

STATEMENT 1

Caterpillar Inc.

Consolidated Results of Operations for the Years Ended December 31

(Dollars in millions except per share data)

	2012	2011	2010
Sales and revenues:			
Sales of Machinery and Power Systems	\$ 63,068	\$ 57,392	\$ 39,867
Revenues of Financial Products	2,807	2,746	2,721
Total sales and revenues	65,875	60,138	42,588
Operating costs:			
Cost of goods sold	47,055	43,578	30,367
Selling, general and administrative expenses	5,919	5,203	4,248
Research and development expenses	2,466	2,297	1,905
Interest expense of Financial Products	797	826	914
Goodwill impairment charge	580	—	—
Other operating (income) expenses	485	1,081	1,191
Total operating costs	57,302	52,985	38,625
Operating profit	8,573	7,153	3,963
Interest expense excluding Financial Products	467	396	343
Other income (expense)	130	(32)	130
Consolidated profit before taxes	8,236	6,725	3,750
Provision (benefit) for income taxes	2,528	1,720	968
Profit of consolidated companies	5,708	5,005	2,782
Equity in profit (loss) of unconsolidated affiliated companies	14	(24)	(24)
Profit of consolidated and affiliated companies	5,722	4,981	2,758
Less: Profit (loss) attributable to noncontrolling interests	41	53	58
Profit ¹	\$ 5,681	\$ 4,928	\$ 2,700
Profit per common share	\$ 8.71	\$ 7.64	\$ 4.28
Profit per common share — diluted ²	\$ 8.48	\$ 7.40	\$ 4.15
Weighted-average common shares outstanding (millions)			
- Basic	652.6	645.0	631.5
- Diluted ²	669.6	666.1	650.4
Cash dividends declared per common share	\$ 2.02	\$ 1.82	\$ 1.74

¹ Profit attributable to common stockholders.² Diluted by assumed exercise of stock-based compensation awards, using the treasury stock method.

See accompanying notes to Consolidated Financial Statements.

STATEMENT 2

Caterpillar Inc.

Consolidated Comprehensive Income for the Years Ended December 31

(Millions of dollars)

	2012	2011	2010
Profit of consolidated and affiliated companies	\$ 5,722	\$ 4,981	\$ 2,758
Other comprehensive income (loss), net of tax:			
Foreign currency translation, net of tax (expense)/benefit of: 2012 - \$9; 2011 - \$3; 2010 - (\$73)	60	(312)	(34)
Pension and other postretirement benefits:			
Current year actuarial gain (loss), net of tax (expense)/benefit of: 2012 - \$372; 2011 - \$1,276; 2010 - \$214	(731)	(2,364)	(540)
Amortization of actuarial (gain) loss, net of tax (expense)/benefit of: 2012 - (\$243); 2011 - (\$221); 2010 - (\$173)	458	412	310
Current year prior service credit (cost), net of tax (expense)/benefit of: 2012 - (\$12); 2011 - (\$51); 2010 - \$3	23	95	(8)
Amortization of prior service (credit) cost, net of tax (expense)/benefit of: 2012 - \$17; 2011 - \$11; 2010 - \$12	(31)	(21)	(17)
Amortization of transition (asset) obligation, net of tax (expense)/benefit of: 2012 - (\$1); 2011 - (\$1); 2010 - (\$1)	1	1	1
Derivative financial instruments:			
Gains (losses) deferred, net of tax (expense)/benefit of: 2012 - \$29; 2011 - \$12; 2010 - \$29	(48)	(21)	(50)
(Gains) losses reclassified to earnings, net of tax (expense)/benefit of: 2012 - (\$10); 2011 - \$21; 2010 - (\$18)	16	(34)	35
Available-for-sale securities:			
Gains (losses) deferred, net of tax (expense)/benefit of: 2012 - (\$13); 2011 - \$2; 2010 - (\$25)	26	(5)	37
(Gains) losses reclassified to earnings, net of tax (expense)/benefit of: 2012 - \$1; 2011 - (\$1); 2010 - \$2	(3)	1	(4)
Total other comprehensive income (loss), net of tax	(229)	(2,248)	(270)
Comprehensive income	5,493	2,733	2,488
Less: comprehensive income attributable to the noncontrolling interests	(24)	(82)	(78)
Comprehensive income attributable to stockholders	\$ 5,469	\$ 2,651	\$ 2,410

See accompanying notes to Consolidated Financial Statements.

STATEMENT 3

Caterpillar Inc.

Consolidated Financial Position at December 31

(Dollars in millions)

	2012	2011	2010
Assets			
Current assets:			
Cash and short-term investments	\$ 5,490	\$ 3,057	\$ 3,592
Receivables - trade and other	10,092	10,285	8,494
Receivables - finance	8,860	7,668	8,298
Deferred and refundable income taxes	1,547	1,580	931
Prepaid expenses and other current assets	988	994	908
Inventories	15,547	14,544	9,587
Total current assets	42,524	38,128	31,810
Property, plant and equipment - net	16,461	14,395	12,539
Long-term receivables - trade and other	1,316	1,130	793
Long-term receivables - finance	14,029	11,948	11,264
Investments in unconsolidated affiliated companies	272	133	164
Noncurrent deferred and refundable income taxes	2,011	2,157	2,493
Intangible assets	4,016	4,368	805
Goodwill	6,942	7,080	2,614
Other assets	1,785	2,107	1,538
Total assets	\$ 89,356	\$ 81,446	\$ 64,020
Liabilities			
Current liabilities:			
Short-term borrowings:			
Machinery and Power Systems	\$ 636	\$ 93	\$ 204
Financial Products	4,651	3,895	3,852
Accounts payable	6,753	8,161	5,856
Accrued expenses	3,667	3,386	2,880
Accrued wages, salaries and employee benefits	1,911	2,410	1,670
Customer advances	2,978	2,691	1,831
Dividends payable	—	298	281
Other current liabilities	2,055	1,967	1,521
Long-term debt due within one year:			
Machinery and Power Systems	1,113	558	495
Financial Products	5,991	5,102	3,430
Total current liabilities	29,755	28,561	22,020
Long-term debt due after one year:			
Machinery and Power Systems	8,666	8,415	4,505
Financial Products	19,086	16,529	15,932
Liability for postemployment benefits	11,085	10,956	7,584
Other liabilities	3,182	3,583	2,654
Total liabilities	71,774	68,044	52,695
Commitments and contingencies (Notes 20 and 21)			
Redeemable noncontrolling interest (Note 24)	—	473	461
Stockholders' equity			
Common stock of \$1.00 par:			
Authorized shares: 2,000,000,000			
Issued shares: (2012, 2011 and 2010 – 814,894,624) at paid-in amount	4,481	4,273	3,888
Treasury stock: (2012 – 159,846,131; 2011 – 167,361,280 shares; and 2010 – 176,071,910 shares) at cost	(10,074)	(10,281)	(10,397)
Profit employed in the business	29,558	25,219	21,384
Accumulated other comprehensive income (loss)	(6,433)	(6,328)	(4,051)
Noncontrolling interests	50	46	40
Total stockholders' equity	17,582	12,929	10,864
Total liabilities, redeemable noncontrolling interest and stockholders' equity	\$ 89,356	\$ 81,446	\$ 64,020

See accompanying notes to Consolidated Financial Statements.

Changes in Consolidated Stockholders' Equity for the Years Ended December 31

(Dollars in millions)

	Common stock	Treasury stock	Profit employed in the business	Accumulated other comprehensive income (loss)	Noncontrolling interests	Total
Balance at January 1, 2010	\$ 3,439	\$ (10,646)	\$ 19,705	\$ (3,761)	\$ 83	\$ 8,820
Profit of consolidated and affiliated companies	—	—	2,700	—	58	2,758
Foreign currency translation, net of tax	—	—	—	(52)	18	(34)
Pension and other postretirement benefits, net of tax	—	—	—	(256)	2	(254)
Derivative financial instruments, net of tax	—	—	—	(15)	—	(15)
Available-for-sale securities, net of tax	—	—	—	33	—	33
Change in ownership from noncontrolling interests	(69)	—	—	—	(66)	(135)
Dividends declared	—	—	(1,103)	—	—	(1,103)
Common shares issued from treasury stock for stock-based compensation: 12,612,514	74	222	—	—	—	296
Common shares issued from treasury stock for benefit plans: 1,487,481 ¹	67	27	—	—	—	94
Stock-based compensation expense	226	—	—	—	—	226
Net excess tax benefits from stock-based compensation	151	—	—	—	—	151
Cat Japan share redemption ²	—	—	82	—	(55)	27
Balance at December 31, 2010	\$ 3,888	\$ (10,397)	\$ 21,384	\$ (4,051)	\$ 40	\$ 10,864
Profit of consolidated and affiliated companies	—	—	4,928	—	53	4,981
Foreign currency translation, net of tax	—	—	—	(345)	33	(312)
Pension and other postretirement benefits, net of tax	—	—	—	(1,873)	(4)	(1,877)
Derivative financial instruments, net of tax	—	—	—	(55)	—	(55)
Available-for-sale securities, net of tax	—	—	—	(4)	—	(4)
Change in ownership from noncontrolling interests	(1)	—	—	—	(7)	(8)
Dividends declared	—	—	(1,176)	—	—	(1,176)
Distribution to noncontrolling interests	—	—	—	—	(3)	(3)
Common shares issued from treasury stock for stock-based compensation: 8,710,630	7	116	—	—	—	123
Stock-based compensation expense	193	—	—	—	—	193
Net excess tax benefits from stock-based compensation	186	—	—	—	—	186
Cat Japan share redemption ²	—	—	83	—	(66)	17
Balance at December 31, 2011	\$ 4,273	\$ (10,281)	\$ 25,219	\$ (6,328)	\$ 46	\$ 12,929

(Continued)

STATEMENT 4

Caterpillar Inc.

Changes in Consolidated Stockholders' Equity for the Years Ended December 31

(Dollars in millions)

	Common stock	Treasury stock	Profit employed in the business	Accumulated other comprehensive income (loss)	Noncontrolling interests	Total
Balance at December 31, 2011	\$ 4,273	\$ (10,281)	\$ 25,219	\$ (6,328)	\$ 46	\$ 12,929
Profit of consolidated and affiliated companies	—	—	5,681	—	41	5,722
Foreign currency translation, net of tax	—	—	—	83	(23)	60
Pension and other postretirement benefits, net of tax	—	—	—	(285)	5	(280)
Derivative financial instruments, net of tax	—	—	—	(32)	—	(32)
Available-for-sale securities, net of tax	—	—	—	22	1	23
Change in ownership from noncontrolling interests	—	—	—	—	(4)	(4)
Dividends declared	—	—	(1,319)	—	—	(1,319)
Distribution to noncontrolling interests	—	—	—	—	(6)	(6)
Common shares issued from treasury stock for stock-based compensation: 7,515,149	(155)	207	—	—	—	52
Stock-based compensation expense	245	—	—	—	—	245
Net excess tax benefits from stock-based compensation	192	—	—	—	—	192
Cat Japan share redemption ²	(74)	—	(23)	107	(10)	—
Balance at December 31, 2012	\$ 4,481	\$ (10,074)	\$ 29,558	\$ (6,433)	\$ 50	\$ 17,582

¹ See Note 12 regarding shares issued for benefit plans.² See Note 24 regarding the Cat Japan share redemption.

See accompanying notes to Consolidated Financial Statements.

STATEMENT 5

Caterpillar Inc.

Consolidated Statement of Cash Flow for the Years Ended December 31

(Millions of dollars)

	2012	2011	2010
Cash flow from operating activities:			
Profit of consolidated and affiliated companies	\$ 5,722	\$ 4,981	\$ 2,758
Adjustments for non-cash items:			
Depreciation and amortization	2,813	2,527	2,296
Net gain from sale of businesses and investments	(630)	(128)	—
Goodwill impairment charge	580	—	—
Other	439	585	469
Changes in assets and liabilities, net of acquisitions and divestitures:			
Receivables - trade and other	(173)	(1,345)	(2,320)
Inventories	(1,149)	(2,927)	(2,667)
Accounts payable	(1,868)	1,555	2,570
Accrued expenses	183	308	117
Accrued wages, salaries and employee benefits	(490)	619	847
Customer advances	241	173	604
Other assets - net	252	(91)	358
Other liabilities - net	(679)	753	(23)
Net cash provided by (used for) operating activities	<u>5,241</u>	<u>7,010</u>	<u>5,009</u>
Cash flow from investing activities:			
Capital expenditures - excluding equipment leased to others	(3,350)	(2,515)	(1,575)
Expenditures for equipment leased to others	(1,726)	(1,409)	(1,011)
Proceeds from disposals of leased assets and property, plant and equipment	1,117	1,354	1,469
Additions to finance receivables	(12,010)	(10,001)	(8,498)
Collections of finance receivables	8,995	8,874	8,987
Proceeds from sale of finance receivables	132	207	16
Investments and acquisitions (net of cash acquired)	(618)	(8,184)	(1,126)
Proceeds from sale of businesses and investments (net of cash sold)	1,199	376	—
Proceeds from sale of available-for-sale securities	306	247	228
Investments in available-for-sale securities	(402)	(336)	(217)
Other - net	167	(40)	132
Net cash provided by (used for) investing activities	<u>(6,190)</u>	<u>(11,427)</u>	<u>(1,595)</u>
Cash flow from financing activities:			
Dividends paid	(1,617)	(1,159)	(1,084)
Distribution to noncontrolling interests	(6)	(3)	—
Common stock issued, including treasury shares reissued	52	123	296
Excess tax benefit from stock-based compensation	192	189	153
Acquisitions of redeemable noncontrolling interests	(444)	—	—
Acquisitions of noncontrolling interests	(5)	(8)	(132)
Proceeds from debt issued (original maturities greater than three months):			
- Machinery and Power Systems	2,209	4,587	216
- Financial Products	13,806	10,873	8,108
Payments on debt (original maturities greater than three months):			
- Machinery and Power Systems	(1,107)	(2,269)	(1,298)
- Financial Products	(9,992)	(8,324)	(11,163)
Short-term borrowings - net (original maturities three months or less)	461	(43)	291
Net cash provided by (used for) financing activities	<u>3,549</u>	<u>3,966</u>	<u>(4,613)</u>
Effect of exchange rate changes on cash	(167)	(84)	(76)
Increase (decrease) in cash and short-term investments	2,433	(535)	(1,275)
Cash and short-term investments at beginning of period	3,057	3,592	4,867
Cash and short-term investments at end of period	<u>\$ 5,490</u>	<u>\$ 3,057</u>	<u>\$ 3,592</u>

All short-term investments, which consist primarily of highly liquid investments with original maturities of three months or less, are considered to be cash equivalents.

Non-cash activities: During 2010, we contributed 1.5 million shares of company stock with a fair value of \$94 million to our U.S. benefit plans. See Note 12 for further discussion. In 2012, \$1,325 million of debentures with varying interest rates and maturity dates were exchanged for \$1,722 million of 3.803% debentures due in 2042 and \$179 million of cash. The

\$179 million of cash paid is included in Other liabilities - net in the operating activities section of the Consolidated Statement of Cash Flow.