THOMSON REUTERS STREETEVENTS

EDITED TRANSCRIPT

CAT - Q3 2013 Caterpillar Inc. Earnings Conference Call

EVENT DATE/TIME: OCTOBER 23, 2013 / 3:00PM GMT

OVERVIEW:

CAT reported 3Q13 sales and revenues of $13.4b and profit per share of $1.45. Expects full-year 2013 sales and revenues to be about $55b and profit per share to be about $5.50.

©2013 Thomson Reuters. All rights reserved. Republication or redistribution of Thomson Reuters content, including by framing or similar means, is prohibited without the prior written consent of Thomson Reuters. 'Thomson Reuters' and the Thomson Reuters logo are registered trademarks of Thomson Reuters and its affiliated companies.



THOMSON REUTERS

CORPORATE PARTICIPANTS

Doug Oberhelman *Caterpillar Inc. - Chairman & CEO*

Brad Halverson *Caterpillar Inc. - Group President & CFO*

Mike DeWalt *Caterpillar Inc. - VP, Strategic Services Division*

CONFERENCE CALL PARTICIPANTS

Jerry Revich *Goldman Sachs - Analyst*

Ted Grace *Susquehanna Fiancial Group - Analyst*

David Raso *ISI Group - Analyst*

Eli Lustgarten *Longbow Research - Analyst*

Stephen Volkmann *Jefferies & Company - Analyst*

Seth Weber *RBC Capital Markets - Analyst*

Andrew Casey *Wells Fargo Securities - Analyst*

Robert Wertheimer *Vertical Research Partners - Analyst*

Andrew Kaplowitz *Barclays Capital - Analyst*

Ann Duignan *JPMorgan Securities - Analyst*

PRESENTATION

Operator

Good morning, ladies and gentlemen, and welcome to the Caterpillar third-quarter 2013 earnings results. At this time all lines have been placed on a listen-only mode and we will open the floor for your questions and comments following the presentation. It is now my pleasure to turn the floor over to your host Mr. Mike DeWalt. Sir, the floor is yours.

Mike DeWalt - *Caterpillar Inc. - VP, Strategic Services Division*

Thank you, Kate, and good morning, everyone, and welcome to our earnings call. This is Mike DeWalt, Caterpillar's Vice President of Strategic Services. On the call today I'm pleased to have our Chairman and CEO, Doug Oberhelman, and Group President and CFO, Brad Halverson.

Today's call is a copyrighted by Caterpillar Inc. and any use, recording or transmission of any portion of the call without the express written consent of Caterpillar is strictly prohibited. If you would like a copy of today's call transcript we will be posting it in the Investor section of our Caterpillar.com website and it will be in the section labeled Results Webcast.

This morning we will be discussing forward-looking information that involves risks, uncertainties and assumptions that could cause our actual results to differ materially from the forward-looking information. The discussion of some of the factors that individually or in the aggregate could make actual results differ materially from our projections can be found in our cautionary statements under item 1A, that is risk factors, of our Form 10-K filed with the SEC in February of this year and also in today's forward-looking statements language.

We will start this morning with a review of the quarter, our outlook for 2013 and a preliminary look at our sales and revenues for 2014. For the third quarter sales and revenues were $13.4 billion and that is a $3 billion or 18% decline from the third quarter of 2012. The decline was principally a result of changes in dealer inventories and lower end-user demand. The sales decline was mostly in our Resource Industries segment, which is principally mining, where sales were off 42% versus the third quarter of 2012.

©2013 Thomson Reuters. All rights reserved. Republication or redistribution of Thomson Reuters content, including by framing or similar means, is prohibited without the prior written consent of Thomson Reuters. 'Thomson Reuters' and the Thomson Reuters logo are registered trademarks of Thomson Reuters and its affiliated companies.

THOMSON REUTERS

Sales in our Power Systems and Construction Industry segments were each down about 7% in the quarter and driven mostly by dealer inventory changes and, in the case of construction, currency impacts. End-user demand for both Power Systems and Construction Industries were relatively flat with last year.

Now if sales and our Resource Industries segment, which is mostly mining, had behaved more like Construction and Power Systems we would certainly be having a different and more positive discussion today. But the reverse is also true -- if Construction Industries and Power Systems were seeing similar conditions as mining it would be a much more negative story. In a way that is the silver lining in a down year like 2013. It is good that we have different businesses that aren't all behaving the same way at the same time.

While Resource Industries sales are very low, sales in Power Systems, Construction Industries have been more stable. In fact, despite the drop in Resource Industries, which we expect sales to be down about 40% this year; you might be surprised that our outlook expects 2013 to be the third highest year for sales and revenues in our history.

Profit in the quarter was $1.45 and that was down $1.09 from $2.54 in the third quarter of 2012. The decline in profit is primarily a result of the $3 billion drop in sales and absence of last year's gain on the sale of our third-party logistics business.

For the quarter our decremental operating profit pull through, that is a decline in operating profit as a percent of the decline in sales and revenues, was close to 30% if you exclude last year's gain from the logistics business. We think that is pretty good considering how much of the decline was from mining products which have a relatively higher variable margin. We were able to do that because of the cost actions we've taken this year. Being cost flexible in a downturn is a key element of the strategy and we are executing.

Volume adjusted costs were down over $350 million in the quarter and, excluding inventory absorption impacts it was more like $450 million. Year to date we flexed our variable cost down with volume and beyond that we've taken out costs, again excluding inventory absorption impacts, by about $700 million and that is year to date.

To achieve that we have had numerous temporary plant shutdowns; a reduction of more than 13,000 of our global workforce since this time last year; we've had temporary layoffs for thousands of salaried management employees; we've had reductions in program spending; substantially lower incentive pay; and we've implemented general austerity measures across the Company. In addition to lower cost we've also cut CapEx and through the first nine months of 2013 it is down nearly 20%.

Now we've also continued to improve operational performance throughout the Company. But unfortunately much of that improvement is being overshadowed by the decline in mining sales. We've improved safety in our factories, we've improved product quality and we're seeing that in the metrics that we track and that is what we are hearing from dealers and customers.

For most of our major machine families, and that includes mining overall, our sales of products to end customers are doing better than our machine competitors as a whole. We've also done a good job executing in China and sales there are up about 20% year to date and almost 30% in the third quarter.

Okay, that is a quick summary of the quarter; I'm going to move on to the outlook for 2013. This morning we lowered the outlook for sales and revenues to about $55 billion. That is a decline of about $2 billion from the midpoint of our previous outlook. We are now expecting profit in 2013 to be about $5.50 a share and that is down from $6.50 at the middle of the previous sales outlook range.

While sales and revenue expectations are lower across much of the Company, the decline was most significant in mining and that's in our Resource Industries segment. Mining has been difficult to forecast and that has been the case all year. And I think it's worth recapping what has happened to the outlook over the course of 2013. And that story starts about mid-2012 when orders of new mining equipment began to drop substantially. And they remained low through the remainder of 2012.

By the time we got to the outlook that we provided in January of 2013 we had been seeing few mining orders and we understood from customers that they intended to reduce CapEx. Because of that our outlook from last January included a drop in mining sales for 2013. Now that said, we were

©2013 Thomson Reuters. All rights reserved. Republication or redistribution of Thomson Reuters content, including by framing or similar means, is prohibited without the prior written consent of Thomson Reuters. 'Thomson Reuters' and the Thomson Reuters logo are registered trademarks of Thomson Reuters and its affiliated companies.

THOMSON REUTERS

still seeing strong mining production levels from most commodities and we were expecting that mining companies would start ordering more as 2013 progressed.

Now to be clear, we were not expecting at that time a quick return to the higher order rates of early 2012, but we did expect some improvement later in 2013. By the time of our April outlook orders had still not improved much so we lowered expectations in our outlook for mining. We reduced the sales and revenues outlook again when we released our second-quarter results in July and that brings us to today.

We are still seeing strong mine production; in fact some of the big mining companies are setting production records. But despite that we're still not receiving nearly as many orders as we expected and our outlook today is lower as a result. With the outlook now at $55 billion we expect the full year to be down almost $11 billion from 2012 and about $8 billion of that is resource industries.

In terms of profit we've reduced our outlook for 2013 by $1 a share. The most significant reason for the lower profit is sales volume. Price realization, currency impacts, product mix and cost absorption from lower inventory are also contributing. We did have a favorable tax item in the third quarter and that has helped to offset some of the profit decline.

With one quarter to go our full-year outlook for 2013 is essentially an outlook for the fourth quarter. If you subtract nine months of actual from the full-year outlook you will see that we are expecting sales and revenues in the fourth quarter to be a few hundred million dollars higher than the third quarter, but profit per share to be about $0.16 lower than the third quarter.

The $0.16 profit drop is from the absence of the favorable tax item in the third quarter and higher costs in the fourth quarter. And that is common at Caterpillar that costs are up in the fourth quarter. It is usually a high seasonal quarter for us and the first quarter is usually the low seasonal quarter.

Okay, that is the outlook for 2013. Let's turn to 2014 and we will start with economics. In general we think 2014 could be a better year for global growth. However, we are concerned. We've been in a similar position over the past two years. When economic indicators began to look more positive we forecast better global growth, that drove expectations around key industries that are important to our business and we set our outlook.

As it turned out world economic growth was weaker than we expected. Today while it looks like there's a good chance that the world economy could improve next year, there is still much risk and uncertainty. The direction of US fiscal and monetary policy remains uncertain and the climate in Washington is divisive. Euro zone economies are far from healthy and China continues to transition to a more consumer demand led economy.

In addition, despite higher mine production around the world, new orders for mining equipment have remained low. As a result we are holding our preliminary outlook for 2014 sales and revenues flat with 2013 in a plus or minus 5% range. We're expecting some growth in Construction Industries, relatively flat sales in Power Systems and a decline in Resource Industries.

Within the decline in Resource Industries mining remains very cloudy and tough to forecast. The $8 billion decline that we've seen in 2013 has been largely from equipment sales. And that decline in equipment sales has been split between lower end-user demand and the impact of dealer inventory.

Embedded in our outlook for down sales for Resource Industries in 2014 is more decline in end-user demand for mining equipment. Our outlook for 2014 in fact includes a greater percentage decline in end-user demand in 2014 than we have had so far in 2013. However, that is partially offset by the impact of dealer inventory changes.

Dealers have reduced mining inventory substantially in 2013. That means what we have sold to dealers this year is much less than what end customers have been buying from them. For 2014 we are not expecting nearly the scale of dealer inventory reduction that we've seen this year and that should help offset some of the decline in end user demand.

©2013 Thomson Reuters. All rights reserved. Republication or redistribution of Thomson Reuters content, including by framing or similar means, is prohibited without the prior written consent of Thomson Reuters. 'Thomson Reuters' and the Thomson Reuters logo are registered trademarks of Thomson Reuters and its affiliated companies.

THOMSON REUTERS

Mining orders have been weak since the middle of 2012 and we would like to start seeing some uptick. We all know this is an industry that has a history of quickly and significantly changing course, both up and down, and we have seen it move dramatically in both directions over the past five years.

That said, and despite prospects for improved economic growth in 2014, and a continuation of strong mine production around the world, we won't be increasing our expectations for Resource Industries until mining orders improve.

Now one thing you won't find in today's release around our 2014 outlook is a profit expectation and that is normal for us. At this time of year we commonly provide a sales outlook, which we have done, but not profit and that is because we are still working on our plans for next year. It is our usual practice to provide our first profit outlook with our year-end release in January and we certainly expect to do that.

I would like to finish today with a few comments on cash flow and the balance sheet, and then we can move on to the Q&A. Although it is been a challenging year for sales and profit it has been a very good year for cash flow. In the third quarter Machinery and Power Systems operating cash flow was $2.1 billion dollars.

And even if we stopped today -- or at the end of the third quarter, the nine month mark for the year, those nine months would be our second best year for cash flow in history. And that has enabled us to continue improving our balance sheet. In fact, our Machinery and Power Systems debt to capital ratio currently stands at about 34% and we expect it's going to improve again in the fourth quarter.

We've also returned cash to shareholders. We've repurchased $2 billion of Cat stock this year and we have raised the quarterly dividend by 15%. We have $1.7 billion remaining on our Board authorization to repurchase stock and that expires at the end of 2015. We're not announcing additional stock repurchase today but our priorities for the use of cash are unchanged.

There are certainly many factors that could impact the future, but the strength of our balance sheet and cash flow are positive indicators of our potential to complete the authorization before it expires. Okay, with that, let's move to the Q&A.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions). Jerry Revich.

Jerry Revich - *Goldman Sachs - Analyst*

Goldman Sachs. Mike, can you say more about the magnitude of the additional cost rationalization efforts you are considering that you outlined in Q&A Item 4? And just give us a sense on the timing of the decision and the potential magnitude of savings, if you can go out that far?

Brad Halverson - *Caterpillar Inc. - Group President & CFO*

Yes, this is Brad Halverson; let me give a shot at that. We talked and Mike talked about the fact that we missed the mining sales forecast this year, there is no doubt about that, and that has caused our forecasted sales to drop. But inside our walls we have been planning for kind of a variety of volumes.

So, if you look at our mining group, they've been taking significant cost action during the year. And so, a lot of those actions have been I would say cyclical, and Mike talked to about our shutdowns and kind of our rolling layoffs and some of the CapEx reductions and those things. And the fact is we are proud of the results that we're forecasting for the year.

©2013 Thomson Reuters. All rights reserved. Republication or redistribution of Thomson Reuters content, including by framing or similar means, is prohibited without the prior written consent of Thomson Reuters. 'Thomson Reuters' and the Thomson Reuters logo are registered trademarks of Thomson Reuters and its affiliated companies.

THOMSON REUTERS

We are looking at a decremental pull-through of around 30% which was within our target range. And I would say had two significant headwinds, what would be over $1 billion kind of headwind in operating profit, and that would be the mining mix and the period cost absorbed impact.

So to get back to your question in terms of looking at further cost reductions, we are looking at structural cost reductions, cost reductions that we would take with us as volume would turn up. And the types of things that we would be looking at would be shifting production between facilities, rationalization of some product lines, looking at some of our smaller facilities in terms of rationalization, consolidations of functions, benchmark activity, span of control -- those types of things.

And we have a lot of those in consideration. We are not kind of ready to talk about the magnitude of what that could be. But there's clearly a lot of work going on in that area.

Jerry Revich - *Goldman Sachs - Analyst*

Okay. And, Brad, as you alluded to, obviously a lot of adjustments this year to the lower production levels. I guess in the past we've seen your cost structure improve as you have gotten to more even production levels. And I am wondering how should we think about the normalized cost structure today compared to where we were starting the year. And I know you are not going to talk about 2014, but just could you give us a rough sense of the types of tailwind we should be thinking about?

Brad Halverson - *Caterpillar Inc. - Group President & CFO*

Yes, I think it is always hard when you get into a discussion of 2014 when we're not giving a profit outlook. But we have talked pretty consistently about our pull-through targets. I can't say we're going to hit them on the downside this year with huge headwinds. We are still committed to a 25% operating pull through as business improves. That is an environment that I think that we'll all like to see with our capacity and our cost structure we will have in place in terms of ability to deliver that.

But I would say that we are in our planning process now, that remains our target. There are some things that we may not be able to control or cannot control like the R&D tax credit and those things which either will be renewed or will not be renewed. But we are committed to that 25% pull through number.

Jerry Revich - *Goldman Sachs - Analyst*

Thank you.

Operator

Ted Grace.

Ted Grace - *Susquehanna Fiancial Group - Analyst*

I was hoping to follow up on Jerry's question. I know you highlighted kind of a reduction in workforce by 13,000 year on year. Could you just maybe start by telling us how much of that -- from Brad's comments was that all cyclical and not structural? And was there any of that tied to any of the divestitures whether it was logistics or some of the Bucyrus distribution sales?

©2013 Thomson Reuters. All rights reserved. Republication or redistribution of Thomson Reuters content, including by framing or similar means, is prohibited without the prior written consent of Thomson Reuters. 'Thomson Reuters' and the Thomson Reuters logo are registered trademarks of Thomson Reuters and its affiliated companies.

THOMSON REUTERS

Mike DeWalt - *Caterpillar Inc. - VP, Strategic Services Division*

Yes, this is Mike. There is a little bit. If you look in our release we have a line that shows acquisitions and divestitures. But it was actually in the scheme of things relatively small. I think most of the reduction that you would have seen in employment this year were to take costs down with volume. I wouldn't say there are no structural cost reductions in there, but I think the majority of it would be around taking cost out in response to lower volume.

Ted Grace - *Susquehanna Fiancial Group - Analyst*

Okay, that is helpful, thank you. What I was hoping to focus on is kind of the use of cash going forward and the operating cash flow from manufacturing business has been great, you have done a great job highlighting that. As we look forward, I know you mentioned that there is $1.7 billion left on the buyback and I think it runs through 2015.

But just when we kind of force rank the use of cash going forward given this is going to be a big cash generation year, can you just run through kind of the priorities again and highlight either why or why not we might not see more come back through buyback? And kind of what the biggest variable will be to maybe seeing that $1.7 billion left accelerated?

Brad Halverson - *Caterpillar Inc. - Group President & CFO*

Yes, this is Brad Halverson again. We are having a great cash flow year. And if you go back to kind of the end of 2008 our debt to cap was 58% and we had a lot of focus on working capital management. We issued kind of our new internal measure which is operating profit after a capital charge to get after asset management. And we had $6.2 billion M&PS cash flow year-to-date and $2.1 billion cash flow in the third quarter. So the question is have our priorities changed? And the answer is no.

We will continue to protect our credit rating. I would say that coming out of 2009 modeling a potential downside would have us keep a slightly stronger balance sheet in terms of what could happen in a recession or a contagion which clearly we are not calling for. But we would probably hold a little stronger balance sheet. And then it really looks at our growth opportunities across our segments. That is our second priority.

And we kind of have a pretty strong forecasting process and modeling for each of those two. We will continue to fund our pension and benefit plans, we will continue to have a very sustainable dividend. And then you get to the question of stock buyback. And we thought given that equation and all that modeling that this year the $2 billion we did made sense and we still do.

We have $1.7 billion left. We are calling for a flat outlook. So I would say we would like to see how 2014 would materialize and what would be happening in 2014 before we would make a decision on that remaining $1.7 billion.

Ted Grace - *Susquehanna Fiancial Group - Analyst*

Okay, that is great, thank you very much, I will get back in queue.

Operator

David Raso.

©2013 Thomson Reuters. All rights reserved. Republication or redistribution of Thomson Reuters content, including by framing or similar means, is prohibited without the prior written consent of Thomson Reuters. 'Thomson Reuters' and the Thomson Reuters logo are registered trademarks of Thomson Reuters and its affiliated companies.

THOMSON REUTERS

David Raso - *ISI Group - Analyst*

ISI Group. At the end of the day people are trying to figure out on flat revenues can you grow earnings next year. So I know you don't want to give any EPS guidance for 2014 yet. But can you at least take us through the puts and takes to think about the year-over-year change in cost, mix, incentive comps, share count, tax rate, just to frame the discussion.

Because obviously the guidance for this year, I would argue about $0.50 lower than most of the buy side expectations. But even off that lower level, if you are guiding revenues flat, what is the reason to leave us all thinking earnings are up next year? So can you help us with the puts and takes?

Mike DeWalt - *Caterpillar Inc. - VP, Strategic Services Division*

Yes, David, I really don't want to get into a discussion around profit next year. Not because I wouldn't have an opinion on each one of those items that you discussed, but we don't -- we haven't really provided a profit outlook; we don't normally provide a profit outlook until January.

We are working on many of the things that you discussed right now as a part of our planning process. There will be things that are positive, there will be things that are negative. Brad's comment about our sort of operating level of incremental margin kind of stands, but in a year where we are not forecasting any change in sales I'm not sure incrementals are a great, great metric.

There is just not enough sales change for it to probably be a very valid metric at this point. So I am going to -- if you have another question I will take it, but I think we will pass on talking about 2014 profit because we just don't have an outlook to talk from.

David Raso - *ISI Group - Analyst*

Well, how about on the sales as it relates to dealer inventory? We used to target $3.5 billion of dealer inventory reduction for the year, I think roughly 75% of that in mining. Can you update that target?

Mike DeWalt - *Caterpillar Inc. - VP, Strategic Services Division*

I think it is by and large similar. We have not changed that. We are looking for another decline order of magnitude the size of the fourth quarter -- or I'm sorry, the size of the third quarter again in the fourth quarter. So, yes, we will have a pretty sizable inventory reduction this year. Next year, if you look at our sales forecast, we're thinking of inventory being more neutral, maybe a slight further decline in Resource Industries, but maybe a slight increase in construction. But neither are that dramatic and on balance pretty neutral.

So what you have is -- you have a tailwind, if you will, from dealer inventory and that would drive most of the improvement in construction industries that we talked about. But we are looking at a further decline in end-user demand from mining and that is essentially offsetting the inventory decline -- or actually for Resource Industries a little more than the inventory decline.

David Raso - *ISI Group - Analyst*

Okay. I appreciate it. Thank you.

Operator

Eli Lustgarten.

©2013 Thomson Reuters. All rights reserved. Republication or redistribution of Thomson Reuters content, including by framing or similar means, is prohibited without the prior written consent of Thomson Reuters. 'Thomson Reuters' and the Thomson Reuters logo are registered trademarks of Thomson Reuters and its affiliated companies.

THOMSON REUTERS

Eli Lustgarten - *Longbow Research - Analyst*

Longbow Securities. Two pieces I would like to begin to talk a bit more, one the change in outlook in Power Systems, which was really talked about being flat and now is down 5% for the year. With the bigger decline have things been pushed out? Can you talk about some color? What's going on in order trends there so maybe we can get some feel for next year?

And then the big decline in profitability of construction that occurred in the quarter, I guess that's mostly from lack of production and inventory liquidation. And you can maybe give us some color behind what is going on there as we look forward.

Mike DeWalt - *Caterpillar Inc. - VP, Strategic Services Division*

Yes, Eli. Well, I will start with construction here. You are right, it was -- from a margin standpoint it was not a great quarter for construction. Their operating profit was around 6%. If you look at what is going on in construction, they've got a few things that right now are headwinds for them. One is actually product mix, their sales aren't down all that much.

But if you look at what is down and what is up, you have some of their larger products in construction maybe as far up as a D8 tractor. That is the largest bulldozer that they make and maybe some of the larger wheel loaders that are a part of the construction business but that are frequently used in mining applications. So at the very top end of construction industries you would have some products that are -- that have a cross over into mining.

That part of their business is down, as you might expect, from mining. The part that has really picked up is really the small end, our BCP building construction products division, they are actually up nicely this year. So you've got this negative mix right now that is kind of weighing a little bit on Construction Industries.

They have also taken some -- and delivered some sizable orders in Brazil directly to the Brazilian government. And in fact it is a large order, we delivered some in the second quarter and even more in the third quarter. In fact, we recently won some more business there. So that is a good story on sales. The problem is it is a very big order and the pricing on it, I would just describe it as -- as you would expect with a large order, lean.

Also in Construction Industries just from a competitive standpoint it is always a tough market out there with competitors. But you will notice price realization is negative in the quarter for construction. A chunk of that is because of the large Brazilian deal and a chunk of that is just because it's a very, very tough environment from a pricing standpoint. And I would say particularly in Europe it has been tough.

Over the course of the year we have been reducing our inventory as well. We have PDC inventory and that has been coming down all year long and we have participated in selling that. So I think those things have been negative for Construction Industries in the quarter.

I think at some point in time here when the mix for them gets maybe a little bit more back to normal and they are no longer cutting inventory, there is good potential for margin to improve there. But at the moment it's kind of a tough environment for them. Now, you asked a question on Power Systems --.

Eli Lustgarten - *Longbow Research - Analyst*

Power Systems, you had a change in forecast to down 5 from flat. What is going on color wise? Orderwise, can we get some idea as we go through the rest of this year into next year.

©2013 Thomson Reuters. All rights reserved. Republication or redistribution of Thomson Reuters content, including by framing or similar means, is prohibited without the prior written consent of Thomson Reuters. 'Thomson Reuters' and the Thomson Reuters logo are registered trademarks of Thomson Reuters and its affiliated companies.

THOMSON REUTERS

Mike DeWalt - *Caterpillar Inc. - VP, Strategic Services Division*

Yes, when we started the year we thought it was going to be flattish. So I think if you kind of go back to January electric power is probably kind of a level below total Power Systems. If you look at power, petroleum, turbines, marine, rail. I think we have been probably more surprised with the downside on electric power than any of the other segments. It is the weakest segment of the year.

In fact, if you look at the third quarter versus third quarter it is the most significant reason for the sales decline. So it is off the most. Actually between the last outlook and this outlook, kind of going from the midpoint of $57 billion to the midpoint of $55 billion, Power Systems was fairly neutral and it didn't really change much.

Eli Lustgarten - *Longbow Research - Analyst*

All right, thank you.

Operator

Stephen Volkmann.

Stephen Volkmann - *Jefferies & Company - Analyst*

Jefferies. And a lot of the questions have been answered I guess. But, Mike, I think you were saying that -- if I'm reading this right, that you think the Resource Industries business on the OE side will be down again next year, is that also true on aftermarket?

Mike DeWalt - *Caterpillar Inc. - VP, Strategic Services Division*

No, I think that is actually a good question and I'm going to expand a little bit more on the specific question you asked. I think our view on that is probably flat next year. I would say if there is one thing in mining, I mean it has been difficult to forecast overall and I kind of went through that from a machine standpoint.

I think another place where the actual has been a little bit more negative than we thought when we came into the year is actually on parts. It is not down substantially, but in an environment where mine production is up for part sales even to be down a little bit is not what you would normally expect. We do think that mining customers are delaying some maintenance and repair. They are working hard to improve for this year their results and we certainly understand that.

We are taking a lot of cost action that is pretty short-term focused as well. But that kind of behavior can't go on forever. So it is probably increasing the likelihood that the further out you go the needs for rebuild and repair are going to go up. So it has been a little bit of a negative this year. We are thinking of it as probably flat for next year.

Stephen Volkmann - *Jefferies & Company - Analyst*

Great. And then can I just ask you in your forecast for the top-line next year what are you assuming for price?

Mike DeWalt - *Caterpillar Inc. - VP, Strategic Services Division*

Quite modest. We weren't specific on that in the release, but I would say well less than 1%.

©2013 Thomson Reuters. All rights reserved. Republication or redistribution of Thomson Reuters content, including by framing or similar means, is prohibited without the prior written consent of Thomson Reuters. 'Thomson Reuters' and the Thomson Reuters logo are registered trademarks of Thomson Reuters and its affiliated companies.

THOMSON REUTERS

Stephen Volkmann - *Jefferies & Company - Analyst*

But positive?

Mike DeWalt - *Caterpillar Inc. - VP, Strategic Services Division*

But positive, yes.

Stephen Volkmann - *Jefferies & Company - Analyst*

Thank you.

Operator

Seth Weber.

Seth Weber - *RBC Capital Markets - Analyst*

RBC. I just wanted to go back to the resource category again. You mentioned that you are not cutting back on capacity there. I mean can you just explain to us your thought process? I mean, it seems like trends are going to be soft for the foreseeable future anyway. I know it is an industry that can turn quickly. But can you -- you have added a lot of capacity, can you just walk us through maybe why you are not making any adjustments there yet?

Mike DeWalt - *Caterpillar Inc. - VP, Strategic Services Division*

I will use a couple examples here, Seth, just to kind of maybe highlight this. If you think about mining trucks, we make some in India but for the most part we make most of our -- essentially, with very few exceptions, all of our large mining trucks in Decatur, Illinois in one factory. The capacity that we've added for that over the past few years has been around reshaping the assembly process to do more, more like assembly lines rather than stall build there. And we have added capacity on component manufacturing in Decatur.

So if you think large mining trucks it is already centered around one factory. And in terms of physical capacity, it doesn't make any sense to close down an assembly line or get rid of machining equipment that you put in place. So I think just from a taking out physical capacity standpoint there's just not a lot of scope to do that.

I think secondly, we are about 12 months away looking in the rearview mirror of maybe 15 months of record production. I mean this is an industry that goes up quickly, it goes down quickly. What you need to be able to do is flex your costs and that we've worked pretty hard to do and we've done a pretty decent job of that in Resource Industries.

I mean if you look at them year to date for Resource Industries, their operating profit sort of incremental pull through third to third on a substantial decline in sales was just over 30%, which considering their margins is very good. So they have worked a lot on taking out costs, but we're going to need the physical capacity. It is an industry that changes around quickly and so there is just not much sense in taking out half of the factory, let's just say.

©2013 Thomson Reuters. All rights reserved. Republication or redistribution of Thomson Reuters content, including by framing or similar means, is prohibited without the prior written consent of Thomson Reuters. 'Thomson Reuters' and the Thomson Reuters logo are registered trademarks of Thomson Reuters and its affiliated companies.

THOMSON REUTERS

Seth Weber - *RBC Capital Markets - Analyst*

Okay. So maybe if I could just follow up on Steve's question on the aftermarket. Do you feel like -- do you get any sense that you are losing share to -- it's a gray market or the producers are bringing stuff in -- any of the service work in-house? Or do think it is just they are kind of burning off existing parts of inventory?

Mike DeWalt - *Caterpillar Inc. - VP, Strategic Services Division*

Yes, that is a good question. I mean you are always concerned about competitors in that industry. And frankly it is a lot harder to figure out what your market share is of that because you don't have the kind of unit reporting of what your competitors are doing. So it is an educated guess but it is really tough to forecast market share there.

What I think we're seeing right now is a lot of new equipment was purchased over the last couple of years. And where mining companies have a choice about uptime and where they are pushing equipment hard they would be tending to do that with the newer equipment that they have. And we do think they are delaying some maintenance as well.

So our general feeling around it is that it will come back. We have not seen any seismic shifts there. Our dealers are highly engaged with the service and support activity of the customers, they are very good at it, they have significant rebuild programs. So I think it -- to some degree it is around mining companies working really hard right now to improve their operating results like we are doing.

Seth Weber - *RBC Capital Markets - Analyst*

Right. Okay, thank you very much, Mike.

Operator

Andrew Casey.

Andrew Casey - *Wells Fargo Securities - Analyst*

Wells Fargo Securities. Good morning, everyone. A couple of questions. First if we could go back to the Construction Industries comments. Mike, I think you talked about new Brazilian business contract that you won recently. Is that coming on with about the same margins as the one that you're -- the contract that you are finishing up? And then on the mix issue within Construction Industries, the BCP versus the large equipment, are you seeing any of the larger equipment sold into mining coming back onto the market in the form of used equipment?

Mike DeWalt - *Caterpillar Inc. - VP, Strategic Services Division*

On the first part of that with Brazil, what we -- the more recent orders that we've won are -- volume wise are less than what has been flowing through. But I think the pricing would be -- I have actually not seen it but I would guess it is probably pretty similar.

In terms of used equipment coming back on the market, I have not heard -- I wouldn't claim to know that as a firm yes or no. But if you look at actual mine production, so let's say you've got some D8 tractors working in a small surface coal mine. Mining production has actually come up a bit. So it would surprise me that there would be a flood of that kind of equipment on the market. I think it is more a case where they are working what they have and not buying new. But as I say that, Andy, I don't have any facts and data to back that up.

©2013 Thomson Reuters. All rights reserved. Republication or redistribution of Thomson Reuters content, including by framing or similar means, is prohibited without the prior written consent of Thomson Reuters. 'Thomson Reuters' and the Thomson Reuters logo are registered trademarks of Thomson Reuters and its affiliated companies.

THOMSON REUTERS

Andrew Casey - *Wells Fargo Securities - Analyst*

Okay. And then if I could sneak in actually a positive question. You realized about 50 basis points higher gross margin in Q3 than Q2 despite lower revenue and lower price realization. Can you kind of talk about the main drivers of that sequential improvement?

Mike DeWalt - *Caterpillar Inc. - VP, Strategic Services Division*

Yes, it has been all about cost. I mean we have been hard at work taking out costs. So that has been a piece of it. I would be remiss if I didn't take a little bit of credit though for this tax item we had in the third quarter. And we did have a little bit less negative of a currency drag. But I think given the decline in sales second to third you have to look at costs.

We talked about being favorable year over year $350 million in the third quarter, $450 million without inventory absorption. And year to date we are about $700 million. So we got more than half of the year-to-date cost reduction actually in the third quarter. So that has been a big focus for us. A lot of the actions that we started putting in place in late spring/early summer have started to bear fruit.

Doug Oberhelman - *Caterpillar Inc. - Chairman & CEO*

Mike, let me just interject here, Doug Oberhelman, on two items. One is price and market share and the other one is cost. Picking up where Mike left off on cost, for example, if you look at third-quarter 2013 over 2012 -- second-quarter 2013, pardon me, quarter to quarter, same profit per share both quarters on $1 billion less of sales, to kind of make Mike's point.

We have everybody here on a cost lockdown binge. As I mentioned in one of my quotes in the release, if you sort through the absorption factor of inventory and adjustment and everything we have really taken out $700 million. Now a lot of that is incentive pay and rolling lay off, etc., but there is a pretty good chunk in there starting on structural cost reduction which we will see picking up as we go forward.

But certainly the 30% decremental operating profit is one we watch. It's a little higher than I want. But when you factor in the mining mix it is sort of justified but it is something we will really concentrate on. And as we see sales increase, at some point they will, I fully expect to get back to that 25% or so range of incremental operating profit. So all hands on deck here on cost structure and more coming.

Secondly, on pricing. There was a question on pricing in 2014. We have really been on a strong effort here with our dealers to balance market share and price the last four years. And we have seen our market share grow substantially on a global basis. And just as a reminder, inside China, while our China business is up overall, it is up primarily because of increased market share and we are in a nice position there going forward. A market I think we have to be and if we are going to be the global leader down the road.

With that we have said to our customers that we would expect to keep pricing in line with inflation or so. And so, we've been able to do this through -- gaining market share through cost reduction and quality improvements while getting some price. And I'm just going to roll that in as a general statement in 2014.

I would not expect a great price realization in 2014, we are not going to budget that in. But at the same time I would anticipate and hope for more market shares gains, they might be modest, while we maintain some price. I think that is the balance we have been on enough to maintain. Remember, every extra machine we put in the field population drives a tremendous piece of aftermarket sales for us, which we really like.

Andrew Casey - *Wells Fargo Securities - Analyst*

Thank you.

©2013 Thomson Reuters. All rights reserved. Republication or redistribution of Thomson Reuters content, including by framing or similar means, is prohibited without the prior written consent of Thomson Reuters. 'Thomson Reuters' and the Thomson Reuters logo are registered trademarks of Thomson Reuters and its affiliated companies.

THOMSON REUTERS

Operator

Robert Wertheimer.

Robert Wertheimer - *Vertical Research Partners - Analyst*

Vertical Research Partners. Good morning. You've mentioned a lot on mining. One question I had is just you laid out last quarter the potential in a market that was down somewhat for you to be of somewhat on the inventory swing. And the arithmetic made sense there. And obviously you're forecasting down now and you're saying that the retail will be worse.

The underlying question really is have you heard from mines and their sort of strategic planning and the walk they do with you that is not just a couple of weeks or a month or two forward reflecting current orders, but reflecting the next year, that they sound that much more cautious. And do conversations like that drive the outlook that mining could be down next year OE?

Doug Oberhelman - *Caterpillar Inc. - Chairman & CEO*

Yes, I will take that. Doug again here, Rob. I have had several personal meetings with our mining customer CEOs the last few weeks, month or so on this very question. And it strikes me that two things are going on, the bullishness in which they answer that question on existing mines.

If you look at a couple of big announcements even in the last week of increased iron ore production, increased coal production and you talk to these -- in my discussions with these guys it has been pretty bullish in terms of what they see for existing mines in the scope of a very bearish situation for any expansion. Any expansion in the near-term is dead, it is over, it is not going to happen.

But they are really focused on increasing productivity, getting a lot more mine production out with less resources. That is one of the reasons I think we have seen fewer replacement sales and aftermarket sales frankly in the last few months. But they are all fairly optimistic on existing mine production also in the medium-term.

Because if you get back to what is going to happen with the world economy, nobody knows and I'm not going to forecast it here today. You notice we took a pretty benign view of all that in our release this time because we don't know. But they are feeling I think for the most part that even one to three years out the world will grow, China will not implode, it will continue to attract iron ore and some coal and they feel that but they want to get that out of existing resources. At some point that plays right to our hand just not right now.

Robert Wertheimer - *Vertical Research Partners - Analyst*

Great, thank you, Doug. One unrelated follow-up I guess, locomotives I think you mentioned in the press release were down -- we're coming into a pre-buy year, that was a bit of a surprise. Could you talk about why that might be down in the mining mix. And then what is your status on Tier 4 freight locomotives?

Mike DeWalt - *Caterpillar Inc. - VP, Strategic Services Division*

Okay, we will go back to the first part of that. This should end up being an up year for locomotive sales, a pretty good year. And I think our view on next year is actually reasonably positive as well. Now that said, it is not -- in some ways it is a little bit like turbines. It's, you know, shipments on big orders from customers. They don't go out necessarily smoothly month by month by month.

So, there was a small decline quarter over quarter, had more to do actually with the pretty good third quarter last year. So I wouldn't want to send any weird messages there. I mean I think it is a case where our locomotive business is going to be up this year. We expect a decent year in 2014 as well.

©2013 Thomson Reuters. All rights reserved. Republication or redistribution of Thomson Reuters content, including by framing or similar means, is prohibited without the prior written consent of Thomson Reuters. 'Thomson Reuters' and the Thomson Reuters logo are registered trademarks of Thomson Reuters and its affiliated companies.

THOMSON REUTERS

Doug Oberhelman - *Caterpillar Inc. - Chairman & CEO*

Yes, I want to come in on that as well. We are really happy with our rail division and our locomotive business. We've seen steady market share gains, we have seen a lot of cost reduction there, we are really happy with that and have a lot more plans coming.

Regarding your question on Tier 4, I think in November we will ship our first production locomotives powered by LNG. We've been working on that all year, it is a big effort we have and it is one way to address the Tier 4 situation coming up in a couple of years for rail. They will hit -- the first ones will hit the tracks in November and they have been through quite a bit of experimentation and were optimistic on that.

In terms of the diesel power side, we have a lot of experience with diesel Tier 4 on our off road business that spills over into locomotive and while we will -- we are a couple of years away on that we will be using a lot of the same technology and in good shape. But I am really excited about the possibility of LNG power locomotives here in the near-term, particularly with the spark spread being so low at the moment. So I'm really happy with rail locomotive, this will be I think a record year for them and next year ought to continue on that as well.

Robert Wertheimer - *Vertical Research Partners - Analyst*

Thank you.

Operator

Andrew Kaplowitz.

Andrew Kaplowitz - *Barclays Capital - Analyst*

Barclays. Good morning, guys. Mike, can you talk about your comments that you made earlier in the call about dealer inventory and construction, that it could be up next year. Maybe your visibility around that. And as part of that, is it impossible to quantify your PDC inventory now versus maybe this time last year in the peak in that PDC inventory?

Mike DeWalt - *Caterpillar Inc. - VP, Strategic Services Division*

Yes, yes, yes. I don't -- I'm actually glad you are asking me to clarify that a little bit because I just want to be clear. We are not expecting construction inventory to be up a lot, we are not looking for mining inventory to be down a lot. The reason for my comment was in a year that we we're not expecting a lot of dealer inventory change, that is 2014, that is not to say there might not be a little shift up and a little shift down here and there by business.

So I wasn't trying to signal a big build or a big reduction I'm just trying to say that it doesn't mean it is going to be zero everywhere. So construction, I think whether or not and how much inventory is built next year, will kind of depend upon how things are looking in the marketplace later in the year. So is 2015 looking up? Does 2014 start slow and start building as you go through the year? If that is the case then dealers may want to add some inventory later in the year. We will have to actually see how the year kind of shapes up and what 2015 is looking at when we get later in the year.

So I think the take away from today should be our expectation based on what we see today is probably not much change. In terms of PDC inventory, we don't quantify that directly separately, but I can tell you it is less than half of the peak. So it is actually fairly -- I would say at a good level right now. I don't -- it will change seasonally, it will probably go up some in the fourth quarter and maybe a little more in the first quarter as we kind of get ready for the spring selling season.

©2013 Thomson Reuters. All rights reserved. Republication or redistribution of Thomson Reuters content, including by framing or similar means, is prohibited without the prior written consent of Thomson Reuters. 'Thomson Reuters' and the Thomson Reuters logo are registered trademarks of Thomson Reuters and its affiliated companies.

THOMSON REUTERS

What customers buy has a lot more variability in it than what we sell. So dealers usually build some inventory and in the first quarter and probably late this year, first quarter next year we probably build a little PDC inventory ahead of the spring selling season. So some shifts up-and-down would be normal based on seasonality. But it is less than half what it was at the peak.

Andrew Kaplowitz - *Barclays Capital - Analyst*

That is helpful, Mike. And Mike or Doug, maybe could you tell us do think you will see any impact from the government shutdown, the uncertainty in Washington and maybe just your sales guidance for 4Q, you are talking about a slight uptick in sales yet if we look at your sales trend throughout the year, 3Q was pretty low versus 2Q and your backlog is sequentially lower. So where should we expect the sales pick up and why should we expect a sales pick up?

Mike DeWalt - *Caterpillar Inc. - VP, Strategic Services Division*

Yes, yes. I would say you will see the sales pick up in Power Systems. That normally happens on turbines, rail, we usually have a little bit bigger fourth quarter.

Doug Oberhelman - *Caterpillar Inc. - Chairman & CEO*

I will handle the shutdown piece of your question a little bit. I would say there has been minimal impact on us so far. However, I have been with a number of small, medium sized contractors the last two weeks from around the country and that is the first or second question they ask because they are feeling it. And for the most part they are fairly busy right now but they are worried about where this goes. I would say that they probably -- there answer wouldn't be that they felt it, but they are worried about feeling it in the future and that is frankly one of the reasons for our uncertain comments or our comments in there about uncertainty in the political arena because I don't know what is going to happen in the next 90 days.

But if you look backwards, I've got to believe that the rancor in Washington, the dysfunction in Washington over the last three years has not helped grow the economy any faster than 2%. That is probably not a real brilliant deduction. But I think if it would've been quieter out there and we would not have had that we'd probably have higher growth. So I look at kind of just the opposite when I think about it.

I would like it to go away, I think we have higher growth, but I don't think it is going to go away and I think it is going to be with us for some time and that is just the atmosphere in which we have to operate. We are working on everything within our four walls that we can do to make sure we are operationally efficient, doing what we can do to lower cost, because I don't know what is going to come from outside, maybe led by the politicians, maybe not.

Andrew Kaplowitz - *Barclays Capital - Analyst*

Thanks, guys, appreciate it.

Operator

Ann Duignan.

Ann Duignan - *JPMorgan Securities - Analyst*

JPMorgan, thanks. Doug, back to the point you made about focusing on costs and lowering costs. I mean we still missed the goal of 25% pull through which you have been pretty adamant you were going to meet, and we missed it by a long shot this quarter.

©2013 Thomson Reuters. All rights reserved. Republication or redistribution of Thomson Reuters content, including by framing or similar means, is prohibited without the prior written consent of Thomson Reuters. 'Thomson Reuters' and the Thomson Reuters logo are registered trademarks of Thomson Reuters and its affiliated companies.

THOMSON REUTERS

Should we take away from that that you are just not moving fast enough? Or that you're structurally disadvantaged going forward because of the high fixed costs in mining, to Mike's point earlier, that most of the mining equipment comes out of one plant and therefore there isn't really the opportunity to take as much structural cost out of the system as we need in this environment?

Doug Oberhelman - *Caterpillar Inc. - Chairman & CEO*

Ann, I want Brad to start on that and I will finish it up with a couple observations.

Brad Halverson - *Caterpillar Inc. - Group President & CFO*

You know, Ann, we have talked about on the decremental side being in a range of 25% to 30%. And so we are on the high end of that. And I think to the extent we had a normal decline in volume, which spread across our segments, we would be living to that today.

The fact is we have a huge mix issue with the mining margins and the period cost absorbed impact. And I talked about them earlier, but they will be over $1 billion and over 10% impact on pull through in and of itself. And so being at a 30% decremental given where the volume came from I would say would be within our expectations for what happened.

One thing that maybe we haven't commented on enough is that living within this 30% has been partly due to the strong performance of our Power Systems business. You know, we had even with sales down good margins in that business. And Cat Financial is having a great year. Their financial products profit will be up 25% year to date. Their portfolio is in great shape, their past dues are well down from last year. And I think probably maybe more importantly than that, the percent of the deals that they finance is up I would say a significant number.

So, yes, Ann, we want to be at 25%. And I think that our cost structure that we are working on is to make sure as we move forward, even to the flat to as we would recover, would be in that range.

Mike DeWalt - *Caterpillar Inc. - VP, Strategic Services Division*

Ann, this is Mike. I just want to make one other comment to you. If you are pulling numbers straight off the face of the statements you might be getting something a little worse than that. Remember, we had a gain last year, I think order of magnitude $270 million, when we sold our logistics business. And when we're talking about 30% we are pulling that out. That is not operational.

Doug Oberhelman - *Caterpillar Inc. - Chairman & CEO*

I will just finish this discussion on this with -- and Ann, you have for me say and I think everybody has, that I look at 25% incremental on the way up and 25% or 30% or so, 25% or so on the way down over the cycle -- over the period. We have had some quarters on the way up where we weren't at 25%, we had some where we were at 35%. And I would say this is going to be the same thing on the way down.

But generally that is our expectation and all of our internal planning on cost structure is based on that. So while it is a little bit over now and I would argue a little bit that we are not within our range, I think we are awfully close. Losing $11 billion off the top line in a year is pretty tough to go through. And we've taken a lot of cost out to help that but it is just happened pretty quick. But my expectation hasn't changed, I will tell you that.

Ann Duignan - *JPMorgan Securities - Analyst*

I guess my pushback, Doug, and I appreciate what you are saying, that when your volume is down this much it is hard to manage the bottom-line. But I guess I would push back and say are you really moving quickly enough? And when can we expect to hear what is next? When are we going to hear about all these things you are looking at?

©2013 Thomson Reuters. All rights reserved. Republication or redistribution of Thomson Reuters content, including by framing or similar means, is prohibited without the prior written consent of Thomson Reuters. 'Thomson Reuters' and the Thomson Reuters logo are registered trademarks of Thomson Reuters and its affiliated companies.

THOMSON REUTERS

Brad Halverson - *Caterpillar Inc. - Group President & CFO*

Yes, Ann, I would say that, again, with what happens I think we are moving very fast with what we can do. I would say you are going to hear more about the things that we are actively working on as we speak when we release in January, would be my guess.

Ann Duignan - *JPMorgan Securities - Analyst*

Okay, so we won't have to wait for CONEXPO; I guess that is what my fear was.

Brad Halverson - *Caterpillar Inc. - Group President & CFO*

No, I mean I don't know, I can't tell you for sure. But if you ask me what my estimate would be I would say that we would be looking to do it in the release in January.

Ann Duignan - *JPMorgan Securities - Analyst*

Okay, I will leave it there. Thanks, very much, I appreciate it.

Mike DeWalt - *Caterpillar Inc. - VP, Strategic Services Division*

All right, we are at the top of the hour. I just wanted to thank everyone for being on the call today and we will be talking to you over the course of the next quarter.

Operator

Thank you, ladies and gentlemen, this does conclude today's conference call. You may disconnect your phone lines at this time and have a wonderful day. Thank you for your participation.

DISCLAIMER

Thomson Reuters reserves the right to make changes to documents, content, or other information on this web site without obligation to notify any person of such changes.

In the conference calls upon which Event Transcripts are based, companies may make projections or other forward-looking statements regarding a variety of items. Such forward-looking statements are based upon current expectations and involve risks and uncertainties. Actual results may differ materially from those stated in any forward-looking statement based on a number of important factors and risks, which are more specifically identified in the companies' most recent SEC filings. Although the companies may indicate and believe that the assumptions underlying the forward-looking statements are reasonable, any of the assumptions could prove inaccurate or incorrect and, therefore, there can be no assurance that the results contemplated in the forward-looking statements will be realized.

THE INFORMATION CONTAINED IN EVENT TRANSCRIPTS IS A TEXTUAL REPRESENTATION OF THE APPLICABLE COMPANY'S CONFERENCE CALL AND WHILE EFFORTS ARE MADE TO PROVIDE AN ACCURATE TRANSCRIPTION, THERE MAY BE MATERIAL ERRORS, OMISSIONS, OR INACCURACIES IN THE REPORTING OF THE SUBSTANCE OF THE CONFERENCE CALLS. IN NO WAY DOES THOMSON REUTERS OR THE APPLICABLE COMPANY ASSUME ANY RESPONSIBILITY FOR ANY INVESTMENT OR OTHER DECISIONS MADE BASED UPON THE INFORMATION PROVIDED ON THIS WEB SITE OR IN ANY EVENT TRANSCRIPT. USERS ARE ADVISED TO REVIEW THE APPLICABLE COMPANY'S CONFERENCE CALL ITSELF AND THE APPLICABLE COMPANY'S SEC FILINGS BEFORE MAKING ANY INVESTMENT OR OTHER DECISIONS.

©2013, Thomson Reuters. All Rights Reserved.

©2013 Thomson Reuters. All rights reserved. Republication or redistribution of Thomson Reuters content, including by framing or similar means, is prohibited without the prior written consent of Thomson Reuters. 'Thomson Reuters' and the Thomson Reuters logo are registered trademarks of Thomson Reuters and its affiliated companies.

THOMSON REUTERS