CATERPILLAR INC
Form 10-K
February 21, 2012
Table of Contents

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

(Mark One)

x ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2011

OR

o TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to .

Commission File No. 1-768

CATERPILLAR INC.

(Exact name of Registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation)	**37-0602744** (IRS Employer I.D. No.)
100 NE Adams Street, Peoria, Illinois (Address of principal executive offices)	**61629** (Zip Code)

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

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

Title of each class	**Name of each exchange on which registered**
Common Stock ($1.00 par value)(1)	New York Stock Exchange
9 3/8% Debentures due March 15, 2021	New York Stock Exchange
8% Debentures due February 15, 2023	New York Stock Exchange
5.3% Debentures due September 15, 2035	New York Stock Exchange

(1) In addition to the New York Stock Exchange, Caterpillar common stock is also listed on stock exchanges in Belgium, France, Germany, Great Britain and Switzerland.

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

Indicate by check mark whether the Registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes x No o

Indicate by check mark if the Registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes o No x

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

Indicate by a check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes x No o

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

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer x Accelerated filer o

Non-accelerated filer o Smaller Reporting Company o

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes o No x

As of June 30, 2011, there were 646,066,322 shares of common stock of the Registrant outstanding, and the aggregate market value of the voting stock held by non-affiliates of the Registrant (assuming only for purposes of this computation that directors and executive officers may be affiliates) was approximately $68.2 billion.

As of December 31, 2011, there were 647,533,344 shares of common stock of the Registrant outstanding.

Documents Incorporated by Reference

Portions of the documents listed below have been incorporated by reference into the indicated parts of this Form 10-K, as specified in the responses to the item numbers involved.

Part III	2012 Annual Meeting Proxy Statement (Proxy Statement) to be filed with the Securities and Exchange Commission (SEC) within 120 days after the end of the calendar year.
Parts I, II, IV	General and Financial Information for 2011 containing the information required by SEC Rule 14a-3 for an annual report to security holders filed as Exhibit 13 to this Form 10-K (Exhibit 13).

Table of Contents

TABLE OF CONTENTS

			Page
Part I	Item 1.	Business	1
	Item 1A.	Risk Factors	10
	Item 1B.	Unresolved Staff Comments as of December 31, 2011	21
	Item 1C.	Executive Officers of the Registrant as of December 31, 2011	21
	Item 2.	Properties	22
	Item 3.	Legal Proceedings	24
	Item 4.	Mine Safety Disclosures	24
Part II	Item 5.	Market for Registrant s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities	24
	Item 6.	Selected Financial Data	25
	Item 7.	Management s Discussion and Analysis of Financial Condition and Results of Operations	25
	Item 7A.	Quantitative and Qualitative Disclosures About Market Risk	25
	Item 8.	Financial Statements and Supplementary Data	26
	Item 9.	Changes in and Disagreements With Accountants on Accounting and Financial Disclosure	26
	Item 9A.	Controls and Procedures	26
	Item 9B.	Other Information	27
Part III	Item 10.	Directors, Executive Officers and Corporate Governance	27
	Item 11.	Executive Compensation	28
	Item 12.	Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters	28
	Item 13.	Certain Relationships and Related Transactions, and Director Independence	28
	Item 14.	Principal Accountant Fees and Services	28
Part IV	Item 15.	Exhibits and Financial Statement Schedules	29

Table of Contents

PART I

Item 1. Business.

General

Originally organized as Caterpillar Tractor Co. in 1925 in the State of California, our company was reorganized as Caterpillar Inc. in 1986 in the State of Delaware. As used herein, the term Caterpillar, we, us, our, or the company refers to Caterpillar Inc. and its subsidiaries unless designated or identified otherwise.

Overview

With 2011 sales and revenues of $60.138 billion, Caterpillar is the world s leading manufacturer of construction and mining equipment, diesel and natural gas engines, industrial gas turbines and diesel-electric locomotives. The company is also a leading services provider through Caterpillar Financial Services Corporation (Cat Financial), Caterpillar Remanufacturing Services, Caterpillar Logistics Inc. (Cat Logistics) and Progress Rail Services Corporation (Progress Rail). Caterpillar is also a leading U.S. exporter. Through a global network of independent dealers and direct sales of certain products, Caterpillar builds long-term relationships with customers around the world.

In 2010, we announced a revised strategy and reorganization of our business into strategic business units. Our reorganization was implemented in 2011 and resulted in the creation of seven operating segments, of which four are reportable segments and are described below. Further information about our reportable segments, including geographic information, appears in Note 22 Segment information of Exhibit 13.

Categories of Business Organization

1. **Machinery and Power Systems** Represents the aggregate total of Construction Industries, Resource Industries, Power Systems and All Other segments and related corporate items and eliminations.

2. **Financial Products** Primarily includes the company s Financial Products Segment. This category includes Cat Financial, Caterpillar Insurance Holdings Inc. (Cat Insurance) and their respective subsidiaries.

Other information about our operations in 2011, including certain risks associated with our operations, is incorporated by reference from our Management s Discussion and Analysis of Financial Condition and Results of Operations in Exhibit 13.

Construction Industries

Our Construction Industries segment is primarily responsible for supporting customers using machinery in infrastructure and building construction applications. The majority of machine sales in this segment are made in the heavy construction, general construction, mining and quarry and aggregates markets. As the global economy has returned to growth, demand for construction machinery increased in 2011 over 2010, especially in developing economies where new machine sales were close to or above record levels. Sales also increased in developed economies, driven primarily by the need for customers to upgrade machine fleets and replace older equipment. As we continued to ramp up production to meet demand, sales of some machines were limited by our capacity.

Table of Contents

Customer demand for construction machinery has been characterized over the past decade by a shift from developed to developing economies. Customers in developing economies often prioritize purchase price in making their investment decisions, while customers in developed economies generally weigh productivity and other performance criteria that contribute to lower lifetime owning and operating costs of a machine. In response to increased demand in developing economies, Caterpillar has developed differentiated product offerings that target customers in those markets, including our SEM brand machines. We believe that these customer-driven product innovations enable us to compete more effectively in developing economies.

In response to customer demand and our expectations for industry growth, we are investing to increase our production of construction machinery, especially in the United States, Brazil and Asia. These investments are designed to better align our regional production capacity with customer demand. In 2011, we announced new facilities in North Carolina, Texas, China and Thailand. We also announced expansions of our existing facilities in Arkansas, Texas, Brazil and India. In addition to capacity constraints for certain machines, we experienced some supply chain constraints related to the tsunami and earthquake that struck Japan on March 11, 2011. Our employees worked closely with our suppliers, dealers and customers to mitigate the effects of this disaster and almost all negative impacts experienced in the second quarter were recovered in the second half of the year, with minimal profit impact.

The competitive environment for construction machinery is characterized by some global competitors and many regional and specialized local competitors. Examples of global competitors include Komatsu Ltd., Volvo Construction Equipment (part of the Volvo Group AB), CNH Global N.V., Deere & Co., Hitachi Construction Machinery Co., J.C. Bamford Ltd., Doosan Infracore Co., Ltd. and Hyundai. As an example of regional and local competitors, our competitors in China also include LiuGong Machinery Co., Ltd., Longking Group, Sany Heavy Industry Co., Ltd, XiaGong Machinery Co. Ltd., and XCMG Group. Each of these companies has varying product lines that compete with Caterpillar products, and each has varying degrees of regional focus.

The Construction Industries product portfolio includes the following machines and related parts:

- backhoe loaders
- small wheel loaders
- small track-type tractors
- skid steer loaders
- multi-terrain loaders
- mini excavators
- compact wheel loaders
- select work tools
- small, medium and large track excavators
- wheel excavators
- medium wheel loaders
- medium track-type tractors
- track-type loaders
- motor graders
- pipelayers

Table of Contents

Resource Industries

The Resource Industries segment is primarily responsible for supporting customers using machinery in mine and quarry applications. It also serves forestry, paving and tunneling customers. Our Resource Industries business was transformed by the acquisition of Bucyrus International, Inc. (Bucyrus) in July 2011, and now offers mining customers the broadest product range in the industry. We subsequently announced our intention to transition the Bucyrus distribution business to the independent Caterpillar dealers who support mining customers. We are expediting integration of the acquired company and working closely with our dealers to transition the distribution business.

Resource Industries sales grew significantly in 2011, both with and without the impact of Bucyrus, as our mining customers responded to attractive commodity prices and an economic environment that favored capital investment. For certain products, including large mining trucks, our sales were constrained by capacity. We have announced investments in new facilities and the expansion of existing facilities to increase capacity, including in Illinois, Kansas, North Dakota, China, India, Indonesia, Russia and Thailand. These investments reflect our belief that long-term trends of urbanization and related infrastructure development will support continued mining industry growth.

The competitive environment for Resource Industries consists of a few larger global competitors that compete in several of the markets that we serve and a substantial number of smaller companies that compete in a more limited range of products and/or applications or in regional markets. Our global competitors include Komatsu Ltd., Joy Global Inc., Hitachi Construction Machinery Co., Ltd., Volvo Construction Equipment (part of the Volvo Group AB), Atlas Copco, Wirtgen and Deere & Co.

The Resource Industries product portfolio includes the following machines and related parts:

- electric rope shovels
- draglines
- hydraulic shovels
- drills
- highwall miners
- underground mining equipment
- large track-type tractors
- large mining trucks
- large electric drive mining trucks
- tunnel boring equipment
- large wheel loaders
- off-highway trucks
- articulated trucks
- wheel tractor scrapers
- wheel dozers
- compactors
- select work tools
- forestry products
- paving products
- machinery components
- electronics and control systems

Power Systems

Our Power Systems segment is primarily responsible for supporting customers using reciprocating engines, turbines and related parts across industries serving electric power, industrial, petroleum and marine applications as well as rail-related businesses. Power Systems sales increased globally in 2011, driven by increased customer demand, and included a full year of sales by Electro-Motive Diesel, Inc. (EMD).

The Power Systems portfolio includes:

- reciprocating engine powered generator sets
- integrated systems used in the electric power generation industry
- reciprocating engines and integrated systems and solutions for the marine and petroleum industries
- reciprocating engines supplied to the industrial industry as well as Caterpillar machinery
- turbines and turbine-related services
- diesel-electric locomotives and components and other rail-related products and services.

As in our other segments, customer demand for most Power Systems products and services has increased significantly in the developing world, and we have announced investments to increase our production in line with regional demand. In 2011, we announced investments in engine facilities in Brazil, China and India; two new EMD manufacturing facilities commenced operations in Indiana and Mexico, and we announced plans to open an EMD manufacturing facility in

Table of Contents

Brazil. We also see increasing customer demand for sustainable power alternatives and in October 2011 acquired MWM Holding GmbH (MWM), a leading supplier of natural gas and alternative-fuel engines. Power Systems is focused on increasing its product offerings and further integrating its products and services to provide complete systems and solutions to its customers.

Regulatory emissions standards of the U.S. Environmental Protection Agency (EPA) and similar standards in other developed economies have required us to make significant investments in research and development that will continue as new products are phased in over the next several years. This new product introduction process is the most extensive in the company s history. We believe that our emissions technology provides a competitive advantage in connection with emissions standards compliance and performance.

The competitive environment for reciprocating engines in marine, petroleum, construction, industrial, agriculture and electric power generation systems along with turbines consists of a few larger global competitors that compete in a variety of markets that Caterpillar serves, and a substantial number of smaller companies that compete in a limited-size product range, geographic region and/or application. Principal global competitors include Cummins Inc., Tognum AG, GE Energy Infrastructure, Siemens Energy and Wartsila Corp. Other competitors, such as John Deere Power Systems, MAN Diesel & Turbo SE, Mitsubishi Heavy Industries Ltd., Volvo Penta (part of Volvo Group AB), Kawasaki Heavy Industries, multiple emerging Chinese competitors and Rolls Royce Group plc compete in certain markets in which Caterpillar competes. An additional set of competitors, including Generac Power Systems, Inc., Kohler Co., and others, are packagers who source engines and/or other components from domestic and international suppliers and market products regionally and internationally through a variety of distribution channels. In rail-related businesses, our global competitors include GE Transportation, Vossloh AG, Siemens AG and Alstom Transport. We also compete with other companies on a more limited range of products, services and/or geographic regions.

Financial Products Segment

The business of our Financial Products segment is primarily conducted by Cat Financial, a wholly owned finance subsidiary of Caterpillar. Cat Financial s primary business is to provide retail and wholesale financing alternatives for Caterpillar products to customers and dealers around the world. Retail financing is primarily comprised of the financing of Caterpillar equipment, machinery and engines. Cat Financial also provides financing for vehicles, power generation facilities and marine vessels that, in most cases, incorporate Caterpillar products. In addition to retail financing, Cat Financial provides wholesale financing to Caterpillar dealers and purchases short-term receivables from Caterpillar and its subsidiaries. The various financing plans offered by Cat Financial are primarily designed to increase the opportunity for sales of Caterpillar products and generate financing income for Cat Financial. A significant portion of Cat Financial s activities is conducted in North America. However, Cat Financial has additional offices and subsidiaries in Asia, Australia, Europe and Latin America.

For over 30 years, Cat Financial has been providing financing in the various markets in which it participates, contributing to its knowledge of asset values, industry trends, product structuring and customer needs.

In certain instances, Cat Financial s operations are subject to supervision and regulation by state, federal and various foreign governmental authorities, and may be subject to various laws and judicial and administrative decisions imposing requirements and restrictions which, among other things, (i) regulate credit granting activities and the administration of loans, (ii) establish maximum interest rates, finance charges and other charges, (iii) require disclosures to customers and investors, (iv) govern secured transactions, (v) set collection, foreclosure, repossession and other trade practices and (vi) regulate the use and reporting of information related to a borrower s credit experience. Cat Financial s ability to comply with these governmental and legal requirements and restrictions affects its operations.

4

Table of Contents

Cat Financial s retail leases and installment sale contracts (totaling 50 percent*) include:

- Tax leases that are classified as either operating or finance leases for financial accounting purposes, depending on the characteristics of the lease. For tax purposes, Cat Financial is considered the owner of the equipment (14 percent*).

- Finance (non-tax) leases, where the lessee for tax purposes is considered to be the owner of the equipment during the term of the lease, that either require or allow the customer to purchase the equipment for a fixed price at the end of the term (20 percent*).

- Installment sale contracts, which are equipment loans that enable customers to purchase equipment with a down payment or trade-in and structure payments over time (15 percent*).

- Governmental lease-purchase plans in the U.S. that offer low interest rates and flexible terms to qualified non-federal government agencies (1 percent*).

Cat Financial s wholesale notes receivable, finance leases and installment sale contracts (totaling 18 percent*) include:

- Inventory/rental programs, which provide assistance to dealers by financing their new Caterpillar inventory and rental fleets (7 percent*).

- Short-term receivables we purchase from Caterpillar at a discount (11 percent*).

Cat Financial s retail notes receivables (32 percent*) include:

- Loans that allow customers and dealers to use their Caterpillar equipment or other assets as collateral to obtain financing.

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*Indicates the percentage of Cat Financial s total portfolio at December 31, 2011. We define total portfolio as total finance receivables (net of unearned income and allowance for credit losses) plus equipment on operating leases, less accumulated depreciation. For more information on the above and Cat Financial s concentration of credit risk, please refer to Note 6 Cat Financial Financing Activities of Exhibit 13.

Cat Financial operates in a highly competitive environment, with financing for users of Caterpillar equipment available through a variety of sources, principally commercial banks and finance and leasing companies. Cat Financial s competitors include Wells Fargo Equipment Finance Inc., General Electric Capital Corporation and various other banks and finance companies. In addition, many of our manufacturing competitors own financial subsidiaries such as Volvo Financial Services, Komatsu Financial L.P. and John Deere

Capital Corporation that utilize below-market interest rate programs (subsidized by the manufacturer) to assist machine sales. Caterpillar and Cat Financial work together to provide a broad array of financial merchandising programs around the world to meet these competitive offers.

Cat Financial s financial results are largely dependent upon the ability of Caterpillar dealers to sell equipment and customers willingness to enter into financing or leasing agreements. It is also affected by, among other things, the availability of funds from its financing sources, general economic conditions such as inflation and market interest rates and its cost of funds relative to its competitors.

Cat Financial has a match funding policy that addresses interest rate risk by aligning the interest rate profile (fixed rate or floating rate) of its debt portfolio with the interest rate profile of its receivables portfolio (loans and leases with customers and dealers) within predetermined ranges on an ongoing basis. In connection with that policy, Cat Financial issues debt with a similar interest rate profile to its receivables, and also uses interest rate swap agreements to manage its interest rate risk exposure to interest rate changes and in some cases to lower its cost of borrowed funds. For more information regarding match funding, please see Note 3 Derivative financial instruments and risk management of Exhibit 13. See also the risk factor titled Our Financial Products line of business is subject to risks associated with the financial service industry for general risks associated with our financial products business included in Item 1A. of this Form 10-K.

Table of Contents

In managing foreign currency risk for Cat Financial s operations, the objective is to minimize earnings volatility resulting from conversion and the remeasurement of net foreign currency balance sheet positions. This policy allows the use of foreign currency forward and option contracts to address the risk of currency mismatch between the receivable and debt portfolios. None of these foreign currency forward and option contracts are designated as a hedge.

Cat Financial provides financing only when certain criteria are met. Credit decisions are based on, among other factors, the customer s credit history, financial strength and equipment application. Cat Financial typically maintains a security interest in retail-financed equipment and requires physical damage insurance coverage on financed equipment. Cat Financial finances a significant portion of Caterpillar dealers sales and inventory of Caterpillar equipment throughout the world. Cat Financial s competitive position is improved by marketing programs offered in conjunction with Caterpillar and/or Caterpillar dealers. Under these programs, Caterpillar, or the dealer, subsidizes an amount at the outset of the transaction, which Cat Financial then recognizes as revenue over the term of the financing. We believe that these marketing programs provide Cat Financial a significant competitive advantage in financing Caterpillar products.

Caterpillar Insurance Company, a wholly owned subsidiary of Caterpillar Insurance Holdings Inc., is a U.S. insurance company domiciled in Missouri and primarily regulated by the Missouri Department of Insurance. Caterpillar Insurance Company is licensed to conduct property and casualty insurance business in 50 states and the District of Columbia and, as such, is also regulated in those jurisdictions. The State of Missouri acts as the lead regulatory authority and monitors Caterpillar Insurance Company s financial status to ensure that it is in compliance with minimum solvency requirements, as well as other financial ratios prescribed by the National Association of Insurance Commissioners. Caterpillar Insurance Company is also licensed to conduct insurance business through a branch in Zurich, Switzerland and, as such, is regulated by the Swiss Financial Market Supervisory Authority.

Caterpillar Life Insurance Company, a wholly owned subsidiary of Caterpillar, is a U.S. insurance company domiciled in Missouri and primarily regulated by the Missouri Department of Insurance. Caterpillar Life Insurance Company is licensed to conduct life and accident and health insurance business in 26 states and the District of Columbia and, as such, is also regulated in those jurisdictions. The State of Missouri acts as the lead regulatory authority and it monitors the financial status to ensure that it is in compliance with minimum solvency requirements, as well as other financial ratios prescribed by the National Association of Insurance Commissioners. Caterpillar Life Insurance Company provides stop loss insurance protection to a Missouri Voluntary Employees Beneficiary Association (VEBA) trust used to fund medical claims of salaried retirees of Caterpillar under the VEBA.

Caterpillar Insurance Co. Ltd., a wholly owned subsidiary of Caterpillar Insurance Holdings Inc., is a captive insurance company domiciled in Bermuda and regulated by the Bermuda Monetary Authority. Caterpillar Insurance Co. Ltd. is a Class 2 insurer (as defined by the Bermuda Insurance Amendment Act of 1995), which primarily insures its parent and affiliates. The Bermuda Monetary Authority requires an Annual Financial Filing for purposes of monitoring compliance with solvency requirements.

Caterpillar Product Services Corporation, a wholly owned subsidiary of Caterpillar, is a warranty company domiciled in Missouri. It conducts a machine extended service contract program in Germany and France by providing machine extended warranty reimbursement protection to dealers in Germany and France.

Caterpillar Insurance Services Corporation, a wholly owned subsidiary of Caterpillar Insurance Holdings Inc., is a Tennessee insurance brokerage company licensed in all 50 states and the District of Columbia. It provides brokerage services for all property and casualty and life and health lines of business.

Caterpillar s insurance group provides protection for claims under the following programs:

- Contractual Liability Insurance to Caterpillar and its affiliates, Caterpillar dealers and original equipment manufacturers (OEMs) for extended service contracts (parts and labor) offered by Caterpillar, third party dealers and OEMs.

- Cargo insurance for the worldwide cargo risks of Caterpillar products.

Table of Contents

- Contractors Equipment Physical Damage Insurance for equipment manufactured by Caterpillar or OEMs, which is leased, rented or sold by third party dealers to customers.

- General liability, employer s liability, auto liability and property insurance for Caterpillar.

- Retiree Medical Stop Loss Insurance for medical claims under the VEBA.

- Brokerage services for property and casualty and life and health business.

Business Combinations

Information related to business combinations appears in Note 23 Business combinations of Exhibit 13.

Competitive Environment

Caterpillar products and product support services are sold worldwide into a variety of highly competitive markets. In all markets, we compete on the basis of product performance, customer service, quality and price. From time to time, the intensity of competition results in price discounting in a particular industry or region. Such price discounting puts pressure on margins and can negatively impact operating profit. Outside the United States, certain of our competitors enjoy competitive advantages inherent to operating in their home countries or regions.

Raw Materials and Component Products

We source our raw materials and manufactured components from suppliers both domestically and internationally. These purchases include unformed materials and rough and finished parts. Unformed materials include a variety of steel products, which are then cut or formed to shape and machined in our facilities. Rough parts include various sized steel and iron castings and forgings, which are machined to final specification levels inside our facilities. Finished parts are ready to assemble components, which are made either to Caterpillar specifications or to the supplier developed specifications. We machine and assemble some of the components used in our machines, engines and power generation units and to support our after-market dealer parts sales. We also purchase various goods and services used in production, logistics, offices and product development processes. We maintain global strategic sourcing models to meet our global facilities production needs while building long-term supplier relationships and leveraging enterprise spend. We expect our suppliers to maintain, at all times, industry-leading levels of quality and the ability to timely deliver raw materials and component products for our machine and engine products. We use a variety of agreements with suppliers to protect our intellectual property and processes to monitor and mitigate risks of the supply base causing a business disruption. The risks monitored include supplier financial viability, the ability to increase or decrease production levels, business continuity, quality and delivery.

Order Backlog

The dollar amount of backlog believed to be firm was approximately $29.8 billion, $18.7 billion and $9.6 billion at December 31, 2011, 2010 and 2009, respectively. Of the total backlog, approximately $4.0 billion, $2.8 billion and $2.5 billion at December 31, 2011, 2010 and 2009, respectively, was not expected to be filled in the following year. In 2011, order backlog increased by approximately $4.1 billion due to the acquisition of Bucyrus. The remaining increase for 2011 compared to 2010 and 2009 year end is primarily due to an increase in volume across most business units.

Dealers and Distributors

Our machines are distributed principally through a worldwide organization of dealers (dealer network), 50 located in the United States and 141 located outside the United States, serving 182 countries and operating 3,504 places of business, including dealer rental outlets. Reciprocating engines are sold principally through the dealer network and to other manufacturers for use in their products. Some of the reciprocating engines manufactured by Perkins Engines

Table of Contents

Company Limited (Perkins) are also sold through its worldwide network of 118 distributors located in 183 countries. Most of the electric power generation systems manufactured by F.G. Wilson Engineering Limited (FG Wilson) are sold through its worldwide network of 168 distributors located in 179 countries. Some of the large, medium speed reciprocating engines are also sold under the MaK brand through a worldwide network of 19 distributors located in 130 countries.

Our dealers do not deal exclusively with our products; however, in most cases sales and servicing of our products are the dealers principal business. Turbines, locomotives and certain global mining products are sold through sales forces employed by the company. At times, these employees are assisted by independent sales representatives.

For Caterpillar branded products, the company s relationship with each of its independent dealers is memorialized in a standard sales and service agreement. Pursuant to this agreement, the company grants the dealer the right to purchase and sell its products and to service the products in a specified geographic service territory. Prices to dealers are established by the company after receiving input from dealers on transactional pricing in the marketplace. The company also agrees to defend its intellectual property and to provide warranty and technical support to the dealer. The agreement further grants the dealer a non-exclusive license to use the company s trademarks, service marks and brand names. In some instances, a separate trademark agreement exists between the company and a dealer.

In exchange for these rights, the agreement obligates the dealer to develop and promote the sale of the company s products to current and prospective customers in the dealer s service territory. Each dealer agrees to employ adequate sales and support personnel to market, sell and promote the company s products, demonstrate and exhibit the products, perform the company s product improvement programs, inform the company concerning any features that might affect the safe operation of any of the company s products and maintain detailed books and records of the dealer s financial condition, sales and inventories and make these books and records available at the company s reasonable request.

These sales and service agreements are terminable at will by either party upon 90 days written notice and provide for termination automatically if the dealer files for bankruptcy protection or upon the occurrence of comparable action seeking protection from creditors.

Patents and Trademarks

Our products are sold primarily under the brands Caterpillar, CAT, design versions of CAT and Caterpillar, Electro-Motive, FG Wilson, MaK, MWM, Olympian, Perkins, Progress Rail, SEM and Solar Turbines. We own a number of patents and trademarks, which have been obtained over a period of years and relate to the products we manufacture and the services we provide. These patents and trademarks have been of value in the growth of our business and may continue to be of value in the future. We do not regard any of our business as being dependent upon any single patent or group of patents.

Research and Development

We have always placed strong emphasis on product-oriented research and development relating to the development of new or improved machines, engines and major components. In 2011, 2010 and 2009, we spent $2,297 million, $1,905 million and $1,421 million, or 3.8 percent, 4.4 percent, and 4.4 percent of our sales and revenues, respectively, on our research and development programs. Research and development expense is expected to increase about 15 percent in 2012, primarily related to the introduction

of products designed to meet applicable emissions requirements.

Employment

As of December 31, 2011, we employed 125,099 persons of whom 71,863 were located outside the United States. We build and maintain a productive, motivated workforce by striving to treat all employees fairly and equitably.

In the United States, most of our 53,236 employees are at-will employees and, therefore, not subject to any type of employment contract or agreement. At select business units, certain highly specialized employees have been hired under employment contracts that specify a term of employment and specify pay and other benefits.

Table of Contents

As of December 31, 2011, there were 14,367 U.S. hourly production employees who were covered by collective bargaining agreements with various labor unions. The United Automobile, Aerospace and Agricultural Implement Workers of America (UAW) represents 9,684 Caterpillar employees under a six-year central labor agreement that expires on March 1, 2017. The International Association of Machinists (IAM) represents 2,000 employees under labor agreements that will expire on April 30, 2012 and May 17, 2015.

Outside the United States, the company enters into employment contracts and agreements in those countries in which such relationships are mandatory or customary. The provisions of these agreements correspond in each case with the required or customary terms in the subject jurisdiction.

Sales

Sales outside the United States were 70 percent of consolidated sales for 2011, 68 percent for 2010 and 69 percent for 2009.

Environmental Matters

The company is regulated by federal, state and international environmental laws governing our use, transport and disposal of substances and control of emissions. In addition to governing our manufacturing and other operations, these laws often impact the development of our products, including, but not limited to, required compliance with air emissions standards applicable to internal combustion engines. Compliance with these existing laws has not had a material impact on our capital expenditures, earnings or global competitive position.

We are engaged in remedial activities at a number of locations, often with other companies, pursuant to federal and state laws. When it is reasonably probable we will pay remedial costs at a site, and those costs can be reasonably estimated, the costs are accrued against our earnings. In formulating that estimate, we do not consider amounts expected to be recovered from insurance companies or others. The amount recorded for environmental remediation is not material and is included in the line item Accrued expenses in Statement 2 Consolidated Financial Position at December 31 of Exhibit 13.

We cannot reasonably estimate costs at sites in the very early stages of remediation. Currently, we have a few sites in the very early stages of remediation, and there is no more than a remote chance that a material amount for remedial activities at any individual site, or at all sites in the aggregate, will be required.

Table of Contents

Available Information

The company files electronically with the Securities and Exchange Commission (SEC) required reports on Form 8-K, Form 10-Q, Form 10-K and Form 11-K; proxy materials; ownership reports for insiders as required by Section 16 of the Securities Exchange Act of 1934 (Exchange Act); and registration statements on Forms S-3 and S-8, as necessary; and other forms or reports as required. The public may read and copy any materials the company has filed with the SEC at the SEC s Public Reference Room at 100 F Street, N.E., Washington, DC 20549. The public may obtain information on the operation of the Public Reference Room by calling the SEC at (800) SEC-0330. The SEC maintains an Internet site (www.sec.gov) that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC. The company maintains an Internet site (www.Caterpillar.com) and copies of our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and any amendments to these reports filed or furnished with the SEC are available free of charge through our Internet site (www.Caterpillar.com/secfilings) as soon as reasonably practicable after filing with the SEC. Copies of our board committee charters, our board s Guidelines on Corporate Governance Issues, Worldwide Code of Conduct and other corporate governance information are available on our Internet site (www.Caterpillar.com/governance). The information contained on the company s website is not included in, or incorporated by reference into, this annual report on Form 10-K.

Additional company information may be obtained as follows:

Current information -

- phone our Information Hotline - (800) 228-7717 (U.S. or Canada) or (858) 244-2080 (outside U.S. or Canada) to request company publications by mail, listen to a summary of Caterpillar s latest financial results and current outlook, or to request a copy of results by facsimile or mail

- request, view or download materials on-line or register for email alerts at www.Caterpillar.com/materialsrequest

Historical information -

- view/download on-line at www.Caterpillar.com/historical

Item 1A. Risk Factors.

The statements in this section describe the most significant risks to our business and should be considered carefully in conjunction with Management s Discussion and Analysis of Financial Condition and Results of Operations and the Notes to Consolidated Financial Statements of Exhibit 13 to this Form 10-K. In addition, the statements in this section and other sections of this Form 10-K include forward-looking statements as that term is defined in the Private Securities Litigation Reform Act of 1995 and involve uncertainties that could significantly impact results. Forward-looking statements give current expectations or forecasts of future events about the company or our outlook. You can identify forward-looking statements by the fact they do not relate to historical or

current facts and by the use of words such as believe, expect, estimate, anticipate, will be, should, plan, project, intend, could and similar words or expressions.

Forward-looking statements may include statements relating to future actions, prospective products, product approvals, future performance or results of current and anticipated products, sales efforts, expenses, interest rates, foreign exchange rates, the outcome of contingencies, economic conditions, potential returns, financial condition and financial results. Such statements are based on assumptions and on known risks and uncertainties. Although we believe we have been prudent in our assumptions, any or all of our forward-looking statements may prove to be inaccurate, and we can make no guarantees about our future performance. Should known or unknown risks or uncertainties materialize or underlying assumptions prove inaccurate, actual results could materially differ from past results and/or those anticipated, estimated or projected.

Table of Contents

The company undertakes no obligation to publicly update forward-looking statements, whether as a result of new information, future events or otherwise. You should, however, consult any subsequent disclosures we make in our filings with the SEC on Form 10-Q or Form 8-K.

The following is a cautionary discussion of risks, uncertainties and assumptions that we believe are significant to our business. In addition to the factors discussed elsewhere in this report, the following are some of the important factors that, individually or in the aggregate, we believe could make our actual results differ materially from those described in any forward-looking statements. It is impossible to predict or identify all such factors and, as a result, you should not consider the following factors to be a complete discussion of risks, uncertainties and assumptions.

Our business is highly sensitive to global economic conditions and economic conditions in the industries and markets we serve.

Our results of operations are materially affected by conditions in the global economy generally and in various capital markets. The demand for our products and services tends to be cyclical and can be significantly reduced in an economic environment characterized by higher unemployment, lower consumer spending, lower corporate earnings and lower levels of government and business investment. A prolonged period of slow growth may also reduce demand for our products and services. Economic conditions vary across regions and countries, and demand for our products generally increases in those regions and countries experiencing economic growth and investment. A change in the global mix of regions and countries experiencing economic growth and investment could have an adverse effect on our business, results of operations and financial condition.

The energy and mining industries are major users of our products, including the coal, iron ore, gold, copper, oil and natural gas industries. Decisions to purchase our products are dependent upon the performance of the industries in which our customers operate. If demand or output in these industries increases, the demand for our products will generally increase. Likewise, if demand or output in these industries declines, the demand for our products will generally decrease. Prices of commodities in these industries are frequently volatile and change in response to general economic conditions, economic growth, government actions, regulatory actions, commodity inventories and any disruptions in production or distribution. We assume certain prices for key commodities in preparing our general economic and financial outlooks (outlooks). Commodity prices lower than those assumed in our outlooks may negatively impact our business, results of operations and financial condition.

The rates of infrastructure spending, housing starts and commercial construction also play a significant role in our results. Our products are an integral component of these activities, and as these activities increase or decrease inside or outside of the United States, demand for our products may be significantly impacted, which could negatively impact our results. Slower rates of economic growth than anticipated in our outlooks could also adversely impact our business, results of operations and financial condition.

Changes in government monetary or fiscal policies may negatively impact our results.

Most countries have established central banks to regulate monetary systems and influence economic activities, generally by adjusting interest rates. Interest rate changes affect overall economic growth, which affects demand for residential and nonresidential structures, energy and mined products, which in turn affects sales of our products that serve these activities. Interest rate changes also affect our customers ability to finance machine purchases, can change the optimal time to keep machines in a fleet and can impact the ability of our suppliers to finance the production of parts and components necessary to manufacture and support our products. Our outlooks typically include assumptions about interest rates in a number of countries. Interest rates higher than those contained in our assumptions could result in lower sales than anticipated and supply chain inefficiencies.

Central banks and other policy arms of many countries take actions to vary the amount of liquidity and credit available in an economy. Liquidity and credit policies different from those assumed in our outlooks could impact the customers and markets we serve or our suppliers, which could adversely impact our business, results of operations and financial condition.

Table of Contents

Government policies on taxes and spending also affect our business. Throughout the world, government spending finances a significant portion of infrastructure development, such as highways, airports, sewer and water systems and dams. Tax regulations determine depreciation lives and the amount of money users of our products can retain, both of which influence investment decisions. Unfavorable developments, such as declines in government revenues, decisions to reduce public spending or increases in taxes, could negatively impact our results.

Commodity or component price increases and significant shortages of component products may adversely impact our financial results or our ability to meet commitments to customers.

We are a significant user of steel and many other commodities required for the manufacture of our products. As a result, unanticipated increases in the prices of such commodities would increase our costs more than expected, negatively impacting our business, results of operations and financial condition if we are unable to fully offset the effect of these increased costs through price increases, productivity improvements or cost reduction programs.

We rely on suppliers to secure component products, particularly steel, required for the manufacture of our products. During the 2008-2009 global economic downturn, we reduced our own production levels and, as a result, our suppliers experienced significant decreases in demand for their products. Since 2010, we have significantly increased production levels and have announced a number of capacity expansion programs. We cannot guarantee that key suppliers will increase production in time to meet growing demand for our products. A disruption in deliveries to or from suppliers or decreased availability of components or commodities could have an adverse effect on our ability to meet our commitments to customers or increase our operating costs. Our business, competitive position, results of operations or financial condition could be negatively impacted if supply is insufficient for our operations.

Disruptions or volatility in global financial markets could limit our sources of liquidity, or the liquidity of our customers, dealers and suppliers.

Global economic conditions may cause volatility and disruptions in the capital and credit markets. During the 2008-2009 global economic downturn, financial markets decreased the availability of liquidity, credit and credit capacity for certain issuers, including certain of our customers, dealers and suppliers. Although we generally generate funds from our operations to pay our operating expenses, fund our capital expenditures, fund our employee retirement benefit programs, pay dividends and buy back stock, continuing to meet these cash requirements over the long-term requires substantial liquidity and access to sources of funds, including capital and credit markets. Changes in global economic conditions, including material cost increases and decreases in economic activity in the markets that we serve, and the success of plans to manage cost increases, inventory and other important elements of our business may significantly impact our ability to generate funds from operations. Market volatility, changes in counterparty credit risk, the impact of government intervention in financial markets and general economic conditions may also adversely impact our ability to access capital and credit markets to fund operating needs. An inability to access capital and credit markets may have an adverse effect on our business, results of operations, financial condition and competitive position.

In addition, the global demand for our products generally depends on customers ability to pay for our products, which, in turn, depends on their access to funds. Subject to global economic conditions, customers may experience increased difficulty in generating funds from operations. Further, following capital and credit market volatility and uncertainty, many financial institutions have revised their lending standards, thereby decreasing access to capital. If capital and credit market volatility occurs, customers liquidity may decline which, in turn, would reduce their ability to purchase our products.

Table of Contents

Our global operations are exposed to political and economic risks, commercial instability and events beyond our control in the countries in which we operate.

Our global operations are dependent upon products manufactured, purchased and sold in the U.S. and internationally, including in countries with political and economic instability. In some cases, these countries have greater political and economic volatility and greater vulnerability to infrastructure and labor disruptions than in our other markets. Operating and seeking to expand business in a number of different regions and countries exposes us to a number of risks, including:

- multiple and potentially conflicting laws, regulations and policies that are subject to change;
- imposition of currency restrictions, restrictions on repatriation of earnings or other restraints;
- imposition of burdensome tariffs or quotas;
- national and international conflict, including terrorist acts; and
- political and economic instability or civil unrest that may severely disrupt economic activity in affected countries.

The occurrence of one or more of these events may negatively impact our business, results of operations and financial condition.

Failure to maintain our credit ratings would increase our cost of borrowing and could adversely affect our access to capital markets.

Caterpillar s and Cat Financial s costs of borrowing and ability to access the capital markets are affected not only by market conditions but also by the short- and long-term debt ratings assigned to their debt by the major credit rating agencies. These ratings are based, in significant part, on Caterpillar s and Cat Financial s performance as measured by financial metrics such as net worth and interest coverage and leverage ratios, as well as transparency with rating agencies and timeliness of financial reporting. In 2009, each of the major credit rating agencies either modified their outlook for the company and Cat Financial or downgraded the rating. While the rating agencies subsequently improved their outlooks to stable, there can be no assurance that Caterpillar s or Cat Financial s credit ratings will not be lowered in the future.

Although the company and Cat Financial have committed credit facilities to provide liquidity, any downgrades of our credit ratings may increase our cost of borrowing and could have an adverse effect on our access to the capital markets, including restricting, in whole or in part, our access to the commercial paper market. There can be no assurance that the commercial paper market will continue to be a reliable source of short-term financing for the company. An inability to access the capital markets could have an adverse effect on our cash flow, results of operations and financial condition.

Our Financial Products line of business is subject to risks associated with the financial services industry.

Difficult and volatile market conditions may have an adverse effect upon the financial industry in which Cat Financial operates. Cat Financial is significant to our operations and provides financing support to a significant share of our global sales. The inability of Cat Financial to access funds to support its financing activities to our customers could have an adverse effect on our business, results of operations and financial condition.

Table of Contents

Inherent in the operation of Cat Financial is the credit risk associated with its customers. The creditworthiness of each customer and the rate of delinquencies, repossessions and net losses on customer obligations are directly impacted by several factors, including relevant industry and economic conditions, the availability of capital, the experience and expertise of the customer s management team, commodity prices, political events and the sustained value of the underlying collateral.

Changes in interest rates, foreign currency exchange rates and market liquidity conditions could have an adverse effect on Cat Financial s and our earnings and cash flows. Because a significant number of the loans made by Cat Financial are made at fixed interest rates, its business is subject to fluctuations in interest rates. Changes in market interest rates may influence its financing costs, returns on financial investments and the valuation of derivative contracts and could reduce its and our earnings and cash flows. In addition, because Cat Financial makes a significant number of loans in currencies other than the U.S. dollar, fluctuations in foreign currency exchange rates could also reduce its and our earnings and cash flows. Although Cat Financial manages interest rate, foreign currency exchange rate and market liquidity risks through a variety of techniques, including a match funding program, the selective use of derivatives and a broadly diversified funding program, there can be no assurance that fluctuations in interest rates, currency exchange rates and market liquidity conditions will not have an adverse effect on its and our earnings and cash flows. If any of the variety of instruments and strategies Cat Financial uses to hedge its exposure to these various types of risk is ineffective, we may incur losses. With respect to Cat Insurance s investment activities, changes in the equity and bond markets could cause an impairment of the value of its investment portfolio, requiring a negative adjustment to earnings.

The U.S. Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank) was signed into law in July 2010 and includes extensive provisions regulating the financial services industry. We continue to monitor and evaluate the impact of this legislation as regulators propose, adopt and enforce the implementing rules. We are also monitoring other U.S. and international initiatives to further regulate the financial services industry. If the Dodd-Frank rules, as implemented, or other laws or regulations impose significant costs or restrictions on the company or Cat Financial, we could experience an adverse effect on our results of operations and financial condition.

Cat Financial relies on a number of diversified global debt markets and funding programs to provide liquidity for its global operations, including commercial paper, medium term notes, retail notes, variable denomination floating rate demand notes, asset-backed securitizations and bank loans. Significant changes in market liquidity conditions could impact Cat Financial s access to funding, increase the associated funding costs and reduce its and our earnings and cash flows. A large portion of Cat Financial s borrowings have been issued in the medium term note and commercial paper markets. While Cat Financial has maintained access to key global medium term note and commercial paper markets, there can be no assurance that such markets will continue to represent a reliable source of financing for Cat Financial. Should global economic conditions deteriorate or access to debt markets be reduced, Cat Financial could experience materially higher financing costs and become unable to access adequate funding to operate and grow its business and/or meet its debt service obligations as they mature, or it could be required to draw upon contractually committed lending agreements primarily provided by global banks and/or by seeking other funding sources. However, under extreme market conditions, there can be no assurance such agreements and other funding sources would be available or sufficient. Any of these events could negatively impact Cat Financial s business, results of operations and financial condition. The extent of any impact on our ability to meet funding or liquidity needs would depend on several factors, including our operating cash flows, the duration of any future market disruptions, the effects of governmental intervention in the financial markets including the effects of any programs or legislation designed to increase or restrict liquidity for certain areas of the market, general credit conditions, the volatility of equity and debt markets, our credit ratings and credit capacity and the cost of financing and other general economic and business conditions.

Market disruption and volatility may also lead to a number of other risks, including:

- Market developments that may affect customer confidence levels and cause declines in the demand for financing and adverse changes in payment patterns, causing increases in delinquencies and default rates, which could impact Cat Financial s write-offs and provision for credit losses.

- The process Cat Financial uses to estimate losses inherent in its credit exposure requires a high degree of

Table of Contents

management s judgment regarding numerous subjective qualitative factors, including forecasts of economic conditions and how economic predictors might impair the ability of its borrowers to repay their loans. Financial market disruption and volatility may impact the accuracy of these judgments.

- Cat Financial s ability to engage in routine funding transactions or borrow from other financial institutions on acceptable terms or at all could be adversely affected by disruptions in the capital markets or other events, including actions by rating agencies and deteriorating investor expectations.

- As Cat Financial s counterparties are primarily financial institutions, their ability to perform in accordance with any of its underlying agreements could be adversely affected by market volatility and/or disruptions in financial markets.

We engage in acquisitions and divestitures, including the acquisition of Bucyrus; we may not realize all of the anticipated benefits of these transactions or these benefits may take longer to realize than expected.

From time to time we engage in strategic transactions involving risks, including the possible failure to successfully integrate acquired businesses or realize the expected benefits of such transactions. On July 8, 2011, we acquired Bucyrus, and subsequently announced our intention to sell the Bucyrus distribution business to Caterpillar dealers who support mining customers. We are working to integrate the mining businesses of both companies, to transition the Bucyrus distribution business to our dealers and to realize the benefits of this acquisition. We may not receive sufficient proceeds from the sale of the Bucyrus distribution business to offset the sales and service revenues we will forego as a result of this transfer. Even if the mining businesses are successfully integrated and the Bucyrus distribution business is successfully transferred to our dealers, we may not realize the full benefits of the transaction, including the synergies, cost savings or sales or growth opportunities that we expect. These benefits may not be achieved within the anticipated time frame, or at all. In addition, the integration may result in material unanticipated problems, expenses, liabilities or competitive responses. The risks associated with this acquisition and our other past or future acquisitions include:

- The business culture of the acquired business may not match well with our culture;

- Technological and product synergies, economies of scale and cost reductions may not occur as expected;

- Unforeseen expenses, delays or conditions may be imposed upon the acquisition, including due to required regulatory approvals or consents;

- The company may acquire or assume unexpected liabilities or be subject to unexpected penalties or other enforcement actions;

- Faulty assumptions may be made regarding the integration process;

- Unforeseen difficulties may arise in integrating operations, processes and systems;

- Higher than expected investments may be required to implement necessary compliance processes and related systems, including IT systems, accounting systems and internal controls over financial reporting;

- The company may fail to retain, motivate and integrate key management and other employees of the acquired business;

- Higher than expected finance costs may arise due to unforeseen changes in tax, trade, environmental, labor, safety, payroll or pension policies in any jurisdiction in which the acquired business conducts its operations; and

- The company may experience problems in retaining customers and integrating customer bases.

Table of Contents

Many of these factors will be outside of the company s control and any one of them could result in increased costs, decreases in the amount of expected revenues and diversion of management s time and attention.

In addition, in order to conserve cash for operations, we may undertake acquisitions financed in part through public offerings or private placements of debt or equity securities, or other arrangements. Such acquisition financing could result in a decrease of our ratio of earnings to fixed charges and adversely affect other leverage measures. If we issue equity securities or equity-linked securities, the issued securities may have a dilutive effect on the interests of the holders of our common shares.

Failure to implement the company s acquisition strategy, including successfully integrating acquired businesses, could have an adverse effect on our business, financial condition and results of operations. Furthermore, we make strategic divestitures from time to time. These divestitures may result in continued financial involvement in the divested businesses, including through guarantees or other financial arrangements, following the transaction. Lower performance by those divested businesses could affect our future financial results.

International trade policies may impact demand for our products and our competitive position.

Government policies on international trade and investment such as import quotas, capital controls or tariffs, whether adopted by individual governments or addressed by regional trade blocs, can affect the demand for our products and services, impact the competitive position of our products or prevent us from being able to sell products in certain countries. The implementation of more restrictive trade policies, such as more detailed inspections, higher tariffs or new barriers to entry, in countries in which we sell large quantities of products and services could negatively impact our business, results of operations and financial condition. For example, a government s adoption of buy national policies or retaliation by another government against such policies could have a negative impact on our results of operations.

Our introduction of Tier 4 emissions compliant machines and engines may not be successful.

Regulatory agencies have adopted new and more stringent emission standards, including EPA Tier 4 Interim and Tier 4 Final nonroad diesel emission requirements and equivalent standards in the EU, Japan and Canada (Tier 4). The first phase of these standards, Tier 4 Interim, applied to the majority of our nonroad machinery and engine products commencing in 2011. We are using certain technology with state of the art integrated systems, as well as the transitional provisions provided by the regulations in order to comply with the Tier 4 emissions requirements.

Our plans to meet Tier 4 emissions requirements are subject to many variables, including the timing of our Tier 4 engine development and new machine product introduction. If we are unable to meet our plans as projected, it could delay or inhibit our ability to continue placing certain products on the market, which could negatively impact our financial results and competitive position. We are incurring research and development costs to design and introduce products to meet Tier 4 requirements. We are including costs associated with Tier 4 development and production in prices of our products. The level of market acceptance of prices for products that meet Tier 4 requirements could negatively impact our financial results and competitive position.

The success of our business depends on our ability to develop, produce and market quality products that meet our customers needs.

Our business relies on continued global demand for our brands and products. To achieve business goals, we must develop and sell products that appeal to our dealers, OEMs and customers. This is dependent on a number of factors, including our ability to manage and maintain key dealer relationships, our ability to produce products that meet the quality, performance and price expectations of our customers and our ability to develop effective sales, advertising and marketing programs. In addition, our continued success in selling products that appeal to our customers is dependent on leading-edge innovation, with respect to both products and operations, and on the availability and effectiveness of legal protection for our innovation. Failure to continue to deliver quality and competitive products to the marketplace, to adequately protect our intellectual property rights, to supply products that meet applicable regulatory requirements or to predict market demands for, or gain market acceptance of, our products, could have a negative impact on our business, results of operations and financial condition.

Table of Contents

We operate in a highly competitive environment, which could adversely affect our sales and pricing.

We operate in a highly competitive environment, and our outlook depends on a forecast of the company s share of industry sales based on our ability to compete with others in the marketplace. The company competes on the basis of product performance, customer service, quality and price. There can be no assurance that our products will be able to compete successfully with other companies products. Thus, our share of industry sales could be reduced due to aggressive pricing or product strategies pursued by competitors, unanticipated product or manufacturing difficulties, our failure to price our products competitively, our failure to produce our products at a competitive cost or an unexpected buildup in competitors new machine or dealer-owned rental fleets, leading to severe downward pressure on machine rental rates and/or used equipment prices.

Our sales outlook assumes that certain price increases we announce from time to time will hold in the marketplace. Changes in market acceptance of price increases, changes in market requirements for price discounts or changes in our competitors behavior could have an adverse impact on the company s business, results of operations and financial condition.

In addition, our results and ability to compete may be impacted negatively by changes in our sales mix. Our outlook assumes a certain geographic mix of sales as well as a product mix of sales. If actual results vary from this projected geographic and product mix of sales, our results could be negatively impacted.

We may not realize all of the anticipated benefits from capacity expansion projects, cost-reduction initiatives, cash flow improvement initiatives and efficiency or productivity initiatives, including the Caterpillar Production System (CPS).

We have announced a number of capacity expansion projects to meet growing demand and to expand our share of industry sales. There can be no assurance that the benefits expected from these projects will be realized as anticipated or at all. Certain of our competitors have also announced investments to increase capacity. Industry overcapacity could contribute to a weak pricing environment, which could have an adverse impact on our business, results of operations and financial condition.

We are also actively engaged in a number of initiatives to increase our productivity, efficiency and cash flow and to reduce costs, which have had a positive effect on our business, results of operations and financial condition. CPS is a productivity initiative that aims to improve our order-to-delivery processes and factory efficiency, as well as to reduce waste and maximize value for our customers. We are also in the process of implementing a new operating and financial reporting system in many of our businesses to increase efficiency and harmonize our operations and reporting. There can be no assurance that these systems and initiatives or others will continue to be beneficial to the extent anticipated, or that the estimated efficiency improvements, incremental cost savings or cash flow improvements will be realized as anticipated or at all. If our new operating and reporting system is not implemented successfully, it could have an adverse effect on our operations and results of operations, including our ability to report accurate and timely financial results.

Our business is subject to the sourcing practices of our dealers and our OEM customers.

We sell finished products through an independent dealer network and directly to OEMs. Both carry inventories of finished products as part of ongoing operations and adjust those inventories based on their assessments of future needs. Such adjustments can impact our results either positively or negatively. In particular, some of our engine customers are OEMs that manufacture or could in the future manufacture engines for their own products. Despite their engine manufacturing abilities, these customers have chosen to outsource

certain types of engine production to us due to the quality of our engine products and in order to reduce costs, eliminate production risks and maintain company focus. However, we cannot assure that these customers will continue to outsource engine manufacture in the future. Decreased levels of production outsourcing by these customers could result from a number of factors, such as shifts in our customers business strategies, acquisition by a customer of another engine manufacturer, the inability of third-party suppliers to meet specifications and the emergence of low-cost production opportunities in foreign countries. A significant reduction in the level of engine production outsourcing from our OEM customers could significantly impact our revenues and, accordingly, have an adverse effect on our business, results of operations and financial condition.

Table of Contents

We are subject to stringent environmental laws and regulations that impose significant compliance costs.

Our facilities, operations and products are subject to increasingly stringent environmental laws and regulations, including laws and regulations governing emissions to air, discharges to water and the generation, handling, storage, transportation, treatment and disposal of non-hazardous and hazardous waste materials. While we believe we are in compliance in all material respects with these environmental laws and regulations, we cannot provide assurances that we will not be adversely affected by costs, liabilities or claims with respect to existing or subsequently acquired operations or under present laws and regulations or those that may be adopted or imposed in the future.

In particular, our engines are subject to extensive statutory and regulatory requirements governing exhaust emissions and noise, including standards imposed by the EPA, state regulatory agencies in the United States and other regulatory agencies around the world. For instance, national, state or local governments may set new emissions standards that could impact our products and operations in ways that are difficult to anticipate with accuracy. Thus, significant changes in standards, or the adoption of new standards, have the potential to negatively impact our business, results of operations, financial condition and competitive position.

Our global operations are subject to extensive trade and anti-corruption laws and regulations.

Due to the international scope of our operations, we are subject to a complex system of import- and export-related laws and regulations, including U.S. regulations issued by Customs and Border Protection, the Bureau of Industry and Security, the Office of Antiboycott Compliance, the Directorate of Defense Trade Controls and the Office of Foreign Assets Control, as well as the counterparts of these agencies in other countries. Any alleged or actual violations may subject us to government scrutiny, investigation and civil and criminal penalties, and may limit our ability to import or export our products or to provide services outside the United States. We cannot predict the nature, scope or effect of future regulatory requirements to which our operations might be subject or the manner in which existing laws might be administered or interpreted.

In addition, the U.S. Foreign Corrupt Practices Act and similar foreign anti-corruption laws generally prohibit companies and their intermediaries from making improper payments or providing anything of value to improperly influence foreign government officials for the purpose of obtaining or retaining business, or obtaining an unfair advantage. Recent years have seen a substantial increase in the global enforcement of anti-corruption laws. Our continued operation and expansion outside the United States, including in developing countries, could increase the risk of such violations. Violations of these laws may result in severe criminal or civil sanctions, could disrupt our business, and result in an adverse effect on our reputation, business and results of operations or financial condition.

Moreover, several of our joint venture partners are domiciled in areas of the world with laws, rules and business practices that differ from those in the United States. Although we strive to select joint venture partners who share our values and understand our reporting requirements as a U.S.-domiciled company and to ensure that an appropriate business culture exists within these ventures to minimize and mitigate our risk, we nonetheless face the reputational and legal risk that our joint venture partners will violate applicable laws, rules and business practices.

We may incur additional tax expense or become subject to additional tax exposure.

We are subject to income taxes in the United States and numerous foreign jurisdictions, and our domestic and international tax liabilities are dependent upon the distribution of income among these different jurisdictions. Our provision for income taxes and cash tax liability in the future could be adversely affected by numerous factors, including income before taxes being lower than anticipated in countries with lower statutory tax rates and higher than anticipated in countries with higher statutory tax rates, changes in the valuation of deferred tax assets and liabilities and changes in tax laws and regulations. We are also subject to the continuous examination of our income tax returns by the U.S. Internal Revenue Service and other tax authorities. The results of audits and examinations of previously filed tax returns and continuing assessments of our tax exposures may have an adverse effect on the company s provision for income taxes and cash tax liability.

Table of Contents

Currency exchange rate fluctuations affect our results of operations, as reported in our financial statements.

We conduct operations in many areas of the world, involving transactions denominated in a variety of currencies. We are subject to currency exchange rate risk to the extent that our costs are denominated in currencies other than those in which we earn revenues. In addition, because our financial statements are reported in U.S. dollars, changes in currency exchange rates between the U.S. dollar and other currencies have had, and will continue to have, an impact on our results of operations. While we customarily enter into financial transactions to address these risks, there can be no assurance that currency exchange rate fluctuations will not adversely affect our results of operations, financial condition and cash flows. In addition, while the use of currency hedging instruments may provide us with protection from adverse fluctuations in currency exchange rates, by utilizing these instruments we potentially forego the benefits that might result from favorable fluctuations in currency exchange rates.

We also face risks arising from the imposition of exchange controls and currency devaluations. Exchange controls may limit our ability to convert foreign currencies into U.S. dollars or to remit dividends and other payments by our foreign subsidiaries or businesses located in or conducted within a country imposing controls. Currency devaluations result in a diminished value of funds denominated in the currency of the country instituting the devaluation.

Restrictive covenants in our debt agreements could limit our financial and operating flexibility.

We maintain a number of credit facilities to support (i) our commercial paper program and (ii) general corporate purposes (facilities) and have issued debt securities to manage liquidity and fund operations (debt securities). The agreements relating to a number of the facilities and the debt securities contain certain restrictive covenants applicable to us and certain of our subsidiaries, including Cat Financial. These covenants include maintaining a consolidated net worth (defined as the consolidated stockholder s equity including preferred stock but excluding the pension and other post-retirement benefits balance within accumulated other comprehensive income (loss)) of not less than $9 billion, limitations on the incurrence of liens and certain restrictions on consolidation and merger. Cat Financial has also agreed under certain of these agreements to maintain a leverage ratio (consolidated debt to consolidated net worth, calculated (1) on a monthly basis as the average of the leverage ratios determined on the last day of each of the six preceding calendar months and (2) at each December 31) not greater than 10.0 to 1, to maintain a minimum interest coverage ratio (profit excluding income taxes, interest expense and net gain/(loss) from interest rate derivatives to interest expense, calculated at the end of each calendar quarter for the rolling four quarter period then most recently ended) of not less than 1.15 to 1 and not to terminate, amend or modify its support agreement with us.

Although we do not believe any of these covenants presently materially restrict our operations, a breach of one or more of the covenants could result in adverse consequences that could negatively impact our business, results of operations and financial condition. These consequences may include the acceleration of amounts outstanding under certain of the facilities, triggering of an obligation to redeem certain debt securities, termination of existing unused commitments by our lenders, refusal by our lenders to extend further credit under one or more of the facilities or to enter into new facilities or the lowering or modification of our credit ratings or those of one or more of our subsidiaries.

Sustained increases in funding obligations under our pension plans may reduce our profitability.

We maintain certain defined benefit pension plans for our employees, which impose on us certain funding obligations. In determining our future payment obligations under the plans, we assume certain rates of return on the plan assets and growth rates of certain costs. Significant adverse changes in credit or capital markets could result in actual rates of return being materially lower than projected and increased pension expense in future years. We may be required to make contributions to our pension plans in the future, and these

contributions could be material. Our cost growth rates may also be materially higher than projected. These factors could significantly increase our payment obligations under the plans, require us to take a significant charge on our balance sheet and, as a result, adversely affect our business, results of operations and financial condition.

Union disputes or other employee relations issues could adversely affect our operations and financial results.

Some of our employees are represented by labor unions in a number of countries under various collective bargaining agreements with varying durations and expiration dates. There can be no assurance that any current or future issues

Table of Contents

with our employees will be resolved or that we will not encounter future strikes, work stoppages or other types of conflicts with labor unions or our employees. We may not be able to satisfactorily renegotiate collective bargaining agreements in the United States and other countries when they expire. If we fail to renegotiate our existing collective bargaining agreements, we could encounter strikes or work stoppages or other types of conflicts with labor unions. In addition, existing collective bargaining agreements may not prevent a strike or work stoppage at our facilities in the future. We may also be subject to general country strikes or work stoppages unrelated to our business or collective bargaining agreements. Any such work stoppages (or potential work stoppages) could have an adverse effect on our business, results of operations and financial condition.

Costs associated with lawsuits or investigations or increases in the reserves we establish based on our assessment of contingencies may have an adverse effect on our results of operations.

We face an inherent business risk of exposure to various types of claims and lawsuits. We are involved in various intellectual property, product liability, product warranty and environmental claims and lawsuits and other legal proceedings that arise in and outside of the ordinary course of our business. The industries in which we operate are also periodically reviewed or investigated by regulators, which could lead to enforcement actions, fines and penalties or the assertion of private litigation claims. It is not possible to predict with certainty the outcome of claims, investigations and lawsuits, and we could in the future incur judgments, fines or penalties or enter into settlements of lawsuits and claims that could have an adverse effect on our business, results of operations and financial condition in any particular period. In addition, while we maintain insurance coverage with respect to certain claims, we may not be able to obtain such insurance on acceptable terms in the future, if at all, and any such insurance may not provide adequate coverage against any such claims.

As required by U.S. generally accepted accounting principles (GAAP), we establish reserves based on our assessment of contingencies, including contingencies related to legal claims asserted against us. Subsequent developments in legal proceedings may affect our assessment and estimates of the loss contingency recorded as a reserve and require us to make payments in excess of our reserves, which could have an adverse effect on our results of operations.

Additional carbon emissions constraints may impact our capital expenditures, results of operations and competitive position.

The potential for government-mandated reductions of carbon emissions from our facilities and products is increasing. Mandatory legislative, regulatory and/or policy-based constraints are being implemented or considered by many jurisdictions. For example, the EPA has promulgated regulations governing carbon emissions from automobiles and heavy-duty on-highway diesel vehicles, which may lead to regulation of other mobile sources. Although various attempts to pass comprehensive legislation reducing carbon emissions have been unsuccessful in the United States, the EPA has also proceeded with regulating carbon emissions from stationary sources under existing law. The final details and scope of these various legislative, regulatory and policy measures around the world are unclear and their potential impact is still uncertain, so we cannot fully predict the impact on the company. However, should legislation or regulations be adopted imposing significant operational restrictions and compliance requirements upon us or our products, they could negatively impact the company s capital expenditures, results of operations and competitive position.

Changes in accounting guidance could have an adverse effect on our results of operations, as reported in our financial statements.

Our consolidated financial statements are prepared in accordance with GAAP, which is periodically revised and/or expanded. Accordingly, from time to time we are required to adopt new or revised accounting guidance and related interpretations issued by recognized authoritative bodies, including the Financial Accounting Standards Board and the SEC. Market conditions have prompted accounting guidance setters to issue new guidance that further interprets or seeks to revise accounting pronouncements related to

various transactions as well as to issue new guidance expanding disclosures. The impact of accounting pronouncements that have been issued but not yet implemented is disclosed in this annual report on Form 10-K and our quarterly reports on Form 10-Q. An assessment of proposed standards is not provided, as such proposals are subject to change through the exposure process and, therefore, their effects on our financial statements cannot be meaningfully assessed. It is possible that future accounting guidance we

Table of Contents

are required to adopt could change the current accounting treatment that we apply to our consolidated financial statements and that such changes could have an adverse effect on our results of operations, as reported in our consolidated financial statements.

Increased IT security threats and more sophisticated computer crime pose a risk to our systems, networks, products and services.

We rely upon IT systems and networks in connection with a variety of business activities, and we collect and store sensitive data. Increased IT security threats and more sophisticated computer crime, including advanced persistent threats, pose a risk to the security of our systems and networks and the confidentiality, availability and integrity of our data. A failure of or breach in security could expose the company and our customers, dealers and suppliers to risks of misuse of information or systems, the compromising of confidential information, manipulation and destruction of data, defective products, production downtimes and operations disruptions, which in turn could adversely affect our reputation, competitive position, business and results of operations. In addition, such breaches in security could result in litigation, regulatory action and potential liability and the costs and operational consequences of implementing further data protection measures.

Unexpected events, including natural disasters, may increase our cost of doing business or disrupt our operations.

The occurrence of one or more unexpected events, including fires, tornadoes, tsunamis, hurricanes, earthquakes, floods and other forms of severe weather in the United States or in other countries in which we operate or in which our suppliers are located could adversely affect our operations and financial performance. Natural disasters, pandemic illness, equipment failures, power outages or other unexpected events could result in physical damage to and complete or partial closure of one or more of our manufacturing facilities or distribution centers, temporary or long-term disruption in the supply of component products from some local and international suppliers, disruption in the transport of our products to dealers and end-users and delay in the delivery of our products to our distribution centers. Existing insurance arrangements may not provide protection for all of the costs that may arise from such events.

Item 1B. Unresolved Staff Comments as of December 31, 2011.

None.

Item 1C. Executive Officers of the Registrant as of December 31, 2011.

Name	Present Caterpillar Inc. position and date of initial election	Principal positions held during the past five years if other than Caterpillar Inc. position currently held
Douglas R. Oberhelman (58)	Chairman and Chief Executive Officer (2010)	Group President (2001-2010)
Richard P. Lavin (59)	Group President (2007)	Vice President (2004-2007)
Stuart L. Levenick (58)	Group President (2004)	
Edward J. Rapp (54)	Group President (2007) and Chief Financial Officer (2010)	Vice President (2000-2007)
Gerard R. Vittecoq (63)	Group President (2004)	
Steven H. Wunning (60)	Group President (2004)	
James B. Buda (64)		

	Senior Vice President and Chief Legal Officer (2010)	Vice President, General Counsel and Secretary (2001-2010)
Jananne A. Copeland (49)	Chief Accounting Officer and Corporate Controller (2010)	Corporate Financial Reporting Manager, Global Finance & Strategic Support Division (2006 2007) Chief Accounting Officer (2007)

Table of Contents

Item 2. Properties.

General Information

Caterpillar s operations are highly integrated. Although the majority of our plants are involved primarily in production relating to our Construction Industries, Resource Industries or Power Systems segments, several plants are involved in manufacturing relating to more than one business segment. In addition, several plants reported in our financial statements under All Other segments are involved in the manufacturing of components that are used in the assembly of products for more than one business segment. Caterpillar s parts distribution centers are involved in the storage and distribution of parts for Construction Industries, Resource Industries and Power Systems, and are included in All Other segments. The research and development activities carried on at our Technical Center in Mossville, Illinois involve products for Construction Industries, Resource Industries and Power Systems.

We believe the properties we own to be generally well maintained and adequate for present use. Through planned capital expenditures, we expect these properties to remain adequate for future needs. Properties we lease are covered by leases expiring over terms of generally one to ten years. We do not anticipate any difficulty in retaining occupancy of any leased facilities, either by renewing leases prior to expiration or by replacing them with equivalent leased facilities.

Headquarters and Other Key Offices

Our corporate headquarters are in Peoria, Illinois. Additional marketing and operating headquarters are located both inside and outside the United States including Miami, Florida; Oak Creek, Wisconsin; San Diego, California; Geneva, Switzerland; Beijing, China; Hong Kong, China; Singapore, Republic of Singapore; Piracicaba, Brazil and Tokyo, Japan. Our Financial Products business is headquartered in leased offices located in Nashville, Tennessee.

Technical Center, Training Centers, Demonstration Areas and Proving Grounds

We operate a Technical Center located in Mossville, Illinois, and various other technical and training centers, demonstration areas and proving grounds located both inside and outside the United States.

Parts Distribution Centers

Distribution of our parts is conducted from parts distribution centers inside and outside the United States and included in All Other segments in our financial statements. We operate parts distribution centers for our parts in the following locations: Morton, Illinois; Hayward, California; Ontario, California; Denver, Colorado; Miami, Florida; Atlanta, Georgia; St. Paul, Minnesota; Clayton, Ohio; York, Pennsylvania; Waco, Texas; Spokane, Washington; Melbourne, Australia; Grimbergen, Belgium; Piracicaba, Brazil; Shanghai, China; Monterrey, Mexico; Singapore, Republic of Singapore; Moscow, Russia and Johannesburg, South Africa.

Cat Logistics distributes other companies products, using both Caterpillar and non-Caterpillar facilities located both inside and outside the United States. We also own or lease other storage facilities that support distribution activities.

Components, Remanufacturing and Overhaul

Component manufacturing and the remanufacturing and overhaul of our products that is reported in All Other segments is conducted primarily at facilities in the following locations: Toccoa, Georgia; Aurora, Illinois; East Peoria, Illinois; Peoria, Illinois; Franklin, Indiana; Danville, Kentucky; Menominee, Michigan; Corinth, Mississippi; Oxford, Mississippi; Prentiss County, Mississippi; Boonville, Missouri; West Plains, Missouri; Franklin, North Carolina; Morganton, North Carolina; West Fargo, North Dakota; Summerville, South Carolina; Sumter, South Carolina; Tianjin, China; Grenoble, France; Bazzano, Italy; Castlevetro, Italy; Frosinone, Italy; San Eusebio, Italy; Nuevo Laredo, Mexico; Ramos Arizpe, Mexico; Pyongtaek, South Korea; Shrewsbury, United Kingdom and Skinningrove, United Kingdom. We also lease or own other facilities that support our remanufacturing, overhaul and component manufacturing activities.

Manufacturing

Manufacturing of products for our Construction Industries, Resource Industries and Power Systems segments is conducted primarily at the locations listed below. These facilities are believed to be suitable for their intended purposes, with adequate capacities for current and projected needs for existing products. We have also announced investments to expand the capacity of a number of existing facilities and to build new facilities to support the company s growth.

Table of Contents

Our principal manufacturing facilities include those used by the following segments in the following locations:

Segment	U.S. Facilities	Facilities Outside the U.S.
Construction Industries	**Arkansas:** North Little Rock **Illinois:** Aurora, Decatur, East Peoria **North Carolina:** Clayton, Sanford	**Belgium:** Gosselies **Brazil:** Campo Largo, Piracicaba **China:** Suzhou, Wujiang, Xuzhou **France:** Grenoble **India:** Thiruvallar **Indonesia:** Jakarta **Japan:** Akashi, Sagamihara **Russia:** Tosno **United Kingdom:** Desford
Resource Industries	**Georgia:** LaGrange **Illinois:** Aurora, Decatur, East Peoria, Joliet **Kansas:** Wamego **Minnesota:** Minneapolis **North Carolina**: Winston-Salem **Pennsylvania:** Houston **Tennessee:** Dyersburg **Texas:** Dennison, Kilgore, Waco **Virginia:** Hillsville, Pulaski, Tazewell **West Virginia:** Beckley **Wisconsin:** South Milwaukee, Prentice	**Australia:** Burnie **Brazil:** Piracicaba **Canada:** Toronto **China:** Wuxi, Xuzhou **Czech Republic:** Ostrava **France:** Arras, Rantigny **Germany:** Dortmund, Lunen **India:** Hosur,Thiruvallur **Indonesia:** Jakarta **Italy:** Jesi, Minerbio **Japan:** Akashi **Mexico:** Acuna, Monterrey, Reynosa, Torreon **Russia:** Tosno **The Netherlands**: s Hertogenbosch **United Kingdom:** Peterlee, Wolverhampton
Power Systems	**Alabama:** Albertville, Montgomery **California:** San Diego **Georgia:** Griffin **Illinois:** Chicago, LaGrange, Mapleton, Mossville, Pontiac **Indiana:** Lafayette, Muncie **Kentucky:** Decoursey, Louisville, Mayfield **South Carolina:** Greenville, Newberry **Texas:** Channelview, De Soto, Mabank, San Antonio, Schertz, Seguin	**Belgium:** Gosselies **Brazil:** Curitiba, Hortolandia, Piracicaba **China**: Shunde, Tianjin, Wuxi **Canada:** London **Germany:** Kiel, Mannheim, Rostock **India:** Hosur, Pondicherry **Mexico:** San Luis Potosi, Tijuana **Switzerland:** Riazzino **United Kingdom:** Larne, Monkstown, Peterborough, Shoreham, Stafford, Wimborne

Table of Contents

Item 3. Legal Proceedings.

We have disclosed certain individual legal proceedings in this filing. Additionally, we are involved in other unresolved legal actions that arise in the normal course of business. The most prevalent of these unresolved actions involve disputes related to product design, manufacture and performance liability (including claimed asbestos and welding fumes exposure), contracts, employment issues, environmental matters or intellectual property rights. The aggregate range of reasonably possible losses in excess of accrued liabilities, if any, associated with these unresolved legal actions is not material. In some cases, we cannot reasonably estimate a range of loss because there is insufficient information regarding the matter. However, there is no more than a remote chance that any liability arising from these matters would be material. Although it is not possible to predict with certainty the outcome of these unresolved legal actions, we believe that these actions will not individually or in the aggregate have a material adverse effect on our consolidated results of operations, financial position or liquidity.

On May 14, 2007, the EPA issued a Notice of Violation to Caterpillar Inc., alleging various violations of Clean Air Act Sections 203, 206 and 207. EPA claims that Caterpillar violated such sections by shipping engines and catalytic converter after-treatment devices separately, introducing into commerce a number of uncertified and/or misbuilt engines, and failing to timely report emissions-related defects. On July 9, 2010, the Department of Justice issued a penalty demand to Caterpillar seeking a civil penalty of $3.2 million and implementation of injunctive relief involving expanded use of certain technologies. On July 28, 2011, EPA and the U.S. Department of Justice filed and lodged a civil complaint and consent decree with the U.S. District Court for the District of Columbia (Court) regarding the matter. Caterpillar has agreed to the terms of the consent decree, which require payment of a civil penalty of $2.55 million, retirement of a small number of emissions credits and expanded defect-related reporting. On September 7, 2011, the Court entered the consent decree, making it effective on that date, and Caterpillar has paid the penalty due to the United States in accordance with the decree terms. Under the terms of the consent decree, and subject to a settlement agreement, $510,000 of the stipulated $2.55 million penalty will be paid to the California Air Resources Board relating to engines covered by the consent decree that were placed into service in California.

In May 2010, an incident at Caterpillar s Gosselies, Belgium facility resulted in the release of wastewater into the Perupont River. In coordination with local authorities, appropriate remediation measures have been taken. In January 2011, Caterpillar learned that the public prosecutor for the Belgian administrative district of Charleroi had referred the matter to an examining magistrate of the civil court of Charleroi for further investigation. Caterpillar cooperated fully with the Belgian authorities on this investigation. Caterpillar understands that this investigation is complete, that no proceeding was initiated, and that no further action is contemplated.

Item 4. Mine Safety Disclosures

Information concerning mine safety violations or other regulatory matters required by Section 1503(a) of the Dodd-Frank Wall Street Reform and Consumer Protection Act and Item 104 of Regulation S-K (17 CFR 229.104) is included in Exhibit 95 to this annual report.

PART II

Item 5. Market for Registrant s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.

Information required by Item 5 regarding our stock is incorporated by reference from the Supplemental Stockholder Information section of Exhibit 13 under Common Stock (NYSE:CAT) Listing Information, Price Ranges, Number of Stockholders and Performance Graph: Total Cumulative Stockholder Return for Five-Year Period Ending December 31, 2011 and from the Management s Discussion and Analysis of Financial Condition and Results of Operations section of Exhibit 13 under Dividends paid per common share.

Table of Contents

Sale of Unregistered Securities

Non-U.S. Employee Stock Purchase Plans

We have 31 employee stock purchase plans administered outside the United States for our non-U.S. employees. As of December 31, 2011, those plans had approximately 12,700 participants in the aggregate. During the fourth quarter of 2011, approximately 150,000 shares of Caterpillar common stock or foreign denominated equivalents were distributed under the plans. Participants in some foreign plans have the option of receiving non-U.S. share certificates (foreign-denominated equivalents) in lieu of U.S. shares of Caterpillar common stock upon withdrawal from the plan. These equivalent certificates are tradable only on the local stock market and are included in our determination of shares outstanding. Distributions of Caterpillar stock under the plans are exempt from registration under the Securities Act of 1933 pursuant to 17 CFR 230.903.

Issuer Purchases of Equity Securities

No shares were repurchased during the fourth quarter 2011.

Other Purchases of Equity Securities

Period	Total number of Shares Purchased (1)	Average Price Paid per Share	Total Number of Shares Purchased Under the Program	Approximate Dollar Value of Shares that may yet be Purchased under the Program
October 1-31, 2011			N/A	N/A
November 1-30, 2011	14,284	86.45	N/A	N/A
December 1-31, 2011	1,743	96.76	N/A	N/A
Total	**16,027**	**$ 87.57**		

(1) Represents shares delivered back to issuer for the payment of taxes resulting from the exercise of stock options by employees and Directors.

Item 6. Selected Financial Data.

Information required by Item 6 is incorporated by reference from the Five-year Financial Summary and Management s Discussion and Analysis of Financial Condition and Results of Operations of Exhibit 13.

Item 7. Management s Discussion and Analysis of Financial Condition and Results of Operations.

Information required by Item 7 is incorporated by reference from Management s Discussion and Analysis of Financial Condition and Results of Operations of Exhibit 13.

This Management s Discussion and Analysis of Financial Condition and Results of Operations should be read in conjunction with our discussion of cautionary statements and significant risks to the company s business under Item 1A. Risk Factors of this Form 10-K.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk.

Information required by Item 7A appears in Note 1 Operations and summary of significant accounting policies, Note 3 Derivative financial instruments and risk management, Note 17 Fair values disclosures and Note 18 Concentration of credit risk of Exhibit 13. Other information required by Item 7A is incorporated by reference from Management s Discussion and Analysis of Financial Condition and Results of Operations of Exhibit 13.

Table of Contents

Item 8. Financial Statements and Supplementary Data.

Information required by Item 8 is incorporated by reference from the Report of Independent Registered Public Accounting Firm and from the Financial Statements and Notes to Consolidated Financial Statements of Exhibit 13. Other information required by Item 8 is included in Computation of Ratios of Earnings to Fixed Charges filed as Exhibit 12 to this Form 10-K.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.

Not Applicable.

Item 9A. Controls and Procedures.

Disclosure Controls and Procedures

Under the supervision and with the participation of our chief executive officer and our chief financial officer, our management conducted an evaluation of the effectiveness of our disclosure controls and procedures, as such term is defined under Exchange Act Rule 13a-15(e). Based on this evaluation, our chief executive officer and our chief financial officer concluded that our disclosure controls and procedures were effective as of the end of the period covered by this annual report.

Management s Report on Internal Control Over Financial Reporting

The management of Caterpillar is responsible for establishing and maintaining adequate internal control over financial reporting as such term is defined under Exchange Act Rule 13a-15(f). Our internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of our financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. Our internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company s assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management assessed the effectiveness of the company s internal control over financial reporting as of December 31, 2011. In making this assessment, we used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in *Internal Control Integrated Framework*. Based on our assessment we concluded that, as of December 31, 2011, the company s internal control over financial reporting was effective based on those criteria.

Management has excluded Bucyrus International, Inc. (Bucyrus) and MWM Holding GmbH (MWM) from our assessment of internal control over financial reporting as of December 31, 2011 because we acquired Bucyrus in July 2011 and MWM in October 2011. Bucyrus and MWM are wholly owned subsidiaries of Caterpillar Inc. whose combined total assets and total revenues represent approximately 17% and 4%, respectively, of the related consolidated financial statement amounts as of and for the year ended December 31, 2011.

The effectiveness of the company s internal control over financial reporting as of December 31, 2011 has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm. Their report appears on page A-4 of Exhibit 13.

Table of Contents

Changes in Internal Control over Financial Reporting

During the last fiscal quarter, there has been no significant change in the company s internal control over financial reporting that has materially affected, or is reasonably likely to materially affect, the company s internal control over financial reporting, except as noted below.

In October 2011, we acquired 100 percent of the equity in MWM. As part of the post-closing integration, we are engaged in refining and harmonizing the internal controls and processes of the acquired business with those of the company. Management has excluded the internal controls of MWM from its annual assessment of the effectiveness of the company s internal control over financial reporting (Section 404 of the Sarbanes-Oxley Act) for 2011. This exclusion is in accordance with the general guidance issued by the SEC that an assessment of a recent business combination may be omitted from management s report on internal control over financial reporting in the year of consolidation.

Item 9B. Other Information.

Not Applicable.

PART III

Item 10. Directors, Executive Officers and Corporate Governance.

Identification of Directors and Business Experience

Information required by this Item is incorporated by reference from the 2012 Proxy Statement.

Identification of Executive Officers and Business Experience

Information required by this Item appears in Item 1C of this Form 10-K.

Family Relationships

There are no family relationships between the officers and directors of the company.

Legal Proceedings Involving Officers and Directors

Information required by this Item is incorporated by reference from the 2012 Proxy Statement.

Audit Committee Financial Expert

Information required by this Item is incorporated by reference from the 2012 Proxy Statement.

Identification of Audit Committee

Information required by this Item is incorporated by reference from the 2012 Proxy Statement.

Stockholder Recommendation of Board Nominees

Information required by this Item is incorporated by reference from the 2012 Proxy Statement.

Compliance with Section 16(a) of the Exchange Act

Information required by this Item relating to compliance with Section 16(a) of the Exchange Act is incorporated by reference from the 2012 Proxy Statement.

Table of Contents

Code of Ethics

Our Worldwide Code of Conduct (Code), first published in 1974 and most recently updated in 2010, sets a high standard for honesty and ethical behavior by every employee, including the principal executive officer, principal financial officer, controller and principal accounting officer. The Code is posted on our website at www.Caterpillar.com/code and is incorporated by reference as Exhibit 14 to this Form 10-K. To obtain a copy of the Code at no charge, submit a written request to the Corporate Secretary at 100 NE Adams Street, Peoria, Illinois 61629-6490. We will post on our website any required amendments to or waivers granted under our Code pursuant to SEC or New York Stock Exchange disclosure rules.

Item 11. Executive Compensation.

Information required by this Item is incorporated by reference from the 2012 Proxy Statement.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

Information required by this Item relating to security ownership of certain beneficial owners and management is incorporated by reference from the 2012 Proxy Statement.

Information required by this Item relating to securities authorized for issuance under equity compensation plans is included in the following table:

Equity Compensation Plan Information

(as of December 31, 2011)

Plan category	(a) Number of securities to be issued upon exercise of outstanding options, warrants and rights(1)	(b) Weighted-average exercise price of outstanding options, warrants and rights	(c) Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Equity compensation plans approved by security holders	55,222,273	$ 53.0076	23,788,639
Equity compensation plans not approved by security holders	N/A	N/A	N/A
Total	**55,222,273**	**$ 53.0076**	**23,788,639**

(1) Excludes any cash payments in-lieu-of stock.

Item 13. Certain Relationships and Related Transactions, and Director Independence.

Information required by this Item is incorporated by reference from the 2012 Proxy Statement.

Item 14. Principal Accountant Fees and Services.

Information required by this Item is incorporated by reference from the 2012 Proxy Statement.

Table of Contents

PART IV

Item 15. Exhibits and Financial Statement Schedules.

(a) The following documents are incorporated by reference from Exhibit 13:

1. Financial Statements:

- Report of Independent Registered Public Accounting Firm
- Statement 1 - Consolidated Results of Operations
- Statement 2 - Consolidated Financial Position
- Statement 3 - Changes in Consolidated Stockholders Equity
- Statement 4 - Consolidated Statement of Cash Flow
- Notes to Consolidated Financial Statements

2. Financial Statement Schedules:

- All schedules are omitted because the required information is shown in the financial statements or the notes thereto incorporated by reference from Exhibit 13 or considered to be immaterial.

(b) Exhibits:

3.1	Restated Certificate of Incorporation (incorporated by reference from Exhibit 3.1 to the Form 10-Q filed for the quarter ended June 30, 2010).
3.2	Bylaws amended and restated as of December 8, 2010 (incorporated by reference from Exhibit 3.2 to the 2010 Form 10-K).
4.1	Indenture dated as of May 1, 1987, between Caterpillar Inc. and The First National Bank of Chicago, as Trustee (incorporated by reference from Exhibit 4.1 to Form S-3 (Registration No. 333-22041) filed February 19, 1997).
4.2	First Supplemental Indenture, dated as of June 1, 1989, between Caterpillar Inc. and The First National Bank of Chicago, as Trustee (incorporated by reference from Exhibit 4.2 to Form S-3 (Registration No. 333-22041) filed February 19, 1997).
4.3	Appointment of Citibank, N.A. as Successor Trustee, dated October 1, 1991, under the Indenture, as supplemented, dated as of May 1, 1987 (incorporated by reference from Exhibit 4.3 to Form S-3 (Registration No. 333-22041) filed February 19, 1997).
4.4	Second Supplemental Indenture, dated as of May 15, 1992, between Caterpillar Inc. and Citibank, N.A., as Successor Trustee (incorporated by reference from Exhibit 4.4 to Form S-3 (Registration No. 333-22041) filed February 19, 1997).
4.5	Third Supplemental Indenture, dated as of December 16, 1996, between Caterpillar Inc. and Citibank, N.A., as Successor Trustee (incorporated by reference from Exhibit 4.5 to Form S-3 (Registration No. 333-22041) filed

	February 19, 1997).
4.6	Tri-Party Agreement, dated as of November 2, 2006, between Caterpillar Inc., Citibank, N.A. and U.S. Bank National Association appointing U.S. Bank as Successor Trustee under the Indenture dated as of May 1, 1987, as amended and supplemented (incorporated by reference from Exhibit 4.6 to the 2006 Form 10-K).
4.7	Form of Floating Rate Senior Note due 2012 (incorporated by reference from Exhibit 4.1 to Form 8-K filed May 26, 2011).
4.8	Form of Floating Rate Senior Note due 2013 (incorporated by reference from Exhibit 4.2 to Form 8-K filed May 26, 2011).
4.9	Form of 1.375% Senior Note due 2014 (incorporated by reference from Exhibit 4.3 to Form 8-K filed May 26, 2011).
4.10	Form of 3.900% Senior Note due 2021 (incorporated by reference from Exhibit 4.4 to Form 8-K filed May 26, 2011).

Table of Contents

4.11	Form of 5.200% Senior Note due 2041 (incorporated by reference from Exhibit 4.5 to Form 8-K filed May 26, 2011).
10.1	Caterpillar Inc. 1996 Stock Option and Long-Term Incentive Plan amended and restated through fourth amendment dated December 19, 2008 (incorporated by reference from Exhibit 10.1 to the 2008 Form 10-K).*
10.2	Caterpillar Inc. 2006 Long-Term Incentive Plan as amended and restated through first amendment dated December 6, 2010 (incorporated by reference from Exhibit 10.2 to the 2010 Form 10-K).*
10.3	Terms Applicable to Awards of Restricted Stock Units under Chairman s Award Program pursuant to the 2006 Long-Term Incentive Plan.*
10.4	Terms Applicable to Awards of Stock Appreciation Rights pursuant to the 2006 Long-Term Incentive Plan (incorporated by reference from Exhibit 10.2 to Form 10-Q filed for the quarter ended March 31, 2011).*
10.5	Caterpillar Inc. Supplemental Retirement Plan (formerly known as the Caterpillar Inc. Supplemental Pension Benefit Plan), as amended and restated through first amendment dated November 1, 2010 (incorporated by reference from Exhibit 10.5 to the 2010 Form 10-K).*
10.6	Caterpillar Inc. Supplemental Employees Investment Plan, as amended and restated through first amendment dated May 15, 2009 (incorporated by reference from Exhibit 10.4 to the 2009 Form 10-K).*
10.7	Caterpillar Inc. Executive Short-Term Incentive Plan, as amended and restated effective as of January 1, 2011 by a document dated December 13, 2010 (incorporated by reference to Appendix A to the Company s Definitive Proxy Statement on Form DEF 14A filed on April 15, 2011).*
10.8	Caterpillar Inc. Directors Deferred Compensation Plan, as amended and restated effective as of January 1, 2005 by a document dated February 25, 2008 (incorporated by reference from Exhibit 10.6 to the 2006 Form 10-K).*
10.9	Caterpillar Inc. Directors Charitable Award Program, as amended and restated effective as of April 1, 2008 by a document dated March 31, 2008 (incorporated by reference from Exhibit 10.7 to the 2008 Form 10-K).*
10.10	Caterpillar Inc. Deferred Employees Investment Plan, as amended and restated through first amendment dated May 15, 2009 (incorporated by reference from Exhibit 10.8 to the 2009 Form 10-K).*
10.11	Caterpillar Inc. Supplemental Deferred Compensation Plan as amended and restated generally effective as of January 1, 2011 by a document dated October 18, 2010 (incorporated by reference from Exhibit 10.11 to 2010 Form 10-K).*
10.12	Solar Turbines Incorporated Managerial Retirement Objective Plan, as amended through second amendment dated November 4, 2010.*
10.13	Solar Turbines Incorporated Pension Plan for European Foreign Service Employees, as amended through first amendment dated May 10, 2011.*
10.14	Time Share Agreement dated May 6, 2011 (incorporated by reference from Exhibit 10.3 to Form 10-Q for the quarter ended March 31, 2011).*
10.15	Credit Agreement (Five-Year Facility) dated as of September 15, 2011 among Caterpillar Inc., Caterpillar Financial Services Corporation, Caterpillar International Finance Limited, Caterpillar Finance Corporation, certain financial institutions named therein, Citibank, N.A., as Agent, Citibank International plc, as Local Currency Agent, and The Bank of Tokyo-Mitsubishi UFJ, Ltd., as Japan Local Currency Agent (incorporated by reference from Exhibit 99.4 to Form 8-K filed September 16, 2011).
10.16	Local Currency Addendum to the Five-Year Facility dated as of September 15, 2011 (incorporated by reference from Exhibit 99.5 to Form 8-K filed September 16, 2011).
10.17	Japan Local Currency Addendum to the Five-Year Facility dated as of September 15, 2011 (incorporated by reference from Exhibit 99.6 to Form 8-K filed September 16, 2011).
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10.19	Local Currency Addendum to the Four-Year Facility (incorporated by reference from Exhibit 99.5 to Form 8-K filed September 21, 2010).
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Table of Contents

10.21	Amendment No. 1 to the Four-Year Facility, dated as of September 15, 2011 (incorporated by reference from Exhibit 99.7 to Form 8-K filed September 16, 2011)
10.22	Credit Agreement (364-Day Facility) dated as of September 15, 2011 among Caterpillar Inc., Caterpillar Financial Services Corporation, Caterpillar International Finance Limited, Caterpillar Finance Corporation, certain financial institutions named therein, Citibank, N.A., as Agent, Citibank International plc, as Local Currency Agent, and the Bank of Tokyo-Mitsubishi UFJ, Ltd., as Japan Local Currency Agent (incorporated by reference from Exhibit 99.1 to Form 8-K filed September 16, 2011).
10.23	Local Currency Addendum to the 364-Day Facility (incorporated by reference from Exhibit 99.2 to Form 8-K filed September 16, 2011).
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*Management contracts and compensatory plans and arrangements required to be filed as exhibits pursuant to Item 15(b) of this report.

Table of Contents

Form 10-K

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the company has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

CATERPILLAR INC.
(Registrant)

February 21, 2012 By: */s/ James B. Buda*
James B. Buda, Senior Vice President and Chief Legal Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

February 21, 2012	*/s/ Douglas R. Oberhelman* (Douglas R. Oberhelman)	Chairman of the Board and Chief Executive Officer
February 21, 2012	*/s/ Richard P. Lavin* (Richard P. Lavin)	Group President
February 21, 2012	*/s/ Stuart L. Levenick* (Stuart L. Levenick)	Group President
February 21, 2012	*/s/ Edward J. Rapp* (Edward J. Rapp)	Group President and Chief Financial Officer
February 21, 2012	*/s/ Gerard R. Vittecoq* (Gerard R. Vittecoq)	Group President
February 21, 2012	*/s/ Steven H. Wunning* (Steven H. Wunning)	Group President
February 21, 2012	*/s/ Jananne A. Copeland* (Jananne A. Copeland)	Chief Accounting Officer and Corporate Controller
February 21, 2012	*/s/ David L. Calhoun* (David L. Calhoun)	Director
February 21, 2012	*/s/ Daniel M. Dickinson*	Director

(Daniel M. Dickinson)

February 21, 2012	*/s/ Eugene V. Fife* (Eugene V. Fife)	Director

Table of Contents

February 21, 2012	*/s/ Juan Gallardo* (Juan Gallardo)	Director
February 21, 2012	*/s/ David R. Goode* (David R. Goode)	Director
February 21, 2012	*/s/ Jesse J. Greene, Jr.* (Jesse J. Greene, Jr.)	Director
February 21, 2012	*/s/ Peter A. Magowan* (Peter A. Magowan)	Director
February 21, 2012	*/s/ Dennis A. Muilenburg* (Dennis A. Muilenburg)	Director
February 21, 2012	*/s/ William A. Osborn* (William A. Osborn)	Director
February 21, 2012	*/s/ Charles D. Powell* (Charles D. Powell)	Director
February 21, 2012	*/s/ Edward B. Rust, Jr.* (Edward B. Rust, Jr.)	Director
February 21, 2012	*/s/ Susan C. Schwab* (Susan C. Schwab)	Director
February 21, 2012	*/s/ Joshua I. Smith* (Joshua I. Smith)	Director
February 21, 2012	*/s/ Miles D. White* (Miles D. White)	Director

Table of Contents

Form 10-K

EXHIBIT INDEX

3.1	Restated Certificate of Incorporation (incorporated by reference from Exhibit 3.1 to the Form 10-Q filed for the quarter ended June 30, 2010).
3.2	Bylaws amended and restated as of December 8, 2010 (incorporated by reference from Exhibit 3.2 to the 2010 Form 10-K).
4.1	Indenture dated as of May 1, 1987, between Caterpillar Inc. and The First National Bank of Chicago, as Trustee (incorporated by reference from Exhibit 4.1 to Form S-3 (Registration No. 333-22041) filed February 19, 1997).
4.2	First Supplemental Indenture, dated as of June 1, 1989, between Caterpillar Inc. and The First National Bank of Chicago, as Trustee (incorporated by reference from Exhibit 4.2 to Form S-3 (Registration No. 333-22041) filed February 19, 1997).
4.3	Appointment of Citibank, N.A. as Successor Trustee, dated October 1, 1991, under the Indenture, as supplemented, dated as of May 1, 1987 (incorporated by reference from Exhibit 4.3 to Form S-3 (Registration No. 333-22041) filed February 19, 1997).
4.4	Second Supplemental Indenture, dated as of May 15, 1992, between Caterpillar Inc. and Citibank, N.A., as Successor Trustee (incorporated by reference from Exhibit 4.4 to Form S-3 (Registration No. 333-22041) filed February 19, 1997).
4.5	Third Supplemental Indenture, dated as of December 16, 1996, between Caterpillar Inc. and Citibank, N.A., as Successor Trustee (incorporated by reference from Exhibit 4.5 to Form S-3 (Registration No. 333-22041) filed February 19, 1997).
4.6	Tri-Party Agreement, dated as of November 2, 2006, between Caterpillar Inc., Citibank, N.A. and U.S. Bank National Association appointing U.S. Bank as Successor Trustee under the Indenture dated as of May 1, 1987, as amended and supplemented (incorporated by reference from Exhibit 4.6 to the 2006 Form 10-K).
4.7	Form of Floating Rate Senior Note due 2012 (incorporated by reference from Exhibit 4.1 to Form 8-K filed May 26, 2011).
4.8	Form of Floating Rate Senior Note due 2013 (incorporated by reference from Exhibit 4.2 to Form 8-K filed May 26, 2011).
4.9	Form of 1.375% Senior Note due 2014 (incorporated by reference from Exhibit 4.3 to Form 8-K filed May 26, 2011).
4.10	Form of 3.900% Senior Note due 2021 (incorporated by reference from Exhibit 4.4 to Form 8-K filed May 26, 2011).
4.11	Form of 5.200% Senior Note due 2041 (incorporated by reference from Exhibit 4.5 to Form 8-K filed May 26, 2011).
10.1	Caterpillar Inc. 1996 Stock Option and Long-Term Incentive Plan amended and restated through fourth amendment dated December 19, 2008 (incorporated by reference from Exhibit 10.1 to the 2008 Form 10-K).*
10.2	Caterpillar Inc. 2006 Long-Term Incentive Plan as amended and restated through first amendment dated December 6, 2010 (incorporated by reference from Exhibit 10.2 to the 2010 Form 10-K).*
10.3	Terms Applicable to Awards of Restricted Stock Units under Chairman s Award Program pursuant to the 2006 Long-Term Incentive Plan.*
10.4	Terms Applicable to Awards of Stock Appreciation Rights pursuant to the 2006 Long-Term Incentive Plan (incorporated by reference from Exhibit 10.2 to Form 10-Q filed for the quarter ended March 31, 2011).*
10.5	Caterpillar Inc. Supplemental Retirement Plan (formerly known as the Caterpillar Inc. Supplemental Pension Benefit Plan), as amended and restated through first amendment dated November 1, 2010 (incorporated by reference from Exhibit 10.5 to the 2010 Form 10-K).*
10.6	Caterpillar Inc. Supplemental Employees Investment Plan, as amended and restated through first amendment dated May 15, 2009 (incorporated by reference from Exhibit 10.4 to the 2009 Form 10-K).*
10.7	Caterpillar Inc. Executive Short-Term Incentive Plan, as amended and restated effective as of January 1, 2011 by a document dated December 13, 2010 (incorporated by reference to Appendix A to the Company s Definitive Proxy Statement on Form DEF 14A filed on April 15, 2011).*
10.8	Caterpillar Inc. Directors Deferred Compensation Plan, as amended and restated effective as of January 1, 2005 by a document dated February 25, 2008 (incorporated by reference from Exhibit 10.6 to the 2006 Form 10-K).*
10.9	Caterpillar Inc. Directors Charitable Award Program, as amended and restated effective as of April 1, 2008 by a document dated March 31, 2008 (incorporated by reference from Exhibit 10.7 to the 2008 Form 10-K).*

Table of Contents

10.10	Caterpillar Inc. Deferred Employees Investment Plan, as amended and restated through first amendment dated May 15, 2009 (incorporated by reference from Exhibit 10.8 to the 2009 Form 10-K).*
10.11	Caterpillar Inc. Supplemental Deferred Compensation Plan as amended and restated generally effective as of January 1, 2011 by a document dated October 18, 2010 (incorporated by reference from Exhibit 10.11 to 2010 Form 10-K).*
10.12	Solar Turbines Incorporated Managerial Retirement Objective Plan, as amended through second amendment dated November 4, 2010.*
10.13	Solar Turbines Incorporated Pension Plan for European Foreign Service Employees, as amended through first amendment dated May 10, 2011.*
10.14	Time Share Agreement dated May 6, 2011 (incorporated by reference from Exhibit 10.3 to Form 10-Q for the quarter ended March 31, 2011).*
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Table of Contents

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