

| STATEMENT 1 | | Caterpillar Inc. | | |
|--|-----------------|------------------|-----------|---------------|
| Consolidated Results of Operations for the Years Ended December 31 | | | | |
| (Dollars in millions except per share data) | | | | |
| | 2018 | 2017 | 2016 | |
| Sales and revenues: | | | | |
| Sales of Machinery, Energy & Transportation | \$ 51,822 | \$ 42,676 | \$ | 35,773 |
| Revenues of Financial Products | 2,900 | 2,786 | | 2,764 |
| Total sales and revenues | 54,722 | 45,462 | | 38,537 |
| Operating costs: | | | | |
| Cost of goods sold | 36,997 | 31,260 | | 28,044 |
| Selling, general and administrative expenses | 5,478 | 4,999 | | 4,383 |
| Research and development expenses | 1,850 | 1,842 | | 1,853 |
| Interest expense of Financial Products | 722 | 646 | | 596 |
| Goodwill impairment charge | — | — | | 595 |
| Other operating (income) expenses | 1,382 | 2,255 | | 1,904 |
| Total operating costs | 46,429 | 41,002 | | 37,375 |
| Operating profit | 8,293 | 4,460 | | 1,162 |
| Interest expense excluding Financial Products | 404 | 531 | | 505 |
| Other income (expense) | (67) | 153 | | (518) |
| Consolidated profit before taxes | 7,822 | 4,082 | | 139 |
| Provision (benefit) for income taxes | 1,698 | 3,339 | | 192 |
| Profit (loss) of consolidated companies | 6,124 | 743 | | (53) |
| Equity in profit (loss) of unconsolidated affiliated companies | 24 | 16 | | (6) |
| Profit (loss) of consolidated and affiliated companies | 6,148 | 759 | | (59) |
| Less: Profit (loss) attributable to noncontrolling interests | 1 | 5 | | 8 |
| Profit (loss) ¹ | \$ 6,147 | \$ 754 | \$ | (67) |
| Profit (loss) per common share | \$ 10.39 | \$ 1.27 | \$ | (0.11) |
| Profit (loss) per common share — diluted ^{2,3} | \$ 10.26 | \$ 1.26 | \$ | (0.11) |
| Weighted-average common shares outstanding (millions) | | | | |
| - Basic | 591.4 | 591.8 | | 584.3 |
| - Diluted ^{2,3} | 599.4 | 599.3 | | 584.3 |

¹ Profit (loss) attributable to common shareholders.

² Diluted by assumed exercise of stock-based compensation awards, using the treasury stock method.

³ In 2016, the assumed exercise of stock-based compensation awards was not considered because the impact would be antidilutive.

See accompanying notes to Consolidated Financial Statements.

| STATEMENT 2 | Caterpillar Inc. | | |
|---|------------------|----------|---------|
| Consolidated Comprehensive Income (Loss) for the Years Ended December 31 | | | |
| (Millions of dollars) | | | |
| | 2018 | 2017 | 2016 |
| Profit (loss) of consolidated and affiliated companies | \$ 6,148 | \$ 759 | \$ (59) |
| Other comprehensive income (loss), net of tax: | | | |
| Foreign currency translation, net of tax (provision)/benefit of: 2018 - \$(24); 2017 - \$96; 2016 - \$(30) | (396) | 765 | (17) |
| Pension and other postretirement benefits: | | | |
| Current year prior service credit (cost), net of tax (provision)/benefit of: 2018 - \$(6); 2017 - \$(26); 2016 - \$(69) | (6) | 48 | 118 |
| Amortization of prior service (credit) cost, net of tax (provision)/benefit of: 2018 - \$8; 2017 - \$9; 2016 - \$21 | (28) | (16) | (35) |
| Derivative financial instruments: | | | |
| Gains (losses) deferred, net of tax (provision)/benefit of: 2018 - \$(19); 2017 - \$2; 2016 - \$33 | 61 | (3) | (62) |
| (Gains) losses reclassified to earnings, net of tax (provision)/benefit of: 2018 - \$31; 2017 - \$(44); 2016 - \$2 | (100) | 77 | (3) |
| Available-for-sale securities: | | | |
| Gains (losses) deferred, net of tax (provision)/benefit of: 2018 - \$3; 2017 - \$(23); 2016 - \$(12) | (12) | 41 | 26 |
| (Gains) losses reclassified to earnings, net of tax (provision)/benefit of: 2018 - \$0; 2017 - \$35; 2016 - \$15 | — | (65) | (31) |
| Total other comprehensive income (loss), net of tax | (481) | 847 | (4) |
| Comprehensive income (loss) | 5,667 | 1,606 | (63) |
| Less: comprehensive income attributable to the noncontrolling interests | 1 | 5 | 8 |
| Comprehensive income (loss) attributable to shareholders | \$ 5,666 | \$ 1,601 | \$ (71) |
| See accompanying notes to Consolidated Financial Statements. | | | |

| STATEMENT 3 | | Caterpillar Inc. |
|--|------------------|------------------|
| Consolidated Financial Position at December 31 | | |
| (Dollars in millions) | | |
| | 2018 | 2017 |
| Assets | | |
| Current assets: | | |
| Cash and short-term investments | \$ 7,857 | \$ 8,261 |
| Receivables – trade and other | 8,802 | 7,436 |
| Receivables – finance | 8,650 | 8,757 |
| Prepaid expenses and other current assets | 1,765 | 1,772 |
| Inventories | 11,529 | 10,018 |
| Total current assets | 38,603 | 36,244 |
| Property, plant and equipment – net | 13,574 | 14,155 |
| Long-term receivables – trade and other | 1,161 | 990 |
| Long-term receivables – finance | 13,286 | 13,542 |
| Noncurrent deferred and refundable income taxes | 1,439 | 1,693 |
| Intangible assets | 1,897 | 2,111 |
| Goodwill | 6,217 | 6,200 |
| Other assets | 2,332 | 2,027 |
| Total assets | \$ 78,509 | \$ 76,962 |
| Liabilities | | |
| Current liabilities: | | |
| Short-term borrowings: | | |
| Machinery, Energy & Transportation | \$ — | \$ 1 |
| Financial Products | 5,723 | 4,836 |
| Accounts payable | 7,051 | 6,487 |
| Accrued expenses | 3,573 | 3,220 |
| Accrued wages, salaries and employee benefits | 2,384 | 2,559 |
| Customer advances | 1,243 | 1,426 |
| Dividends payable | 495 | 466 |
| Other current liabilities | 1,919 | 1,742 |
| Long-term debt due within one year: | | |
| Machinery, Energy & Transportation | 10 | 6 |
| Financial Products | 5,820 | 6,188 |
| Total current liabilities | 28,218 | 26,931 |
| Long-term debt due after one year: | | |
| Machinery, Energy & Transportation | 8,005 | 7,929 |
| Financial Products | 16,995 | 15,918 |
| Liability for postemployment benefits | 7,455 | 8,365 |
| Other liabilities | 3,756 | 4,053 |
| Total liabilities | 64,429 | 63,196 |
| Commitments and contingencies (Notes 21 and 22) | | |
| Shareholders' equity | | |
| Common stock of \$1.00 par value: | | |
| Authorized shares: 2,000,000,000 | | |
| Issued shares: (2018 and 2017 – 814,894,624 shares) at paid-in amount | 5,827 | 5,593 |
| Treasury stock: (2018 – 239,351,886 shares; and 2017 - 217,268,852 shares) at cost | (20,531) | (17,005) |
| Profit employed in the business | 30,427 | 26,301 |
| Accumulated other comprehensive income (loss) | (1,684) | (1,192) |
| Noncontrolling interests | 41 | 69 |
| Total shareholders' equity | 14,080 | 13,766 |
| Total liabilities and shareholders' equity | \$ 78,509 | \$ 76,962 |

See accompanying notes to Consolidated Financial Statements.

STATEMENT 4
Caterpillar Inc.
Changes in Consolidated Shareholders' 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, 2016 | \$ 5,238 | \$ (17,640) | \$ 29,246 | \$ (2,035) | \$ 76 | \$ 14,885 |
| Profit (loss) of consolidated and affiliated companies | — | — | (67) | — | 8 | (59) |
| Foreign currency translation, net of tax | — | — | — | (17) | — | (17) |
| Pension and other postretirement benefits, net of tax | — | — | — | 83 | — | 83 |
| Derivative financial instruments, net of tax | — | — | — | (65) | — | (65) |
| Available-for-sale securities, net of tax | — | — | — | (5) | — | (5) |
| Change in ownership from noncontrolling interests | (2) | — | — | — | 2 | — |
| Dividends declared | — | — | (1,802) | — | — | (1,802) |
| Distribution to noncontrolling interests | — | — | — | — | (10) | (10) |
| Common shares issued from treasury stock for stock-based compensation: 4,164,134 | (185) | 162 | — | — | — | (23) |
| Stock-based compensation expense | 218 | — | — | — | — | 218 |
| Net excess tax benefits from stock-based compensation | (6) | — | — | — | — | (6) |
| Other | 14 | — | — | — | — | 14 |
| Balance at December 31, 2016 | \$ 5,277 | \$ (17,478) | \$ 27,377 | \$ (2,039) | \$ 76 | \$ 13,213 |
| Adjustment to adopt stock-based compensation guidance ¹ | — | — | 15 | — | — | 15 |
| Balance at January 1, 2017 | \$ 5,277 | \$ (17,478) | \$ 27,392 | \$ (2,039) | \$ 76 | \$ 13,228 |
| Profit (loss) of consolidated and affiliated companies | — | — | 754 | — | 5 | 759 |
| Foreign currency translation, net of tax | — | — | — | 765 | — | 765 |
| Pension and other postretirement benefits, net of tax | — | — | — | 32 | — | 32 |
| Derivative financial instruments, net of tax | — | — | — | 74 | — | 74 |
| Available-for-sale securities, net of tax | — | — | — | (24) | — | (24) |
| Change in ownership from noncontrolling interests | 4 | — | — | — | (3) | 1 |
| Dividends declared | — | — | (1,845) | — | — | (1,845) |
| Distribution to noncontrolling interests | — | — | — | — | (9) | (9) |
| Common shares issued from treasury stock for stock-based compensation: 11,139,748 | 93 | 473 | — | — | — | 566 |
| Stock-based compensation expense | 206 | — | — | — | — | 206 |
| Other | 13 | — | — | — | — | 13 |
| Balance at December 31, 2017 | \$ 5,593 | \$ (17,005) | \$ 26,301 | \$ (1,192) | \$ 69 | \$ 13,766 |

(Continued)

STATEMENT 4
Caterpillar Inc.
Changes in Consolidated Shareholders' 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, 2017 | \$ 5,593 | \$ (17,005) | \$ 26,301 | \$ (1,192) | \$ 69 | \$ 13,766 |
| Adjustments to adopt new accounting guidance ¹ | | | | | | |
| Revenue recognition | — | — | (12) | — | — | (12) |
| Tax accounting for intra-entity asset transfers | — | — | (35) | — | — | (35) |
| Recognition and measurement of financial assets and liabilities | — | — | 11 | (11) | — | — |
| Balance at January 1, 2018 | \$ 5,593 | \$ (17,005) | \$ 26,265 | \$ (1,203) | \$ 69 | \$ 13,719 |
| Profit (loss) of consolidated and affiliated companies | — | — | 6,147 | — | 1 | 6,148 |
| Foreign currency translation, net of tax | — | — | — | (396) | — | (396) |
| Pension and other postretirement benefits, net of tax | — | — | — | (34) | — | (34) |
| Derivative financial instruments, net of tax | — | — | — | (39) | — | (39) |
| Available-for-sale securities, net of tax | — | — | — | (12) | — | (12) |
| Change in ownership from noncontrolling interests | (25) | — | — | — | (28) | (53) |
| Dividends declared | — | — | (1,985) | — | — | (1,985) |
| Distribution to noncontrolling interests | — | — | — | — | (1) | (1) |
| Common shares issued from treasury stock for stock-based compensation: 5,590,641 | 41 | 272 | — | — | — | 313 |
| Stock-based compensation expense | 197 | — | — | — | — | 197 |
| Common shares repurchased: 27,673,675 ² | — | (3,798) | — | — | — | (3,798) |
| Other | 21 | — | — | — | — | 21 |
| Balance at December 31, 2018 | \$ 5,827 | \$ (20,531) | \$ 30,427 | \$ (1,684) | \$ 41 | \$ 14,080 |

¹ See Note 1J regarding new accounting guidance.

² See Note 16 regarding shares repurchased.

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)

| | 2018 | 2017 | 2016 |
|--|----------|----------|----------|
| Cash flow from operating activities: | | | |
| Profit (loss) of consolidated and affiliated companies | \$ 6,148 | \$ 759 | \$ (59) |
| Adjustments for non-cash items: | | | |
| Depreciation and amortization | 2,766 | 2,877 | 3,034 |
| Actuarial (gain) loss on pension and postretirement benefits | 495 | 301 | 985 |
| Provision (benefit) for deferred income taxes | 220 | 1,213 | (431) |
| Goodwill impairment charge | — | — | 595 |
| Other | 1,006 | 750 | 859 |
| Changes in assets and liabilities, net of acquisitions and divestitures: | | | |
| Receivables – trade and other | (1,619) | (1,151) | 829 |
| Inventories | (1,579) | (1,295) | 1,109 |
| Accounts payable | 709 | 1,478 | (200) |
| Accrued expenses | 101 | 175 | (201) |
| Accrued wages, salaries and employee benefits | (162) | 1,187 | (708) |
| Customer advances | (183) | (8) | (41) |
| Other assets – net | 41 | (192) | 224 |
| Other liabilities – net | (1,385) | (388) | (356) |
| Net cash provided by (used for) operating activities | 6,558 | 5,706 | 5,639 |
| Cash flow from investing activities: | | | |
| Capital expenditures – excluding equipment leased to others | (1,276) | (898) | (1,109) |
| Expenditures for equipment leased to others | (1,640) | (1,438) | (1,819) |
| Proceeds from disposals of leased assets and property, plant and equipment | 936 | 1,164 | 899 |
| Additions to finance receivables | (12,183) | (11,953) | (9,339) |
| Collections of finance receivables | 10,901 | 12,018 | 9,369 |
| Proceeds from sale of finance receivables | 477 | 127 | 127 |
| Investments and acquisitions (net of cash acquired) | (392) | (59) | (191) |
| Proceeds from sale of businesses and investments (net of cash sold) | 16 | 100 | — |
| Proceeds from sale of securities | 442 | 932 | 694 |
| Investments in securities | (506) | (1,048) | (391) |
| Other – net | 13 | 89 | (20) |
| Net cash provided by (used for) investing activities | (3,212) | (966) | (1,780) |
| Cash flow from financing activities: | | | |
| Dividends paid | (1,951) | (1,831) | (1,799) |
| Common stock issued, including treasury shares reissued | 313 | 566 | (23) |
| Common shares repurchased | (3,798) | — | — |
| Proceeds from debt issued (original maturities greater than three months): | | | |
| - Machinery, Energy & Transportation | 57 | 361 | 6 |
| - Financial Products | 8,850 | 8,702 | 5,109 |
| Payments on debt (original maturities greater than three months): | | | |
| - Machinery, Energy & Transportation | (7) | (1,465) | (533) |
| - Financial Products | (7,822) | (6,923) | (6,035) |
| Short-term borrowings – net (original maturities three months or less) | 762 | (3,058) | 140 |
| Other – net | (54) | (9) | (8) |
| Net cash provided by (used for) financing activities | (3,650) | (3,657) | (3,143) |
| Effect of exchange rate changes on cash | (126) | 38 | (28) |
| Increase (decrease) in cash and short-term investments and restricted cash | (430) | 1,121 | 688 |
| Cash and short-term investments and restricted cash at beginning of period | 8,320 | 7,199 | 6,511 |
| Cash and short-term investments and restricted cash at end of period | \$ 7,890 | \$ 8,320 | \$ 7,199 |

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: In September 2016, \$381 million of medium-term notes with varying interest rates and maturity dates were exchanged for \$366 million of 1.93% medium-term notes due in 2021 and \$15 million of cash. In addition, a debt exchange premium of \$33 million was paid and is included in the operating activities section of the Consolidated Statement of Cash Flow.

See accompanying notes to Consolidated Financial Statements.