

April 16, 2002

**Caterpillar achieves profit of 23 cents per share;
reaffirms sales and revenues, profit forecast for full year**

PEORIA, Ill. – – Caterpillar Inc. (NYSE: CAT) today reported first-quarter 2002 sales and revenues of \$4.41 billion and profit of \$80 million or 23 cents per share.

“These results are in line with our expectations for a slower first half of the year and demonstrate our ability to perform well, even when many of the major industries we serve continue to be depressed,” said Caterpillar Chairman and CEO Glen Barton. “The diversity of our products and services allowed us to achieve solid profitability despite a significant drop in sales to the electric power generation and coal mining sectors.”

Sales and revenues of \$4.41 billion compared with \$4.81 billion in the first quarter of 2001. Sales for the quarter were higher in Asia/Pacific and Latin America, partially offsetting declines in North America and Europe, Africa and the Middle East. North American truck and bus engine sales rebounded substantially from low levels, helping offset declines in mining, general construction and electric power generation. Caterpillar’s Financial Products Division continued its strong performance.

Profit was \$80 million or 23 cents per share compared with \$162 million or 47 cents per share in the first quarter 2001. Company profit declined primarily because of lower sales of larger machines and engines and related manufacturing inefficiencies.

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“We remain confident that sales and revenues will be about the same as last year, aided by improving global business conditions in the second half of the year,” Barton said. “We expect profit to be up slightly for the full year, reflecting continued efforts to aggressively improve our cost structure, aided by the global success of 6 Sigma projects. In addition, the diversity of our products and services, our worldwide presence, and low dealer inventory levels put us in an excellent position to perform well once the economic recovery takes hold.”

For more than 75 years, Caterpillar has been building the world's infrastructure and, in partnership with our independent dealers, is driving positive and sustainable change on every continent. Caterpillar is the world's largest maker of construction and mining equipment, diesel and natural gas engines and industrial gas turbines. The company is a technology leader in construction, transportation, mining, forestry, energy, logistics, financing and electric power generation. More information is available at <http://www.CAT.com/>.

DETAILED ANALYSIS

FIRST-QUARTER 2002 COMPARED WITH FIRST-QUARTER 2001

First-quarter 2002 sales and revenues were \$4.41 billion with profit of \$80 million or 23 cents per share. This compares with sales and revenues of \$4.81 billion and profit of \$162 million or 47 cents per share in the first quarter 2001.

MACHINERY AND ENGINES

Sales

(Millions of dollars)	<u>Total</u>	<u>North America</u>	<u>EAME</u> *	<u>Latin America</u>	<u>Asia/ Pacific</u>
<u>First-Quarter 2002</u>					
Machinery	\$2,671	\$1,479	\$663	\$219	\$310
Engines **	1,373	614	418	146	195
	<u>\$4,044</u>	<u>\$2,093</u>	<u>\$1,081</u>	<u>\$365</u>	<u>\$505</u>
<u>First-Quarter 2001</u>					
Machinery	\$2,961	\$1,673	\$823	\$191	\$274
Engines **	1,500	844	391	116	149
	<u>\$4,461</u>	<u>\$2,517</u>	<u>\$1,214</u>	<u>\$307</u>	<u>\$423</u>

* Europe, Africa & Middle East and Commonwealth of Independent States

** Does not include internal engine transfers of \$309 million and \$310 million in first-quarter 2002 and first-quarter 2001, respectively. Internal engine transfers are valued at prices comparable to those for unrelated parties.

Machinery sales were \$2.67 billion, a decrease of \$290 million or 10 percent from first-quarter 2001. Physical sales volume decreased 11 percent from a year ago as sales gains in Asia/Pacific and Latin America were more than offset by lower sales in North America and EAME. Sales in Asia/Pacific and Latin America were higher compared to first-quarter 2001 due to the impact of changes in dealer inventory. Sales decreased in North America and EAME due to lower dealer sales to most industry sectors, especially larger machines into mining, and a slower pace of seasonal inventory growth by dealers compared to one year ago.

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Engine sales were \$1.37 billion, a decline of \$127 million or 8 percent from first-quarter 2001. Physical sales volume declined 7 percent. Higher sales in EAME, Latin America and Asia/Pacific were more than offset by lower sales in North America, as dealers reduced inventory reflecting lower industry demand in electric power generation.

Operating Profit / (Loss)

(Millions of dollars)	<u>First-Quarter</u>	<u>First-Quarter</u>
	<u>2002</u>	<u>2001</u>
Machinery	\$121	\$215
Engines	(14)	63
	<u>\$107</u>	<u>\$278</u>

Caterpillar operations are highly integrated; therefore, the company uses a number of allocations to determine lines of business operating profit.

Machinery operating profit decreased \$94 million, or 44 percent from first-quarter 2001 primarily due to the lower physical sales volume of larger machines and related manufacturing inefficiencies.

Engine operating profit decreased \$77 million from first-quarter 2001 primarily due to the lower physical volume of large reciprocating engines and related manufacturing inefficiencies, as well as lower price realization due to competitive pressures in North America.

Interest expense was \$9 million lower than a year ago.

Other income/expense was expense of \$7 million compared to expense of \$48 million last year. The favorable change was mostly due to lower cost of financing trade receivables and lower foreign exchange losses in the first-quarter 2002.

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FINANCIAL PRODUCTS

Revenues for the first quarter were \$402 million, down \$3 million or 1 percent compared with first-quarter 2001. The favorable impact of the continued portfolio growth at Caterpillar Financial Services Corporation (Cat Financial) and an increase in extended service contract premiums at Caterpillar Insurance Holdings Inc. (Cat Insurance) were more than offset by the impact of generally lower interest rates on Cat Financial revenues.

Before tax profit was \$90 million, up \$7 million or 8 percent from the first quarter a year ago. The increase in profit was due to a better spread on the portfolio at Cat Financial and higher underwriting income at Cat Insurance. The increases were partially offset by a higher provision for credit losses at Cat Financial.

INCOME TAXES

First-quarter tax expense reflects an estimated annual tax rate of 30 percent for 2002 and 32 percent for 2001.

UNCONSOLIDATED AFFILIATED COMPANIES

The company's share of unconsolidated affiliated companies' results decreased \$7 million from first quarter a year ago, primarily due to losses at Caterpillar Claas America.

OUTLOOK

We expect full-year 2002 sales and revenues to be about flat with 2001. Full-year profit is projected to be up slightly in 2002, excluding nonrecurring charges recorded in 2001 for the sale of the Challenger agricultural tractor line, plant closing and consolidations and costs for planned employment reductions. (Complete outlook begins on page 9).

SUPPLEMENTAL INFORMATION

Dealer Machine Sales to End Users and Deliveries to Dealer Rental Operations

Worldwide dealer machine sales (including both sales to end users and deliveries to dealer rental operations) in the first-quarter 2002 were lower than a year ago. Sales declined in North America, EAME and Latin America. Sales in Asia/Pacific remained near year-earlier levels.

In North America, higher sales to the waste sector and unchanged sales to the industrial and forestry sectors were more than offset by declines into general construction, heavy construction, quarry & aggregates, agriculture and mining.

Sales declined in EAME due to lower demand from the mining, general construction, agriculture, waste, forestry and industrial sectors. Sales into quarry & aggregates and heavy construction were flat.

In Asia/Pacific, higher sales into heavy construction, general construction, waste, industrial and agriculture offset lower sales into mining, quarry & aggregates and forestry.

In Latin America, sales increases to the forestry and industrial sectors were more than offset by lower sales into mining, general construction, heavy construction, agriculture, quarry & aggregates and waste.

Dealer Inventories of New Machines

Worldwide dealer new machine inventories at the end of the first quarter were lower than a year ago. Declines in North America and EAME more than offset increases in Latin America, while inventories in Asia/Pacific were flat. Inventories compared to current selling rates were lower than year-earlier levels in North America, EAME and Latin America and remained at the same level as last year in Asia/Pacific.

Engine Sales to End Users and OEMs

Worldwide engine sales to end users and OEMs were flat compared to the first quarter of 2001. Sales increases in Asia/Pacific and Latin America were offset by declines in North America and EAME.

In North America, increased demand for engines used in marine and on-highway applications was more than offset by weaker demand from the industrial, petroleum and electric power applications.

In EAME, demand for engines used in petroleum applications rose sharply in the first quarter of 2002 but overall sales declined as demand for engines used in industrial, marine and electric power applications weakened compared to first-quarter 2001.

In Asia/Pacific, increases in petroleum applications more than offset reduced demand in other engine applications.

Robust sales gains occurred in Latin America as Caterpillar dealers shipped heavily into Brazil to help meet electric power shortages caused by hydroelectric production shortfalls; in addition, engine demand from petroleum more than doubled from first quarter last year.

EMPLOYMENT

At the end of first-quarter 2002, Caterpillar's worldwide employment was 71,843 compared with 69,388 one year ago. Acquisitions have added 1,825 since first-quarter 2001.

CONDENSED CASH FLOW

Net free cash flow (profit after tax adjusted for depreciation, changes in working capital and other noncash items, capital expenditures, and dividends) for *Machinery and Engines* was negative \$335 million through the first quarter of 2002, a decrease of \$197 million from 2001. This decrease was primarily due to lower profit after tax and an increase in working capital.

For the Three Months Ended
(Millions of dollars)

	Consolidated		Machinery & Engines *		Financial Products	
	Mar. 31, 2002	Mar. 31, 2001	Mar. 31, 2002	Mar. 31, 2001	Mar. 31, 2002	Mar. 31, 2001
Profit after tax	\$80	\$162	\$80	\$162	\$58	\$54
Depreciation and amortization	296	289	201	215	95	74
Change in working capital; and Other	(273)	(135)	(374)	(242)	40	72
Capital expenditures excluding equipment leased to others	(152)	(156)	(145)	(152)	(7)	(4)
Expenditures for equipment leased to others, net of disposals	(111)	(86)	23	(4)	(134)	(82)
Dividends paid	(120)	(117)	(120)	(117)	-	(5)
Net Free Cash Flow	(280)	(43)	(335)	(138)	52	109
Other significant cash flow items:						
Treasury shares purchased	-	(19)	-	(19)	-	-
Net (increase) decrease in long-term finance receivables	(135)	(623)	-	-	(135)	(623)
Net increase (decrease) in debt	619	1,019	242	123	377	896
Investments and acquisitions - (net of cash acquired)	(262)	(378)	(15)	(95)	(247)	(283)
Other	(40)	(43)	23	59	(60)	(116)
Change in cash and short-term Investments	\$(98)	\$(87)	\$(85)	\$(70)	\$(13)	\$(17)

* Represents Caterpillar Inc. and its subsidiaries with *Financial Products* accounted for on the equity basis.

Note: "Change in working capital; and Other" excludes changes in cash, debt and dividends payable. Also, due to the acquisition and consolidation of new companies, certain amounts have been removed from "Change in working capital; and Other" and "Capital expenditures excluding equipment leased to others" and included in "Investments and acquisitions" or "Other".

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OUTLOOK

Summary

World economic growth prospects showed clear signs of improvement in the first quarter of 2002. Spending and production increased at good rates in North America as a recovery began in the United States. In addition, a range of European leading indicators are beginning to signal an economic recovery in Europe in the second half of 2002. As a result, we continue to anticipate improving global business conditions in the second half of the year, led initially by a recovery in North America and followed by a recovery in Europe.

However, even with this growth scenario, most industrial markets are building from very low levels of capacity utilization. As a result, corporate profits – and related capital equipment outlays -- are not expected to see meaningful growth until the second half of 2002.

In this economic environment, worldwide industry opportunity is expected to be about flat in 2002. Company sales and revenues are also projected to be about flat. Despite weakness in the first quarter, full-year profit is projected to be up slightly in 2002, excluding the nonrecurring charges recorded in 2001. The anticipated profit improvement reflects the company's continuing actions to reduce costs and improve efficiencies.

North America

In the United States, a solid recovery in the first quarter was supported by continued good rates of consumer spending (non-autos), strong demand for housing, further growth in government spending and a pick-up in industrial production driven by substantially reduced rates of inventory liquidation.

The Canadian economy will benefit from the U.S. recovery, and, similar to the U.S., consumer spending and housing demand will receive a boost from modest tax reductions.

While the U.S. economy benefited from a strong recovery in early 2002, equipment spending in many major industries is not expected to grow materially until the second half of 2002. Full-year industry sales of construction and industrial machines are projected to be about flat. Improvement over the course of the year is expected in general construction and industrial equipment. With the mild winter, however, coal prices and production have come under downward pressure, and sales to coal mining are expected to be down.

Full-year industry engine sales are expected to be flat to up slightly. Slightly higher sales are expected in most engine sectors to be offset by weaker sales to petroleum applications. As a result, company sales of machines and engines in North America are expected to be about flat.

EAME

In EAME, good improvements in leading indicators in early 2002 also point to a recovery in the second half of 2002. But this is not expected to be strong enough economic growth to lead to material improvement in the industries Caterpillar serves until 2003. As a result, company sales in the EAME region are projected to be about flat.

Asia/Pacific

In Asia/Pacific, business conditions are gradually improving in developing Asia in response to the U.S. recovery. As a result, equipment spending is moving up from relatively depressed levels. Japan continues to be a drag on the regional recovery, and industry sales are projected to be down. Economic growth in China is expected to remain strong, leading to moderately higher industry sales, and sales in Australia and India are also expected to be up moderately. Overall company sales in the region are expected to be flat to up slightly.

Latin America

In Latin America, business conditions in Mexico are expected to improve in conjunction with the U.S. recovery. In addition, Brazil's economy is showing signs of improvement and industrial production moved up early in 2002. Latin American countries are expected to seek additional engines to provide more stable electric power supplies. Political and economic uncertainty continues in both Venezuela and Argentina but any associated negative shocks to machine and engine industry demand is expected to be confined to those countries. Company sales in the region are expected to be up slightly.

* * *

The information included in the Outlook section is forward looking and involves risks and uncertainties that could significantly affect expected results. A discussion of these risks and uncertainties is contained in Form 8-K filed with the Securities & Exchange Commission (SEC) on April 16, 2002. That filing is available from the SEC website at <http://www.sec.gov/cgi-bin/srch-edgar>.

Caterpillar's latest financial results and current outlook are also available via:

Telephone:

(800) 228-7717 (Inside the United States and Canada)
(858) 244-2080 (Outside the United States and Canada)

Internet:

<http://www.CAT.com/investor>
<http://www.CAT.com/irwebcast> (live broadcast/replays of quarterly conference call)

Note: Information contained on our website is not incorporated by reference into this release.

Financial Pages Follow

CATERPILLAR INC.
CONDENSED CONSOLIDATED RESULTS OF OPERATIONS
FOR THE THREE MONTHS ENDED
(UNAUDITED)

(Dollars in millions except per share data)

	Supplemental Consolidating Data					
	Consolidated		Machinery & Engines *		Financial Products	
	Mar. 31, 2002	Mar. 31, 2001	Mar. 31, 2002	Mar. 31, 2001	Mar. 31, 2002	Mar. 31, 2001
Sales and revenues:						
Sales of Machinery & Engines	\$4,044	\$4,461	\$4,044	\$4,461	\$ -	\$ -
Revenues of Financial Products	365	349	-	-	402	405
Total sales and revenues	<u>4,409</u>	<u>4,810</u>	<u>4,044</u>	<u>4,461</u>	<u>402</u>	<u>405</u>
Operating costs:						
Cost of goods sold	3,205	3,462	3,205	3,462	-	-
Selling, general, and administrative expenses	649	621	561	554	108	77
Research and development expenses	171	167	171	167	-	-
Interest expense of Financial Products	123	182	-	-	127	193
Other operating expenses	91	69	-	-	91	69
Total operating costs	<u>4,239</u>	<u>4,501</u>	<u>3,937</u>	<u>4,183</u>	<u>326</u>	<u>339</u>
Operating Profit	170	309	107	278	76	66
Interest expense excluding Financial Products	69	78	69	78	-	-
Other income (expense)	20	4	(7)	(48)	14	17
Consolidated profit before taxes	121	235	31	152	90	83
Provision for income taxes	36	75	2	45	34	30
Profit of consolidated companies	85	160	29	107	56	53
Equity in profit of unconsolidated affiliates	(5)	2	(7)	1	2	1
Equity in profit of Financial Products subsidiaries	-	-	58	54	-	-
Profit	<u>\$80</u>	<u>\$162</u>	<u>\$80</u>	<u>\$162</u>	<u>\$58</u>	<u>\$54</u>
EPS of common stock	<u>\$0.23</u>	<u>\$0.47</u>				
EPS of common stock - assuming dilution	<u><u>\$0.23</u></u>	<u><u>\$0.47</u></u>				
Weighted average shares outstanding (thousands)						
Basic	343,592	343,315				
Assuming dilution	347,737	346,635				

* Represents Caterpillar Inc. and its subsidiaries with *Financial Products* accounted for on the equity basis. Transactions between *Machinery and Engines* and *Financial Products* have been eliminated to arrive at the Consolidated data.

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CATERPILLAR INC.
CONDENSED FINANCIAL POSITION*
(Millions of dollars)

	Consolidated (Caterpillar Inc. and Subsidiaries)		
	Mar. 31, 2002	Dec. 31, 2001	Mar. 31, 2001
Assets			
Current assets:			
Cash and short-term investments	\$302	\$400	\$247
Receivables – trade and other	2,619	2,592	2,517
Receivables – finance	6,074	5,849	5,928
Deferred and refundable income taxes	439	423	305
Prepaid expenses	1,235	1,211	1,039
Inventories	3,214	2,925	2,964
Total current assets	13,883	13,400	13,000
Property, plant, and equipment – net	6,622	6,603	5,993
Long-term receivables – trade and other	61	55	75
Long-term receivables – finance	6,260	6,267	6,028
Investments in unconsolidated affiliated companies	750	787	875
Deferred income taxes	899	938	927
Intangible assets	286	274	62
Goodwill	1,397	1,397	1,420
Other assets	989	936	845
Total Assets	\$31,147	\$30,657	\$29,225
Liabilities			
Current liabilities:			
Short-term borrowings:			
-- Machinery & Engines	\$353	\$219	\$633
-- Financial Products	1,669	1,961	1,091
Accounts payable	2,182	2,123	2,234
Accrued expenses	1,366	1,419	1,099
Accrued wages, salaries, and employee benefits	1,258	1,292	1,200
Dividends payable	-	120	-
Deferred and current income taxes payable	6	11	9
Long-term debt due within one year:			
-- Machinery & Engines	265	73	264
-- Financial Products	2,946	3,058	2,706
Total current liabilities	10,045	10,276	9,236
Long-term debt due after one year:			
-- Machinery & Engines	3,403	3,492	2,824
-- Financial Products	8,531	7,799	8,518
Liability for post-employment benefits	3,120	3,103	2,515
Deferred income taxes and other liabilities	375	376	457
Total Liabilities	25,474	25,046	23,550
Stockholders' Equity			
Common stock	1,036	1,043	1,051
Profit employed in the business	7,613	7,533	7,367
Accumulated other comprehensive income	(294)	(269)	(54)
Treasury stock	(2,682)	(2,696)	(2,689)
Total Stockholders' Equity	5,673	5,611	5,675
Total Liabilities and Stockholders' Equity	\$31,147	\$30,657	\$29,225

* Unaudited except for Consolidated December 31, 2001 amounts.

Certain amounts for prior periods have been reclassified to conform with current financial statement presentation.