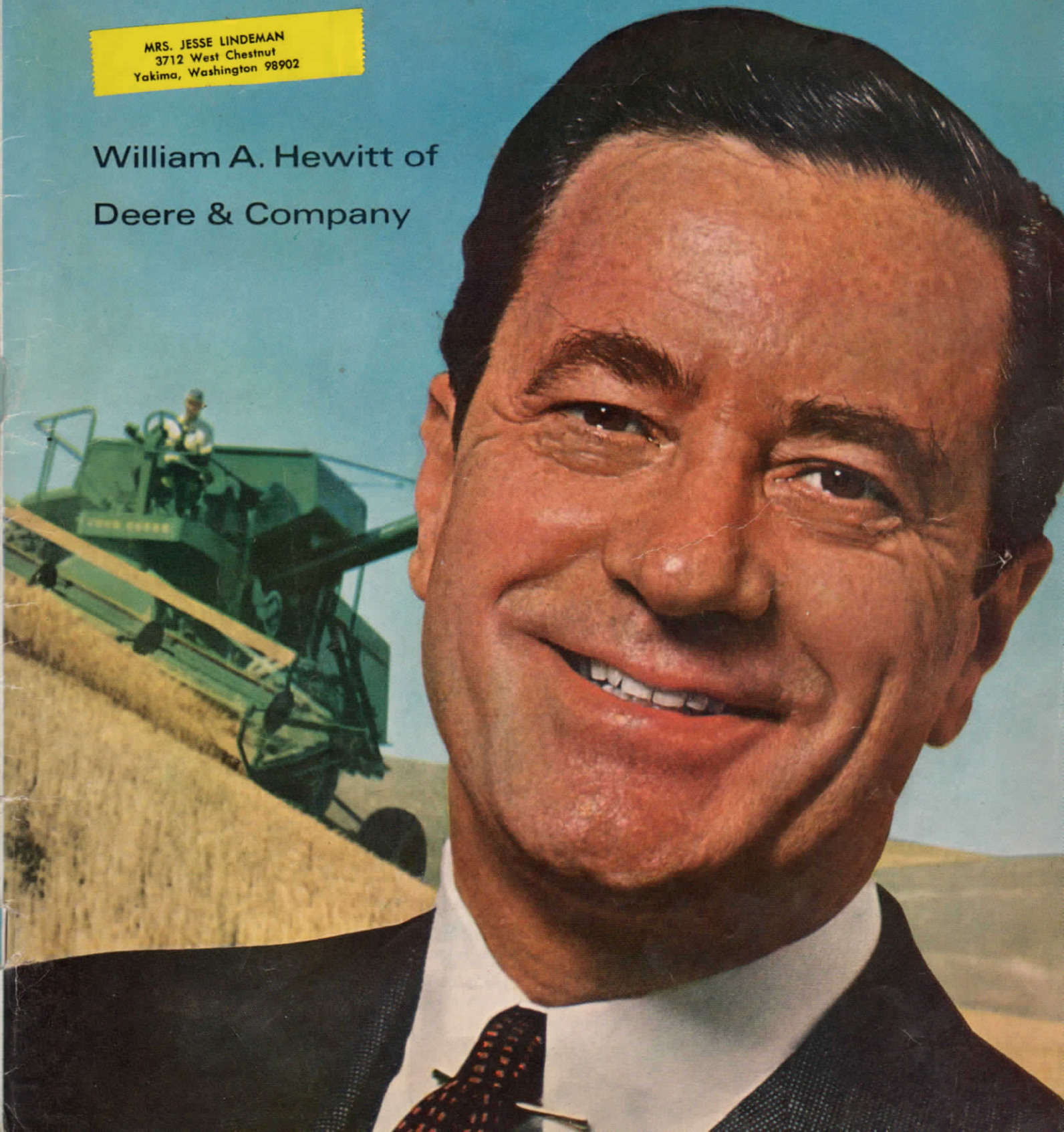


JUNE 15, 1966 / FIFTY CENTS

★ FORBES

MRS. JESSE LINDEMAN
3712 West Chestnut
Yakima, Washington 98902

William A. Hewitt of
Deere & Company



DEERE & COMPANY

MOLINE, ILLINOIS 61265

WILLIAM A. HEWITT
CHAIRMAN

18 July 1966

Mr. J. G. Lindeman
3712 West Chestnut
Yakima, Washington

Dear Jesse:

I was delighted to receive your letter of 13 July in which you told of having read the FORBES article. I agree that in general it was a pleasantly favorable article but I regret that the reporter took too much poetic license with the spelling of your name.

It certainly is true that there have been many changes during the past eleven years, and I must admit that I have enjoyed participating in them. Working for Deere & Company has proven to be a stimulating and exciting challenge.

Tish and I often think of you and Jane and Joe, and we wish that you would have an occasion to stop by and see us one of these days.

Best regards,

Sincerely,



William A. Hewitt

WAH/bd



Deere & Co.

Without benefit of mergers, financial razzle-dazzle, far-out technology or elaborate diversification, family-run Deere & Co. has built a \$1-billion enterprise in the homely old farm machinery industry. Its secret: simple good management.

MOLINE, East Moline and Rock Island in Illinois, and Davenport in Iowa, the so-called Quad Cities, face each other at the confluence of the Rock and Mississippi Rivers. Like most U.S. urban areas, these four little cities suffer from downtown decay: Moline's railroad station and nearby Le Claire Hotel are almost deserted of an evening. People in the area on business stay in motels out near the airport or the interstate highways.

Accepting all this, Moline's Deere & Co. has abandoned its four-story brick downtown headquarters—but not Moline. Unlike many another mid-western company, Deere has resisted the temptation to move to Chicago or, farther afield, to Manhattan. Rooted in the farm belt as few other companies are, Deere has chosen to keep its head where its heart is. Instead of moving to the Big City, Deere has brought sophistication and style to Moline. Its new headquarters are in a superb brown stone and black steel

building (the last designed by the famed Eero Saarinen) set into the countryside the way Saarinen liked to set his buildings.

The headquarters, blending the best in modern architecture with a rural setting, exactly symbolizes Deere's single-minded but progressive dedication to farming. That dedication has built Deere from a medium-sized family firm into the world's largest manufacturer of farm equipment, with estimated sales by the end of this fiscal year (Oct. 31) of over \$1 billion and earnings that could approach \$80 million.

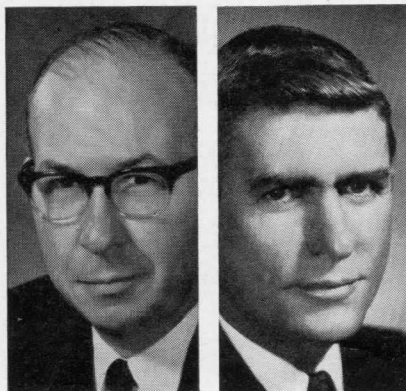
Furthermore, Deere has poured out nearly a quarter of a billion dollars in the last ten years—and in the last four years lost about \$17 million of it—in laying the foundation for the great overseas structure it is building. Yet it continues to lead its industry in profitability by a country mile.

For example, in the past five years Deere has racked up margins averag-

ing 6.6 cents per sales dollar vs. 3 cents for White Motor, a little under 4 cents for International Harvester and a little over 4 cents for Massey-Ferguson. Such competitors as Allis-Chalmers and J.I. Case were so badly outdistanced as to be hardly in the same league. It is true that Harvester, Allis-Chalmers and White get much or most of their sales from fields outside farm machinery. But those other fields—primarily electrical equipment, construction machinery and the heavy-truck business where Harvester and White are No. One and No. Two respectively—have had as much of a boom lately as farm machinery.

Such profitability is nothing new at Deere. Nearly a decade ago FORBES compared Deere's pretax margins with those of Harvester and Case for the years 1951 through 1956, found that Deere outpaced its two rivals by an average of at least 2-to-1.

What are the secrets of Deere's success? It would make intriguing read-



The Team. Headed by Chairman William A. Hewitt (pictures at top), Deere & Co. should hit \$1 billion in sales this year. Helping Hewitt to guide Deere are: (from left to right) Ellwood F. Curtis, 52, one time accountant who came up through the financial side to the presidency; Joseph Dain Jr., 48, vice president for corporate planning and grandson of a former director; Carlyle R. Carlson Jr., 65, and George T. French, 55, senior vice presidents who have spent their entire business lives with Deere.



ing if it could be ascribed to some shrewd master plan, or to a single dramatic decision agonizingly taken.

The truth is both simpler and more complicated. Deere* got where it is today by knowing clearly what kind of a company it was, and then doing a magnificent job of managing both its opportunities and its problems.

As might be expected with a company that can trace its history back 129 years to the inventor of the plow that broke the plains (see box, p. 34), Deere enjoys an almost ferocious loyalty from many a U.S. farmer. A major factor, of course, is Deere's 3,400-man domestic dealer organization, probably the strongest in the industry. Deere dealers, to be sure, have no monopoly on brains, but they do have the unmistakable advantage of tradition in a business where stability has a lot to recommend it. Almost a full 25% of Deere's dealers are the sons and grandsons of Deere dealers.

So strong a dealer network is more important than ever these days. A complicated set of equipment including tractors, gang plows, cultivators, harvesters, loaders, etc., costing as high as \$50,000 for a single good-sized farm, can be too much even for the fabled mechanical ingenuity of the American farmer. The dealer must furnish repair service and furnish it fast, for the farmer can't afford down time. The dealer must be able to give fast delivery. He must have the know-how and the personnel to tailor equipment combinations for each customer's particular land and crop problems.

These two groups, its customers and its dealers, are the only two that really concern Deere. The company cares little for its "corporate image" in the Madison Avenue sense: It advertises, for example, almost entirely in farm journals. But it cares a great deal what farmers think about any piece of equipment that bears the green and yellow Deere colors and the Deere prancing stag symbol.

It might be hard to prove the company's claim that it built the first plow with a seat for the farmer to ride, instead of trudging along in the soil. But it is unquestionably true that the seats on Deere equipment were designed by Dr. Janet Travell, the physician who ministered to the back troubles of the late President Kennedy. (Industrial designer Henry Dreyfuss is responsible for making sure that every piece of equipment looks like "part of the Deere line.")

Another crucial factor in Deere's

*Recent price: 70½. 1966 Range: 75½-517½.
Dividend (fiscal 1965): \$1.55. Ind. fis. 1966: \$1.60.
Earnings per share (1965): \$3.68.
Common shares: 14,729,847.

success is its unbroken lineage as an owner-managed company. For five management generations control and operation of the company have remained in the family; close to 15% of the company's stock, and with it firm control of the company, is still in family hands. Not only the family's fortunes but its reputation as well rest on Deere. Small chance here of lackadaisical management.

Contrast this with International Harvester, where ownership and control have long been separated and the managers have had a minimal stake. Set up by J.P. Morgan in a 1902 merger of five midwestern farm equipment companies, Harvester soon fell under the sway of the Midwest Establishment, which guided it with the conservatism that has marked so many Chicago area companies (for example, Crane, Montgomery Ward). Not until the late Fifties, for instance, did Harvester adopt a rule forbidding outside directors from serving after age 70 and former executives from serving more than a year after retirement—a change that within two years cost the company a third of its board membership. "For too many years," *Business Week* quoted a Harvester director as saying, "as long as there was cash to cover the dividend, few executives really cared how much the company made."

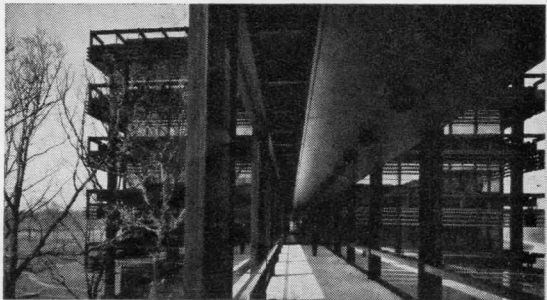
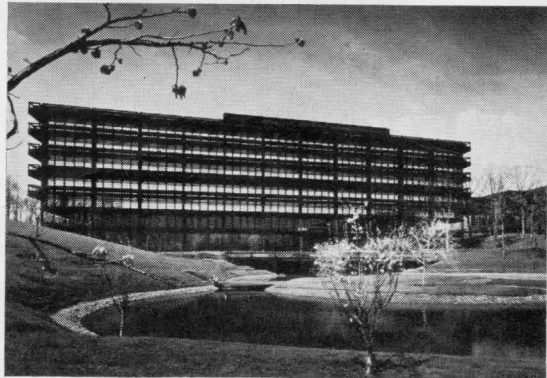
Making Its Move

By contrast, Deere, with all its eggs in one basket, was watching the basket carefully. This was never more clearly revealed than in the years when Deere was successfully challenging Harvester for the top spot as farm equipment maker for the U.S.-Canadian market. Fiscal 1956 was not an easy year for Deere's new chief executive William Hewitt, who only the year before had taken over after the death of his father-in-law. A dip in farm income plus a 19-week strike cut sales by 8% to \$314 million, earnings by 29% to \$20 million, or \$1.30 per share.

At this point, Deere might have pulled back. Instead, it put its feel for the farm market to good use. It saw that tight money had begun to affect the farmers, after ten years during which they could usually afford to pay cash. Deere had started the year with working capital of over \$300 million and a 7-to-1 current ratio. Hewitt sought to use this hoard creatively by offering easier financing terms to his dealers. Specifically, Deere offered to accept from the dealer, without recourse, as full payment for machinery, any farmer's notes that could reasonably be regarded as sound.

The objective was spelled out in the 1957 annual report: "The new

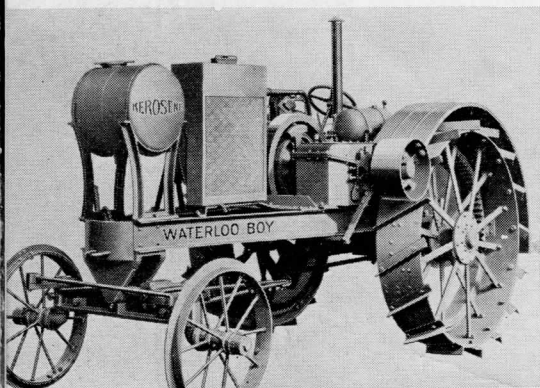
The Headquarters. One of the last buildings designed by the late Eero Saarinen, Deere & Co.'s main offices just outside Moline, melt unobtrusively into the landscape, yet command a pleasant prospect of ponds and budding trees. Inside, they are as modern and convenient as any new offices being built anywhere in the world, with sheltered walks joining various banks of offices and pleasant views everywhere.



YANKEE BLACKSMITH

IT SOUNDS like something out of a child's story book, but it's all true. The saga of John Deere began in Rutland, Vt. in 1804 when Thomas Jefferson was president and the U.S. had 6.1 million inhabitants. Apprenticed to a blacksmith in nearby Middlebury, he became a blacksmith himself. He married when he was 23 and sired a small family. Deere prospered modestly until the 1830s, when hard times forced him to pack his tools, leave his family and go west.

Settling in Grand Detour, Ill. (not too far from the Quad Cities), the Yankee blacksmith once more began making and repairing farmer's tools. Again and again he listened to his customers complain: "No plow will scour [that is, shed the dirt] in this heavy, sticky soil."



The 1918 "Waterloo Boy" tractor . . .

The prairie grasses, growing six feet tall, told the pioneers that the soil below was fantastically rich, but, alas, this rich black soil simply clung to the cast-iron plowshares.

\$300 a Ton! In 1837 Deere found an old piece of steel, set about building a steel plow. It was truly "The Plow That Broke the Plains." Deere was able to send for his family and within a few years was producing 1,000 plows a year in Grand Detour, bringing the special steel all the way from England. It cost him \$300 a ton, a fantastic sum for the time. Not until 1846 was he able to persuade a Pittsburgh steelmaker to supply what he needed.

The following year John Deere established his company in Moline, Ill. (to take advantage of the cheap water transportation); and in 1868 he incorporated it under the name of Deere & Co. In this same year Deere's son, Charles, became vice president. When John Deere died in 1886, Charles moved up to

the presidency. It was during these years that the company moved beyond the manufacture of plows and began to offer corn and cotton planters and cultivators. On Charles Deere's death in 1907, his son-in-law, William Butterworth, became the third president of the company.

Under Butterworth's direction, the company took on the form that—in much greater degree—it still has today. Taking advantage of the turn-of-the-century depression, the Deere company bought up six farm equipment firms so that it could offer a full line of farm equipment from planter to harvester. In 1918, it bought out the Waterloo Gas Engine Co., manufacturer of the "Waterloo Boy" tractor. When Charles Deere Wiman—John Deere's great-grandson—became president in 1928, he took over a company with a full line of agricultural equipment and which was already manufacturing the famous two-cylinder "putt-putt" tractors.

Wiman decided to put extra emphasis on research and engineering, which led to, among other things, the introduction of 16 new tractor models during the depression years of 1932 to 1940, and later to the development of the first automatic wire-tie hay baler.

The Boss' Daughter. The latest member of the family to head the company is William A. Hewitt, who is married to Wiman's daughter and John Deere's great-great-granddaughter, Patricia. Hewitt has followed in the footsteps of his father-in-law, opening the first research and engineering center devoted entirely to the design and testing of tractors.

Thus Deere is one of a dwindling handful of U.S. companies with roots that reach far back into the 19th century, and which are still controlled by the heirs of the founding family. Besides Deere, there is of course the giant firm of E.I. du Pont de Nemours & Co., founded in 1802, and the ancient textile concern of J.P. Stevens & Co., founded in 1813. Beyond those, companies with histories as old—and with the line of family management still unbroken—are few and far between.

For the record, and for Deere's future, Hewitt has a son, Alexander, 8, and twin daughters, Anna and Adrienne, 10. Says Hewitt, hopefully: "The girls are horse-mad, but the boy likes to putter around with tractors." ■

time and effort making their own credit arrangements. Such a policy is shrewd as a *credit* operation: International Harvester Credit Corp. sustained losses on most of its receivables of a mere one-hundredth to two-hundredths of 1% during these years, while it was supplying as much as 15% of the parent company's total earnings. But it is at least debatable how much it helped Harvester's farm equipment sales. The fact is that while Harvester was running a good credit operation, Deere was grabbing a sales lead it has held ever since.

Big New D

One remarkable thing about Deere's feat is that it was accomplished with a relatively obsolete line of tractors, which the company was in process of replacing with a new one. Ever since Deere bought its way into the tractor business in 1918 (*see box at left*), the company had made nothing bigger than its economical two-cylinder tractors, whose "putt-putt" exhaust had become almost as much a sound of spring as the chirp of the robins. Now it was to be replaced by four- and six-cylinder jobs.

"Just when to introduce the new line was a matter of delicate timing," said Bill Hewitt at the time. "We wanted to stay with the two-cylinder line as long as it had both utility and sales appeal, but make the switch before it fell out of favor with farmers."

It takes from five to eight years to introduce a new piece of farm equipment; Deere, for example, tests for at least five crop years before marketing. In this respect the company showed 20-20 prophetic vision by starting on its new models in the early Fifties and choosing 1960 as the introductory year. To make model changes Deere had to shut some of its plants for five months. But in 1960 farm income had plateaued for the third year in a row, and *all* the equipment makers, even those which didn't change models, felt the pinch. As a result, Deere's 11% sales dip was not much greater than Harvester's, whose farm equipment was off 8% worldwide and somewhat more in the U.S.

Deere was harder hit in the profit department, especially inasmuch as Hewitt insisted on sticking to the traditional Deere policy of expensing everything possible the year the expense is incurred. Closing its tractor plants for retooling, and absorbing the incidental expense that accompanied a record \$40-million capital outlay, dropped profits by 60% to \$1.47 a share. And with tractor sales down, everything is likely to be down. Tractors probably represent about

45% of Deere's farm equipment sales; and as tractor sales go, so usually go the plow and other tractor equipment sales, with the result that Deere's tractor shutdown also hurt in other farm implement lines.

Introducing the new line was itself costly; the company spent some \$1.3 million to fly 6,000 dealers and salesmen to the unveiling in Dallas (where the biggest tractor was displayed at Neiman-Marcus, its John Deere name spelled out in diamonds). But the key point was that Deere lost no market position, recouping its sales and profit within two to three years.

Next the World

In all these years, Deere & Co. exhibited a major fault, one that still haunts the company: It failed to expand overseas. With all its energy and all of its capital committed at home, it simply didn't have time. International Harvester, meanwhile, a pioneer in U.S. industry abroad, had overseas sales of \$350 million by 1960; Canadian-based Massey-Ferguson had \$284 million.

Why so? Bill Hewitt, good Deere pragmatist that he is, waves the question aside with: "You can't cry over spilled milk, it's a matter of history now." Were Hewitt more given to rationalizing the past, he could, with justice, argue that his company concentrated on one thing at a time: first the U.S., then the world.

At any rate, a decade ago the company's sales outside the U.S. and Canada ran a mere \$12 million out of \$314 million. "It would have been great to have been over there 50 years ago instead of getting in during the last ten," reminisces Hewitt. "When we decided to move into the European market, the fact that several of our competitors were so well entrenched meant that we couldn't start small and hope to grow. We had to establish ourselves all at once on a volume basis so that we could compete on prices."

Risky? Of course, but Deere characteristically neither denies the risk nor brags about it. "You take risks in business anywhere," says corporate planning boss Joseph Dain Jr., "but you have to take more when you move abroad. Two things you must keep in mind about the Deere operation overseas. Until World War II, Deere was always a capital-short company, and you must have capital to move overseas. Second, if you remember, ten years ago growth prospects for a farm machinery company like ours looked pretty slim here at home. That was before the really big boom in U.S. agriculture. We more or less had to move abroad, like it or not."

Hewitt describes the big push like this: "By 1962 we began to see that European agriculture was starting to face the same changes that U.S. agriculture had already been undergoing—labor shortages, rising wages, the need for more and more machinery. In 1962 we decided to embark on this major expansion program overseas. In 1964 we began construction on a major scale, and it will not be complete until the end of this year. Next year will be devoted to shaking down these facilities. Then we will be in a position to develop a distribution and marketing organization.

"As we go through this intensive development period, we will have operating losses; and under our accounting practices we list them as current rather than charge them against future earnings. Overseas losses should be substantially reduced this year and next, but overseas profits probably are still two or three years in the future."

Costs & Prospects

It has not come cheap. At last fiscal year's end Deere had \$248 million in assets abroad, \$145 million of which were in Europe (chiefly Germany, France and Spain), the rest largely in Argentina, Mexico, Australia and South Africa. Foreign sales last year hit \$145 million, or some 16% of total sales of \$887 million and over ten times the level of the mid-Fifties. But instead of making money, all this has cost Deere about \$1.15 a share in earnings over the last four fiscal years.

Why the cost has been so high becomes clearer from overseas marketer Carlson's description of what Deere had to do: "When Bill Hewitt first said we had to go ahead in the European market, we realized right then we'd have to build manufacturing facilities and a sales organization from scratch.

"For one thing, there were some 30 companies making tractors in Germany alone, and European dealers had a tradition of handling several different lines of equipment. They also had a system of flexible pricing: Each dealer would make his own bargain with the manufacturer, and naturally the dealer who made the best trade was supposed to be the sharpest operator. Also naturally, he would push the line of equipment with the greatest margin. Breaking down that system took us four or five years, but finally we were able to sell them on the concept that a fixed price and a single line were better for the dealer, for the farmer and for Deere.

"Actually, we began in 1956 in Germany by buying a small company (Heinrich Lanz) that had been making farm equipment for a hundred years

or so. It was an old-fashioned company, but it did have the makings of a dealer organization. The first thing we did at Lanz was send in a task force to make a study of the kind of equipment—especially harvesting equipment—that was needed in Europe, more or less as we do here. We want the farmer to buy his whole line from us, not just the tractor or the plow or the planter.

"Then we found three small French companies, each family-owned, each making rakes or other harvesting equipment. They had joined forces to set up a marketing company to serve all three of them, and they were considering going into the manufacture of tractors. We came to them with the proposal that we buy into their companies and take over the tractor end.

"We ended up buying one of the three companies and we are still affiliated with the other two. With them and Lanz we had the nucleus of our manu-



... compared with the 1966 model.

facturing facilities in Germany and France. It finally turned out that the best way to operate was to make our castings at the completely rebuilt Lanz foundry in Mannheim, ship them to the brand-new engine-building plant at Orleans in France, then ship the engines back to the tractor plant in Mannheim. It's broken down now so that we make engines and industrial equipment at Orleans, tractors and some farm equipment at Mannheim, harvesting equipment at Zweibrücken. Sounds cumbersome, but it works."

It also sounds expensive. But President Ellwood F. Curtis, a C.P.A. who came to Deere from its own accounting firm of Haskins & Sells, and was probably more responsible than anyone else for Deere's astute use of its financial resources in the Fifties, thinks it will be worth the price. "Europe," he says, "is the largest potential customer for farm and industrial machinery now open to us in the entire world, not even outranked by the U.S.-

Canadian market. Like Bill Hewitt, my own belief is that the same economic pressures are at work in Europe that were at work here ten years ago: The shortage of industrial labor all over Europe has led to an increase in industrial wages, and more and more farm workers are moving into the cities. That means the farmer has to become more efficient, and that means more sales of farm machinery."

Food Comes First

Under Hewitt's leadership, Deere has broadened out beyond farm machinery. Again, not so much by plan as by following its nose, it went into light industrial equipment, such as crawler tractors, back-hoes, scrapers, loaders and the like.

"About 12 years ago," reminisces Hewitt, "there was a company out in the state of Washington called Lindemann Co. that we learned had taken one of our Model B tractors and converted it into a crawler tractor to work in the apple orchards around Yakima. We weren't building crawlers at the time, but we saw two possibilities here. It seemed to us that it would be better to design a specific tractor and equipment for the job, rather than converting a tractor and then hanging equipment on it—we're great people for designing things for a specific job. And then we saw the possibilities of redesigning these tractors for all sorts of industrial uses where the giants in the field—Caterpillar, Case, Ford—were all too big to be interested.

"Grave-digging for example. Did you know that most of the big cemeteries today dig graves with a back-hoe?"

"We were surprised ourselves at the growth of this business, though there is an explanation that you can

see as soon as you get outside almost any urban area in the country. We're constantly losing land to highways, airports, housing projects; and building all of these installations requires more and more industrial equipment. Not all of it has to be as big as the huge machines other companies make."

After just ten years in the industrial tractor business, Deere did a volume of \$112 million in these lines last year, up 20% from 1964. A major competitor describes Deere as "the company to watch in the construction equipment business." He explains: "They're doing it the smart way, not by plunging in big but by moving in gradually, marketing their equipment mainly through their very sharp farm machinery dealer network."

In a not dissimilar way, Deere broke into the lawn- and garden-tractor market just three years ago. "It's true that there were quite a few successful companies already in the field," Hewitt says, "but we felt that the way in which the suburban market for this kind of gardening equipment was growing, we could make a success of it. And part of the proof is that we sold nearly \$16 million worth in 1965, up 65% over the \$9.5 million we sold in 1964, and we hope to hit \$20 million this year."

Deere even quit one part of the farm market last year by selling its John Deere Chemical Co., a fertilizer producer and distributor it had set up in 1952. The immediate reason, says Dain, was that "there's a new way of producing ammonia with a centrifugal compressor that should cut costs by 40%, but it's practical only if you turn out 1,000 tons a day or more. We had to decide whether to get into fertilizer in a big way or get out. We got out."

But Deere's grand strategy is anchored on food and farm machinery.

Says Hewitt, "The population of the world is growing so fast, and the need for food with it, that food has become an instrument, even a weapon, in international affairs. The U.S. can't feed the world indefinitely. The way U.S. population is increasing, this country will consume all the food it can produce by 1980. This means we must help other countries help themselves to produce more food."

In Massey-Ferguson and in a now more aggressive International Harvester, Deere probably faces tougher competition for this vast market than it did in the Fifties. So, for all of Deere's leadership in the U.S. and its expanding business abroad, it would be downright silly to think that Deere is going to achieve the kind of leadership in its market that, say, General Motors has in autos or International Business Machines has in computers. The farm machinery business is very much a four-way race overseas (Deere, Harvester, M-F, and Ford); and at home, besides the three majors, there are four important minor contenders (see table).

In this competition, Ford is making a strong run at the leaders. Recently reorganized, under orders from Henry Ford II to get moving, Ford's agricultural-and-industrial machinery division had sales of well over \$500 million last year, the industry estimates, and is aiming for the top.

Deere may not be *dominant*; but with its strong dealer network, its slowly expanding diversification and its hardheaded midwestern business pragmatism, chances are good that for a long time to come Bill Hewitt's company will continue to be the industry's top dollar-maker. ■

Farm Implement Manufacturers—A Statistical Profile

The farm equipment sales figures below are very rough. Some companies, such as Ford Motor, don't even break out farm machinery sales at all, and other companies mix in industrial and other equipment. The FORBES figures show International Harvester slightly ahead of Deere in farm equipment sales, but Deere claims that it is ahead when industrial sales are excluded.

| | GROWTH | | | | PROFITABILITY | | | | | | |
|---------------------------------|------------------------------------------|------------------------------------------------|--------------------------------|----------------------------------------|---------------------|----------------------|--------------------|---------------------|--------------------|------------------------|-------|
| | Farm 1959-61 Average (millions) | Equipment Latest 12 Months (millions) | Sales* Per Cent Increase | Latest Total Sales (millions) | Earnings Per Share | | Net Profit Margin | | Return on Equity | | |
| | | | | 1959-61 Average | Latest 12 Months | Per Cent Increase | 1959-61 Average | Latest 12 Months | 1959-61 Average | on Latest 12 Months | |
| Primarily Farm Equipment | | | | | | | | | | | |
| Case, J.I. | \$125 | \$235 | 88% | \$306 | def. | \$3.70 | — | def. | 5.5% | def. | 28.1% |
| Deere & Co. | 457 | 830 | 82 | 975 | \$2.88 | 4.77 | 66% | 6.4% | 7.2 | 9.2 | 13.0 |
| Massey-Ferguson† | 395 | 710 | 80 | 917 | 1.25 | 3.49 | 179 | 3.3 | 5.8 | 8.5 | 16.2 |
| Diversified | | | | | | | | | | | |
| Allis-Chalmers | 140 | 215 | 54 | 756 | 1.42 | 2.53 | 78 | 2.4 | 3.2 | 3.9 | 7.6 |
| Ford Motor | 380 | 525 | 38 | 11,807 | 3.91 | 6.40 | 64 | 7.3 | 6.0 | 15.6 | 16.7 |
| Intn'l Harvester | 601 | 862 | 44 | 2,476 | 2.02 | 3.94 | 95 | 3.7 | 4.6 | 6.0 | 10.0 |
| White Motor | — | 210 | — | 704 | 2.07 | 4.64 | 124 | 3.3 | 3.9 | 10.2 | 16.0 |

*Estimated; excludes industrial equipment and diesel engines, except for Int'l Harvester and Ford. def.—Deficit. †Sales and earnings in Canadian dollars.