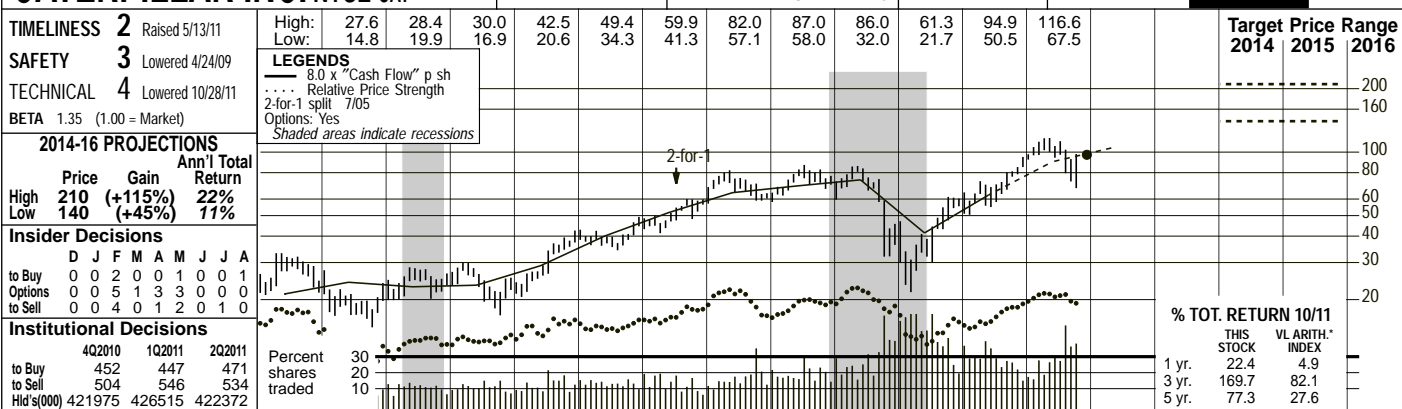


CATERPILLAR INC. NYSE-CAT

RECENT PRICE **97.07** P/E RATIO **12.1** (Trailing: 14.4 Median: 16.0) RELATIVE P/E RATIO **0.82** DIV'D YLD **1.9%** VALUE LINE



Year	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	© VALUE LINE PUB. LLC	14-16
Price	20.71	21.70	25.71	29.36	27.72	29.38	29.78	29.27	33.11	44.11	54.17	64.29	73.22	85.32	51.86	66.67	90.85	105.55	Sales per sh	133.70
Gain	2.34	2.70	3.26	3.33	2.66	3.02	2.87	2.93	3.62	5.00	6.46	8.03	8.64	9.25	5.17	7.82	11.25	13.25	"Cash Flow" per sh	19.25
Return	1.43	1.77	2.19	2.06	1.32	1.51	1.16	1.15	1.62	2.88	4.04	5.25	5.32	5.71	1.43	4.15	7.30	9.00	Earnings per sh ^A	14.50
Options	.30	.39	.48	.58	.64	.67	.70	.70	.71	.80	.96	1.15	1.38	1.62	1.68	1.72	1.80	1.86	Div'ds Decl'd per sh ^B	2.04
Cap'l Spending	.88	1.01	1.50	1.78	1.28	1.35	1.60	2.58	2.57	3.08	3.60	4.14	4.95	6.67	3.71	4.05	4.50	5.10	per sh ^C	5.30
Book Value	4.37	5.41	6.36	7.18	7.69	8.15	8.17	7.95	8.84	10.89	12.57	10.62	14.47	10.12	14.12	16.94	22.45	29.75	per sh ^D	61.70
Common Shs	776.06	761.40	736.02	714.40	710.78	686.79	686.75	688.51	687.52	685.87	670.87	645.81	613.99	601.53	624.72	638.82	647.00	651.00	Outst'g ^E	659.00
P/E Ratio	10.3	9.8	11.2	12.3	20.6	12.8	21.0	20.9	18.8	13.9	12.6	13.1	13.7	11.4	29.4	16.6	11.25	13.25	Avg Ann'l P/E Ratio	12.0
Relative P/E	.69	.61	.65	.64	1.17	.83	1.08	1.14	1.07	.73	.67	.71	.73	.69	1.96	1.06	0.82	1.06	Relative P/E Ratio	.80
Div'd Yield	2.0%	2.2%	1.9%	2.3%	2.4%	3.5%	2.9%	2.9%	2.3%	2.0%	1.9%	1.7%	1.9%	2.5%	4.0%	2.5%	2.5%	2.5%	Avg Ann'l Div'd Yield	1.4%

CAPITAL STRUCTURE as of 9/30/11
 Total Debt \$34.3 bill. Due in 5 Yrs \$16.4 bill.
 LT Debt \$26.8 bill. LT Interest \$950.0 mill.
 Incl. \$25.0 bill. in debt held by CAT Financial.
 (LT interest earned: 5.6%; Total interest coverage: 4.2x) (66% of Cap'l)

Leases, Uncapitalized Annual rentals \$284.0 mill.
Pension Assets-12/10 \$13.6 bill. **Oblig.** \$16.9 bill.
Pfd Stock None

Common Stock 646,620,369 shs. (664.9 mill. diluted shs.)
MARKET CAP: \$62.6 billion (Large Cap)

Year	2004	2005	2006	2007	2008	2009	2010	2011	2012	© VALUE LINE PUB. LLC	14-16			
Total Debt	20450	20152	22763	30251	36339	41517	44958	51324	32396	42588	58775	68720	Sales (\$mill)	88120
LT Debt	15.3%	15.2%	15.4%	15.4%	16.6%	18.3%	17.5%	14.8%	12.2%	16.8%	18.0%	18.0%	Operating Margin	19.5%
Incl. \$25.0 bill.	1169.0	1220.0	1347.0	1397.0	1477.0	1602.0	1797.0	1980.0	2336.0	2296.0	2420	2590	Depreciation (\$mill) ^F	2820
LT Interest	805.0	798.0	1139.0	2035.0	2854.0	3587.0	3509.0	3586.0	895.0	2700.0	4860	6040	Net Profit (\$mill)	9860
Total interest coverage	31.4%	28.0%	27.0%	27.0%	28.7%	28.9%	30.0%	21.3%	21.3%	25.8%	26.0%	27.0%	Income Tax Rate	27.0%
(66% of Cap'l)	3.9%	4.0%	5.0%	6.7%	7.9%	8.6%	7.8%	7.0%	2.8%	6.3%	8.3%	8.8%	Net Profit Margin	11.2%
Annual rentals	3124.0	3284.0	4170.0	4646.0	3698.0	3841.0	3232.0	5564.0	7497.0	9790.0	11510	11120	Working Cap'l (\$mill)	20890
\$13.6 bill.	11291	11596	14078	15837	15677	17680	17829	22834	21847	20437	26690	25450	Long-Term Debt (\$mill)	21500
\$16.9 bill.	5611.0	5472.0	6078.0	7467.0	8432.0	6859.0	8883.0	6087.0	8823.0	10824	14520	19350	Shr. Equity (\$mill)	40670
None	7.1%	6.2%	6.9%	9.8%	13.1%	16.3%	14.8%	14.0%	4.5%	10.6%	13.5%	15.0%	Return on Total Cap'l	17.0%
646,620,369 shs.	14.3%	14.6%	18.7%	27.3%	33.8%	52.3%	39.5%	58.9%	10.1%	24.9%	33.5%	31.0%	Return on Shr. Equity	24.0%
(664.9 mill. diluted shs.)	5.9%	5.8%	10.7%	20.1%	26.5%	41.7%	30.0%	43.3%	NMF	14.9%	25.5%	25.0%	Retained to Com Eq	21.0%
MARKET CAP: \$62.6 billion (Large Cap)	59%	60%	43%	26%	22%	20%	24%	27%	115%	40%	24%	20%	All Div'ds to Net Prof	14%

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2008	11796	13624	12981	12923	51324
2009	9225	7975	7298	7898	32396
2010	8238	10409	11134	12807	42588
2011	12949	14230	15716	15880	58775
2012	15670	17250	17840	17960	68720

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2008	1.45	1.74	1.39	1.13	5.71
2009	d.17	.60	.64	.36	1.43
2010	.37	1.09	1.22	1.47	4.15
2011	1.84	1.72	1.93	1.81	7.30
2012	2.05	2.20	2.40	2.35	9.00

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2007	.30	.30	.36	.36	1.32
2008	.36	.36	.42	.42	1.56
2009	.42	.42	.42	.42	1.68
2010	.42	.42	.44	.44	1.72
2011	.44	.44	.46	.46	1.72

BUSINESS: Caterpillar Incorporated is the world's largest producer of earthmoving equipment. Major global markets include road building, mining, logging, agriculture, petroleum, and general construction. Products include tractors, scrapers, graders, compactors, loaders, off-highway truck engines, and pipelayers. Also makes diesel & turbine engines and lift trucks. Foreign sales 68% of total;

Caterpillar appears set for a good year, driven by volume gains across all geographic regions and business segments. Continuing economic growth in emerging markets is likely to buoy the Construction Industries unit, leading to record machine sales. Activity in China is an exception, however, as recent government measures to tame inflation are tempering demand for many of Caterpillar's products. Elsewhere, high levels of investments by mining companies are driving demand for equipment and parts manufactured by the Resource Industries business. Caterpillar is probably experiencing an increase in manufacturing expenses. Nevertheless, we look for a relatively high level of operating leverage to sharply boost share earnings in 2011, to \$7.30.

Although Caterpillar dealers continue to report healthy year-over-year growth in demand for new and rental equipment, sequential trends appear to be slowing down a bit. Moreover, order rates suggest that the aforementioned replacement of products in developed countries (primarily in Europe) may be moderating. In 2012, we look for sales and

earnings to each improve about 20% from our 2011 forecasts, to \$68.7 billion and \$9.00 a share, respectively. Prospects to mid-decade appear bright, with emerging markets serving as a primary catalyst. Brazil, in particular, ought to be a standout. Caterpillar has secured considerable market share in South America's biggest economy, which possesses a large natural resource base and flourishing local manufacturing capability. In fact, CAT's facility in Piracicaba, Brazil, is its largest worldwide. In the same vein, the country should build on its recent momentum, thanks to substantial investments (public and private) in its energy and mining bases. Too, Brazil will host the 2014 World Cup of soccer and the 2016 Summer Olympics, two considerable events that ought to boost demand for construction equipment. These shares are timely. Too, despite some near-term challenges, we expect economic activity in the U.S. and Europe to be well on the road to recovery by 2014-2016. All told, share net of \$14.00-\$15.00 should be achievable over that time frame.

Dominic B. Silva November 25, 2011

(A) Primary earnings through 1996, then diluted. Excl. net nonrecurring gain (losses): '03, (6c); '06, (8c); '08, (5c); '09, (5c). Includes 15¢ in restructuring and Challenger Tractor sale charges in '01; 75¢ of restructuring costs in '09; est'd Health Care Reform chg of 11¢ in 1Q, '10. Next eps report late Jan. (B) Div'ds historically paid mid-January, April, July, October. (C) Div'd reinvestment plan avail. (D) Incl. equip. purch. for leasing. (E) Incl. intang. In '10: \$3.14 bill., \$5.35/sh. (F) In mill., adjusted for split. (G) Accelerated basis.	Company's Financial Strength	A
	Stock's Price Stability	95
	Price Growth Persistence	55
	Earnings Predictability	45