expenses relating to this consolidation were approximately \$.8
million in the first six months of 2003 (\$.4 million in the three months ended June 30, 2003) and are included in cost
of goods sold. Cost benefits associated with such consolidation are expected to begin to be realized in the second half
of 2003. In addition, other cost evaluations are also under review at all locations, particularly with respect to the
CompX Regout operations. Such evaluations could result in further headcount reductions and other charges for asset
impairment, including goodwill, in the last half of 2003, which could be material.

Results of Operations Three months ended Six months ended June 30, % June 30, % ----- 2002 2003 Change 2002 2003 Change
----- (In thousands) (In thousands) Net sales: CompX Waterloo/CompX Regout \$31,725 \$
30,871 -3% \$62,113 \$ 63,462 2% CompX Security Products ... 19,292 18,835 -2% 37,473 37,264 -1% -----
----- Total net sales \$51,017 \$ 49,706 -3% \$99,586 \$ 100,726 1% =====
===== Operating income (loss): CompX Waterloo/CompX Regout \$ 303 \$ (1,600) -628% \$ 714 \$ (1,993)
-379% CompX Security Products ... 2,376 2,468 4% 4,485 4,691 5% ----- Total operating
income .. \$ 2,679 \$ 868 -68% \$ 5,199 \$ 2,698 -48% =====
Operating income margin: CompX Waterloo/CompX Regout 1% -5% 1% -3% CompX Security Products ... 12% 13%
12% 13% Total operating income margin 5% 2% 5% 3% Sales for the respective product lines in the
second quarter of 2002 and 2003 are as follows: Three months ended Six months ended June 30, % June 30, %
----- 2002 2003 Change 2002 2003 Change ---- (In thousands) (In
thousands) Precision ball-bearing slides \$22,239 \$21,340 -4% \$ 42,777 \$ 44,509 4% Security products 19,292
18,835 -2% 37,473 37,264 -1% Ergonomic computer support systems 7,430 7,101 -4% 15,267 13,889
-9% Other products 2,056 2,430 18% 4,069 5,064 24% ----- \$51,017 \$49,706 -3% \$
99,586 \$100,726 1% ===== Net sales. Net sales decreased \$1.3 million, or 3%,
to \$49.7 million in the second quarter of 2003 from \$51.0 million in the second quarter of 2002. Net sales increased
\$1.1 million or 1% in the first six months of 2003 from \$99.6 million in the first six months of 2002. Favorable
fluctuations in currency exchange rates had a positive impact of \$1.9 million and \$3.6 million in the second quarter

and first six months of 2003, respectively. Excluding the effects of changes in currency exchange rates, the decrease in sales in the second quarter of 2003 is principally due to unit sales volume decreases of precision ball-bearing slides. The decrease in precision ball-bearing slides sales volume is primarily due to the continued softness in demand for office furniture and such decline is consistent with the report of the Business and Institutional Furniture Manufacturer's Association (BIFMA), which indicated that North American office furniture shipments were down 8.5% for the first five months of 2003. Sales for the first six months of 2003 would have decreased 3% as compared to the first six months of 2002, if the effects of currency exchange rates had been excluded. Such decrease is primarily due to sales volume decreases of ergonomic computer support systems which are also impacted by soft demand for office furniture as well as ongoing weakness in the overall economic environment. Cost of goods sold. The Company's cost of goods sold increased 1% in the second quarter of 2003 compared to 2002 while net sales decreased 3% during the same period. Cost of goods sold increased 5% in the first six months of 2003 compared to 2002, while net sales increased 1%. The Company's gross margin percentage decreased from 19% in the second quarter of 2002 to 16% in the second quarter of 2003 and decreased from 20% to 17% in the first six months of 2003 as compared to the first six months of 2002. The disproportionate change in cost of goods sold and its effect on gross margins was primarily due to fluctuations in currency exchange rates that negatively impacted cost of goods sold by approximately \$2.5 million and \$4.3 million for the three and six month periods ended June 30, 2003, respectively. Lower revenues from the decline in unit sales of higher-margin ergonomic products as well as the expenses incurred in the first six months of 2003 related to consolidation of the Company's two Canadian facilities also negatively impacted cost of goods sold. In addition, CompX Regout was negatively impacted in the second quarter of 2003 by continued softening of the European economy which resulted in lower sales and manufacturing inefficiencies due to reduced levels of capacity utilization. Operating income. Operating income in the second quarter of 2003 was \$.9 million compared to \$2.7 million for the second quarter of 2002, decreasing 68% from the second quarter of 2002. Similarly, operating income in the first six months of 2003 decreased 48% from \$5.2 million in the first six months of 2002. As a percentage of net sales, operating income was 2% for the second quarter of 2003 compared to 5% for the second quarter of 2002 and 3% for the first-six months of 2003 compared to 5% for the same period in 2002. Despite the positive effects of continued cost reductions and certain price increases, operating income in the second quarter of 2003 declined as compared to the second quarter of 2002 due to the unfavorable effects of changes in the sales mix (particularly at the CompX Waterloo/CompX Regout segment), unfavorable relative changes in currency exchange rates, expenses associated with the consolidation of the Company's Canadian facilities and weak demand due to continued declines in the overall European economy. CompX has substantial operations and assets located outside the United States (principally in Canada, the Netherlands and Taiwan). A portion of CompX's sales generated from its non-U.S. operations are denominated in currencies other than the U.S. dollar, principally the Canadian dollar, the euro and the New Taiwan dollar. In addition, a portion of CompX's sales generated from its non-U.S. operations are denominated in the U.S. dollar. Most raw materials, labor and other production costs for such non-U.S. operations are denominated primarily in local currencies. Consequently, the translated U.S. dollar value of CompX's foreign sales and operating results are subject to currency exchange rate fluctuations which may favorably or unfavorably impact reported earnings and may affect comparability of period-to-period operating results. During the second quarter and first six months of 2003, currency exchange rate fluctuations of the Canadian dollar and the euro positively impacted the Company's sales comparisons with the corresponding period of the prior year (principally with respect to slide products) and exchange rate fluctuations of the Canadian dollar, the New Taiwan dollar and the euro negatively impacted the Company's operating income comparisons for the corresponding periods. The following table summarizes the effect of currency exchange rate fluctuations for the three and six month periods ended June 30, 2002 and 2003: Percentage change - Percentage change - three months ended six months ended June 30, 2002 vs. 2003 June 30, 2002 vs. 2003

	Including effects of currency fluctuations		Excluding effects of currency fluctuations	
	Three months ended June 30, 2002 vs. 2003	Six months ended June 30, 2002 vs. 2003	Three months ended June 30, 2002 vs. 2003	Six months ended June 30, 2002 vs. 2003
Net sales: CompX Waterloo/CompX Regout	-3%	-9%	2%	-4%
CompX Security Products	-2%	-2%	-1%	-1%
Total net sales	-3%	-6%	1%	-3%
Operating income (loss): CompX Waterloo/CompX Regout	-628%	-201%	-379%	-110%
CompX Security Products	4%	4%	5%	5%
Total operating income	-68%	-19%	-48%	-11%

Outlook. While signs of recovery are beginning to surface in the overall economy, the Company has not experienced a strengthening in customer orders as of the end of the second quarter of 2003. For the remainder of the year, the Company does not expect this situation to change significantly since a majority of CompX's customers are in the office furniture industry, which tends to lag

behind the overall economy in a recovery. Additionally, the European office furniture industry experienced continued economic decline in the spring that has put added pressure on operating results. In response to the current economic conditions, CompX continues to focus on improving lean manufacturing efficiency and cost improvement initiatives as well as pursuit of business opportunities for its products outside of the office furniture industry. Additionally, due to the continued challenges of the European economy, the Company is currently undergoing an analysis of cost savings initiatives and strategic alternatives with respect to its European operations. This analysis, which is expected to be completed by the end of the third quarter of 2003, may result in charges for asset impairment, including goodwill, and other restructuring charges during the second half of 2003. The Company believes its balance sheet, which has enabled spending on growth and profitability improvement initiatives despite the difficulties of the market environment, continues to provide the ability to take advantage of new business opportunities as they arise.

General Corporate and Other Items Other general corporate income (expense), net. The components of other general corporate income (expense), net are summarized in Note 6 to the Consolidated Financial Statements, and primarily include interest income, foreign currency transaction gains and losses, gains and losses on disposals of other assets and a settlement gain relating to CompX's terminated defined benefit pension plan in 2002. Interest income decreased in the second quarter and first six months of 2003 as compared to the corresponding periods in 2002 primarily due to a lower level of funds available for investment. Interest expense. Interest expense declined in the second quarter and first six months of 2003 compared to the corresponding periods in 2002 due primarily to lower average levels of borrowing under CompX's Revolving Bank Credit Agreement offset, in part, by higher interest rates on the Company's outstanding indebtedness. For the second half of 2003, interest expense is expected to be slightly higher than the same period in 2002 due to higher interest rates charged under the Company's new Revolving Bank Credit Agreement entered into in January 2003. Provision for income taxes. The principal reasons for the difference between CompX's effective income tax rates and the U.S. federal statutory income tax rates are explained in Note 7 to the Consolidated Financial Statements. Income tax rates vary by jurisdiction (county and/or state), and relative changes in the geographic mix of CompX's pre-tax earnings can result in fluctuations in the effective income tax rate.

Liquidity and Capital Resources Consolidated cash flows Operating activities. Trends in cash flows from operating activities, excluding changes in assets and liabilities have generally been similar to the trends in the Company's earnings. Net cash provided by operating activities, excluding changes in assets and liabilities, totaled \$8.2 million and \$7.3 million in the first six months of 2002 and 2003, respectively, compared to net income of \$2.2 million and \$.9 million, respectively. Changes in assets and liabilities result primarily from the timing of production, sales and purchases. Such changes in assets and liabilities generally tend to even out over time and result in trends in cash flows from operating activities generally reflecting earnings trends. Investing activities. Net cash used by investing activities totaled \$7.5 million and \$4.2 million in the first six months of 2002 and 2003, respectively, and substantially consisted of capital expenditures. Capital expenditures for 2003 relate primarily to equipment additions designed to increase automation and improve manufacturing efficiencies at the Company's facilities. Capital expenditures for the remainder of 2003 are estimated at approximately \$4 million to \$5 million, the majority of which relate to projects that emphasize improved production efficiency and the shifting of production capacity to lower cost facilities. Firm purchase commitments for capital projects not commenced at June 30, 2003 approximated \$1.4 million. Financing activities. Net cash used by financing activities totaled \$22.8 million and \$3.3 million in the first six months of 2002 and 2003, respectively. The Company paid a quarterly dividend of \$1.9 million, or \$.125 per share, in the first quarter of 2003 and suspended its regular quarterly dividend starting in the second quarter of 2003. Depending upon the Company's future operations and requirements for cash, it is possible the Company may decide to reinstate its quarterly dividend. Under the terms of the Company's \$47.5 million secured Revolving Bank Credit Agreement, \$17.5 million was available for future borrowing at June 30, 2003. The credit agreement is collateralized by substantially all of the Company's United States assets and at least 65% of the ownership interests in the Company's first-tier non-United States subsidiaries. Provisions contained in the Credit Agreement could result in the acceleration of the indebtedness prior to its stated maturity for reasons other than defaults such as failing to comply with typical financial covenants. For example, the Company's Credit Agreement allows the lender to accelerate the maturity of the indebtedness upon a change of control (as defined) of the borrower. The terms of the Credit Agreement could result in the acceleration of all or a portion of the indebtedness following a sale of assets outside of the ordinary course of business. Management believes that cash generated from operations and borrowing availability under the Company's Revolving Bank Credit Agreement, together with cash on hand, will be sufficient to meet the Company's liquidity needs for working capital,

capital expenditures and debt service. To the extent that the Company's actual operating results or other developments differ from the Company's expectations, CompX's liquidity could be adversely affected. The Company periodically evaluates its liquidity requirements, alternative uses of capital, capital needs and available resources in view of, among other things, its capital expenditure requirements, dividend policy and estimated future operating cash flows. As a result of this process, the Company has in the past and may in the future seek to raise additional capital, refinance or restructure indebtedness, issue additional securities, modify its dividend policy, repurchase shares of its common stock or take a combination of such steps or other steps to manage its liquidity and capital resources. In the normal course of business, the Company may review opportunities for acquisitions, divestitures, joint ventures or other business combinations in the component products industry. In the event of any such transaction, the Company may consider using its then available cash, issuing additional equity securities or increasing the indebtedness of the Company or its subsidiaries. Forward Looking Information As provided by the safe harbor provisions of the Private Securities Litigation Reform Act of 1995, the Company cautions that the statements in this Quarterly Report on Form 10-Q relating to matters that are not historical facts are forward-looking statements that represent management's beliefs and assumptions based on currently available information. Forward-looking statements can be identified by the use of words such as "believes," "intends," "may," "should," "anticipates," "expects" or comparable terminology, or by discussions of strategies or trends. Although the Company believes that the expectations reflected in such forward-looking statements are reasonable, it cannot give any assurances that these expectations will prove to be correct. Such statements by their nature involve substantial risks and uncertainties that could significantly impact expected results, and actual future results could differ materially from those described in such forward-looking statements. Among the factors that could cause actual future results to differ materially are the risks and uncertainties discussed in this Quarterly Report and those described from time to time in the Company's other filings with the Securities and Exchange Commission. While it is not possible to identify all factors, the Company continues to face many risks and uncertainties including, but not limited to the following: o Future supply and demand for the Company's products, o Changes in costs of raw materials and other operating costs (such as energy costs), o General global economic and political conditions, o Demand for office furniture, o Service industry employment levels, o The possibility of labor disruptions, o The ability to implement headcount reduction in a cost effective manner within the constraints of non-U.S. governmental regulations, o Competitive products and prices, including increased competition from low-cost manufacturing sources (such as China), o Substitute products, o Customer and competitor strategies, o The introduction of trade barriers, o The impact of pricing and production decisions, o Fluctuations in the value of the U.S. dollar relative to other currencies (such as the euro, Canadian dollar and New Taiwan dollar), o Potential difficulties in integrating completed acquisitions, o Uncertainties associated with new product development, o Environmental matters (such as those requiring emission and discharge standards for existing and new facilities), o The ultimate outcome of income tax audits, o The impact of current or future government regulations, o Possible future litigation and o Other risks and uncertainties. Should one or more of these risks materialize (or the consequences of such a development worsen) or should the underlying assumptions prove incorrect, actual results could differ materially from those forecasted or expected. The Company disclaims any intention or obligation to update publicly or revise such statements whether as a result of new information, future events or otherwise.

Non-GAAP Financial Measures In an effort to provide investors with additional information regarding the Company's results of operations as determined by accounting principles generally accepted in the United States of America ("GAAP"), the Company has disclosed certain non-GAAP information which the Company believes provides useful information to investors: o The Company discloses percentage changes in its sales and operating income excluding the effects of foreign currency translation, so that such changes can be analyzed without the impact of changes in foreign currency exchange rates, thereby facilitating period-to-period comparisons.

ITEM 4. Controls and Procedures. The Company maintains a system of disclosure controls and procedures. The term "disclosure controls and procedures," as defined by regulations of the Securities and Exchange Commission (the "SEC"), means controls and other procedures that are designed to ensure that information required to be disclosed in the reports that the Company files or submits to the SEC under the Securities Exchange Act of 1934, as amended (the "Act"), is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by the Company in the reports that it files or submits to the SEC under the Act is accumulated and communicated to the Company's management, including its principal executive officer and its principal financial officer, or persons

performing similar functions, as appropriate to allow timely decisions to be made regarding required disclosure. Each of David A. Bowers, the Company's Vice Chairman of the Board, President and Chief Executive Officer, and Darryl R. Halbert, the Company's Vice President, Chief Financial Officer and Controller, have evaluated the Company's disclosure controls and procedures as of June 30, 2003. Based upon their evaluation, these executive officers have concluded that the Company's disclosure controls and procedures are effective as of the date of such evaluation. The Company also maintains a system of internal controls over financial reporting. The term "internal control over financial reporting," as defined by regulations of the SEC, means a process designed by, or under the supervision of, the Company's principal executive and principal financial officers, or persons performing similar functions, and effected by the Company's board of directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the United States of America ("GAAP"), and includes those policies and procedures that:

- o Pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the Company.
- o Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with GAAP, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company, and
- o Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the Company's consolidated financial statements.

There has been no change to the Company's system of internal controls over financial reporting during the quarter ended June 30, 2003 that has materially affected, or is reasonably likely to materially affect, the Company's system of internal controls over financial reporting.

Part II. OTHER INFORMATION

ITEM 4. Submission of Matters to a Vote of Security Holders. The Company held its Annual Meeting of Stockholders on May 19, 2003. Paul M. Bass, Jr., David A. Bowers, Keith R. Coogan, Edward J. Hardin, Ann Manix, Glenn R. Simmons and Steven L. Watson were elected as directors, each receiving votes "For" their election from over 98% of the approximately 105.1 million votes eligible to be voted at the Annual Meeting.

ITEM 6. Exhibits and Reports on Form 8-K. (a) Exhibits The Company has retained a signed original of any exhibit listed below that contains signatures, and the Company will provide any such exhibit to the Commission or its staff upon request.

10.1 Intercorporate Services Agreement between the Registrant and Contran Corporation effective as of January 1, 2003. 31.1 Certification. 31.2 Certification. 32.1 Certification. 32.2 Certification. (b) Reports on Form 8-K Reports on Form 8-K for the quarter ended June 30, 2003: April 24, 2003 - Reported item 9. May 20, 2003 - Reported item 9.

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.

COMPX INTERNATIONAL INC. ----- (Registrant) Date August 4, 2003 By /s/ Darryl R. Halbert
----- Darryl R. Halbert Vice President, Chief Financial Officer and Controller