

CATERPILLAR INC
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UNITED STATES
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COMMISSION
Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of
the Securities
Exchange Act of 1934 (Amendment No.)

Filed by the Registrant: X

Filed by a Party other than
the Registrant:

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule
14a-6(e)(2))

X

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to §240.14a-12

Caterpillar Inc.
(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than
the Registrant)

Payment of Filing Fee (Check the appropriate box):

X No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

- (1) Title of each class of securities to which transaction applies:
- (2) Aggregate number of securities to which transaction applies:
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- (4) Proposed maximum aggregate value of transaction:
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Fee paid previously with preliminary materials.

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- (1) Amount Previously Paid:
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100 NE Adams Street
Peoria, Illinois 61629

Notice of Annual Meeting of Stockholders
Wednesday, June 9, 2010
1:30 p.m. — Central Daylight Time

Northern Trust Building
50 South LaSalle Street
Chicago, Illinois 60675

April 30, 2010

Dear fellow stockholder:

On behalf of the board of directors (Board), you are cordially invited to attend the 2010 Caterpillar Inc. annual meeting of stockholders (Annual Meeting) to:

	§	Elect directors;
§		Ratify our Independent Registered Public Accounting Firm;
	§	Act on Company proposals;
§		Act on properly presented stockholder proposals; and
§		Conduct any other business properly brought before the meeting.

We have elected to furnish proxy materials for the Annual Meeting to stockholders via the Internet. We believe the use of the Securities and Exchange Commission's e-proxy rule will expedite stockholders' receipt of the proxy materials, lower the costs and reduce the environmental impact of our Annual Meeting. On April 30, 2010, we mailed a notice to most stockholders containing instructions on how to access the proxy materials and vote online. All other stockholders were sent a copy of the proxy materials by mail or e-mail. See page 1 of this proxy statement for more information on e-proxy and instructions on how you can (i) receive a paper copy of the proxy materials if you received a notice by mail, or (ii) elect to receive your proxy materials over the Internet or by e-mail, if you received them by mail this year.

You must have an admission ticket to attend the Annual Meeting. Procedures for requesting an admission ticket are detailed on page 70 of this proxy statement. Attendance and voting is limited to stockholders of record at the close of business on April 12, 2010.

Sincerely yours,

James W. Owens
Chairman

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PART ONE — Information about E-proxy, Meeting Attendance and Voting Matters

Internet Availability of Proxy Materials

As permitted by e-proxy rules adopted by the Securities and Exchange Commission (SEC), Caterpillar Inc. (Caterpillar, the Company, we or us) is providing, in most cases, the proxy materials for its Annual Meeting electronically via the Internet or e-mail. On April 30, 2010, we initiated delivery of proxy materials to our stockholders of record as of the close of business on April 12, 2010 in one of three ways: 1) a notice containing instructions on how to access proxy materials via the Internet (Internet Notice), 2) a paper copy mailing (Paper Mailing) or 3) an e-mail distribution. If you received an Internet Notice, you will not receive a printed copy of the proxy materials in the mail. Instead, the Internet Notice provides instructions on how to access the proxy materials and vote online or by telephone. If you received an Internet Notice and would like to receive a printed copy of the

proxy materials or elect to receive the materials via e-mail in the future, please follow the instructions included in the Internet Notice. If you received a Paper Mailing and would like to register to receive an Internet Notice or an e-mail regarding availability of proxy materials in the future, you can do so by any of the following methods:

§ Internet – Go to www.eproxyaccess.com/cat2010 and follow the registration instructions.

§ Telephone – From within the United States or Canada, call us free of charge at 1-888-216-1363.

§ E-mail – Send us an e-mail at cat@eproxyaccess.com. Include the control number from your Paper Mailing as the subject line, and indicate whether you wish to receive a paper or e-mail copy of the proxy materials and whether your request is for this meeting only or for all future meetings.

Frequently Asked Questions Regarding Meeting Attendance and Voting

Q: Why am I receiving these proxy materials?

A: You have received these proxy materials because you are a Caterpillar stockholder, and Caterpillar's Board is soliciting your authority or proxy to vote your shares at the Annual Meeting. This proxy statement includes information that we are required to provide to you under SEC rules and is designed to assist you in voting your shares.

Q: What is e-proxy and why did Caterpillar choose to use it this year?

A: SEC rules allow companies to choose the method for delivery of proxy materials to stockholders. For most stockholders, we have elected to send an Internet Notice, rather than mailing a full set of proxy materials. We believe that this method of delivery will expedite your receipt of proxy materials and lower the costs and reduce the environmental impact of our Annual Meeting.

Q: Why didn't I receive an "annual report" or sustainability report with my proxy materials?

A: Our 2009 "Year in Review" and 2009 "Sustainability Report" are available exclusively online at www.CAT.com/investor. The online, interactive format of the reports furthers our efforts to lower costs and reduce the environmental impact of our communications. As required by SEC rules, complete financial statements, financial statement notes and management's discussion and analysis for 2009 are included with the proxy statement distributed to stockholders.

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Q: How do I obtain an admission ticket to attend the Annual Meeting?

A: Anyone wishing to attend the Annual Meeting must have an admission ticket issued in his or her name. Admission is limited to:

- § Stockholders of record on April 12, 2010 and one immediate family member;
- § An authorized proxy holder of a stockholder of record on April 12, 2010; or
- § An authorized representative of a stockholder of record who has been designated to present a stockholder proposal.

You must provide evidence of your ownership of shares with your ticket request and follow the requirements for obtaining an admission ticket specified in the “Admission and Ticket Request Procedure” on page 70. Accredited members of the media and analysts are also permitted to attend the Annual Meeting pursuant to the directions provided in the “Admission and Ticket Request Procedure” on page 70.

Q: What is a stockholder of record?

A: A stockholder of record or registered stockholder is a stockholder whose ownership of Caterpillar stock is reflected directly on the books and records of our transfer agent, BNY Mellon Shareowner Services (Transfer Agent). If you hold stock through a bank, broker or other intermediary, you hold your shares in “street name” and are not a stockholder of record. For shares held in street name, the stockholder of record is your bank, broker or other intermediary. Caterpillar only has access to ownership records for the stockholders of record. So, if you are not a stockholder of record, the Company needs additional documentation to evidence your stock ownership as of the record date – such as a copy of your brokerage account statement, a letter from your broker, bank or other nominee or a copy of your voting instruction card.

Q: When is the record date and who is entitled to vote?

A: The Board set April 12, 2010 as the record date for the Annual Meeting. Holders of Caterpillar common stock on that date are entitled to one vote per share. As of April 12, 2010, there were 628,185,024 shares of Caterpillar common stock outstanding.

A list of all registered stockholders will be available for examination by stockholders during normal business hours at 100 NE Adams Street, Peoria, Illinois 61629, at least ten days prior to the Annual Meeting and will also be available for examination at the Annual Meeting.

Q: How do I vote?

A: You may vote by any of the following methods:

- § In person – Stockholders of record and stockholders with shares held in street name that obtain an admission ticket and attend the Annual Meeting will receive a ballot for

voting. If you hold shares in street name, you must also obtain a legal proxy from your broker to vote in person and submit the proxy along with your ballot at the meeting.

§ By mail – Signing and returning the proxy and/or voting instruction card provided.

§ By phone or via the Internet – Following the instructions on your Internet Notice, proxy and/or voting instruction card or e-mail notice.

If you vote by phone or the Internet, please have your Internet Notice, proxy and/or voting instruction card or e-mail notice available. The control number appearing on your Internet Notice, proxy and/or voting instruction card or e-mail notice is necessary to process your vote. A phone or Internet vote authorizes the named proxies in the same manner as if you marked, signed and returned the card by mail.

Q: Why is it so important that I vote my shares?

A: We value your input on questions facing the Company. Please note that if you hold your shares through a broker in street name, beginning this year, New York Stock Exchange (NYSE) rules will not permit your broker to vote your shares in the election of directors without your instruction. Your failure to vote this year may require us to incur additional solicitation costs. In addition, your voice can be heard on important Company matters when you vote. Whether or not you plan to attend the Annual Meeting, we encourage you to vote your shares promptly so that we can avoid additional costs.

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Q: What are “broker non-votes” and why is it so important that I submit my voting instructions for shares I hold in street name?

A: Under the rules of the NYSE, if a broker or other financial institution holds your shares in its name and you do not provide your voting instructions to them, that firm has discretion to vote your shares for certain routine matters. For example, Company Proposal 2, the ratification of the appointment of our independent registered public accounting firm, is a routine matter.

On the other hand, the broker or other financial institution that holds your shares in its name does not have discretion to vote your shares for non-routine matters, including stockholder proposals. When a broker votes a client’s shares on some but not all of the proposals at the Annual Meeting, the missing votes are referred to as “broker non-votes.”

Q: How can I authorize someone else to attend the meeting or vote for me?

A: Stockholders of record can authorize someone other than the individual(s) named on the proxy and/or voting instruction card to vote on their behalf by crossing out the individual(s)

named on the card and inserting the name of the individual being authorized or by providing a written authorization to the individual being authorized to attend or vote.

Street name holders can contact their broker to obtain documentation with authorization to attend or vote at the meeting.

To obtain an admission ticket for an authorized proxy representative, see the requirements specified in the "Admission and Ticket Request Procedure" on page 70.

Q: How can I change or revoke my vote?

A: For stockholders of record: You may change or revoke your vote by submitting a written notice of revocation to Caterpillar Inc. c/o Corporate Secretary at 100 NE Adams Street, Peoria, Illinois 61629 or by validly submitting another vote on or before June 9, 2010 (including a vote via the Internet or by telephone). For all methods of voting, the last vote cast will supersede all previous votes.

For holders in street name: You may change or revoke your voting instructions by following the specific directions provided to you by your bank or broker.

Q: Is my vote confidential?

A: Yes. Proxy cards, ballots, Internet and telephone votes that identify stockholders are kept confidential. There are exceptions for contested proxy solicitations or when necessary to meet legal requirements. Innisfree M&A Incorporated (Innisfree), the independent proxy tabulator used by Caterpillar, counts the votes and acts as the inspector of election for the Annual Meeting.

Q: What is the quorum for the meeting?

A: A quorum of stockholders is necessary to hold a valid meeting. For Caterpillar, at least one-third of all stockholders must be present in person or by proxy at the Annual Meeting to constitute a quorum. Abstentions and broker non-votes are counted as present for establishing a quorum.

Q: What vote is necessary for action to be taken on proposals?

A: Directors are elected by a plurality vote of the shares present at the meeting, meaning that director nominees with the most affirmative votes are elected to fill the available seats. Company proposals to amend the Restated Certificate of Incorporation and Bylaws require the affirmative vote of no less than 75 percent of the outstanding shares. All other actions presented for a vote of the stockholders at the Annual Meeting require an affirmative vote of the majority of shares present or represented at the meeting and entitled to vote. Abstentions will have the effect of a vote against matters other than director elections. Broker non-votes will not have an effect on any proposals presented for your vote.

Votes submitted by mail, telephone or Internet will be voted by the individuals named on the card (or the individual properly authorized) in the manner indicated. If you do not specify how you want your shares voted, they will be voted in accordance with the Board's recommendations. If you hold shares in more than one account, you must vote each proxy and/or voting instruction card you receive to ensure that all shares you own are voted.

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Q: When are stockholder proposals due for the 2011 annual meeting?

A: To be considered for inclusion in the Company's 2011 proxy statement, stockholder proposals must be received in writing no later than January 1, 2011. Stockholder proposals should be sent to Caterpillar Inc. by mail c/o Corporate Secretary at 100 NE Adams Street, Peoria, Illinois 61629. Additionally, we request that you also forward all stockholder proposals via facsimile to the following facsimile number: 309-494-1467.

Q: What does it mean if I receive more than one proxy card?

A: Whenever possible, registered shares and plan shares for multiple accounts with the same registration will be combined into the same card. Shares with different registrations cannot be combined and as a result, you may receive more than one proxy card. For example, registered shares held individually by John Smith will not be combined on the same proxy card as registered shares held jointly by John Smith and his wife.

Street shares are not combined with registered or plan shares and may result in the stockholder receiving more than one proxy card. For example, street shares held by a broker for John Smith will not be combined with registered shares for John Smith.

If you hold shares in more than one account, you must vote for each notice, proxy and/or voting instruction card or e-mail notification you receive that has a unique control number to ensure that all shares you own are voted.

If you receive more than one card for accounts that you believe could be combined because the registration is the same, contact our Transfer Agent (for registered shares) or your broker (for street shares) to request that the accounts be combined for future mailings.

Q: Who pays for the solicitation of proxies?

A: Caterpillar pays the cost of soliciting proxies on behalf of the Board. This solicitation is being made by mail, but also may be made by telephone or in person. We have hired Innisfree to assist in the solicitation. We will pay Innisfree a fee of \$15,000 for these services, and will reimburse their out-of-pocket expenses. We will reimburse brokerage firms and other custodians, nominees and fiduciaries for their reasonable out-of-pocket expenses for sending proxy materials to stockholders and obtaining their votes.

Q: Are there any matters to be voted on at the Annual Meeting that are not included in this proxy statement?

A: We do not know of any matters to be voted on by stockholders at the meeting other than those discussed in this proxy statement. If any other matter is properly presented at the Annual Meeting, proxy holders will vote on the matter in their discretion.

Under Caterpillar's Bylaws, a stockholder may bring a matter to vote at the Annual Meeting by giving adequate notice to Caterpillar Inc. by mail c/o Corporate Secretary at 100 NE Adams Street, Peoria, Illinois 61629. To qualify as adequate, the notice must contain the information specified in our Bylaws and be received by us not less than 45 days nor more than 90 days prior to the Annual Meeting. However, if less than 60 days' notice of the Annual Meeting date is given to stockholders, notice of a matter to be brought before the Annual Meeting may be provided to us up to the 15th day following the date the notice of the Annual Meeting was provided.

Q: Can I submit a question in advance of the Annual Meeting?

A: Stockholders wishing to submit a question for consideration in advance of the Annual Meeting may do so by sending an e-mail to the Corporate Secretary at Directors@CAT.com or by mail to Caterpillar Inc. c/o Corporate Secretary at 100 NE Adams Street, Peoria, Illinois 61629. At the Annual Meeting, the Chairman will alternate taking live questions with questions submitted in advance, if any.

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PART TWO — Corporate Governance Information

Corporate Governance Guidelines

Our Board has adopted Guidelines on Corporate Governance Issues (Corporate Governance Guidelines), which are available on our Internet site at www.CAT.com/governance. The Corporate Governance Guidelines reflect the Board's commitment to oversee the effectiveness of policy and decision-making both at the Board and management level, with a view to enhancing stockholder value over the long term.

Composition of the Board

Structure

As of the date of this proxy statement, our Board consists of 15 directors and is divided into three classes for election purposes. One class is elected at each annual meeting to serve for a three-year term.

In response to prior stockholder proposals, the Board has decided to recommend Company Proposal 4 to declassify the Board. If at least 75 percent of the outstanding shares of the Company are voted in favor of Company Proposal 4 to amend our Restated Certificate of Incorporation and Bylaws to declassify the Board, each director elected at the Annual Meeting will hold office until the 2011 annual meeting. At the 2011 annual meeting, all of our currently serving directors' terms would automatically expire, and all directors would stand for election at the 2011 annual meeting and on an annual basis thereafter.

If fewer than 75 percent of the outstanding shares of the Company are voted in favor of Company Proposal 4, there will be no change to our directors' terms of office or to the class structure of the Board and directors elected at the Annual Meeting will hold office for a three-year term expiring at the 2013 annual meeting. Directors in the other two classes will continue in office for the remainder of their terms.

If a nominee is unavailable for election, proxy holders will vote for another nominee proposed by the Board or, as an alternative, the Board may reduce the number of directors to be elected at the Annual Meeting.

At its June 9, 2010 meeting, the Board is expected to elect Douglas R. Oberhelman as a director of the Company, effective on July 1, 2010. Mr. Oberhelman's election to the Board is expected to occur in connection with his appointment as Chief Executive Officer (CEO) of the Company. Mr. Oberhelman is not expected to serve on any Board committees and will be a Class II director. His business experience and recent directorships are provided with his description as a Class II director below. When Mr. Oberhelman is elected as a director, the Board will have 16 directors.

The Board has determined that, with the exception of Mr. Owens, all directors are independent as determined under NYSE listing standards and the standards described under "Director Independence Determinations" on page 10.

The Company's Corporate Governance Guidelines require a director to tender his or her resignation upon a significant change in business or personal circumstances. Accordingly, on November 10, 2009, Gail D. Fosler submitted a letter of resignation from her position as a director following her resignation as president of The Conference Board. On November 19, 2009, John R. Brazil also submitted a letter of resignation from his position as a director following his retirement as president of Trinity University. On February 10, 2010, the Board accepted Ms. Fosler's and Mr. Brazil's resignations, effective upon the expiration of their current terms as Class I directors on the date of the Company's annual meeting of stockholders in 2011.

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The current composition of the Board classes is as follows:

Director Biographies and Qualifications

Class I – Directors with terms expiring in 2011

§ W. FRANK BLOUNT, 71, Chairman and CEO of JI Ventures, Inc. (venture capital) and former Chairman and CEO of TTS, Inc. (private equity firm). Other current directorships: Alcatel-Lucent S.A.; Entergy Corporation; and KBR, Inc. Other directorships within the last five years: Adtran Inc. and Hanson PLC. Mr. Blount has been a director of the Company since 1995.

The Board believes that Mr. Blount's international business experience allows him to provide important insights for the Company's management and execution of its strategic plans. His experience as former Group President of AT&T, Inc. and former CEO of Telstra, Inc. of Australia and as a director for other large, publicly-traded multinational corporations enables him to provide meaningful input and guidance to the Board and the Company.

Mr. Blount will turn 72 this year and is expected to retire from the Board on or before December 31, 2010, pursuant to the mandatory director retirement age set forth in our Corporate Governance Guidelines.

§

JOHN R. BRAZIL, 64, former President of Trinity University (San Antonio, Texas). Other current directorships: none. Other directorships within the last five years: none. Dr. Brazil has been a director of the Company since 1998.

The Board believes that Dr. Brazil's role as a thought leader in education and academia brings important insights and diverse viewpoints to the Board. His experience as a university president and prior service as a director of a large utility corporation and several banks also enables him to provide meaningful input and guidance to the Board and the Company.

§ EUGENE V. FIFE, 69, Managing Principal of Vawter Capital LLC (private investment). Mr. Fife served as the interim CEO and President of Eclipsys Corporation (healthcare information services) from April to November of 2005 and currently serves as the non-executive Chairman. Other current directorships: Eclipsys Corporation. Other directorships within the last five years: none. Mr. Fife has been a director of the Company since 2002.

The Board believes that Mr. Fife's investment banking experience bolsters the expertise of the Board and adds important insights for the Company's growth strategy. His financial expertise and experience are important considerations for the Board. Additionally, his experiences as a chief executive officer and director of large, publicly-traded multinational corporations enables him to provide meaningful input and guidance to the Board and the Company.

§ GAIL D. FOSLER, 62, Senior Advisor of The Conference Board (research and business membership). Prior to her current position, Ms. Fosler has served as President, Trustee, Executive Vice President, Senior Vice President and Chief Economist of The Conference Board. Other current directorships: Baxter International Inc. Other directorships within the last five years: DBS Group Holdings Ltd. and Unisys Corporation. Ms. Fosler has been a director of the Company since 2003.

The Board believes that Ms. Fosler's knowledge of corporate best practices and global view of economic trends, especially her knowledge of emerging markets, is important to the Company's management and strategic plans. Her insight and expertise as a leading economic forecaster and advisor provides the Board with additional insight into long-term macro-economic planning. Her financial expertise and experience as a director at other large, publicly-traded multinational corporations enables her to provide meaningful input and guidance to the Board and the Company.

§ PETER A. MAGOWAN, 68, former President and Managing General Partner of the San Francisco Giants (major league baseball team). Other current directorships: none. Directorships within the last five years: DaimlerChrysler AG, Safeway Inc. and Spring Group plc. Mr. Magowan has been a director of the Company since 1993.

The Board believes that Mr. Magowan's business experience as a long-term chief executive officer of Safeway Inc., a large, publicly-traded multinational corporation, is particularly valuable to the Board. His experience in owning and managing a professional baseball organization also provides a diverse viewpoint on business matters. In addition, his experience as a director of other large, publicly-traded multinational corporations enables him to provide meaningful input and guidance to the Board and the Company.

§ DANIEL M. DICKINSON, 48, Managing Partner of Thayer | Hidden Creek (private equity investment). Other current directorships: IESI-BFC Ltd. and Mistras Group, Inc. Other directorships within the last five years: none. Mr. Dickinson has been a director of the Company since 2006.

The Board believes that Mr. Dickinson's experience in mergers and acquisitions, private equity business and role as an investment banker provides important insight for the Company's growth strategy. His significant financial expertise and experience, both in the U.S. and internationally, contributes to the Board's understanding and ability to analyze complex issues. His experience as a director of large, publicly-traded multinational corporations enables him to provide meaningful input and guidance to the Board and the Company.

§ DAVID R. GOODE, 69, former Chairman, President and CEO of Norfolk Southern Corporation (holding company engaged principally in surface transportation). Other current directorships: Delta Air Lines, Inc. and Texas Instruments Incorporated. Other directorships within the last five years: Norfolk Southern Corporation and Georgia-Pacific Corporation. Mr. Goode has been a director of the Company since 1993.

The Board believes that Mr. Goode's experience in the transportation and railroad industry provides valuable expertise to the Board. His extensive experience in a capital-intensive industry enables him to make important contributions to the Company's growth strategy. In addition, his experience as a chief executive officer and director of large, publicly-traded multinational corporations enables him to provide meaningful input and guidance to the Board and the Company.

§ DOUGLAS R. OBERHELMAN (effective July 1, 2010), 57, Vice Chairman and Chief Executive Officer-Elect and Group President of Caterpillar Inc. (machinery, engines and financial products). Mr. Oberhelman has been a Group President since January 1, 2001. Prior to becoming Group President, Mr. Oberhelman served as vice president with responsibility for the Engine Products Division. Other current directorships: Ameren Corporation and Eli Lilly and Company. As previously announced, Mr. Oberhelman will not stand for re-election to the Ameren board and will step down as a director effective April 27, 2010. Other directorships within the last five years: none.

The Board believes that Mr. Oberhelman's extensive experience and knowledge of the Company is valuable to the Board. He has worked at the Company for over 30 years and is familiar with its business and strategy. His knowledge of the business and background in finance enables him to provide meaningful input and guidance to the Board and the Company.

As previously announced, Mr. Oberhelman will become CEO and a member of the Board effective July 1, 2010.

§ JAMES W. OWENS, 64, Chairman and CEO of Caterpillar Inc. (machinery, engines and financial products). Prior to his current position, Mr. Owens served as Vice Chairman of Caterpillar. Other current directorships: Alcoa Inc. and International Business Machines Corporation. Other directorships within the last five years: none. Mr. Owens has been a director of the Company since 2004.

The Board believes that Mr. Owens' extensive experience and knowledge of the Company is valuable to the Board. He has worked at the Company for over 35 years and is familiar with its business and strategy. His knowledge of the business and background in economics, coupled with his experience as a director of large, publicly-traded multinational corporations enables him to provide meaningful input and guidance to the Board and the Company.

Mr. Owens previously announced that he expects to retire as Chairman of the Board effective October 31, 2010.

§ CHARLES D. POWELL, 68, Chairman of Capital Generation Partners (asset and investment management), LVMH Services Limited (luxury goods) and Magna Holdings (real estate investment). Prior to his current positions, Lord Powell was Chairman of Sagitta Asset Management Limited (asset management). Other current

directorships: LVMH Moët-Hennessy Louis Vuitton and Textron Corporation. Other directorships within the last five years: none. Lord Powell has been a director of the Company since 2001.

The Board believes that Lord Powell's substantial knowledge of international affairs and business expertise are important to the Board. His trade, public and governmental affairs and international experience is also valued by the Board. In addition, his role as a director of large, publicly-traded multinational corporations enables him to provide meaningful input and guidance to the Board and the Company.

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§JOSHUA I. SMITH, 69, Chairman and Managing Partner of the Coaching Group, LLC (management consulting). Other current directorships: Comprehensive Care Corporation, FedEx Corporation and The Allstate Corporation. Other directorships within the last five years: CardioComm Solutions Inc. Mr. Smith has been a director of the Company since 1993.

The Board believes that Mr. Smith's experience in management consulting and business leadership provides important guidance to the Board. His experience as the Chairman of the U.S. Commission on Minority Business Development, Maryland Small Business Development Finance Authority and as a member of the board of directors of the U.S. Chamber of Commerce provides valued insights on diversity issues. In addition, his experience as the founder and chief executive officer of his own business and role as a director of other large, publicly-traded multinational corporations enables him to provide meaningful input and guidance to the Board and the Company.

Class III – Directors nominated for election at the Annual Meeting

§JOHN T. DILLON, 71, Senior Managing Director and former Vice Chairman of Evercore Partners (advisory and investment firm). Other current directorships: E. I. du Pont de Nemours and Company and Kellogg Co. Other directorships within the last five years: Vertis Inc. Mr. Dillon has been a director of the Company since 1997.

The Board believes that Mr. Dillon's prior experience as a chief executive officer of a large, publicly-traded multinational corporation, knowledge of the forest products industry and experience with trade-related issues is particularly valuable to the Board. In addition, his financial expertise and experience as a director of large, publicly-traded multinational corporations enables him to provide meaningful input and guidance to the Board and the Company.

Mr. Dillon will turn 72 this year and is expected to retire from the Board on or before December 31, 2010, pursuant to the mandatory director retirement age set forth in our Corporate Governance Guidelines.

§JUAN GALLARDO, 62, Chairman and former CEO of Grupo Embotelladoras Unidas S.A. de C.V. (bottling). Former Vice Chairman of Home Mart de Mexico, S.A. de C.V. (retail trade), former Chairman of Grupo Azucarero Mexico, S.A. de C.V. (sugar mills) and former Chairman of Mexico Fund Inc. (mutual fund). Other current directorships: Grupo Mexico, S.A. de C.V. and Lafarge SA. Other directorships within the last five years: none. Mr. Gallardo has been a director of the Company since 1998.

The Board believes that Mr. Gallardo's international business experience, particularly in Latin America and South America, are important for the Company's growth strategy. His extensive background in trade-related issues also contributes to the Board's expertise. In addition, his experience as a chief executive officer and director of large, publicly-traded multinational corporations enables him to provide meaningful input and guidance to the Board and the

Company.

§ WILLIAM A. OSBORN, 62, retired Chairman and CEO of Northern Trust Corporation (multibank holding company) and The Northern Trust Company (bank). Other current directorships: Abbott Laboratories and General Dynamics. Other directorships within the last five years: Nicor Inc., Tribune Company and Northern Trust Corporation. Mr. Osborn has been a director of the Company since 2000.

The Board believes that Mr. Osborn's financial expertise and experience is valuable to the Board. His experience as a chairman and chief executive officer of a large, publicly-traded multinational corporation is particularly important to the Board. In addition, his experience as a director of other large, publicly-traded corporations enables him to provide meaningful input and guidance to the Board and the Company.

§ EDWARD B. RUST, JR., 59, Chairman, CEO and President of State Farm Mutual Automobile Insurance Company (insurance). He is also President and CEO of State Farm Fire and Casualty Company, State Farm Life Insurance Company and other principal State Farm affiliates as well as Trustee and President of State Farm Mutual Fund Trust and State Farm Variable Product Trust. Other current directorships: Helmerich & Payne, Inc. and The McGraw-Hill Companies, Inc. Other directorships within the last five years: none. Mr. Rust has been a director of the Company since 2003.

The Board believes that Mr. Rust's financial and business experience is valuable to the Board. His role as a chief executive officer of a major national corporation and experience as a director of large, publicly-traded multinational corporations enables him to provide meaningful input and guidance to the Board and the Company. In addition, his extensive involvement in education improvement compliments the Company's culture of social responsibility.

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§ SUSAN C. SCHWAB, 55, Professor, University of Maryland School of Public Policy. Prior to her current position, Ambassador Schwab held various positions including United States Trade Representative (member of the President's cabinet), Deputy United States Trade Representative and President and CEO of the University System of Maryland Foundation. Other current directorships: FedEx Corporation and The Boeing Company. Other directorships within the last five years: Adams Express Company, Calpine Corporation and Petroleum & Resources Corporation. Ambassador Schwab has been a director of the Company since 2009.

The Board believes that Ambassador Schwab brings extensive knowledge, insight and experience on international trade issues to the Board. Her educational experience and role as the U.S. Trade Representative provide important insights for the Company's global business model and long-standing support of open trade. In addition, her experience as a director of large, publicly-traded multinational corporations enables her to provide meaningful input and guidance to the Board and the Company.

Related Party Transaction Approval Process

Caterpillar's Board adopted a written process governing the approval of related party transactions for directors and certain officers in April 2007. Under the process, all related party transactions are to be approved in advance by the Governance Committee. Related parties include directors and executive officers and their immediate family members. Caterpillar's related party transaction policy includes transactions which may not require disclosure under applicable SEC rules.

Prior to entering into such a transaction, the applicable director or officer must submit the details of the proposed transaction to the Company's general counsel, including whether: (i) the aggregate amount involved will or may be expected to exceed \$120,000 in any calendar year; (ii) the Company is a party; and (iii) the related person or his or her immediate family member has or will have a direct or indirect interest (other than solely as a result of being a director or a less than 10 percent beneficial owner of an entity involved in the transaction). The general counsel will then evaluate, based on the facts and circumstances of the transaction, whether the related person has a direct or indirect material interest in the transaction. If so, the general counsel will submit the matter to the Governance Committee for it to consider the following:

- § The nature of the related person's interest in the transaction.
- § The material terms of the transaction, including, without limitation, the amount and type of transaction.
- § The importance of the transaction to the related person.
- § The importance of the transaction to the Company.
- § Whether the transaction would impair the judgment of the director or executive officer to act in the best interest of the Company.
- § The alternatives to entering into the transaction.
- § Whether the transaction is on terms comparable to those available to third parties or, in the case of employment relationships, to employees generally.
- § The potential for the transaction to lead to an actual or apparent conflict of interest and any safeguards imposed to prevent such actual or apparent conflicts.
- § The overall fairness of the transaction to the Company.

In February 2010, Susan C. Schwab requested consideration of an arrangement whereby Ms. Schwab would provide consulting services to Mayer Brown LLP (Mayer Brown) on international trade issues. The Governance Committee discussed the request, including the compensation she expected to receive from Mayer Brown, the fact that Mayer Brown provides legal services to the Company and that Ms. Schwab would not provide any services to Mayer Brown in connection with any of the Company's legal matters. After careful consideration, the Governance Committee unanimously approved the transaction under the Company's related party transaction policy.

The Governance Committee also considered a matter reported by John T. Dillon under the Company's related party transaction approval process in February 2010. Mr. Dillon is Senior Managing Director of Evercore Partners, a subsidiary of which has been appointed Independent Fiduciary and Independent Monitor in connection with a litigation settlement involving

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Caterpillar. After careful consideration, the Governance Committee determined that Mr. Dillon did not have a direct or indirect material interest in this transaction.

In addition, the Governance Committee considered long-term transactions and relationships between the Company and The Conference Board, for which Ms. Fosler is currently a senior advisor and was previously the president and trustee, and with LSV Asset Management, for which Mr. Owens' son is a partner. The Governance Committee concluded that Ms. Fosler and Mr. Owens' son do not have a direct or indirect material interest in the applicable relationship or transaction.

The Governance Committee also considered the following matter:

In August 2007, Caterpillar entered into an exclusive marketing agreement with Claycrete, Ltd., a Hong Kong chartered manufacturer of products designed to harden dirt roads. Under this agreement, the Company agreed to

market Claycrete's products to Caterpillar's dealers in exchange for a marketing fee paid to Caterpillar based on the revenues generated by the agreement. In February 2008, Caterpillar also loaned \$1 million to Claycrete for working capital and other uses. Caterpillar expected the loan to be repaid from sales generated under the marketing agreement.

Claycrete had been initially introduced to Caterpillar by Mr. Joshua I. Smith, a member of our Board. Mr. Smith had provided a variety of consulting services to Mr. Jens Bogh, the Chief Executive Officer of Claycrete, including with respect to matters such as agreements with large companies like Caterpillar. Mr. Smith had an arrangement with Mr. Bogh whereby Mr. Smith would be paid for the business coaching provided to Mr. Bogh based upon among other things, sales by Claycrete of its products. Ultimately, no Claycrete products were sold under the marketing agreement, and no marketing fees have been paid to Caterpillar. For his services to Mr. Bogh and Claycrete, Mr. Smith was paid approximately \$37,000. Mr. Bogh is no longer the Chief Executive Officer of Claycrete, and Mr. Smith's interest in any transactions between Caterpillar and Claycrete has concluded.

The Governance Committee has reviewed the transactions involving Claycrete, Mr. Smith and Caterpillar. The Governance Committee determined that Caterpillar's related party transaction approval process was not correctly followed in this instance, but the Governance Committee did not find that Mr. Smith intentionally or willfully violated the policy. At the Board's request, Mr. Smith certified to the Board his commitment to comply with Caterpillar's policies and procedures and has undergone additional training focused on Caterpillar's corporate governance practices.

Director Independence Determinations

The Company's Corporate Governance Guidelines establish that no more than two non-independent directors shall serve on the Board at any point in time. A director is "independent" if he or she has no direct or indirect material relationship with the Company or with senior management of the Company and their respective affiliates. Annually, the Board makes an affirmative determination regarding the independence of each director based upon the recommendation of the Governance Committee. The Board makes its independence determinations on a case-by-case basis, after consideration of all relevant facts and circumstances. To assist in making its independence determinations, the Board has adopted the following standards, which conform to the applicable NYSE rules. Under these standards, a director is considered independent if he or she:

- (1) Has no material relationship with the Company, either directly or as a partner, stockholder or officer of an organization that has a relationship with the Company, and does not have any relationship that precludes independence under the NYSE director independence standards;
- (2) Is not currently, or within the past three years, employed by the Company, or an immediate family member is not currently, or for the past three years, employed as an executive officer of the Company;
- (3) Is not a current employee, nor is an immediate family member a current executive officer of, a company that has made payments to, or received payments from, the Company for property or services in an amount which, in any of the past three years, exceeds the greater of \$1 million or 2 percent of the consolidated gross revenues of that company;
- (4) Has not received, nor has an immediate family member received, during any twelve month period within the last three years, direct remuneration in excess of \$120,000 from the Company other than director and committee fees and pension or other forms of deferred compensation for prior services;

- (5)(i) is not a current partner or employee of a firm that is the Company's internal or external auditor; (ii) does not have an immediate family member who is a current partner of such a firm; (iii) does not have an immediate family member who is a current employee of such a firm and personally works on the Company's audit; or (iv) has not, nor has an immediate family member, been a partner or employee of such a firm and personally worked on the Company's audit within the last three years;
- (6) Is not part of an "interlocking directorate," whereby an executive officer of the Company simultaneously served on the compensation committee of another company that employed the director as an executive officer during the last three years;
- (7) Is free of any relationships with the Company that may impair, or appear to impair, his or her ability to make independent judgments; and
- (8) Is not employed by a non-profit organization where a substantial portion of funding for the past three years (exceeding the greater of \$1 million or 2 percent of the organization's annual consolidated gross revenues) comes from the Company or the Caterpillar Foundation.

Applying these standards, on April 7, 2010 the Board determined that each of the following directors met the independence standards: W. Frank Blount, John R. Brazil, Daniel M. Dickinson, John T. Dillon, Eugene V. Fife, Gail D. Fosler, Juan Gallardo, David R. Goode, Peter A. Magowan, William A. Osborn, Charles D. Powell, Edward B. Rust, Jr., Susan C. Schwab and Joshua I. Smith. In making its determination, the Board considered certain Company transactions, relationships or arrangements, including the following, which the Board determined did not affect the applicable director's independence:

§ The Conference Board, for which Ms. Fosler was the president and a trustee in 2009 and is currently serving as a senior advisor, received payments from the Company for research, subscriptions, conferences, webcasts, etc. The Board determined that the amount of the payments made by the Company was below the greater of \$1 million or 2 percent of The Conference Board's consolidated gross revenues and that Ms. Fosler's independence was not affected by these payments.

§ Christopher Powell, brother of Charles D. Powell, is a member of the advisory board of PricewaterhouseCoopers in the United Kingdom; however, he is not a partner or employee of PricewaterhouseCoopers. PricewaterhouseCoopers is employed by us as our independent registered public accounting firm. The Board determined that Christopher Powell's limited role in providing advice to partners, business unit leaders and members of the PricewaterhouseCoopers United Kingdom executive board on the development of business for the firm does not affect Charles D. Powell's independence.

§ Various matching contributions made by the Caterpillar Foundation to non-profit organizations where directors or immediate family members are employed were also considered; however, none of the contributions were determined to have affected the independence of any of the directors.

In addition, the Board determined that, as a current employee of the Company, Mr. Owens is not independent based on the above standards.

The Governance Committee solicits and receives recommendations and reviews the qualifications of potential director candidates. After review, the Governance Committee recommends to the full Board candidates for election at the annual meeting of the Company's stockholders and candidates to fill vacancies on the Board. Potential director candidates may also be nominated by our stockholders and are similarly reviewed by the Governance Committee, which makes recommendations to the full Board. Additional information about the process for nominating directors and stockholder nominations is described in the "Governance Committee" section on page 18.

Our Chairman and CEO and Governance Committee periodically review with the Board the particular characteristics or attributes that would be most beneficial to the Company in future Board members. These characteristics, which are set forth in the Company's Corporate Governance Guidelines, include, but are not limited to: (i) integrity, honesty and accountability, with a willingness to express independent thought; (ii) successful leadership experience and stature in an individual's primary field, with a background that demonstrates an understanding of business affairs as well as the complexities of a large, publicly-held company (with particular consideration being given to candidates with experience as chief executive officers

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of successful capital-intensive businesses with international operations); (iii) demonstrated ability to think strategically and make decisions with a forward-looking focus, with the ability to assimilate relevant information on a broad range of complex topics; (iv) be a team player with a demonstrated willingness to ask tough questions in a constructive manner that adds to the decision-making process of the Board; (v) independence and absence of conflicts of interest; (vi) ability to devote necessary time to meet director responsibilities; and (vii) ability to commit to the Company's stock ownership guidelines.

Consistent with these criteria for potential director candidates and Caterpillar's Worldwide Code of Conduct, the Board values diversity of talents, skills, abilities and experiences and believes that the diversity that exists on the Board provides significant benefits to the Company. Although there is no specific diversity policy, the Governance Committee may also consider the diversity of its members and potential candidates in selecting new directors.