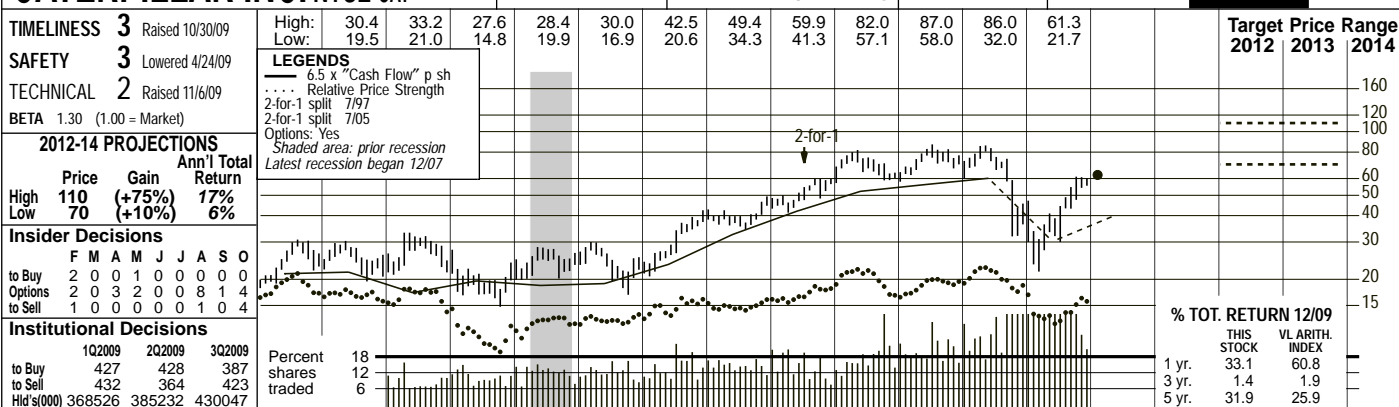


# CATERPILLAR INC. NYSE-CAT

RECENT PRICE **62.24** P/E RATIO **33.3** (Trailing: 28.6 Median: 15.0) RELATIVE P/E RATIO **1.92** DIV'D YLD **2.7%** VALUE LINE



1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	© VALUE LINE PUB., INC.	12-14
14.25	17.87	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	52.00	57.15	Sales per sh	96.00
1.66	2.04	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	4.65	6.20	"Cash Flow" per sh	13.30
.84	1.18	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	1.20	2.55	Earnings per sh <sup>A</sup>	9.00
.08	.16	.30	.39	.48	.58	.64	.67	.70	.70	.71	.80	.96	1.15	1.38	1.62	1.68	1.68	Div'ds Decl'd per sh <sup>B</sup>	1.68
.78	.87	.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	2.25	3.00	Cap'l Spending per sh	5.60
2.70	3.63	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	13.60	15.10	Book Value per sh <sup>C</sup>	29.60
814.89	801.77	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	604.53	625.00	630.00	Common Shs Outst'g <sup>D</sup>	625.00
10.9	11.5	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	35.0		Avg Ann'l P/E Ratio	10.0
.64	.75	.69	.61	.65	.64	1.17	.83	1.08	1.14	1.07	.73	.67	.71	.73	.69	2.30		Relative P/E Ratio	.65
.8%	1.2%	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%		Avg Ann'l Div'd Yield	1.9%

CAPITAL STRUCTURE as of 9/30/09		1970	20175	20450	20152	22763	30251	36339	41517	44958	51324	32500	36000	Sales (\$mill)	60000
Total Debt \$32.1 bill.	Due in 5 Yrs \$14.1 bill.	15.2%	17.1%	15.3%	15.2%	15.4%	15.4%	16.6%	18.3%	17.5%	14.8%	14.0%	15.0%	Operating Margin	19.5%
LT Debt \$23.1 bill.	LT Interest \$1.0 bill.	945.0	1022.0	1169.0	1220.0	1347.0	1397.0	1477.0	1602.0	1797.0	1980.0	2150	2300	Depreciation (\$mill) <sup>E</sup>	2700
Incl. \$17.4 bill. in debt held by CAT Financial.		946.0	1053.0	805.0	798.0	1139.0	2035.0	2854.0	3587.0	3509.0	3586.0	750	1610	Net Profit (\$mill)	5625
(LT interest earned: 1.8x;		32.0%	29.3%	31.4%	28.0%	27.0%	27.0%	28.9%	28.9%	30.0%	21.3%	NMF	25.0%	Income Tax Rate	30.0%
Total interest coverage: 1.6x)	(74% of Cap'l)	4.8%	5.2%	3.9%	4.0%	5.0%	6.7%	7.9%	8.6%	7.8%	7.0%	2.3%	4.5%	Net Profit Margin	9.4%
Leases, Uncapitalized	Annual rentals \$223.0 mill.	3556.0	3953.0	3124.0	3284.0	4170.0	4646.0	3698.0	3841.0	3232.0	5564.0	8300	8500	Working Cap'l (\$mill)	9000
Pension Assets-12/08	\$8.9 bill. Oblig. \$13.6 bill.	9928.0	11334	11291	11596	14078	15837	15677	17680	17829	22834	23000	23000	Long-Term Debt (\$mill)	21500
Pfd Stock None		5465.0	5600.0	5611.0	5472.0	6078.0	7467.0	8432.0	6859.0	8883.0	6087.0	8500	9500	Shr. Equity (\$mill)	18500
Common Stock 622,727,557 shs.		8.4%	8.4%	7.1%	6.2%	6.9%	9.8%	13.1%	16.3%	14.8%	14.9%	4.5%	7.0%	Return on Total Cap'l	15.5%
(635.5 mill. diluted shs.)		17.3%	18.8%	14.3%	14.6%	18.7%	27.3%	33.8%	52.3%	39.5%	NMF	9.0%	17.0%	Return on Shr. Equity	30.5%
MARKET CAP: \$38.8 billion (Large Cap)		9.2%	10.6%	5.9%	5.8%	10.7%	20.1%	26.5%	41.7%	30.0%	43.3%	NMF	6.0%	Retained to Com Eq	24.5%
CURRENT POSITION	2007 2008 9/30/09	47%	44%	59%	60%	43%	26%	22%	20%	24%	27%	NMF	66%	All Div'ds to Net Prof	19%

Cal-endar	QUARTERLY SALES (\$ mill.)				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2006	9392	10605	10517	11003	41517
2007	10016	11356	11442	12144	44958
2008	11796	13624	12981	12923	51324
2009	9225	7975	7298	8002	32500
2010	8500	9000	9000	9500	36000

Cal-endar	EARNINGS PER SHARE <sup>A</sup>				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2006	1.20	1.52	1.21	1.32	5.25
2007	1.18	1.24	1.40	1.50	5.32
2008	1.45	1.74	1.39	1.13	5.71
2009	d.17	.60	.64	.13	1.20
2010	.45	.65	.70	.75	2.55

Cal-endar	QUARTERLY DIVIDENDS PAID <sup>B</sup>				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2006	.25	.25	.30	.30	1.10
2007	.30	.30	.36	.36	1.32
2008	.36	.36	.42	.42	1.56
2009	.42	.42	.42	.42	1.68
2010					

**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 about 66% of total; research & development: 3.4% of sales. 2008 depreciation rate: 8.4%. Has about 94,225 employees. Officers & directors own less than 1.0% of common stock (4/09 proxy). Chairman & Chief Executive Officer: James W. Owens. Incorporated: Delaware. Address: 100 Northeast Adams Street, Peoria, Illinois 61629. Telephone: 309-675-1000. Internet: www.caterpillar.com.

**Caterpillar's sales likely will pick up in 2010.** Last year was a challenging period for the company. The global recession had a severe impact on machinery and engine demand across all markets, including the construction, industrial, power generation, energy, agricultural, infrastructure, mining, and marine sectors. In the downturn, reacting to weak sales, CAT and its dealers slashed inventories. Lately, there have been increasing indications of a firming macroeconomic recovery. Management has guided that sales will rise 10%-25% this year. Our top-line estimate of \$36 billion for 2010 conservatively hews close to the bottom of this rather wide range. The absence of dealer inventory adjustments will be a major plus. We expect modest machinery demand growth, mainly from emerging markets, incremental business share gains, and benefits from government stimulus spending. Engine sales might slip a bit more. Aftermarket, logistics, and remanufacturing services should lend noteworthy support this year. As the cyclical upturn gathers strength, sales should ramp up nicely over the pull to 2012-2014. **We expect a solid earnings progres-**

**sion in the coming quarters.** During the recession, CAT pulled back production and laid off 18,700 employees, half of whom were temporary and contract staff. Effective cost control allowed the company to maintain profitability in 2009. Favorable inventory (LIFO) adjustments, benefits related to prior-year tax returns, and research & development tax credits helped the bottom line as well. Tight working capital oversight and lower spending substantially boosted cash and liquidity. CAT Financial did a fair job of managing its asset portfolio and provisioning for credit losses. Going forward, as volume improves, share net should rise appreciably, from about \$2.55 in 2010, thanks to enhanced operating leverage. CAT will carefully add back staff and lift production in line with advancing demand. Since our last report, **Caterpillar stock's Timeliness rank is up another notch, and its 3- to 5-year total return potential is on a par with the Value Line average.** We believe that a rising share price is beginning to attract more investors with a year-ahead view, as opposed to those looking further out.

David M. Reimer January 22, 2010

(A) Primary earnings through 1996, then diluted. Excludes net nonrecurring gain (losses): '93, (4¢); '03, (6¢); '06, (8¢); '07, 5¢; '08, (5¢). Includes 15¢ in restructuring and Challenger Tractor sale charges in '01; 75¢ est'd restructuring costs in '09. Next earnings report due late Apr. (B) Dividends historically paid around the 20th of Feb., May, Aug., Nov.	Div'd reinvestment plan available. (C) Includes intangibles. In '08: \$2.77 bill., \$4.61/sh. (D) In millions, adjusted for splits. (E) Accelerated basis.	Company's Financial Strength A Stock's Price Stability 90 Price Growth Persistence 60 Earnings Predictability 60
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