

CATERPILLAR INC. NYSE-CAT				RECENT PRICE	102.53	P/E RATIO	15.2 (Trailing: 15.5 Median: 13.0)	RELATIVE P/E RATIO	0.84	DIV'D YLD	2.7%	VALUE LINE
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TIMELINESS		2	Raised 10/31/14		High:	42.5	49.4	59.9	82.0	87.0	86.0	61.3	94.9	116.6	116.9	99.7	111.5				Target Price Range				
SAFETY		2	Raised 11/21/14		Low:	20.6	34.3	41.3	57.1	58.0	32.0	21.7	50.5	67.5	78.3	79.5	85.9				2017 2018 2019				
TECHNICAL		4	Lowered 11/14/14		LEGENDS																				
BETA		1.25	(1.00 = Market)		8.0 x "Cash Flow" p sh																				
						Relative Price Strength																			
						2-for-1 split 7/05																			
						Options: Yes																			
						Shaded area indicates recession																			
2017-19 PROJECTIONS																									
				Ann'l Total																					
				Return																					
High		Price		Gain																					
Low		135		(+30%)																					
		100		(Nil)																					
				9%																					
				2%																					
Insider Decisions																									
		D		J		F		M		A		M		J		J		A							
to Buy		0		0		0		0		0		0		0		0		0							
Options		0		3		0		2		5		2		0		2		1							
to Sell		0		3		0		0		3		2		0		1									
Institutional Decisions																									
		4Q2013		1Q2014		2Q2014																			
to Buy		507		465		452																			
to Sell		545		587		565																			
Hld's(000)		404313		408583		420905																			

1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	© VALUE LINE PUB. LLC	17-19
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	92.87	100.57	87.26	90.85	93.60	Sales per sh	108.35
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	11.93	13.87	17.89	11.95	12.40	"Cash Flow" per sh	15.75
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	7.81	9.36	5.79	6.60	6.95	Earnings per sh ^A	9.75
.58	.64	.67	.70	.70	.71	.80	.96	1.15	1.38	1.62	1.68	1.74	1.82	2.02	2.32	2.60	2.80	Div'ds Decl'd per sh ^B	2.96
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	6.06	7.75	6.97	5.55	5.80	Cap'l Spending per sh ^C	6.10
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	19.97	26.84	32.73	32.85	32.95	Book Value per sh ^D	37.35
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	647.53	655.05	637.82	605.00	605.00	Common Shs Outst'g ^E	605.00
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	12.4	10.0	15.1	Bold figures are Value Line estimates		Avg Ann'l P/E Ratio	12.0
.64	1.17	.83	1.08	1.14	1.07	.73	.67	.71	.73	.69	1.96	1.06	.78	.64	.85			Relative P/E Ratio	.75
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%	1.9%	2.2%	2.7%			Avg Ann'l Div'd Yield	2.5%

CAPITAL STRUCTURE as of 9/30/14		30251	36339	41517	44958	51324	32396	42588	60138	65875	55656	54950	56640	Sales (\$mill)	65540
Total Debt \$39.2 bill. Due in 5 Yrs \$29.8 bill.		15.4%	16.6%	18.3%	17.5%	14.8%	12.2%	16.8%	19.3%	20.1%	18.7%	18.5%	18.5%	Operating Margin	19.5%
LT Debt \$28.1 bill. LT Interest \$1.3 bill.		1397.0	1477.0	1602.0	1797.0	1980.0	2336.0	2296.0	2527.0	2813.0	3087.0	3160	3230	Depreciation (\$mill) ^F	3540
Incl. \$25.0 bill. in debt held by CAT Financial.		2035.0	2854.0	3587.0	3509.0	3586.0	895.0	2700.0	5201.0	6270.0	3815.0	4060	4275	Net Profit (\$mill)	6000
(LT interest earned: 8.1x;		27.0%	28.7%	28.9%	30.0%	21.3%	--	25.8%	24.6%	28.6%	25.6%	28.0%	28.0%	Income Tax Rate	28.0%
Total interest coverage: 5.3x) (56% of Cap'l)		6.7%	7.9%	8.6%	7.8%	7.0%	2.8%	6.3%	8.6%	9.5%	6.9%	7.4%	7.6%	Net Profit Margin	9.2%

Leases, Uncapitalized Annual rentals \$244.0 mill.		4646.0	3698.0	3841.0	3232.0	5564.0	7497.0	9790.0	9567.0	12769	11038	11800	11610	Working Cap'l (\$mill)	10020
Pension Assets-12/13 \$19.3 bill. Oblig. \$19.0 bill.		15837	15677	17680	17829	22834	21847	20437	24944	27752	26719	27820	27100	Long-Term Debt (\$mill)	23800
Pfd Stock None		7467.0	8432.0	6859.0	8883.0	6087.0	8823.0	10824	12929	17582	20878	19865	19945	Shr. Equity (\$mill)	22590

Common Stock 605,398,874 shs.		9.8%	13.1%	16.3%	14.8%	14.0%	4.5%	10.1%	14.8%	14.7%	8.8%	10.0%	10.5%	Return on Total Cap'l	14.0%
MARKET CAP: \$62.1 billion (Large Cap)		27.3%	33.8%	52.3%	39.5%	58.9%	10.1%	24.9%	40.2%	35.7%	18.3%	20.5%	21.5%	Return on Shr. Equity	26.5%
CURRENT POSITION 2012 2013 9/30/14		20.1%	26.5%	41.7%	30.0%	43.3%	NMF	14.9%	31.3%	26.5%	13.0%	12.5%	13.0%	Retained to Com Eq	18.5%
(SMILL.)		26%	22%	20%	24%	27%	115%	40%	22%	26%	29%	39%	39%	All Div'ds to Net Prof	30%

Cash Assets	5490	6081	6082
Receivables	18952	17176	17012
Inventory (LIFO)	15547	12625	13328
Other	2535	2453	2620
Current Assets	42524	38335	39042
Accts Payable	6753	6560	6778
Debt Due	12391	11031	11102
Other	10611	9709	9709
Current Liab.	29755	27297	27589

ANNUAL RATES Past 10 Yrs. Past 5 Yrs. Est'd '11-'13 of change (per sh)		12.0%	4.5%	2.5%
Sales		16.5%	11.0%	4.5%
"Cash Flow"		19.5%	7.0%	4.0%
Earnings		11.5%	8.0%	6.5%
Dividends		12.5%	17.5%	6.0%
Book Value				

Cal-endar	QUARTERLY SALES (\$ mill.)				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2011	12949	14230	15716	17243	60138
2012	15981	17374	16445	16075	65875
2013	13210	14621	13423	14402	55656
2014	13241	14150	13549	14010	54950
2015	13530	14540	13970	14600	56640

Cal-endar	EARNINGS PER SHARE ^A				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2011	1.84	1.72	1.93	2.32	7.81
2012	2.37	2.54	2.54	1.91	9.36
2013	1.31	1.45	1.45	1.58	5.79
2014	1.61	1.69	1.72	1.58	6.60
2015	1.65	1.80	1.70	1.80	6.95

Cal-endar	QUARTERLY DIVIDENDS PAID ^B				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2010	.42	.42	.44	.44	1.72
2011	.44	.44	.46	.46	1.80
2012	.46	.46	.52	1.04	2.48
2013	--	.52	.60	.60	1.72
2014	.60	.60	.70	.70	

(A) Diluted earnings. Excl. net nonrecurring gain (losses): '03, (6¢); '06, (8¢); '07, 5¢; '08, (5¢); '11, (41¢); '12, (88¢). Includes 75¢ of restructuring costs in '09; est'd Health Care		Reform chg of 11¢ in 1Q, '10. Next eggs report late January. (B) Div'ds historically paid mid-February; '12, August, November. '13 1Q Div'd paid in '12 4Q. ■ Div'd reinvestment plan		avail. (C) Incl. equip. purch. for leasing. (D) Incl. intang. in '13: \$10.6 bill., \$16.43/sh. (E) In mill., adjusted for split. (F) Accelerated basis.	
Company's Financial Strength		A+		Stock's Price Stability	
Price Growth Persistence		65		Earnings Predictability	
		45			

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Caterpillar saw its shares rise in value after it beat third-quarter earnings expectations. Sales of \$13.55 billion failed to meet our \$13.80 billion outlook, as the company continued to be plagued by sluggish order levels. Weakness in one key end market, in particular, continues to cast a large shadow over operations. A downturn in the mining industry has severely curtailed demand for heavy equipment, which in turn has crippled sales within the Resources Industries segment. Progress in eliminating certain manufacturing inefficiencies and better inventory management buoyed operations. These factors, along with an ongoing repurchase program, buoyed share earnings to \$1.72, which easily eclipsed our \$1.38 estimate.

A tight grip on costs, has prompted management to renew expectations of a material year-over-year bottom-line gain. While a 2014 sales range of \$54 billion-\$56 billion remains unchanged, profit expectations have been lifted. Caterpillar's revised outlook is \$6.50 a share, excluding about \$450 million in restructuring costs. We are maintaining our \$54.9

billion sales outlook for the year, but have boosted our bottom-line tally by \$0.30, to \$6.60 a share.

This behemoth has painted a rosy picture for 2015. It expects improvement in the global economy, led by accommodative monetary policies in many developed countries. In the United States, the Fed is widely expected to start raising interest rates in 2015, but the potential for increased investments in infrastructure stands out as a catalyst for CAT. In 2013, various developing countries implemented measures that zapped business activity for 2014. Recently, though, many of the very same nations have reversed course, leading to the likelihood of a more favorable operating environment.

The mining business will likely catapult earnings to a record high before the turn of this decade. Our outlook stems from the fact that demand for minerals is apt to forge ahead along with rising incomes of people in developing countries. The recent quotation for this Timely stock, however, discounts much of the headway we project by 2017-2019.

Dominic B. Silva November 21, 2014

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