

EXHIBIT 1
Portions of Caterpillar, Inc.'s 2005 10-K, Note 14

A. Benefit obligations

	U.S. Pension Benefits			Non-U.S. Pension Benefits			Other Postretirement Benefits		
	2005	2004	2003	2005	2004	2003	2005	2004	2003
(Millions of dollars)									
Change in benefit obligation:									
Benefit obligation, beginning of year	\$ 9,593	\$ 8,993	\$ 7,844	\$ 2,097	\$ 1,836	\$ 1,517	\$ 4,926	\$ 5,004	\$ 4,465
Service cost	150	143	122	58	53	43	86	66	70
Interest cost	555	548	554	109	97	83	294	265	298
Plan amendments	204	—	(27)	(8)	—	—	412	—	(6)
Actuarial losses (gains)	863	584	1,148	254	54	118	458	(64)	474
Foreign currency exchange rates	—	—	—	(65)	135	137	(2)	2	4
Participant contributions	—	—	—	12	11	10	28	58	25
Benefits paid	(686)	(675)	(648)	(96)	(89)	(72)	(384)	(405)	(326)
Benefit obligation, end of year	\$ 10,679	\$ 9,593	\$ 8,993	\$ 2,361	\$ 2,097	\$ 1,836	\$ 5,818	\$ 4,926	\$ 5,004
Accumulated benefit obligation, end of year	\$ 10,213	\$ 9,040	\$ 8,379	\$ 2,069	\$ 1,844	\$ 1,660			

B. Plan assets

	U.S. Pension Benefits			Non-U.S. Pension Benefits			Other Postretirement Benefits		
	2005	2004	2003	2005	2004	2003	2005	2004	2003
(Millions of dollars)									
Change in plan assets:									
Fair value of plan assets, beginning of year	\$ 8,725	\$ 7,728	\$ 6,443	\$ 1,503	\$ 1,262	\$ 1,024	\$ 994	\$ 867	\$ 849
Actual return on plan assets	860	1,106	1,290	272	124	120	100	118	140
Foreign currency exchange rates	—	—	—	(47)	91	96	—	—	—
Company contributions	542	566	643	390	104	84	573	356	179
Participant contributions	—	—	—	12	11	10	28	58	25
Benefits paid	(686)	(675)	(648)	(96)	(89)	(72)	(384)	(405)	(326)
Settlements	—	—	—	(10)	—	—	—	—	—
Fair value of plan assets, end of year	\$ 9,441	\$ 8,725	\$ 7,728	\$ 2,024	\$ 1,503	\$ 1,262	\$ 1,311	\$ 994	\$ 867

C. Funded status

The funded status of the plans, reconciled to the amount reported on the Consolidated Financial Position, is as follows:

	U.S. Pension Benefits			Non-U.S. Pension Benefits			Other Postretirement Benefits		
	2005	2004	2003	2005	2004	2003	2005	2004	2003
(Millions of dollars)									
End of Year									
Fair value of plan assets	\$ 9,441	\$ 8,725	\$ 7,728	\$ 2,024	\$ 1,503	\$ 1,262	\$ 1,311	\$ 994	\$ 867
Benefit obligations	10,679	9,593	8,993	2,361	2,097	1,836	5,818	4,926	5,004
Over (under) funded status	(1,238)	(868)	(1,265)	(337)	(594)	(574)	(4,507)	(3,932)	(4,137)
Amounts not yet recognized:									
Unrecognized prior service cost (benefit)	303	158	202	22	27	31	208	(232)	(280)
Unrecognized net actuarial loss	3,070	2,552	2,518	746	726	677	1,595	1,232	1,364
Unrecognized net obligation existing at adoption of SFAS 87(106)	—	—	—	2	3	6	14	16	17
Contributions made after measurement date	1	—	1	1	22	14	28	27	57
Net amount recognized in financial position	\$ 2,136	\$ 1,842	\$ 1,456	\$ 434	\$ 184	\$ 154	\$ (2,662)	\$ (2,889)	\$ (2,979)

Components of net amount recognized in financial position:

Prepaid benefit costs	\$ 1,487	\$ 1,099	\$ 1,136	\$ 466	\$ 28	\$ 61	\$ —	\$ —	\$ —
Accrued benefit liabilities	(71)	(97)	(548)	(59)	(173)	(127)	(599)	(402)	(341)
Intangible assets	237	95	127	16	25	30	—	—	—
Liability for postemployment benefits	(760)	(248)	(136)	(92)	(181)	(327)	(2,063)	(2,487)	(2,639)
Accumulated other comprehensive income (pretax)	1,243	993	877	103	485	517	—	—	—
Net asset (liability) recognized	\$ 2,136	\$ 1,842	\$ 1,456	\$ 434	\$ 184	\$ 154	\$ (2,662)	\$ (2,889)	\$ (2,979)

	U.S. Pension Benefits			Non-U.S. Pension Benefits			Other Postretirement Benefits		
	2005	2004	2003	2005	2004	2003	2005	2004	2003
(Millions of dollars)									
Components of net periodic benefit cost:									
Service cost	\$ 150	\$ 143	\$ 122	\$ 58	\$ 53	\$ 43	\$ 86	\$ 66	\$ 70
Interest cost	555	548	554	109	97	83	294	265	298
Expected return on plan assets	(712)	(697)	(680)	(111)	(103)	(94)	(91)	(74)	(88)
Settlement loss	—	—	—	3	—	—	—	—	—
Amortization of:									
Net asset existing at adoption of SFAS 87(106)	—	—	—	1	3	3	2	2	—
Prior service cost(1)	59	44	49	7	6	5	(29)	(48)	(47)
Net actuarial loss	197	142	27	50	38	14	85	45	36
Total cost included in operating profit	\$ 249	\$ 180	\$ 72	\$ 117	\$ 94	\$ 54	\$ 347	\$ 256	\$ 269

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EXHIBIT 1 (continued from page 19)
Calculations of Adjustments Used in the Study
(Millions of dollars)

	Total 2005	Calculations	Total	U.S. Pension		Non-U.S. Pension		OPEB	
			2004	2005	2004	2005	2004	2005	2004
PBO—end of year	\$18,858	\$10,679 + \$2,361 + \$5,818	\$16,616	\$10,679	\$9,593	\$2,361	\$2,097	\$5,818	\$4,926
FVPA—end of year	12,776	9,441 + 2,024 + 1,311	11,222	9,441	8,725	2,024	1,503	1,311	994
Contributions subsequent to the measurement date	30	1 + 1 + 28	49	1	0	1	22	28	27
Total plan assets	12,806	12,776 + 30	11,271	9,442	8,725	2,025	1,525	1,339	1,021
Net underfunded— end of year	6,052	18,858 - 12,806	5,345	1,237	868	336	572	4,479	3,905
Unrecognized actuarial loss	5,411	3,070 + 746 + 1,595	4,510	3,070	2,552	746	726	1,595	1,232
Unrecognized PSC	533	303 + 22 + 208	(47)	303	158	22	27	208	(232)
Unrecognized trans obligation	16	0 + 2 + 14	19	0	0	2	3	14	16
(Liability) Asset recognized	(92)	2,136 + 434 - 2,662	(863)	2,136	1,842	434	184	(2,662)	(2,889)
Difference	\$ 5,960	\$6,052 - \$92	\$ 4,482	\$ 3,373	\$2,710	\$ 770	\$ 756	\$1,817	\$1,016

Amounts to be Recognized in 2005 AOCI (\$ in millions)		Calculations
Actuarial loss	\$ 5,411	see above
Prior-service cost	\$ 533	see above
Transition obligation	\$ 16	see above
Total	\$ 5,960	\$5,411 + \$533 + \$16
Less: income tax	(\$ 2,086)	\$5,960 x (0.35)
Net charge to 2005 AOCI	\$ 3,874	\$5,960 - \$2,086
Retained earnings – unadjusted	\$11,808	
Retained earnings – adjusted	\$ 7,934	\$11,808 - \$3,874
% change in retained earnings	(33%)	[\$7,934 ÷ \$11,808] - 1
Adjustment to owner's equity:		
Adjustment to retained earnings	\$ 3,874	\$11,808 - 7,934
Add back:		
Amount previously recognized in AOCI (net of tax)	\$ 869	\$1,337 x 0.65
Net reduction in owner's equity	\$ 3,005	\$3,874 - \$869
Owner's equity – unadjusted	\$ 8,432	
Owner's equity – adjusted	\$ 5,427	\$8,432 - \$3,005
% change in owner's equity	(36%)	[\$5,427 ÷ \$8,432] - 1