

HIGH Tech HIGH Value



Doug Oberhelman
Chairman and CEO

I can describe Caterpillar's strategy in one word — customers. We wake up thinking about our customers every day. Of course each and every customer is unique, but there are a few needs that our customers share across the board. Just about every customer talks to me about how we can help them operate more efficiently. They want to move materials quickly, safely and efficiently — in short, they want to operate more sustainably. When our customers talk, we listen. When they have a problem big or small, we are there to support them. But when our customers all agree, when they have a common concern, we focus the full power of the Caterpillar team to find solutions. And the role technology plays is significant in finding those solutions.

You might be surprised to learn about all of the high-tech features in our products. Many of our large mining trucks can drive themselves — supervised from the comfort of a control room, and our dozers can be operated by remote control. Our internal combustion process is more difficult to simulate than the process that powers the space shuttle. Most of our machines and engines are designed to run 10,000 hours before overhaul — the equivalent of 500,000 miles on your car. Our machines are designed to be rebuilt two or three times. We have designed engines that meet each new tier of emissions standards, the latest being Tier 4, which, in its final phase, will take particulate matter and NOx emissions to near-zero levels. This has been accomplished without sacrificing power or performance, and with a 5 to 20 percent decrease in fuel consumption. Our dealers and customers can watch many of their products working on their smartphones — Cat® Product Link™ gives them real-time data on product health, performance, uptime and fuel consumption.

Being a world-class manufacturer requires excellence in innovation, but we rarely innovate simply for the sake of making something new. Instead, we use our technology to solve problems. At Caterpillar, helping our customers operate in a more sustainable manner is one of our biggest drivers of innovation. In 2012, we invested \$2.5 billion in research and development.

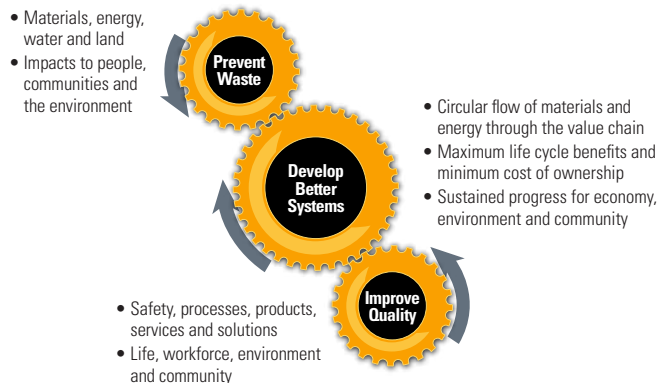
Our approximately 10,000 engineers and technologists worked on solutions involving natural gas and alternative fuels, advanced hybrid technology, electronics to enable autonomy, and remote control and advanced power trains to enable better fuel consumption, responsiveness and traction control. All of these research themes have one thing in common — they are aimed at helping our customers operate more efficiently, often with less impact on people and the environment. And they all fit in with the three principles of sustainability we adopted in 2012.

When I look at our sustainability principles and our technology efforts, it becomes clear we are making great strides in sustainability through our innovation efforts. We aren't trying to be flashy. We aren't trying to make headlines. We are simply working hard every day to help our customers and our communities succeed.

Sincerely,

Doug Oberhelman
Chairman & Chief Executive Officer of Caterpillar Inc.

OUR SUSTAINABILITY PRINCIPLES



2020 GOALS FOR OPERATIONS

- Reduce recordable workplace injury rate to 0.6 and lost-time case rate due to injury to 0.15
- 20%** Use alternative/renewable sources to meet 20% of our energy needs
- Hold water consumption flat
- ↑25%** Increase energy efficiency by 25%
- 0** Eliminate waste by reducing waste generation and reusing or recycling all that remains
- LEED** Design all new construction to meet Leadership in Energy and Environmental Design (LEED) or comparable green building criteria
- ↓25%** Reduce absolute greenhouse gas emissions from existing facilities by 25%

2020 GOALS FOR PRODUCTS, SERVICES & SOLUTIONS

- Provide leadership in the safety of people in, on and around our products
- ↑20%** Increase customer energy efficiency by 20%
- ↓20%** Reduce customer greenhouse gas emissions by 20%
- ↑20%** Increase customer materials efficiency by 20%

SUSTAINABLE DEVELOPMENT CONTACTS

SUSTAINABLE DEVELOPMENT
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caterpillar.com

SUSTAINABLE DEVELOPMENT
caterpillar.com/sustainability

2012 SUSTAINABILITY REPORT
caterpillar.com/sustainability-report

2012 YEAR IN REVIEW
caterpillar.com/year-in-review

SAFETY INFORMATION
safety.cat.com

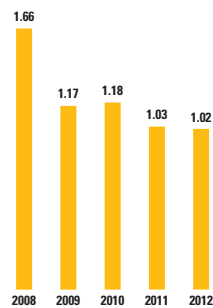
EMPLOYMENT INFORMATION
caterpillar.com/careers

ABOUT CATERPILLAR
For more than 85 years, Caterpillar Inc. has been making sustainable progress possible and driving positive change on every continent. With 2012 sales and revenues of \$65.875 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 also is a leading services provider through Caterpillar Financial Services Corporation, Caterpillar Remanufacturing Services and Progress Rail Services Corporation.

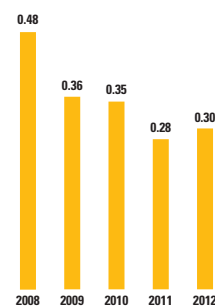
Performance At-A-Glance

WORKPLACE SAFETY

Recordable Injury Frequency (RIF)
(Recordable injuries per 200,000 hours worked)



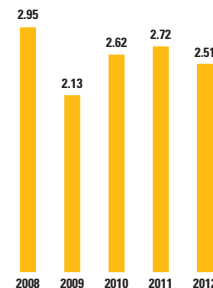
Lost-Time Case Frequency Rate (LTCFR)
(Lost-time injuries per 200,000 hours worked)



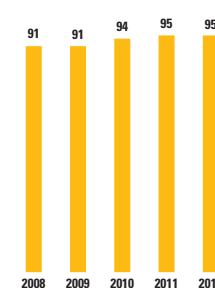
1. Data does not include facilities acquired after June 1, 2011, Caterpillar Japan Ltd — Direct Dealer operations or Electro-Motive Diesel (EMD) operations.
2. Data prior to 2012 has been restated due to a) acquisitions, b) data updates realized from improved accuracy, c) divestitures.
3. Based only on renewable energy. Alternative energy will be included in the future.
4. Data does not include Progress Rail or EMD operations.
5. Data does not include Progress Rail, EMD or Solar operations.

ENVIRONMENTAL IMPACT^{1, 2}

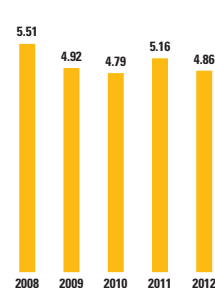
Absolute GHG
(Absolute million metric tons of CO₂e)
(Baseline: 2006)



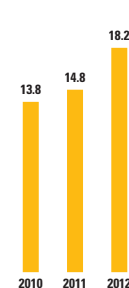
Percent Recycled
(Absolute pounds recycled waste/
absolute pounds total waste) x 100



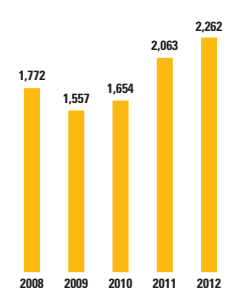
Water Use
(Absolute billion gallons used)
(Baseline: 2006)



**Percent Alternate/
Renewable Sources³**
(Renewable electrical energy use/total
electrical energy use) x 100

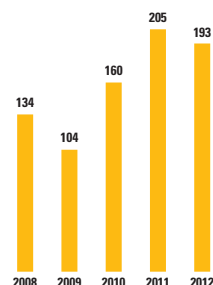


Energy Efficiency
(Dollars of revenue/absolute
gigajoules energy use)
(Baseline: 2006)

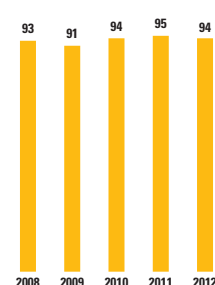


REMANUFACTURING (REMAN)^{2, 5}

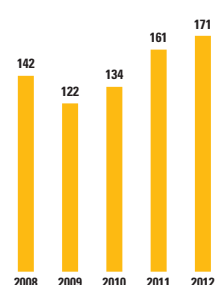
Reman Business Growth
(Percent revenue increase over 2001 base)



**Reman End-of-Life
"Take Back" Percent**
(Actual end-of-life returns/eligible
returns) x 100

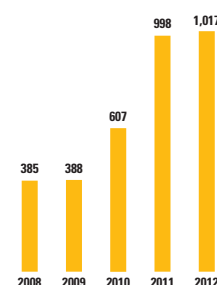


**Reman End-of-Life
"Take Back" by Weight**
(Millions of pounds of end-of-life
material received)



CAT® CERTIFIED REBUILD⁴

**Cat® Certified Rebuild
Business Growth**
(Percent revenue increase over 2001 base)



FORWARD-LOOKING STATEMENTS

Certain statements in this 2012 Sustainability Report relate to future events and expectations and are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Words such as "believe," "estimate," "will be," "will," "would," "expect," "anticipate," "plan," "project," "intend," "could," "should" or other similar words or expressions often identify forward-looking statements. All statements other than statements of historical fact are forward-looking statements, including, without limitation, statements regarding our outlook, projections, forecasts or trend descriptions. These statements do not guarantee future performance, and we do not undertake to update our forward-looking statements.

Caterpillar's actual results may differ materially from those described or implied in our forward-looking statements based on a number of factors, including, but not limited to: (i) global economic conditions and economic conditions in the industries and markets we serve; (ii) government monetary or fiscal policies and infrastructure spending; (iii) commodity or component price increases, fluctuations in demand for our products, or limited availability of raw materials and component products, including steel; (iv) our and our customers', dealers' and suppliers' ability to access and manage liquidity; (v) political and economic risks and instability, including national or international conflicts and civil unrest; (vi) our and Cat Financial's ability to maintain credit ratings, avoid material increases in borrowing costs, and access capital markets; (vii) the financial condition and credit worthiness of Cat Financial's customers; (viii) changes in interest rates or market liquidity; (ix) changes in financial services regulation; (x) inability to realize expected benefits from acquisitions, including ERA Mining Machinery Limited, and divestitures, including the divestiture of the Bucyrus International, Inc. distribution business to our independent dealers; (xi) international trade and investment policies; (xii) market acceptance of our products and services; (xiii) changes in the competitive environment, including market share, pricing and geographic and product mix of sales; (xiv) successful implementation of capacity expansion projects, cost reduction initiatives and efficiency or productivity initiatives, including the Caterpillar Production System; (xv) inventory management decisions and sourcing practices of our dealers or original equipment manufacturers; (xvi) compliance with environmental laws and regulations; (xvii) alleged or actual violations of trade or anti-corruption laws and regulations; (xviii) additional tax expense or exposure; (xix) currency fluctuations; (xx) our or Cat Financial's compliance with financial covenants; (xxi) increased pension plan funding obligations; (xxii) union disputes or other labor matters; (xxiii) significant legal proceedings, claims, lawsuits or investigations; (xxiv) compliance requirements imposed if carbon emissions legislation and/or regulations are adopted; (xxv) changes in accounting standards; (xxvi) failure or breach of information technology security; (xxvii) adverse effects of natural disasters; and (xxviii) other factors described in more detail under "Item 1A. Risk Factors" in our Form 10-K filed with the SEC on February 19, 2013 for the year ended December 31, 2012. This filing is available on our website at www.caterpillar.com/secfilings.

TRADEMARK INFORMATION

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