

CATERPILLAR INC.

CHARTER OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS (adopted by the Board of Directors on February 11, 2015)

I. PURPOSE AND AUTHORITY

The purpose of the Caterpillar Inc. (“Caterpillar” or “Company”) Audit Committee is to assist the Board of Directors (the “Board”) in fulfilling its oversight responsibilities with respect to:

- the integrity of Caterpillar’s financial statements;
- Caterpillar’s compliance with legal and regulatory requirements;
- Caterpillar’s business risk management process;
- the independent auditor’s qualifications and independence;
- the performance of Caterpillar’s internal audit function and the independent auditor;
- the effectiveness of Caterpillar’s internal controls; and
- the implementation and effectiveness of Caterpillar’s ethics and compliance program.

Annually, the Audit Committee shall prepare and approve for inclusion in Caterpillar’s annual Proxy Statement an audit committee report as required by the Securities and Exchange Commission.

In carrying out these responsibilities, the Audit Committee shall have the authority to conduct or authorize investigations into any matters within the scope of its responsibilities and the authority to retain such outside counsel, experts, and other advisors as it determines appropriate to assist it in carrying out its responsibilities. The Audit Committee shall receive appropriate funding from Caterpillar, as determined in the Audit Committee’s sole discretion, for payment of (i) compensation to any independent registered public accounting firm engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for Caterpillar; (ii) compensation to any advisers employed by the Audit Committee; and (iii) ordinary administrative expenses of the Audit Committee that are necessary or appropriate in carrying out its duties.

The Audit Committee’s responsibilities are limited to oversight. Caterpillar’s management is responsible for, among other things, the preparation, presentation and integrity of Caterpillar’s financial statements as well as the financial reporting process, accounting policies, internal audit, internal control over financial reporting and disclosure controls and procedures. The independent auditor is responsible for performing an audit of Caterpillar’s annual financial statements and its internal control over financial reporting, expressing an opinion as to the conformity of such annual financial statements with generally accepted accounting principles (“GAAP”) and the effectiveness of Caterpillar’s internal control over financial reporting, and reviewing the Company’s quarterly financial statements. It is not the responsibility of the Audit Committee to plan or conduct audits, to determine that Caterpillar’s financial statements and disclosures are complete and accurate and in accordance with GAAP and applicable laws, rules and regulations or to determine the effectiveness of Caterpillar’s internal control over financial reporting. Each member of the Audit Committee shall be entitled to rely on the integrity of those persons within Caterpillar and of the professionals and experts (including Caterpillar’s internal audit and the independent auditor) from which the Audit Committee receives information and, absent actual knowledge to the contrary, the accuracy of the financial and other information provided to the Audit Committee by such persons, professionals or experts.

II. COMPOSITION AND QUALIFICATIONS

The Audit Committee shall consist of at least three directors. It shall have a Chairman appointed by the Board. The Board may fill vacancies on the Audit Committee and remove a member of the Audit Committee at any time with or without cause. Each member of the Audit Committee must satisfy the independence requirements of the New York Stock Exchange and the Securities and Exchange Commission. All members of the Audit Committee shall be financially literate as determined by the Board in its business judgment consistent with financial literacy guidelines adopted by the Board. At least one member of the Audit Committee must have accounting or related financial management expertise as determined by the Board in its business judgment.

Generally, it is expected that Audit Committee members will not simultaneously serve on more than two other audit committees of public companies in addition to Caterpillar's Audit Committee. If the Board determines that an Audit Committee member's simultaneous service on more than two other public company audit committees does not impair the member's service to Caterpillar, it will state so in the proxy. All Audit Committee members shall advise the Chairman of the Board and the Chairman of the Governance Committee before accepting membership on another audit committee.

III. MEETING ATTENDANCE AND MINUTES

The Audit Committee shall meet at least six times a year or more frequently if circumstances dictate. The Audit Committee shall periodically meet separately with management, the internal auditors, and the independent auditors. One-third of the Audit Committee, but not less than two members, shall constitute a quorum for the transaction of business. Unless the Audit Committee by resolution determines otherwise, any action required or permitted to be taken by the Audit Committee may be taken without a meeting if all members of the Audit Committee consent thereto in writing, and the writing or writings are filed with the minutes of the proceedings of the Audit Committee. Members of the Audit Committee may participate in a meeting through the use of conference telephone or similar communications equipment, as long as all members participating in such meeting can hear one another, and such participation shall constitute presence at such meetings.

At all times, the Audit Committee shall have the right to determine which representatives of Caterpillar management or which directors (who are not on the Audit Committee) may attend its meetings. The Audit Committee generally expects that the following individuals, or their designated representatives, shall be present: the Group President and Chief Financial Officer; Vice President, Finance Services Division, Executive Vice President, Law and Public Policy; Chief Accounting Officer; Chief Audit Officer, Chief Ethics and Compliance Officer; and the engagement partner for the independent auditor.

The Audit Committee shall review and approve the Audit Committee minutes, which shall be filed with the Secretary of the Company for retention with the records of the Company. Copies of such minutes shall be presented to each Board member.

IV. RESPONSIBILITIES AND DUTIES

Audit Committee Charter

The Audit Committee shall review this charter annually (or more frequently as circumstances require) for adequacy and recommend to the Board any necessary changes. Should necessary charter changes come to the Audit Committee's attention prior to a scheduled review, such changes may be recommended to the Board prior to the review.

Independent Auditor

The Audit Committee is directly responsible for the appointment, compensation, retention, and oversight of the work of the independent auditor (including the resolution of any disagreements between management and the independent auditor regarding financial reporting). The independent auditor shall report directly to the Audit Committee.

The Audit Committee shall receive written disclosures and the letter from the independent auditor required by applicable requirements of the Public Company Accounting Oversight Board regarding the independent auditor's communications with the Audit Committee concerning independence, and shall discuss with the independent auditor the independent auditor's independence.

At least annually (or more frequently as circumstances require), the Audit Committee shall obtain and review a report by the independent auditor describing: the firm's internal quality-control procedures; any material issues raised by the most recent internal quality-control review, or peer review, of the firm, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the firm, and any steps taken to deal with any such issues; and (to assess the auditor's independence) all relationships between the independent auditor and Caterpillar.

The Audit Committee shall evaluate the independent auditor's qualifications, performance and independence, including a review and evaluation of the lead partner of the independent auditor, taking into account the opinions of management and Caterpillar's internal auditors. The Audit Committee should present its conclusions to the full Board.

In connection with its continual assessment of the independence of the independent auditor, the Audit Committee shall pre-approve all audit and permitted non-audit services to be provided by the independent auditor and any fee for such services. The Chairman of the Audit Committee may pre-approve any such services according to the procedures approved by the Audit Committee, provided that any approval by the Chairman of the Audit Committee must be reported to the Audit Committee at its next meeting.

The Audit Committee considers updates on emerging accounting and auditing issues as critical to its function. In this regard, the independent auditor and management shall provide updates on emerging accounting and auditing issues, as well as an assessment of their potential impact on Caterpillar, on a timely basis throughout the year. Additionally, the independent auditor and management shall at least annually (or more frequently as circumstances require) provide an analysis of Caterpillar's critical accounting policies.

The Audit Committee shall also develop and implement Caterpillar's hiring policies for employees or former employees of the independent auditors.

Internal Audit

The Audit Committee shall review the performance and effectiveness of Caterpillar's internal audit function including the objectives, responsibilities, compliance with International Standards for the Professional Practice of Internal Auditing, and qualifications of Caterpillar's internal audit staff. Caterpillar's internal audit function shall provide management and the Audit Committee with ongoing assessments of Caterpillar's risk management processes and system of internal control.

The Audit Committee shall discuss the responsibilities, budget and staffing of Caterpillar's internal audit function. The Audit Committee shall review and concur in the appointment, replacement or dismissal of the Chief Audit Officer (CAO). The Audit Committee shall also review and approve the annual performance appraisal of the CAO and any related compensation changes.

Throughout the year, both the independent auditor and Chief Audit Officer, or designated representatives, shall describe their audit plans (in terms of scope and procedures to be used) for the year and the progress of those plans to date. The Audit Committee shall have final authority to review and approve the internal audit plan.

The Audit Committee shall review the progress made with respect to executing the approved internal audit plan as well as any modifications to the plan during the year. The Audit Committee shall review significant issues and significant, unsatisfactory audit findings identified by internal audit and management's response to such issues.

Internal Controls

At least annually (or more frequently as circumstances require), the Audit Committee shall review with the independent auditor and management personnel the adequacy and effectiveness of Caterpillar's accounting, financial and other internal controls, and elicit any recommendations for improvement of existing controls or the addition of new or more detailed controls. The Audit Committee shall discuss with the independent auditor the matters required to be discussed under applicable PCAOB and accounting and auditing standards.

The Audit Committee shall review and discuss with management and the independent auditors: (1) any significant deficiencies or material weaknesses identified by management in connection with required quarterly or annual certifications, (2) any significant changes in internal control over financial reporting, and (3) any fraud involving management or other employees who have a significant role in Caterpillar's internal controls.

The Audit Committee shall establish procedures for the receipt, retention and treatment of complaints received by Caterpillar regarding accounting, internal accounting controls or auditing matters, as well as for the confidential, anonymous submissions by employees and non-employees regarding questionable accounting or auditing matters.

The Audit Committee shall, at least annually, review Caterpillar's risk assessment and risk management policies and procedures, including its major financial risk exposures and the steps management has taken to monitor and control such exposures. As determined by the Audit Committee, business units shall provide reports on their key risks and steps taken to mitigate those risks.

The Audit Committee shall receive and discuss an annual report on the adequacy of Caterpillar's computerized information system controls and related security.

Financial Statements and Disclosure Matters

The Audit Committee shall meet to review and discuss Caterpillar's annual audited financial statements and quarterly financial statements with management and the independent auditor, including reviewing the specific disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations." As a result of this review and discussion, the Audit Committee shall recommend to the Board whether the audited financials and related disclosures should be included in Caterpillar's Annual Report on Form 10-K.

The Audit Committee shall regularly review with the independent auditor any audit problems or difficulties and management's response and whether the independent auditor intends to issue an unqualified opinion on the financials. In connection with that review:

- the Audit Committee shall review with management, the internal audit staff and the independent auditor any significant difficulties encountered during the course of the audit, including any restrictions on the scope of work or access to required information, and any significant disagreements with management;
- the Audit Committee may review any or all of the following, as applicable, with the independent auditor: any accounting adjustments that were noted or proposed by the independent auditor but were "passed" (as immaterial or otherwise); any communications between the audit team and the audit firm's national office respecting auditing or accounting issues presented by the engagement; and any "management" or "internal control" letter issued, or proposed to be issued, by the audit firm to Caterpillar;
- the Audit Committee shall obtain from the independent auditor assurances that Section 10A(b) of the Securities Exchange Act of 1934 has not been implicated;
- the independent auditor shall express its judgment regarding the quality and appropriateness of Caterpillar's accounting principles as they apply to its financial reporting;
- management shall review the annual consolidated financial statements with the Audit Committee, discussing significant changes from the previous year and the impact of any new accounting pronouncements;
- the Audit Committee shall consider any significant changes to Caterpillar's auditing and accounting practices as suggested by the independent auditor or management; and
- the Audit Committee shall review with the independent auditor and management the extent to which changes or improvements in financial or accounting practices, as previously approved by the Audit Committee, have been implemented.

The Audit Committee shall discuss Caterpillar's earnings press releases, as well as financial information and earnings guidance provided to analysts and rating agencies, if any. This responsibility to discuss earnings releases, as well as financial information and earnings guidance, may be done generally (i.e., discussion of the types of information to be disclosed and the type of presentation to be made). The Audit Committee need not discuss in advance each earnings release or each instance in which Caterpillar may provide earnings guidance.

The independent auditor shall report to the Audit Committee on a timely basis (a) all critical accounting policies used by Caterpillar, (b) alternative accounting treatments that have been discussed with management along with the potential ramifications of using those alternatives, and (c) other material written communications provided by the independent auditor to management.

While the fundamental responsibility for Caterpillar's financial statements and disclosures rests with management and the independent auditor, the Audit Committee shall review:

- major issues regarding accounting principles and financial statement presentations, including any significant changes in Caterpillar's selection or application of accounting principles, and major issues as to the adequacy of Caterpillar's internal controls and any special audit steps adopted in light of material control deficiencies;
- analyses prepared by management and/or the independent auditor setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements, including analyses of the effects of alternative GAAP methods on the financial statements;
- the effect of regulatory and accounting initiatives, as well as off-balance sheet structures, on the financial statements of Caterpillar; and
- the type and presentation of information to be included in earnings press releases (paying particular attention to any use of "pro forma," or "adjusted" non-GAAP, information), as well as any financial information and earnings guidance provided to analysts and rating agencies.

Ethics and Compliance Program

The Audit Committee shall be knowledgeable about the content and operation of the Caterpillar Ethics and Compliance Program (the "Program") and shall exercise oversight of its implementation and effectiveness. Specifically the Audit Committee shall:

- periodically review Our Values in Action, Caterpillar's Worldwide Code of Conduct and its implementation;
- at least annually, review with the Chief Ethics and Compliance Officer, or designated representative, and other ethics and compliance personnel as appropriate, the ethics and compliance function, including responsibilities, resources, Program implementation, assessment of Program effectiveness, and inquiries made to the Office of Business Practices;
- make recommendations regarding any changes, amendments, and modifications to the Program;
- periodically review company significant issues related to Our Values in Action, Caterpillar's Worldwide Code of Conduct, including Caterpillar's compliance with legal and regulatory requirements, and Caterpillar's response to and resolution of such issues; and
- as appropriate, report to the full Board on any issues related to its responsibilities as specified in this section.

The Chief Ethics and Compliance Officer and the Director of the Office of Business Practices shall have direct access to the Audit Committee and the full Board and shall provide any information requested by the Audit Committee and/or the full Board.

Significant Litigation and Regulatory Matters

The Audit Committee shall receive as appropriate, but at least annually, a report from the Executive Vice President, Law and Public Policy, or designated representative, of any significant litigation and regulatory matters, including those that may potentially have a material impact on Caterpillar's financial statements.

Reports to the Board

The Audit Committee shall regularly report to the Board on its activities and shall make such recommendations to the Board as the Audit Committee decides are appropriate. Specifically, the Audit Committee shall review with the full Board any issues that arise with respect to the quality or integrity of Caterpillar's financial statements, compliance with legal or regulatory requirements, the performance and independence of the independent auditors, or the performance of the internal audit function.

Audit Committee Evaluation

The Audit Committee shall engage in a self-evaluation annually and report the results of that evaluation to the Chairman of the Governance Committee.

Additional Areas of Review

The Audit Committee participates in other areas of review as designated by the Board, including, but not limited to, the following:

- At least annually (or more frequently as circumstances require), the Audit Committee shall receive a report from Internal Audit of the expenses of the senior officers of Caterpillar through the level of Group President.
- At least annually (or more frequently as circumstances require), the Audit Committee shall receive a report from Caterpillar's Director of Tax, or designated representative, regarding certain income tax matters, including the status of income tax reserves and governmental tax audits.
- At least annually (or more frequently as circumstances require), the Audit Committee shall receive a report from the Chief Financial Officer, or designated representative, on Caterpillar's use of derivative securities and compliance with the Derivative Policy of the Board.
- At least annually (or more frequently as circumstances require), the Vice President in charge of Caterpillar Financial Products Division, or designated representative, shall update the Audit Committee on that subsidiary's operations, including a discussion of financing and lending activities.
- At least annually (or more frequently as circumstances require), the Audit Committee shall receive a report on loans, advances or guarantees extended to (1) dealers (other than by Caterpillar Financial Services) and (2) suppliers.