Deere & Company

The following are the analysis of the VAHA Test and the SEC Filings:

Year ended in October 31, 2010, and October 31, 2009

Summary:

 Deere and Company have performed in a favorable fashion. During 2010, and 2009 they have a tremendous recovery in several areas, even when the economy hit low during 2008. The company made the right adjustments, for example during 2008/2009 hard economy times. They heavily introduced their credit program for clients that showed positive results in their financial receivables showing increases of 4 million dollars in the income statement for 2010.

 The greatest hit that Deere has done is that they know where to invest to increase the sales input. Thanks to the VAHA analysis there are some interesting percentages that directly affect the balance and income statements, during 2010 net revenue increase by 11% directly related to the input done on the Research & Development Department, by the same percentage increase. This shows a difference of 8 thousand million dollars from previous year, with a profit of more than 2 thousand million dollars. Also the cost of sales was dramatically lowered by almost 4% showing an input of 4 million of dollars difference from previous year, with a 1 million dollar.

 Overall I believe that Deere’s stock should be bought and held in long position due to the certainty that they posses, when it comes to their adaptability through tough economy times, and reliability of their sales across the world.

Caterpillar Inc.

The following are the analysis of the VAHA Test and the SEC Filings:

Year Ended December 31, 2010, and 2009

Summary:

 Caterpillar has come with mixed results from past three years, starting with their income statement that is proving that the layoff adjustments is not enough to make the company profitable thanks to the small issues on the operating costs area, liabilities, and leverage.

 During 2009 they did cut sales cost by 20 thousand millions of dollars with a positive number of 4 thousand million dollars. However their cash and short investments have been steady since 2008, the account receivables have been kept around the same percentage, but have been slowly going down becoming assets for the company, and also their inventories, but their liabilities have been growing since 2009.

 During 2009, financial products liabilities grow by more than 21% but in 2010 Caterpillar lower them by more than 60%, their net sales have been going up and down since 2008, on the following year sales drop more than 40% ending with a negative absolute value for that year, however during 2010 the company made a small recovery of 20% sales, but did not generate any revenue for Caterpillar Inc.

 I believe that caterpillar should be bough only if the investor is interest in the short position; otherwise I think we should wait to buy this stock. The trend in the past 5 years for caterpillar has been a declining one.