FORM 10-K

Annual report pursuant to section 13 and 15(d)

Filing Date: **1994-03-02** | Period of Report: **1993-12-31**
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CATERPILLAR INC

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SIC: **3531** Construction machinery & equip

Business Address
100 NE ADAMS ST
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SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-K

(Mark One)

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 1993

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from __________ to __________.

Commission File No. 1-768

CATERPILLAR INC.
(Exact name of Registrant as specified in its charter)

DELAWARE	37-0602744
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)
100 NE ADAMS STREET, PEORIA, ILLINOIS	61629
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: (309) 675-1000

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Stock ($1.00 par value)	Midwest Stock Exchange
	New York Stock Exchange
	Pacific Stock Exchange
Preferred Stock Purchase Rights	Midwest Stock Exchange
	New York Stock Exchange
	Pacific Stock Exchange
8% Three-year Extentable Notes due 1997	New York Stock Exchange
9 1/8% Notes due December 15, 1996	New York Stock Exchange
9 3/8% Notes due July 15, 2000	New York Stock Exchange
9 3/8% Notes due July 15, 2001	New York Stock Exchange
9% Debentures due April 15, 2006	New York Stock Exchange
9 3/8% Debentures due August 15, 2011	New York Stock Exchange
9 3/4% Sinking Fund Debentures due June 1, 2019	New York Stock Exchange
9 3/8% Debentures due March 15, 2021	New York Stock Exchange
8% Debentures due February 15, 2023	New York Stock Exchange
6% Debentures due May 1, 2007	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: NONE

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1993

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Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes [X] No [ ].

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [ ]

As of December 31, 1993, there were 101,861,828 shares of common stock of the Registrant outstanding, and the aggregate market value of the voting stock held by non-affiliates of the Registrant (assuming only for purposes of this computation that directors and officers may be affiliates) was $9,020,348,203.

DOCUMENT INCORPORATED BY REFERENCE

Portions of the document listed below have been incorporated by reference into the indicated parts of this report, as specified in the responses to the item numbers involved.

1994 Annual Meeting Proxy Statement (Parts I, II, III and IV)

===

1993

PART I

ITEM 1. BUSINESS.

Principal Business Segments

Caterpillar Inc. together with its consolidated subsidiaries (the "Company") operates in three principal business segments:

(1) Machinery--Design, manufacture, and marketing of earthmoving, construction, and materials handling machinery--track and wheel tractors, track and wheel loaders, lift trucks, self-guided materials handling vehicles, pipelayers, motor graders, wheel tractor-scrapers, track and wheel excavators, backhoe loaders, log skidders, log loaders, off-highway trucks, articulated trucks, paving products, and related parts.

(2) Engines--Design, manufacture, and marketing of engines for earthmoving and construction machines, on-highway trucks, and locomotives; marine, petroleum, agricultural, industrial, and other applications; electric power generation systems; and related parts. Caterpillar diesel and spark-ignited engines meet power needs ranging from 54 to 8,000 horsepower. Turbines range from 1,340 to 15,000 horsepower (1000 to 10 500 kilowatts).

(3) Financial Products--Provides financing alternatives for Caterpillar and noncompetitive related equipment, and extends loans to Caterpillar customers and dealers. Also provides various forms of insurance for Caterpillar dealers and customers to help support their purchase and financing of Caterpillar equipment.

Note 22 of the Notes to Consolidated Financial Statements on pages A-21 through A-22 of the Appendix to the Company's 1994 Annual Meeting Proxy Statement contains additional information regarding the Company's business segments and geographic segments and is incorporated herein by reference.

Company Operations

The Company conducts operations in the Machinery and Engines segments of its business under highly competitive conditions, including intense price competition. It places great emphasis upon the high quality and performance of its products and the service support for such products which is supplied by its dealers. Although no one competitor is believed to produce all of the same types of machines and engines produced by the Company, there are numerous companies, large and small, which compete with the Company in the sale of each of its products.

Machines are distributed principally through a worldwide organization of independent full-line dealers, and one company-owned dealership; 65 located in the United States and 118 located outside the United States. Worldwide, these dealers have more than 1,250 places of business. Diesel and spark-ignited engines are sold through the worldwide dealer organization and to other manufacturers for use in products manufactured by them. Caterpillar dealers do not deal exclusively in the Company's products, although in most cases sales and servicing of the Company's products are the dealers' principal business. Turbines are sold through a sales force employed by Solar Turbines Incorporated, a wholly owned subsidiary, or its subsidiaries and associated companies. These employees are from time to time assisted by independent sales representatives.

Financial Products consists primarily of Caterpillar Financial Services Corporation and its subsidiaries, and Caterpillar Insurance Co. Ltd.

Further information concerning the Company's operations in 1993 and its outlook for 1994 appears under the caption "Management's Discussion and Analysis" on pages A-26 through A-35 of the Appendix to the Company's 1994 Annual Meeting Proxy Statement, which pages are incorporated herein by reference.

Patents and Trademarks

The Company's products are sold primarily under the marks "Caterpillar," "Cat," "Solar," and "Barber-Greene." The Company owns a number of patents and trademarks relating to the products manufactured by it, which have been obtained over a period of years. These patents and trademarks have been of value in the growth of the Company's business and may continue to be of value in the future. The Company does not regard any segment of the Company's business as being dependent upon any single patent or group of patents.

Research and Development

The Company has always placed strong emphasis on product-oriented research and engineering relating to the development of new or improved machines, engines and major components thereof, and to the development of new and improved machine tools and processes for use in manufacturing. In 1993, 1992 and 1991, the Company expended $455 million, $446 million and $441 million, respectively, on its research and engineering program. Of these amounts, $319 million in 1993, $310 million in 1992 and $272 million in 1991 were attributable to new prime products and major component development and major improvements to existing products. The remainders were attributable to engineering costs incurred during the early production phase as well as ongoing efforts to improve existing products. During 1993 the Company announced several new products, such as the 3406E truck engine, as well as improvements to existing products. The Company expects to continue the development of new products and improvements to existing products in the future.

Employment

At December 31, 1993, the Company employed 51,250 persons of whom 13,147 were located outside the United States.

Sales

Sales outside the United States were 49% of consolidated sales in 1993, compared with 55% in 1992 and 59% in 1991 .

Environmental Matters

The Company's facilities and products are subject to extensive environmental laws and regulations. Research, engineering, and operating expenses relating to environmental protection totaled approximately $126 million in 1993, and are expected to remain relatively constant for 1994. Such expenses include depreciation expenses of approximately $10 million, but exclude reserves described hereinafter. Capital expenditures for pollution abatement and control for 1993 were approximately $11 million, approximately 2.5% of total capital expenditures. For 1994, the Company estimates that such capital expenditures will approximate $17 million.

It is expected that these expenditure levels will continue and may increase over time. However, the ultimate cost of future compliance is uncertain due to a number of factors such as the evolving nature and interpretation of environmental laws and regulations, the extent of remediation which may be required at sites identified by the Environmental Protection Agency (EPA), or comparable state authorities, and evolving technologies. The 1990 Amendments to the Clean Air Act provide, among other things, for more stringent air emission standards which may require significant expenditures to bring the Company's facilities into compliance and to redesign certain of the Company's products. The 1990 Amendments are scheduled to be implemented throughout the 1990s and the first decade of the

21st century. However, a large number of the regulations which will be required to achieve that implementation have not yet been proposed or promulgated. In 1993, capital and operating expenditures attributed to compliance with the 1990 Amendments were approximately $15 million. Expenditures for 1994 are expected to be approximately $19 million.

Based on a preliminary environmental assessment, during 1992 Solar Turbines Incorporated (Solar), a subsidiary of the Company since 1981, estimated that assessment, remediation and preventative expenditures for contamination of its Harbor Drive facility in San Diego, California will be approximately $30 to $50 million expended over the next 25 years, a significant portion of which will be capital expenditures. The contamination of Harbor Drive, a manufacturing facility for over 60 years, involves cleaning solvents, petroleum products, and metal products, which have been found in both soil and groundwater samples. Solar has been working closely with the state and local agencies on this issue. While subject to further analysis, Solar believes that a substantial portion of the expenditures may be recoverable from third parties who previously conducted manufacturing or other operations on or adjacent to the site. A reserve of $13 million was recorded in the third quarter of 1992 with respect to this matter. Remediation expenses with respect to Harbor Drive were $3 million in 1993.

Also in 1992, a reserve of $5 million was recorded with respect to estimated costs of remediation of soil and groundwater contamination at other facilities. This reserve includes $4 million for estimated costs to remediate potential groundwater contamination at a former Company facility located in San Leandro, California. Remediation efforts have been ongoing, and the Company has been working closely with the California Department of Toxic Substances Control in its remediation efforts. Remediation expenses with respect to San Leandro were less than $1 million in 1993.

As of December 31, 1993, the Company, in conjunction with numerous other parties, has been identified as a potentially responsible party (PRP) at 18 active sites identified by the EPA, or similar state authorities for remediation under the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (CERCLA), or comparable federal or state statutes (CERCLA sites). Lawsuits and claims involving additional environmental matters are likely to arise from time to time.

CERCLA and facility sites are in varying stages of investigation and remediation. As a result, management's assessment of potential liability and remediation costs have been based on currently available facts, the stage of the proceedings, the number of PRPs identified, documentation available, currently anticipated and reasonably identifiable remediation costs, amounts contributed by the Company on a pro-rata basis toward investigation and remediation costs, existing technology, presently enacted laws and regulations, and other factors. While the Company may have rights of contribution or reimbursement from other parties or coverage under insurance policies, such issues are not factors in management's estimation of liability.

Based on the foregoing factors, management believes that it is unlikely that any identified matters, either individually or in the aggregate, will have a material adverse effect on the Company's consolidated financial position, results of operations or capital expenditures. Remediation and monitoring expenses actually incurred in 1993 in respect of CERCLA sites and soil and groundwater contamination at Company facilities (including Harbor Drive and San Leandro sites noted above) were approximately $4 million.

ITEM 1a. EXECUTIVE OFFICERS OF THE REGISTRANT AS OF DECEMBER 31, 1993.

<TABLE>
<CAPTION>

Name and Age	Present Caterpillar Inc. position and date of initial election	Principal positions held during the past five years other than Caterpillar Inc. position currently held
<S>	<C>	<C>
Donald V. Fites (59)	Chairman of the Board (1990)	President; Executive Vice President
James W. Wogsland (62)	Vice Chairman (1990)	Executive Vice President
Glen A. Barton (54)	Group President (1990)	Executive Vice President; Vice President; President, Solar Turbines Incorporated
Gerald S. Flaherty (55)	Group President (1990)	Executive Vice President; Vice President
R. Rennie Atterbury III (56)	Vice President, General Counsel and Secretary (1991)	Associate General Counsel
James W. Baldwin (56)	Vice President (1991)	General Manager, Parts and Service Support; Manager, Parts Distribution, General Office
Vito H. Baumgartner (53)	Vice President (1990)	Chairman, Caterpillar Overseas S.A.; President, Caterpillar Brasil S.A.
James S. Beard (52)	Vice President (1990)	President, Caterpillar Financial Services Corporation
Richard A. Benson (50)	Vice President (1989)	President, Caterpillar Industrial Inc.; Manager, Product Source Planning
Ronald P. Bonati (54)	Vice President (1990)	Manager, Products Control General Office
James E. Despain (56)	Vice President (1990)	Manager, East Peoria Plant; President, CONEK S.A. de C.V.
Robert C. Dryden (57)	Vice President (1981)	
Roger E. Fischbach (52)	Vice President (1989)	Director, Engineering General Office
Donald M. Ings (45)	Vice President (1993)	President, Solar Turbines Incorporated; Manager, Precision Barstock Products, York Plant
Keith G. Johnson (62)	Vice President (1988)	Chairman, Shin Caterpillar Mitsubishi Ltd.
James W. Owens (47)	Vice President (1990)	President, Solar Turbines Incorporated; Managing Director, P.T. Natra Raya

Gerald Palmer (48)	Vice President (1992)	Director of Technical Services, Technical Services Division; President, CONEK S.A. de C.V.
Robert C. Petterson (55)	Vice President (1991)	Vice President, Asia-Pacific-Latin America; Regional Manager, Caterpillar Overseas S.A.
Siegfried R. Ramseyer (56)	Vice President (1992)	Managing Director, Caterpillar Overseas S.A.; Manager, Construction Equipment and Dealer Administration, Caterpillar Overseas S.A.
Alan J. Rassi (53)	Vice President (1992)	General Manager, Aurora Plant; Plant Manager, Aurora Plant
Gary A. Stroup (44)	Vice President (1992)	Business Unit Manager, Component Products Division; Assistant Director of Manufacturing, General Office; Planning and Tooling Manager, East Peoria Plant
Richard L. Thompson (54)	Vice President (1989)	President, Solar Turbines Incorporated; Vice President, Customer Service, Solar Turbines Incorporated
Wayne M. Zimmerman (58)	Vice President (1989)	Director of Logistics, General Office
Robert R. Gallagher (53)	Controller (1990)	Manager of Tax, General Office
Rudolf W. Wuttke (55)	Treasurer (1991)	Secretary and Treasurer, Caterpillar Overseas S.A.
Robin D. Beran (42)	Assistant Treasurer; Director of Corporate Tax, General Office (1990)	Assistant Manager of Tax, General Office

</TABLE>

ITEM 2. PROPERTIES.

The Company's operations are highly integrated. Although the majority of the Company's plants are involved primarily in the production of either machines or engines, several of the Company's plants are involved in the manufacture of both machines and engines. In addition, several plants are involved in the manufacture of components which are used in the assembly of both machines and engines. The Company's distribution centers and regional distribution centers are involved in the storage and distribution of parts for machines and engines. Also, the research and development activities carried on at the Technical Center involve both machines and engines.

The corporate headquarters for the Company are located in Peoria, Illinois. Additional marketing headquarters are located both inside and outside the United States.

All square footage and acreage provided herein is approximated as of December 31, 1993.

Total Properties

Total properties owned or leased by the Company consist of 65,330,072 square feet of building area, of which 90.6% is owned in fee and 9.4% is leased.

Owned Properties

Properties owned in fee by the Company consist of 59,221,322 square feet of building area and 19,288 acres of land. Properties owned by the Company are believed to be generally well maintained and adequate for the purposes for which they are presently used. Through planned capital expenditures, the Company expects these properties to remain adequate for future needs.

Consolidations/Closures/Sales

Over the last five years, in the ordinary course of business, the Company has consolidated operations and / or closed a number of its facilities. The Company continues to own closed properties totaling 3,956,839 square feet of building area and 6,900 acres of land which are no longer utilized in current operations. These closed properties have been declared surplus and are for sale.

In December, 1991, the Company announced the probable closure of its manufacturing facility in York, Pennsylvania and consolidation of its Brazilian operations (including manufacturing, parts distribution, and office functions) at the Company's existing Piracicaba facility. The timing of the closure of the York facility is still pending. The consolidation of Brazilian operations was completed in 1993 and the manufacturing, distribution and office facilities located in Sao Paulo, Brazil were closed and sold. Previously closed facilities located in Brampton, Ontario and Mentor, Ohio were also sold in 1993.

The Company's distribution facility in New Orleans, Louisiana, was closed in 1993 and its sale is pending for 1994.

Leased Properties

Properties leased by the Company consist of 6,108,750 square feet of building area. These properties are covered by leases expiring over terms of generally 1 to 10 years. The Company anticipates no difficulty in retaining occupancy of any of its leased facilities, either by renewing leases prior to expiration or by replacing them with equivalent leased facilities.

Manufacturing

Manufacturing activities are conducted at 24 locations inside the United States and 11 locations outside the United States. Remanufacturing and Overhaul activities are conducted at 3 locations inside

the United States and 3 locations outside the United States. These facilities have a total building area of 42,422,585 square feet, of which 98.5% is used for manufacturing and 1.5% is used for remanufacturing and overhaul. These facilities are believed to be suitable for their intended purposes with adequate capacities for current and projected needs for existing Company products. A list of the Company's manufacturing, remanufacturing and overhaul facilities follows with principal use indicated:

Plant Locations inside the U.S.	Principal Use
Gardena, California	Manufacturing
San Diego, California	Manufacturing
Jacksonville, Florida	Manufacturing
Aurora, Illinois	Manufacturing
Decatur, Illinois	Manufacturing
DeKalb, Illinois	Manufacturing
Dixon, Illinois	Manufacturing
East Peoria, Illinois	Manufacturing
Joliet, Illinois	Manufacturing
Mapleton, Illinois	Manufacturing
Mossville, Illinois	Manufacturing
Peoria, Illinois	Manufacturing
Pontiac, Illinois	Manufacturing
Lafayette, Indiana	Manufacturing
Wamego, Kansas	Manufacturing
Menominee, Michigan	Manufacturing
Minneapolis, Minnesota	Manufacturing
New Ulm, Minnesota	Manufacturing
Corinth, Mississippi	Remanufacturing
Boonville, Missouri	Manufacturing
Clayton, North Carolina	Manufacturing
Leland, North Carolina	Manufacturing
Dallas, Oregon	Manufacturing
York, Pennsylvania	Manufacturing
DeSoto, Texas	Overhaul
Houston, Texas	Manufacturing
Mabank, Texas	Overhaul

Plant Locations outside the U.S.	Principal Use
Melbourne, Australia	Manufacturing
Gosselies, Belgium	Manufacturing
Piracicaba, Brazil	Manufacturing
Edmonton, Canada	Overhaul
Leicester, England	Manufacturing
Grenoble, France	Manufacturing
Rantigny, France	Manufacturing
Vernon, France	Manufacturing
Godollo, Hungary	Manufacturing
Jakarta, Indonesia	Manufacturing
Bazzano, Italy	Manufacturing
Monterrey, Mexico	Manufacturing
Nuevo Laredo, Mexico	Remanufacturing
Tijuana, Mexico	Overhaul

Financial Products

A majority of the activity of the Financial Products Division is conducted from its leased headquarters located in Nashville, Tennessee. The Financial Products Division also leases 5 other office locations inside the United States and 7 office locations outside the United States and shares other office space with other Company entities.

Distribution

The Company's distribution activities are conducted at 10 Distribution Center locations (3 inside the United States and 7 outside the United States) and 13 Regional Distribution Center locations (12 inside the United States and 1 outside the United States). These locations have a total building area of 8,502,793 square feet and are used for the distribution of Company products. Caterpillar Logistics Services, Inc. distributes other companies' products utilizing certain of the Company's distribution facilities as well as other non-Company facilities located both inside and outside the United States. The Company also owns or leases other storage facilities which support distribution activities.

Technical Center, Training/Demonstration Areas and Proving Grounds

The Company owns a Technical Center located in Mossville, Illinois and various other training/demonstration areas and proving grounds located both inside and outside the United States.

Capital Expenditures

During the five years ended December 31, 1993, changes in investment in land, buildings, machinery and equipment of the Company were as follows (stated in millions of dollars):

<TABLE>
<CAPTION>

	Expenditures		Provisions for	Disposals and Other	Net Increase (Decrease)
Year	U.S.	Outside U.S.	Depreciation	Adjustments	During Period
<S>	<C>	<C>	<C>	<C>	<C>
1989	$814	$275	$(455)	$ (38)	$ 596
1990	$708	$331	$(513)	$ (45)	$ 481
1991	$610	$164	$(593)	$(118)	$ 63
1992	$502	$138	$(644)	$ (91)	$ (95)
1993	$508	$124	$(661)	$ (98)	$(127)

</TABLE>

At December 31, 1993, the net book value of properties located outside the United States represented 25.7% of the net properties on the consolidated financial position. Further information concerning the Company's investment in land, buildings, machinery and equipment appears under Notes 1D and 12 of the "Notes to Consolidated Financial Statements" on pages A-10 and A-16 , respectively, of the Appendix to the 1994 Annual Meeting Proxy Statement, which Notes are incorporated herein by reference.

ITEM 3. LEGAL PROCEEDINGS.

The Company is a party to litigation matters and claims which are normal in the course of its operations, and, while the results of such litigation and claims cannot be predicted with certainty, management believes, based on the advice of counsel, the final outcome of such matters will not have a materially adverse effect on the consolidated financial position.

As previously reported, on July 18, 1990 and July 20, 1990, two class action complaints were filed against the Company and certain of its officers and directors in United States District Court for the Central District of Illinois ("District Court") on behalf of all persons (other than the defendants) who purchased or otherwise acquired common stock of the Company and certain options relating to common stock of the Company between January 19, 1990 and June 26, 1990 (the "Class Period"), alleging, among other things, violations of certain provisions of the federal securities laws. The two cases were consolidated on April 2, 1991 ("Consolidated Class Actions"). The consolidated complaint alleged that the defendants fraudulently issued public statements and reports during the Class Period which were misleading in that they failed to disclose material adverse information relating to the Company's Brazilian operations, its factory modernization program and its reorganization plan.

The plaintiffs and the defendants, with the active participation and approval of the Company's directors and officers liability insurer (the "Insurer"), have reached an agreement regarding settlement of the Consolidated Class Actions. The settlement is contingent upon approval by the District Court and certain other contingencies.

Pursuant to the directors and officers liability policy (the "Policy"), the Company has requested that the Insurer acknowledge that 100% of the amount to be paid under the settlement agreement, beyond the Company's self-insured retention under the Policy, is covered by the Policy. Because the Company is named as a co-defendant in the Consolidated Class Actions, the insurer has denied coverage for a portion of the settlement amount, claiming that some liability must be attributable to the Company and not covered under the Policy. The Company has been advised that the position of the Insurer is contrary to applicable law and the Company has brought an action in the District Court against the Insurer for breach of contract and declaratory relief ("Declaratory Judgment Action"). The Company believes a successful recovery against the Insurer is likely in this Declaratory Judgment Action. If that recovery is obtained, the Company believes that its cost with respect to the settlement of the Consolidated Class Actions will approximate costs necessary to litigate the Consolidated Class Actions to a successful conclusion at trial. Regardless of whether the Company is successful in the Declaratory Judgment Action, the Company does not believe the settlement of the Consolidated Class Actions will have a materially negative impact on the Company's financial condition or results of operations.

On May 12, 1993, a Statement of Objections ("Statement") was filed by the Commission of European Communities against Caterpillar Inc. and certain overseas subsidiaries ("Company"). The Statement alleges that certain service fees payable by dealers, certain dealer recordkeeping obligations, a restriction which prohibits a European Community ("EC") dealer from appointing subdealers, and certain export pricing practices and parts policies violate EC competition law under Article 85 of the European Economic Community Treaty. The Statement seeks injunctive relief and unspecified fines. Based on an opinion of counsel, the Company believes it has strong defenses to each allegation set forth in the Statement.

On November 19, 1993, the Commission of European Communities informed the Company that a new complaint has been received by it alleging that certain export parts policies violate Article 85 and Article 86 of the European Economic Community Treaty. The Commission advised the Company that it intends to deal with the new complaint within the framework of the proceedings initiated on May 12, 1993. Based on an opinion of counsel, the Company believes it has strong defenses to the allegations set forth in the new complaint.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

Not applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS.

The information required by Item 5 is incorporated by reference from under the caption "Common Stock Price Range" and the first paragraph under the caption "Number of Stockholders" appearing on page A-36 and under the caption "Dividends" on page A-31 of the Appendix to the Company's 1994 Annual Meeting Proxy Statement.

ITEM 6. SELECTED FINANCIAL DATA.

The information required by Item 6 is incorporated by reference from pages A-24 and A-25 of the Appendix to the Company's 1994 Annual Meeting Proxy Statement under the caption "Eleven-year Financial Summary" but only for the years 1989-1993, inclusive, and then only with respect to the information set forth for each of such years under the following captions: "Sales and revenues," "Profit (loss) before effects of accounting changes(1)" (including the footnote indicated), "Effects of accounting changes (note 2)" (including the note indicated), "Profit (loss)," "Profit (loss) per share of common stock: (1) (2) Profit (loss) before effects of accounting changes(1)" (including the footnotes indicated), "Profit (loss) per share of common stock:(1) (2) Effects of accounting changes (note 2)" (including the footnotes and note indicated), "Profit (loss) per share of common stock:(1) (2) Profit (loss)" (including the footnotes indicated), "Dividends declared per share of common stock," "Total assets: Machinery and Engines," "Total assets: Financial Products," "Long-term debt due after one year: Machinery and Engines," and "Long-term debt due after one year: Financial Products."

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

The information required by Item 7 is incorporated by reference from under the caption "Management's Discussion and Analysis" on pages A-26 through A-35 of the Appendix to the Company's 1994 Annual Meeting Proxy Statement.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

The information required by Item 8 is incorporated by reference from the Report of Independent Accountants appearing on page A-3, and the Financial Statements and Notes to Consolidated Financial Statements appearing on pages A-4 through A-23 of the Appendix to the Company's 1994 Annual Meeting Proxy Statement.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.

Not applicable.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT.

The information required by Item 10 relating to identification of directors is incorporated by reference from pages 3 through 7 of the Company's 1994 Annual Meeting Proxy Statement under the captions "Nominees for Election as Directors for Terms Expiring in 1997," "Directors Continuing in Office in the Class of 1995," and "Directors Continuing in Office in the Class of 1996." Identification of executive officers appears herein under Item 1a. There are no family relationships between the officers

and directors of the Company. All officers serve at the pleasure of the Board of Directors and are regularly elected at a meeting of the Board of Directors in April of each year. Information required under Item 405 of Regulation S-K is incorporated by reference from under the caption "Filings Pursuant to Section 16 of the Securities Exchange Act of 1934" appearing on page 25 of the Company's 1994 Annual Meeting Proxy Statement.

ITEM 11. EXECUTIVE COMPENSATION.

The information required by Item 11 is incorporated by reference from under the caption "Compensation of Directors" which appears on page 9, from under the caption "Report of the Compensation Committee" on pages 11 through 15, from under the caption "Performance Graph" on page 16, from under the caption "Executive Compensation" and the tables thereunder which appear on pages 17 through 19, from under the caption "Pension Program" (including footnote) and the table thereunder which appear on pages 19 and 20, and from under the caption "Compensation Committee Interlocks and Insider Participation" which appears on page 16 of the Company's 1994 Annual Meeting Proxy Statement.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT.

The information required by Item 12 is incorporated by reference from pages 10 and 11 of the Company's 1994 Annual Meeting Proxy Statement under the caption "Equity Security Ownership of Management and Certain Other Beneficial Owners (as of December 31, 1993)."

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS.

The information required by Item 13 is incorporated by reference from the Company's 1994 Annual Meeting Proxy Statement from under the caption "Certain Relationships and Related Transactions" appearing on page 20 and from under the caption "Compensation Committee Interlocks and Insider Participation" on page 16.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K.

(a) The following documents are filed as part of this report:
1. Financial Statements:
   - Report of Independent Accountants (p. A-3)*
   - Statement 1 Consolidated Results of Operations for the Years Ended December 31 (p. A-4)*
   - Statement 2 Changes in Consolidated Stockholders' Equity for the Years Ended December 31 (p. A-5)*
   - Statement 3 Financial Position at December 31 (p. A-6 and p. A-7)*
   - Statement 4 Statement of Cash Flows for the Years Ended December 31 (p. A-8 and p. A-9)*
   - Notes to Consolidated Financial Statements (pp. A-10 through A-23)*
2. Financial Statement Schedules:
   - Report of Independent Accountants on Financial Statement Schedules
   - Schedule V Property, Plant and Equipment
   - Schedule VI Accumulated Depreciation of Property, Plant and Equipment
   - Schedule VIII Valuation and Qualifying Accounts

   - Schedule IX Short-term Borrowings

All other schedules are omitted because they are not applicable or the required information is shown in the financial statements or the notes thereto incorporated by reference.

(b) No reports on Form 8-K were filed during the last quarter of 1993.

(c) Exhibits:

3 (a) Restated Certificate of Incorporation, Certificate of Amendment of Certificate of Incorporation, and Certificate of Designation, Preferences and Rights of the Terms of the Series A Junior Participating Preferred Stock (incorporated by reference from Exhibit 3(a) to Form 10-K for the year ended December 31, 1991, Commission File No. 1-768).

(b) Bylaws (incorporated by reference from Exhibit 3(b) to Form 10-K for the year ended December 31, 1990, Commission File No. 1-768).

4 (a) Rights Agreement dated as of November 12, 1986, between Caterpillar Inc., the Registrant hereunder, and First Chicago Trust Company of New York (formerly Morgan Shareholder Services Trust Company) (incorporated by reference from Exhibit 10(a) to Form 10-K for the year ended December 31, 1990, Commission File No. 1-768) and First Amendment to Rights Agreement dated December 9, 1992 (incorporated by reference from Exhibit 10(a) to Form 10-K for the year ended December 31, 1992, Commission File No. 1-768).

10 (a) 1977 Stock Option Plan as amended (incorporated by reference from Exhibit 10(b) to Form 10-K for the year ended December 31, 1984, Commission File No. 1-768).**
(b) 1987 Stock Option Plan as amended and Long Term Incentive Supplement.**
(c) Supplemental Pension Benefit Plan, as amended and restated.**
(d) Supplemental Employees' Investment Plan (incorporated by reference from Exhibit 10(e) to Form 10-K for the year ended December 31, 1987, Commission File No. 1-768).**
(e) Caterpillar Inc. 1993 Corporate Incentive Compensation Plan Management and Salaried Employees, as amended and restated.**
(f) Directors' Deferred Compensation Plan, as amended and restated.**
(g) Directors' Retirement Plan (incorporated by reference from Exhibit 10(i) to Form 10-K for the year ended December 31, 1991, Commission File No. 1-768).**
(h) Directors' Charitable Award Program.**

11 Computations of Earnings Per Share

12 Statement Setting Forth Computation of Ratios of Profit to Fixed Charges (The ratio of profit to fixed charges for the year ended December 31, 1993 was 2.4. Because of pretax losses for the years ended December 31, 1992 and 1991, profit was not sufficient to cover fixed charges. The coverage deficiencies were approximately $341 million and $529 million, respectively.)

21 Subsidiaries and Affiliates of the Registrant

23 Consent of Independent Accountants

99 (a) Form 11-K for Employees' Investment Plan.
(b) Form 11-K for Caterpillar Foreign Service Employees' Stock Purchase Plan.
(c) Form 11-K for the Savings and Investment Plan for eligible employees of Solar Turbines Incorporated.
(d) Form 11-K for the Tax Deferred Savings Plan for eligible employees of Caterpillar Inc.

(e) Appendix to the Company's 1994 Annual Meeting Proxy Statement (furnished for the information of the Commission and not deemed to be filed except for those portions expressly incorporated by reference herein).

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*Incorporated by reference from the indicated pages of the Appendix to the 1994 Annual Meeting Proxy Statement.

**Compensatory plan or arrangement required to be filed as an exhibit pursuant to Item 14(c) of this Form 10-K.

SIGNATURES

PURSUANT TO THE REQUIREMENTS OF SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934, THE COMPANY HAS DULY CAUSED THIS REPORT TO BE SIGNED ON ITS BEHALF BY THE UNDERSIGNED, THEREUNTO DULY AUTHORIZED.

CATERPILLAR INC.
(Registrant)

By: R. R. Atterbury III

Date: March 2, 1994 R. R. Atterbury III, Secretary

PURSUANT TO THE REQUIREMENTS OF THE SECURITIES EXCHANGE ACT OF 1934, THIS REPORT HAS BEEN SIGNED BELOW BY THE FOLLOWING PERSONS ON BEHALF OF THE COMPANY AND IN THE CAPACITIES AND ON THE DATES INDICATED.

March 2, 1994	DONALD V. FITES -------------------------- (Donald V. Fites)	Chairman of the Board, Director and Chief Executive Officer
March 2, 1994	JAMES W. WOGSLAND -------------------------- (James W. Wogsland)	Vice Chairman and Director
March 2, 1994	GLEN A. BARTON -------------------------- (Glen A. Barton)	Group President
March 2, 1994	GERALD S. FLAHERTY -------------------------- (Gerald S. Flaherty)	Group President
March 2, 1994	JAMES W. OWENS -------------------------- (James W. Owens)	Vice President and Chief Financial Officer
March 2, 1994	ROBERT R. GALLAGHER -------------------------- (Robert R. Gallagher)	Controller and Chief Accounting Officer
_______, 1994	-------------------------- (Lilyan H. Affinito)	Director
March 2, 1994	JOHN W. FONDAHL -------------------------- (John W. Fondahl)	Director

March 2, 1994	DAVID R. GOODE -------------------------- (David R. Goode)	Director
March 2, 1994	JAMES P. GORTER -------------------------- (James P. Gorter)	Director
March 2, 1994	WALTER H. HELMERICH, III -------------------------- (Walter H. Helmerich, III)	Director
March 2, 1994	JERRY R. JUNKINS -------------------------- (Jerry R. Junkins)	Director
_______, 1994	-------------------------- (Charles F. Knight)	Director

March 2, 1994 PETER A. MAGOWAN Director
(Peter A. Magowan)

March 2, 1994 GEORGE A. SCHAEFER Director
(George A. Schaefer)

March 2, 1994 JOSHUA I. SMITH Director
(Joshua I. Smith)

March 2, 1994 CLAYTON K. YEUTTER Director
(Clayton K. Yeutter)

REPORT OF INDEPENDENT ACCOUNTANTS
ON FINANCIAL STATEMENT SCHEDULES

To the Board of Directors of Caterpillar Inc.:

Our audits of the consolidated financial statements of Caterpillar Inc. referred to in our report dated January 21, 1994 appearing on page A-3 of the Appendix to the 1994 Annual Meeting Proxy Statement (which report and consolidated financial statements are incorporated by reference in this Annual Report on Form 10-K) also included an audit of the Financial Statement Schedules listed in Item 14(a) of this Form 10-K. In our opinion, these Financial Statement Schedules present fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements.

PRICE WATERHOUSE

Peoria, Illinois
January 21, 1994

CATERPILLAR INC.

AND CONSOLIDATED SUBSIDIARY COMPANIES

SCHEDULE V -- PROPERTY, PLANT AND EQUIPMENT

(Millions of dollars)

YEARS ENDED DECEMBER 31,

<TABLE>
<CAPTION>

Classification(1)	Balance at Beginning of Year	Additions at Cost	Retirements	Other Changes -- Add (Deduct): Items Fully Depreciated	Other Changes -- Add (Deduct): Other(2)	Balance at Close of Year
<S>	<C>	<C>	<C>	<C>	<C>	<C>
1993						
Buildings..................	$2,479	$ 73	$ (62)	$ (7)	$ 2	$2,485
Machinery and equipment....	3,458	381	(67)	(176)	(2)	3,594
Patterns, dies, jigs, etc..	405	52	(20)	(16)	7	428
Furniture and fixtures.....	589	64	(27)	(12)	(1)	613
Transportation equipment...	27	4	(2)	(1)	--	28
Equipment leased to others.	429	215	(92)	--	(16)	536
Construction-in-process....	346	(159)	(1)	--	(10)	176

Total..................	$7,733	$ 630	$(271)	$(212)	$(20)	$7,860
Land.......................	$ 109	$ 2	$ (6)	$ --	$ --	$ 105
1992						
Buildings..................	$2,433	$ 58	$ (15)	$ (1)	$ 4	$2,479
Machinery and equipment....	3,428	372	(92)	(260)	10	3,458
Patterns, dies, jigs, etc..	411	57	(29)	(37)	3	405
Furniture and fixtures.....	572	69	(31)	(22)	1	589
Transportation equipment...	37	2	(2)	--	(10)	27
Equipment leased to others.	430	125	(123)	--	(3)	429
Construction-in-process....	369	(43)	(10)	--	30	346
Total..................	$7,680	$ 640	$(302)	$(320)	$ 35	$7,733
Land.......................	$ 110	$ 0	$ (1)	$ --	$ --	$ 109
1991						
Buildings..................	$2,369	$ 170	$ (29)	$ (55)	$(22)	$2,433
Machinery and equipment....	3,057	674	(58)	(252)	7	3,428
Patterns, dies, jigs, etc..	430	33	(7)	(45)	--	411
Furniture and fixtures.....	524	84	(24)	(16)	4	572
Transportation equipment...	24	13	--	--	--	37
Equipment leased to others.	360	121	(48)	--	(3)	430
Construction-in-process....	710	(322)	(7)	--	(12)	369
Total..................	$7,474	$ 773	$(173)	$(368)	$(26)	$7,680
Land.......................	$ 111	$ 1	$ (3)	$ --	$ 1	$ 110

</TABLE>

- ----------------
(1) The principal lives and depreciation methods used for the above asset classifications are:

<TABLE>
<CAPTION>

Classification	Lives	Depreciation Methods
<S>	<C>	<C>
Buildings	33 1/3 years	150% Declining balance; Sum-of-the-years-digits; Straight-line
Machinery and equipment	10 years	Sum-of-the-years-digits
Patterns, dies, jigs, etc.	10 years	Sum-of-the-years-digits
Furniture and fixtures	10 years	Sum-of-the-years-digits
Transportation equipment	6 years	Sum-of-the-years-digits
Equipment leased to others	5-15 years	Straight-line

</TABLE>

(2) Includes effects of changes to the Provision for plant closing and consolidation costs. See Schedule VIII.

CATERPILLAR INC.
AND CONSOLIDATED SUBSIDIARY COMPANIES

SCHEDULE VI - ACCUMULATED DEPRECIATION OF
PROPERTY, PLANT AND EQUIPMENT
(Millions of dollars)

YEARS ENDED DECEMBER 31,

<TABLE>
<CAPTION>

Classification	Balance at Beginning of Year	Additions at Cost	Retirements	Other Changes - Add (Deduct): Items Fully Depreciated	Other Changes - Add (Deduct): Other(1)	Balance at Close of Year
<S>	<C>	<C>	<C>	<C>	<C>	<C>
1993						
Buildings..................	$1,234	$ 78	$ (42)	$ (7)	$ (3)	$1,260
Machinery and equipment....	1,917	401	(53)	(176)	(9)	2,080
Patterns, dies, jigs, etc..	275	31	(17)	(16)	6	279
Furniture and fixtures.....	311	76	(23)	(12)	(1)	351
Transportation equipment...	17	3	(1)	(1)	-	18
Equipment leased to others.	134	72	(55)	-	(1)	150

Total	$3,888	$661	$(191)	$(212)	$ (8)	$4,138
1992						
Buildings	$1,165	$ 74	$ (9)	$ (1)	$ 5	$1,234
Machinery and equipment	1,866	379	(75)	(260)	7	1,917
Patterns, dies, jigs, etc.	288	46	(22)	(37)	-	275
Furniture and fixtures	277	77	(22)	(21)	-	311
Transportation equipment	16	3	(1)	(1)	-	17
Equipment leased to others	129	65	(59)	-	(1)	134
Total	$3,741	$644	$(188)	$(320)	$ 11	$3,888
1991						
Buildings	$1,142	$ 71	$ (6)	$ (55)	$ 13	$1,165
Machinery and equipment	1,808	345	(47)	(252)	12	1,866
Patterns, dies, jigs, etc.	302	38	(6)	(45)	(1)	288
Furniture and fixtures	229	79	(16)	(16)	1	277
Transportation equipment	13	3	-	-	-	16
Equipment leased to others	105	57	(32)	-	(1)	129
Total	$3,599	$593	$(107)	$(368)	$ 24	$3,741

- -------------
(1) Includes effects of changes to the Provision for plant closing and consolidation costs. See Schedule VIII.
</TABLE>

CATERPILLAR INC.
AND CONSOLIDATED SUBSIDIARY COMPANIES

SCHEDULE VIII - VALUATION AND QUALIFYING ACCOUNTS
(Millions of dollars)

YEARS ENDED DECEMBER 31,

<TABLE>
<CAPTION>

Description	Balance at Beginning of Year	Additions	Deductions	Balance at Close of Year
<S>	<C>	<C>	<C>	<C>
1993				
Reserves for plant closing and consolidation costs:				
Included in current liabilities:				
Accounts payable and accrued expenses	$ 80	$ -	$22(3)	$ 58
Accrued wages, salaries, and employee benefits	150	-	12(3)	138
Deducted from assets:				
Land, buildings, machinery, and equipment - net	164	-	14(4)	150
1992				
Reserves for plant closing and consolidation costs:				
Included in current liabilities:				
Accounts payable and accrued expenses	$ 87	$ 4(1)	$11(3)	$ 80
Accrued wages, salaries, and employee benefits	170	15(1)	35(3)	150
Deducted from assets:				
Land, buildings, machinery, and equipment - net	161	7(1)	4(4)	164
1991				
Reserves for plant closing and consolidation costs:				
Included in current liabilities:				
Accounts payable and accrued expenses	$ 14	$ 75(2)	$ 2(3)	$ 87
Accrued wages, salaries, and employee				

benefits..............	44	135(2)	9(3)	170
Deducted from assets:				
Land, buildings, machinery, and equipment - net........	113	52(2)	4(4)	161

- ------------------
(1) Additions related to the sale of assets to the lift truck joint venture that were included in the net gain on the sale and not charged to Provision for plant closing and consolidation costs.

(2) Charged to Provision for plant closing and consolidation costs.

(3) Expenditures made.

(4) Related to assets disposed of.
</TABLE>

CATERPILLAR INC.
AND CONSOLIDATED SUBSIDIARY COMPANIES

SCHEDULE IX - SHORT-TERM BORROWINGS
(Millions of dollars)

YEARS ENDED DECEMBER 31,

<TABLE>
<CAPTION>

Category	At December 31 Balance	At December 31 Weighted Average Interest Rate/(1)/	Maximum Amount Outstanding At Any Month-end	Average for Year Amount Outstanding	Average for Year Weighted Interest Rate/(1)/
<S>	<C>	<C>	<C>	<C>	<C>
1993					
High inflation countries/(2)/:					
Notes payable to banks......................	$ 27	-	$ 58	$ 40	-
Other countries:					
Notes payable to banks......................	413	6.6%	434	368	6.9%
Notes payable to others.....................	5	3.6%	5	4	3.6%
Commercial paper/(3)/.........................	832	3.6%	1,300	1,091	3.6%
Total....................................	$1,277			$1,503	
1992					
High inflation countries/(2)/:					
Notes payable to banks......................	$ 84		$ 117	$ 91	
Other countries:					
Notes payable to banks......................	295	7.1%	330	210	7.0%
Notes payable to others.....................	4	3.8%	4	3	4.2%
Commercial paper/(3)/.......................	1,353	4.3%	1,353	1,031	4.4%
Total....................................	$1,736			$1,335	
1991					
High inflation countries/(2)/:					
Notes payable to banks......................	$ 95		$ 95	$ 79	
Other countries:					
Notes payable to banks......................	78	8.4%	98	85	11.7%
Notes payable to others.....................	2	5.6%	2	-	-
Commercial paper/(3)/.......................	1,089	6.0%	1,891	1,505	6.9%
Total....................................	$1,264			$1,669	

</TABLE>
- ---------------
/(1)/ The weighted average interest rates were computed by relating interest expense for the year to average daily or monthly borrowings.

/(2)/ High inflation countries include borrowings in Brazil. The Weighted Average Interest Rate is not considered meaningful because rate reflects effect of significant inflation.

/(3)/ Commercial paper supported by revolving credit agreements of $455 million, $795 million, and $790 million at December 31, 1993, 1992, and 1991, respectively, was classified as noncurrent in the consolidated financial position. In this Schedule, the commercial paper balances include the noncurrent portion.

EXHIBIT 10 (b)

CATERPILLAR INC.
1987 STOCK OPTION PLAN, AS AMENDED
AS OF APRIL 14, 1993

1. ESTABLISHMENT OF PLAN

Caterpillar Inc. (hereafter referred to as the "Company") proposes to grant to selected key employees of the Company and its subsidiaries restricted stock awards, options to purchase common stock of the Company and stock appreciation rights in conjunction therewith for the purposes of (i) furnishing to such employees maximum incentive through ownership of Company shares to improve operations and increase profits and (ii) encouraging such persons to accept or continue employment with the Company and its subsidiaries. Such restricted stock awards, options and stock appreciation rights will be granted pursuant to the plan herein set forth, which shall be known as the Caterpillar Inc. 1987 Stock Option Plan (hereafter referred to as the "Plan").

The Company also proposes to grant to the members of the Company's Board of Directors who are not officers or employees of the Company at the time of a grant (hereinafter referred to as "Outside Directors") options to purchase common stock of the Company pursuant to the Plan. The purpose of such option grants is to provide incentives for highly qualified individuals to stand for election to the Board and to continue service on the Board and to encourage increased stock ownership by Outside Directors in order to promote long-term stockholder value. Stock appreciation rights, restricted stock awards, and incentive stock options, as defined in Section 422A of the Internal Revenue Code, will not be granted to Outside Directors under the Plan.

2. STOCK RESERVED FOR OPTIONS AND RESTRICTED STOCK AWARDS

Subject to adjustment as provided in Section 3, the maximum number of shares of the Company that may be issued upon the granting of restricted stock awards, performance awards or the exercise of options and Stock Appreciation Rights under the Plan or any Supplement hereto shall not exceed 7,500,000. The shares so issued may be authorized but unissued shares, Treasury shares, or previously issued shares purchased for purposes of the Plan. Any shares subject to options or awards may thereafter be subject to new stock options or awards under the Plan if there is a forfeiture of any such awards or lapse, expiration or termination of any such option but not if there is a surrender of an option or portion thereof pursuant to a stock appreciation right as provided hereafter in Section 7.

3. ADJUSTMENT PROVISIONS

If there is any change in the outstanding shares of common stock without any consideration to the Company by stock dividend, stock split-up, change in par or no par value, or other similar event, the number and kind of shares then remaining available for issue under the Plan shall be correspondingly changed, and a similar adjustment shall be made in the unexercised portion of all options then outstanding without change in the aggregate purchase price to be paid.

Options and stock appreciation rights may also contain provisions for the continuation thereof, and for other equitable adjustments, after other changes in the Company's shares, including changes resulting from recapitalization, reorganization, sale, merger, consolidation, or other similar occurrence.

4. ADMINISTRATION OF THE PLAN

The authority to grant restricted stock awards, options and stock appreciation rights to officers and employees under the Plan shall be vested in the Stock Option and Officers' Compensation Committee (hereafter referred to as the "Committee") consisting of not less than three members of the Board of Directors appointed from time to time by the Board. No member of the Board shall serve on the Committee at a time when such member is, or within one year prior thereto has been, eligible to receive restricted stock awards, options, or stock appreciation rights under the Plan, or restricted stock awards, options, or stock appreciation rights under any other stock option or stock bonus plan of the Company; provided, however, that Outside Directors who receive options under this Plan may serve on the Committee. The Committee shall have no authority regarding the granting of options to Outside Directors.

Subject to the provisions of the Plan, the Committee from time to time shall determine (except as to options granted to Outside Directors) the individuals to whom, and the time or times at which, restricted stock awards, options, or stock appreciation rights shall be granted; the number of shares to be subject to each restricted stock award, each option, and each stock appreciation right; the option price per share; the extent to which stock appreciation rights are exercisable for cash, or stock, or a combination of cash and stock; whether restricted shares [shares of common stock issued under restrictions which subject them to a "substantial risk of forfeiture" (as defined in Section 83 of the Internal Revenue Code of 1986, as amended) until the restrictions lapse] should be issued on the exercise of an option or stock appreciation right and, if so, the nature of the restrictions; the duration of each option; the specific restrictions applicable to restricted stock awards and the other terms and provisions of each restricted stock award, option, and stock appreciation right. In the case of officers to whom restricted stock awards, options, or stock appreciation rights may be granted, the selection of such officers and all of the foregoing determinations shall be made directly by the Committee in its sole discretion. In the case of key employees other than officers, the selection of such employees and all of the foregoing determinations may be delegated by the Committee to an administrative group of officers chosen by the Committee. Neither restricted stock awards, options, nor stock appreciation rights granted to one employee need be identical to those granted other employees.

Commencing with the 1988 annual meeting of stockholders, options with a term of ten years and one day shall be granted to each Outside Director for 1,000 shares of the Company's common stock effective as of the close of each annual meeting of the stockholders (i) at which such individual is elected a director or (ii) following which such individual will continue to serve as a director as a member of a continuing class of directors. Any option so granted shall be a nonqualified stock option. In the event any change in the outstanding shares of the Company's common stock occurs and an adjustment is made in the unexercised portion of options outstanding, as provided in Section 3 above, a similar adjustment shall be made in the number of shares to be granted to Outside Directors thereafter under this paragraph.

Subject to the provisions of the Plan specifically governing options granted or to be granted to Outside Directors, the Committee may also interpret the Plan; prescribe, amend and rescind rules and regulations relating to the Plan; and make all other determinations necessary or advisable for the administration of the Plan. The determinations of the Committee shall be made in accordance with its judgment as to the best interests of the Company and its stockholders and in accordance with the purposes of the Plan. The Committee's determinations shall in all cases be conclusive.

A majority of the members of the Committee shall constitute a quorum, and all determinations of the Committee shall be made by a majority of its members. Any determination of the Committee may be made, without notice or meeting, by the written consent of a majority of the Committee members.

5. ELIGIBILITY

Restricted stock awards, options, and stock appreciation rights may be granted to officers and other key employees of the Company or of its present or future subsidiaries. Options will be granted to Outside Directors as provided in Section 4 hereof.

A director of the Company or a subsidiary who is not also an employee of the Company or a subsidiary shall not be eligible to receive a restricted stock award, stock appreciation right, or an alternative stock option. An employee or officer who has been granted a restricted stock award, option, or stock appreciation right under this or any other stock option plan may or may not be granted additional restricted stock awards, options, and stock appreciation rights at the direction of the Committee.

OPTIONS AND STOCK APPRECIATION RIGHTS

6. OPTION PRICE

The per share option price shall not be less than 100% of the fair market value of the common stock at the time the option is granted. The per share option price of options granted to Outside Directors shall be 100% of the market value of the common stock at the time an option is granted.

7. STOCK APPRECIATION RIGHTS

Stock appreciation rights will permit the holder to elect to surrender any option or any portion thereof which is then exercisable and receive in exchange therefor shares of common stock, cash, or a combination thereof. Such stock, cash, or combination shall have an aggregate value equal to the excess of the fair market value of one share of common stock over the purchase price specified in such option multiplied by the number of shares of common stock covered by such option or portion thereof which is so surrendered. The fair market value of one share of common stock shall equal (a) in the case of such a holder who is not a Company officer, the mean of the highest and lowest quoted selling price of shares of the Company's common stock on the New York Stock Exchange on the date of surrender and (b) in the case of such a holder who is a Company officer, but subject to the provisions of the succeeding sentence, the highest of the means of the highest and lowest quoted selling price of shares of the Company's common stock on the New York Stock Exchange determined for each day occurring during the window period during which such election to surrender the option or portion thereof is made; and the window period is the applicable period for making such an election (currently ten business days) prescribed from time to time pursuant to Rule 16b-3 promulgated under the Securities Exchange Act of 1934. In the case of such a holder who is a Company officer, the fair market value of one share of common stock with respect to the surrender of an incentive stock option granted, shall equal the mean of the highest and lowest quoted selling price of shares of the Company's common stock on the New York Stock Exchange on the date of surrender unless it is specifically provided in the option form, or any amendment thereto, that the valuation described in item (b) above shall apply. In the case of any option holder who at the time of an election is an officer of the Company, each election to receive cash alone or in combination with stock shall be subject to the approval of the Committee in its sole discretion.

Stock appreciation rights may be granted as part of a stock option or as a separate right to any holder of any option theretofore or then being granted under this Plan. A stock appreciation right shall be exercisable upon any additional terms and conditions (including, without limitation, the issuance of restricted shares and the imposition of restrictions upon the timing of exercise) which may be determined as provided in Section 4 of the Plan.

In the event of the exercise of a stock appreciation right, the number of shares reserved for issuance under the Plan shall be reduced by the number of shares of common stock covered by such option or portion thereof which is surrendered in connection with such exercise. No fractional shares shall be issued on the exercise of a stock appreciation right.

8. EXERCISE OF OPTIONS AND STOCK APPRECIATION RIGHTS

Options (other than options granted to Outside Directors) shall be exercisable in such installments and during such periods as may be fixed by the Committee at the time of granting. Options granted to Outside Directors shall become exercisable as follows: one-third at the end of each of the three successive one-year periods commencing on the date of each option grant. Notwithstanding any other provision hereof, no option and no stock appreciation right shall be exercisable after the expiration of ten years and one day from the date such option or stock appreciation right is granted, provided that no incentive stock option (or related stock appreciation right) shall be exercisable after the expiration of ten years from the date such option is granted.

Payment of the purchase price shall be made upon exercise of all or a portion of any option. Such payment shall be made pursuant to rules adopted by the Committee and the Company in cash or by the tendering (through one transaction or in a series of consecutive transactions) of shares of common stock of the Company having a fair market value equal to 100% of such purchase price or by any combination thereof. The fair market value of a share of common stock so tendered shall be the mean of the highest and lowest quoted selling price of shares of the Company's common stock on the New York Stock Exchange on date of exercise. In addition, on the exercise of an option, surrender of a stock appreciation right, or upon the granting of any restricted stock award or performance award, any applicable taxes which the Company is required to withhold shall be paid to the Company and any information which the Company deems necessary shall be provided to the Company. In fulfilling its withholding obligation, the Company may withhold a portion of any shares to be issued to satisfy such withholding obligation in accordance with rules promulgated by the Committee, in its sole discretion.

9. TERMINATION OF EMPLOYMENT

Each option granted to an officer or employee shall, and each stock appreciation right granted to an officer or employee may, in the Committee's sole discretion require a period or periods of continued employment with the Company and/or its subsidiaries before it may be exercised in whole or in part. No such period shall be less than one year except that the Committee may permit a shorter period in the event of termination of employment by reason of retirement or death.

Termination of the employment with the Company and its subsidiaries of an officer or employee who holds an option shall terminate any remaining rights under options and stock appreciation rights then held by such holder except as hereinafter provided.

Each option and stock appreciation right granted to an officer or employee may provide that if employment of the holder with the Company and its subsidiaries terminates after completion of a period of employment so specified, the option or stock appreciation right may be exercised (to the extent then exercisable) by the holder (or, in the event of the holder's death, by whoever shall have received the holder's rights under the option or stock appreciation right) during a specified period of time after such termination of employment. Such a specified period of time may not exceed sixty months where termination of employment is caused by retirement or death and sixty days where it results from any other cause; provided that if death occurs after termination of employment but during the period of time so specified, such period may be extended to not more than sixty-six months after retirement, or thirty-eight months after termination of employment for any other cause. In the event that any such option or stock appreciation right granted under the Plan has a specified period for exercise after retirement or death which is less than the maximum period permitted under this section, the Committee may modify such option or right to extend such specified period up to such maximum period.

Such options and stock appreciation rights shall not be affected by authorized leaves of absence or by any change of employment so long as the holder continues to be an employee of the Company or a subsidiary. Nothing in the Plan or in any such option or stock appreciation right shall interfere with or limit in any way the right of the Company or of any of its subsidiaries to terminate any employee's employment at any time, nor confer upon any employee any right to continue in the employ of the Company or any of its subsidiaries. Notwithstanding the foregoing, the Committee may change the post-termination period of exercisability of an option or stock appreciation right provided that no such change shall extend the original maximum term of the option or stock appreciation right.

9A. TERMINATION OF OUTSIDE DIRECTORSHIP

No period of continued service as an Outside Director following the grant of an option shall be required to render exercisable an option granted to an Outside Director in the event an Outside Director holding an option which has not become exercisable or has not been fully exercised shall cease to be an Outside Director. In such event any such option may be exercised at any time within sixty months of the date such Director ceased to be a Director. In the event an Outside Director shall die holding an option which has not become exercisable or has not been fully exercised, his executors, administrators, heirs or distributees, as the case may be, may exercise such option at any time within sixty months of the date of such death provided that if death occurs after the date an Outside Director ceases to be a Director, such option shall be exercisable within sixty-six months of such date. In no event, however, shall an option which has expired by its terms be exercisable.

10. INCENTIVE STOCK OPTIONS

Notwithstanding anything contained herein to the contrary, there may be granted under the Plan, other than to Outside Directors, incentive stock options as defined in Section 422A of the Internal Revenue Code as it may be amended from time to time. The Committee from time to time shall determine whether any incentive stock options shall be granted. It shall also determine in its full discretion the individuals to whom, and the time or times at which, any such grants shall be made. Incentive stock options shall not by their terms be transferable by the holder other than by will or the laws of descent and distribution and shall be exercisable during the holder's lifetime only by the holder. The aggregate fair market value (determined at the time the option is granted) of the stock with respect to which incentive stock options are exercisable for the first time by the holder during any calendar year (under all incentive stock option plans of the Company) shall not exceed $100,000; provided, however, that all or any portion of an option which cannot be exercised as an incentive stock option because of such limitation may be converted by the Committee to an option other than an incentive stock option. The Board of Directors of the Company may amend the Plan from time to time as may be necessary (1) to comply with Section 422A of the Internal Revenue Code, or other sections of the Code or other applicable laws or regulations, and (2) to permit any options granted as, or converted to, incentive stock options to have all of the features provided for incentive stock options in the applicable laws and regulations.

11. TRANSFERABILITY OF OPTIONS AND STOCK APPRECIATION RIGHTS

Options and stock appreciation rights shall not be transferable otherwise than by will or the laws of descent and distribution, and shall be exercisable, during the holder's lifetime, only by the holder except in the case of holder's incapacity or disability when such options and stock appreciation rights may be exercised by the holder's duly appointed guardian or representative.

A holder, however, may file with the Company a written designation of a beneficiary or beneficiaries (subject to such limitations as to the classes and number of beneficiaries and contingent beneficiaries and such other limitations as the Committee from time to time may prescribe) to exercise, in the event of the death of the optionee, an option or stock appreciation right, subject to the provisions of the Plan. A holder may from time to time revoke or change any such designation of beneficiary and any designation of beneficiary under the Plan shall be controlling over any other disposition, testamentary or otherwise; provided, however, that if the Committee shall be in doubt as to the right of any such beneficiary to exercise any option or stock appreciation right, the Committee may determine to recognize only an exercise by the legal representative of the optionee, in which case the Company, the Committee and the members thereof shall not be under any further liability to anyone.

RESTRICTED STOCK AWARDS

12. GRANTING OF AWARDS

The Committee from time to time may determine whether any restricted stock awards shall be granted to other than an Outside Director either alone or in combination with the granting of options under the Plan. The Committee will in so granting establish the time, conditions and restrictions in connection with the issuance or transfer of a restricted stock award, including the restriction period which may differ with respect to each grantee.

13. SHARES AND RESTRICTIONS

Restricted stock awards will be made from shares of Company common stock otherwise available for stock option grants under the Plan. During the restriction period the grantee shall have a beneficial interest in the restricted stock and all rights and privileges of a stockholder with respect thereto, including the right to vote and receive dividends, subject to the restrictions imposed by the Committee at the time of grant.

The following restrictions will be imposed on shares of common stock issued as a restricted stock award until the expiration of the restricted period:

(a) The grantee shall not be entitled to delivery of the stock certificate which certificate shall be held in escrow by the secretary of the Committee.

(b) None of the stock issued as a restricted stock award may be transferred other than by will or by the laws of descent and distribution.

(c) Stock issued as a restricted stock award shall be forfeited and the stock certificate shall be returned to the Company if the grantee terminates employment with the Company and its subsidiaries except for termination due to retirement after a specified age, disability, death or other special circumstances approved by the Committee.

Shares awarded as a restricted stock award will be issued subject to a restriction period set by the Committee of no less than two nor more than ten years. The Committee except for the restrictions specified in the preceding paragraphs shall have the discretion to remove any or all of the restrictions on a restricted stock award

whenever it may determine that such action is appropriate. Upon the expiration of the restriction period with respect to any shares of a restricted stock award, a stock certificate will be delivered out of escrow, subject to satisfaction by the grantee of the applicable withholding tax requirements, without charge to the grantee.

GENERAL PROVISIONS

14. AMENDMENT AND TERMINATION

The Plan may be terminated at any time by the Board of Directors except with respect to any restricted stock awards, options, or stock appreciation rights then outstanding. Also, the Board may, from time to time, amend the Plan as it may deem proper and in the best interests of the Company or as may be necessary to comply with any applicable laws or regulations, provided that no such amendment shall (i) increase the total number of shares which may be issued under the Plan, (ii) reduce the minimum purchase price or otherwise materially increase the benefits under the Plan, (iii) change the basis for valuing stock appreciation rights, (iv) impair any outstanding option, stock appreciation right or restricted stock award without the consent of the holder, (v) alter the class of employees eligible to receive options, stock appreciation rights or restricted stock awards, or (vi) amend any provision of the Plan insofar as it applies specifically to options granted or to be granted to Outside Directors, unless, in each case, such amendment is required in order to assure the Plan's continued compliance with applicable securities laws, including Rule 16b-3 under the Securities Exchange Act of 1934.

15. MISCELLANEOUS

For purposes of this Plan:

(i) The term "subsidiary" means any corporation in which the Company owns, directly or indirectly, at least 35% of the total combined voting power of all classes of stock; except that for purposes of any option subject to the provisions of Section 425 of the Internal Revenue Code, as amended, the term - -subsidiary+ means any corporation in an unbroken chain of corporations beginning with the Company if, at the time of the granting of an option, each of the corporations other than the last corporation in the unbroken chain owns stock possessing 50% or more of the total combined voting power of all classes of stock in one of the other corporations in such chain.

(ii) "Retirement" as used herein means retirement under any pension or retirement plan of the Company or of a subsidiary, or termination of employment with the Company or a subsidiary, by action of the employing company, because of disability.

CATERPILLAR INC.
LONG TERM INCENTIVE SUPPLEMENT

ARTICLE I-PURPOSE

The provisions of this Long Term Incentive Supplement (the "Supplement") shall supplement the provisions of the Caterpillar Inc. 1987 Stock Option Plan (the "Plan") and, unless otherwise expressly qualified by the context of the Supplement, the conditions contained in the Plan shall be applicable to the Supplement and terms used in the Supplement shall have the meanings defined in the Plan.

The purposes of the Supplement are to (i) strengthen the commonality of interest between management and Caterpillar Inc.'s stockholders, (ii) link effectively executive motivation and compensation with Caterpillar Inc.'s performance, (iii) provide incentives and rewards for key executives to accomplish Caterpillar Inc.'s goals and objectives over the long term, (iv) offer a comprehensive and competitive total compensation program, and (v) attract and retain executives of high caliber and ability.

ARTICLE II-DEFINITIONS

For purposes of the Supplement:

2.1 "AWARD" shall mean the sum of the cash amount and/or restricted stock awarded to a Participant following the conclusion of a Performance Period in which Performance Measures were met or exceeded.

2.2 "DISABILITY" shall mean the total and permanent disability of a Participant as defined by any Caterpillar Inc. long-term disability plan in effect for such Participant.

2.3 "PARTICIPANT" shall mean any employee of Caterpillar Inc. or any subsidiary of Caterpillar Inc. holding a position which the Committee has determined is eligible to participate in the Supplement.

2.4 "PERFORMANCE MEASURES" shall mean the criteria established by the Committee at the beginning of each Performance Period as the basis for making Awards.

2.5 "PERFORMANCE PERIOD" shall mean any period of time determined by the Committee for which the Performance Measures are established.

ARTICLE III-TERM OF PLAN

This Supplement shall be effective from the 1st day of January, 1993, and shall remain in effect until terminated by the Board of Directors of Caterpillar, Inc.

ARTICLE IV-PAYMENT AND AMOUNT OF BENEFITS

4.1 PAYMENT OF AWARDS-Awards shall be paid in cash, shares of restricted stock, or a combination of cash and restricted stock as determined by the Committee in its sole discretion. A check for any cash Award or a certificate for shares of restricted stock awarded shall be delivered to each Participant not later than 90 days following the end of the relevant Performance Period. The number of Caterpillar Inc. shares of restricted stock awarded shall be determined by dividing the portion of the Award payable in restricted stock by the average of the high and low price of Caterpillar Inc. shares on the New York Stock Exchange on the last business day of the Performance Period for which payment is made. The terms of any such restricted stock shall be determined by the Committee in its sole discretion subject to the restrictions of Section 13 of the Plan. Federal, state and local taxes will be withheld as appropriate.

4.2 AMOUNT OF AWARD-Prior to the beginning of any Performance Period, the Committee in its sole discretion will determine the target award for each salary grade or position for all Participants. The Award amount will be calculated by multiplying such target award by the percentage of the Award payable based on attainment of the applicable Performance Measures.

4.3 REQUIRED EMPLOYMENT-An eligible Participant shall receive an Award under this Supplement for a Performance Period provided he is actively employed by Caterpillar Inc. on the last day of the Performance Period, except for a Participant whose employment terminates during a Performance Period by reason of death, disability, or retirement in which case a prorated Award shall be paid for the time during the Performance Period that he was actively employed.

Participants who are employed on the last day of the Performance Period but were not Participants for the entire Performance Period shall receive an Award prorated for that part of the Performance Period for which they were Participants.

ARTICLE V-ADMINISTRATION

5.1 AUTHORITY-The Supplement shall be administered by the Committee which shall have full power and authority to administer and interpret the Supplement within its terms. The Committee's authority shall include, but not be limited to, (i) selecting participants, (ii) determining the timing, amounts and composition of Awards, (iii) setting the duration of Performance Periods, (iv) establishing performance goals for the Performance Periods, and (v) measuring such performance at the end of each Performance Period.
All decisions made by the Committee shall be final and binding and shall be given the maximum deference provided by law.

5.2 ADJUSTMENTS OF COMPANY PERFORMANCE MEASURES-At any time during a Performance Period, the Committee may, in its discretion, increase or decrease previously set Performance Measures for such Performance Period to reflect changes in tax laws, regulations or rulings; changes in accounting principles or practices; mergers, acquisitions or divestitures; major technical innovations; or extraordinary, nonrecurring or unusual items.

5.3 SUSPENSION AND TERMINATION-The Committee and/or the Board of Directors of Caterpillar Inc. may suspend or terminate this Supplement at any time. In such event, all Performance Periods then in effect shall be deemed to have ended on the effective date of such suspension or termination, the applicable Performance Measures shall be appropriately prorated and modified to apply to the shortened Performance Periods, and Awards shall be appropriately prorated and based upon results accomplished over the time intervals from the start of each respective Performance Period through the effective date of suspension or termination.

5.4 RULES AND REGULATIONS-The Committee may adopt from time to time such rules and regulations as it reasonably deems appropriate to assist in administration of this Supplement.

ARTICLE VI-MISCELLANEOUS

6.1 OTHER BENEFIT PLANS-No Award amount shall be taken into account under the Retirement Income Plan, the Employees' Investment Plan, the Insurance Benefits Plan, or any other employee benefit plan or payroll practice of Caterpillar Inc. or its subsidiaries.

6.2 BENEFICIARIES-If an Employee is deceased at the time any benefit is payable to him, the amount of such benefit shall be payable to the same person or persons and in the same proportionate amount as shall be payable to the the beneficiary or beneficiaries for his basic life insurance under the applicable insurance plan of Caterpillar Inc. or its subsidiaries, or if no beneficiary is so designated, to the executor of his estate.

6.3 EMPLOYMENT RIGHTS-Participation in the Supplement will not give any Participant the right to be retained in the service of Caterpillar Inc., or its subsidiaries, nor shall such participation provide any right or claim to any benefit under the Supplement unless such right or claim has specifically accrued under the terms of the Supplement.

6.4 GENDER AND NUMBER-Where the context permits, words in the masculine gender shall include the feminine gender, the plural shall include the singular, and the singular shall include the plural.

6.5 GOVERNING LAW-The Supplement shall be construed in accordance with and governed by the laws of the State of Illinois.

Exhibit 10 (c)

SUPPLEMENTAL PENSION BENEFIT PLAN
(AS AMENDED AND RESTATED AS OF JANUARY 1, 1994)

SECTION 1. INTRODUCTION

1.1 Background. Caterpillar Inc. has amended the Retirement Income Plan to limit the monthly amount payable to employees, retired employees and former employees who are receiving pension benefits under that plan so that benefits payable under that plan cannot exceed the maximum pension benefit limitations imposed by Sections 401(a)(17) and 415 of the Internal Revenue Code of 1986, as amended (the "Code"). This Supplemental Pension Benefit Plan (the "Plan"), as set forth in the succeeding Sections of this document, provides additional pension benefits to persons hereinafter described who are eligible for benefits under this Plan and supplements monthly amounts of retirement income payable under such Retirement Income Plan.

1.2 Use of Terms. Certain terms, as used in this Plan, are defined in Section 8 or elsewhere in this Plan, and are capitalized, and when so used shall have the defined meanings given to them in this Plan.

SECTION 2. ELIGIBILITY

2.1 Eligibility for and Accrual of Benefits. The Plan, as set forth below, applies only to persons who from time to time are receiving, are eligible to receive or are accruing retirement income on or after the Effective Date under the Retirement Income Plan. An employee shall accrue benefits under this Plan in accordance with the provisions of subsections 3.1 and 3.2 hereof so long as he remains covered under the Retirement Income Plan and 1) his compensation exceeds the limitation imposed by Code Section 401(a)(17), as adjusted for cost-of-living pursuant to that Section or 2) his benefits under that plan are limited by Code Section 415, as adjusted for cost-of-living pursuant to that Section.

SECTION 3. PAYMENT OF BENEFITS

3.1 Benefit Formula. A monthly supplemental pension benefit will be payable under this Plan to an Eligible Person in each month equal to the excess of (a) the amount of retirement income that would be payable to such person for that month under the Retirement Income Plan but for the limitations contained in subsections 4.6 and 4.8 of the Retirement Income Plan, as amended, over (b) the amount actually paid to such person for that month under the Retirement Income Plan.

3.2 Future Adjustments. Supplemental pension benefit amounts payable under this Plan may be adjusted to take into account future amendments to the

Retirement Income Plan, increases in retirement income that are granted under the Retirement Income Plan due to cost-of-living increases or other factors and adjustments made by the Secretary of the Treasury (in regulations or otherwise) to the limitations under Code Sections 401(a)(17) and 415 such that the total amount payable to an Eligible Person under this Plan and the Retirement Income Plan shall equal the monthly amount of retirement income that would be payable under the Retirement Income Plan in the absence of subsections 4.6 and 4.8 of the Retirement Income Plan.

3.3 Commencement of Benefits. Benefits shall commence under this Plan on the first day of the month on or after the Effective Date that benefits become payable to an Eligible Person in accordance with subsection 3.1 hereof and shall continue thereafter so long as benefits are payable in accordance with subsections 3.1 and 3.2 hereof.

SECTION 4. OPTIONAL RETIREMENT BENEFITS

If, in lieu of monthly normal retirement income payable under the Retirement Income Plan, an Eligible Person receives optional retirement benefits under that plan, then optional pension benefits (to the extent not otherwise payable under the Retirement Income Plan because of the limitations contained in subsections 4.6 and 4.8 thereof) will also be payable in the same form under this Plan; except that the joint and survivor annuity described in subsection 6.3 of the Retirement Income Plan, as amended, shall be applicable solely to benefits payable under that plan and shall not be available under this Plan.

SECTION 5. FINANCIAL PROVISIONS

No funding of benefits shall be required, and any benefits payable under this Plan shall be payable by the Company.

SECTION 6. AMENDMENT AND TERMINATION

While the Company expects and intends to continue the Plan, it must necessarily reserve the right to modify, amend or terminate the Plan in whole or in part, at any time. Accordingly, the Company reserves the right to amend, modify, suspend or terminate the plan, in whole or in part, at any time by action of its Board of Directors; provided, however, that the Vice-President of Human Services Division, acting together with the Chairman or Vice-Chairman of the Board, may amend this Plan if such amendment does not involve an annual cost to the employers under this Plan of more than $500,000 per year and if such amendment does not change the duties and responsibilities of the committees and persons designated to administer this Plan.

SECTION 7. MISCELLANEOUS PROVISIONS APPLICABLE TO THE PLAN

7.1 Vested Rights. Any Eligible Person who is fully vested in his retirement income benefits under the Retirement Income Plan shall be fully vested in his right to receive his accrued additional pension benefits under this Plan upon his retirement under the Retirement Income Plan; and any such pension benefits so vested and accrued shall be non-forfeitable.

7.2 Benefits Not Assignable. Except insofar as may be contrary to federal law or to the laws of any state and jurisdiction in the premises and except as further provided hereunder, benefits under the Plan are not in any way subject to the debts or other obligations of the persons entitled to such benefits, and may not be voluntarily or involuntarily sold, transferred or assigned; except that

(a) any person who is entitled to benefits under this Plan may assign his benefits hereunder to the Company for the sole purpose of repaying (in whole or in part) the amount of any overpayment made under this Plan;

(b) any person entitled to benefits under this Plan also may assign any portion of such benefits otherwise due hereunder to any lawful taxing authority for the purpose of payment of any taxes which are due or may become due on account of such benefits; and

(c) any person entitled to benefits under this Plan may assign such benefits to a bank for the purpose of depositing them in his or her account in such bank, provided such assignment is pursuant to and in accordance with a current applicable bank agreement between such person and the bank and is filed with the Company.

Any assignment made in accordance with the foregoing, except one made pursuant to paragraph (a) above, shall be revocable at any time by the person who shall have authorized it, and any payment pursuant to any such assignment will constitute a complete discharge of any liability under the Plan for payment of such amount.

7.3 Plan Administered by Company. The Plan will be administered by the Company, and the Company reserves the power to adopt such rules of procedure and regulations, which shall be applied in a uniform and nondiscriminatory manner, as it deems necessary to administer the Plan and to determine all questions arising under the Plan; provided, however, that the Company, by resolution of its Board of Directors, may designate any person, committee, board or similar body to act as named fiduciary or fiduciaries under the Plan and allocate any and all of its duties and responsibilities under the Plan to such named fiduciary or fiduciaries. If the Board of Directors allocates any of its duties and responsibilities under the Plan to a named fiduciary, such named fiduciary shall be substituted for the Company wherever such term appears under the Plan with respect to any duties and responsibilities so allocated. Such named fiduciary or fiduciaries may designate other persons to carry out its fiduciary responsibilities under the Plan.

7.4 Facility of Payment. If the Company shall receive evidence satisfactory to it (1) that a payee entitled to receive any payment provided for in the Plan is physically or mentally incompetent to receive such payment and to give a valid release therefor, (2) that another person or an institution is then maintaining or has custody of such payee, and (3) that no guardian, committee or other representative of the estate of such payee shall have been duly appointed, the Company, in its discretion, may make the payment to such other person or institution and the release of such other person or institution shall be a valid and complete discharge for the payment. In the absence of the appointment of a legal guardian, any minor's share may be paid to such adult or adults as have, in the opinion of the Company, assumed the custody and principal support of such minor.

7.5 Company Action. Any action (to the extent not allocated under subsection 7.3) required or permitted to be taken by the Company under the Plan (other than to amend or terminate the Plan) may be taken by the Chairman or Vice-Chairman of the Board or any Vice-President of the Company or any other person designated by any or each of them. The Plan shall be amended or terminated in accordance with the provisions of Section 6.

7.6 Small Payments. If the monthly amount of supplemental pension benefits to which any person is entitled under the provisions of this Plan at any time shall be less than twenty dollars ($20) per month but more than nine dollars and ninety-nine cents ($9.99), pension payments may be made quarterly, each such quarterly payment to be in an amount equal to the sum of the monthly amounts that would otherwise have been payable during the same quarter, and to be made on the first day of the third month of such quarter. If the monthly benefits to which any person would otherwise be entitled under the plan at any time shall be less than ten dollars ($10) per month, there may be paid to such person, in lieu of monthly pension payments, a cash payment in an amount which is the actuarial equivalent (as determined by the Actuary) of such monthly pension benefits.

SECTION 8. DEFINITIONS

As used herein:

8.1 "Actuary" means an actuary selected by the Company who is not an employee of the Company and who is a Fellow of the Society of Actuaries, or a firm of actuaries selected by the Company, at least one of the members or officers of which is a Fellow of the Society of Actuaries.

8.2 "Company" means Caterpillar Tractor Co. or any successor to it by merger, consolidation, reorganization or otherwise.

8.3 "Effective Date" means January 1, 1976.

8.4 "Eligible Person" means a person described in subsection 2.1 of the Plan.

8.5 "Plan" when used without any modification or qualification thereof means this Supplemental Pension Benefit Plan.

8.6 "Retirement Income Plan" means the Retirement Income Plan which has been adopted by Caterpillar Tractor Co. and certain of its subsidiaries.

EXHIBIT 10 (e)

CATERPILLAR INC.
1993 CORPORATE INCENTIVE COMPENSATION PLAN
MANAGEMENT AND SALARIED EMPLOYEES
(AMENDED AND RESTATED AS OF 10/15/93)

SECTION 1. TYPE OF PLAN AND PURPOSE

1.1 Type of Plan and Purpose. This Plan is an incentive compensation plan. The purpose of the Plan is to provide contingent benefits to Employees to reflect their efforts in contribution to the profitability of the Company; and to serve as an incentive for Employees further to contribute to the continued and future financial success of the Company and to its ability to provide continued employment opportunities to its Employees.

This Plan has been adopted in accordance with rules and guidelines established by the Stock Option and Officers' Compensation Committee of the Board of Directors of the company. Those guidelines permit business and service units of Caterpillar Inc. or its subsidiaries to adopt separate incentive compensation plans within parameters established by that Committee based upon measurements approved by the company's internal Incentive Compensation Review Committee. Those guidelines (a) generally require that a portion of the award under any such unit plan be based upon the corporate return on assets measurement established under this Plan, and (b) permit such unit plan to adopt a shorter eligibility period. Those unit incentive compensation plans with such a corporate measurement form a part of the Plan.

It is understood that the duty of the Employers, their Boards of Directors, and the management they select is to provide the Employers' shareholders protection of, and a maximum return on, their investment, consistent with retention in the business of such profits as the Board of Directors of the Company deems prudent, and with fair and competitive prices, wages, benefits and other terms of employment; no provision of this Plan or any unit incentive compensation plan shall be construed as altering that objective or in any way limiting management of such Board of Directors in the performance of their duties.

1.2 Supplements. The succeeding provisions of this Plan will be expanded and/or modified by Supplements. Such Supplements will set forth the particulars wherein the provisions of this Plan, as applied to any group of Employees are expanded and/or differ from those set forth in the succeeding provisions of this Plan exclusive of such Supplements. All provisions of this Plan are subject to any express provisions to the contrary contained in any such Supplements.

SECTION 2. DEFINITIONS

2.1 Annual Salary Rate for any year means (i) in the case of a Participant who is a management employee, his monthly salary rate as of December 31 of that year (or his last day on the management payroll during that year if earlier) multiplied by 12; or (ii) in the case of a Participant who is a salaried employee, his weekly salary rate as of December 31 of that year (or his last day on the salaried payroll during that year if earlier) multiplied by 52.

The Annual Salary Rate shall include any salary amount deferred under Part 2 of the Employees' Investment Plan and contributed as a basic Employer contribution thereunder, and any salary amount deferred under the Flexible Spending Account, but excludes any (a) bonuses or special cash awards, (b) commissions, (c) international service allowances, (d) extra shift or overtime payments, (e) night shift premiums, (f) pay for vacation time not used and (g) payments under

this plan or other payments or contributions (other than EIP 2 contributions) under any employee benefit plan.

2.2 Company means Caterpillar Inc. or any successor to it by merger, consolidation, reorganization or otherwise.

2.3 Company Service means all periods of full-time employment with the Company and its subsidiaries, including all periods of leave of absence and all periods of layoff.

2.4 Effective Date of this Plan means January 1, 1993.

2.5 Employee means, subject to Subsection 3.1, any person who is a resident or citizen of the United States of America or Canada and who on or after the Effective Date is in the regular full-time employ of an Employer on its salaried or management payrolls and is employed for work on the prevailing schedules of the department to which he is assigned, and who is included in a group to whom the Plan has been made available by extension by an Employer and includes any such person while absent from work under circumstances which do not break continuity of service.

2.6 Employer means the Company or any subsidiary of the Company that has adopted or adopts the Plan with the Company's written consent.

2.7 Officer means those Employees who fill the following positions: Vice President, Group President, and Chairman/Vice Chairman. For purposes of this Plan, the Controller and Treasurer are not included in the definition of Officer.

2.8 Participant means any Employee who is eligible to be covered by the

Plan pursuant to Subsection 3.1.

2.9 The first Plan Year will begin on the effective date and will end on the first December 31 thereafter. Each subsequent Plan Year will end on the next following December 31.

SECTION 3. ELIGIBILITY AND PARTICIPATION

3.1 Eligibility and Participation. Each Employee of the Employers shall be eligible to be covered by the Plan and become a Participant as of the latest to occur of (i) the Effective Date; (ii) the date he has completed one or more years of Company Service; and (iii) the date he is included in a group to which the Plan has been and continues to be extended by an Employer. Notwithstanding anything contained herein to the contrary, for all purposes of the Plan, any U.S. International Service Employee who is not an Employee of the Company or any of the other Employers shall be considered to be an eligible Employee if he then meets the requirements of Subparagraph (ii) above. As used herein, the term "U.S. International Service Employee" means an Employee who (i) on the direction or with the permission of an Employer is transferred to employment outside of the United States of America with a subsidiary (whether or not organized or incorporated within the United States of America) which has not adopted the Plan; and (ii) meets the definition of a U.S. International Service Employee contained in the Company's U.S. International Service Practices; and the term Employee shall also include such other persons as shall be designated by the Committee. A Participant in the Plan shall continue as such so long as he meets the definition of an Employee contained in Subsection 2.5 or considered to be an Employee pursuant to this Subsection 3.1.

Notwithstanding the above, payment amounts shall not be duplicated under this Plan by amounts paid for the same period of service or corporate performance measurement under any other profit sharing plan, incentive compensation plan, or similar plan sponsored by Caterpillar Inc. or any of its subsidiaries, or would be paid except for any applicable waiting period expressed in such plan. However, an Officer who is eligible to participate in an incentive compensation plan for a business or service unit under his control may participate in this Plan for that portion of his Annual Salary Rate not included in the calculation of his business or service unit incentive compensation payment.

3.2 Employment Requirements. Any Participant shall be eligible for an incentive compensation benefit under the Plan for any year, provided that he is actively employed by the Company and any of its subsidiaries on December 31 of that year or is on leave of absence or layoff from the Company or any of its subsidiaries on such December 31; except that any otherwise eligible Employee who died, retired, or received a separation payment in lieu of layoff during such year shall also be covered as if he were an active Employee on December 31 of that year.

SECTION 4. AMOUNT OF BENEFIT

4.1 Salary Grade 23 and Below. The amount payable to a Participant at Salary Grade 23 and below shall be determined by multiplying the Participant's Annual Salary Rate times 7%, times the applicable Corporate Performance Factor.

4.2 Salary Grade 24 and Above. The amount payable to a Participant at Salary Grade 24 and above shall be determined by multiplying his Annual Salary Rate times the Team Award percentage (determined from Exhibit I for non-Officer Participants in Salary Grades 24 and above, and from Exhibit 2 for Officers), for his salary grade as of December 31, times the applicable Corporate Performance Factor, plus the amount of his Individual Award. Designated Officers may participate in their units' incentive compensation plan and may be eligible for Team Awards based on their division results and the corporate performance of Caterpillar Inc.

Individual Awards may be made only from a discretionary pool. A separate Employee Discretionary Pool will be established for Participants (excluding Officers) for each Vice Presidential administrative area or for each group of Participants subject to a business or service unit incentive compensation plan. A separate discretionary pool will be established for Officers.

The Individual Award, if any, for which only Participants in Salary Grades 24 and above are eligible, shall be determined solely at the discretion of the Participant's Unit Manager (or by the Compensation Committee of the Board of Directors for Officers) and shall not exceed the amount of the Employee's Team Award. In addition, the sum of the Individual Awards payable to all Participants in Salary Grade 24 and above shall not exceed the Employee Discretionary Pool Amount. The Employee Discretionary Pool Amount shall be 25% of the total amount of the Team Awards paid to Participants at Salary Grade 24 and above (excluding Officers).

The sum of the Individual Awards payable to Participants who are Officers shall not exceed the Officer Discretionary Pool Amount. The Officer Discretionary Pool Amount shall be the sum of each Officer's percentage of annual salary rate (See Exhibit 1) adjusted by the Corporate Performance Factor defined in Section 4.4. The Officer Discretionary Pool will be calculated as if all officers participated wholly and exclusively in the Corporate Incentive Compensation Plan.

4.3 Individual Performance Level Less Than Five. Notwithstanding the provisions of Subparagraphs 4.1 or 4.2 to the contrary, Employees with a performance rating of Individual Performance Level 5 will not be eligible for a Team Award or an Individual Award, and contributions shall not be made to either the Participant Discretionary Pool Amount or the Officer Discretionary Pool Amount for such Employees or Officers.

4.4 Corporate Performance Factor. The Corporate Performance Factor will be determined each year in relation to minimum, target and maximum corporate return on asset (ROA) levels determined by the Company (see Exhibit 3). The actual performance factor will be determined by interpolation based on the actual ROA achieved at the end of the year compared to these levels, and the participants team incentive compensation amount, if any, will be calculated accordingly. The achieved ROA will be determined by dividing Profit by the Average Gross Assets rounded to the nearest third decimal. The Company must achieve the minimum ROA percentage specified before any amount shall be payable.

As used herein, the term "Average Gross Assets" means the total corporate assets averaged throughout the year. Total corporate assets excludes the assets of Financial Products but includes the investment in Financial Products and is reported in the Annual Report and the Quarterly Report to Stockholders under the column entitled Machinery and Engines as Supplemental Consolidating Data on the Statement of Financial Position. The average for the year will be calculated by adding together five points: the ending balance for the previous year and the ending balance for each of the four quarters during the year and dividing by five. The term "Profit" means the amount of profit for the year before income taxes reported in such Statement 1 (or any equivalent successor statement thereto which provides such amount of profit) in the subtotal immediately preceding the provision for income taxes line, but increased by the amount of accrual for that year for incentive compensation amounts payable under the Plan and any other similar incentive compensation plan or profit sharing plan of the Employers (excluding any investment plan of the Employers) and any awards granted under any bonus plan of the Employers. Such Profit before income taxes would exclude the effect of extraordinary gains or losses, if any, as defined by generally accepted accounting principles. Profit shall also exclude income from nonconsolidated operations. Consolidated Financial Statements which are prepared using generally accepted accounting principles and as audited by the Company's independent certified public accountants shall be final and conclusive.

4.5 Percentage Determination. The Employee's Team Award percentage, Individual Award percentage, Employee Discretionary Pool Amount percentage, Officer Discretionary Pool Amount percentage, the Corporate Performance Factors, the Company's ROA target percentage, and the minimum and maximum percentage will be determined for each year by the Committee on Stock Options and Officer's Compensation.

4.6 RIP, EIP, etc. Credit. 100% of the amount paid under the Plan to an Employee shall be counted as compensation for the month in which payment is made for purposes of the Retirement Income Plan or any other pension plan sponsored by Caterpillar Inc. or its subsidiaries, in which the Employee is a Participant. No incentive compensation amount shall be taken into account under the Employee's Investment Plan, the Group Insurance Plan, or any other employee benefit plan or payroll practice of Caterpillar Inc. or its subsidiaries.

4.7 Proration of Payment Amount. If an Employee is not a Participant or is not actively employed by an Employer for the entire year but is eligible for an incentive compensation amount for the year pursuant to the provisions of Subsection 3.2, his payment amount will be prorated based

upon his days of active employment in that year on the management or salaried payrolls while a Participant. Days while on disability leave of absence will be counted as days of active employment in accordance with uniform rules established by the Committee with respect to the maximum number of such days to be counted during any period of disability leave of absence, but in no event shall any days occurring after the expiration of a continuous period of absence of six months be counted. No other leaves of absence will be counted for purposes of calculating the payment amount.

4.8 Participation in Another Incentive Compensation Plan. If an Employee, who otherwise met the eligibility requirements of Section 3, ceased to be a Participant during the Plan Year because he became a participant in another incentive compensation plan sponsored by Caterpillar Inc. or one of its subsidiaries, he shall be eligible for a Team Award and/or an Individual Award under this Plan for that period of time that he was a Participant in this Plan. Twenty five percent (25%) of the prorated Team Award paid under this Plan shall be included in the Employee Discretionary Pool Amount.

4.9 Transfer from Hourly Payroll. To Notwithstanding anything contained herein to the contrary, if a Participant or former Participant is employed by the Employers on December 31 of any Plan Year and does not receive for any period of employment in that Plan Year a payment under either this Plan or the profit sharing plan covering employees on the hourly payroll of the Employers, he shall receive a payment under this Plan for such period of employment in the same amount which would otherwise have been payable to him under the terms of this Plan or under such hourly plan but for his ineligibility thereunder because he was not participating therein on said December 31.

4.10 Supplemental Employees. Notwithstanding anything contained herein to the contrary, if (a) a Participant ceases to be a full-time Employee of an Employer, and (b) on December 31 of the year in which said Participant ceases to be a full-time Employee, he is and has thereafter been continuously employed as a supplemental employee on either a part-time or temporary basis by an Employer, his payment amount shall be prorated based upon his days of active regular full-time employment in that year on the salaried or management payroll while a Participant. His Annual Salary Rate shall be the rate in effect when he ceased full-time employment.

SECTION 5. INCENTIVE COMPENSATION PAYMENT

5.1 Date and Method of Payment. Any amount which is payable for any year shall be paid to an eligible Participant not later than 3 months of the year following the year for which the amount is computed. The amount of such payment shall be paid by check less required withholding for federal, state, local and other taxes. Payments will be made in the same currency in which the Employee receives his base salary.

5.2 Beneficiaries. If a Participant is deceased at the time any payment is payable to him, the amount of such payment shall be payable to the same person or persons and in the same proportionate amount as shall be payable to the beneficiary or beneficiaries of his basic life insurance under the Group Insurance Plan of his Employer.

5.3 Lost Participants. If any payment becomes distributable pursuant to Subsection 5.1 and the whereabouts of a Participant (or any beneficiary pursuant to Subsection 5.2) is then unknown to the Employer and the Employer shall fail to receive a claim for such payment from the person entitled thereto (or from any other person validly acting on his behalf), then such payment shall

be disposed of in an equitable manner as permitted by law under rules adopted by the Plan Administrator.

SECTION 6. MISCELLANEOUS

6.1 Administration of the Plan. Except as otherwise expressly provided, the Plan shall be administered by the Incentive Compensation Review Committee ("the Committee"), appointed by the Chairman of the Board, who shall be the Plan Administrator and shall be authorized to (a) determine all questions arising in the administration of the Plan, (b) establish rules and procedures to carry out their duties and responsibilities, (c) delegate such duties and responsibilities to other employees of the Employers, and (d) do all other acts which in its judgment are necessary for the proper administration of this Plan.

6.2 Facility of Payment. If the Committee shall receive evidence satisfactory to it that any Participant or other person entitled to receive a benefit under this Plan is physically or mentally incompetent to receive such payment and to give a valid release therefor, the Committee at its discretion may make payment in one or more of the following ways: (a) directly to such Participant or person, (b) to his legal guardian or conservator, or (c) to his spouse or to any other person to be expended for his benefit. The decision of the Committee shall be in each case final and binding on all persons in interest.

6.3 Amendment and Termination of Plan. The Company shall have the power at any time and from time to time, by action of its Board of Directors, to amend or terminate this Plan; provided, however, that the Committee may also amend the Plan so long as such amendment does not change the duties and responsibilities of the Committee or the Stock Option and Officers' Compensation Committee of the Company's Board of Directors and so long as the cost of such amendment to the Employers does not exceed $100,000 per year.

6.4 Employment Rights. Participation in the Plan will not give any Employee or an Employer any right to be retained in the service of the Company or its subsidiaries, nor any right or claim to any payment under the Plan unless such right or claim has specifically accrued under the terms of the Plan.

6.5 Action by Employers. Any action required or permitted to be taken by any Employer hereunder may, except as otherwise expressly provided, be taken by the Group President or any Vice President of such Employer or by any other person designated by the Group President or any Vice President of the Employer to act for such Employer.

6.6 Gender and Number. Where the context permits, words in the masculine gender shall include the feminine gender, the plural shall include the singular, and the singular shall include the plural.

CATERPILLAR INC.

Dated: 10/15/93

By: /s/ Wayne M. Zimmerman

Vice President
Human Services Division

EXHIBIT 10 (f)

CATERPILLAR INC.
DIRECTORS' DEFERRED COMPENSATION PLAN, AS AMENDED
(AS OF DECEMBER 11, 1991)

1. PURPOSE

The purpose of the Caterpillar Inc. Directors' Deferred Compensation Plan (the "Plan") is to provide each eligible member of the Board of Directors (the "Board") of Caterpillar Inc. (the "Company") with an opportunity to defer the payment of the compensation (excluding expense reimbursements) payable from time to time either for services as a Director of the Company, including but not limited to annual fees and fees payable for attendance at meetings of the Board and of Committees of the Board, or for others services performed for or on behalf of the Company ("Compensation").

2. ELIGIBILITY

Any member of the Board ("Director") is eligible to participate in the Plan.

3. ELECTION TO DEFER

In order to participate in the Plan, a Director must make a valid election, on or before December 31 of any year, to defer payment of all or a stated percentage of the Compensation (but not less than 50% of such Compensation) that would otherwise be payable to him during the following calendar year and each succeeding calendar year until such Director ceases to be eligible to participate in the Plan or until such election is otherwise modified or terminated as provided herein (any such Director being hereinafter called a "Participant"). Any such election must be made by timely written notice delivered to the Director, Compensation and Benefits, of the Company by use of the Deferred Compensation Form attached hereto as Exhibit A which shall specify the amount deferred and form and time of distribution.

Any person who shall first become a Director during any calendar year, and who was not a Director on the preceding December 31, may elect, before his term as a Director begins, to defer payment of all or a stated percentage of the Compensation (but not less than 50% of such Compensation) that would otherwise be payable to him during the remainder of such calendar year and each succeeding calendar year until such election is otherwise modified or terminated as provided herein. Any such election must be made by timely written notice delivered to the Director, Compensation and Benefits, of the Company by use of such Deferred Compensation Form.

In the event that a Participant desires to modify the amount of Compensation that is being deferred, the Participant may do so by delivering a revised Deferred Compensation Form to the Director, Compensation and Benefits, of the Company. Such modified election shall be effective for each calendar year following the year in which such Form is delivered to the Director, Compensation and Benefits, and until such election is modified or terminated as provided herein.

In the event that a Participant desires to change his choice as to when payments from his account commence, as to whether distribution is made in a lump sum or in installments or as to the number of installment payments to be made, the Participant may do so by delivering a revised Deferred Compensation Form to the Director, Compensation and Benefits, of the Company; provided that such modified election (a) shall not apply to amounts deferred prior to the effective

date of such modified election unless made prior to the first day of the calendar year specified by the Participant under paragraph 6 after the close of which year distribution shall commence in the following month of January; and (b) shall not accelerate the time when payments from his account commence with respect to amounts deferred prior to the effective date of such modified election. Such modified election shall be effective as of the commencement of the calendar year following the year in which such Form is delivered to the Director, Compensation and Benefits, and shall remain in effect until such election is modified or terminated as provided herein.

In the event that a Participant should desire to terminate the deferral of his Compensation, the Participant must elect to do so by written notice delivered to the Director, Compensation and Benefits, of the Company. Such termination shall become effective as of the end of the calendar year in which notice of termination is given with respect to Compensation payable during subsequent calendar years. An election to terminate deferral of Compensation will be effective for all future calendar years unless a new Deferred Compensation Form is completed and delivered to the Director, Compensation and Benefits, of the Company. Amounts credited to the account of a Participant prior to the effective date of termination shall not be affected by such termination election and shall be paid only in accordance with paragraphs 6 and 7 hereof.

4. AMOUNT OF DEFERRAL

A Participant may elect to defer all or a specified portion of the Compensation (but not less than 50% of such Compensation) payable from time to time as a result of his service as a Director.

5. STATUS OF ACCOUNTS

All deferred Compensation shall be held in the general funds of the Company, but the Company will establish an individual bookkeeping account for each Participant to which the deferred Compensation for that Participant will be credited. Deferred Compensation will be credited to the individual account of a Participant at the same time that it would otherwise have been paid to the Director in the absence of a deferral election. The Company will credit interest to the individual account of a Participant on a quarterly basis. The interest rate will be equal to the base corporate lending rate (sometimes referred to as the "prime rate") applicable to commercial lending customers of Citibank, N.A., New York, New York (or any successor thereto) on the last business day of each calendar quarter. The annual interest rate will be divided by four and applied effective the last day of each quarter to the total average daily amount (deferred Compensation and accrued interest) in each Participant's account in that quarter. In any calendar quarter in which a Participant does not have deferred amounts credited to his account for the entire period of that quarter, interest will be credited pro rata based on the number of business days that amounts are credited to his account in that quarter compared to the total number of business days in that quarter.

The deferral of Compensation and the establishment of individual bookkeeping accounts shall not be deemed to have created a trust, and no Participant shall have any ownership interest in any and interest thereon under this Plan shall not be transferrable or assignable. Each Participant will receive an annual report showing the status of his account at the close of each calendar year.

As an alternative to the crediting of interest to the individual account ("interest election"), each Participant may elect to have all or a specified percentage of his Compensation treated as though it were invested in Company common stock ("stock election"). After the interest or stock election has been in effect one year, the Participant may change the election with respect to future Compensation but only once in any twelve-month period. If a Participant makes a stock

election, dividend equivalents will accrue to the account quarterly and will be reinvested and a Participant's account will in all other respects reflect share ownership for events such as a stock split but no voting rights will exist. The number of shares of stock equivalents shall be determined by dividing the amount of Compensation (deferred into stock equivalents) or dividends credited by the average of the high and low prices of Company common stock on the New York Stock Exchange on the date of such deferral or dividend credit (or the next succeeding trading day if there is no trading on that date). A Participant's account will be valued based on the average of the high and low prices for Company common stock on the New York Stock Exchange as of (a) the last trading day in December prior to the January of the year(s) in which distribution occurs or (b) the date of the Participant's death (or the next succeeding trading day if there is no trading on that date). Distribution of account balances shall be in cash. All such elections must be made on forms approved by the Director, Compensation and Benefits.

6. DISBURSEMENT SCHEDULES

Each Participant shall elect on the Deferred Compensation Form one of the following options under which deferred Compensation and interest thereon will be payable:

a) A lump sum payment, or

b) Annual installments for a period of up to 10 years

Each Participant shall elect on the Deferred Compensation Form one of the following options as to when the payment of installments will commence, or a lump sum payment will be made:

In January of the first calendar year following:

a) the year in which the Participant ceases to be a Director, or

b) the year in which the Participant reaches age 72, or

c) the year in which the Participant retires from his principal occupation.

7. DEATH OF A PARTICIPANT

Upon the death of a Participant, the balance in the Participant's account (including interest for the elapsed portion of the year of death) shall be determined as of the date of death and such balance shall be paid as soon as reasonably possible thereafter in a lump sum payment to such beneficiary as the Participant shall have designated in writing to the Company and filed with its Director, Compensation and Benefits, or in the absence of such designation, to the Participant's estate.

8. AMENDMENT OR TERMINATION OF THE PLAN

The Board of Directors may at any time amend or terminate this Plan, but no amendment or termination will have the effect of reducing the amount that any Participant is entitled to receive prior to such amendment or termination nor accelerating the distribution of any amount theretofore credited to a Participant's account; provided, however, that in the event a Participant (or, if applicable, the designated beneficiary) incurs a severe financial hardship caused by an accident, illness, or other event beyond the control of the Participant (or, if applicable, designated beneficiary) the Stock Option and Officers' Compensation Committee of the Company, in its sole discretion, may revise such Participant's (or, if applicable, designated beneficiary) payment schedule for distribution from the interest account (but not from the stock-equivalent account) to the extent reasonably necessary to eliminate such financial hardship.

9. ADMINISTRATION

Except as otherwise expressly provided herein, the Plan shall be administered under the direction of the Director, Compensation and Benefits, of the Company.

EXHIBIT 10(h)

CATERPILLAR INC.
DIRECTORS' CHARITABLE AWARD PROGRAM

1. PURPOSE OF THE PROGRAM

Under the Caterpillar Inc. Directors' Charitable Award Program (the "Program"), Caterpillar Inc. (the "Company") will make a donation of up to $1,000,000 on behalf of each eligible Director. The donation will be made by the Company, in the Director's name, in ten equal annual installments, with the first installment to be made as soon as is practicable after the Director's death. Of the total donation amount, 50% will be donated to the eligible tax-exempt organization(s) (the "Donee(s)") selected by the Director, and the remaining portion of the donation will be made to the Caterpillar Foundation (the "Foundation"). The purpose of the Program is to acknowledge the service of the Company's Directors, recognize the interest of the Company and its Directors in supporting worthy educational institutions and charitable organizations, provide an additional means of support to the Foundation, and enhance the Company's Director benefit program so that the Company is able to continue to attract and retain Directors of the highest caliber.

2. ELIGIBILITY

All persons serving as Directors of the Company as of April 1, 1993, shall be eligible to participate in the Program. All Directors who join the Company's Board of Directors after that date shall be immediately eligible to participate in the Program upon election to the Board.

3. DONATION AMOUNT

While serving as a Director, the donation amount for a Director will be determined based on the Director's months of Board service, in accordance with the following schedule:

<TABLE>
<CAPTION>

Months of Service	Selected Charity Donation	Foundation Donation
<S>	<C>	<C>
0-11 months	$ 0	$ 0
12-23	100,000	100,000
24-35	200,000	200,000
36-47	300,000	300,000

48-59	400,000	400,000
60 or more	500,000	500,000

</TABLE>

A Director will continue to be eligible to participate in the program after he or she terminates Board service. The total donation amount in effect on the date a Director's Board service terminates shall be continued based upon his or her months of service on that date. However, notwithstanding this schedule, a Director will be treated as having served for 60 or more months if he or she terminates Board service as a result of disability or mandatory retirement.

In determining a Director's total donation amount, Board service prior to the effective date of the Program (even if it is not continuous service) will be counted.

4. RECOMMENDATION OF DONATION

When a Director becomes eligible to participate in the Program, he or she shall make a written recommendation to the Company, on a form approved by the Company for this purpose, designating the Donee(s) which he or she intends to be the recipient(s) of the Company donation to be made on his or her behalf. A Director may revise or revoke any such recommendation prior to his or her death by signing a new recommendation form and submitting it to the Company. Each eligible Director may choose one Donee to receive a Company donation of $500,000, or up to five Donees to receive donations aggregating $500,000. Each recommended Donee must be recommended to receive a donation of at least $100,000.

5. TIMING OF DONATION

The donation made on a Director's behalf will be made by the Company in ten equal annual installments, with the first installment to be made as soon as is practicable after the Director's death. The first five installments (the Donee installments) will be donated to the Director's selected Donee(s), and the last five installments (the Foundation installments) will be donated to the Foundation. If a Director recommends more than one Donee to receive a donation, unless otherwise instructed by the Director, each will receive a prorated portion of each Donee installment. Each Donee installment payment will be divided among the recommended Donees in the same proportions as the total donation amount has been allocated among the Donees by the Director. However, a Director may instruct the Company to allocate the installment payments in a different manner.

6. DONEES

In order to be eligible to receive a donation, a recommended organization must be an educational institution or charitable organization, and must initially, and at the time a donation is to be made, qualify to receive tax-deductible donations under the Internal Revenue Code. Also, the organization must be reviewed and approved by the Vice President and Manager of the Foundation. An organization will be approved unless it is determined, in the exercise of good faith judgment, that a donation to the organization would be detrimental to the best interests of the Company. Private foundations (except for the Foundation) are not eligible to receive donations under the Program.

7. FUNDING AND PROGRAM ASSETS

The Company may fund the Program or it may choose not to fund the Program. If the Company elects to fund the Program in any manner, neither the Directors nor their recommended Donee(s) shall have any rights or interests in any assets of the Company identified for such purpose. Nothing contained in the Program shall create, or be deemed to create, a trust, actual or constructive, for the benefit of a Director or any Donee recommended by a Director to receive a donation, or shall give, or be deemed to give, any Director or recommended Donee any interest in any assets of the Program or the Company. If the Company elects to fund the Program through life insurance policies, a participating Director agrees to cooperate and fulfill the enrollment requirements necessary to obtain insurance on his or her life.

8. AMENDMENT OR TERMINATION

The Board of Directors of the Company may, at any time, without the consent of the Directors participating in the Program, amend, suspend or terminate the Program.

9. ADMINISTRATION

The Program shall be administered by the Company. The Company shall have plenary authority in its discretion, but subject to the provisions of the Program, to prescribe, amend and rescind rules, regulations and procedures relating to the Program. The determinations of the Company on the foregoing matters shall be conclusive and binding on all interested parties.

10. GOVERNING LAW

The Program shall be construed and enforced according to the laws of the State of Illinois, and all provisions thereof shall be administered according to the laws of said State.

11. EFFECTIVE DATE

The effective date of the Program is April 1, 1993. The recommendation of an individual Director will be effective when he or she completes all enrollment requirements.

EXHIBIT 11

CATERPILLAR INC.
AND CONSOLIDATED SUBSIDIARY COMPANIES

COMPUTATIONS OF EARNINGS PER SHARE

FOR THE YEARS ENDED DECEMBER 31,

<TABLE>
<CAPTION>

	1993	1992	1991
I. Net profit (loss) for year (millions of dollars):	$ 652	$(2,435)	$ (404)
II. Determination of shares (millions):			
Weighted average number of common shares outstanding	101.3	100.9	100.9
Shares issuable on exercise of stock options, net of shares assumed to be purchased out of proceeds at average market price	1.1	.1	.1
Average common shares outstanding for fully diluted computation	102.4	101.0	101.0
III. Profit (loss) per share of common stock:			
Assuming no dilution	$ 6.43	$(24.12)	$(4.00)
Assuming full dilution	$ 6.36	$(24.09)	$(4.00)

</TABLE>

EXHIBIT 12

CATERPILLAR INC.,
CONSOLIDATED SUBSIDIARY COMPANIES,
AND 50%-OWNED AFFILIATED COMPANIES

STATEMENT SETTING FORTH COMPUTATION
OF RATIOS OF PROFIT TO FIXED CHARGES
(Millions of dollars)

YEARS ENDED DECEMBER 31,

<TABLE>
<CAPTION>

<S>	1993 <C>	1992 <C>	1991 <C>
Profit (loss)................................	$ 681	$(218)	$(404)
Add:			
Provision (credit) for income taxes........	43	(123)	(125)
Profit (loss) before taxes...................	$ 724	$(341)	$(529)
Fixed charges:			
Interest and other costs related to borrowed funds(1)........................	$ 464	$ 527	$ 500
Rentals at computed interest factors(2)....	53	52	50
Total fixed charges..........................	$ 517	$ 579	$ 550
Profit before provision (credit) for income taxes and fixed charges....................	$1,241	$ 238	$ 21
Ratio of profit to fixed charges(3)..........	2.4	--	--

</TABLE>

- ----------------

(1) Interest expense as reported in the Consolidated Results of Operations plus the Company's proportionate share of 50 percent-owned affiliated companies' interest expense.

(2) Amounts represent those portions of rent expense that are reasonable approximations of interest costs.

(3) Because of pretax losses for the years ended December 31, 1992 and 1991, profit was not sufficient to cover fixed charges. The coverage deficiencies were approximately $341 million and $529 million, respectively.

EXHIBIT 21

SUBSIDIARIES AND AFFILIATES OF THE REGISTRANT

<TABLE>
<CAPTION>

Name of Company	Jurisdiction in which Organized	Percentage of Voting Securities Owned Directly or Indirectly at December 31, 1993*
<S>	<C>	<C>
Caterpillar Inc. (Registrant)	Delaware	(Parent Company)
Affiliates of the Registrant:		
Advanced Filtration Systems Inc.	Delaware	50
Cyclean, Inc.	Delaware	9.74
DUECO, Inc.	Delaware	5
Health Plan of Central Illinois Inc.	Illinois	18.5
Novotruck	Russia	33.33
Peoria Medical Research Corporation	Illinois	14.29
Unco Equipment & Supply, L.L.C.	Delaware	30
Subsidiaries of the Registrant:		
Advanced Technology Services, Inc.	Illinois	91.29
Anchor Coupling Inc.	Delaware	100
Balderson Inc.	Kansas	82.5
Carter Machinery Company, Incorporated	Delaware	100
Caterpillar Americas Co.	Delaware	100
Caterpillar Asia Pte. Ltd.	Singapore	100
Caterpillar of Australia Ltd.	Australia	100
Affiliates:		
Energy Power Systems Australia Pty Limited	Australia	50
Subsidiary:		
Energy Power Systems PNG Pty Limited	New Guinea	100
Gough & Gilmour Holdings Pty Limited	Australia	50
Subsidiary:		
Waugh & Josephson Holdings Limited	Australia	100
Subsidiaries:		
Girandole Pty. Limited	Australia	100
Gough & Gilmour Pty. Limited	Australia	100
W & J Properties Pty. Limited	Australia	100
Caterpillar Brasil S. A.	Brazil	100
Subsidiary:		
Caterpillar Administracao e Participacoes S/C Ltda.	Brazil	100
Caterpillar of Canada Ltd.	Canada	100
Caterpillar Capital Company, Inc.	Delaware	100
Caterpillar Commercial A/O	Russia	100

Caterpillar Commercial N.V.	Belgium	100
Affiliate:		
Hindustan Powerplus Limited	India	37.74
Subsidiary:		
Caterpillar Group Services N.V.	Belgium	100
Caterpillar Commercial Services Ltd.	Canada	100

</TABLE>

<TABLE>

<S>	<C>	<C>
Caterpillar of Delaware, Inc.	Delaware	100
Subsidiary:		
Caterpillar Industrial Products, Inc.	Delaware	100
Subsidiary:		
Nexus International Inc.	Delaware	100
Caterpillar Export Limited	Virgin Islands	100
Caterpillar Financial Services Corporation	Delaware	100
Affiliate:		
Bio-energy Partners	Illinois	50
Subsidiaries:		
Caterpillar Finance France S.A.	France	60
Caterpillar Financial Australia Limited	Australia	100
Caterpillar Financial Leasing, S.A.	Spain	100
Caterpillar Financial Nordic Services A.B.	Sweden	100
Subsidiary:		
Caterpillar Financial Services Norway AS	Norway	100
Caterpillar Financial Services Holding GmbH	Germany	100
Affiliates:		
EDC European Excavator Design Center GmbH & Co. KG	Germany	40
EDC European Excavator Design Center Verwaltungs GmbH	Germany	40
Subsidiaries:		
Caterpillar Leasing GmbH (Ismaning)	Germany	100
Caterpillar Leasing GmbH (Leipzig)	Germany	100
Caterpillar Financial Services Limited	Canada	100
Caterpillar Financial Services (U.K.) Limited	England	100
Caterpillar Financial Services N.V.	Netherlands	100
Caterpillar Industrial Inc.	Ohio	100
Affiliates:		
Mitsubishi Caterpillar Forklift America Inc.	Delaware	20
Affiliate:		
Material Handling Associates, Inc.	Delaware	50
Mitsubishi Caterpillar Forklift Asia Pte. Ltd.	Singapore	20
Mitsubishi Caterpillar Forklift Europe B.V.	Netherlands	20
Rapidparts Inc.	Michigan	50
Subsidiary:		
Matchparts N.V.	Belgium	50.5
Caterpillar Insurance Co. Ltd.	Bermuda	100
Caterpillar Insurance Services Inc.	Illinois	100
Caterpillar Investment Management Ltd.	Delaware	100
Caterpillar Logistics Services, Inc.	Delaware	100

Subsidiary:		
Caterpillar Logistics Services Spain	Spain	100
Caterpillar Overseas Credit Corporation S.A.	Switzerland	100
Caterpillar Overseas S.A.	Switzerland	100
Affiliates:		
Caterpillar MHI Marketing Ltd.	Japan	50
Shin Caterpillar Mitsubishi Ltd.	Japan	50
Affiliates:		
D.O.M. Ltd.	Japan	10
Itoh Tekkosho Co., Ltd.	Japan	34
K-Lea Co., Ltd.	Japan	9.8
Tunnel Rental Co., Ltd.	Japan	9.5

</TABLE>

<TABLE>

<S>	<C>	<C>
Subsidiaries:		
Chubu Caterpillar Mitsubishi Construction Equipment Sales, Ltd.	Japan	100
CM General Services	Japan	100
CM Human Services Co., Ltd.	Japan	100
East Chugoku Caterpillar Mitsubishi Construction Equipment Sales, Ltd.	Japan	100
East Kanto Caterpillar Mitsubishi Construction Equipment Sales, Ltd.	Japan	100
Hokkaido Caterpillar Mitsubishi Construction Equipment Sales, Ltd.	Japan	100
Subsidiary:		
Shin Hokken Co., Ltd.	Japan	100
Hokuetsu Caterpillar Mitsubishi Construction Equipment Sales, Ltd.	Japan	100
Affiliate:		
F. M. K. Co., Ltd.	Japan	25
Hokuriku Caterpillar Mitsubishi Construction Equipment Sales, Ltd.	Japan	51
Kanagawa Caterpillar Mitsubishi Construction Equipment Sales, Ltd.	Japan	100
Kansai Caterpillar Mitsubishi Construction Equipment Sales, Ltd.	Japan	100
Kinki Caterpillar Mitsubishi Construction Equipment Sales, Ltd.	Japan	100
Affiliate:		
Rental Sanwa Co., Ltd.	Japan	30
Koshin Caterpillar Mitsubishi Construction Equipment Sales, Ltd.	Japan	100
North Kanto Caterpillar Mitsubishi Construction Equipment Sales, Ltd.	Japan	100
Sagami GS Co., Ltd.	Japan	100
SCM Operator Training Co., Ltd.	Japan	100
SCM System Service Co., Ltd.	Japan	100
Shizuoka Caterpillar Mitsubishi Construction Equipment Sales, Ltd.	Japan	5

Tokyo Caterpillar Mitsubishi Construction Equipment Sales, Ltd.	Japan	100
West Chugoku Caterpillar Mitsubishi Construction Equipment Sales, Ltd.	Japan	100
West Kanto CM Ltd.	Japan	100
Tractor Engineers Limited	India	50
Subsidiaries:		
Caterpillar (Africa) (Proprietary) Limited	South Africa	100
Caterpillar Belgium S. A.	Belgium	100
Caterpillar Commercial APS	Denmark	100
Caterpillar Commercial S.A.R.L.	France	100
Caterpillar Commerciale S.r.L.	Italy	100
Caterpillar Far East Limited	Hong Kong	100
Subsidiaries:		
Caterpillar China Limited	Hong Kong	100
Caterpillar Asia Limited	Hong Kong	100
Caterpillar Fonderie de Vernon S.A.	France	100
Caterpillar France S.A.	France	100
Caterpillar Hungary Component Manufacturing Company Ltd.	Hungary	85.7

</TABLE>

<TABLE>

<S>	<C>	<C>
Caterpillar Logistics Services Limited	England	100
Mec-Track S.r.L.	Italy	100
Caterpillar (U.K.) Limited	England	100
P.T. Natra Raya	Indonesia	80
Solar Turbines Canada Ltd.	Canada	100
Solar Turbines S.A.	Belgium	100
Caterpillar Paving Products Inc.	Oklahoma	100
Subsidiary:		
Caterpillar Materiels Routiers S.A.	France	100
Caterpillar Securities Inc.	Delaware	100
Caterpillar Risk Management Services Ltd.	Delaware	100
Caterpillar Services Limited	Delaware	100
Caterpillar World Trading Corporation	Delaware	100
CONEK S.A. de C.V.	Mexico	100
Subsidiary:		
Inmobiliaria Conek, S.A.	Mexico	100
Engine Service Specialists, Inc.	Delaware	100
Subsidiaries:		
Road Ready Inc.	Delaware	100
RR-1 Limited Partnership	Illinois	68.35
Solar Turbines Incorporated	Delaware	100
Subsidiaries:		
Compsolven Corporation	California	100
OTSG, Inc.	Delaware	100
Affiliate:		
Innovative Steam Technologies	California	50
Solar Turbines International Company	Delaware	100
Solar Turbines Overseas Ltd.	Delaware	100

Affiliate:		
Turboservices SDN BHD	Malaysia	26
Subsidiaries:		
Energy Services International Limited	Bermuda	100
Servtech Limited	Ireland	100
Turbinas Solar S.A. de C.V.	Mexico	100
Turbinas Solar de Venezuela, C.A.	Venezuela	100
Turbo Tecnologia de Reparaciones S.A. de C.V.	Mexico	100
Tecnologia Modificada S.A. de C.V.	Mexico	100

</TABLE>

____
* Qualifying shares have been ignored in giving ownership percentage figures.

For further information see Notes to Consolidated Financial Statements incorporated by reference from the 1994 Annual Meeting Proxy Statement.

EXHIBIT 23

CONSENT OF INDEPENDENT ACCOUNTANTS

We hereby consent to the incorporation by reference in the Prospectus constituting part of the Registration Statement on Form S-8 (No. 2-90123, as amended) of Caterpillar Inc. of our report dated January 21, 1994 related to the financial statements of Caterpillar Inc., appearing on page A-3 of the Appendix to the Company's 1994 Annual Meeting Proxy Statement which is incorporated in this Annual Report on Form 10-K. We also consent to the incorporation by reference of our report on the Financial Statement Schedules listed in Item 14(a) of such Annual Report on Form 10-K.

We hereby consent to the incorporation by reference in the Prospectus constituting part of the Registration Statement on Forms S-8 (No. 33-14116 and No. 33-40598) of Caterpillar Inc. of our report dated January 21, 1994 related to the financial statements of Caterpillar Inc., appearing on page A-3 of the Appendix to the Company's 1994 Annual Meeting Proxy Statement which is incorporated in this Annual Report on Form 10-K. We also consent to the incorporation by reference of our report on the Financial Statement Schedules listed in Item 14(a) of such Annual Report on Form 10-K.

We hereby consent to the incorporation by reference in the Prospectus constituting part of the Registration Statement on Forms S-8 (No. 33-3718, as amended, and No. 33-39280) of Caterpillar Inc. of our report dated January 21, 1994 related to the financial statements of Caterpillar Inc., appearing on page A-3 of the Appendix to the Company's 1994 Annual Meeting Proxy Statement which is incorporated in this Annual Report on Form 10-K and of our report dated February 11, 1994 related to the financial statements of the Employees' Investment Plan, appearing on page 1 of the Form 11-K Annual Report, which is included in this Annual Report on Form 10-K as Exhibit 99(a). We also consent to the incorporation by reference of our report on the Financial Statement Schedules listed in Item 14(a) of this Form 10-K.

We hereby consent to the incorporation by reference in the Prospectus constituting part of the Registration Statement on Forms S-8 (No. 2-97450, as amended, and No. 33-37353) of Caterpillar Inc. of our report dated January 21, 1994 related to the financial statements of Caterpillar Inc., appearing on page A-3 of the Appendix to the Company's 1994 Annual Meeting Proxy Statement which is incorporated in this Annual Report on Form 10-K and of our report dated February 11, 1994 related to the financial statements of the Savings and Investment Plan, appearing on page 1 of the Form 11-K Annual Report, which is included in this Annual Report on Form 10-K as Exhibit 99(c). We also consent to the incorporation by reference of our report on the Financial Statement Schedules listed in Item 14(a) of this Form 10-K.

We hereby consent to the incorporation by reference in the Prospectus constituting part of the Registration Statement on Form S-8 (No. 33-8003) of Caterpillar Inc. of our report dated January 21, 1994 related to the financial statements of Caterpillar Inc., appearing on page A-3 of the Appendix to the Company's 1994 Annual Meeting Proxy Statement which is incorporated in this Annual Report on Form 10-K and of our report dated February 11, 1994 related to the financial statements of the Tax Deferred Savings Plan, appearing on page 1 of the Form 11-K Annual Report, which is included in this Annual Report on Form 10-K as Exhibit 99(d). We also consent to the incorporation by reference of our report on the Financial Statement Schedules listed in Item 14(a) of this Form 10-K.

We hereby consent to the incorporation by reference in the Prospectus constituting part of the Registration Statement on Form S-3 (No. 33-46194) of Caterpillar Inc. of our report dated January 21, 1994 related to the financial statements of Caterpillar Inc., appearing on page A-3 of the Appendix to the Company's 1994 Annual Meeting Proxy Statement which is incorporated in this Annual Report on Form 10-K. We also consent to the incorporation by reference of our report on the Financial Statement Schedules listed in Item 14(a) of this Form 10-K.

[SIGNATURE] (Price Waterhouse)

PRICE WATERHOUSE

Peoria, Illinois
February 11, 1994

Exhibit 99(a)

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 11-K

(Mark One)

[X] ANNUAL REPORT PURSUANT TO SECTION 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934 [Fee Required]
For the Fiscal Year Ended November 30, 1993

OR

TRANSITION REPORT PURSUANT TO SECTION 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934 (No Fee Required]
For the transition period from _____ to _____

Commission File Number 1-768

EMPLOYEES' INVESTMENT PLAN
(Full title of the Plan)

CATERPILLAR INC.
(Name of issuer of the securities held
pursuant to the Plan)

100 NE ADAMS STREET, PEORIA, ILLINOIS 61629
(Address of principal executive offices)

REQUIRED INFORMATION

Item 1.

The audited statement of financial condition as of the end of the latest two fiscal years of the Plan is attached hereto as Exhibit A.

Item 2.

The audited statement of income and changes in plan equity for each of the latest three fiscal years of the Plan is attached hereto as Exhibit B.

Item 3.

The statements required by Items 1 and 2 have been prepared in accordance with the applicable provisions of Article 6A of Regulation S-X.

Item 4.

The Consent of Independent Accountants is attached hereto as Exhibit C.

[LOGO]

EMPLOYEES' INVESTMENT PLAN

FINANCIAL STATEMENTS
AND ADDITIONAL INFORMATION

NOVEMBER 30, 1993 ANNUAL REPORT

[LETTERHEAD OF PRICE WATERHOUSE]

REPORT OF INDEPENDENT ACCOUNTANTS

February 11, 1994

To the Participants, Investment
Plan Committee and Benefits Funds
Committee of the Employees'
Investment Plan for Eligible
Employees of Caterpillar Inc.

In our opinion, the accompanying statements of net assets available for plan benefits of the Employees' Investment Plan (for Eligible Employees of Caterpillar Inc.) and the related statements of changes in net assets available for plan benefits present fairly, in all material respects, the net assets available for plan benefits as of November 30, 1993 and 1992, and the changes in net assets available for plan benefits for the years ended November 30, 1993, 1992 and 1991 in conformity with generally accepted accounting principles. These financial statements are the responsibility of the plan's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with generally accepted auditing standards which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for the opinion expressed above.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The additional information included in Schedules I and II is presented for purposes of additional analysis and is not a required part of the basic financial statements but is additional information required by ERISA. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

(Signature of Price Waterhouse)

EXHIBIT A

EMPLOYEES' INVESTMENT PLAN
FOR ELIGIBLE EMPLOYEES OF CATERPILLAR INC.

STATEMENT OF NET ASSETS AVAILABLE FOR PLAN BENEFITS

NOVEMBER 30, 1993
(in 000's)

<TABLE>
<CAPTION>

	PART I		PART II		
	Caterpillar Common Stock Fund	Government Securities Fund	Caterpillar Common Stock Fund	Guaranteed Investment Contract Fund	Stable Principal Fund
<S>	<C>	<C>	<C>	<C>	<C>
Cash	$ 9	$ 209	$	$	$
Investments:					
Caterpillar Inc. common stock, 6,006 shares, at market	511,983				
U.S. Government securities, 125 units, at market		10,515			
Investment in Caterpillar Inc. Master Trust Fund (Note 5)			64,567	59,450	27,036
Total cash and investments	511,992	10,724	64,567	59,450	27,036

Employer and employee contributions receivable	4,079	172			
Total net assets	$516,071	$10,896	$64,567	$59,450	$27,036

</TABLE>
<TABLE>
<CAPTION>

PART II--Continued

Preferred Group of Mutual Funds

	Short-Term Government	Money Market	Value	International	Growth	Asset Allocation	Fixed Income	Loan Fund	Total
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Cash	$	$	$	$	$	$	$	$	$ 218
Investments:									
Caterpillar Inc. common stock, 6,006 shares, at market									511,983
U.S. Government securities, 125 units, at market									10,515
Investment in Caterpillar Inc. Master Trust Fund (Note 5)	9,828	14,363	66,617	27,311	73,270	13,382	8,630	8,343	372,797
Total cash and investments	9,828	14,363	66,617	27,311	73,270	13,382	8,630	8,343	895,513
Employer and employee contributions receivable									4,251
Total net assets	$ 9,828	$14,363	$66,617	$27,311	$73,270	$13,382	$8,630	$8,343	$899,764

</TABLE>

(See notes to financial statements)

EMPLOYEES' INVESTMENT PLAN
FOR ELIGIBLE EMPLOYEES OF CATERPILLAR INC.

STATEMENT OF NET ASSETS AVAILABLE FOR PLAN BENEFITS

NOVEMBER 30, 1992
(in 000's)

<TABLE>
<CAPTION>

	PART I		PART II	
	Caterpillar Common Stock Fund	Government Securities Fund	Caterpillar Common Stock Fund	Guaranteed Investment Contract Fund
<S>	<C>	<C>	<C>	<C>
Cash	$	$ 156	$	$
Investments:				
Caterpillar Inc. common stock, 7,477 shares, at market	424,322			
U.S. Government securities, 139 units, at market		11,146		
Investment in Caterpillar Inc. Master Trust Fund (Note 5)			21,358	79,155
Total investments	424,322	11,302	21,358	79,155
Employer and employee contributions receivable	5,406	169		
Total net assets	$429,728	$11,471	$21,358	$79,155

</TABLE>
<TABLE>
<CAPTION>

PART II--Continued

Preferred Group of Mutual Funds

	Short-Term Government	Money Market	Value	International	Growth	Asset Allocation	Fixed Income	Loan Fund	Total
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>

Cash	$	$	$	$	$	$	$	$	$ 156
Investments:									
Caterpillar Inc. common stock, 7,477 shares, at market									424,322
U.S. Government securities, 139 units, at market									11,146
Investment in Caterpillar Inc. Master Trust Fund (Note 5)	6,902	11,870	59,529	7,259	48,874	6,293	2,360	6,031	249,631
Total investments	6,902	11,870	59,529	7,259	48,874	6,293	2,360	6,031	685,255
Employer and employee contributions receivable									5,575
Total net assets	$ 6,902	$11,870	$59,529	$ 7,259	$48,874	$ 6,293	$2,360	$6,031	$690,830

(See notes to financial statements)

</TABLE>

EXHIBIT B

EMPLOYEES' INVESTMENT PLAN
FOR ELIGIBLE EMPLOYEES OF CATERPILLAR INC.

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR PLAN BENEFITS

FOR THE YEAR ENDED NOVEMBER 30, 1993
(in 000's)

<TABLE>
<CAPTION>

	PART I		PART II		
	Caterpillar Common Stock Fund	Government Securities Fund	Caterpillar Common Stock Fund	Guaranteed Investment Contract Fund	Stable Principal
<S>	<C>	<C>	<C>	<C>	<C>
Contributions:					
Employees (note 1)	$ 30,775	$ 2,022	$	$	$
Employers (note 1)	18,615		2,587	662	5,849
	49,390	2,022	2,587	662	5,849
Investment income:					
Dividend and interest income	4,184	361			
Net increase (decrease) in unrealized appreciation of investments	199,405	(96)			
Plan interest in net investment gain of Master Trust (Note 5)			11,100	4,703	1,119
Net investment income (loss)	203,589	265	11,100	4,703	1,119
Withdrawals	(102,295)	(1,964)	(753)	(2,944)	(1,074)
Net transfers between funds (Note 3)	(64,341)	(898)	31,144	(21,150)	20,836
Withdrawals and transfers, net	(166,636)	(2,862)	30,391	(24,094)	19,762
Loan repayments			209	80	768
New loans			(1,078)	(1,056)	(462)
Net loan activity			(869)	(976)	306
Increase (decrease) in net assets	86,343	(575)	43,209	(19,705)	27,036
Net assets:					
Beginning of year	429,728	11,471	21,358	79,155	
End of year	$ 516,071	$10,896	$64,567	$59,450	$27,036

</TABLE>
<TABLE>

PART II--Continued

	Preferred Group of Mutual Funds								
	Short-Term Government	Money Market	Value	International	Growth	Asset Allocation	Fixed Income	Loan Fund	Total
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Contributions:									
Employees (note 1)	$	$	$	$	$	$	$	$	$ 32,797
Employers (note 1)	932	1,128	6,204	2,554	10,354	1,879	1,010		51,774
	932	1,128	6,204	2,554	10,354	1,879	1,010		84,571
Investment income:									
Dividend and interest income									4,545
Net increase (decrease) in unrealized appreciation of investments									199,309
Plan interest in net investment gain of Master Trust (Note 5)	553	296	4,327	3,768	6,800	806	300		33,772
Net investment income (loss)	553	296	4,327	3,768	6,800	806	300		237,626
Withdrawals	(239)	(530)	(1,742)	(207)	(1,128)	(268)	(54)	(65)	(113,263)
Net transfers between funds (Note 3)	1,726	1,696	(1,324)	13,989	8,606	4,658	5,058		
Withdrawals and transfers, net	1,487	1,166	(3,066)	13,782	7,478	4,390	5,004	(65)	(113,263)
Loan repayments	79	168	709	276	1,096	148	75	(3,608)	
New Loans	(125)	(265)	(1,086)	(328)	(1,332)	(134)	(119)	5,985	
Net loan activity	(46)	(97)	(377)	(52)	(236)	14	(44)	2,377	
Increase (decrease) in net assets	2,926	2,493	7.088	20,052	24,396	7,089	6,270	2,312	208,934
Net assets:									
Beginning of year	6,902	11,870	59,529	7,259	48,874	6,293	2,360	6,031	690,830
End of year	$ 9,828	$14,363	$ 66,617	$ 27,311	$73,270	$ 13,382	$8,630	$8,343	$ 899,764

</TABLE>

(See notes to financial statements)

EMPLOYEES' INVESTMENT PLAN
FOR ELIGIBLE EMPLOYEES OF CATERPILLAR INC.

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR PLAN BENEFITS

FOR THE YEAR ENDED NOVEMBER 30, 1992
(in 000's)

<TABLE>
<CAPTION>

	PART I		PART II		
	Caterpillar Common Stock Fund	Government Securities Fund	Caterpillar Common Stock Fund	Guaranteed Investment Contract Fund	Equity Fund
<S>	<C>	<C>	<C>	<C>	<C>
Contributions:					
Employees (Note 1)	$ 30,716	$ 1,938	$	$	$
Employers (Note 1)	18,438		1,081	8,988	9,033
	49,154	1,938	1,081	8,988	9,033
Investment income:					
Dividend and interest income	4,435	477			
Net increase (decrease) in unrealized appreciation of investments	118,174	(59)			
Plan interest in net investment gain of Master Trust (Note 5)			6,540	6,243	12,441

Net investment income (loss)	122,609	418	6,540	6,243	12,441
Withdrawals	(44,994)	(1,402)	(1,258)	(7,979)	(1,424)
Net transfers between funds			(1,082)	(9,283)	(103,344)
Withdrawals and transfers, net	(44,994)	(1,402)	(2,340)	(17,262)	(104,768)
Loan repayments			133	586	581
New Loans			(213)	(1,219)	(793)
Net loan activity			(80)	(633)	(212)
Increase (decrease) in net assets	126,769	954	5,201	(2,664)	(83,506)
Net assets:					
Beginning of year	302,959	10,517	16,157	81,819	83,506
End of year	$429,728	$11,471	$21,358	$79,155	$

</TABLE>

<TABLE>
<CAPTION>

	PART II--Continued								
	Preferred Group of Mutual Funds								
	Short-Term Government	Money Market	Value	International	Growth	Asset Allocation	Fixed Income	Loan Fund	Total
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Contributions:									
Employees (Note 1)	$	$	$	$	$	$	$	$	$ 32,654
Employer (Note 1)	1,022	1,073	2,309	693	3,428	579	171		46,815
	1,022	1,073	2,309	693	3,428	579	171		79,469
Investment income:									
Dividend and interest income									4,912
Net increase (decrease) in unrealized appreciation of investments									118,115
Plan interest in net investment gain of Master (Note 5)	611	565	4,554	(1,739)	6,813	240	67		36,335
Net investment income (loss)	611	565	4,554	(1,739)	6,813	240	67		159,362
Withdrawals	(724)	(1,408)	(2,684)	(269)	(1,505)	(206)	(26)	(135)	(64,014)
Net transfers between funds	(523)	1,882	55,609	8,575	40,319	5,692	2,155		
Withdrawals and transfers, net	(1,247)	474	52,925	8,306	38,814	5,486	2,129	(135)	(64,014)
Loan repayments	59	73	174	45	239	32	20	(1,942)	
New loans	(141)	(297)	(433)	(46)	(420)	(44)	(27)	3,633	
Net loan activity	(82)	(224)	(259)	(1)	(181)	(12)	(7)	1,691	
Increase (decrease) in net assets	304	1,888	59,529	7,259	48,874	6,293	2,360	1,556	174,817
Net assets:									
Beginning of year	6,598	9,982						4,475	516,013
End of year	$ 6,902	$11,870	$59,529	$ 7,259	$48,874	$6,293	$2,360	$6,031	$690,830

</TABLE>

(See notes to financial statements)

EMPLOYEES' INVESTMENT PLAN
FOR ELIGIBLE EMPLOYEES OF CATERPILLAR INC.

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR PLAN BENEFITS
FOR THE YEAR ENDED NOVEMBER 30, 1991
(in 000's)

<TABLE>
<CAPTION>

	PART I		PART II						
	Caterpillar Common Stock Fund	Government Securities Fund	Short-Term Investment Fund	Caterpillar Common Stock Fund	Equity Fund	Government Fixed Income Fund	Guaranteed Investment Contract Fund	Loan Fund	Total
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Contributions by participating:									
Employees (Note 1)	$ 29,651	$ 1,849	$	$	$	$	$		$ 31,500
Employers (Note 1)	17,532		1,263	1,363	12,614	897	12,902		46,571
	47,183	1,849	1,263	1,363	12,614	897	12,902		78,071
Investment income:									
Dividend and interest income	8,412	583							8,995
Net increase (decrease) in unrealized appreciation of investments	(1,012)	25							(987)
Plan interest in net investment gain of Master Trust (Note 5)			669	683	14,674	656	6,164		22,846
Net investment income	7,400	608	669	683	14,674	656	6,164		30,854
Withdrawals	(39,071)	(1,011)	(863)	(1,102)	(3,257)	(342)	(5,562)		(51,208)
Net transfers between plans (Note 3)			84	25	187	29	253		578
Net transfers between funds			425	(822)	671	556	(830)		
Withdrawals and transfers, net	(39,071)	(1,011)	(354)	(1,899)	(2,399)	243	(6,139)		(50,630)
Loan repayments			57	94	704	32	595	(1,482)	
New loans			(232)	(222)	(1,295)	(121)	(1,345)	3,215	
Net loan activity			(175)	(128)	(591)	(89)	(750)	1,733	
Increase in net assets	15,512	1,446	1,403	19	24,298	1,707	12,177	1,733	58,295
Net assets:									
Beginning of year	287,447	9,071	8,579	16,138	59,208	4,891	69,642	2,742	457,718
End of year	$302,959	$10,517	$9,982	$16,157	$83,506	$6,598	$81,819	$ 4,475	$516,013

</TABLE>

(See notes to financial statments)

EMPLOYEES' INVESTMENT PLAN
FOR ELIGIBLE EMPLOYEES OF CATERPILLAR INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - PLAN DESCRIPTION:

The following description of the Caterpillar Inc. Employees' Investment Plan (Plan) provides only general information. Participants should refer to the Plan agreement for a more complete description of the Plan's provisions.

General

The Plan is a defined contribution plan established by Caterpillar Inc. (the Company) to enable eligible employees to accumulate funds. Participating employees of the Company may acquire ownership interests in the Company through purchases of its common stock (Part I). Additionally, eligible employees may elect to defer a portion of their compensation until retirement (Special Investment Supplement, Part II).

Participation

Generally, employees other than those employed under collective bargaining agreements, of participating employer companies meeting certain age, service and citizen or residency requirements are eligible to participate in the plan. Participation commences upon an eligible employee's filing of an application with the Investment Plan Committee.

Participant accounts

Accounts are maintained separately for Part I and Part II for each participant. The participant's separate account under Part I is credited with the participant's contribution, the Company's contribution and an allocation of Plan earnings. The participant's account in Part II of the Plan is credited with the Company's contribution as defined below, and an allocation of Plan earnings. Allocations of earnings are based on participant account balances, as defined. The benefit to which a participant is entitled is the benefit that can be provided from the participant's accounts.

Loan provisions

The Plan provides for participant loans against eligible participants' Part II separate account balances. Eligible employees obtain participant loans by filing a loan application with the Company and receiving approval thereof. Loan amounts are generally limited to the lesser of $50,000 or 50% of the individual participant's account balance. Loan repayment terms may range from 6 to 117 months depending on the type of loan and bear interest at the prime interest rate plus 1%. Repayments, including interest, are made through payroll deductions and are credited to the individual participant's account balance.

Contributions

PART I -

Contributions from employees are made by payroll deduction based on a percentage (2%-6%) of total earnings as elected by the employee. Employees with 25 or more years of service may contribute an additional 1%-4% of earnings.

Employer contributions are 50%, 66-2/3% or 80% of employee contributions (up to 6% of earnings) based on the employee's years of service.

PART II -

The employer contributes the amount of compensation deferral, as elected by the participating employee, to the Plan. During 1993, the reduction in compensation was limited to (a) the greater of $4,500 or 4% of the employee's compensation (limited by the Internal Revenue Code to $8,994 in 1993) for participants earning in excess of $60,530 or (b) $8,994 for participants earning less than $60,530.

Investment programs

PART I -

Employee participants may elect to have their contributions invested as follows: (1) 100% in Caterpillar Inc. common stock or (2) 50% in Caterpillar Inc. common stock and 50% in government securities. Employer contributions are invested entirely in common stock of Caterpillar Inc.

At November 30, 1993, 13,994 employees are participating in the Plan of which 2,056 employees have elected the split investment option. At November 30, 1992, 14,131 employees participated in the plan of which 2,134 employees elected the split investment option.

PART II -

Employees may elect to have contributions on their behalf invested in any combination of the funds shown on the accompanying statements of changes in net assets available for plan benefits.

At November 30, 1993 and 1992, respectively, 11,663 and 11,164 employees participated in the Special Investment Supplement, Part II.

Transfers of assets between investment funds are recorded net on the statement of changes in net assets available for plan benefits.

Vesting and distribution

provisions

PART I -

Participants are fully vested at all times in Caterpillar Inc. common stock or government securities purchased with employee contributions.

Participants begin vesting in shares purchased with employer contributions generally after completing two years of service with the Company. Participants vest at the rate of 33% per year, resulting in full vesting by participants in employer contributions after five years of service with the Company. Any amounts not vested at withdrawal which are forfeited will be applied to reduce the amount of future employer contributions to the Plan. Shares become fully vested upon retirement, permanent disability or death.

While an employee, a participant may elect to withdraw Company purchased shares of common stock or his share of the government securities fund as provided by the Plan. Upon termination of employment, participants may elect to receive their shares by immediate distribution or a deferred distribution. If termination is due to retirement or disability, participants may elect various annuity payments.

PART II -

Participants are fully vested in contributions made on their behalf. Upon termination of employment for any reason, including death, retirement or because of total and permanent disability, the balance or balances in a participant's account is distributable.

Administration

The Plan is administered by the Investment Plan Committee, which is responsible for nonfinancial matters and the Benefits Funds Committee, which is responsible for financial aspects of the Plan. Caterpillar Inc. has entered into trust agreements with The First National Bank of Chicago and The Northern Trust Company to receive contributions, administer the assets of the trusts and distribute withdrawals pursuant to the Plan.

Plan termination

In the event the Plan is terminated or partially terminated, each participant in Part I shall also have a fully vested interest in the assets attributable to employer contributions.

Federal income tax status

The Plan is a qualified plan under the Internal Revenue Code and has received a favorable determination letter.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Investments

The Guaranteed Investment Contracts are stated at contract value, which approximates market, on November 30, 1993 and 1992, respectively. Other investments are stated at quoted market prices, or unit values based on quoted market values, at the close of business on November 30, 1993 and 1992, respectively. Income from investments is recorded as earned.

The statement of changes in net assets available for plan benefits for the year ended November 30, 1992 combines activity of the Government Fixed Income Fund prior to July 1, 1992 and activity of the Preferred Short-Term Government Fund after July 1, 1992. Likewise, activity of the Short-Term Investment Fund before July 1, 1992 and activity of the Preferred Money Market Fund after July 1, 1992 are combined. The investment objectives of the funds combined are consistent.

Contributions

Beginning in 1992, contributions to the Caterpillar Common Stock Fund, under Part I of the Plan, are made in-kind and are recorded at fair value. Shares, in the amount of employee and employer contributions, are purchased by the Company in the open market and transferred to the Plan. Prior to 1992, contributions were made in cash.

Administrative expenses

Trustee fees and certain investment and administrative costs are paid by Caterpillar Inc. and its subsidiaries (Company) which have adopted the Plan.

NOTE 3 - TRANSFERS BETWEEN PLANS:

In April 1991, transfers of assets occurred between the Caterpillar Inc. Employees' Investment Plan Part II, the Solar Turbines Incorporated's Savings and Investment Plan and the Tax Deferred Savings Plan (for Eligible Employees of Caterpillar Inc.). The transfers reflect the cumulative differences in net assets arising from changes in employee eligibility and transfers of participating employees between the various companies sponsoring the Plans. Transfers between the Plans are reported net on the statement of changes in net assets available for plan benefits.

NOTE 4 - EIP II UNIT VALUES:

Part II of the Plan assigns units to participants directing investments to any of the Preferred Group of Mutual Funds, the Caterpillar Common Stock Fund and the Stable Principal Fund. The unit values assigned by the Plan reflect the current values of the individual funds. Total units held (in thousands) by the Plan and their respective unit values at each month end are shown on page 13.

NOTE 5 - MASTER TRUST:

Under a Master Trust agreement with The Northern Trust Company, Caterpillar Inc.'s Employees' Investment Plan Part II, Solar Turbines Incorporated's Savings and Investment Plan and the Tax Deferred Savings Plan (for Eligible Employees of Caterpillar Inc.) pool their investments in the Caterpillar Inc. Master Trust in exchange for a percentage of participation in the Trust. The components of investment assets of the Master Trust are shown on the accompanying schedule.

Effective July 1992, the Master Trust began investing in the Preferred Group of Mutual Funds which are sponsored by Caterpillar Investment Management Ltd. (CIML), a wholly-owned subsidiary of the Company. The Preferred Group of Mutual Funds comprise the following:

- Preferred Short-Term Government Fund
- Preferred Money Market Fund
- Preferred Value Fund
- Preferred International Fund
- Preferred Growth Fund
- Preferred Asset Allocation Fund
- Preferred Fixed Income Fund

CIML manages the Preferred Short-Term Government Fund. All other funds are managed by unrelated investment managers. Caterpillar Securities, Inc. a wholly-owned subsidiary of CIML, distributes the shares of the mutual funds to the Master Trust.

The percentage of the Plan's participation in the Master Trust was determined based on the November 30, 1993 and 1992 market values of net assets, as accumulated by the Trustee for the investment funds of each plan. At November 30, 1993 and 1992, the Plan's pro rata interest in the quoted market values of net assets of each of the funds of the Master Trust was as follows:

	November 30, 1993	November 30, 1992
Caterpillar Inc. Common Stock Fund	87.13%	75.15%
Guaranteed Investment Contract Fund	70.12%	69.47%
Stable Principal Fund	67.80%	
Preferred Short-Term Government Fund	75.32%	69.05%
Preferred Money Market Fund	75.61%	73.65%
Preferred Value Fund	79.70%	80.41%
Preferred International Fund	86.30%	84.23%
Preferred Growth Fund	80.77%	81.51%
Preferred Asset Allocation Fund	86.76%	84.06%
Preferred Fixed Income Fund	87.19%	88.03%
Loan Fund	71.25%	72.87%

The net investment gain or loss of the Master Trust is reflected in the financial statements of the Plan based on the actual earnings of each investment fund. Refer to pages 14 and 15 for an analyses of the net assets and changes in net assets of the Master Trust as of November 30, 1993.

Effective September 1, 1993, the Employees' Investment Plan was amended to allow retirees or those participants eligible to retire to transfer funds from Part I of the Employees' Investment Plan to investment funds within the Master Trust.

CATERPILLAR INC. - EMPLOYEES' INVESTMENT PLAN

NOTE 4 - PART II UNIT VALUES

NOVEMBER 30, 1993
(units in 000's)

<TABLE>
<CAPTION>

	1992	1993										
	December	January	February	March	April	May	June	July	August	September	October	November
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
CATERPILLAR COMMON STOCK FUND:												
Units	1,984	1,938	1,913	1,858	1,719	1,693	1,698	1,664	1,562	4,573	4,007	4,105
Unit value	9.99	10.43	10.76	10.96	12.73	13.15	13.72	14.07	15.00	15.00	16.58	15.51
STABLE PRINCIPAL FUND:												
Units	-	1,895	1,922	1,942	2,008	2,123	2,172	2,217	2,228	2,276	2,602	2,703
Unit value	-	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00
PREFERRED GROUP OF MUTUAL FUNDS:-												
Money Market:												
Units	11,391	11,078	10,875	10,676	10,891	12,157	12,020	11,673	11,191	12,447	13,222	14,339
Unit value	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Short-Term Government:												
Units	696	701	687	673	693	728	737	748	786	787	913	978
Unit value	9.92	9.99	10.05	10.04	10.09	10.04	10.08	10.07	10.13	10.13	10.13	10.08
Value:												
Units	5,585	5,603	5,610	5,628	5,657	5,632	5,670	5,673	5,655	5,647	5,753	5,803
Unit value	10.87	10.96	10.94	11.99	11.14	11.47	10.52	11.36	11.96	11.80	11.83	11.48
Growth:												
Units	4,334	4,662	4,793	4,881	4,861	4,736	4,781	4,847	4,835	4,874	5,220	5,558
Unit value	11.91	12.03	11.47	11.98	11.55	12.34	12.42	12.35	13.09	13.46	13.61	13.19
International:												
Units	971	1,041	1,104	1,204	1,415	1,477	1,532	1,645	1,964	1,938	2,303	2,561
Unit value	8.39	8.52	8.68	9.24	9.61	9.71	9.59	9.91	10.52	10.24	10.74	10.73
Asset Allocation:												
Units	628	668	678	707	738	768	807	841	857	871	1,088	1,200
Unit value	10.45	10.58	10.74	10.68	10.63	10.81	10.90	10.89	11.23	11.23	11.32	11.15
Fixed Income:												
Units	229	253	277	293	315	352	375	384	450	461	674	817
Unit value	10.09	10.27	10.44	10.44	10.48	10.44	10.60	10.61	10.76	10.75	10.76	10.62

</TABLE>

CATERPILLAR INC. - EMPLOYEES' INVESTMENT PLAN

NOTE 5 - MASTER TRUST - SUMMARY OF NET ASSETS
NOVEMBER 30, 1993
(in 000's)

<TABLE>
<CAPTION>

				Preferred Group of Mutual Funds		
	Caterpillar Common Stock Fund	Guaranteed Investment Contract Fund	Stable Principal Fund	Short-Term Government	Money Market	Value
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Investments, stated principally at quoted market						

values or unit values based on quoted market values:						
Caterpillar Inc. common stock, 4,778 units	$69,636	$	$	$	$	$
Preferred Short-Term Government Securities, 1,294 units				12,980		
Provident National Assurance Company Investment Contract, 6.92%, matures December 31, 1994		31,205				
Prudential Asset Management Company Investment Contract, 8.68%, matures January 2, 1994		53,583				
Stable Principal Fund, 3,987 units			36,308			
Preferred Value Fund, 7,280 units						82,765
Preferred International Fund, 2,949 units						
Preferred Growth Fund, 6,977 units						
Preferred Asset Allocation Fund, 1,383 units						
Preferred Fixed Income Fund, 932 units						
Invested cash	4,467		3,570	68	18,996	816
Participant loans						
Total investments	$74,103	$84,788	$39,878	$13,048	$18,996	$83,581

</TABLE>

<TABLE>
<CAPTION>

	Preferred Group of Mutual Funds - Continued					
	International	Growth	Asset Allocation	Fixed Income	Loan Fund	Total
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Investments, stated principally at quoted market values or unit values based on quoted market values:						
Caterpillar Inc. common stock, 4,778 units	$	$	$	$	$	$ 69,636
Preferred Short-Term Government Securities, 1,294 units						12,980
Provident National Assurance Company Investment Contract, 6.92%, matures December 31, 1994						31,205
Prudential Asset Management Company Investment Contract, 8.68%, matures January 2, 1994						53,583
Stable Principal Fund, 3,987 units						36,308
Preferred Value Fund, 7,280 units						82,765
Preferred International Fund, 2,949 units	31,188					31,188
Preferred Growth Fund, 6,977 units		89,351				89,351
Preferred Asset Allocation Fund, 1,383 units			15,155			15,155
Preferred Fixed Income Fund, 932 units				9,717		9,717
Invested cash	458	1,361	269	181	132	30,318
Participant loans					11,577	11,577
Total investments	$31,646	$90,712	$15,424	$ 9,898	$11,709	$473,783

</TABLE>

CATERPILLAR INC. - EMPLOYEES' INVESTMENT PLAN

NOTE 5 - MASTER TRUST - SUMMARY OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED NOVEMBER 30, 1993
(in 000's)

<TABLE>
<CAPTION>

				Preferred Group of Mutual Funds		
	Caterpillar Common Stock Fund	Guaranteed Investment Contract Fund	Stable Principal Fund	Short-Term Government	Money Market	Value
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Investment Income	$ 15,913	$ 6,717	$ 1,753	$ 553	$ 407	$ 1,698
Change in unrealized appreciation of investments	55		(50)	224		3,728
Net investment gain (loss)	15,968	6,717	1,703	777	407	5,426
Contributions from all plans	3,427	1,370	10,311	1,412	1,768	8,330
Withdrawals from all plans	(3,621)	(2,752)	(1,688)	(428)	(773)	(2,187)
Transfer from EIP I (Note 5)	64,341				898	
Net transfers for all plans	(32,988)	(32,872)	29,085	1,366	759	(1,540)

Loan repayments	284	123	1,228	118	251	923
New loans	(1,729)	(1,741)	(761)	(192)	(431)	(1,400)
Net loan activity	(1,445)	(1,618)	467	(74)	(180)	(477)
Increase (decrease) in assets for the year	45,682	(29,155)	39,878	3,053	2,879	9,552
Net assets:						
Beginning of year	28,421	113,943		9,995	16,117	74,029
End of year	$ 74,103	$ 84,788	$39,878	$13,048	$18,996	$83,581

</TABLE>

<TABLE>
<CAPTION>

	Preferred Group of Mutual Funds					
	International	Growth	Asset Allocation	Fixed Income	Loan Fund	Total
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Investment Income	$ 156	$ 1,838	$ 430	$ 274	$	$ 29,739
Change in unrealized appreciation of investments	4,309	6,633	527	83		15,509
Net investment gain (loss)	4,465	8,471	957	357		45,248
Contributions from all plans	3,329	13,943	2,407	1,304		47,601
Withdrawals from all plans	(240)	(1,460)	(314)	(56)	(314)	(13,833)
Transfer from EIP I (Note 5)						65,239
Net transfers for all plans	15,557	10,087	4,885	5,661		
Loan repayments	346	1,469	181	99	(5,022)	
New loans	(429)	(1,760)	(178)	(148)	8,769	
Net loan activity	(83)	(291)	3	(49)	3,747	
Increase (decrease) in assets for the year	23,028	30,750	7,938	7,217	3,433	144,255
Net assets:						
Beginning of year	8,618	59,962	7,486	2,681	8,276	329,528
End of year	$31,646	$90,712	$15,424	$9,898	$11,709	$473,783

</TABLE>

ADDITIONAL INFORMATION

SCHEDULE I

EMPLOYEES' INVESTMENT PLAN

ITEM 30a - SCHEDULE OF ASSETS
HELD FOR INVESTMENT PURPOSES
NOVEMBER 30, 1993

EMPLOYEES' INVESTMENT PLAN - PART I
(in 000's)

<TABLE>
<CAPTION>

(a) Identity of issue, borrower, lessor or similar party	(b) Description of investment, including maturity date, rate of interest, collateral, par or maturity value	(c) Cost	(d) Current value
<S>	<C>	<C>	<C>

Caterpillar Inc.	Common stock, 6,006 shares	$316,456	$511,983
U.S. Treasury Bill	1,725 maturity value, due December 16, 1993	$ 1,696	$ 1,723
U.S. Treasury Bill	73 maturity value, due December 2, 1993	72	73
U.S. Treasury Bill	422 maturity value, due December 23, 1993	418	421
U.S. Treasury Bill	1,330 maturity value, due December 30, 1993	1,310	1,327
U.S. Treasury Bill	885 maturity value, due January 13, 1994	871	882
U.S. Treasury Bill	2,180 maturity value, due February 3, 1994	2,145	2,168
U.S. Treasury Bill	1,650 maturity value, due March 24, 1994	1,626	1,634
U.S. Treasury Bill	223 maturity value, due April 21, 1994	219	220
U.S. Treasury Bill	2,099 maturity value, due May 12, 1994	2,065	2,067
		10,422	10,515
		$326,878	$522,498

</TABLE>

SCHEDULE II

EMPLOYEES' INVESTMENT PLAN

ITEM 30d - SCHEDULE OF REPORTABLE TRANSACTIONS
FOR THE YEAR ENDED NOVEMBER 30, 1993

EMPLOYEES' INVESTMENT PLAN - PART I
(in 000's)

There were no reportable transactions during the year.

EXHIBIT C

CONSENT OF INDEPENDENT ACCOUNTANTS

We hereby consent to the incorporation by reference in the Prospectus constituting part of the Registration Statement on Form S-8 (No. 2-90123, as amended) of Caterpillar Inc. of our report dated January 21, 1994 related to the financial statements of Caterpillar Inc., appearing on page A-3 of the Appendix to the Company's 1994 Annual Meeting Proxy Statement which is incorporated in this Annual Report on Form 10-K. We also consent to the incorporation by reference of our report on the Financial Statement Schedules listed in Item 14(a) of such Annual Report on Form 10-K.

We hereby consent to the incorporation by reference in the Prospectus constituting part of the Registration Statement on Forms S-8 (No. 33-14116 and No. 33-40598) of Caterpillar Inc. of our report dated January 21, 1994 related to the financial statements of Caterpillar Inc., appearing on page A-3 of the Appendix to the Company's 1994 Annual Meeting Proxy Statement which is incorporated in this Annual Report on Form 10-K. We also consent to the incorporation by reference of our report on the Financial Statement Schedules listed in Item 14(a) of such Annual Report on Form 10-K.

We hereby consent to the incorporation by reference in the Prospectus constituting part of the Registration Statement on Forms S-8 (No. 33-3718, as amended, and No. 33-39280) of Caterpillar Inc. of our report dated January 21, 1994 related to the financial statements of Caterpillar Inc., appearing on page A-3 of the Appendix to the Company's 1994 Annual Meeting Proxy Statement which is incorporated in this Annual Report on Form 10-K and of our report dated February 11, 1994 related to the financial statements of the Employees' Investment Plan, appearing on page 1 of the Form 11-K Annual Report, which is included in this Annual Report on Form 10-K as Exhibit 99(a). We also consent to the incorporation by reference of our report on the Financial Statement Schedules listed in Item 14(a) of this Form 10-K.

We hereby consent to the incorporation by reference in the Prospectus constituting part of the Registration Statement on Forms S-8 (No. 2-97450, as amended, and No. 33-37353) of Caterpillar Inc. of our report dated January 21, 1994 related to the financial statements of Caterpillar Inc., appearing on page A-3 of the Appendix to the Company's 1994 Annual Meeting Proxy Statement which is incorporated in this Annual Report on Form 10-K and of our report dated February 11, 1994 related to the financial statements of the Savings and Investment Plan, appearing on page 1 of the Form 11-K Annual Report, which is included in this Annual Report on Form 10-K as Exhibit 99(c). We also consent to the incorporation by reference of our report on the Financial Statement Schedules listed in Item 14(a) of this Form 10-K.

We hereby consent to the incorporation by reference in the Prospectus constituting part of the Registration Statement on Form S-8 (No. 33-8003) of Caterpillar Inc. of our report dated January 21, 1994 related to the financial statements of Caterpillar Inc., appearing on page A-3 of the Appendix to the Company's 1994 Annual Meeting Proxy Statement which is incorporated in this Annual Report on Form 10-K and of our report dated February 11, 1994 related to the financial statements of the Tax Deferred Savings Plan, appearing on page 1 of the Form 11-K Annual Report, which is included in this Annual Report on Form 10-K as Exhibit 99(d). We also consent to the incorporation by reference of our report on the Financial Statement Schedules listed in Item 14(a) of this Form 10-K.

We hereby consent to the incorporation by reference in the Prospectus constituting part of the Registration Statement on Form S-3 (No. 33-46194) of Caterpillar Inc. of our report dated January 21, 1994 related to the financial statements of Caterpillar Inc., appearing on page A-3 of the Appendix to the Company's 1994 Annual Meeting Proxy Statement which is incorporated in this Annual Report on Form 10-K. We also consent to the incorporation by reference of our report on the Financial Statement Schedules listed in Item 14(a) of this Form 10-K.

(Signature of Price Waterhouse)

PRICE WATERHOUSE

Peoria, Illinois
February 11, 1994

Exhibit 99(b)

==

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 11-K

(Mark One)
[X]   ANNUAL REPORT PURSUANT TO SECTION 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934 [Fee Required]
For the Fiscal Year Ended November 30, 1993

OR

TRANSITION REPORT PURSUANT TO SECTION 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934 (No Fee Required]
For the transition period from _____ to _____

Commission File Number 1-768

CATERPILLAR FOREIGN SERVICE EMPLOYEES'
STOCK PURCHASE PLAN
(Full title of the Plan)

CATERPILLAR INC.
(Name of issuer of the securities held
pursuant to the Plan)

100 NE ADAMS STREET, PEORIA, ILLINOIS 61629
(Address of principal executive offices)

==

REQUIRED INFORMATION

Item 1.

Financial Statements for this Plan are not enclosed since the requirements to file such financial statements were deemed inapplicable in accordance with the letter from the Securities and Exchange Commission dated January 26, 1973.

Item 2.

(See response to Item 1).

Item 3.

(See response to Item 1).

Item 4.

Not Applicable.

Exhibit 99(c)

==

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 11-K

(Mark One)
[X] ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 [Fee Required] For the Fiscal Year Ended December 31, 1993

OR

TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 (No Fee Required] For the transition period from _____ to _____

Commission File Number 1-768

SAVINGS AND INVESTMENT PLAN
(Full title of the Plan)

CATERPILLAR INC.
(Name of issuer of the securities held pursuant to the Plan)

100 NE ADAMS STREET, PEORIA, ILLINOIS 61629
(Address of principal executive offices)

==

REQUIRED INFORMATION

Item 1.

The audited statement of financial condition as of the end of the latest two fiscal years of the Plan is attached hereto as Exhibit A.

Item 2.

The audited statement of income and changes in plan equity for each of the latest three fiscal years of the Plan is attached hereto as Exhibit B.

Item 3.

The statements required by Items 1 and 2 have been prepared in accordance with the applicable provisions of Article 6A of Regulation S-X.

Item 4.

The Consent of Independent Accountants is attached hereto as Exhibit C.

SAVINGS AND INVESTMENT PLAN

FINANCIAL STATEMENTS

DECEMBER 31, 1993 ANNUAL REPORT

[PRICE WATERHOUSE LETTER HEAD]

REPORT OF INDEPENDENT ACCOUNTANTS

February 11, 1994

To the Participants and
Plan Administrator of the
Savings and Investment Plan
for Eligible Employees of
Solar Turbines Incorporated

In our opinion, the accompanying statements of net assets available for plan benefits of the Savings and Investment Plan (for Eligible Employees of Solar Turbines Incorporated) and the related statements of changes in net assets available for plan benefits present fairly, in all material respects, the net assets available for plan benefits as of December 31, 1993 and 1992, and the changes in net assets available for plan benefits for the years ended December 31, 1993, 1992 and 1991 in conformity with generally accepted accounting principles. These financial statements are the responsibility of the plan's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with generally accepted auditing standards which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for the opinion expressed above.

/s/ Price Waterhouse

EXHIBIT A

SAVINGS AND INVESTMENT PLAN

FOR ELIGIBLE EMPLOYEES OF SOLAR TURBINES INCORPORATED

STATEMENT OF NET ASSETS AVAILABLE FOR PLAN BENEFITS

DECEMBER 31, 1993

(in 000's)

	Caterpillar Common Stock Fund	Guaranteed Investment Contract Fund	Stable Principal Fund	Preferred Group of Mutual Funds: Short-Term Government	Money Market	Value	International	Growth	Asset Allocation	Fixed Income	Loan Fund	Total
Investment in Caterpillar Inc. 401(K) Master Trust (Note 5)	$701	$2,523	$1,104	$372	$819	$953	$442	$1,602	$131	$109	$485	$9,241

(See notes to financial statements)

SAVINGS AND INVESTMENT PLAN

FOR ELIGIBLE EMPLOYEES OF SOLAR TURBINES INCORPORATED

STATEMENT OF NET ASSETS AVAILABLE FOR PLAN BENEFITS

DECEMBER 31, 1992

(in 000's)

<TABLE>
<CAPTION>

	Caterpillar Common Stock Fund	Guaranteed Investment Contract Fund	Preferred Group of Mutual Funds: Short-Term Government	Money Market	Value	International	Growth	Asset Allocation	Fixed Income	Loan Fund	Total
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Investment in Caterpillar Inc. 401(K) Master Trust (Note 5)	$390	$3,667	$297	$762	$858	$142	$952	$106	$ 7	$320	$7,501

</TABLE>

(See notes to financial statements)

EXHIBIT B

SAVINGS AND INVESTMENT PLAN

FOR ELIGIBLE EMPLOYEES OF SOLAR TURBINES INCORPORATED

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR PLAN BENEFITS

FOR THE YEAR ENDED DECEMBER 31, 1993

(in 000's)

<TABLE>
<CAPTION>

	Caterpillar Common Stock Fund	Guaranteed Investment Contract Fund	Stable Principal Fund	Preferred Group of Mutual Funds: Short-Term Government	Money Market	Value	International	Growth	Asset Allocation	Fixed Income	Loan Fund	Total
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Contributions on behalf of participating employees	$ 145	$	$ 617	$ 94	$ 88	$ 166	$ 80	$ 368	$ 25	$ 21	$	$ 1,604
Plan interest in net investment gain (loss) of Master Trust (Note 5)	351	211	49	23	22	83	105	197	11	4		1,056
Withdrawals	(155)	(313)	(122)	(43)	(43)	(69)	(37)	(78)	(21)		(39)	(920)
Net transfers between funds	39	(938)	543	11	(1)	(75)	153	181	9	78		
Withdrawals and transfers, net	(116)	(1,251)	421	(32)	(44)	(144)	116	103	(12)	78	(39)	(920)
Loan repayments	17		51	8	2	17	7	68		1	(171)	
New loans	(86)	(104)	(34)	(18)	(11)	(27)	(8)	(86)		(2)	375	
Net loan activity	(69)	(104)	17	(10)	(9)	(10)	(1)	(18)	1	(1)	204	
Increase (decrease) in net assets	311	(1,144)	1,104	75	57	95	300	650	25	102	165	1,740
Net assets: Beginning of year	390	3,667		297	762	858	142	952	106	7	320	7,501
End of year	$ 701	$ 2,523	$ 1,104	$ 372	$ 819	$ 953	$ 442	$ 1,602	$ 131	$ 109	$ 485	$ 9,241

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</TABLE>

(See notes to financial statements)

SAVINGS AND INVESTMENT PLAN

FOR ELIGIBLE EMPLOYEES OF SOLAR TURBINES INCORPORATED

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR PLAN BENEFITS

FOR THE YEAR ENDED DECEMBER 31, 1992

(in 000's)

<TABLE>
<CAPTION>

	Caterpillar Common Stock Fund	Equity Fund	Guaranteed Investment Contract Fund	Preferred Group of Mutual Funds: Short-Term Government	Money Market	Value	International	Growth	Asset Allocation	Fixed Income	Loan Fund	Total
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Contributions on behalf of participating employees	$ 121	$ 177	$ 782	$ 86	$ 91	$ 85	$ 29	$190	$ 6	$ 6	$	$1,573
Plan interest in net investment gain (loss) of Master Trust (Note 5)	77	69	259	21	34	73	(24)	134	9			652
Withdrawals	(43)	(78)	(425)	(40)	(101)	(7)	(5)	(16)	(2)		(25)	(742)
Net transfers between funds	(64)	(1,598)	116	(18)	(61)	720	145	666	93	1		
Withdrawals and transfers, net	(107)	(1,676)	(309)	(58)	(162)	713	140	650	91	1	(25)	(742)
Loan repayments	7	11	31	2		4	6	12			(73)	
New loans	(14)	(10)	(100)	(10)	(9)	(17)	(9)	(34)			203	
Net loan activity	(7)	1	(69)	(8)	(9)	(13)	(3)	(22)			130	
Increase (decrease) in net assets	84	(1,429)	663	41	(46)	858	142	952	106	7	105	1,483
Net assets: Beginning of year	306	1,429	3,004	256	808						215	6,018
End of year	$ 390	$ -	$3,667	$297	$ 762	$ 858	$ 142	$952	$106	$ 7	$320	$7,501

</TABLE>

(See notes to financial statements)

SAVINGS INVESTMENT PLAN
FOR ELIGIBLE EMPLOYEES OF SOLAR TURBINES INCORPORATED

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR PLAN BENEFITS
FOR THE YEAR ENDED DECEMBER 31, 1991
(in 000's)

<TABLE>
<CAPTION>

	Short-Term Investment Fund	Caterpillar Common Stock Fund	Equity Fund	Government Fixed Income Fund	Guaranteed Investment Contract Fund	Loan Fund	Total
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Contributions on behalf of participating employees	$ 377	$ 96	$ 312	$ 44	$ 820	$	$ 1,649
Plan interest in net investment gain (loss) of Master Trust (Note 5)	25	(13)	267	24	241		544
Withdrawals	(34)	(18)	(41)	(1)	(126)		(220)

Net transfers between plans (Note 3)	(56)	(2)	(45)	(11)	(57)		(171)
Net transfers between funds	171	17	(9)	28	(207)		
Withdrawals and transfers, net	81	(3)	(95)	16	(390)		(391)
Loan repayments		3	10	2	32	(47)	
New loans	(7)	(8)	(41)	(8)	(111)	175	
Net loan activity	(7)	(5)	(31)	(6)	(79)	128	
Increase in net assets	476	75	453	78	592	128	1,802
Net assets:							
Beginning of year	332	231	976	178	2,412	87	4,216
End of year	$ 808	$ 306	$ 1,429	$ 256	$ 3,004	$ 215	$ 6,018

</TABLE>

(See notes to financial statements)

SAVINGS AND INVESTMENT PLAN

FOR ELIGIBLE EMPLOYEES OF SOLAR TURBINES INCORPORATED

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - PLAN DESCRIPTION:

The following description of the Savings and Investment Plan (Plan) provides only general information. Participants should refer to the Plan agreement for a more complete description of the Plan's provisions.

General

The Plan is a defined contribution plan established by the Company to enable eligible employees to defer a portion of their compensation until retirement.

Participation

Employees meeting certain age, service and citizen or residency requirements are eligible to participate in the Plan. Participation commences upon an eligible employee's filing of an application with the Company.

At December 31, 1993, 1,441 employees are participating in the Plan. At December 31, 1992, 1,491 employees were participating in the Plan.

Participant accounts

Accounts are maintained separately for each participant. The participant's separate account is credited with the Company's contribution as defined below and an allocation of Plan earnings. Allocations of earnings are based on participant account balances, as defined. The benefit to which a participant is entitled is the benefit that can be provided from the participant's account.

Loan provisions

The Plan provides for participant loans against eligible participants' separate account balances. Eligible employees obtain participant loans by filing a loan application with the Company and receiving approval thereof. Loan amounts are generally limited to the lesser of $50,000 or 50% of the individual participant's account balance. Loan repayment terms may range from 6 to 117 months depending on the type of loan and bear interest at the prime interest rate plus 1%. Repayments, including interest, are made through payroll deductions and are credited to the individual participant's account balance.

Contributions

The employer contributes the amount of compensation deferral, as elected by the participating employee, to the plan. During 1993, the reduction in compensation was limited to (a) the greater of $4,500 or 4% of the employee's compensation (limited by the Internal Revenue Code to $8,994 in 1993) for participants earning in excess of $60,530 or (b) $8,994 for participants earning less than $60,530.

In 1993, the Plan was amended whereby the Company was not required to contribute an additional amount equal to 1% of each employee's gross earnings. In 1992, the Company was required to match participant deferrals up to 1% of the participant's earnings.

Investment programs

Employees may elect to have contributions on their behalf invested in any combination of the funds shown on the accompanying statements of changes in net assets available for plan benefits.

Vesting, distribution and plan termination

Participants are fully vested in contributions made on their behalf. Upon termination of employment for any reason, including death, retirement or because of total and permanent disability, or upon Plan termination, the balances in a participant's account are distributable.

Administration

The Plan is administered by the Vice President - Human Services Division of Caterpillar Inc. The Plan Administrator has entered into a trust agreement with The Northern Trust Company to receive contributions, administer the assets of the trust and distribute withdrawals pursuant to the Plan. The Benefits Funds Committee of Caterpillar Inc. is responsible for financial aspects of the Plan.

Federal income tax status

The Plan is a qualified plan under the Internal Revenue Code and has received a favorable determination letter.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Investments

The Guaranteed Investment Contracts are stated at contract value, which approximates market, on December 31, 1993 and 1992, respectively. Other investments are stated at quoted market prices, or unit values based on quoted market values, at the close of business on December 31, 1993 and 1992, respectively. Income from investments is recorded as earned.

The statement of changes in net assets available for plan benefits for the year ended December 31, 1992 combines activity of the Government Fixed Income Fund prior to July 1, 1992 and activity of the Preferred Short-Term Government Fund after July 1, 1993. Likewise, activity of the Short-Term Investment Fund before July 1, 1992 and activity of the Preferred Money Market Fund after July 1, 1992 are combined. The investment objectives of the funds combined are consistent.

Administrative expenses

Trustee fees and certain investment costs are paid by Caterpillar Inc. Administrative costs are paid by Solar Turbines Incorporated.

NOTE 3 - TRANSFERS BETWEEN PLANS:

In April 1991, transfers of assets occurred between the Caterpillar Inc. Employees' Investment Plan Part II and Solar Turbines Incorporated's Savings and Investment Plan. The transfers reflect the cumulative differences in the net assets arising from changes in employee eligibility and transfers of participating employees between the various companies sponsoring the Plans. Transfers between the Plans are reported net on the statement of changes in net assets available for plan benefits.

NOTE 4 - UNIT VALUES:

The Plan assigns units to participants directing investments to any of the Preferred Group of Mutual Funds, the Caterpillar Common Stock Fund and the Stable Principal Fund. The unit values assigned by the Plan reflect the current values of the individual funds. Total units held (in thousands) by the Plan and their respective unit values at each month end are shown on the accompanying schedule on page 11.

NOTE 5 - MASTER TRUST:

Under a Master Trust agreement with The Northern Trust Company, Caterpillar Inc.'s Employees' Investment Plan Part II, Solar Turbines Incorporated's Savings and Investment Plan and the Tax Deferred Savings Plan (for Eligible Employees of Caterpillar Inc.) pool their investments in the Caterpillar Inc. 401(K) Master Trust in exchange for a percentage of participation in the Trust.

Effective in July 1992, the Master Trust began investing in the Preferred Group of Mutual Funds which are sponsored by Caterpillar Investment Management Ltd. (CIML), a wholly-owned subsidiary of the Company. The Preferred Group of Mutual Funds comprise the following:

- Preferred Short-Term Government Fund
- Preferred Money Market Fund
- Preferred Value Fund
- Preferred International Fund
- Preferred Growth Fund
- Preferred Asset Allocation Fund
- Preferred Fixed Income Fund

CIML manages the Preferred Short-Term Government Fund. All other funds are managed by unrelated investment managers. Caterpillar Securities, Inc. a wholly-owned subsidiary of CIML, distributes the shares of the mutual funds to the Master Trust.

The percentage of the Plan's participation in the Master Trust was determined based on the December 31, 1993 and 1992 market values of net assets, as accumulated by the Trustee for the investment funds of each plan. At December 31, 1993 and 1992, the Plan's pro rata interest in the quoted market values of net assets of each of the funds of the Master Trust was as follows:

<TABLE>
<CAPTION>

<S>	December 31, 1993 <C>	December 31, 1992 <C>
Caterpillar Inc. Common Stock Fund	0.84%	1.47%
Guaranteed Investment Contract Fund	2.97%	3.16%
Stable Principal Fund	2.71%	
Preferred Short-Term Government Fund	2.78%	2.99%
Preferred Money Market Fund	4.15%	4.89%
Preferred Value Fund	1.11%	1.13%
Preferred International Fund	1.10%	1.46%
Preferred Growth Fund	1.68%	1.50%
Preferred Asset Allocation Fund	0.83%	1.36%
Preferred Fixed Income Fund	1.04%	.26%
Loan Fund	4.09%	3.75%

</TABLE>

The net investment gain or loss of the Master Trust is reflected in the financial statements of the Plan based on the actual earnings of each investment fund. Refer to pages 12 and 13 for an analyses of the net assets and changes in net assets of the investments of the Master Trust as of December 31, 1993.

Effective September 1, 1993, the Employees' Investment Plan was amended to allow retirees or those participants eligible to retire to transfer funds from Part I of the Employees' Investment Plan to investment funds within the Master Trust.

CATERPILLAR INC. - SAVINGS AND INVESTMENT PLAN

NOTE 4 - UNIT VALUES

DECEMBER 31, 1993

(units in 000's)

<TABLE>
<CAPTION>

<S>	January <C>	February <C>	March <C>	April <C>	May <C>	June <C>	July <C>	August <C>	September <C>	October <C>	November <C>	December <C>
CATERPILLAR COMMON STOCK FUND:												
Units	40	39	42	40	40	37	40	39	41	41	41	44
Unit value	10.43	10.76	10.96	12.73	13.15	13.72	14.07	15.00	14.44	16.58	15.51	16.15
STABLE PRINCIPAL FUND:												
Units	65	71	75	78	82	83	91	93	96	104	104	209
Unit value	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00
PREFERRED GROUP OF MUTUAL FUNDS:-												
Money Market:												

Units	741	715	698	742	786	790	848	837	857	842	844	849
Unit value	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Short-Term Government:												
Units	32	31	32	32	32	35	33	34	37	40	38	38
Unit value	9.99	10.05	10.04	10.09	10.04	10.08	10.07	10.13	10.13	10.13	10.08	10.06
Value:												
Units	78	76	75	77	77	79	79	81	83	83	82	85
Unit value	10.96	10.94	11.39	11.14	11.47	11.52	11.36	11.96	11.80	11.83	11.48	11.56
Growth:												
Units	96	101	105	101	100	103	102	102	101	103	106	124
Unit value	12.03	11.47	11.98	11.55	12.42	12.42	12.35	13.09	13.46	13.61	13.19	13.82
International:												
Units	18	19	21	25	26	28	29	36	36	37	37	41
Unit value	8.52	8.68	9.24	9.61	9.71	9.59	9.91	10.52	10.24	10.74	10.73	11.75
Asset Allocation:												
Units	10	13	11	11	12	12	10	10	11	11	11	14
Unit value	10.58	10.74	10.88	10.63	10.81	10.90	10.89	11.23	11.12	11.32	11.15	11.02
Fixed Income:												
Units	2	2	2	3	3	9	4	5	6	6	8	12
Unit value	10.27	10.44	10.44	10.48	10.44	10.60	10.61	10.76	10.75	10.76	10.62	10.34

</TABLE>

CATERPILLAR INC. - SAVINGS AND INVESTMENT PLAN

NOTE 5 - MASTER TRUST - SUMMARY OF NET ASSETS
DECEMBER 31, 1993
(in 000's)

<TABLE>
<CAPTION>

<S>	Caterpillar Common Stock Fund <C>	Guaranteed Investment Contract Fund <C>	Stable Principal Fund <C>
Investments, stated principally at quoted market values or unit values based on quoted market values:			
Caterpillar Inc. common stock, 5,162 units	$79,404	$	$
Preferred Short-Term Government Securities, 1,331 units			
Provident National Assurance Company Investment Contract, 6.92%, matures December 31, 1994		31,180	
Prudential Asset Management Company Investment Contract, 8.68%, matures January 2, 1994		53,688	
Stable Principal Fund, 4,073 units			36,820
Preferred Value Fund, 7,451 units			
Preferred International Fund, 3,417 units			
Preferred Growth Fund, 6,893 units			
Preferred Asset Allocation Fund, 1,440 units			
Preferred Fixed Income Fund, 1,004 units			
Invested cash	3,975		3,914
Participant loans	-------	-------	-------
Total investments	$83,379	$84,868	$40,734
	=======	=======	=======

</TABLE>
<TABLE>
<CAPTION>

<S>	Preferred Group of Mutual Funds: Short-Term Government <C>	Money Market <C>	Value <C>	International <C>	Growth <C>	Asset Allocation <C>	Fixed Income <C>	Loan Fund <C>	Total <C>
Investments, stated principally at									

quoted market values or unit values based on quoted market values:									
Caterpillar Inc. common stock, 5,162 units	$	$	$	$	$	$	$	$	$ 79,404
Preferred Short-Term Government Securities, 1,331 units	13,247								13,247
Provident National Assurance Company Investment Contract, 6.92%, matures December 31, 1994									31,180
Prudential Asset Management Company Investment Contract, 8.68%, matures January 2, 1994									53,688
Stable Principal Fund, 4,073 units									36,820
Preferred Value Fund, 7,451 units			85,180						85,180
Preferred International Fund, 3,417 units				39,601					39,601
Preferred Growth Fund, 6,893 units					93,662				93,662
Preferred Asset Allocation Fund, 1,440 units						15,572			15,572
Preferred Fixed Income Fund, 1,004 units							10,188		10,188
Invested cash	138	19,727	954	548	1,603	292	195	8	31,354
Participant loans								11,862	11,862
Total investments	$13,385	$19,727	$86,134	$40,149	$95,265	$15,864	$10,383	$11,870	$501,758

</TABLE>

CATERPILLAR INC. - SAVINGS AND INVESTMENT PLAN

NOTE 5 - MASTER TRUST - SUMMARY OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 1993
(in 000's)

<TABLE>
<CAPTION>

<S>	Caterpillar Common Stock Fund <C>	Guaranteed Investment Contract Fund <C>	Stable Principal Fund <C>
Investment income	$ 17,551	$ 6,511	$ 1,946
Change in unrealized appreciation of investments	576		(75)
Net investment gain	18,127	6,511	1,871
Contributions from all plans	3,358	662	11,285
Withdrawals from all plans	(2,670)	(4,102)	(1,988)
Transfers from EIP I (Note 5)	74,749		
Net transfers for all plans	(35,251)	(32,739)	28,973
Loan repayments	330		1,418
New loans	(1,814)	(1,664)	(825)
Net loan activity	(1,484)	(1,664)	593
Increase (decrease) in assets for the year	56,829	(31,332)	40,734
Net assets:			
Beginning of year	26,550	116,200	
End of year	$ 83,379	$ 84,868	$40,734

</TABLE>

<TABLE>
<CAPTION>

	Preferred Group of Mutual Funds								
<S>	Short-Term Government <C>	Money Market <C>	Value <C>	International <C>	Growth <C>	Asset Allocation <C>	Fixed Income <C>	Loan Fund <C>	Total <C>
Investment income	$ 633	$ 456	$ 3,696	$ 588	$ 2,231	$ 744	$ 623	$	$ 34,979

Change in unrealized appreciation of investments	108		3,761	6,946	9,587	290	(190)		21,003
Net investment gain	741	456	7,457	7,534	11,818	1,034	433		55,982
Contributions from all plans	1,390	1,932	8,485	3,642	14,192	2,510	1,413		48,869
Withdrawals from all plans	(429)	(791)	(2,345)	(311)	(1,559)	(403)	(73)	(174)	(14,845)
Transfers from EIP I (Note 5)		898							75,647
Net transfers for all plans	1,802	1,877	(2,712)	19,668	7,525	4,873	5,984		
Loan repayments	121	254	950	375	1,552	191	122	(5,313)	
New loans	(184)	(467)	(1,342)	(468)	(1,757)	(160)	(154)	8,835	
Net loan activity	(63)	(213)	(392)	(93)	(205)	31	(32)	3,522	
Increase (decrease) in assets for the year	3,441	4,159	10,493	30,440	31,771	8,045	7,725	3,348	165,653
Net assets:									
Beginning of year	9,944	15,568	75,641	9,709	63,494	7,819	2,658	8,522	336,105
End of year	$13,385	$19,727	$86,134	$40,149	$95,265	$15,864	$10,383	$11,870	$501,758

</TABLE>

Exhibit 99(d)

==

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 11-K

(Mark One)
[X] ANNUAL REPORT PURSUANT TO SECTION 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934 [Fee Required]
For the Fiscal Year Ended December 31, 1993

OR

TRANSITION REPORT PURSUANT TO SECTION 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934 (No Fee Required]
For the transition period from _____ to _____

Commission File Number 1-768

TAX DEFERRED SAVINGS PLAN
(Full title of the Plan)

CATERPILLAR INC.
(Name of issuer of the securities held
pursuant to the Plan)

100 NE ADAMS STREET, PEORIA, ILLINOIS 61629
(Address of principal executive offices)

==

REQUIRED INFORMATION

Item 1.

The audited statement of financial condition as of the end of the latest two fiscal years of the Plan is attached hereto as Exhibit A.

Item 2.

The audited statement of income and changes in plan equity for each of the latest three fiscal years of the Plan is attached hereto as Exhibit B.

Item 3.

The statements required by Items 1 and 2 have been prepared in accordance with the applicable provisions of Article 6A of Regulation S-X.

Item 4.

The Consent of Independent Accountants is attached hereto as Exhibit C.

[PRICE WATERHOUSE LOGO]

TAX DEFERRED SAVINGS PLAN

FINANCIAL STATEMENTS

DECEMBER 31, 1993 ANNUAL REPORT

[LETTERHEAD OF PRICE WATERHOUSE]

REPORT OF INDEPENDENT ACCOUNTANTS

February 11, 1994

To the Participants and
Plan Administrator of the
Tax Deferred Savings Plan
for Eligible Employees of
Caterpillar Inc.

In our opinion, the accompanying statements of net assets available for plan benefits of the Tax Deferred Savings Plan (for Eligible Employees of Caterpillar Inc.) and the related statements of changes in net assets available for plan benefits present fairly, in all material respects, the net assets available for plan benefits as of December 31, 1993 and 1992, and the changes in net assets available for plan benefits for the years ended December 31, 1993, 1992 and 1991 in conformity with generally accepted accounting principles. These financial statements are the responsibility of the plan's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with generally accepted auditing standards which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for the opinion expressed above.

[Signature of Price Waterhouse]

EXHIBIT A

TAX DEFERRED SAVINGS PLAN

FOR ELIGIBLE EMPLOYEES OF CATERPILLAR INC.

STATEMENT OF NET ASSETS AVAILABLE FOR PLAN BENEFITS

DECEMBER 31, 1993

(in 000's)

<TABLE>
<CAPTION>

	Caterpillar Common Stock Fund	Guaranteed Investment Contract Fund	Stable Principal Fund	Preferred Group of Mutual Funds: Short-Term Government	Money Market	Value	International	Growth	Asset Allocation	Fixed Income	Loan Fund	Total
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Investment in Caterpillar Inc. 401(K) Master Trust (Note 5)	$9,301	$21,896	$11,783	$2,884	$3,935	$16,625	$5,430	$17,148	$2,053	$1,494	$2,831	$95,380

</TABLE>

(See notes to financial statements)

TAX DEFERRED SAVINGS PLAN

FOR ELIGIBLE EMPLOYEES OF CATERPILLAR INC.

STATEMENT OF NET ASSETS AVAILABLE FOR PLAN BENEFITS

DECEMBER 31, 1992

(in 000's)

<TABLE>
<CAPTION>

	Caterpillar Common Stock Fund	Guaranteed Investment Contract Fund	Preferred Group of Mutual Funds: Short-Term Government	Money Market	Value	International	Growth	Asset Allocation	Fixed Income	Loan Fund	Total
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Investment in Caterpillar Inc. 401(K) Master Trust (Note 5)	$6,333	$32,111	$2,736	$3,414	$14,077	$1,422	$10,922	$1,150	$339	$1,951	$74,455

</TABLE>

(See notes to financial statements)

EXHIBIT B

TAX DEFERRED SAVINGS PLAN

FOR ELIGIBLE EMPLOYEES OF CATERPILLAR INC.

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR PLAN BENEFITS

FOR THE YEAR ENDED DECEMBER 31, 1993

(in 000's)

<TABLE>
<CAPTION>

	Caterpillar Common Stock Fund	Guaranteed Investment Contract Fund	Stable Principal Fund	Preferred Group of Mutual Funds: Short-Term Government	Money Market	Value	International	Growth	Asset Allocation	Fixed Income	Loan Fund	Total
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Contributions on behalf of participating employees	$ 712	$	$ 4,313	$ 365	$ 539	$ 1,981	$ 766	$ 3,265	$ 524	$ 303	$	$12,768
Plan interest in net investment gain of Master Trust (Note 5)	5,046	1,744	585	186	102	1,431	1,057	2,142	148	65		12,506
Withdrawals	(1,842)	(845)	(503)	(146)	(195)	(380)	(29)	(299)	(50)	(2)	(58)	(4,349)
Net transfers between funds	(561)	(10,561)	7,213	(242)	145	(414)	2,243	1,133	265	779		
Withdrawals and transfers, net	(2,403)	(11,406)	6,710	(388)	(50)	(794)	2,214	834	215	777	(58)	(4,349)
Loan repayments	77		463	31	85	208	74	337	36	39	(1,350)	
New loans	(464)	(553)	(288)	(46)	(155)	(278)	(103)	(352)	(20)	(29)	2,288	
Net loan activity	(387)	(553)	175	(15)	(70)	(70)	(29)	(15)	16	10	938	
Increase (decrease) in net assets	2,968	(10,215)	11,783	148	521	2,548	4,008	6,226	903	1,155	880	20,925
Net assets:												
Beginning of												

year	6,333	32,111		2,736	3,414	14,077	1,422	10,922	1,150	339	1,951	74,455
End of year	$ 9,301	$ 21,896	$11,783	$2,884	$3,935	$16,625	$5,430	$17,148	$2,053	$1,494	$2,831	$95,380

</TABLE>

(See notes to financial statements)

TAX DEFERRED SAVINGS PLAN

FOR ELIGIBLE EMPLOYEES OF CATERPILLAR INC.

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR PLAN BENEFITS

FOR THE YEAR ENDED DECEMBER 31, 1992

(in 000's)

<TABLE>
<CAPTION>

				Preferred Group of Mutual Funds								
	Caterpillar Common Stock Fund	Equity Fund	Guaranteed Investment Contract Fund	Short-Term Government	Money Market	Value	International	Growth	Asset Allocation	Fixed Income	Loan Fund	Total
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Contributions on behalf of participating employees	$ 602	$ 1,647	$ 4,342	$ 405	$ 403	$ 975	$ 216	$ 1,355	$ 201	$ 84	$	$10,230
Plan interest in net investment gain (loss) of Master Trust (Note 5)	1,294	1,084	2,332	191	162	1,247	(238)	1,582	90	16		7,760
Withdrawals	(344)	(532)	(1,588)	(196)	(206)	(195)	(17)	(61)	(26)	(10)	(42)	(3,217)
Net transfers between funds	(361)	(22,961)	1,205	(206)	(539)	12,150	1,474	8,105	885	248		
Withdrawals and transfers, net	(705)	(23,493)	(383)	(402)	(745)	11,955	1,457	8,044	859	238	(42)	(3,217)
Loan repayments	32	88	239	24	27	61	16	93	7	2	(589)	
New loans	(96)	(191)	(510)	(46)	(112)	(161)	(29)	(152)	(7)	(1)	1,305	
Net loan activity	(64)	(103)	(271)	(22)	(85)	(100)	(13)	(59)		1	716	
Increase (decrease) in net assets	1,127	(20,865)	6,020	172	(265)	14,077	1,422	10,922	1,150	339	674	14,773
Net assets:												
Beginning of year	5,206	20,865	26,091	2,564	3,679						1,277	59,682
End of year	$6,333	$ -	$32,111	$2,736	$3,414	$14,077	$1,422	$10,922	$1,150	$339	$1,951	$74,455

</TABLE>

(See notes to financial statements)

TAX DEFERRED SAVINGS PLAN
FOR ELIGIBLE EMPLOYEES OF CATERPILLAR INC.

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR PLAN BENEFITS
FOR THE YEAR ENDED DECEMBER 31, 1991
(in 000's)

<TABLE>
<CAPTION>

	Short-Term Investment Fund	Caterpillar Common Stock Fund	Equity Fund	Government Fixed Income Fund	Guaranteed Investment Contract Fund	Loan Fund	Total
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Contributions on behalf of participating employees	$ 430	$ 732	$ 3,857	$ 354	$ 6,574	$	$11,947
Plan interest in net investment gain (loss) of Master Trust (Note 5)	138	(219)	4,221	243	2,087		6,470
Withdrawals	(115)	(223)	(463)	(178)	(1,000)		(1,979)

Net transfers between plans (Note 3)	(27)	(23)	(142)	(19)	(196)		(407)
Net transfers between funds	853	94	(74)	462	(1,335)		
Withdrawals and transfers, net	711	(152)	(679)	265	(2,531)		(2,386)
Loan repayments	17	25	183	9	193	(427)	
New loans	(81)	(106)	(355)	(58)	(559)	1,159	
Net loan activity	(64)	(81)	(172)	(49)	(366)	732	
Increase in net assets	1,215	280	7,227	813	5,764	732	16,031
Net assets:							
Beginning of year	2,464	4,926	13,638	1,751	20,327	545	43,651
End of year	$3,679	$5,206	$20,865	$2,564	$26,091	$1,277	$59,682

</TABLE>

(See notes to financial statements)

TAX DEFERRED SAVINGS PLAN
FOR ELIGIBLE EMPLOYEES OF CATERPILLAR INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - PLAN DESCRIPTION:

The following description of the Tax Deferred Savings Plan (Plan) provides only general information. Participants should refer to the Plan agreement for a more complete description of the Plan's provisions.

General

The Plan is a defined contribution plan established by the Company to enable eligible employees to defer a portion of their compensation until retirement.

Participation

Employees under collective bargaining agreements to which the Plan is extended meeting certain age, service and citizen or residency requirements are eligible to participate in the Plan. Participation commences upon an eligible employee's filing of an application with the Company.

At December 31, 1993, 6,626 employees are participating in the Plan. At December 31, 1992, 6,462 employees were participating in the Plan.

Participant accounts

Accounts are maintained separately for each participant. The participant's separate account is credited with the Company's contribution as defined below and an allocation of Plan earnings. Allocations of earnings are based on participant account balances, as defined. The benefit to which a participant is entitled is the benefit that can be provided from the participant's account.

Loan provisions

The Plan provides for participant loans against eligible participants' separate account balances. Eligible employees obtain participant loans by filing a loan application with the Company and receiving approval thereof. Loan amounts are generally limited to the lesser of $50,000 or 50% of the individual participant's account balance. Loan repayment terms may range from 6 to 117 months depending on the type of loan and bear interest at the prime interest rate plus 1%. Repayments, including interest, are made through payroll deductions and are credited to the individual participant's account balance.

Contributions

The employer contributes the amount of compensation deferral, as elected by the participating employee, to the Plan. During 1993, the reduction in compensation was limited to (a) the greater of $4,500 or 4% of the employee's compensation (limited by the Internal Revenue Code to $8,994 in 1993) for participants earning in excess of $60,530 or (b) $8,994 for participants earning less than $60,530.

Investment programs

Employees may elect to have contributions on their behalf invested in any combination of the funds shown on the accompanying statements of changes in net assets available for plan benefits.

Vesting, distribution and plan termination

Participants are fully vested in contributions made on their behalf. Upon termination of employment for any reason, including death, retirement or because of total and permanent disability, or upon Plan termination, the balances in a participant's account are distributable.

Administration

The Plan is administered by the Vice President - Human Services Division of Caterpillar Inc. The Plan Administrator has entered into trust agreements with The Northern Trust Company to receive contributions, administer the assets of the trust and distribute withdrawals pursuant to the Plan. The Benefits Funds Committee of Caterpillar Inc. is responsible for financial aspects of the Plan.

Federal income tax status

The Plan is a qualified plan under the Internal Revenue Code and has received a favorable determination letter.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Investments

The Guaranteed Investment Contracts are stated at contract value, which approximates market, on December 31, 1993 and 1992, respectively. Other investments are stated at quoted market prices, or unit values based on quoted market values, at the close of business on December 31, 1993 and 1992, respectively. Income from investments is recorded as earned.

The statement of changes in net assets available for plan benefits for the year ended December 31, 1992 combines activity of the Government Fixed Income Fund prior to July 1, 1992 and activity of

the Preferred Short-Term Government Fund after July 1, 1992. Likewise, activity of the Short-Term Investment Fund before July 1, 1992 and activity of the Preferred Money Market Fund after July 1, 1992 are combined. The investment objectives of the funds combined are consistent.

Administrative expenses

Trustee fees and certain investment and administrative costs are paid by Caterpillar Inc. (Company).

NOTE 3 - TRANSFERS BETWEEN PLANS:

In April 1991, transfers of assets occurred between the Caterpillar Inc. Employees' Investment Plan Part II and the Tax Deferred Savings Plan (for Eligible Employees of Caterpillar Inc.). The transfers reflect the cumulative differences in net assets arising from changes in employee eligibility and transfers of participating employees between the various companies sponsoring the plans. Transfers between the plans are reported net on the statement of changes in net assets available for plan benefits.

NOTE 4 - UNIT VALUES:

The Plan assigns units to participants directing investments to any of the Preferred Group of Mutual Funds, the Caterpillar Common Stock Fund and the Stable Principal Fund. The unit values assigned by the Plan reflect the current values of the individual funds. Total units held (in thousands) by the Plan and their respective unit values at each month end are shown on the accompanying schedule on page 11.

NOTE 5 - MASTER TRUST:

Under a Master Trust agreement with The Northern Trust Company, Caterpillar Inc.'s Employees' Investment Plan Part II, Solar Turbines Incorporated's Savings and Investment Plan and the Tax Deferred Savings Plan (for Eligible Employees of Caterpillar Inc.) pool their investments in the Caterpillar Inc. 401(K) Master Trust in exchange for a percentage of participation in the Trust.

Effective July 1992, the Master Trust began investing in the Preferred Group of Mutual Funds which are sponsored by Caterpillar Investment Management Ltd. (CIML), a wholly-owned subsidiary of the Company. The Preferred Group of Mutual Funds comprise the following:

Preferred Short-Term Government Fund
Preferred Money Market Fund
Preferred Value Fund
Preferred International Fund
Preferred Growth Fund

Preferred Asset Allocation Fund
Preferred Fixed Income Fund

CIML manages the Preferred Short-Term Government Fund. All other funds are managed by unrelated investment managers. Caterpillar Securities, Inc. a wholly-owned subsidiary of CIML, distributes the shares of the mutual funds to the Master Trust.

The percentage of the Plan's participation in the Master Trust was determined based on the December 31, 1993 and 1992 market values of net assets, as accumulated by the Trustee for the investment funds of each plan. At December 31, 1993 and 1992, the Plan's pro rata interest in the quoted market values of net assets of each of the funds of the Master Trust was as follows:

	December 31, 1993	December 31, 1992
Caterpillar Inc. Common Stock Fund	11.15%	23.85%
Guaranteed Investment Contract Fund	25.80%	27.63%
Stable Principal Fund	28.93%	
Preferred Short-Term Government Fund	21.54%	27.51%
Preferred Money Market Fund	19.94%	21.93%
Preferred Value Fund	19.30%	18.61%
Preferred International Fund	13.53%	14.65%
Preferred Growth Fund	18.00%	17.20%
Preferred Asset Allocation Fund	12.94%	14.71%
Preferred Fixed Income Fund	14.39%	12.75%
Loan Fund	23.85%	22.89%

The net investment gain or loss of the Master Trust is reflected in the financial statements of the Plan based on the actual earnings of each investment fund. Refer to pages 12 and 13 for an analyses of the net assets and changes in net assets of the investments of the Master Trust as of December 31, 1993.

Effective September 1, 1993, the Employees' Investment Plan was amended to allow retirees or those participants eligible to retire to transfer funds from Part I of the Employees' Investment Plan to investment funds within the Master Trust.

CATERPILLAR INC. - TAX DEFERRED SAVINGS PLAN

NOTE 4 - UNIT VALUES

DECEMBER 31, 1993

(units in 000's)

	January	February	March	April	May	June	July	August	September	October	November	December
CATERPILLAR COMMON STOCK FUND:												
Units	630	630	621	588	575	570	567	556	571	549	565	578
Unit value	10.43	10.76	10.96	12.73	13.15	13.72	14.07	15.00	14.44	16.58	15.51	16.15
STABLE PRINCIPAL FUND:												
Units	875	906	958	1,003	1,030	1,078	1,115	1,139	1,166	1,183	1,180	2,230
Unit value	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00
PREFERRED GROUP OF MUTUAL FUNDS:-												
Money Market:												
Units	3,421	3,311	3,421	3,483	3,722	3,830	4,034	3,809	3,860	3,775	3,781	4,075
Unit value	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Short-Term Government:												
Units	271	257	262	265	279	280	279	283	283	284	283	292
Unit value	9.99	10.05	10.04	10.09	10.04	10.08	10.07	10.13	10.13	10.13	10.08	10.06
Value:												
Units	1,311	1,322	1,337	1,351	1,361	1,374	1,385	1,380	1,388	1,393	1,396	1,374

Unit value	10.96	10.94	11.39	11.14	11.47	11.52	11.36	11.96	11.80	11.83	11.83	11.56
Growth:												
Units	1,019	1,054	1,080	1,105	1,085	1,106	1,125	1,115	1,139	1,178	1,218	1,322
Unit value	12.03	11.47	11.98	11.55	12.34	12.42	12.35	13.09	13.46	13.61	13.19	13.82
International:												
Units	182	194	217	252	263	260	283	341	330	351	370	503
Unit value	8.52	8.68	9.24	9.61	9.71	9.59	9.91	10.52	10.24	10.74	10.73	11.75
Asset Allocation:												
Units	108	115	124	129	143	152	158	162	162	167	172	213
Unit value	10.58	10.74	10.88	10.63	10.81	10.90	10.89	11.23	11.12	11.32	11.15	11.02
Fixed Income:												
Units	45	50	57	60	73	75	77	98	94	97	111	172
Unit value	10.27	10.44	10.44	10.48	10.44	10.60	10.61	10.76	10.75	10.76	10.62	10.34

</TABLE>

CATERPILLAR INC. - TAX DEFERRED SAVINGS PLAN

NOTE 5 - MASTER TRUST - SUMMARY OF NET ASSETS

DECEMBER 31, 1993

(in 000's)

<TABLE>
<CAPTION>

	Caterpillar Common Stock Fund	Guaranteed Investment Contract Fund	Stable Principal Fund
<S>	<C>	<C>	<C>
Investments, stated principally at quoted market values or unit values based on quoted market values:			
Caterpillar Inc. common stock, 5,162 units	$79,404	$	$
Preferred Short-Term Government Securities, 1,331 units			
Provident National Assurance Company Investment Contract, 6.92%, matures December 31, 1994		31,180	
Prudential Asset Management Company Investment Contract, 8.68%, matures January 2, 1994		53,688	
Stable Principal Fund, 4,073 units			36,820
Preferred Value Fund, 7,451 units			--
Preferred International Fund, 3,417 units			
Preferred Growth Fund, 6,893 units			
Preferred Asset Allocation Fund, 1,440 units			
Preferred Fixed Income Fund, 1,004 units			
Invested cash	3,975		3,914
Participant loans	-------	-------	-------
Total investments	$83,379	$84,868	$40,734
	=======	=======	=======

</TABLE>
<TABLE>
<CAPTION>

	Preferred Group of Mutual Funds								
	Short-Term Government	Money Market	Value	International	Growth	Asset Allocation	Fixed Income	Loan Fund	Total
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Investments, stated principally at quoted market values or unit values based on quoted market values:									
Caterpillar Inc. common stock, 5,162 units	$	$	$	$	$	$	$	$	$ 79,404

	Short-Term Government	Money Market	Value	International	Growth	Asset Allocation	Fixed Income	Loan Fund	Total
Preferred Short-Term Government Securities, 1,331 units	13,247								13,247
Provident National Assurance Company Investment Contract, 6.92%, matures December 31, 1994									31,180
Prudential Asset Management Company Investment Contract, 8.68%, matures January 2, 1994									53,688
Stable Principal Fund, 4,073 units									36,820
Preferred Value Fund, 7,451 units			85,180						85,180
Preferred International Fund, 3,417 units				39,601					39,601
Preferred Growth Fund, 6,893 units					93,662				93,662
Preferred Asset Allocation Fund, 1,440 units						15,572			15,572
Preferred Fixed Income Fund, 1,004 units							10,188		10,188
Invested cash	138	19,727	954	548	1,603	292	195	8	31,354
Participant loans								11,862	11,862
Total investments	$13,385	$19,727	$86,134	$40,149	$95,265	$15,864	$10,383	$11,870	$501,758

</TABLE>

CATERPILLAR INC. - TAX DEFERRED SAVINGS PLAN

NOTE 5 - MASTER TRUST - SUMMARY OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 1993
(in 000's)

<TABLE>
<CAPTION>

	Caterpillar Common Stock Fund	Guaranteed Investment Contract Fund	Stable Principal Fund
<S>	<C>	<C>	<C>
Investment income	$ 17,551	$ 6,511	$ 1,946
Change in unrealized appreciation of investments	576		(75)
Net investment gain	18,127	6,511	1,871
Contributions from all plans	3,358	662	11,285
Withdrawals from all plans	(2,670)	(4,102)	(1,988)
Transfers from EIP I (Note 5)	74,749		
Net transfers for all plans	(35,251)	(32,739)	28,973
Loan repayments	330		1,418
New loans	(1,814)	(1,664)	(825)
Net loan activity	(1,484)	(1,664)	593
Increase (decrease) in assets for the year	56,829	(31,332)	40,734
Net assets:			
Beginning of year	26,550	116,200	
End of year	$ 83,379	$ 84,868	$40,734

</TABLE>

<TABLE>
<CAPTION>

	Preferred Group of Mutual Funds								
	Short-Term Government	Money Market	Value	International	Growth	Asset Allocation	Fixed Income	Loan Fund	Total
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Investment income	$ 633	$ 456	$ 3,696	$ 588	$ 2,231	$ 744	$ 623	$	$ 34,979
Change in unrealized appreciation of investments	108		3,761	6,946	9,587	290	(190)		21,003
Net investment gain	741	456	7,457	7,534	11,818	1,034	433		55,982

Contributions from all plans	1,390	1,932	8,485	3,642	14,192	2,510	1,413		48,869
Withdrawals from all plans	(429)	(791)	(2,345)	(311)	(1,559)	(403)	(73)	(174)	(14,845)
Transfers from EIP I (Note 5)		898							75,647
Net transfers for all plans	1,802	1,877	(2,712)	19,668	7,525	4,873	5,984		
Loan repayments	121	254	950	375	1,552	191	122	(5,313)	
New loans	(184)	(467)	(1,342)	(468)	(1,757)	(160)	(154)	8,835	
Net loan activity	(63)	(213)	(392)	(93)	(205)	31	(32)	3,522	
Increase (decrease) in assets for the year	3,441	4,159	10,493	30,440	31,771	8,045	7,725	3,348	165,653
Net assets:									
Beginning of year	9,944	15,568	75,641	9,709	63,494	7,819	2,658	8,522	336,105
End of year	$13,385	$19,727	$86,134	$40,149	$95,265	$15,864	$10,383	$11,870	$501,758

</TABLE>

EXHIBIT C

CONSENT OF INDEPENDENT ACCOUNTANTS

We hereby consent to the incorporation by reference in the Prospectus constituting part of the Registration Statement on Form S-8 (No. 2-90123, as amended) of Caterpillar Inc. of our report dated January 21, 1994 related to the financial statements of Caterpillar Inc., appearing on page A-3 of the Appendix to the Company's 1994 Annual Meeting Proxy Statement which is incorporated in this Annual Report on Form 10-K. We also consent to the incorporation by reference of our report on the Financial Statement Schedules listed in Item 14(a) of such Annual Report on Form 10-K.

We hereby consent to the incorporation by reference in the Prospectus constituting part of the Registration Statement on Forms S-8 (No. 33-14116 and No. 33-40598) of Caterpillar Inc. of our report dated January 21, 1994 related to the financial statements of Caterpillar Inc., appearing on page A-3 of the Appendix to the Company's 1994 Annual Meeting Proxy Statement which is incorporated in this Annual Report on Form 10-K. We also consent to the incorporation by reference of our report on the Financial Statement Schedules listed in Item 14(a) of such Annual Report on Form 10-K.

We hereby consent to the incorporation by reference in the Prospectus constituting part of the Registration Statement on Forms S-8 (No. 33-3718, as amended, and No. 33-39280) of Caterpillar Inc. of our report dated January 21, 1994 related to the financial statements of Caterpillar Inc., appearing on page A-3 of the Appendix to the Company's 1994 Annual Meeting Proxy Statement which is incorporated in this Annual Report on Form 10-K and of our report dated February 11, 1994 related to the financial statements of the Employees' Investment Plan, appearing on page 1 of the Form 11-K Annual Report, which is included in this Annual Report on Form 10-K as Exhibit 99(a). We also consent to the incorporation by reference of our report on the Financial Statement Schedules listed in Item 14(a) of this Form 10-K.

We hereby consent to the incorporation by reference in the Prospectus constituting part of the Registration Statement on Forms S-8 (No. 2-97450, as amended, and No. 33-37353) of Caterpillar Inc. of our report dated January 21, 1994 related to the financial statements of Caterpillar Inc., appearing on page A-3 of the Appendix to the Company's 1994 Annual Meeting Proxy Statement which is incorporated in this Annual Report on Form 10-K and of our report dated February 11, 1994 related to the financial statements of the Savings and Investment Plan, appearing on page 1 of the Form 11-K Annual Report, which is included in this Annual Report on Form 10-K as Exhibit 99(c). We also consent to the incorporation by reference of our report on the Financial Statement Schedules listed in Item 14(a) of this Form 10-K.

We hereby consent to the incorporation by reference in the Prospectus constituting part of the Registration Statement on Form S-8 (No. 33-8003) of Caterpillar Inc. of our report dated January 21, 1994 related to the financial statements of Caterpillar Inc., appearing on page A-3 of the Appendix to the Company's 1994 Annual Meeting Proxy Statement which is incorporated in this Annual Report on Form 10-K and of our report dated February 11, 1994 related to the financial statements of the Tax Deferred Savings Plan, appearing on page 1 of the Form 11-K Annual Report, which is included in this Annual Report on Form 10-K as Exhibit 99(d). We also consent to the incorporation by reference of our report on the Financial Statement Schedules listed in Item 14(a) of this Form 10-K.

We hereby consent to the incorporation by reference in the Prospectus constituting part of the Registration Statement on Form S-3 (No. 33-46194) of Caterpillar Inc. of our report dated January 21, 1994 related to the financial statements of Caterpillar Inc., appearing on page A-3 of the Appendix to the Company's 1994 Annual Meeting Proxy Statement which is incorporated in this Annual Report on Form 10-K. We also consent to the incorporation by reference of our report on the Financial Statement Schedules listed in Item 14(a) of this Form 10-K.

[SIGNATURE] (Price Waterhouse)

PRICE WATERHOUSE

Peoria, Illinois
February 11, 1994

APPENDIX

CATERPILLAR INC.

GENERAL AND FINANCIAL INFORMATION

1993

DESCRIPTION OF BUSINESS

Caterpillar Inc. together with its consolidated subsidiaries (the company) operates in three principal business segments:

(1) Machinery-Design, manufacture, and marketing of earthmoving, construction, and materials handling machinery - track and wheel tractors, track and wheel loaders, lift trucks, self-guided materials handling vehicles, pipelayers, motor graders, wheel tractor-scrapers, track and wheel excavators, backhoe loaders, log skidders, log loaders, off-highway trucks, articulated trucks, paving products, and related parts.

(2) Engines-Design, manufacture, and marketing of engines for earthmoving and construction machines, on-highway trucks, and locomotives; marine, petroleum, agricultural, industrial, and other applications; electric power generation systems; and related parts. Caterpillar diesel and spark-ignited engines meet power needs ranging from 54 to 8,000 horsepower. Turbines range from 1,340 to 15,000 horsepower (1,000 to 10,500 kilowatts).

(3) Financial Products-Provides financing alternatives for Caterpillar and noncompetitive related equipment, and extends loans to Caterpillar customers and dealers. Also provides various forms of insurance to Caterpillar dealers and customers to help support their purchase and financing of Caterpillar equipment.

The company conducts operations in the Machinery and Engines segments of its business under highly competitive conditions, including intense price competition. It places great emphasis upon the high quality and performance of its products and the service support for such products which is supplied by its dealers. Although no one competitor is believed to produce all of the same types of machines and engines produced by the company, there are numerous companies, large and small, which compete with the company in the sale of each of its products.

The company's products are sold primarily under the marks "Caterpillar," "Cat," "Solar," and "Barber-Greene." Machines are distributed principally through a worldwide organization of independent full-line dealers, and one company-owned dealership, 65 located in the United States and 118 located outside the United States. Worldwide, these dealers have more than 1,250 places of business. Diesel and spark-ignited engines are sold through the worldwide dealer organization and to other manufacturers for use in products manufactured by them. Caterpillar dealers do not deal exclusively in the company's products, although in most cases sales and servicing of the company's products are the dealers' principal business. Turbines are sold through a sales force employed by Solar Turbines Incorporated, a wholly owned subsidiary, or its subsidiaries and associated companies. These employees are from time to time assisted by independent sales representatives.

Financial Products consists primarily of Caterpillar Financial Services Corporation and its subsidiaries, and Caterpillar Insurance Co. Ltd.

TABLE OF CONTENTS

REPORT OF MANAGEMENT CATERPILLAR INC.

The management of Caterpillar Inc. has prepared the accompanying consolidated financial statements for the years ended December 31, 1993, 1992, and 1991, and is responsible for their integrity and objectivity. The statements were prepared in conformity with generally accepted accounting principles and, reflecting management's best judgment, present fairly the company's results of operations, financial position, and cash flows.

Management maintains a system of internal accounting controls which has been designed to provide reasonable assurance that: transactions are executed in accordance with proper authorization, transactions are properly recorded and summarized to produce reliable financial records and reports, assets are safeguarded, and the accountability for assets is maintained.

The system of internal controls includes statements of policies and business practices, widely communicated to employees, which are designed to require them to maintain high ethical standards in their conduct of company affairs. The internal controls are augmented by careful selection and training of supervisory and other management personnel, by organizational arrangements that provide for appropriate delegation of authority and division of responsibility, and by an extensive program of internal audit with management follow-up.

The financial statements have been audited by Price Waterhouse, independent accountants, in accordance with generally accepted auditing standards. They have made similar annual audits since initial incorporation of the company. Their role is to render an objective, independent opinion on management's financial statements. Their report appears below.

Through its Audit Committee, the board of directors reviews the company's financial and accounting policies, practices, and reports. The Audit Committee consists exclusively of five directors who are not salaried employees and who are, in the opinion of the board of directors, free from any relationship that would interfere with the exercise of independent judgment as a committee member. The Audit Committee meets several times each year with representatives of management, the internal auditing department, and the independent accountants to review the activities of each and satisfy itself that each is properly discharging its responsibilities. Both the independent accountants and the internal auditors have free access to the Audit Committee and meet with it periodically, with and without management representatives in attendance, to discuss, among other things, their opinions as to the adequacy of internal controls and to review the quality of financial reporting.

[SIGNATURE]
(Donald V. Fites)
Chairman of the Board

[SIGNATURE]
(James W. Owens)
Chief Financial Officer

January 21, 1994

- --
REPORT OF INDEPENDENT ACCOUNTANTS

<LOGO> (Price Waterhouse)

TO THE STOCKHOLDERS OF CATERPILLAR INC.:

In our opinion, the accompanying consolidated financial statements, Statements 1 through 4, present fairly, in all material respects, the financial position of Caterpillar Inc. and subsidiaries at December 31, 1993, 1992, and 1991, and their results of operations and cash flows for the years then ended in conformity with generally accepted accounting principles. These financial statements are the responsibility of the company's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with generally accepted auditing standards which require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for the opinion expressed above.

As discussed in Note 2 to the consolidated financial statements, in 1992 the company adopted the provisions of Statement of Financial Accounting Standards (SFAS) 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions"; the provisions of SFAS 112, "Employers' Accounting for Postemployment Benefits"; and the provisions of SFAS 109, "Accounting for Income Taxes."

[SIGNATURE]
(Price Waterhouse)

Peoria, Illinois
January 21, 1994

STATEMENT 1
CONSOLIDATED RESULTS OF OPERATIONS FOR THE YEARS ENDED DECEMBER 31
(Millions of dollars except per share data)
- --
<TABLE>
<CAPTION>

<S>	1993 <C>	1992 <C>	1991 <C>
MACHINERY AND ENGINES:			
Sales (note 1B)	$11,235	$ 9,840	$ 9,838
Operating costs:			
Cost of goods sold	9,075	8,444	8,451
Selling, general, and administrative expenses	1,262	1,263	1,245
Research and development expenses (note 4)	319	310	272
Provision for plant closing and consolidation costs (note 6)	-	-	262
Gain on sale of lift truck assets (note 7)	-	(53)	-
	10,656	9,964	10,230
Operating profit (loss)	579	(124)	(392)
Interest expense	268	324	294
	311	(448)	(686)
Net interest income on U.S. tax settlement (note 9)	251	-	-
Other income (note 8)	92	75	65
Profit (loss) before taxes	654	(373)	(621)
FINANCIAL PRODUCTS:			
Revenues (note 1B)	380	354	344
Operating costs:			
Selling, general, and administrative expenses	161	146	132
Interest expense	172	173	175
	333	319	307
Operating profit	47	35	37
Other income (note 8)	21	20	13
Profit before taxes	68	55	50
CONSOLIDATED PROFIT (LOSS) BEFORE TAXES	722	(318)	(571)
Provision (credit) for income taxes (note 9)	42	(114)	(152)

Profit (loss) of consolidated companies	680	(204)	(419)
Equity in profit (loss) of affiliated companies (notes 1A and 13)	1	(14)	15
PROFIT (LOSS) BEFORE EXTRAORDINARY LOSS AND EFFECTS OF ACCOUNTING CHANGES	681	(218)	(404)
Extraordinary loss on early retirement of debt (note 16)	(29)	-	-
Effects of accounting changes (note 2)	-	(2,217)	-
PROFIT (LOSS)	$ 652	$(2,435)	$ (404)
PROFIT (LOSS) PER SHARE OF COMMON STOCK:			
Profit (loss) before extraordinary loss and effects of accounting changes	$ 6.72	$ (2.16)	$ (4.00)
Extraordinary loss on early retirement of debt	(.29)	-	-
Effects of accounting changes	-	(21.96)	-
Profit (loss)	$ 6.43	$(24.12)	$ (4.00)
Dividends declared per share of common stock	$ .60	$ .60	$ 1.05

</TABLE>

See accompanying Notes to Consolidated Financial Statements.

STATEMENT 2 CATERPILLAR INC.

CHANGES IN CONSOLIDATED STOCKHOLDERS' EQUITY FOR THE YEARS ENDED DECEMBER 31

(Dollars in millions)

<TABLE>
<CAPTION>

<S>	1993 <C>	1992 <C>	1991 <C>
COMMON STOCK (NOTE 18):			
Balance at beginning of year	$ 799	$ 798	$ 795
Common shares issued, including treasury shares reissued: 1993 - 909,565; 1992 - 40,464; 1991 - 5,642	36	1	3
Balance at year-end	835	799	798
PROFIT EMPLOYED IN THE BUSINESS:			
Balance at beginning of year	643	3,138	3,648
Profit (loss)	652	(2,435)	(404)
Dividends declared	(61)	(60)	(106)
Balance at year-end	1,234	643	3,138
MINIMUM PENSION LIABILITY ADJUSTMENT (NOTE 5A)	(40)	-	-
FOREIGN CURRENCY TRANSLATION ADJUSTMENT (NOTE 3):			
Balance at beginning of year	133	108	97
Aggregate adjustment for year	37	25	11
Balance at year-end	170	133	108
STOCKHOLDERS' EQUITY AT YEAR-END	$2,199	$ 1,575	$4,044

</TABLE>

See accompanying Notes to Consolidated Financial Statements.

STATEMENT 3

FINANCIAL POSITION AT DECEMBER 31

(Dollars in millions)

<TABLE>
<CAPTION>

	CONSOLIDATED (Caterpillar Inc. and subsidiaries)		
<S>	1993 <C>	1992 <C>	1991 <C>
ASSETS			
Current assets:			
Cash and short-term investments	$ 83	$ 119	$ 104
Receivables--trade and other	2,637	2,190	2,009
Receivables--finance (note 10)	988	758	664
Refundable income taxes (note 9)	--	86	154

Deferred income taxes and prepaid expenes	838	709	718
Inventories (notes 1C and 11)	1,525	1,675	1,921
Total current assets	6,071	5,537	5,570
Land, buildings, machinery, and equipment--net (notes 1D and 12)	3,827	3,954	4,049
Long-term receivables--trade and other	132	140	124
Long-term receivables--finance (note 10)	2,152	1,767	1,481
Investments in affiliated companies (notes 1A and 13)	395	345	346
Investments in Financial Products subsidiaries	--	--	--
Deferred income taxes (note 9)	1,321	1,254	--
Intangible assets (note 1E)	353	357	120
Other assets	556	581	352
TOTAL ASSETS	$14,807	$13,935	$12,042
LIABILITIES			
Current liabilities:			
Short-term borrowings (note 15)	$ 822	$ 941	$ 474
Accounts payable and accrued expenses	2,055	1,772	1,662
Accrued wages, salaries, and employee benefits	957	828	718
Dividends payable	15	15	15
Deferred and current income taxes payable	111	59	109
Long-term debt due within one year (note 16)	711	612	881
Total current liabilities	4,671	4,227	3,859
Long-term debt due after one year (note 16)	3,895	4,119	3,892
Liability for postemployment benefits (note 5)	4,018	3,995	86
Deferred income taxes (note 9)	24	19	161
TOTAL LIABILITIES	12,608	12,360	7,998
CONTINGENCIES (NOTE 17)			
STOCKHOLDERS' EQUITY (STATEMENT 2)			
Common stock of $1.00 par value (note 18):			
Authorized shares: 200,000,000			
Outstanding shares (1993--101,861,828; 1992-100,952,263; and 1991--100,911,799 [after deducting 501,663; and 542,127 treasury shares for 1992 and 1991, respectively]) at paid-in amount	835	799	798
Profit employed in the business	1,234	643	3,138
Minimum pension liability adjustment (note 5A)	(40)	--	--
Foreign currency translation adjustment (note 3)	170	133	108
TOTAL STOCKHOLDERS' EQUITY	2,199	1,575	4,044
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$14,807	$13,935	$12,042

</TABLE>

See accompanying Notes to Consolidated Financial Statements.

STATEMENT 3 CATERPILLAR INC.

FINANCIAL POSITION AT DECEMBER 31

(Dollars in millions)

<TABLE>
<CAPTION>

	Supplemental consolidating data					
	MACHINERY AND ENGINES (Caterpillar Inc. with Financial Products on the equity basis)			FINANCIAL PRODUCTS		
	1993	1992	1991	1993	1992	1991
<S>	<C>	<C>	<C>	<C>	<C>	<C>
ASSETS						
Current assets:						
Cash and short-term investments	$ 62	$ 104	$ 79	$ 21	$ 15	$ 25
Receivables--trade and other	2,612	2,201	2,029	63	56	59
Receivables--finance (note 10)	--	--	--	988	758	664
Refundable income taxes (note 9)	--	86	154	--	--	--
Deferred income taxes and prepaid expenes	869	734	717	2	1	1
Inventories (notes 1C and 11)	1,525	1,675	1,921	--	--	--
Total current assets	5,068	4,800	4,900	1,074	830	749
Land, buildings, machinery, and equipment--net (notes 1D and 12)	3,456	3,673	3,764	371	281	285
Long-term receivables--trade and other	132	140	124	--	--	--
Long-term receivables--finance (note 10)	--	--	--	2,152	1,767	1,481
Investments in affiliated companies (notes 1A and 13)	395	345	346	--	--	--
Investments in Financial Products subsidiaries	457	375	347	--	--	--
Deferred income taxes (note 9)	1,334	1,269	--	--	--	--
Intangible assets (note 1E)	353	357	120	--	--	--
Other assets	398	437	164	158	144	184

TOTAL ASSETS	$11,593	$11,396	$ 9,765	$ 3,755	$ 3,022	$ 2,699
LIABILITIES						
Current liabilities:						
Short-term borrowings (note 15)	$ 139	$ 398	$ 141	$ 683	$ 543	$ 333
Accounts payable and accrued expenses	1,925	1,669	1,533	201	196	204
Accrued wages, salaries, and employee benefits	955	827	717	2	1	1
Dividends payable	15	15	15	--	--	--
Deferred and current income taxes payable	71	25	97	40	34	12
Long-term debt due within one year (note 16)	218	120	319	493	492	562
Total current liabilities	3,323	3,054	2,822	1,419	1,266	1,112
Long-term debt due after one year (note 16)	2,030	2,753	2,676	1,865	1,366	1,216
Liability for postemployment benefits (note 5)	4,018	3,995	86	--	--	--
Deferred income taxes (note 9)	23	19	137	14	15	24
TOTAL LIABILITIES	9,394	9,821	5,721	3,298	2,647	2,352
CONTINGENCIES (NOTE 17)						
STOCKHOLDERS' EQUITY (STATEMENT 2)						
Common stock of $1.00 par value (note 18):						
Authorized shares: 200,000,000						
Outstanding shares (1993--101,861,828; 1992--100,952,263; and 1991--100,911,799 [after deducting 501,663; and 542,127 treasury shares for 1992 and 1991, respectively]) at paid-in amount.	835	799	798	258	238	228
Profit employed in the business	1,234	643	3,138	206	141	117
Minimum pension liability adjustment (note 5A)	(40)	--	--	--	--	--
Foreign currency translation adjustment (note 3)	170	133	108	(7)	(4)	2
TOTAL STOCKHOLDERS' EQUITY	2,199	1,575	4,044	457	375	347
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$11,593	$11,396	$ 9,765	$ 3,755	$ 3,022	$ 2,699

</TABLE>

The supplemental consolidating data is presented for the purpose of additional analysis and to provide required supplemental disclosure of information about the Financial Products subsidiaries. See note 1A on page A-10 for a definition of the groupings in these statements.

STATEMENT 4
STATEMENT OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31
(Millions of dollars)

<TABLE>
<CAPTION>

	CONSOLIDATED (Caterpillar Inc. and subsidiaries)		
	1993	1992	1991
<S>	<C>	<C>	<C>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Profit (loss)	$ 652	$(2,435)	$ (404)
Adjustments for noncash items:			
Depreciation and amortization	668	654	602
Effects of accounting changes, net of tax	--	2,217	--
Gain on sale of lift truck assets	--	(53)	--
Nonrecurring charges, net of current year cash payments	(25)	(19)	356
Profit of Financial Products	--	--	--
Other	(128)	15	(67)
Changes in assets and liabilities:			
Receivables--trade and other	(524)	(251)	190
Inventories	154	188	189
Accounts payable and accrued expenses	315	165	(57)
Other--net	293	22	(168)
Net cash provided by operating activities	1,405	503	641
CASH FLOWS FROM INVESTING ACTIVITIES:			
Capital expenditures--excluding equipment leased to others	(417)	(515)	(653)
Expenditures for equipment leased to others	(215)	(125)	(121)
Proceeds from disposals of land, buildings, machinery, and equipment	90	57	55
Proceeds from sale of lift truck assets	--	141	--
Additions to finance receivables	(2,204)	(1,601)	(1,269)
Collections of finance receivables	1,389	1,198	999
Other--net	(41)	(78)	(87)
Net cash used for investing activities	(1,218)	(923)	(1,076)

CASH FLOWS FROM FINANCING ACTIVITIES:			
Dividends paid	(61)	(60)	(121)
Common stock issued, including treasury shares reissued	36	1	--
Proceeds from long-term debt issued	1,218	1,044	1,573
Payments on long-term debt	(936)	(1,140)	(481)
Short-term borrowings--net	(451)	585	(560)
Net cash provided by financing activities	(194)	430	411
Effect of exchange rate changes on cash	(29)	5	18
INCREASE (DECREASE) IN CASH AND SHORT-TERM INVESTMENTS	(36)	15	(6)
Cash and short-term investments at the beginning of the period	119	104	110
Cash and short-term investments at the end of the period	$ 83	$ 119	$ 104

</TABLE>

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.

See accompanying Notes to Consolidated Financial Statements.

<TABLE>
<CAPTION>

	Supplemental consolidating data					
	Machinery and Engines (Caterpillar Inc. with Financial Products on the equity basis)			Financial Products		
	1993	1992	1991	1993	1992	1991
<S>	<C>	<C>	<C>	<C>	<C>	<C>
CASH FLOWS FROM OPERATING ACTIVITIES:						
Profit (loss)	$ 652	$(2,435)	$(404)	$ 43	$ 39	$ 32
Adjustments for noncash items:						
Depreciation and amortization	598	591	548	70	63	54
Effects of accounting changes, net of tax	--	2,220	--	--	(3)	--
Gain on sale of lift truck assets	--	(53)	--	--	--	--
Nonrecurring charges, net of current year cash payments	(25)	(19)	356	--	--	--
Profit of Financial Products	(43)	(39)	(32)	--	--	--
Other	(176)	14	(55)	48	1	(12)
Changes in assets and liabilities:						
Receivables--trade and other	(488)	(242)	168	(7)	3	(22)
Inventories	154	188	189	--	--	--
Accounts payable and accrued expenses	322	183	(93)	(28)	--	45
Other--net	279	(26)	(174)	5	22	6
Net cash provided by operating activities	1,273	382	503	131	125	103
CASH FLOWS FROM INVESTING ACTIVITIES:						
Capital expenditures--excluding equipment leased to others	(415)	(513)	(650)	(2)	(2)	(3)
Expenditures for equipment leased to others	(12)	(6)	(5)	(203)	(119)	(116)
Proceeds from disposals of land, buildings, machinery, and equipment	57	26	35	33	31	20
Proceeds from sale of lift truck assets	--	141	--	--	--	--
Additions to finance receivables	--	--	--	(2,024)	(1,601)	(1,269)
Collections of finance receivables	--	--	--	1,389	1,198	999
Other--net	(85)	(118)	(24)	15	41	(38)
Net cash used for investing activities	(455)	(470)	(644)	(792)	(452)	(407)
CASH FLOWS FROM FINANCING ACTIVITIES:						
Dividends paid	(61)	(60)	(121)	--	(15)	--
Common stock issued, including treasury shares reissued	36	1	--	30	10	10
Proceeds from long-term debt issued	201	427	882	1,017	617	691
Payments on long-term debt	(419)	(572)	(70)	(517)	(568)	(411)
Short-term borrowings--net	(620)	310	(563)	169	275	3
Net cash provided by financing activities	(863)	106	128	699	319	293
Effect of exchange rate changes on cash	3	7	18	(32)	(2)	--

INCREASE (DECREASE) IN CASH AND SHORT-TERM INVESTMENTS................	(42)	25	5	6	(10)	(11)
Cash and short-term investments at the beginning of the period........	104	79	74	15	25	36
Cash and short-term investments at the end of the period.............	$ 62	$ 104	$ 79	$ 21	$ 15	$ 25

</TABLE>

The supplemental consolidating data is presented for the purpose of additional analysis and to provide required supplemental disclosure of information about the Financial Products subsidiaries. See note 1A on page A-10 for a definition of the groupings in these statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Dollars in millions except per share data)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF CONSOLIDATION

The accompanying financial statements include the accounts of Caterpillar Inc. and all its subsidiaries.

Affiliated companies (50% interest or less) are accounted for by the equity method. Accordingly, the company's share of the affiliates' profit or loss is included in Statement 1 as "Equity in profit (loss) of affiliated companies" and the company's investments in these affiliates, including its share of their retained profits, are included in Statement 3 as "Investments in affiliated companies." Financial information of the affiliated companies is included in note 13.

Information in the accompanying financial statements and supplemental consolidating data, where applicable, has been grouped as follows:

CONSOLIDATED - represents the consolidated data of Caterpillar Inc. and subsidiaries, in accordance with Statement of Financial Accounting Standards (SFAS) 94.

MACHINERY AND ENGINES - company operations excluding the Financial Products subsidiaries; consists primarily of the company's manufacturing, marketing, and parts distribution operations.

FINANCIAL PRODUCTS - the company's finance and insurance subsidiaries, primarily Caterpillar Financial Services Corporation and Caterpillar Insurance Co. Ltd.

Certain amounts for prior years have been reclassified to conform with the current year financial statement presentation.

B. SALES AND REVENUE RECOGNITION

Sales of machines and engines are generally unconditional sales that are recorded after product is shipped and invoiced to independently owned and operated dealers or customers.

Revenues primarily represent finance and rental revenues of Caterpillar Financial Services Corporation, a wholly owned subsidiary of Caterpillar Inc. Finance revenues are recognized over the term of the contract at a constant rate of return on the scheduled uncollected principal balance, and rental revenues are recognized in the period earned. Recognition of income is suspended when collection of future income is not probable. Income recognition is resumed if the receivable becomes contractually current and collection doubts are removed; previously suspended income is recognized at that time.

C. INVENTORIES

The cost of inventories is determined principally by the LIFO (last-in, first-out) method of inventory valuation. This method was first adopted for the major portion of inventories in 1950. The value of inventories on the LIFO basis represented approximately 90% of total inventories at current cost value on December 31, 1993, 1992, and 1991.

If the FIFO (first-in, first-out) method had been in use, inventories would have been $1,818, $1,950, and $1,971 higher than reported at December 31, 1993, 1992, and 1991, respectively.

D. DEPRECIATION

Depreciation is computed principally using accelerated methods. These methods result in a larger allocation of the cost of buildings, machinery, and equipment to operations in the early years of the lives of assets than does the straight-line method, which allocates costs evenly over the lives of assets.

When an asset becomes fully depreciated, its cost is eliminated from both the asset and the accumulated depreciation accounts.

E. AMORTIZATION

The cost of purchased intangibles is amortized using the straight-line method. Amortization periods are based on estimated remaining useful lives which, at December 31, 1993, averaged 20 years. Accumulated amortization was $178, $172, and $162, at December 31, 1993, 1992, and 1991, respectively.

When a purchased intangible becomes fully amortized, its cost is eliminated from the reported accumulated amortization.

2. ACCOUNTING CHANGES

Effective January 1, 1992, the company adopted SFAS 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions"; SFAS 112, "Employers' Accounting for Postemployment Benefits"; and SFAS 109, "Accounting for Income Taxes." The effect of these changes, as of January 1, 1992, was as follows:

	Profit (loss)	Profit (loss) per share of common stock
Postretirement benefits other than pensions, net of applicable income taxes (note 5B).....	$(2,141)	$(21.21)
Postemployment benefits, net of applicable income taxes (note 5C).......................	(29)	(.29)
Income taxes (note 9).........................	(47)	(.46)
	$(2,217)	$(21.96)

In addition to the transition effects, incremental expense for 1992 resulting from the accounting changes was $117 before tax, $28 after tax, and $.28 per share.

3. FOREIGN EXCHANGE

The U.S. dollar is the functional currency for substantially all of Caterpillar's consolidated companies. The functional currency for equity-basis companies is the local currency of the country in which the company is located. Net foreign exchange gains or losses for companies with the U.S. dollar as their functional currency are included in "Other income" in Statement 1, except as noted below. For all other companies, the exchange effects from translating all assets and liabilities at current exchange rates are reported as "Foreign currency translation adjustment" in Statements 2 and 3.

Net foreign exchange gains arising from operations in Brazil's highly inflationary economy are removed from "Other income" in Statement 1 and included on the operating statement lines where the related inflationary effects are reported. Consequently, exchange gains and losses on local currency denominated debt and cash deposits, where the interest rates reflect the rate of inflation, are offset against interest expense and interest income, respectively. Similarly, exchange gains on local currency liabilities subject to monetary correction are offset against the related expense. Exchange gains were reclassified as follows:

	1993	1992	1991
Interest expense...........	$ 72	$102	$ 57
Cost of goods sold.........	33	15	14
Provision for income taxes..	11	4	4
	$116	$121	$ 75

Profit of consolidated companies for 1993, 1992, and 1991 included net foreign exchange gains (losses) of $(25), $(5), and $9, respectively. The respective aftertax net gains (losses) were $(19), $3, and $22. Certain gains or losses may impact either taxes or pretax income, when stated in U.S. dollars, without impacting the other and; accordingly, the relationship between the pretax and aftertax effects may be disproportionate.

The company enters into contracts to buy and sell foreign currencies in the future only to protect the U.S. dollar value of certain currency positions and future foreign currency transactions. The company does not engage in speculation. The gains and losses on these contracts are included in income when the operating revenues and expenses are recognized and, for assets and liabilities, in the period in which the exchange rates change. The cash flows from forward and option contracts accounted for as hedges of identifiable transactions or events are classified consistent with the cash flows from the transactions or events being hedged. Prior to 1992, the company also entered into option contracts and combination option contracts that were designated and effective as hedges of probable anticipated, but not firmly committed, foreign currency transactions. Gains and losses on such transactions were deferred and recognized in income in the same period as the hedged transaction. Although the company continues to enter into option contracts and combination option contracts to hedge future currency transactions, their use is limited to situations in which, according to current accounting requirements, gains and losses may be deferred and recognized concurrent with the hedged transaction.

At December 31, 1993, 1992, and 1991, the company had approximately $1,345, $1,705, and $2,375, respectively, in contracts to buy or sell foreign currency in the future. At December 31, 1993 and 1992, the carrying value of such contracts was an asset (liability) of $(2) and $10 and the fair value, based on quoted market prices of comparable instruments, was a liability of $16 and $70, respectively. The value of the contracts upon ultimate settlement is dependent upon actual currency exchange rates at the various maturity dates, which range through 1995.

There were no option contracts hedging anticipated transactions at December 31, 1993 or 1992. Included in the total contracts outstanding at December 31, 1991, were $40 of option contracts hedging anticipated sales denominated in foreign currencies. The net gain deferred on such contracts as of December 31, 1991, totaled $5.

4. RESEARCH AND ENGINEERING EXPENSES

Research and engineering expenses are charged against operations as incurred. The portions of these expenses related to new product development and major improvements to existing products are classified as "Research and development expenses" in Statement 1. The remaining portions, attributable to engineering expenses incurred during the early production phase, as well as ongoing efforts to improve existing products, are included in "Cost of goods sold" in Statement 1.

5. POSTEMPLOYMENT BENEFIT PLANS

A. PENSION PLANS

The company has pension plans covering substantially all employees. These defined benefit plans provide a benefit based on years of service and/or the employee's average earnings near retirement. Pension expense for 1993, 1992, and 1991 was $95, $72, and $43, respectively. The company's funding policy for these plans is to contribute amounts which comply with applicable laws and regulations and are tax deductible.

Cost components of consolidated pension expense were as follows:

<TABLE>
<CAPTION>

	1993	1992	1991
<S>	<C>	<C>	<C>
Service cost - benefits earned during the period.............	$ 103	$ 96	$ 91
Interest cost on projected benefit obligation.............	387	366	346
Return on plan assets:/(1)/			
Actual.....................	$(674)	$(553)	$(672)
Deferred..................	248	138	264
Recognized.....................	(426)	(415)	(408)
Amortization of:			
Net asset existing at adoption of SFAS 87...........	(22)	(24)	(24)
Prior service cost/(2)/........	51	47	38
Net actuarial (gain) loss.......	2	2	-
Pension expense/(3)/...........	$ 95	$ 72	$ 43

</TABLE>

(Dollars in millions except per share data)

/(1)/ Although the actual return on plan assets is shown, the expected long-term rate of return on plan assets of 9.9%, 9.9%, and 9.6% was used in determining consolidated pension expense for 1993, 1992, and 1991, respectively. The difference between the actual return and the recognized return on plan assets is shown as deferred return on plan assets.

/(2)/ Prior service costs are amortized using a straight-line method over the average remaining service period of employees expected to receive benefits from the plan amendment.

/(3)/ 1991 pension expense excludes pension expense of $51 and a gain on curtailment of $16 related to the probable closing of the company's York, Pennsylvania, facility (note 6).

A reconciliation of the funded status of both U.S. and non-U.S. pension plans at their plan year-end (November 30 for U.S. plans and September 30 for non-U.S. plans) with the amount recognized in Statement 3 is presented in Table I on page A-12.

For certain pension plans with accumulated benefits in excess of plan assets, an additional long-term liability was recorded as required by SFAS 87. This amount is included in Table I as "Adjustment required to recognize minimum liability." A related intangible asset of $323, $329, and $86 was recorded at December 31, 1993, 1992, and 1991. As the intangible asset may not exceed unrecognized prior service cost, at December 31, 1993, this adjustment resulted in a reduction to stockholders' equity of $40 (after deferred taxes of $24).

Plan assets consist principally of common stocks, corporate bonds, and U.S. government obligations. The actuarial present value of benefits was determined using a weighted average discount rate of 7.3%, 7.9%, and 8.4% for 1993, 1992, and 1991, respectively. The projected benefit, for those plans with benefit payments based upon earnings near retirement, includes an

<TABLE>
<CAPTION>

TABLE I

	1993		1992		1991	
	Assets Exceed Accumulated Benefits	Accumulated Benefits Exceed Assets	Assets Exceed Accumulated Benefits	Accumulated Benefits Exceed Assets	Assets Exceed Accumulated Benefits	Accumulated Benefits Exceed Assets
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Actuarial present value of:						
Vested benefit obligation	$(2,453)	$(2,047)	$(2,197)	$(1,838)	$(2,001)	$(1,236)
Nonvested benefit obligation	(190)	(476)	(181)	(482)	(205)	(532)
Accumulated benefit obligation	$(2,643)	$(2,523)	$(2,378)	$(2,320)	$(2,206)	$(1,768)
Actuarial present value of projected benefit obligation	$(2,928)	$(2,587)	$(2,699)	$(2,395)	$(2,629)	$(1,781)
Plan assets at market value	3,257	1,922	2,999	1,800	2,906	1,504
Funded status at plan year-end	329	(665)	300	(595)	277	(277)
Unrecognized net asset existing at adoption of SFAS 87	(160)	13	(192)	18	(186)	(24)
Unrecognized prior service cost	115	351	125	402	93	200
Unrecognized net actuarial (gain) loss	(124)	63	(96)	(37)	(87)	(77)
Adjustment required to recognize minimum liability	-	(387)	-	(329)	-	(86)
Prepaid pension cost (pension liability) at December 31	$ 160	$ (625)	$ 137	$ (541)	$ 97	$ (264)

</TABLE>

expected annual rate of increase in future compensation of 4.1%, 5.0%, and 6.0% for 1993, 1992, and 1991, respectively.

A point-in-time comparison of the projected benefit obligation to the market value of assets is only one indicator of the pension plans' ability to pay benefits when due. The benefit information is based on estimated conditions over many future years, while the asset information relates to market values prevailing at a specific moment. The plans' long-range ability to pay benefits also depends on the future financial health of the company.

B. Other postretirement benefit plans

The company has defined benefit retirement health care and life insurance plans for substantially all U.S. employees. Most of the plans are non-contributory although some plans require retiree contributions. Effective January 1, 1992, the company adopted SFAS 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions." SFAS 106 requires recognition of the cost of providing postretirement health care and life insurance benefits over the employee service period. Caterpillar, like most U.S. companies, formerly charged the cost of providing these benefits against operations as claims were incurred. This standard does not affect cash flow, but merely accelerates recognition of costs.

The company recognized the liability for past service (the transition obligation) as of January 1, 1992, of $2,141, net of income taxes of $1,247, as a one-time charge to earnings.

During the second quarter of 1992, the company announced several changes to its retiree health care plans. Among the changes was the establishment of contractual agreements with certain health care providers at most U.S. locations in which the company operates. The agreements set base prices for certain medical procedures and limit future inflationary increases. In addition, eligibility requirements for plan benefits based on age and years of service were established. During the fourth quarter of 1992, limits were placed on the company's contribution to substantially all future retirees' health care benefits. Such limits will be effective January 1, 2000.

Cost components of postretirement benefit expense were as follows:

<TABLE>
<CAPTION>

<S>	1993 <C>	1992 <C>
Service cost - benefits earned during the period..	$ 79	$ 98
Interest cost on accumulated benefit obligation...	227	260
Amortization of:		
Prior service cost /(1)/........................	(189)	(104)
Net actuarial (gain) loss.......................	1	-
Postretirement benefit expense....................	$ 118	$ 254

</TABLE>

/(1)/ Prior service costs are amortized using a straight-line method over the average remaining service period of employees impacted by the plan amendment.

The company makes contributions to Voluntary Employees' Beneficiary Association (VEBA) trusts for payment of certain employee benefits for substantially all active and retired U.S. employees. In accordance with the company's prior accounting policy, trust assets and earnings were not previously reflected in the company's financial statements. In conjunction with the adoption of SFAS 106, the fair value of previously unrecognized trust assets of $201 for future retiree health care and life insurance benefits were recorded as investments and as a liability for postretirement benefits. The SFAS 106 transition obligation is the accumulated postretirement benefit obligation at January 1, 1992, less the amount recognized from trust assets. Trust assets are reflected in Statement 3 as a component of "Other assets." 1993 and 1992 earnings from trust assets of $34 and $17, respectively are included in Statement 1 as a component of "Other income" (note 8). As of December 31, 1993 and 1992, the carrying value of trust assets was $220 and $232, respectively.

The components of the liability for postretirement benefits (other than pensions) as of December 31, were as follows:

<TABLE>
<CAPTION>

<S>	1993 <C>	1992 <C>
Accumulated postretirement benefit obligation:		
Retirees.....................................	$(1,965)	$(1,820)
Fully eligible active plan participants.......	(323)	(370)
Other active plan participants................	(722)	(699)
	(3,010)	(2,889)
Unrecognized prior service cost.................	(861)	(1,029)
Unrecognized net actuarial (gain) loss..........	132	161
Liability for postretirement benefits (other than pensions).........................	$(3,739)	$(3,757)

</TABLE>

The assumed health care cost trend rate used to measure the accumulated postretirement benefit obligation at December 31, 1993, was 10.2% for 1994, declining gradually to 4.5% in 2001. Postretirement benefit expense for 1993 and the accumulated postretirement benefit obligation at December 31, 1992, were determined using a health care cost trend rate of 11.5% for 1993, declining gradually to 5.0% in 2001. Postretirement benefit expense for 1992 was determined using a health care cost trend rate of 12% for 1993, declining gradually to 5.5% in 2001. Increasing the assumed health care trend rate by 1% each year would increase the accumulated postretirement benefit obligation as of December 31, 1993 and 1992, by approximately $234, and $279, respectively, and the aggregate of the service and interest cost components of 1993 and 1992 postretirement benefit expense by approximately $25 and $62, respectively. The accumulated postretirement benefit obligation was determined using a weighted average discount rate of 7.4% and 8.0% for 1993 and 1992, respectively.

The adoption of SFAS 106 decreased 1992 earnings before effects of accounting changes by $113 before tax, $65 after tax, and $.64 per share. As previously stated, prior to 1992, the cost of providing such benefits was charged against operations as claims were incurred. For 1991, these costs totaled $101.

C. OTHER POSTEMPLOYMENT BENEFIT PLANS

The company offers various other postemployment benefits to substantially all U.S. employees. These benefits are provided to former or inactive employees after employment but before retirement. Inactive employees are those who are not currently rendering service but have not been terminated, excluding those who have not been terminated but have been laid off for greater than one year. Postemployment benefits include disability benefits, supplemental unemployment benefits, workers' compensation benefits, and continuation of health care benefits and life insurance coverage.

Effective January 1, 1992, the company adopted SFAS 112, "Employers' Accounting for Postemployment Benefits." SFAS 112 requires recognition of the cost of providing postemployment benefits when it is probable that such benefits will be provided, generally when the employee becomes inactive. The company previously accounted for certain types of these benefits, primarily disability benefits and continuation of health care benefits, on a pay-as-you-go basis.

As of January 1, 1992, the effect of adopting SFAS 112 was a charge to earnings of $29, net of income taxes of $17. The adoption of the standard decreased 1992 earnings before effects of accounting changes by $11 before tax, $7 after tax, and $.07 per share.

D. SUMMARY

The components of the long-term liability for postemployment benefits at December 31 were as follows:
<TABLE>
<CAPTION>

<S>	1993 <C>	1992 <C>	1991 <C>
Pensions....................................	$ 387	$ 329	$ 86
Postretirement benefits other than pensions..	3,566	3,598	-
Other postemployment benefits...............	65	68	-
	$4,018	$3,995	$ 86

</TABLE>

6. PROVISION FOR PLANT CLOSING AND CONSOLIDATION COSTS

In 1991, the company recorded provisions for plant closing and consolidation costs totaling $262. Included in this total are charges related to the probable closing of the company's York, Pennsylvania, facility; the consolidation of the North American operations of the Building Construction Products Division; the consolidation of the company's Brazilian operations at its facility in Piracicaba; and charges to reflect lower estimates of the market value of previously closed U.S. facilities.

In April 1991, the company announced plans to consolidate the North American operations of the Building Construction Products Division at a new facility in Clayton, North Carolina. As a part of the consolidation, the company's Brampton, Ontario, Plant was closed during the year.

In December 1991, the company announced the probable closing of the Component Products Division's York, Pennsylvania, facility. The company has determined that unless significant cost reductions are made, the unit will be closed. The company has notified the United Auto Workers union, which represents approximately 1,200 of the 1,500 active employees of the York facility, of its willingness to negotiate a labor agreement that would allow the unit to remain open.

(Dollars in millions except per share data)

The charge related to Brazil resulted from the planned consolidation of all Brazilian operations; which include manufacturing, parts distribution, and office functions, at the company's existing Piracicaba facility, and the planned closing of the facility in Sao Paulo.

These provisions include the estimated costs of employee severance benefits, the estimated net losses on disposal of land, buildings, machinery, and equipment, and other costs incidental to the closing and planned consolidation processes.

The noncash portion of the provision for plant closings, as well as the other nonrecurring charges, are included in Statement 4 in the line titled "Nonrecurring charges, net of current year cash payments."

7. SALE OF LIFT TRUCK ASSETS

In July 1992, the company formed three lift truck joint ventures with Mitsubishi Heavy Industries, Ltd. (MHI). The joint ventures are known as Mitsubishi Caterpillar Forklift (MCF) America Inc., MCF Asia Pte Ltd, and MCF Europe B.V. MHI owns 80% of each joint venture; the company owns 20% of each. The joint venture companies design, manufacture and distribute lift trucks, other materials handling equipment, and related parts. The company received $141 in cash for assets sold to the joint ventures. A pretax gain of $53 was recognized from the sales in 1992. The gain, which includes $51 resulting from liquidations of inventory valued on a LIFO basis, is net of related disposal costs.

8. OTHER INCOME

The components of other income were as follows for the years ended December 31:

	1993	1992	1991
Foreign exchange gains (losses)..	$(25)	$ (5)	$ 9
Investment and interest income...	97	78	54
License fees.....................	28	32	40
Miscellaneous income (expense)...	13	(10)	(25)
	$113	$ 95	$ 78

9. INCOME TAXES

Effective January 1, 1992, the company adopted SFAS 109, "Accounting for Income Taxes." Prior years' financial statements have not been restated. For years prior to 1992, income taxes were computed based on Accounting Principles Board Opinion (APB) 11. Net assets as of January 1, 1992, were reduced by $47 as a result of the adoption of SFAS 109. Except for a $7 reduction to translation loss, adoption of SFAS 109 had no effect on 1992 pretax income from continuing operations. The 1992 credit for income taxes was $37 larger than the amount which would have resulted from applying APB 11. Additionally, tax credit of $52 was recorded in 1992 based on current year expense under SFAS 106 and 112. This credit would not have been recorded under APB 11.

The provision (credit) for income taxes for the years ended December 31 was:

	1993	1992	1991
Machinery and Engines................	$ 19	$(131)	$(170)
Financial Products...................	23	17	18
Provision (credit) for income taxes..	$ 42	$(114)	$(152)

The components of the provision (credit) for income taxes were as follows for the years ended December 31:

	1993	1992	1991
Current tax provision (credit):			

U.S. federal taxes	$ 63	$ (63)	$ (53)
Foreign taxes	25	28	15
U.S. state taxes	10	(2)	(2)
	98	(37)	(40)
Deferred tax provision (credit):			
U.S. federal taxes	(51)	(61)	(102)
Foreign taxes	(2)	(1)	(1)
U.S. state taxes	(3)	(15)	(9)
	(56)	(77)	(112)
Total provision (credit) for income taxes	$ 42	$(114)	$(152)

</TABLE>

Current tax provision (credit) is the amount of income taxes reported or expected to be reported on the company's tax returns.

Income taxes paid (refunded) in 1993, 1992, and 1991 totaled $10, $(26), and $48, respectively.

During 1993, the company reached a settlement with the U.S. Internal Revenue Service (IRS) covering tax years 1979 through 1987. As a result of this settlement, credits of $134 and $10 were recorded to U.S. federal and U.S. state taxes, respectively. Net interest income associated with the settlement was $251 upon which U.S. federal taxes of $88 and U.S. state taxes of $7 were provided.

Refundable income taxes of $86 at December 31, 1992 resulted from the carryback of tax credits from prior years for U.S. federal income tax purposes. Refunds related to these carrybacks were received in connection with the IRS settlement. No refundable income taxes were recorded at December 31, 1993.

In August 1993, the U.S. federal income tax rate for corporations was increased from 34% to 35% effective January 1, 1993. As a result of the rate increase, net U.S. deferred tax assets were increased $36, and a credit of the same amount was recorded to the 1993 provision for income taxes.

Differences between accounting rules and tax laws cause differences between the bases of certain assets and liabilities for financial reporting purposes and tax purposes. The tax effects of these differences, to the extent they are temporary, are recorded as deferred tax assets and liabilities under SFAS 109, and consisted of the following components at December 31:

<TABLE>
<CAPTION>

<S>	1993 <C>	1992 <C>
U.S. federal, U.S. state, and foreign taxes:		
Deferred tax assets:		
Postemployment benefits other than pensions	$1,345	$1,316
Inventory valuation method	66	71
Unrealized profit excluded from inventories	193	209
Plant closing and consolidation costs	58	69
Net operating loss carryforwards	253	239
Warranty reserves	67	50
Accrued vacation	29	30
Qualified deficits	54	40
Foreign tax credit carryforwards	62	11
Minimum tax credit carryforwards	18	30
Other	126	40
	2,271	2,105
Deferred tax liabilities:		
Capital assets	(77)	(68)
Pension	(22)	(49)
	(99)	(117)
Valuation allowance for deferred tax assets	(284)	(265)
Deferred taxes -- net	$1,888	$1,723

</TABLE>

From December 31, 1992, to December 31, 1993, the valuation allowance for deferred tax assets increased by $19. This was the result of origination and reversal of temporary differences, and changes in exchange rates, at certain foreign locations where valuation allowances are recorded. During 1993, no changes occurred in the conclusions regarding the need for a valuation allowance in any tax jurisdictions.

SFAS 109 requires that individual tax paying entities of the company offset all current deferred tax liabilities and assets within each particular tax jurisdiction and present them as a single amount in the Statement of Financial Position. A similar procedure is followed for all noncurrent deferred tax liabilities and assets. Amounts in different tax jurisdictions cannot be offset against each other. After offsetting all appropriate amounts, deferred taxes appear in Statement 3, at December 31, on the following lines:

<TABLE>
<CAPTION>

<S>	1993 <C>	1992 <C>
ASSETS:		
Deferred income taxes and prepaid expenses.	$ 584	$ 491
Deferred income taxes......................	1,321	1,254
	1,905	1,745
Liabilities:		
Deferred and current income taxes payable..	(2)	(3)
Deferred income taxes......................	(15)	(19)
	(17)	(22)
Deferred taxes -- net......................	$1,888	$1,723

</TABLE>

For 1991, the tax effect of timing differences under APB 11 represented deferred income tax provision (credit) reported in the financial statements because the following items were recognized in the results of operations in different years than in the tax returns:

<TABLE>
<CAPTION>

<S>	<C>
U.S. federal, U.S. state, and foreign taxes:	
Asset lives used for determining depreciation..	$ 1
Unrealized profit excluded from inventories....	(5)
Inventory capitalization......................	-
Plant closing and consolidation costs..........	(83)
Pension expense...............................	10
General insurance liability...................	(12)
Other - net...................................	(23)
Deferred tax provision (credit)................	$(112)

</TABLE>

The provision (credit) for income taxes was different than would result from applying the U.S. statutory rate to profit (loss) before taxes for the reasons set forth in the following reconciliation:

<TABLE>
<CAPTION>

<S>	1993 <C>	1992 <C>	1991 <C>
Taxes computed at U.S. statutory rates..........	$ 253	$(108)	$(194)
Increases (decreases) in taxes resulting from:			
Subsidiaries' results subject to tax rates other than U.S. statutory rates................	(9)	67	71
Benefit of Foreign Sales Corporation...........	(21)	(20)	(11)
Foreign exchange...............................	3	(7)	(16)
Qualified deficits.............................	(12)	(21)	-
IRS settlement.................................	(144)	-	-
Change in U.S. tax rate........................	(36)	-	-
State income taxes - net of federal taxes......	11	(11)	(7)
Research and experimentation credit............	(4)	-	-
Other - net....................................	1	(14)	5
Provision (credit) for income taxes............	$ 42	$(114)	$(152)

</TABLE>

U.S. income taxes, net of foreign taxes paid or payable, have been provided on the undistributed profits of subsidiaries and affiliated companies, except in those instances where such profits have been permanently invested and are not considered to be available for distribution to the parent company. In accordance with this practice, the consolidated "Profit employed in the business" in Statement 3 at December 31, 1993 and 1992 included the company's share of undistributed profits of subsidiaries and affiliated companies, totaling $680 and $718, respectively, on which U.S. income taxes, net of foreign taxes paid or payable, have not been provided. If for some reason not presently contemplated, such profits were to be remitted or otherwise become subject to U.S. income taxes, available credits would reduce the amount of taxes otherwise due. Determination of the amount of unrecognized deferred tax liability related to these permanently invested profits is not practicable.

The domestic and foreign components of profit (loss) before taxes of consolidated companies were as follows:

	1993	1992	1991
Domestic	$611	$(215)	$(491)
Foreign	111	(103)	(80)
	$ 722	$(318)	$(571)

The foreign component of profit before taxes comprises the profit of all consolidated subsidiaries located outside the United States. This profit information differs from that reported in note 22B, which shows operating profit for foreign geographic segments based only on the company's manufacturing and financing operations located outside the United States.

Taxation of a multinational company involves many complex variables, such as differing tax structures from country to country and the effect of U.S. taxation of foreign profits. These complexities do not permit meaningful comparisons of the U.S. and foreign components of profit before taxes and the provision for income taxes. Additionally, current relationships between the U.S. and foreign components are not reliable indicators of such relationships in future periods.

Net operating loss carryforwards were available in various foreign tax jurisdictions at December 31, 1993. The amounts and expiration dates of these carryforwards are as follows:

1994	$ 4
1995	4
1996	4
1997	101
1998	3
1999	23
Unlimited	474
Total	$613

A valuation allowance has been recorded for all of the deferred tax assets related to these carryforwards to the extent the assets are not offset with deferred tax liabilities in the same tax jurisdiction. For United States federal tax purposes, the company was not in a net operating loss carryforward position. Additionally, qualified deficits of $153, as defined by Internal Revenue Code section 952, are available for an indefinite future period to offset the future profits of certain foreign entities whose earnings are subject to U.S. taxation when earned.

The following tax credit carryforwards were available in the United States at December 31, 1993:

	Amount	Expiration Date
Minimum Tax Credit	$18	Unlimited
Regular Foreign Tax Credit	62	1995-1998

10. FINANCE RECEIVABLES

Finance receivables are receivables of Caterpillar Financial Services Corporation, which generally may be repaid or refinanced without penalty prior to contractual maturity. Contractual maturities of outstanding receivables at December 31, 1993, were:

Amounts Due In	Installment Contracts	Financing Leases	Notes	Total

(Dollars in millions except per share data)

<S>	<C>	<C>	<C>	<C>
1994	$ 416	$ 392	$ 362	$1,170
1995	304	297	288	889
1996	190	198	220	608
1997	71	117	115	303
1998	14	56	123	193
Thereafter	1	75	70	146
	996	1,135	1,178	3,309
Residual value	-	220	-	220
Less: Unearned Income	(119)	(229)	-	(348)
Total	$ 877	$1,126	$1,178	$3,181

</TABLE>

Total finance receivables reported in Statement 3 are net of an allowance for credit losses. Activity relating to the allowance was as follows:

<TABLE>
<CAPTION>

	1993	1992	1991
<S>	<C>	<C>	<C>
Balance at beginning of year	$ 37	$ 31	$ 31
Provision for credit losses	20	20	13
Less: Receivables, net of recoveries, written off	(19)	(14)	(13)
Other - net	3	-	-
Balance at end of year	$ 41	$ 37	$ 31

</TABLE>

At December 31, 1993 and 1992, the fair value of finance receivables (excluding tax-oriented leases classified as finance receivables with net carrying value of $333 and $272, respectively) was $2,822 and $2,275, respectively. Fair value was estimated by discounting the future cash flows using the current rates at which receivables of similar remaining maturities would be entered into. Historical bad debt experience was also considered.

Cat Financial's "Net investment in financing leases" at December 31 consisted of the following components:

<TABLE>
<CAPTION>

	1993	1992	1991
<S>	<C>	<C>	<C>
Total minimum lease payments receivable	$1,135	$ 982	$ 893
Estimated residual value of leased assets:			
Guaranteed	71	55	65
Unguaranteed	149	124	98
	1,355	1,161	1,056
Less: Unearned income	229	212	182
Net investment in financing leases	$1,126	$ 949	$ 874

</TABLE>

11. INVENTORIES

Inventories at December 31, by major classification, were as follows:

<TABLE>
<CAPTION>

	1993	1992	1991
<S>	<C>	<C>	<C>
Raw materials and work-in-process	$ 545	$ 505	$ 604
Finished goods	812	1,006	1,150
Supplies	168	164	167
	$1,525	$1,675	$1,921

</TABLE>

Reductions in LIFO inventories decreased cost of goods sold for 1993, 1992, and 1991 by $38, $30, and $23, respectively.

The company has entered into commodity price swap and option agreements to reduce the company's exposure to changes in the price of material purchased from various suppliers resulting from underlying commodity price changes. The results of these hedging transactions become a part of the cost of the related inventory transactions. At December 31, 1993, 1992, and 1991, the company had entered into contracts hedging future commodity purchases of approximately $29, $37, and $13, respectively. At December 31, 1993, the carrying value of the contracts was approximately zero, and the fair value, based on quoted market prices, was a liability of $4. At December 31, 1992, both the carrying value and the fair value were approximately zero.

12. LAND, BUILDINGS, MACHINERY, AND EQUIPMENT

Land, buildings, machinery, and equipment at December 31, by major classification, were as follows:

	1993	1992	1991
Land - at original cost	$ 105	$ 109	$ 110
Buildings	2,485	2,479	2,433
Machinery and equipment	3,594	3,458	3,428
Patterns, dies, jigs, etc.	428	405	411
Furniture and fixtures	613	589	572
Transportation equipment	28	27	37
Equipment leased to others	536	429	430
Construction-in-process	176	346	369
	7,965	7,842	7,790
Accumulated depreciation	(4,138)	(3,888)	(3,741)
Land, buildings, machinery, and equipment - net	$ 3,827	$ 3,954	$ 4,049

The company had commitments for the purchase or construction of capital assets of approximately $165 at December 31, 1993. Capital expenditure plans are subject to continuous monitoring, and changes in such plans could reduce the amount committed.

Maintenance and repair expense for 1993, 1992, and 1991 was $458, $451, and $466, respectively.

EQUIPMENT LEASED TO OTHERS

Equipment leased to others, primarily of Caterpillar Financial Services Corporation, consisted of the following components at December 31:

	1993	1992	1991
Equipment leased to others - at cost	$536	$429	$430
Less:			
Accumulated depreciation	150	134	129
Equipment leased to others - net	$386	$295	$301

Scheduled minimum rental payments to be received for equipment leased to others during each of the years 1994 through 1998, and in total thereafter, are $106, $86, $58, $31, $17, and $9, respectively.

13. AFFILIATED COMPANIES

The company's investments in affiliated companies consist principally of a 50% interest in Shin Caterpillar Mitsubishi Ltd., Japan ($364). The other 50% owner of this company is Mitsubishi Heavy Industries, Ltd., Japan.

Combined financial information of the affiliated companies, as translated to U.S. dollars (note 3), was as follows:

	Years ended September 30, 1993	1992	1991
Results of Operations			
Sales	$2,776	$2,450	$2,627

Profit (loss) before effect of accounting change	$ 1	$ (41)	$ 33
Profit (loss)	$ 1	$ (65)	$ 33

Profit for the year ended September 30, 1991, includes $17 representing the aftertax gain on the sale of surplus assets.

	September 30, 1993	September 30, 1992	September 30, 1991
Financial Position			
Assets:			
Current assets	$1,691	$1,880	$1,682
Land, buildings, machinery, and equipment - net	750	712	538
Other assets	310	250	273
	2,751	2,842	2,493
Liabilities:			
Current liabilities	1,441	1,649	1,384
Long-term debt due after one year.	449	396	369
Other liabilities	90	85	55
	1,980	2,130	1,808
Ownership	$ 771	$ 712	$ 685

At December 31, 1993, the company's consolidated "Profit employed in the business" included $84 representing its share of undistributed profit of the affiliated companies. In 1993, 1992, and 1991, the company received $3, $2, and $10, respectively, in dividends from affiliated companies.

14. CREDIT COMMITMENTS

The company has arrangements with a number of U.S. and non-U.S. banks to provide lines of credit. These credit lines are changed as the company's anticipated needs vary and are not indicative of the company's short-term borrowing capacity.

At December 31, 1993, the company had confirmed credit lines with banks totaling $2,795 (U.S. $1,911 and non-U.S. $884), of which $1,386 was unused. For the purpose of computing unused credit lines, the total of borrowings under these lines and outstanding commercial paper supported by these lines was considered to constitute utilization.

The company has maintained compensating balances for a portion of the credit lines in the United States. During 1993, such balances averaged less than 1 1\2% of the total U.S. lines of credit.

MACHINERY AND ENGINES

Of the total confirmed credit lines outstanding at December 31, 1993, $1,285 (U.S. $1,026 and non-U.S. $259) related to Machinery and Engines, of which $35 was utilized as backup for outstanding commercial paper, $77 for bank borrowings, and $1,173 was unused. $500 of the total credit lines outstanding related to Machinery and Engines consisted of two revolving credit agreements with a group of commercial banks. Prior to November 30, 1993, there was one $425 ($500 at December 31, 1991) long-term agreement. On that date, this long-term agreement was reduced to $250 and a new $250 364-day agreement was established. The long-term agreement currently expires in 1996, and may be extended on an annual basis subject to mutual agreement. The 364-day agreement currently expires on October 31, 1994, and may be extended for an additional 182 days on a semi-annual basis subject to mutual agreement. Based on the long-term agreement, $425 and $450 of commercial paper outstanding at December 31, 1992 and 1991, respectively, was classified as long-term debt due after one year. No commercial paper was classified as long-term at December 31, 1993.

FINANCIAL PRODUCTS

The remaining $1,510 of confirmed credit lines outstanding (U.S. $885 and non-U.S. $625) related to Financial Products, of which $797 was utilized as backup for outstanding commercial paper, $173 for commercial paper guarantees, $327 for bank borrowings, and $213 was unused. Included in the total credit lines outstanding related to Financial Products is a $455 ($370 and $340 at December 31, 1992 and 1991, respectively) revolving credit agreement with a group of banks entered into by Caterpillar Financial Services Corporation. The agreement currently expires in 1996, and may be extended on an annual basis subject to mutual agreement. Based on this agreement, $455, $370, and $340 of commercial paper outstanding at December 31, 1993, 1992, and 1991, respectively, was classified as long-term debt due after one year.

15. SHORT-TERM BORROWINGS

Short-term borrowings at December 31 consisted of the following:

	1993	1992	1991
Machinery and Engines:			
Notes payable to banks...........	$104	$184	$141
Commercial paper.................	35	214	-
	139	398	141
Financial Products:			
Notes payable to banks...........	336	195	32
Commercial paper.................	342	344	299
Other............................	5	4	2
	683	543	333
	$822	$941	$474

Interest paid on short-term borrowings for 1993, 1992, and 1991 was $94, $123, and $134, respectively (interest paid in 1993, 1992, and 1991 was $166, $225, and $191, respectively, excluding the reclassification described in note 3).

At December 31, 1993 and 1992, the carrying value of short-term borrowings approximated fair value.

16. LONG-TERM DEBT

Debt due after one year at December 31 consisted of the following:

	1993	1992	1991
Machinery and Engines:			
Commercial paper supported by revolving credit agreement (note 14)................	$ -	$ 425	$ 450
Notes - 9 3/8% due 1993...................	-	-	100
Notes - Zero coupon due 1994...............	-	117	102
Notes - 9 1/8% due 1996....................	150	150	150
Notes - 8% extendable to 1997..............	-	3	3
Notes - 9 3/8% due 2000....................	149	149	149
Notes - 9 3/8% due 2001....................	183	199	199
Debentures - 8.60% due through 1999........	-	-	58
Debentures - 8 3/4% due through 1999.......	-	-	48
Debentures - 8% due through 2001...........	-	92	122
Debentures - 9% due 2006...................	202	248	248
Debentures - 6% due 2007...................	124	121	118
Debentures - 9 3/8% due 2011...............	123	149	149
Debentures - 10 1/8% due 1998-2017.........	-	-	100
Debentures - 9 3/4% due 2000-2019..........	200	300	300
Debentures - 9 3/8% due 2021...............	236	250	250
Debentures - 8% due 2023...................	199	-	-
Medium-term notes..........................	379	451	29
Other......................................	85	99	101
	2,030	2,753	2,676
Financial Products:			
Commercial paper supported by revolving credit agreement (note 14)................	455	370	340
Notes......................................	1,410	996	876
	1,865	1,366	1,216
	$3,895	$4,119	$3,892

The aggregate amounts of maturities and sinking fund requirements of long-term debt during each of the years 1994 through 1998, including that due within one year and classified as current are:

(Dollars in millions except per share data)

	1994	1995	1996	1997	1998
Machinery and Engines......	$220	$ 90	$159	$121	$ 43
Financial Products.........	493	487	247	240	216
	$713	$577	$406	$361	$259

Interest paid on total long-term borrowings, excluding the reclassification described in note 3, for 1993, 1992, and 1991 was $308, $314, and $231, respectively.

In 1993, portions of various long-term debt issuances with total principal of $203 were repurchased on the open market by utilizing a portion of the proceeds received from the tax settlement with the IRS (note 9). As a result, the company incurred an extraordinary loss on early retirement of debt of $29 (net of income tax benefit of $19). The extraordinary loss consisted primarily of redemption premiums paid to holders.

In 1992, the company utilized a portion of the proceeds received from the sale of lift truck assets (note 7) for the in-substance defeasance of the $100 10 1/8% sinking fund debentures. Sufficient funds were deposited in an irrevocable trust to redeem the principal, plus accrued interest through the redemption date of January 21, 1993.

The zero coupon notes were issued outside the United States by a wholly owned subsidiary and are guaranteed by the parent company. Other than the zero coupon notes and the notes of the Financial Products subsidiaries, all outstanding notes and debentures itemized above are unsecured direct obligations of the parent company.

The zero coupon notes and the 6% debentures were sold at significant original issue discounts. These issues are carried net of the unamortized portion of their respective discounts, which are amortized as interest expense over the lives of the issues.

The zero coupon notes due in 1994, with principal at maturity of $136 and original issue discount of $109, have an effective annual cost of 13.0%. The 6% debentures, with a principal at maturity of $250 and original issue discount of $144, have an effective annual cost of 13.3%.

The zero coupon notes and the 6% debentures may be redeemed at any time, at the company's option, at an amount equal to the respective principal at maturity.

The company may, at its option, redeem annually an additional amount for the 9 3/4% sinking fund debenture issue, without premium, equal to 200% of the amount of the sinking fund requirement. The company may also, at its option, redeem additional portions of the sinking fund debentures by the payment of premiums which, starting in 1999, decrease periodically. The premium at the first redemption date of June 1, 1999, is 4.875%.

The 8% extendable notes are payable at their principal amount, at the holders' option, and are redeemable at their principal amount, at the company's option, in 1994. The interest rate applicable to the extendable notes was adjusted from 8 3/4% to 8% on July 15, 1991, and will be adjusted on July 15, 1994, to a rate not less than 102% of the then-current effective rate on U.S. Treasury obligations with three-year maturities.

All other notes and debentures are not redeemable prior to maturity.

The medium-term notes are offered on a continuous basis through agents and are primarily at fixed rates. Machinery and Engines' medium-term notes may have maturities from nine months to 30 years. At December 31, 1993, these notes had a weighted average interest rate of 6.7% with about six months to ten years remaining to maturity.

The notes of the Financial Products subsidiaries primarily represent medium-term notes having a weighted average interest rate of 6.1% with maturities up to 15 years at December 31, 1993.

At December 31, 1993 and 1992, the fair value of long-term debt, including that due within one year, was approximately $2,646 and $3,125, respectively, for Machinery and Engines and $2,397 and $1,890, respectively, for Financial Products. For Machinery and Engines notes and debentures, the fair value was estimated based on quoted market prices. For other issues and for Financial Products, the fair value was estimated using discounted cash flow analyses, based on the company's current incremental borrowing rates for similar types of borrowing arrangements.

The company has entered into a variety of interest rate contracts, including interest rate swap and cap agreements, options, and forward rate agreements. The differentials to be paid or received on swaps and caps are accrued as interest rates change and are recognized over the lives of the agreements. The premiums paid on forward rate agreements are deferred and recognized over the lives of the agreements.

The notional amounts of swap and forward rate agreements outstanding as of the end of the periods were as follows:

	1993	1992	1991
MACHINERY AND ENGINES:			
Interest rate swaps:			
Fixed to floating rate.....	$ 500	$250	$ -
Financial Products:			
Interest rate swaps:			
Floating to fixed rate.....	$1,051	$527	$586
Fixed to floating rate.....	629	338	38
Floating to floating rate..	867	80	50
	$2,547	$945	$674
Forward rate agreements.....	$ 246	$ 59	$ 17

In association with swap agreements with notional amounts totaling $100 at December 31, 1993 for Machinery and Engines, and $95, $75, and $40 at December 31, 1993, 1992, and 1991, respectively, for Financial Products, the company has entered into option agreements which allow the counterparty to enter into swap agreements at some future date or alter the conditions of certain swap agreements.

For Machinery and Engines, the carrying value of interest rate swaps and options in a net receivable position was $1 at both December 31, 1993 and 1992, and the fair value was $8 and $2 at December 31, 1993 and 1992, respectively. For Financial Products, at December 31, 1993 and 1992, the carrying value of interest rate swaps and options in a net receivable position was $3 and $1, respectively, and the fair value was $8 and $3, respectively. The carrying value of interest rate swaps and options in a net payable position (Financial Products only) was $7 at both December 31, 1993 and 1992 and the fair value was $24 and $22 at December 31, 1993 and 1992, respectively. The fair values represent the estimated amount that the company would receive or pay to terminate the agreements taking into account current interest rates.

17. LITIGATION

On July 18, 1990 and July 20, 1990, two class action complaints were filed against the company and certain of its officers and directors in United States District Court for the Central District of Illinois ("District Court") on behalf of all persons (other than the defendants) who purchased or otherwise acquired common

stock of the company and certain options relating to common stock of the company between January 19, 1990 and June 26, 1990 (the "Class Period"), alleging, among other things, violations of certain provisions of the federal securities laws. The two cases were consolidated on April 2, 1991 ("Consolidated Class Actions"). The consolidated complaint alleged that the defendants fraudulently issued public statements and reports during the Class Period which were misleading in that they failed to disclose material adverse information relating to the company's Brazilian operations, its factory modernization program and its reorganization plan.

The plaintiffs and the defendants, with the active participation and approval of the company's directors and officers liability insurer (the "Insurer"), have reached an agreement regarding settlement of the Consolidated Class Actions. The settlement is contingent upon approval by the District Court and certain other contingencies.

Pursuant to the directors and officers liability policy (the "Policy"), the company has requested that the Insurer acknowledge that 100% of the amount to be paid under the settlement agreement, beyond the company's self-insured retention under the Policy, is covered by the Policy. Because the company is named as a co-defendant in the Consolidated Class Actions, the insurer has denied coverage for a portion of the settlement amount, claiming that some liability must be attributable to the company and not covered under the Policy. The company has been advised that the position of the Insurer is contrary to applicable law and the company has brought an action in the District Court against the Insurer for breach of contract and declaratory relief ("Declaratory Judgment Action"). The company believes a successful recovery against the Insurer is likely in this Declaratory Judgment Action. If that recovery is obtained, the company believes that its cost with respect to the settlement of the Consolidated Class Actions will approximate costs necessary to litigate the Consolidated Class Actions to a successful conclusion at trial. Regardless of whether the company is successful in the Declaratory Judgment Action, the company does not believe the settlement of the Consolidated Class Actions will have a materially negative impact on the company's financial condition or results of operations.

On May 12, 1993, a Statement of Objections ("Statement") was filed by the Commission of European Communities against Caterpillar Inc. and certain overseas subsidiaries. The Statement alleges that certain service fees payable by dealers, certain dealer recordkeeping obligations, a restriction which prohibits a European Community ("EC") dealer from appointing subdealers, and certain export pricing practices and parts policies violate EC competition law under Article 85 of the European Economic Community Treaty. The Statement seeks injunctive relief and unspecified fines. Based on an opinion of counsel, the company believes it has strong defenses to each allegation set forth in the Statement.

On November 19, 1993, the Commission of European Communities informed the company that a new complaint has been received by it alleging that certain export parts policies violate Article 85 and Article 86 of the European Economic Community Treaty. The Commission advised the company that it intends to deal with the new complaint within the framework of the proceedings initiated on May 12, 1993. Based on an opinion of counsel, the company believes it has strong defenses to the allegations set forth in the new complaint.

The company is party to other litigation matters and claims which are normal in the course of its operations, and while the results of litigation and claims cannot be predicted with certainty, management believes, based on advice of counsel, the final outcome of such matters will not have a materially adverse effect on the consolidated financial position.

18. CAPITAL STOCK

A. STOCK OPTIONS

In 1977 and 1987, stockholders approved plans providing for the granting to officers and other key employees of options to purchase common stock of the company. In 1988, the 1987 plan was amended to annually grant each non-employee director options to purchase 1,000 shares each year of the company's common stock. The 1987 plan provided an additional 3,000,000 shares for grants. In 1993 and 1991, the 1987 plan was amended to provide an additional 1,000,000 and 3,500,000 shares, respectively, for grants. Options granted under both plans carry prices equal to the average market price on the date of grant and therefore, in accordance with APB 25, no compensation expense is incurred in association with the options. Options are exercisable upon completion of one full year of service following the grant date (except in the case of death or retirement) and vest at the rate of one-third per year over the three years following the grant. Common shares issued under stock options, including treasury shares reissued, totaled 909,565; 40,464; and 5,642 in 1993, 1992, and 1991, respectively. No treasury stock was held at December 31, 1993. At December 31, 1992, and 1991, 501,663 and 542,127 shares, respectively, were held as treasury stock.

Stock appreciation rights may be granted as part of 1977 or 1987 plan options or as separate rights to holders of options previously granted. Stock appreciation rights permit option holders to exchange exercisable options for shares of common stock, cash, or a combination of both. No stock appreciation rights have been issued since 1990. Compensation expense related to stock appreciation rights was not material in 1993, 1992, or 1991. Of the shares covered by options outstanding at December 31, 1993, 6% were the subject of stock appreciation rights.

Changes in the status of common shares subject to issuance under options were as follows:

<TABLE>
<CAPTION>

	Shares		
	1993	1992	1991
<S>	<C>	<C>	<C>
Options outstanding at beginning of year.....................	5,006,365	4,164,779	3,661,480
Granted to officers and key employees in 1993,1992, and 1991 at $75.06, $59.88, and $51.44 per share, respectively..............	744,140	1,034,670	737,050
Granted to outside directors in 1993, 1992, and 1991 at $60.75, $48.19, and $47.13 per share, respectively..............	8,000	10,000	11,000
Exercised.............................	(2,061,184)	(123,495)	(22,819)
Lapsed................................	(21,421)	(79,589)	(221,932)
Options outstanding at year-end........	3,675,900	5,006,365	4,164,779

</TABLE>

(Dollars in millions except per share data)

Options outstanding at December 31, 1993, had exercise prices ranging from $33.94 to $75.06 per share with an average exercise price of $62.38 per share and had expiration dates ranging from June 7, 1994, to June 6, 2003.

At December 31, unissued common shares were reserved for potential stock option grants and for issuance to other employee benefit plans in the following amounts:

	Shares 1993	Shares 1992	Shares 1991
1977 stock option plan...	1,273,652	1,273,082	1,261,640
1987 stock option plan...	2,212,616	1,943,905	2,920,428
Employee investment and other benefit plans.....	5,700,089	5,700,089	5,700,089
	9,186,357	8,917,076	9,882,157

B. STOCKHOLDERS' RIGHTS PLAN

The company is authorized to issue 5,000,000 shares of preferred stock, of which 2,000,000 shares have been designated as Series A Junior Participating Preferred Stock of $1.00 par value. None of the preferred shares or the Series A Junior Participating Preferred Stock have been issued.

On December 1, 1986, the company distributed a dividend of one preferred stock purchase right for each outstanding share of common stock. Each right entitles the holder to purchase one one-hundredth of a share of the Series A Junior Participating Preferred Stock, $1.00 par value, for $150, subject to adjustment. The rights are exercisable only after a third party acquires 20% or more of the company's common stock or after commencement of a tender offer by a third party, which upon consummation, would result in such party's control of 30% or more of the company's common stock. The rights, which do not have voting rights, expire on December 1, 1996, and may be redeemed by the company at a price of 5c per right at any time until ten days after a 20% ownership position has been acquired, unless such period is extended. The right of redemption may be reinstated under certain circumstances. In addition, the company amended the stockholder rights plan in December 1992 to permit stockholders, by a two-thirds vote taken at a special meeting of stockholders, to require the redemption of outstanding rights if a cash tender offer is made for all shares of common stock by a person owning not more than 5% of the outstanding common stock and if certain other requirements are satisfied.

If the company is acquired in a merger or other business combination at any time after the rights become exercisable and the company is not the surviving corporation or its common stock is changed or exchanged or 50% or more of the company's assets or earning power is sold or transferred, each such right will entitle its holder to purchase common shares of the acquiring company having a market value of twice the exercise price of each right (i.e., at a 50% discount). If a 20% or greater holder acquires the company and the company is the surviving corporation and its common stock is not changed or exchanged, or such holder engages in one or more "self-dealing" transactions as set forth in the Rights Agreement or increases its beneficial ownership of the company by more than 1% in a transaction involving the company, each right will entitle its holder, other than the acquirer, to purchase common stock of the company (or under certain circumstances to receive cash, preferred stock, or other securities of the company), at a similar 50% discount from market value at that time.

19. LEASES

The company leases certain computer and communications equipment, transportation equipment, and other property through operating leases. Lease expense on these leases is charged to operations as incurred. Total rental expense for operating leases was $137, $138, and $133 for 1993, 1992, and 1991, respectively. Minimum payments for operating leases having initial or remaining non-cancelable terms in excess of one year are:

Years ending December 31,	
1994..........................	$ 91
1995..........................	68
1996..........................	50
1997..........................	25
1998..........................	13
Thereafter....................	56

Total lease commitments.......	$303
	====

</TABLE>

20. CONCENTRATION OF CREDIT RISK

Financial instruments which potentially subject the company to credit risk consist primarily of trade and finance receivables and short-term and long-term investments.

Trade receivables are primarily short-term receivables from independently owned and operated dealers which arise in the normal course of business. The company performs regular credit evaluations of its dealers. The company generally doesn't require collateral, and the majority of its trade receivables are unsecured. The company does make use of various devices such as security agreements and letters of credit to protect its interests as it deems necessary. No single dealer or region represents a significant concentration of credit risk. At December 31, 1993 and 1992, the carrying value of trade receivables approximated fair value.

Finance receivables primarily represent receivables under installment sales contracts, receivables arising from leasing transactions, and notes receivable. The company generally maintains a secured interest in the equipment financed. Receivables from customers in construction-related industries made up approximately 31%, 33%, and 33% of total finance receivables at December 31, 1993, 1992, and 1991, respectively. No single customer or region represents a significant concentration of credit risk. Fair value information on finance receivables is included in note 10.

The company has short-term and long-term investments with high quality institutions and, by policy, limits the amount of credit exposure to any one institution. At December 31, 1993 and 1992, the carrying value of short-term investments approximated fair value. Long-term investments are held by Caterpillar Insurance Co. Ltd. and VEBA trusts (note 5B) and are a component of "Other assets" on Statement 3. At December 31, 1993 and 1992, the carrying value of long-term investments was $362 and $353, respectively, which, based on quoted market prices, approximated fair value.

21. ENVIRONMENTAL MATTERS

Based on a preliminary environmental assessment, during 1992 Solar Turbines Incorporated (Solar), a subsidiary of Caterpillar since 1981, estimated that assessment, remediation, and preventative expenditures for contamination of its Harbor Drive facility in San Diego, California, will be approximately $30 to $50 expended over the next 25 years, a significant portion of which will be capital expenditures. The contamination of Harbor Drive, a manufacturing facility for over 60 years, involves cleaning

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solvents, petroleum products, and metal products, which have been found in both soil and groundwater samples. Solar has been working closely with the state and local agencies and is not currently subject to a clean-up order. While subject to further analysis, Solar believes that a substantial portion of the expenditures may be recoverable from third parties who previously conducted manufacturing or other operations on or adjacent to the site. A reserve of $13 was recorded in 1992 with respect to this matter. Remediation expenses with respect to Solar were $3 for 1993.

Also in 1992, a reserve of $5 was recorded with respect to estimated costs of remediation of soil and groundwater contamination at other facilities. This reserve includes $4 made for estimated costs to remediate potential groundwater contamination at a former Caterpillar facility located in San Leandro, California. Remediation efforts have been ongoing, and Caterpillar has been working closely with the California Department of Toxic Substances Control in its remediation efforts. Remediation expenses with respect to San Leandro were less than $1 for 1993.

Based on an assessment of environmental matters, management believes that it is unlikely that any identified matters, either individually or in the aggregate, will have a material adverse effect on the company's consolidated financial position, results of operations or capital expenditures.

22. SEGMENT INFORMATION

A. BUSINESS SEGMENTS

The company operates in three principal business segments: Machinery (Earthmoving, Construction, and Materials Handling), Engines, and Financial Products. The company designs, manufactures, and markets products in both the Machinery and Engines segments. Financial Products includes the company's finance and insurance subsidiaries.

"Operating profit (loss)" for 1992 includes incremental operating expense resulting from the accounting changes (note 2) of $141 which is included in the Machinery and Engines segments and "General corporate expenses" in the amounts of $101, $38, and $2, respectively. In addition, "Operating profit (loss)" for 1992 includes the gain on sale of lift truck assets of $53 (note 7) included in the Machinery segment and charges for environmental clean-up, employee redundancy costs, and write-off of surplus assets of $29 included in the Machinery and Engines segments in the amounts of $14 and $15, respectively.

"Identifiable assets" for 1992 includes asset increases (decreases) resulting from the accounting changes (note 2) of $1,416 which are included in the Financial Products segment, "General corporate assets" and "Investments in affiliated companies" in the amounts of $(43), $1,471, and $(12), respectively.

"Operating profit (loss)" for 1991 includes provisions for plant closing and consolidation costs of $262 (note 6) and additional charges of $111 for other employee redundancy costs and the write-off of surplus assets. These costs are included in the Machinery and Engines segments in the amounts of $293 and $80, respectively.

The high degree of integration of the company's manufacturing operations necessitates the use of a substantial number of allocations in the determination of business segment information. Intersegment sales and revenues, which primarily represent intersegment engine sales, are valued at prices comparable to those for unaffiliated customers.

Information on the company's business segments was as follows:
<TABLE>
<CAPTION>

<S>	1993 <C>	1992 <C>	1991 <C>
For the years ended December 31:			
Sales:			
Machinery	$ 8,132	$ 7,209	$ 7,397
Engines	3,735	3,225	3,045
Elimination of intersegment engine sales	(632)	(594)	(604)
Consolidated sales	11,235	9,840	9,838
Financial Products revenues	380	354	344
Sales and Revenues	$11,615	$10,194	$10,182
Operating profit (loss):			
Machinery	$ 436	$ (107)	$ (281)
Engines	226	79	(10)
Financial Products	47	35	37
	709	7	(254)
General corporate expenses	(83)	(96)	(101)
Operating profit (loss)	$ 626	$ (89)	$ (355)
Capital expenditures - including equipment leased to others:			
Machinery	$ 243	$ 338	$ 467
Engines	154	153	171
Financial Products	205	121	119
General corporate	30	28	17
	$ 632	$ 640	$ 774
Depreciation and Amortization:			
Machinery	$ 405	$ 410	$ 367
Engines	163	155	151
Financial Products	70	63	54
General corporate	30	26	30
	$ 668	$ 654	$ 602
At December 31:			
Identifiable assets:			
Machinery	$ 5,260	$ 5,420	$ 5,479
Engines	2,265	2,114	2,229
Financial Products	3,676	2,956	2,696
	11,201	10,490	10,404
General corporate assets	3,212	3,100	1,292
Investments in affiliated companies	394	345	346
Total assets	$14,807	$13,935	$12,042

</TABLE>

(Dollars in millions except per share data)

B. GEOGRAPHIC SEGMENTS

Manufacturing activities of the Machinery and Engines segments are carried on in 24 plants in the United States, three in France, and one each in Australia, Belgium, Brazil, Indonesia, Italy, Mexico, and the United Kingdom. Contract manufacturers are located in the United States and the United Kingdom. Three major distribution centers are located in the United States and eight are located outside the United States. While the majority of the activity of the Financial Products segment is carried on in the United States, it also conducts operations in Australia, Canada, and Europe.

Caterpillar is a highly integrated company. The product of subsidiary companies' manufacturing operations located outside the United States, in most instances, consists of components manufactured or purchased locally which are assembled with components purchased from related companies. As a result, the profits of these operations do not bear any definite relationship to their assets, and individual subsidiaries' results cannot be viewed in isolation. Prices between Caterpillar companies are established at levels deemed equivalent to those which would prevail between unrelated parties.

For 1992, incremental operating expense resulting from the accounting changes (note 2) of $141 is included in "Operating profit (loss)" for "United States" and "General corporate expenses" in the amounts of $139 and $2, respectively. The gain on sale of lift truck assets of $53 (note 7) is included in "Operating profit (loss)" for "United States." In addition, charges for environmental clean-up, employee redundancy costs, and write-off of surplus assets of $29 are included in "Operating profit (loss)" for "Europe" and "All other" in the amounts of $8 and $21, respectively.

For 1991, provisions for plant closing and consolidation costs of $262 (note 6), additional charges of $111 for other employee redundancy costs, and the write-off of surplus assets are included in "Operating profit (loss)" for "United States," "Europe," and "All other" in the amounts of $263, $48, and $62, respectively.

Information on the company's geographic segments, based on the location of the company's manufacturing operations for Machinery and Engines, was as follows:
<TABLE>
<CAPTION>

	1993	1992	1991
<S>	<C>	<C>	<C>
For the years ended December 31:			
Sales from:			
United States	$ 9,159	$ 7,462	$ 7,471
Europe	1,678	1,908	1,824
All other	737	748	856
Elimination of intersegment sales from:			
United States	(154)	(144)	(166)
Europe	(97)	(61)	(56)
All other	(88)	(73)	(91)
Consolidated sales	11,235	9,840	9,838
Revenues:			
United States	309	298	293
All other	71	56	51
Sales and revenues	$11,615	$10,194	$10,182
Operating profit (loss):			
Machinery and Engines:			
United States	$ 620	$ (3)	$ (137)
Europe	46	(3)	(48)
All other	(4)	(22)	(106)
	662	(28)	(291)
Financial Products:			
United States	43	34	32
All other	4	1	5
Total Financial Products	47	35	37
	709	7	(254)
General corporate expenses	(83)	(96)	(101)
Operating profit (loss)	$ 626	$ (89)	$ (355)
At December 31:			
Identifiable assets:			

Machinery and Engines:			
United States	$ 5,770	$ 5,584	$ 5,563
Europe	1,101	1,211	1,289
All other	654	739	856
	7,525	7,534	7,708
Financial Products:			
United States	2,896	2,448	2,342
All other	780	508	354
	3,676	2,956	2,696
	11,201	10,490	10,404
General corporate assets	3,212	3,100	1,292
Investments in affiliated companies	394	345	346
Total Assets	$14,807	$13,935	$12,042

</TABLE>

C. NON-U.S. SALES

Sales outside the United States were 49% of consolidated sales for 1993, 55% for 1992, and 59% for 1991. Information on the company's sales outside the United States, based on dealer location, was as follows:

<TABLE>
<CAPTION>

<S>	1993 <C>	1992 <C>	1991 <C>
For the years ended December 31:			
Sales of U.S. manufactured product:			
Asia/Pacific	$1,172	$ 938	$1,011
Europe	645	608	656
Latin America	570	628	610
Africa/Middle East	577	606	781
Canada	625	417	481
	3,589	3,197	3,539
Sales of non-U.S. manufactured product:			
Asia/Pacific	440	371	400
Europe	933	1,177	1,124
Latin America	279	280	263
Africa/Middle East	225	286	367
Canada	59	108	87
	1,936	2,222	2,241
Total sales outside the United States:			
Asia/Pacific	1,612	1,309	1,411
Europe	1,578	1,785	1,780
Latin America	849	908	873
Africa/Middle East	802	892	1,148
Canada	684	525	568
	$5,525	$5,419	$5,780

</TABLE>

23. SELECTED QUARTERLY FINANCIAL RESULTS (UNAUDITED)

Financial information for interim periods was as follows:

<TABLE>
<CAPTION>

	1993 Quarter			
<S>	1st <C>	2nd <C>	3rd <C>	4th <C>
Sales and revenues	$2,697	$2,905	$2,845	$3,168
Less: Revenues	89	95	95	101
Sales	2,608	2,810	2,750	3,067
Cost of goods sold	2,172	2,298	2,224	2,381
Gross margin	436	512	526	686
Profit before extraordinary loss	34	67	432	148
Profit	34	67	432	119
Profit per share of common stock:				
Profit before extraordinary loss	$ .34	$ .66	$ 4.26	$ 1.46
Profit	$ .34	$ .66	$ 4.26	$ 1.17

</TABLE>

Third quarter 1993 results included after-tax nonrecurring gains of $300 related to the settlement with the IRS for taxes and related interest for the period 1979-1987 and of $36 related to revaluation of the company's net U.S. deferred tax asset position as a result of the increase in the U.S. federal corporate tax rate (note 9).

Fourth quarter 1993 results included an extraordinary loss on early retirement of debt of $29, net of tax (note 16).

	1992 Quarter			
	1st	2nd	3rd	4th
Sales and revenues.............	$ 2,183	$2,600	$2,677	$2,734
Less: Revenues.................	87	86	91	90
Sales..........................	2,096	2,514	2,586	2,644
Cost of goods sold.............	1,916	2,173	2,140	2,215
Gross margin...................	180	341	446	429
Profit (loss) before effects of accounting changes.........	(157)	(64)	5	(2)
Profit (loss)..................	(2,374)	(64)	5	(2)
Profit (loss) per share of common stock:				
Profit (loss) before effects of accounting changes.......	$ (1.56)	$ (.63)	$ .05	$ (.02)
Profit (loss)...............	$(23.53)	$ (.63)	$ .05	$ (.02)

In the fourth quarter of 1992, the company adopted three new accounting standards effective January 1, 1992 (note 2). Fourth quarter 1992 results included a pretax nonrecurring gain of $56, primarily from the sale of lift truck assets (note 7).

ELEVEN-YEAR FINANCIAL SUMMARY
(Dollars in millions except per share data)

	1993	1992	1991	1990
FOR THE YEARS ENDED DECEMBER 31:				
Sales and revenues....................................	$11,615	10,194	10,182	11,436
Sales...	$11,235	9,840	9,838	11,103
Percent inside the United States......................	51%	45%	41%	45%
Percent outside the United States.....................	49%	55%	59%	55%
Revenues..	$ 380	354	344	333
Profit (loss) before effects of accounting changes (1)..	$ 652	(218)	(404)	210
Effects of accounting changes (note 2).................	$ -	(2,217)	-	-
Profit (loss)(1)......................................	$ 652	(2,435)	(404)	210
Profit (loss) per share of common stock: (1) (2)				
Profit (loss) before effects of accounting changes(1)..	$ 6.43	(2.16)	(4.00)	2.07
Effects of accounting changes (note 2)................	$ -	(21.96)	-	-
Profit (loss)...	$ 6.43	(24.12)	(4.00)	2.07
Dividends declared per share of common stock...........	$ .60	.60	1.05	1.20
Return on average common stock equity..................	34.6%	(86.7%)	(9.4%)	4.7%
Capital expenditures:				
Land, buildings, machinery, and equipment.............	$ 417	515	653	926
Equipment leased to others............................	$ 215	125	121	113
Depreciation and amortization..........................	$ 668	654	602	533
Research and engineering expenses......................	$ 455	446	441	420
As a percent of sales and revenues....................	3.9%	4.4%	4.3%	3.7%
Provision (credit) for income taxes(3).................	$ 42	(114)	(152)	78
Wages, salaries, and employee benefits.................	$ 3,038	2,795	3,051	3,032
Average number of employees............................	50,443	52,340	55,950	59,662
AT DECEMBER 31:				
Total receivables:				
Trade and other.......................................	$ 2,769	2,330	2,133	2,361
Finance...	$ 3,140	2,525	2,145	1,891
Inventories...	$ 1,525	1,675	1,921	2,105

Total assets:				
Machinery and Engines.................................	$11,131	10,979	9,346	9,626
Financial Products....................................	$ 3,676	2,956	2,696	2,325
Long-term debt due after one year:				
Machinery and Engines.................................	$ 2,030	2,753	2,676	2,101
Financial Products....................................	$ 1,865	1,366	1,216	789
Total debt:				
Machinery and Engines.................................	$ 2,387	3,271	3,136	2,873
Financial Products....................................	$ 3,041	2,401	2,111	1,848
Ratios - excluding Financial Products:				
Ratio of current assets to current liabilities.........	1.53 to 1	1.57 to 1	1.74 to 1	1.67 to 1
Percent of total debt to total debt and stockholders' equity.............................	52.1%	67.5%	43.7%	38.8%

</TABLE>

/1/ 1993 profit was after extraordinary loss on early retirement of debt; profit before extraordinary loss was $681, $6.72 per share of common stock. 1987 profit was after extraordinary tax benefit; profit before extraordinary tax benefit was $319, $3.20 per share of common stock.
/2/ Computed on weighted average number of shares outstanding.
/3/ As discussed in note 2, the company adopted SFAS 109 in 1992. Prior to 1992, the tax provision was determined in accordance with APB 11. The 1987 provision for income taxes, including the reduction for the $31 extraordinary tax benefit, was $87.

A-24

CATERPILLAR INC.

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<TABLE>
<CAPTION>

<S>	1989 <C>	1988 <C>	1987 <C>	1986 <C>	1985 <C>	1984 <C>	1983 <C>
FOR THE YEARS ENDED DECEMBER 31:							
Sales and revenues....................................	11,126	10,435	8,294	7,380	6,760	6,597	5,429
Sales...	10,882	10,255	8,180	7,321	6,725	6,576	5,424
Percent inside the United States....................	47%	50%	52%	54%	56%	58%	54%
Percent outside the United States...................	53%	50%	48%	46%	44%	42%	46%
Revenues..	244	180	114	59	35	21	5
Profit (loss) before effects of accounting changes (1)	497	616	350	76	198	(428)	(345)
Effects of accounting changes (note 2)...............	-	-	-	-	-	-	-
Profit (loss)(1)....................................	497	616	350	76	198	(428)	(345)
Profit (loss) per share of common stock: (1) (2)							
Profit (loss) before effects of accounting changes(1)	4.90	6.07	3.51	.77	2.02	(4.47)	(3.74)
Effects of accounting changes (note 2)..............	-	-	-	-	-	-	-
Profit (loss).......................................	4.90	6.07	3.51	.77	2.02	(4.47)	(3.74)
Dividends declared per share of common stock..........	1.20	.86	.56	.63	.50	1.25	1.50
Return on average common stock equity................	11.6%	16.0%	10.4%	2.4%	6.7%	(13.8%)	(10.1%)
Capital expenditures:							
Land, buildings, machinery, and equipment...........	984	732	463	290	228	234	313
Equipment leased to others..........................	105	61	30	41	55	23	14
Depreciation and amortization.........................	471	434	425	453	485	497	507
Research and engineering expenses.....................	387	334	298	308	326	345	340
As a percent of sales and revenues..................	3.5%	3.2%	3.6%	4.2%	4.8%	5.2%	6.3%
Provision (credit) for income taxes(3)................	162	262	118	21	25	(115)	(264)
Wages, salaries, and employee benefits................	2,888	2,643	2,284	2,184	2,173	2,426	2,142
Average number of employees...........................	60,784	57,954	53,770	54,024	55,815	61,189	58,402
AT DECEMBER 31:							
Total receivables:							
Trade and other.....................................	2,353	2,349	2,044	1,755	1,305	1,135	1,458
Finance...	1,498	1,222	795	466	108	64	67
Inventories...	2,120	1,986	1,323	1,211	1,139	1,246	1,193
Total assets:							
Machinery and Engines	9,100	8,226	6,647	6,134	5,951	6,084	6,849
Financial Products..................................	1,826	1,460	984	627	235	169	96
Long-term debt due after one year:							
Machinery and Engines...............................	1,797	1,428	900	963	1,177	1,384	1,894
Financial Products..................................	491	525	387	171	87	4	5
Total debt:							
Machinery and Engines...............................	2,561	2,116	1,484	1,582	1,404	1,861	2,247
Financial Products..................................	1,433	1,144	712	370	130	26	7
Ratios - excluding Financial Products:							
Ratio of current assets to current liabilities.......	1.78 to 1	1.76 to 1	1.55 to 1	1.50 to 1	1.69 to 1	1.43 to 1	2.07 to 1
Percent of total debt to total debt and stockholders' equity...........................	36.4%	34.0%	29.4%	33.4%	31.4%	39.5%	40.2%

</TABLE>

A-25

MANAGEMENT'S DISCUSSION AND ANALYSIS

The discussions of Results of Operations, and Liquidity and Capital Resources are grouped as follows:

CONSOLIDATED - Represents the consolidated data of Caterpillar Inc. and subsidiaries, including the Financial Products subsidiaries.

MACHINERY AND ENGINES - Company operations excluding the Financial Products subsidiaries. This category consists primarily of the company's manufacturing, marketing, and parts distribution operations, which are highly integrated. Unless attributed to a particular subsidiary, items discussed in Management's Discussion and Analysis reflect the consolidated effect of contributions by worldwide operations.

FINANCIAL PRODUCTS - The company's Financial Products subsidiaries, primarily Caterpillar Financial Services Corporation and Caterpillar Insurance Co. Ltd. Cat Financial and its subsidiaries in Australia, Canada, and Europe derive earnings from financing sales and leases of Caterpillar products and noncompetitive related equipment and from loans extended to Caterpillar customers and dealers. Cat Insurance provides insurance services to Caterpillar dealers and customers to help support their purchase and financing of Caterpillar equipment.

RESULTS OF OPERATIONS

1993 COMPARED WITH 1992

Profit for 1993 was $681 million or $6.72 per share excluding an extraordinary loss of $29 million. A 14% improvement in sales and revenues was the most significant reason for the turnaround from last year's loss of $218 million (excluding the transition effect of new accounting standards adopted in 1992). Sales and revenues were $11.62 billion, up $1.42 billion - a substantial improvement from 1992.

When comparing 1993 with 1992, several material nonrecurring items should be considered. In 1992, the reported loss of $2,435 million included a $2,217 million charge for transition effects of three new accounting standards. In 1993, the reported profit of $652 million included a $29 million extraordinary loss net of taxes related to premiums paid on the early retirement of $203 million of relatively high interest rate debt. In addition, 1993 included two nonrecurring income tax related items that favorably affected after-tax profit by $336 million: 1) a $300 million after-tax impact related to the settlement with the Internal Revenue Service of interest and taxes for the period 1979-1987; and 2) a tax credit of $36 million related to the 1% increase in the U.S. federal corporate tax rate enacted during the year. The credit was the result of revaluing the company's net U.S. deferred tax asset position.

Excluding the extraordinary loss and the effect of the tax-related items, profit was $345 million, a $563 million improvement compared with the 1992 loss of $218 million before the transition effect of new accounting standards. The following table summarizes the items mentioned above:

<TABLE>
<CAPTION>

	AFTER TAX 1993	AFTER TAX 1992
	(MILLIONS)	
<S>	<C>	<C>
Profit (Loss)	$ 652	$(2,435)
1992 Item		
. Transition Effects of New Accounting Standards		(2,217)
1993 Items		
. Extraordinary Loss	(29)	
. Nonrecurring Income Tax Related Gains	336	
Profit Excluding the Above Items	$ 345	$ (218)

</TABLE>

MACHINERY AND ENGINES

Sales of $11.24 billion were $1.40 billion higher than in 1992. Profit before tax related to Machinery and Engines was $654 million. Excluding the interest portion of the tax refund, profit before tax was $403 million - a $776 million improvement over 1992.

PROFIT (LOSS) BEFORE TAX AND BEFORE
THE INTEREST EFFECTS OF THE TAX REFUND

<TABLE>
<CAPTION>

BEFORE TAX

	1993	1992
	(MILLIONS)	
<S>	<C>	<C>
Profit (Loss)...	$ 654	$(373)
Less: Interest Effects of the Tax Refund.......................	251	
	$ 403	$(373)

</TABLE>

The primary reasons for the increase in profit were:

- A 14% increase in sales - 10% higher physical sales volume and a 4% improvement in price realization. The higher volume was primarily due to an increased share of industry sales and improved U.S. industry demand. The increase was partially offset by the effect of dealer inventory reductions and the absence of most lift-truck-related sales because of the lift truck joint venture established in July 1992 with Mitsubishi Heavy Industries, Ltd. The improvement in price realization was the result of price increases since the beginning of last year and a favorable shift in the geographic mix where sales occurred, partially offset by exchange rates that caused sales in European currencies to translate into fewer U.S. dollars;
- Lower costs as a result of weaker European currencies as expenses incurred in those currencies translated into fewer U.S. dollars;
- The full-year effect of employee benefit plan changes implemented during 1992;
- Lower average employment, despite the increase in physical sales volume;
- Lower interest expense due to lower average debt and lower interest rates; and
- An $8 million increase in LIFO (last-in, first-out) inventory decrement benefits ($38 million in 1993 vs. $30 million in 1992).

These favorable factors were somewhat offset by the effect of inflation on costs; absence of the $53 million net gain related to the sale of lift truck assets recorded in 1992; a change in the mix of sales as relatively more lower margin machines and engines were sold than in 1992; the impact of the stronger yen on purchases from Japan; and a $20 million increase in currency exchange losses.

Results of the company's Brazilian operations improved, but remained unprofitable. They continued to have a material adverse effect on consolidated results.

FINANCIAL PRODUCTS

For 1993, Financial Products generated before-tax profit of $68 million, compared with $55 million in 1992. The increase was primarily due to a larger portfolio of earning assets and a lower cost of borrowed funds.

Revenues totaled $380 million, an increase of $26 million from 1992. The increase in revenues, despite the low interest rate environment, resulted primarily from a larger portfolio of earning assets. Cat Financial financed new retail business of $1.97 billion, a $436 million or 28% increase, compared with 1992.

Receivables of $19 million were written off against the allowance for credit losses in 1993, compared with $14 million in 1992. At year-end, the allowance was $41 million or 1.3% of finance receivables, compared with $37 million or 1.4% at year-end 1992.

AFFILIATED COMPANIES

The company's share of affiliated companies' results was a profit of $1 million, a $15 million improvement from the loss in 1992. The improvement was primarily due to lower net interest and cost-cutting measures implemented at the company's 50%-owned affiliate, Shin Caterpillar Mitsubishi Ltd. in Japan.

FOURTH-QUARTER RESULTS

Caterpillar reported fourth-quarter profit of $148 million or $1.46 per share excluding the extraordinary loss of $29 million related to the early retirement of certain high interest rate debt. Including the extraordinary loss, profit was $119 million or $1.17 per share of common stock.

Excluding the extraordinary loss, profit improved $150 million from the $2 million loss recorded in the fourth quarter 1992. Sales and revenues were $3.17 billion, an increase of $434 million, or 16%.

Income taxes for the fourth quarter were $64 million. The fourth quarter included an unfavorable year-to-date adjustment of $7 million as actual taxes for the year were slightly higher than the estimated annual rate used for the first nine months.

The company's share of affiliated companies' earnings was less than $1 million, compared with a $5 million loss in the fourth quarter 1992. The improvement was principally at Shin Caterpillar Mitsubishi and was primarily due to lower net interest and cost-cutting measures.

MACHINERY AND ENGINES

Profit before tax related to Machinery and Engines was $195 million, a $209 million improvement from the $14 million loss a year ago. Sales of $3.07 billion were up $423 million - 12% higher physical sales volume and a 4% improvement in price realization.

Sales volume improved significantly inside the United States but was about flat outside the United States. The improvement inside the United States was due to improved U.S. industry demand, increased share of industry sales, and an increase in dealer inventories.

The improvement in price realization was the result of price increases taken over the past year and a favorable shift in the geographic sales mix. These gains were partially offset by the impact of weaker European currencies as sales translated into fewer U. S. dollars.

The improvement in profit was due primarily to the higher sales and the effect of the stronger U.S. dollar on costs in European currencies, partially offset by the absence of last year's $53 million net gain on the sale of lift-truck-related assets, and a shift in the mix of sales as relatively more lower margin machines and engines were sold. All other costs, adjusted for volume, were about the same as last year's fourth quarter.

Results of the company's Brazilian operations improved, but remained unprofitable. They continued to have a material adverse effect on consolidated results.

FINANCIAL PRODUCTS

The Financial Products before-tax profit was $17 million, an improvement of $5 million over the fourth quarter 1992. The improvement was primarily due to Caterpillar Insurance Co. Ltd.

Revenues were $101 million, up $11 million from fourth quarter 1992. The increase in revenues resulted primarily from a larger portfolio of earning assets at Caterpillar Financial Services Corporation. Cat Financial financed new retail business of $656 million, a $229 million or 53% increase, compared with the fourth quarter 1992.

1993 SALES

<TABLE>
<CAPTION>

	1993	1992	1991
	(BILLIONS)		
<S>	<C>	<C>	<C>
Sales...	$11.24	$ 9.84	$ 9.84

</TABLE>

Caterpillar's worldwide sales totaled $11.24 billion in 1993, a $1.40 billion or 14% increase over 1992. Most lift truck sales were excluded for 1993, but only for the second half of 1992 due to the commencement of the lift truck joint venture. Excluding lift truck sales for both years, Caterpillar sales increased $1.60 billion.

For the year, total physical sales volume increased about 10%. This improvement was due to an increased share of industry sales and higher industry demand which more than offset reductions in dealer inventories and lift truck sales. Geographically, significant increases in the United States, the Asia/Pacific region, and Canada more than offset moderate declines in Europe, the Africa/Middle East region, and Latin America.

SALES BY BUSINESS SEGMENT

<TABLE>
<CAPTION>

	1993	1992	1991
	(BILLIONS)		
<S>	<C>	<C>	<C>

Machinery	$ 8.14	$7.21	$7.40
Engines	3.10	2.63	2.44
	$11.24	$9.84	$9.84

Worldwide sales for the Machinery segment increased 13% from 1992. Most of the improvement was due to an increased share of industry sales both inside and outside the United States. Higher industry demand also contributed to the gain with a significant increase in the United States, which more than offset a decline in the rest of the world. The gain was tempered by the phase out of the lift truck business and by a reduction in dealer inventories as decreases outside the United States more than offset increases inside.

Engine segment sales increased 18% over 1992 levels. Sales volume increased significantly in the United States and Canada due to much higher truck engine industry demand and an improved share of industry sales. Company engine sales also rose considerably in the Asia/Pacific region. Worldwide, company sales of both diesel and turbine engines reached all-time highs.

Sales Inside/Sales Outside
(Billions of Dollars)
(ON SCALE FROM $0 TO $12 BILLION)

Measurement Period Fiscal Year Covered	Inside Sales	Outside Sales	Total Sales
FYE 12/31/89	5.13	5.75	10.88
FYE 12/31/90	5.02	6.08	11.10
FYE 12/31/91	4.05	5.78	9.83
FYE 12/31/92	4.42	5.42	9.84
FYE 12/31/93	5.71	5.52	11.23

CATERPILLAR SALES INSIDE THE UNITED STATES

	1993	1992	1991
	(BILLIONS)		
Machinery	$ 4.27	$ 3.23	$ 3.01
Engines	1.44	1.19	1.05
	$ 5.71	$ 4.42	$ 4.06

Caterpillar sales inside the United States were $5.71 billion, a $1.29 billion or 29% increase over 1992, resulting primarily from much stronger industry demand for both machines and engines. The increase also reflects a significantly improved share of industry sales and higher price realization. Sales inside the United States represented 51% of the worldwide total, up considerably from 45% in 1992.

The higher industry demand for machinery reflects increased replacement buying because of low interest rates, improved cash flow and generally improving levels of activity in most applications. While most activity levels improved during the course of the year, none except housing was noticeably higher for the year as a whole, confirming the important role interest rates and cash flow played in stimulating sales. The introduction over the past two years of many new models also contributed to the increase in replacement purchases and to the increased share of industry sales.

As a result of the higher industry demand and improved share of industry sales, dealer sales of Caterpillar machinery increased significantly in 1993. Dealer machine sales into most construction sectors increased substantially:

- Commercial, industrial and governmental building sector sales were higher for the second year in a row, although sales fell off slightly in the second half. Building construction levels in these sectors remained at 1992 levels despite an improving trend through the year.
- Sales to highway contractors continued the improvement begun in mid-1992 in response to the higher highway construction and repair spending authorized by Congress in December 1991.
- Sales to housing contractors also rose for the second consecutive year in response to a 7% increase in housing starts stimulated by mortgage rates that reached a 25-year low. Sales growth was particularly strong late in the year when housing starts began to increase rapidly.

Dealer machine sales into the commodity sector increased significantly - although results were mixed by sector:

- Sales into coal mining increased moderately, although coal production declined slightly in response to the United Mine Workers strike and mild temperatures. Coal prices also declined during the year.
- Sand and quarry mining sales increased significantly, although mine production was flat.
- Sales into metal mining were moderately higher, but trended down in the second half. Metal mine production rose slightly, while prices were lower for the year.
- Forestry sales considerably exceeded 1992 levels, but also trended down in the second half. Forest production was unchanged, but prices were substantially higher due primarily to environmental restrictions on supply.
- Sales into agriculture were significantly higher as the farm economy improved.
- Petroleum sales declined moderately as natural gas pipeline construction decreased, oil prices fell, and drilling rig activity remained at relatively low levels.

Dealer machine sales into other sectors rose considerably. Sales to industrial applications (primarily the manufacture and sale of building materials) increased significantly, while sales to solid waste applications rose moderately.

Engine segment sales rose 21% in 1993 due to much stronger diesel engine sales, particularly heavy-duty truck engines. Diesel engine sales were up sharply due both to higher industry demand and an increased share of industry sales. The truck

engine industry registered particularly strong growth in 1993 as low interest rates and increased economic activity stimulated a significant increase in on-highway truck sales by Original Equipment Manufacturers (OEMs). Sales in the United States of turbine engines declined moderately.

Direct sales of machines and engines to the U.S. Department of Defense fell 2% to $53 million in 1993.

CATERPILLAR SALES OUTSIDE THE UNITED STATES

	1993	1992	1991
	(BILLIONS)		
Machinery	$3.87	$3.98	$4.39
Engines	1.66	1.44	1.39
	$5.53	$5.42	$5.78

Caterpillar sales outside the United States totaled $5.53 billion, a $106 million or 2% increase from 1992. These sales represented 49% of the worldwide total, down from 55% in 1992.

Sales increased slightly from 1992 levels as an increased share of industry sales and higher price realization were partially offset by dealer inventory reductions, fewer lift truck sales, and lower industry demand. Geographically, higher sales in the Asia/Pacific region and Canada were offset by lower sales in Europe, Africa/Middle East, and Latin America.

The decline in Machinery segment sales is wholly attributable to the absence of most lift-truck-related sales in 1993. Even with an adjustment for lift trucks, however, machinery sales would not have shown any growth in 1993 due to dealer inventory reductions primarily in Europe and the Africa/Middle East region.

Engine segment sales rose 15%. Diesel engine sales rose considerably due to a significant increase in truck engine demand by OEMs in Canada. Elsewhere, sales of diesel engines registered smaller gains with the exception of Latin America and the Africa/Middle East region where sales fell moderately. Company sales of turbine engines increased moderately.

ASIA/PACIFIC

Sales rose about 23% after declining in 1992.

Sales were up moderately in Australia as the economy continued to strengthen in response to low interest rates and fiscal stimulus. Sales of machines to end-users were up in most applications including metal and non-metal mining and housing. Sales to the coal mining sector declined. Sales of diesel engines to OEMs and end-users rose considerably.

The ongoing recession in Japan led to another year of lower private construction activity and a third year of industry decline. Dealer machine sales of U.S.-built product fell moderately, but the impact on company sales was offset by less inventory reduction in 1993 than in 1992.

In the rest of the Asia/Pacific region, sales rose significantly, reversing a two-year decline. Easier monetary and fiscal policies stimulated better economic growth throughout the region leading to higher machine end-user demand in all market applications except large public construction projects. Sales rose in all major countries except South Korea. China in particular registered excellent economic growth and machine sales rose considerably. Sales of diesel engines also rose significantly in the Asia/Pacific region.

EUROPE

Sales declined about 12% as most of Western Europe remained mired in the worst recession since World War II. A prolonged period of tight monetary policy resulted in negative economic growth for Europe in 1993, and sales declined in nearly all Western European countries. Exceptions were the United Kingdom, where economic recovery is underway, and several Scandinavian countries as well as Switzerland where interest rates fell substantially. In contrast to the 12% decline in company sales, dealer sales to users declined only slightly for both machines and engines, reflecting the impact of inventory reductions on company sales.

Sales into the Commonwealth of Independent States (CIS) rose significantly as a result of several large transactions to provide equipment for oil and mining sectors.

Sales to Eastern European countries continued to increase, but remained limited due to balance of payments constraints.

LATIN AMERICA

Sales were flat excluding a decline in turbine engine sales due to the completion in 1992 of a large turbine engine project in Venezuela. In Brazil, company sales were up slightly as the economy recovered from recession in 1992.

Outside Brazil, an end to dealer inventory increases resulted in flat machine and diesel engine sales despite moderately higher sales to end-users and moderate economic growth. Mexico was an exception where both company and end-user sales fell considerably due to the weak economy.

AFRICA/MIDDLE EAST

Sales declined about 10%. Reductions occurred in both the Middle East and Africa. In Iran, government financial difficulties resulted in significantly lower sales which more than offset sizable gains in several other Middle East countries.

Sales in South Africa declined considerably reflecting political uncertainty and the lingering effect of the four-year recession. Sales in developing Africa also declined, primarily due to weak commodity prices and a generally poor economic climate.

CANADA

Sales rose about 30% following three years of decline. The improvement reflects moderately higher industry growth as well as an increased share of industry sales.

The investment climate improved considerably in 1993 as the economy posted moderate growth. Lower interest rates and improved cash flow contributed to machine growth in all market applications except metal mining and government construction projects. Diesel engine sales rose very significantly, primarily to OEMs.

DEALER INVENTORIES OF NEW MACHINES AND ENGINES

U.S. dealers' new machine inventories rose considerably in 1993, and at year-end were about normal relative to current selling rates. U.S. dealer engine inventories at year-end were

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slightly below 1992 levels but about normal relative to current selling rates.

Outside the United States, dealers' new machine inventories declined significantly in 1993 and by year-end were slightly below normal relative to current selling rates. Engine inventories were slightly above 1992 levels, but about normal relative to current selling rates.

1992 COMPARED WITH 1991

Excluding the effects of new accounting standards, the company incurred a loss of $190 million or $1.88 per share of common stock for 1992. Including incremental expense of $28 million due to the new standards, the loss was $218 million or $2.16 per share of common stock. Consolidated sales and revenues for the year were $10.19 billion, about the same as 1991.

In the fourth quarter of 1992, the company adopted three new accounting standards effective January 1, 1992: Statement of Financial Accounting Standards (SFAS) 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions"; SFAS 112, "Employers' Accounting for Postemployment Benefits"; and SFAS 109, "Accounting for Income Taxes." The transition effect of the new accounting standards resulted in an additional loss of $2,217 million after tax. Including this effect, the 1992 loss was $2,435 million or $24.12 per share of common stock.

In 1991, the company incurred a loss of $404 million or $4.00 per share. This included $373 million of pretax nonrecurring charges, primarily for plant closing and consolidation and other employee redundancy costs.

Of the $190 million loss in 1992 excluding the effects of adopting the new accounting standards, approximately one-half can be attributed to losses from Brazilian operations.

From November 1991 through April 1992, several of the company's facilities were struck by the United Auto Workers (UAW) union. The strike did not, however, have a material effect on 1991 or 1992 results.

The Consolidated pretax loss was $318 million - a $373 million loss from Machinery and Engines, partially offset by a $55 million profit from Financial Products. The 1992 Consolidated pretax loss excludes the transition adjustment related to the new accounting standards, but includes 1992 incremental pretax expense of $117 million related to the new standards. The Consolidated pretax loss is $253 million less than the pretax loss of $571 million in 1991.

A $114 million tax benefit was recorded in 1992, compared with a tax benefit of $152 million in 1991.

The company's share of the loss of affiliated companies was $14 million compared with a profit of $15 million in 1991. The difference was principally attributable to the company's 50%-owned affiliate, Shin Caterpillar Mitsubishi Ltd. in Japan, and was due to lower sales and the absence of gains on the 1991 sale of surplus assets.

MACHINERY AND ENGINES

1992 sales of $9.84 billion were the same as 1991 sales. The before-tax loss related to Machinery and Engines was $373 million. Excluding $117 million of incremental pretax expenses related to the new accounting standards, the before-tax loss was $256 million, compared with a $621 million pretax loss in 1991.

Losses in both years were affected by nonrecurring items - $373 million of expense in 1991 and income of $24 million in 1992. The 1991 expenses included $262 million for plant closings and consolidations, and $111 million for employee redundancy costs other than for plant closings and the write-off of some machinery and equipment. The $24 million of income in 1992 was the result of a $53 million net gain from the sale of assets to the new lift truck joint venture ($51 million of the net benefit was a result of the LIFO inventory decrement related to sale of inventory assets), partially offset by $29 million of other nonrecurring costs. Included in these costs are a $13 million charge for voluntary environmental clean-up at Solar Turbines Incorporated, a wholly owned subsidiary; various smaller environmental clean-up charges at other sites; charges for employee redundancy at various locations; and other smaller asset write-offs.

Excluding the incremental expenses related to accounting changes in 1992 and excluding the nonrecurring items in both years, the before-tax loss was $280 million in 1992, compared with a pretax loss of $248 million in 1991.

The favorable items affecting results were:

. Improved price realization. Although total sales were about the same as 1991, price realization improved about 4 1/2% while sales volume declined about 4 1/2%. The improvement in price realization was the result of price increases and the effect of a weaker dollar as sales in European currencies translated into more dollars. The benefit of the weaker dollar was reduced by currency hedges covering a portion of sales of U.S. manufactured products sold into Europe. The hedges were put in place in 1991 to protect margins against potential strengthening of the U.S. dollar;
. Adjustments to cost of goods sold relating to inventory as a result of periodic reconciliation of inventory stock records to the accounting records;
. LIFO inventory decrement benefits increased $7 million, from $23 million in 1991 to $30 million in 1992 (excluding benefits that occurred as a result of the sale of inventory to the lift truck joint venture).

The unfavorable items were:

- A 4 1/2% decline in physical sales volume caused by a decline in market demand;
- Higher costs resulting from a weaker dollar, as costs in European currencies translated into more U.S. dollars. While the weakening of the dollar affected both costs and sales, the net effect on results was unfavorable;
- Unfavorable changes in the mix of sales as relatively more lower margin machines and engines were sold;
- Higher costs as a result of inflation, particularly for wages and benefits. Although costs were higher, much of the effect of inflation was offset by employment reductions on all payrolls;
- Increased depreciation and amortization of $43 million;

- Higher interest expense; and
- Currency exchange losses of $11 million in 1992. 1991 gains were $9 million.

FINANCIAL PRODUCTS

Financial Products' pretax profit was $55 million, a $5 million improvement over 1991. Revenues were $354 million, $10 million higher than in 1991. The new accounting standards did not have a significant effect on Financial Products' pretax results.

The net improvement in revenues was due to an increase in Caterpillar Financial Services' portfolio, partially offset by Caterpillar Insurance discontinuing a casualty insurance program for dealers. Cat Financial's portfolio totaled $2.81 billion at year-end 1992, compared with $2.44 billion at the end of 1991.

The $5 million improvement in pretax profit was principally due to the growth in Cat Financial's revenues.

The provision recorded for credit losses was $20 million, $7 million higher than 1991. Receivables of $14 million were written off against the allowance for credit losses in 1992, compared with $13 million in 1991. At year-end, the allowance was $37 million or 1.4% of finance receivables, compared with $31 million or 1.4% at year-end 1991.

LIQUIDITY AND CAPITAL RESOURCES

Consolidated cash generated by operating activities totaled $1.40 billion in 1993, compared with $503 million in 1992.

Total debt was $5.43 billion, a decrease of $244 million from year-end 1992. Over this period, debt related to Machinery and Engines decreased $884 million, and debt related to Financial Products increased $640 million.

MACHINERY AND ENGINES

Cash provided from operating activities related to Machinery and Engines totaled $1.27 billion, compared with $382 million in 1992. The improvement in cash flow is primarily the result of improved profitability, including the impact of the tax refund, and a decrease in inventory, partially offset by higher receivables due to the increase in sales.

Capital expenditures, excluding equipment leased to others, totaled $415 million in 1993, compared with $513 million a year ago - the fourth consecutive year of decline, reflecting the completion of the company's plant modernization program and improved asset management. 1994 capital expenditures, excluding equipment leased to others, are expected to be slightly higher than 1993.

During 1993, Machinery and Engines debt dropped $884 million. Long-term debt totaling $408 million matured, was called, or was repurchased in the market. New long-term debt totaling $200 million was issued.

The percent of debt to debt plus equity (excluding Financial Products) was 52%, at December 31, 1993 - down significantly from 68% a year ago.

In October 1993, the company received a net tax refund and related interest totaling $300 million. This refund was used to reduce outstanding debt, including the market repurchase of long-term debt totaling $203 million. The repurchase of debt completed the planned retirement announced in September.

FINANCIAL PRODUCTS

Cash flows from operations related to Financial Products totaled $131 million in 1993, compared with $125 million a year ago.

Cash used to purchase equipment leased to others totaled $203 million in 1993. In addition, at December 31, 1993, net finance receivables increased $615 million from December 31, 1992 levels.

Financial Products' debt was $3.04 billion at year-end 1993, an increase of $640 million compared with year-end 1992.

At the end of the year, finance receivables past due over 30 days were 1.9%, compared with 2.5% at the end of 1992.

The ratio of debt to equity of Cat Financial was 7.3:1 at December 31, 1993, compared with 6.8:1 at December 31, 1992.

Financial Products had outstanding credit lines totaling $1.51 billion at year-end 1993, which included a $455 million revolving credit agreement. Credit lines of $1.24 billion were utilized for backup for commercial paper, discounting of bank trade bills, bank borrowings, and a credit/liquidity enhancement facility. The balance was available to support the issuance of additional commercial paper and for other borrowings.

DIVIDENDS

Quarterly dividends paid per share of common stock for the last three years were as follows:

<TABLE>
<CAPTION>

QUARTER	1993	1992	1991
First................	$ .15	$ .15	$ .30
Second...............	.15	.15	.30
Third................	.15	.15	.30
Fourth...............	.15	.15	.30
	$ .60	$ .60	$1.20

</TABLE>

EMPLOYMENT

At year-end, Caterpillar's worldwide employment was 51,250, an increase of 501 from the end of 1992. Hourly employment increased 725 to 29,458 from year-end 1992. Salaried and management employment decreased 224 to 21,792 despite the sales volume increase.

<TABLE>
<CAPTION>

YEAR-END EMPLOYMENT		1993		1992
Inside United States............		38,103		37,311
Outside United States				
Europe.........................	7,999		8,011	
Latin America..................	3,735		4,088	
Asia/Pacific...................	1,235		1,155	
Canada.........................	91		97	
Other..........................	87		87	
	13,147	13,147	13,438	13,438
Total Employment................		51,250		50,749

OTHER MATTERS

ENVIRONMENTAL MATTERS

The company's facilities and products are subject to extensive environmental laws and regulations. Research, engineering, and operating expenses relating to environmental protection totaled approximately $126 million in 1993, and are expected to remain relatively constant for 1994. Such expenses include depreciation expenses of approximately $10 million, but exclude reserves described hereinafter. Capital expenditures for pollution abatement and control for 1993 were approximately $11 million, approximately 2.5% of total capital expenditures. For 1994, the company estimates that such capital expenditures will approximate $17 million.

It is expected that these expenditure levels will continue and may increase over time. However, the ultimate cost of future compliance is uncertain due to a number of factors such as the evolving nature and interpretation of environmental laws and regulations, the extent of remediation which may be required at sites identified by the Environmental Protection Agency (EPA), or comparable state authorities, and evolving technologies. The 1990 Amendments to the Clean Air Act provide, among other things, for more stringent air emission standards which may require significant expenditures to bring the company's facilities into compliance and to redesign certain of the company's products. The 1990 Amendments are scheduled to be implemented throughout the 1990s and the first decade of the 21st century. However, a large number of the regulations which will be required to achieve that implementation have not yet been proposed or promulgated. In 1993, capital and operating expenditures attributed to compliance with the 1990 Amendments were approximately $15 million. Expenditures for 1994 are expected to be approximately $19 million.

Based on a preliminary environmental assessment, during 1992 Solar Turbines Incorporated (Solar), a subsidiary of Caterpillar Inc. since 1981, estimated that assessment, remediation, and preventative expenditures for contamination of its Harbor Drive facility in San Diego, California, will be approximately $30 to $50 million expended over the next 25 years, a significant portion of which will be capital expenditures. The contamination of Harbor Drive, a manufacturing facility for over 60 years, involves cleaning solvents, petroleum products, and metal products, which have been found in both soil and groundwater samples. Solar has been working closely with state and local agencies on this issue. While subject to further analysis, Solar believes that a substantial portion of the expenditures may be recoverable from third parties who previously conducted manufacturing or other operations on or adjacent to the site. A reserve of $13 million was recorded in the third quarter of 1992 with respect to this matter. Remediation expenses with respect to Harbor Drive were $3 million for 1993.

Also in 1992, a reserve of $5 million was recorded with respect to estimated costs of remediation of soil and groundwater contamination at locations at other company facilities. This reserve includes $4 million for estimated costs to remediate potential groundwater contamination at a former Caterpillar facility located in San Leandro, California. Remediation efforts have been ongoing, and the company has been working closely with the California Department of Toxic Substances Control in its remediation efforts. Remediation expenses with respect to San Leandro were less than $1 million for 1993.

As of December 31, 1993, the company, in conjunction with numerous other parties, has been identified as a potentially responsible party (PRP) at 18 active sites identified by the EPA, or similar state authorities for remediation under the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (CERCLA), or comparable federal or state statutes (CERCLA sites). Lawsuits and claims involving additional environmental matters are likely to arise from time to time.

CERCLA and facility sites are in varying stages of investigation and remediation. As a result, management's assessment of potential liability and remediation costs have been based on currently available facts, the stage of the proceedings, the number of PRPs identified, documentation available, currently anticipated and reasonably identifiable remediation costs, amounts contributed by the company on a pro-rata basis toward investigation and remediation costs, existing technology, presently enacted laws and regulations, and other factors. While the company may have rights of contribution or reimbursement under insurance policies, such issues are not factors in management's estimation of liability.

Based on the foregoing factors, management believes that it is unlikely that any identified matters, either individually or in the aggregate, will have a material adverse effect on the company's consolidated financial position, results of operations or capital expenditures. Remediation and monitoring expenses actually incurred in 1993 in respect of CERCLA sites and soil and groundwater contamination at company facilities (including Harbor Drive and San Leandro sites noted above) were approximately $4 million.

LITIGATION

On July 18, 1990 and July 20, 1990, two class action complaints were filed against the company and certain of its officers and directors in United States District Court for the Central District of Illinois ("District Court") on behalf of all persons (other than the defendants) who purchased or otherwise acquired common stock of the company and certain options relating to common stock of the company between January 19, 1990 and June 26, 1990 (the "Class Period"), alleging, among other things, violations of certain provisions of the federal securities laws. The two cases were consolidated on April 2, 1991 ("Consolidated Class Actions"). The consolidated complaint alleged that the defendants fraudulently issued public statements and reports during the Class Period which were misleading in that they failed to disclose material adverse information relating to the company's Brazilian operations, its factory modernization program and its reorganization plan.

The plaintiffs and the defendants, with the active participation and approval of the company's directors and officers liability insurer (the "Insurer"), have reached an agreement regarding settlement of the Consolidated Class Actions. The settlement is contingent upon approval by the District Court and certain other contingencies.

Pursuant to the directors and officers liability policy (the "Policy"), the company has requested that the Insurer acknowledge that 100% of the amount to be paid under the settlement

agreement, beyond the company's self-insured retention under the Policy, is covered by the Policy. Because the company is named as a co-defendant in the Consolidated Class Actions, the insurer has denied coverage for a portion of the settlement amount, claiming that some liability must be attributable to the company and not covered under the Policy. The company has been advised that the position of the Insurer is contrary to applicable law and the company has brought an action in the District Court against the Insurer for breach of contract and declaratory relief ("Declaratory Judgment Action"). The company believes a successful recovery against the Insurer is likely in this Declaratory Judgment Action. If that recovery is obtained, the company believes that its cost with respect to the settlement of the Consolidated Class Actions will approximate costs necessary to litigate the Consolidated Class Actions to a successful conclusion at trial. Regardless of whether the company is successful in the Declaratory Judgment Action, the company does not believe the settlement of the Consolidated Class Actions will have a materially negative impact on the company's financial condition or results of operations.

On May 12, 1993, a Statement of Objections ("Statement") was filed by the Commission of European Communities against Caterpillar Inc. and certain overseas subsidiaries. The Statement alleges that certain service fees payable by dealers, certain dealer recordkeeping obligations, a restriction which prohibits a European Community ("EC") dealer from appointing subdealers, and certain export pricing practices and parts policies violate EC competition law under Article 85 of the European Economic Community Treaty. The Statement seeks injunctive relief and unspecified fines. Based on an opinion of counsel, the company believes it has strong defenses to each allegation set forth in the Statement.

On November 19, 1993, the Commission of European Communities informed the company that a new complaint has been received by it alleging that certain export parts policies violate Article 85 and Article 86 of the European Economic Community Treaty. The Commission advised the company that it intends to deal with the new complaint within the framework of the proceedings initiated on May 12, 1993. Based on an opinion of counsel, the company believes it has strong defenses to the allegations set forth in the new complaint.

ACCOUNTING CHANGES

In the fourth quarter of 1992, effective January 1, 1992, Caterpillar adopted SFAS 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions"; SFAS 112, "Employers' Accounting for Postemployment Benefits"; and SFAS 109, "Accounting for Income Taxes."

SFAS 106 requires recognition of the cost of providing postretirement health care and life insurance benefits over the employee service period. Caterpillar, like most U.S. companies, formerly charged the cost of providing these benefits against operations as claims were incurred. SFAS 112 requires recognition of the cost of providing other postemployment benefits when it is probable that the benefit will be provided. Such benefits include disability and workers' compensation benefits and continuation of health care benefits. Caterpillar had previously charged the cost of providing certain types of these benefits, primarily health care benefits, against operations as claims were incurred. SFAS 109 requires changing the method of accounting for income taxes from the deferred method to the liability method. None of the accounting changes affect cash flows.

The effect of the changes, as of January 1, 1992, was as follows:

</TABLE>
<TABLE>
<CAPTION>

<S>	PROFIT (LOSS) <C>	PROFIT (LOSS) PER SHARE OF COMMON STOCK <C>
	(DOLLARS IN MILLIONS EXCEPT PER SHARE DATA)	
Postretirement benefits other than pensions, net of applicable income taxes (SFAS 106)..........................	$(2,141)	$(21.21)
Postemployment benefits, net of applicable income taxes		

(SFAS 112)	(29)	(.29)
Income taxes (SFAS 109)	(47)	(.46)
	$(2,217)	$(21.96)

</TABLE>

In addition to the above transition effects, incremental expense for 1992 resulting from the accounting changes was as follows:

<TABLE>
<CAPTION>

	(EXPENSE)/INCOME	
	BEFORE TAX	AFTER TAX
	(MILLIONS)	
<S>	<C>	<C>
Postretirement benefits other than pension (SFAS 106)	$(113)	$(65)
Postemployment benefits (SFAS 112)	(11)	(7)
Income taxes (SFAS 109)	7	44
	$(117)	$(28)

</TABLE>

INCOME TAXES

SFAS 109, "Accounting for Income Taxes," requires, among other things, the separate recognition, measured at currently enacted tax rates, of deferred tax assets and deferred tax liabilities for the tax effect of temporary differences between the financial reporting and tax reporting bases of assets and liabilities, and net operating loss and tax credit carryforwards for tax purposes. A valuation allowance must be established for deferred tax assets if it is "more likely than not" that all or a portion will not be realized.

At the end of 1993, foreign net operating loss carryforwards of $613 million were available in various tax jurisdictions. Of these carryforwards, $139 million are available for limited periods of time, expiring between 1994 and 1999 based on local tax law. The balance of $474 million is available for an unlimited time period. Management believes it is likely that tax benefits will be realized for net deferred tax assets in those foreign tax jurisdictions in which the company has a net operating loss carryforward. However, there is not sufficient objective positive evidence as required by SFAS 109 to substantiate recognition in the financial statements. Accordingly, a valuation allowance totaling $284 million has been recorded for all deferred tax assets at these foreign subsidiaries to the extent the assets are not offset with deferred tax liabilities in the same tax jurisdiction.

The company's domestic operations recorded pretax profits of $611 million in 1993, a significant turnabout from the $215 million and $491 million losses recorded by its domestic operations in 1992 and 1991, respectively. However, when the three years are combined, the company is still in a cumulative loss position.

Certain U.S. federal tax credits are still available for a limited carryforward period in the United States. Additionally, qualified deficits, as defined by Internal Revenue Code section 952, are available for an indefinite future period to offset the future profits of certain foreign entities whose earnings are subject to U.S. taxation when earned. Management has concluded that it is "more likely than not" that the company will ultimately realize the full benefit of its U.S. deferred tax assets related to future deductible items, tax credit carryforwards and qualified deficits. Accordingly, a valuation allowance is not required for $1,630 million of U.S. deferred tax assets in excess of deferred tax liabilities, of which $1,345 million is associated with future deductible items related to other postretirement and postemployment benefits under SFAS 106 and SFAS 112.

Because of the recent history of profits and losses, tax benefits of only $109 million for existing net U.S. deferred tax assets can be realized by offsetting the tax liability of prior periods. The remainder can only be realized through the generation of future taxable income. The amount of future income required, based on currently enacted tax rates applied to the U.S. deferred tax asset amount, is approximately $4.7 billion. Of this amount, approximately $3.5 billion can be earned over an extended number of years in order to realize the deferred tax assets associated with postretirement and postemployment benefits. Following is a summary of positive evidence leading to the conclusion that a valuation allowance is not necessary for net deferred tax assets in the U.S. tax jurisdiction:

. The profits recorded in 1993 were a significant turnabout from the losses recorded in 1992 and 1991, and are consistent with the improvements in the U.S. economy. Additional improvement in volume and profit are expected as global economic conditions improve, as evidenced by significant sales growth following previous recessions.

. Losses in 1992 and 1991 can be largely attributed to poor global economic conditions and the resultant decline in sales volume.

. Market position has improved in recent years, and price increases have been implemented.

. The competitive strength of the company's parts distribution network is recognized throughout the industry.

. A huge field population of machines and engines is expected to generate significant continuing demand for profitable replacement parts.

. The product line continues to be aggressively updated.

. The 1990 reorganization into 13 profit centers and four service divisions has made the company more efficient, with a more focused accountability on profit.

. Losses in 1991 were significantly impacted by nonrecurring charges related to plant closing and consolidation costs.

. The market value of assets is significantly in excess of the book and tax value of assets at those entities where income is required to obtain a tax benefit for the qualified deficits.

. The $2 billion factory modernization program is virtually complete and began making a positive contribution to results in 1992.

. Cost reduction has been a priority as reflected by employment reductions of 9,159 (15%) since year-end 1989. Additionally, health care initiatives implemented in 1992, will limit future increases in employee medical costs.

. Caterpillar's size, organizational structure, and operating methods present significant potential for tax planning strategies, in the event that the company is unable to generate sufficient future taxable income from ordinary and recurring operations to realize the tax benefit for its U.S. deferred tax assets. Actions which could be taken to generate substantial amounts of taxable income include changing inventory valuation methods for tax purposes from the LIFO method to the FIFO (first-in, first-out) method and revising tax basis depreciation methods.

Excluded from the net deferred tax assets discussed above are $193 million of taxes paid by the seller on the profit generated from intercompany sale of inventory remaining within the consolidated group as of the financial statement date. This deferred tax asset represents the tax effect of a past event and is not considered when assessing the need for a valuation allowance. Reconciliations of the company's U.S. income (loss) before taxes for financial statement purposes to U.S. taxable income for the years ended December 31 were as follows:

<TABLE>
<CAPTION>

	1993	1992	1991
	(MILLIONS)		
Pretax accounting income (loss)	$611	$(215)	$(491)
Exclusion of income of Foreign Sales Corporation and other permanent differences	112	(97)	4
State income taxes	(7)	17	11
Temporary differences:			
Depreciation	(20)	(34)	(16)
Plant closing and consolidation costs	(16)	(20)	211
Pension expense	12	(28)	(31)
General insurance liability	7	(4)	34
Postemployment benefits	(62)	141	-
Foreign exchange	16	51	27
Warranty	46	(5)	(6)
Other	(26)	(30)	66
U.S. taxable income (loss)	$673	$(224)	$(191)

</TABLE>

1994 ECONOMIC AND INDUSTRY OUTLOOK

The economic outlook for 1994 is for moderate growth in North America and Australia, but continued weakness in Europe and Japan. In the developing world, excellent growth is forecast in the Far East, with moderate growth in other regions.

The U.S. economy registered very good growth late in 1993, but the tax increases for deficit reduction are likely to slow the growth rate for 1994 back to moderate levels. Interest rates are forecast to remain relatively low, and corporate cash flow is expected to improve moderately. These factors, combined with expected increases in most market activities Caterpillar serves (housing for example), should lead to a moderate increase in machine industry demand. A moderate improvement in the industry also is forecast for Canada where economic growth is expected to accelerate in 1994.

In Western Europe, weak economic growth is forecast for the year since interest rates in many countries are still too high for stronger recoveries to begin. Further interest rate cuts are expected by mid-year which should stimulate economic growth in the second half. Industry demand is likely to begin improving sometime during the year, but is unlikely to start soon enough for the industry to grow for the year as a whole. The United Kingdom is an exception, where continued moderate economic growth should lead to a second year of industry improvement.

In Japan, recession-like conditions are expected to last throughout the year resulting in virtually no economic or industry growth. Moderate economic growth is likely to continue in Australia although a dramatic reduction in federal highway spending is expected to limit sales growth for construction equipment.

Recession and political turmoil are likely to continue in the CIS, but sales to the natural resource sector should continue. Economic recoveries have begun in some Eastern European countries but sales are forecast to remain limited.

The economic outlook for developing countries varies significantly by region. Excellent growth is forecast to continue for the Asia/Pacific region, especially China. Moderate growth is expected to continue in Latin America with a significant improvement in Mexico due to the passage of NAFTA, lower interest rates, and higher government spending. While moderate growth is forecast for Brazil, political and economic uncertainties remain. Slower economic growth is expected in the Africa/Middle East region due to continuing low commodity prices and debt problems. Industry sales to these developing regions as a whole are forecast to increase slightly with gains in the Asia/Pacific region and Latin America more than offsetting a decline in the Africa/Middle East area.

1994 COMPANY SALES/PROFIT OUTLOOK

Worldwide, company sales of machines and engines should improve moderately, primarily due to continued increases in North America.

Labor conditions remain an uncertainty. Negotiations with the United Auto Workers (UAW) union have not resumed. While the UAW strike ended in April 1992, a new contract has not been signed. Production and shipment volumes from UAW-represented facilities, however, continue to meet or exceed plans. Quality levels continue to exceed pre-strike levels.

The company expects higher profits in 1994, excluding the net positive effect of the nonrecurring items included in 1993 profit. The improvement is due to expected moderate increases in worldwide sales of machines and engines. Results could be influenced by uncertainties related to labor and economic conditions.

SUPPLEMENTAL STOCKHOLDER INFORMATION

ANNUAL MEETING

On Wednesday, April 13, 1994, at 10:30 a.m., MDT, the annual meeting of stockholders will be held at the Loews Ventana Canyon Resort, Tucson, Arizona. Requests for proxies are being sent to stockholders with this report mailed on or about February 25, 1994.

STOCK TRANSFER AGENT

First Chicago Trust Company of New York
P.O. Box 2500

Jersey City, NJ 07303-2500
Telephone: (201) 324-0498

STOCK EXCHANGE LISTINGS

Caterpillar common stock is listed on stock exchanges in the United States, Belgium, France, Germany, Great Britain, and Switzerland.

NUMBER OF STOCKHOLDERS

Stockholders of record at year-end totaled 29,968, compared with 33,651 at the end of 1992. Approximately 5% of the outstanding shares are held by about 29,600 individuals. The remaining shares are held by trustees, banks, and other institutions for additional thousands of owners.

Employees' investment and profit-sharing plans acquired 849,956 shares of Caterpillar stock in 1993. Investment plans, for which membership is voluntary, held 7,191,237 shares for employee accounts at 1993 year-end. Profit-sharing plans, in which membership is automatic for most U.S. and Canadian employees in eligible categories, held 121,124 shares at 1993 year-end.

COMMON STOCK PRICE RANGE

Quarterly price ranges of Caterpillar common stock on the New York Stock Exchange, the principal market in which the stock is traded, were:

	1993		1992	
Quarter	HIGH	LOW	High	Low
First	60 5/8	53 7/8	52 3/4	41 1/4
Second	78 1/4	57 3/4	62 1/8	47 1/8
Third	83 1/4	72 3/4	56	46 5/8
Fourth	93 1/8	79 1/8	56 7/8	48 1/8

AUTOMATIC DIVIDEND REINVESTMENT PLAN

An Automatic Dividend Reinvestment Plan - administered by First Chicago Trust Company of New York - is available to stockholders. The plan provides a convenient, low-cost method for stockholders to increase their ownership in Caterpillar common stock. In addition, stockholders who elect to participate can make optional cash payments to purchase more Caterpillar shares. Participation may begin with any regularly scheduled dividend payment if an authorization form is completed and returned to the administrator prior to the dividend record date. Stockholders wishing further information may contact First Chicago Trust Company of New York, P.O. Box 13531, Newark, New Jersey 07188-0001.

PUBLICATIONS FOR STOCKHOLDERS

Single copies of the company's 1993 annual report on Securities and Exchange Commission Form 10-K (without exhibits) will be provided without charge to stockholders after March 31, 1994, upon written request to:

Secretary
Caterpillar Inc.
100 N.E. Adams Street
Peoria, IL 61629-7310

The company also makes available to stockholders copies of its quarterly financial reports, annual meeting report, and Form 10-Q reports. The quarterly reports are mailed in April, July, and October. The annual meeting report is mailed in May; 10-Q reports are available in May, August, and November.

INVESTOR INQUIRIES

For those seeking additional information about the corporation -

Institutional analysts, portfolio managers, and representatives of financial institutions should contact:

Len A. Kuchan
Director of Investor Relations
Caterpillar Inc.
100 N.E. Adams Street
Peoria, IL 61629-5310
Telephone: (309) 675-4549
Facsimile: (309) 675-4457

Individual stockholders should contact:

Laurie J. Huxtable
Assistant Secretary
Caterpillar Inc.
100 N.E. Adams Street

Peoria, IL 61629-7310
Telephone: (309) 675-4610

DIRECTORS AND OFFICERS

<TABLE>
<CAPTION>

DIRECTORS	
Lilyan H. Affinito/1,4/	Former Vice Chairman, Maxxam Group Inc.
Donald V. Fites/3,4/	Chairman and Chief Executive Officer, Caterpillar Inc.
John W. Fondahl/1,4/	Former Professor of Civil Engineering, Stanford University
David R. Goode/1,2/	Chairman, Chief Executive Officer & President, Norfolk Southern Corporation
James P. Gorter/1,2/	Chairman, Baker, Fentress & Company
Walter H. Helmerich, III/2,3/	Chairman, Helmerich & Payne, Inc.
Jerry R. Junkins/2,4/	Chairman, President, and Chief Executive Officer, Texas Instruments Incorporated
Charles F. Knight/1/	Chairman and Chief Executive Officer, Emerson Electric Co.
Peter A. Magowan/2,3/	Chairman, Safeway, Inc.; President & Managing General Partner, San Francisco Giants
George A. Schaefer/1,3/	Former Chairman, Caterpillar Inc.
Joshua I. Smith/3,4/	Chairman & Chief Executive Officer, The MAXIMA Corporation
James W. Wogsland	Vice Chairman, Caterpillar Inc.
Clayton K. Yeutter/2,4/	Former U.S. Secretary of Agriculture, Former U.S. Trade Representative, Former Chairman of the Republican National Committee, and Former Counselor for Domestic Affairs

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/1/Member of Audit Committee (Lilyan H. Affinito, chairman)
/2/Member of Compensation Committee (James P. Gorter, chairman)
/3/Member of Nominating Committee (Walter H. Helmerich, III, chairman)
/4/Member of Public Policy Committee (Clayton K. Yeutter, chairman)

OFFICERS	
Donald V. Fites	Chairman
James W. Wogsland	Vice Chairman
Glen A. Barton	Group President
Gerald S. Flaherty	Group President
R. Rennie Atterbury III	Vice President, General Counsel, and Secretary
James W. Baldwin	Vice President
Vito H. Baumgartner	Vice President
James S. Beard	Vice President
Richard A. Benson	Vice President
Ronald P. Bonati	Vice President
James E. Despain	Vice President
Robert C. Dryden	Vice President
Roger E. Fischbach	Vice President
Donald M. Ings	Vice President
Keith G. Johnson	Vice President
James W. Owens	Vice President
Gerald Palmer	Vice President
Robert C. Petterson	Vice President
Siegfried R. Ramseyer	Vice President
Alan J. Rassi	Vice President
Gary A. Stroup	Vice President
Richard L. Thompson	Vice President
Wayne M. Zimmerman	Vice President
Len A. Kuchan	Director of Investor Relations
Robert R. Gallagher	Controller
Rudolf W. Wuttke	Treasurer
Robin D. Beran	Assistant Treasurer
Mary J. Callahan	Assistant Secretary
Laurie J. Huxtable	Assistant Secretary

Note: All director/officer information above is as of December 31, 1993.

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