

How We Win

CHAIRMAN'S MESSAGE



DEDICATED TEAM



FINANCIAL STRENGTH



SIGNIFICANT OPPORTUNITY



SUSTAINABLE DEVELOPMENT



INVALUABLE PARTNERS



QUALITY PRODUCTS



CUSTOMER FOCUS



From Our Chairman

Over the course of many years, Caterpillar has forged a strong reputation for performance and financial strength in both good and challenging times. Despite a 37-percent decrease in sales and revenues, we delivered a profit, improved our balance sheet, upheld our mid-A credit rating, maintained the dividend and contributed to employee pension plans.



James W. Owens
Chairman & CEO, Caterpillar Inc.



This Year at Caterpillar

Performance under pressure. That's what Team Caterpillar delivered in 2009.

In my 37 years at Caterpillar, this was the most difficult economic environment I've seen. The industries we serve were among the hardest hit. And our sales and revenues plummeted. Despite the difficulties, we delivered admirable results, invested for the future and continued to strengthen our foundation for growth.

It seems almost miraculous. But the truth is, our spectacular performance is simply the result of executing some of our basic business principles. First we have a solid business model. Our global footprint, diverse line of products and services and comprehensive and well-understood strategy all contributed to our admirable performance. Notably, our integrated services businesses helped buffer the impact of recession, and climbed to 46 percent of the company's 2009 sales and revenues.

Second, we planned. Because we serve many cyclical industries, it's important to plan for the trough. When we introduced our new strategy in 2005, trough planning was a big part of it. Each of our operations was required to have specific plans that were ready to execute in the event of a business downturn. And I'm glad we did. When the global economic crisis hit, we were able to act quickly and deploy our trough plans. The actions we took were aggressive, decisive and allowed us to quickly lower production levels and bring our costs down in line with the much lower volume.

Finally, we had the right team in place to deliver results. Our employees, dealers and suppliers in every region of the world pulled together. Not only do we have a talented group of people, we also have a team committed to long-term success. In the face of difficult and uncertain times, members of Team Caterpillar around the world rolled up their sleeves, asked what they could do to help and got to work.

From Our Chairman

Delivering results

Over the course of many years, Caterpillar has forged a strong reputation for performance and financial strength in both good and challenging times. Despite a 37-percent decrease in sales and revenues, we delivered a profit, improved our balance sheet, upheld our mid-A credit rating, maintained the dividend and contributed to employee pension plans. Delivering these results and maintaining our financial strength was important to the long-term success of Caterpillar and, of course, our employees, dealers, suppliers, customers and stockholders.

Our efforts focused not only internally, but also on our extended value chain. In late 2008 and early 2009, we allowed dealers to cancel orders – something we'd not done before. That helped dealers manage their inventories down and preserve their balance sheet strength. Late in 2009, as we began preparation for the upturn, we met directly with key suppliers to assess their ability to ramp up production in 2010. We were able to provide financing to our customers through Cat Financial when other sources of financing were simply unavailable. And for stockholders, we declared our 306th consecutive quarterly dividend.

Beyond achieving solid financial results, we maintained focus on other goals critical to our company's long-term future. We used the period of reduced production levels to focus on improving and innovating. We continued to implement and gain traction on the Cat Production System (CPS). Along with 6 Sigma, this process discipline is critical to our future success, and I am pleased that we've been able to maintain forward momentum and deliver results during this tumultuous year.

Investing in our future

Our future is built on the work we do today. Losing our focus on technology and innovation is not an option. We can either lead in this area, or watch as others pass us by. We choose to lead.

Although we've had to be strategic with our investments, 2009 was our second highest year of research and development spending. We also strategically invested in facilities and capacity around the world including our new Large Payload Structural Dynamics Laboratory, located in Mossville, Illinois. On the other side of the world we've invested in additional products, added capacity and opened a new multi-functional research and development center in China. China represents our single largest opportunity for growth, and our investment there is a clear indication of our commitment to our growing Chinese customer base.

We've maintained our focus on sustainability. This isn't a passing fad that we worry about only during prosperous times. It's a real business opportunity, now and in the future. Customers are looking for ways to increase productivity and energy efficiency, lower emissions and improve job site safety. And we are providing the solutions they need. At the same time, in our own operations, we are saving money by using materials, energy and water more efficiently.

Strengthening our foundation

I would never say the recession was a good thing. It was tough on our customers, and difficult for our entire team – employees, dealers and suppliers. But we learned. And we became a leaner company in ways that will make us better and more competitive going forward.

We learned to do more with less. We became more disciplined and committed to execution. And we developed an intense focus on cost. This will become the new norm and help us grow the right way without adding unnecessary costs. It's critical that we manage costs on the way up as well as we did in the face of declining volume.

From Our Chairman

We are ready to grow again. We see signs of economic improvement around the world, particularly in developing countries. The world's need for infrastructure remains strong. Demand for mining equipment is increasing – a result of continued strong commodity prices and growing confidence in the global economic recovery. We have also seen improvement in sales of aftermarket service parts, which is an early indicator of machine utilization picking up – a precursor of demand recovery.

Caterpillar is in an excellent position to benefit from growth in the world economy. And 2010 already looks like it will be a better year with sales and revenues expected to be up 10 to 25 percent from 2009. But we are cautious as the recovery is still in its early stage. It's fragile and it's pacing differently around the world. North America, Europe and Japan are still weak. But our strong global footprint and ability to export will help us take advantage of the recovery as it unfolds and gains strength.

2009 was a tough year, but it helped prove who we are as a company. It's the things we do in difficult times that define us. In tough times, character is more important than ever. Integrity, excellence, teamwork and commitment are the foundation of all our actions at Caterpillar in good times and in bad. And I'm proud to say those characteristics were present more than ever during this difficult year.

We had fewer people and fewer resources so divisions, teams and individuals had to work together more than ever. Despite bad news and uncertainty, our people stayed focused on their jobs and safety. We continued our implementation of CPS and our efforts to improve product quality. And we further developed our close relationships with our dealers and suppliers who are such a critical part of our business. That's who we are. And that's how we win.

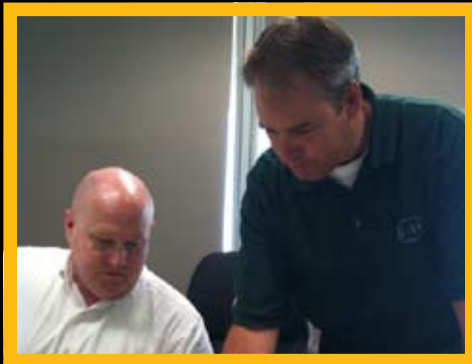
2009 was my last full year to serve as this company's Chairman and CEO. It's been an honor and privilege to lead such a distinguished company. It's been a fast and exciting run, and I'm proud to say that during this time we built on a legacy and left the foundation stronger.

To our employees, I sincerely appreciate your commitment and dedication. To our dealers and suppliers, thank you for your leadership and responsive actions. And, to our valued customers and shareholders, thank you for your confidence in Caterpillar. We will always strive to exceed your expectations – today and tomorrow.

While uncertainty remains in 2010, one thing is certain – leadership at Caterpillar will not waver. We have a strong management team built on a legacy of integrity, excellence, teamwork and commitment. As I leave, the leadership baton will be passed to a long-serving executive who knows Caterpillar. I retire in 2010 knowing the company is in good hands. And I look forward to watching Doug take this very good company to the next level in our ongoing journey from "Good to Great."

Dedicated Team

HOW WE WIN



WINNING STAT:
93,000+
dedicated employees



Dedicated Team

HOW WE WIN



"Innovation is always recognized and rewarded – that's why Caterpillar will always win."

– Howard Gibson, Moscow



"I'm a second-generation Caterpillar employee. My dad, who was a welder, died in 2005. He would be amazed and proud of how Team Caterpillar has pulled together over the past year. The compassion and empathy that was demonstrated as we watched our friends and co-workers leave due to the drop in demand was truly amazing. We have to keep the ship afloat out of the pride and respect for those who are no longer with us."

– Kris Paquin, Joliet, Ill.



"For us, I think we win even in difficult times because we have a long history of being part of a winning team and are unwilling to accept less."

– David Ferron, Minneapolis, Minn.



"With fewer people to manage and run this business, we have really had to think hard about what we do that delivers value to our customers and then concentrate on those areas that deliver a direct business impact."

– Cameron Balzat, Australia



"We work together! We understand each and everyone's interests, goals and opinions as we move forward through challenging times. Our CPS strategy led us in 2009 and it will continue to prove that Caterpillar can sustain being number one in earth moving equipment!"

– Tim Meyers, Aurora, Ill.

Dedicated Team

HOW WE WIN



“Even in a downturn we can still deliver considerable value to our customers and continue to develop relationships. The effort now will be rewarded in the years to come.”

– Simon Uebergang, Singapore



“During the hard time we had in 2009, we took the time to discover each customer’s unique circumstances and found the right customized solutions. Customers felt that once again they were supported by Caterpillar.”

– Elaine Cristina Bagio, Brazil



“The vision of the leaders needs to be appreciated. Planning for the worst and having a well-laid plan in place in case of a disastrous situation is important.”

*– Venkatachalam Swaminathan,
Chennai, India*



“With innovation like the ‘E’ line [D7E] there is no limit to what this company can do. The D7E is our future. With the Tier 4 emissions regulations coming up, this tractor will be huge.”

– Connie Baugh, East Peoria, Ill.



“The results would not have been possible without clear direction and objectives from the leadership team, and everyone striving together to achieve those targets.”

– Niall Durdin, U.K.

Financial Strength

HOW WE WIN

**WINNING STAT:****MID-A**

Caterpillar is committed to maintaining a mid-A credit rating

Planning Pays Off

From the best of times to the toughest of times, Caterpillar's strong financial foundation has been fundamental to capitalizing on opportunities and overcoming challenges. This continued to hold true as Caterpillar recognized the signs of an economic downturn and proactively began to address the situation.

"Although Caterpillar entered the downturn from a record period of growth and with a solid balance sheet, we knew we needed to act swiftly in order to weather the storm," said Dave Burritt, Caterpillar's chief financial officer.

One of the first steps was to deploy trough actions that were a key part of the Vision 2020 strategy rolled out in 2005. The trough plans enabled the enterprise to react more quickly and monitor the situation more intensely.

Next, a cross-functional team of Caterpillar employees utilized 6 Sigma principles to launch an initiative focused on key business factors that promoted Caterpillar's financial strength. The team worked toward three primary goals: maintaining profitability with strong cash flow, holding a mid-A credit rating and maintaining the dividend.

The project focused not only internally, but also on the extended Caterpillar value chain, including dealers and suppliers.

Financial Strength

HOW WE WIN



In the end, Caterpillar achieved the three goals. The company maintained profitability with strong cash flow by focusing on working capital management and minimizing cash spent. Even though some analysts had doubts, Caterpillar maintained its dividend – an important priority for stockholders, the ultimate owners of the business. Finally, Caterpillar held a mid-A credit rating and preserved access to capital markets.

These results were a remarkable accomplishment given that sales and revenues experienced the largest annual decrease since the 1940s. These accomplishments demonstrate Caterpillar's underlying financial strength, which will enable the company to move forward with strong momentum and prepare for the upturn.

Cat Financial – Creating Customers for Life

For Cat Financial, investing in customer loyalty is a basic business tenet. That's why, during the economic downturn, the company reached out to help customers during challenging market conditions.

For customers both small and large, access to financing is vital to the longevity of a business. During 2009 – a time when many banking and lending institutions were challenged to meet customers' business needs – these customers turned to Cat Financial for assistance.

Throughout the course of the year, Cat Financial responded by making equipment financing and working capital loans available to Caterpillar customers. By consistently providing this finance support, Cat Financial was able to help many customers successfully operate their businesses, despite the significant downturn in the economy and, in doing so, held true to the motto of "Creating Customers for Life."

Significant Opportunity

HOW WE WIN

**WINNING STAT:**

24.5%

average annual growth rate
of Chinese infrastructure
investment since 2003

Emerging Pipelines of Opportunity

In emerging markets, large populations and rising incomes are creating demand for new infrastructure and, accordingly, the equipment necessary to tackle major projects. Through a combination of Caterpillar technology, an extensive operational footprint and proven dealer support, Caterpillar is well positioned to facilitate progress in these developing areas of the world.

A significant opportunity lies in China, an economic powerhouse that generates a significant portion of the emerging world's Gross Domestic Product (GDP). Even with the economic turmoil of the past year, China's GDP still grew 8.7 percent in 2009. According to China's National Statistics Bureau, since 2003, China's total infrastructure investment has seen an average annual growth rate of 24.5 percent as roads, rail lines, airports, hydroelectric projects and other facilities have been built to meet the needs of its 1.3 billion citizens.

A focused approach in the pipeline construction market is one example of Caterpillar's success in leveraging China's immense market opportunities. China plans to invest more than \$10 billion over the next five years to expand its pipeline infrastructure. Cat® dealer PipeLine Machinery International (PLM) is playing a major role in supporting this construction surge. Caterpillar and PLM offer a full suite of products and services for pipeline construction – including specially configured hydraulic excavators, track-type tractors, motor graders and pipelayers – to meet the diverse needs of customers.

Significant Opportunity

HOW WE WIN



China Petroleum Pipeline Bureau, (CPP), the largest contractor in China with thousands of project miles underway, already has purchased more than 70 new pipelayers from PLM. Caterpillar and PLM are working to supplement product offerings with differentiated services such as service and operator training, safety consulting, parts operations, introduction of new technologies and pipeline construction methods.

Caterpillar has a strong commitment to China. Today, eight manufacturing facilities are in place, a number we expect to increase as our in-country business grows in coming years. We also expect to grow our logistics and parts facilities and research and development centers.

It's an investment well worth making. Such growth demonstrates that when we win in China, we win big.

Opportunity in the Developed World

Infrastructure demand is centered on expanding, reconditioning or replacing existing roads, bridges, rail lines and sewer systems to name a few. In response to the recent global economic crisis, governments on every continent have committed major financial resources to new infrastructure investments as part of stimulus programs. The bottom line? The world has a need for infrastructure, which translates into a better quality of life for individuals and business opportunity for Caterpillar and its customers.

Sustainable Development

HOW WE WIN



WINNING STAT:

9

the number of consecutive years Caterpillar has been a member of the Dow Jones Sustainability World Index (DJSI World)

Sustainable Solutions for an Energetic World

With global energy demand expected to increase as much as 40 percent by 2030, innovative solutions to develop energy potential from non-traditional sources are essential. Caterpillar's ability to provide customers with sustainable, highly efficient energy solutions that convert biogas into useful energy is a compelling competitive advantage and one that ensures a winning scenario for our business, our customers and our world.

In Atlanta, Georgia two Cat® landfill gas low emission generator sets operate around the clock at the second-largest landfill in the state, extracting waste gases to generate enough electricity to serve 2,500 homes. The generators run on methane, a natural product of the decomposition of organic material at the site and considered by regulators to be a significant greenhouse gas. Not only is the facility reducing the need to burn waste gas into the atmosphere, but also it is earning the county \$100,000 a month from sales of alternative power.

On the other side of the world, hog manure is another fuel of choice for Cat generators. Nong Rai Farm, one of Thailand's largest food suppliers, operates a 30,000 hog feeder operation. The farm uses Cat generator sets fueled by biogas to supply its entire energy needs by diverting manure into a digester pond. From the pond, enough fuel is generated to produce approximately 200kW of power for the facility's blowers, drying systems and other power needs.

The world has only just begun to tap the energy potential generated by natural organic processes. Caterpillar has the opportunity to drive meaningful change by supplying our customers with power systems that support alternative energy sources – one of the many ways that we are making sustainable progress possible.



Invaluable Partners

HOW WE WIN



WINNING STAT:

\$1.421
BILLION

2009 investment
in research &
development

\$15,717
MILLION

Cat® Dealer net
worth in 2009

Working As One

Extraordinary challenge requires extraordinary collaboration. This is the common lesson we take away from two very different projects – one long-term and highly technical, the other short-term and highly tactical.

While it's not unusual to find Caterpillar engineers working closely with suppliers, the level of transparency between Caterpillar and suppliers has been taken to a new level in the challenge to develop Tier 4 Aftertreatment systems. At the outset of the program, project leaders identified supplier collaboration as critical to the successful launch of a world-class product on schedule and within budget.

Soon thereafter, strategic suppliers helped to establish a prototype facility in Mossville, Illinois. The idea was that shoulder-to-shoulder interaction would enable the team to identify hurdles earlier, evaluate solutions more fully and make decisions on a more timely basis. Today, one can walk into the Mossville facility to find suppliers actively participating in design reviews, analyzing value-added engineering or conducting product tests.

Though daily interaction on this project will end in 2010 as the next phase of the process transfers to the suppliers' own production facilities around the world, the achievements of truly working as one will endure in the successful launch of Tier 4 technology and the world-class supplier best practices that will be applied to future NPI projects.

"As a strategic partner, we gain an early understanding of Caterpillar's emissions control needs and system objectives. This helps us to deliver products that differentiate Caterpillar in the marketplace based on performance. It also helps drive our own R&D efforts to innovate new technology solutions and improve existing products – all while taking advantage of synergies between our companies in the design phase to help reduce cost."

– *Caterpillar Supplier*

Invaluable Partners

HOW WE WIN

The challenge to re-invigorate dealer-customer interaction spurred the Rental and Used Center of Excellence in the EAME region to utilize shoulder-to-shoulder interaction in a much faster, but equally successful manner. The “Sales Blitz” concept paired Caterpillar representatives with dealers’ sales forces in a defined geographic region over a short period of time to make every sales contact possible – no matter its potential.

“The Sales Blitz proved to be highly customer centric, a great way to integrate our equipment solution offering and motivate our sales force.”

– Inge Stensland PON Norway
Country Manager and Rental VP

In the Scandinavian territories, Cat® dealer PON teamed with Caterpillar representatives to conduct events in Norway, Sweden, the Netherlands and Denmark. Each event consisted of two days of worksite and office visits with integrated rental and new machines sales teams. In total, the effort introduced total equipment solutions to over 1,400 customers – nearly 30 percent were first time customers to PON. Identifying over 350 priority leads, PON immediately closed sales of 16 rental contracts, nine used, three new, and nine service contracts with more opportunity to follow up. These sales accounted for revenues of nearly \$750,000.

By working together, Caterpillar and its dealers proved that strength in numbers works. The “Sales Blitz” program counted more than 6,500 customer visits in 20 countries that generated more than \$2 million of rental, used and new equipment revenues during 2009.

Whether concentrated in one location for several years or fanning across a region for several months, Caterpillar’s nearly seamless collaboration with its strategic suppliers and its global dealer network demonstrates that when we work together, we win together.



Quality Products

HOW WE WIN



WINNING STAT:

13.01 ideas generated per employee in 2009

2,973 active CPS
6 Sigma projects

CPS and Quality Come to Life

Quality products are essential to progress. Reliable machines and engines that consistently get the job done not only save time and resources for our customers, but also ensure that the work itself is well done. Today, the Cat Production System (CPS) is actively fortifying our already strong reputation for product quality.

Through the discipline of 6 Sigma, CPS provides the architecture to greatly increase quality, velocity and safety, while also reducing waste. Yet, CPS produces its highest-impact results when team members truly “live” the CPS Guiding Principles and incorporate them into their daily work lives.

Meet Carlos Campioni, an industrial support analyst at our manufacturing facility in Piracicaba, Brazil, who lives CPS. Carlos has been a catalyst for dramatic process improvements through his personal investment in CPS since it was implemented in his plant in 2006. To date, he has seen 311 of his ideas become reality.

A 23-year veteran of the company, Carlos is responsible for the production of cabs for wheel loaders. “I believe it is essential to have the vision of an entrepreneur, to see the company through the eyes of the owner,” said Carlos. “We need to find the gold, and it just depends on the people.”

Carlos’ suggestions have led to programs that monitor safety and productivity – such as a shortage of parts or noncompliance with established processes. His initiative to install protectors on parts bins now limits the risk of contamination that, in turn, enhances product quality, and helps reduce waste and cost.

According to CPS Section Leader David Ercolin, every idea is worth considering. “The important thing is not to let go of any idea. It is in simplicity that we find perfection.”

Quality Products

HOW WE WIN

Carlos' investment in CPS to drive efficiency and quality can also be found among tens of thousands of employees in Caterpillar facilities across the globe. By "living" CPS, they are ensuring the best quality products possible are ready to make progress possible.

Our Winning Advantage

The breadth and depth of Caterpillar's portfolio provides us with a winning advantage as we compete around the world. With hundreds of products that span a wide range of industries, Caterpillar more than likely has product to fit the specs for any given job. In 2009, a Cat® paver finisher, asphalt compactor and compact wheel loader were at work in front of the Eiffel Tower to help reconstruct a busy intersection where time and space were at a premium. Time constraints also were in play for the repaving of an airport runway in Bologna, Italy, where two Cat® PM200 cold planers completed the project in just two nights. And, a variety of Cat® equipment was key to the completion of Phase I of the Panama Canal Expansion project. The completion of jobs on time and on budget is a universal need. Thanks to our commitment to quality, Caterpillar is on the job, helping customers around the world meet their commitments.

Customer Focus

HOW WE WIN



WINNING STAT:

32 DAYS

time needed to move Customer Stimulus Program from concept to enterprise-wide implementation, thanks to the team's sense of urgency and Caterpillar's new enterprise alignment

Stimulating Success for Customers

A challenging economy causes many customers to delay investments in new equipment, yet their need for dependable machines that get the job done – and keep them in business – remains. With this in mind, a committed team from the Marketing and Product Support Center of Excellence (M&PS COE) and distribution services divisions quickly recognized that Caterpillar customers could use some help to weather the latest recession.

This team utilized the slow down in new equipment sales to craft an inventive approach that could help strengthen customers' capabilities during the downturn, as well as Cat dealer-customer relationships. The team's solution resulted in a plan that focused on critical customer needs.

"We all know how important our customers are to our own success, so it only makes sense to help our customers be more successful in these tough economic times," said Denny Vosberg, manager, Product Support Operations, M&PS COE.

The team focused on key areas that help the customer maximize machine performance, such as inspection, repair, rebuild and refurbish, used equipment upgrade and do-it-myself customers. When problems were identified, multiple solutions could be investigated, including repairs or a full machine rebuild.

Customer Focus

HOW WE WIN



The effectiveness of the initiative could be seen in the relationship between Cat® dealer Cleveland Brothers and its customer, PBS Coals. Cleveland Brothers' inspection of the customer's fleet, subsequent report and recommendations led to plans for upgrades to their dozer fleet with additional rented and purchased units.

"The Caterpillar Customer Stimulus initiative was very creative and instrumental in helping us support PBS Coals," said Jay W. Cleveland, Jr., President and CEO of Cleveland Brothers. "The plan we designed with PBS Coals brought them maximum value so they could leverage both Caterpillar's expertise and Cleveland Brothers' capabilities."

Forward-Looking Statements

Certain statements in this 2009 Year in Review relate to future events and expectations and, as such, constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements are subject to known and unknown factors that may cause actual results of Caterpillar Inc. to be different from those expressed or implied in the forward-looking statements. 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 Caterpillar does not undertake to update its forward-looking statements.

It is important to note that actual results of the company may differ materially from those described or implied in such forward-looking statements based on a number of factors, including, but not limited to: (i) economic volatility in the global economy generally and in capital and credit markets; (ii) Caterpillar’s ability to generate cash from operations, secure external funding for operations and manage liquidity needs; (iii) adverse changes in the economic conditions of the industries or markets Caterpillar serves; (iv) government regulations or policies, including those affecting interest rates, liquidity, access to capital and government spending on infrastructure development; (v) commodity price increases and/or limited availability of raw materials and component products, including steel; (vi) compliance costs associated with environmental laws and regulations; (vii) Caterpillar’s and Cat Financial’s ability to maintain their respective credit ratings, material increases in either company’s cost of borrowing or an inability of either company to access capital markets; (viii) financial condition and credit worthiness of Cat Financial’s customers; (ix) material adverse changes in our customers’ access to liquidity and capital; (x) market acceptance of Caterpillar’s products and services; (xi) effects of changes in the competitive environment, which may include decreased market share, lack of acceptance of price increases, and/or negative changes to our geographic and product mix of sales; (xii) Caterpillar’s ability to successfully implement Caterpillar Production System or other productivity initiatives; (xiii) international trade and investment policies, such as import quotas, capital controls or tariffs; (xiv) failure of Caterpillar or Cat Financial to comply with financial covenants in their respective credit facilities; (xv) adverse changes in sourcing practices for our dealers or original equipment manufacturers; (xvi) additional tax expense or exposure; (xvii) political and economic risks associated with our global operations, including changes in laws, regulations or government policies, currency restrictions, restrictions on repatriation of earnings, burdensome tariffs or quotas, national and international conflict, including terrorist acts and political and economic instability or civil unrest in the countries in which Caterpillar operates; (xviii) currency fluctuations, particularly increases and decreases in the U.S. dollar against other currencies; (xix) increased payment obligations under our pension plans; (xx) inability to successfully integrate and realize expected benefits from acquisitions; (xxi) significant legal proceedings, claims, lawsuits or investigations; (xxii) potential imposition of significant costs due to the enactment of healthcare reform legislation; (xxiii) changes in accounting standards or adoption of new accounting standards; (xxiv) adverse effects of natural disasters; and (xxv) other factors described in more detail in “Item 1A – Risk Factors” in Part I of our Form 10-K filed with the SEC on February 19, 2010 for the year ended December 31, 2009. This filing is available on our website at www.cat.com/sec_filings.

Who We Are



Who We Are: Global, Innovative, Sustainable

over
3 million

machines and engines in
use today

Caterpillar's global presence, product breadth and financial strength enable us to win in today's competitive marketplaces. With 2009 sales and revenues of \$32.4 billion, we are one of the world's largest manufacturers of construction and mining equipment, diesel and natural gas engines and industrial gas turbines. Our business portfolio also includes Caterpillar Financial Services, Caterpillar Remanufacturing Services, Caterpillar Logistics Services and Progress Rail Services.

Cat products, services and technical expertise deliver value across many diverse industries, and our technological leadership, commitment to quality and passion for exceeding customer expectations has earned us leading market positions in the industries we serve. For more than 80 years, our solutions have built the infrastructure that enables people around the world to enjoy a better quality of life and higher standard of living. In partnership with our dealer network and other distribution partners and our global supplier base we drive positive and sustainable change worldwide.

Employees

WHO WE ARE

Caterpillar's success is built on the talent and commitment of more than 93,000 employees in countries spanning the globe. Guided by our *Values in Action* and leveraging the Cat Production System and 6 Sigma principles, Caterpillar people demonstrate a passion for innovation and customer service. Our diverse workforce speaks over 100 languages and is bound by a common goal: making the world better tomorrow because of the work we are doing today.

Sales and Revenues by Employee



Employees

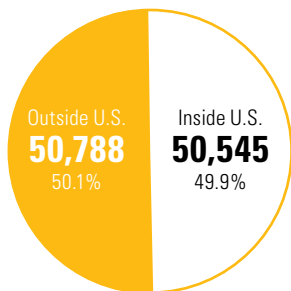
WHO WE ARE



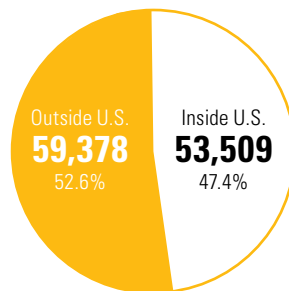
Employees

WHO WE ARE

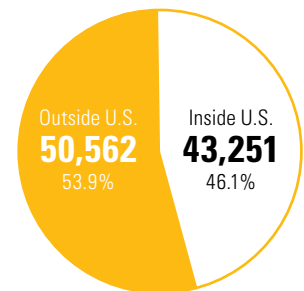
Full-Time Employees at Year-End



2007
Total
101,333



2008
Total
112,887



2009
Total
93,813

Employees by Region

	2005	2006	2007	2008	2009
North America	43,933	49,018	50,901	54,284	43,999
EAME	23,137	24,845	26,168	26,983	22,790
Latin America	11,688	13,231	13,930	14,403	10,776
Asia Pacific	6,358	7,499	10,334	17,217	16,248
Total	85,116	94,593	101,333	112,887	93,813

Cat Dealers

WHO WE ARE

Our vast dealer network helps Caterpillar and our customers win around the world. Cat® dealers share our passion, enhance our competitive edge and ensure that our customers receive maximum business value from our products and services.

Most Cat dealers are independently owned, locally operated businesses and benefit from strong, longstanding customer relationships. Caterpillar and its dealers are expanding their coverage and making significant investments in countries such as China, India and the countries that comprise the Commonwealth of Independent States, as these markets represent significant growth opportunities in the industries we serve.

Dealer Statistics by Region

		Cat Dealer Employees	Cat Dealers	Cat Dealer Net Worth*
North America	2009	42,427	56	\$ 6,868
	2008	51,712	57	\$ 7,886
	2007	52,583	58	\$ 7,588
EAME	2009	33,430	51	\$ 4,385
	2008	32,212	51	\$ 4,343
	2007	28,796	50	\$ 3,095
Asia Pacific	2009	28,895	40	\$ 2,549
	2008	26,811	40	\$ 2,675
	2007	22,518	40	\$ 2,079
Latin America	2009	30,947	31	\$ 1,915
	2008	21,023	32	\$ 1,636
	2007	17,465	33	\$ 1,405
Total	2009	135,699	178	\$ 15,717
	2008	131,758	180	\$ 16,540
	*dollars in millions	2007	121,362	181

Cat Dealers

WHO WE ARE

Cat Dealers In
North America
Latin America
EAME
Asia Pacific



2009 Board of Directors

WHO WE ARE



(left to right): W. Frank Blount, John R. Brazil, Daniel M. Dickinson, John T. Dillon, Eugene V. Fife, Gail D. Fosler, Juan Gallardo, David R. Goode, Peter A. Magowan, William A. Osborn, James W. Owens, Charles D. Powell, Edward B. Rust, Jr., Susan C. Schwab, Joshua I. Smith

2009 Board Of Directors

W. Frank Blount
John R. Brazil
Daniel M. Dickinson
John T. Dillon
Eugene V. Fife
Gail D. Fosler
Juan Gallardo
David R. Goode
Peter A. Magowan
William A. Osborn
James W. Owens
Charles D. Powell
Edward B. Rust, Jr.
Susan C. Schwab
Joshua I. Smith

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

JOHN R. BRAZIL, 64, former President of Trinity University (San Antonio, Texas). Dr. Brazil has been a director of the company since 1998.

DANIEL M. DICKINSON, 48, Managing Partner of Thayer | Hidden Creek (private equity investment). Other current directorships: IESI-BFC Ltd. and Mistras Group, Inc. Mr. Dickinson has been a director of the company since 2006.

JOHN T. DILLON, 71, Senior Managing Director of Evercore Capital Partners' (advisory and investment firm) investment activities and private equity business and former Vice Chairman of the firm. Other current directorships: E. I. du Pont de Nemours and Company and Kellogg Co. Other directorships within the last five years: Vertis Inc. Mr. Dillon has been a director of the company since 1997.

EUGENE V. FIFE, 69, Managing Principal of Vawter Capital LLC (private investment). Mr. Fife served as the interim CEO and President of Eclipsys Corporation (healthcare information services) from April to November of 2005 and currently serves as the non-executive Chairman. Other current directorships: Eclipsys Corporation. Mr. Fife has been a director of the company since 2002.

2009 Board of Directors

WHO WE ARE

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

JUAN GALLARDO, 62, Chairman and former CEO of Grupo Embotelladoras Unidas S.A. de C.V. (bottling). Former Vice Chairman of Home Mart de Mexico, S.A. de C.V. (retail trade), former Chairman of Grupo Azucarero Mexico, S.A. de C.V. (sugar mills) and former Chairman of Mexico Fund Inc. (mutual fund). Other current directorships: Grupo Mexico, S.A. de C.V. and Lafarge S.A. Mr. Gallardo has been a director of the company since 1998.

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

PETER A. MAGOWAN, 68, former President and Managing General Partner of the San Francisco Giants (major league baseball team). Other directorships within the last five years: DaimlerChrysler AG, Safeway Inc. and Spring Group plc. Mr. Magowan has been a director of the company since 1993.

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

JAMES W. OWENS, 64, Chairman and CEO of Caterpillar Inc. (machinery, engines and financial products). Prior to his current position, Mr. Owens served as Vice Chairman of Caterpillar. Other current directorships: Alcoa Inc. and International Business Machines Corporation. Mr. Owens has been a director of the company since 2004.

CHARLES D. POWELL, 68, Chairman of Capital Generation Partners (asset and investment management), LVMH Services Limited (luxury goods) and Magna Holdings (real estate investment). Prior to his current positions, Lord Powell was Chairman of Sagitta Asset Management Limited (asset management). Other current directorships: Hongkong Land Holdings Limited; LVMH Moët-Hennessy Louis Vuitton; Mandarin Oriental International Ltd.; Textron Corporation; and Schindler Holding Ltd. Other directorships within the last five years: Yell Group plc. Lord Powell has been a director of the company since 2001.

EDWARD B. RUST, JR., 59, Chairman, CEO and President of State Farm Mutual Automobile Insurance Company (insurance). He is also President and CEO of State Farm Fire and Casualty Company, State Farm Life Insurance Company and other principal State Farm affiliates as well as Trustee and President of State Farm Mutual Fund Trust and State Farm Variable Product Trust. Other current directorships: Helmerich & Payne, Inc. and The McGraw-Hill Companies, Inc. Mr. Rust has been a director of the company since 2003.

2009 Board of Directors

WHO WE ARE

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

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

Officers**WHO WE ARE**

(left to right): James W. Owens, Richard P. Lavin, Stuart L. Levenick, Douglas R. Oberhelman*, Edward J. Rapp, Gerard R. Vittecoq, Steven H. Wunning

Officers

Chairman and Chief Executive Officer

JAMES W. OWENS

Jim Owens is chairman and chief executive officer of Caterpillar Inc. After joining the company in 1972 as a corporate economist, he has held numerous management positions.

Group Presidents

RICHARD P. LAVIN

Rich Lavin has responsibility for the company's Earthmoving and Excavation Divisions, Caterpillar Japan Ltd. (CJL), Asia Pacific Distribution Division, and Caterpillar China Division.

STUART L. LEVENICK

Stu Levenick has responsibility for the Americas Distribution Services Division, Americas Operations Division, Mining Division, Quarry & Specialty Industries Division and the Marketing & Product Support Center of Excellence.

DOUGLAS R. OBERHELMAN*

Doug Oberhelman has responsibility for the company's human services and sustainable development functions as well as Caterpillar's growing remanufacturing business.

Officers

WHO WE ARE

EDWARD J. RAPP

Ed Rapp has responsibility for the Financial Products Division, Building Construction Products Division, Legal Services Division, Global Finance & Strategic Services Division and Global Information Services Division.

GERARD R. VITTECOQ

Gerard Vittecoq has responsibility for the company's Europe-Africa-Middle East and CIS (EAME) Distribution Services Division, EAME Operations Division, Marine & Petroleum Power Division, Electric Power Division and Production Center of Excellence Division.

STEVEN H. WUNNING

Steve Wunning has responsibility for the Advanced Systems Division, Core Components Division, Electronics & Machine Systems Division, Logistics Division, Product Development Center of Excellence, and Global Purchasing Division.

*The Caterpillar Board of Directors named Doug Oberhelman vice chairman and CEO-elect effective January 1, 2010. Oberhelman will succeed Jim Owens as CEO upon Owens' retirement on July 1, 2010. Owens will remain Chairman of the Board until October 31, 2010 at which time Oberhelman will be named Chairman of the Board.

Vice Presidents

KENT M. ADAMS
WILLIAM P. AINSWORTH
ALI M. BAHAJ
RODNEY C. BEELER
MARY H. BELL
THOMAS J. BLUTH
DAVID P. BOZEMAN
JAMES B. BUDA
DAVID B. BURRITT
RICHARD J. CASE
ROBERT B. CHARTER
CHRISTOPHER C. CURFMAN
PAOLO FELLIN
STEVEN L. FISHER
GREGORY S. FOLLEY
STEPHEN A. GOSSELIN
HANS A. HAEFELI
JOHN S. HELLER
GWENNE A. HENRICKS
STEPHEN P. LARSON
DANIEL M. MURPHY

JAMES J. PARKER
MARK R. PFLEDERER
WILLIAM J. ROHNER
CRISTIANO V. SCHENA
WILLIAM F. SPRINGER
GARY A. STAMPANATO
GARY A. STROUP
TANA L. UTLEY
JAMES D. WATERS, JR.
ROBERT T. WILLIAMS
JIMING ZHU

We also acknowledge the contributions of former Vice Presidents Sidney C. Banwart, who retired in October 2009 after more than 41 years of service, and Thomas A. Gales, who retired in November 2009 after nearly 40 years of service.

Officers

WHO WE ARE

Other Officers

JAMES B. BUDA
General Counsel & Secretary

DAVID B. BURRITT
Chief Financial Officer

JOHN S. HELLER
Chief Information Officer

BRADLEY M. HALVERSON
Controller

KEVIN E. COLGAN
Treasurer

EDWARD J. SCOTT
Chief Audit Officer

CHRISTOPHER C. SPEARS
Chief Ethics and Compliance Officer

JANANNE A. COPELAND
Chief Accounting Officer

ROBIN D. BERAN
Assistant Treasurer

LAURIE J. HUXTABLE
Assistant Secretary

What We Do – Businesses



What We Do: Machinery, Engines, Financial Products

Caterpillar powers world progress. We are a technology leader serving a wide range of industries, including general and heavy construction, mining, forestry, energy and electrical power generation. In more than 180 countries around the world, Cat® equipment is at work on highways, rail lines, oceans and rivers, in forests, quarries and oil fields.

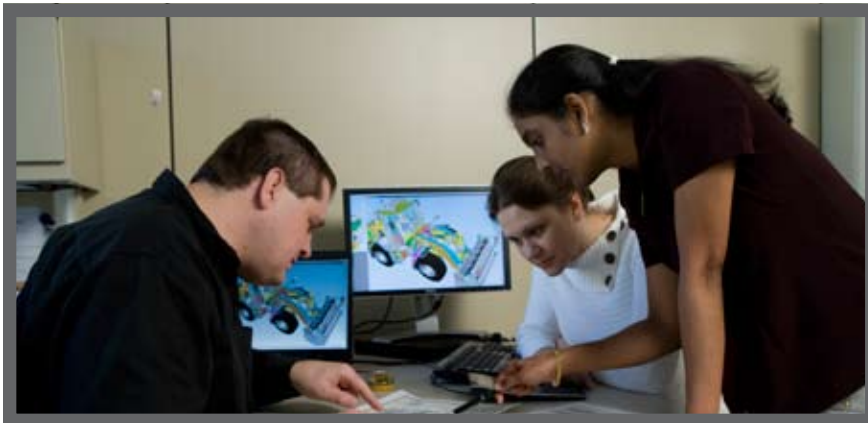
Cat equipment delivers unmatched power and dependability. We supply the machines, solutions and support so our customers can excel in varying terrain, soil and climate conditions. Cat® engines and gas turbines provide the horsepower to move goods and commodities across the globe, while Cat® generators deliver power wherever it's needed.

Our manufacturing excellence is supplemented by world-class service businesses providing logistics, financial products and remanufacturing. It is a combination that wins for our dealers and customers, as well as our shareholders.

Businesses: Machinery

WHAT WE DO

The Cat product line, comprised of more than 300 machines with an unmatched reputation for quality, sets the standard for our industry. Our products serving the construction, mining and forestry sectors include track and wheel tractors, track and wheel loaders, pipelayers, motor graders, wheel tractor-scrappers, track and wheel excavators, backhoe loaders, log skidders, off-highway trucks, articulated trucks, paving products and skid steer loaders. We are also a leader in logistics services and in the design, manufacture and remanufacture of rail-related products.



Highlights

Produced the 50,000th rigid frame Cat® off-highway truck – these trucks move more than 50 percent of the rock in the quarry and aggregates industry.



Launched and delivered the first Cat® D7E track-type tractor, which features innovative electric drive technology to achieve major gains in performance, value and sustainability. The revolutionary design delivers 10 to 30 percent greater fuel economy, greater productivity and lower lifetime service costs, compared with conventional tractors of equal weight and horsepower.



Introduced the new Cat® 793F mining truck, the fifth generation in the series, which offers significant improvements in fuel efficiency, emissions control, operating ease and durability.

Businesses: Machinery

WHAT WE DO



Highlights (continued)

Launched the new B Series knuckleboom log loader that features an enhanced engine and hydraulic power system, which improves fuel economy and gives the operator more control to match the loader's power output to job requirements.



Announced the next generation of the underground automation system, MINEGEM™, designed to enhance safety and boost operator efficiency in underground mining operations. MINEGEM™ is Caterpillar's first commercially available semi-autonomous mining system.



Launched a new forwarder line from Cat Forest Products that introduced two models with 18-metric-ton and 20-metric-ton capacities. The new Cat® 584 and Cat 584HD are designed to withstand the demanding requirements of transporting large payloads long distances over difficult terrain, while providing outstanding operator comfort, controllability and serviceability.

Businesses: Engines

WHAT WE DO

Cat® engines are recognized for quality, reliability and technological innovation. We design and manufacture engines, ranging from 10 to over 21,000 horsepower, which provide power to ships and boats, oil & gas applications and industrial applications, as well as our own construction and mining machines. Electrical power systems supply both primary and standby power for a variety of uses – offshore oil rigs, hospitals, schools, factories, airports and office buildings. Our remanufacturing services permit customers to make their operations more efficient and sustainable. Caterpillar is also a world leader in designing, manufacturing and servicing industrial gas turbine power system solutions, which range from 1,600 to 30,000 horsepower, for the oil & gas and power generation industries.



Highlights

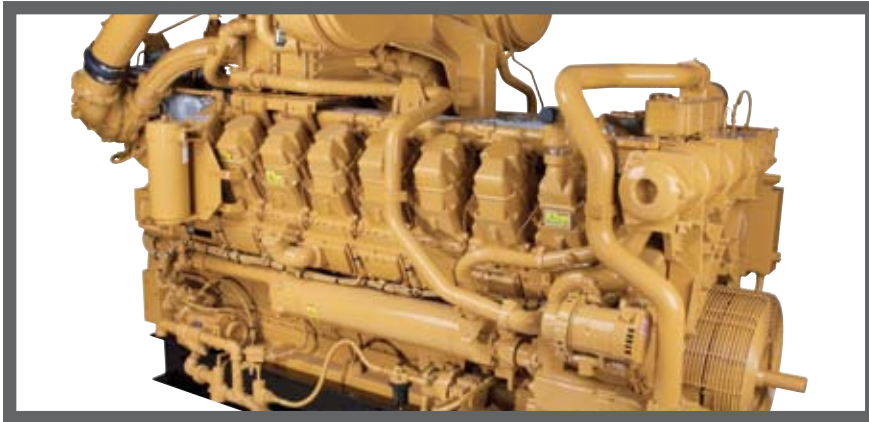
Introduced a new diesel-drilling module, the C175-16, designed for offshore applications. The generator sets, which offer higher power density, lower emissions, longer service intervals and reduced installation costs, are optimized for the stringent demands of power generation for offshore drilling and set a new standard for offshore shallow water and jack-up rigs.



Announced several additions to the Cat Tier 4 Interim/ Stage IIIB industrial lineup, bringing to 15 the total count of engines in this category. The engine platform optimizes fuel consumption to the actual operating cycles of off-highway machines. The engines also use ACERT™ technologies to achieve a 90 percent reduction in particulate matter and a 45 percent reduction in nitrogen oxides (NO_x).

Businesses: Engines

WHAT WE DO

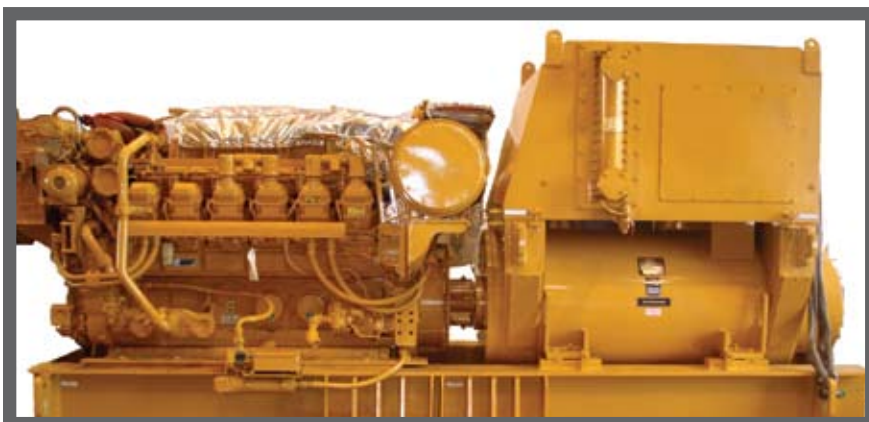


Highlights (continued)

Introduced a series of Ultra Lean Burn (ULB) technology engines that meet the most stringent current and upcoming emission requirements. The units, used for gas compression applications, utilize an in-engine solution to consistently meet requirements limiting NOx emissions to ultra-low levels.



Shipped the 5,000th marine engine from the Caterpillar Marine Center of Excellence (MCOE). The Center, located near Greenville, South Carolina, is a focused facility for the design, development, assembly and testing of Cat® C7 through C32 marine propulsion engines.



Introduced new Diesel Electric Propulsion (DEP) engines from Caterpillar Marine Power Systems. The units are designed for a variety of commercial applications and mega-yachts and meet the newest environmental regulations by balancing power supply, fuel consumption and exhaust emissions at any given load.

Businesses:

Financial Products

WHAT WE DO

Caterpillar's financial products are the source of a significant competitive advantage, especially in today's credit-constrained world. Our financial businesses consist primarily of Caterpillar Financial Services Corporation (Cat Financial) and its subsidiaries.

Cat Financial provides a wide range of financing alternatives to customers and dealers, all managed to sensible underwriting standards and backed by assets we know – Cat® equipment. Cat Financial has more than 40 offices and subsidiaries located throughout the Americas, Asia, Australia and Europe.



Highlights

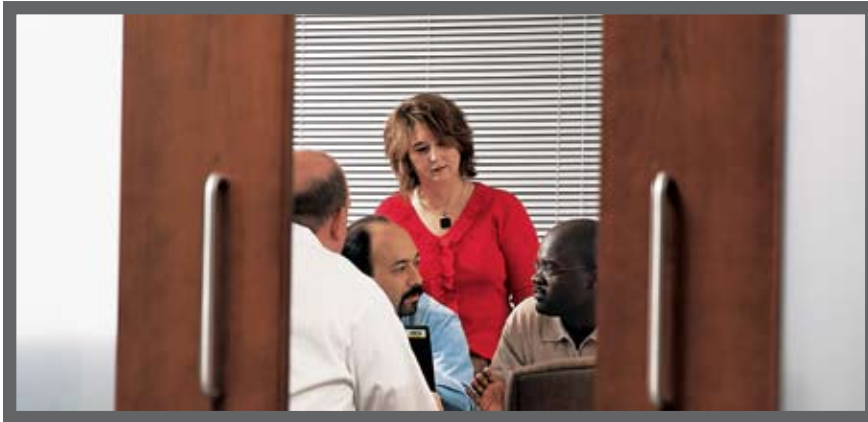
Remained solidly profitable in every quarter of 2009, despite the global economic recession.



Provided new retail financing of over \$7.6 billion.

Businesses: Financial Products

WHAT WE DO



Highlights (continued)

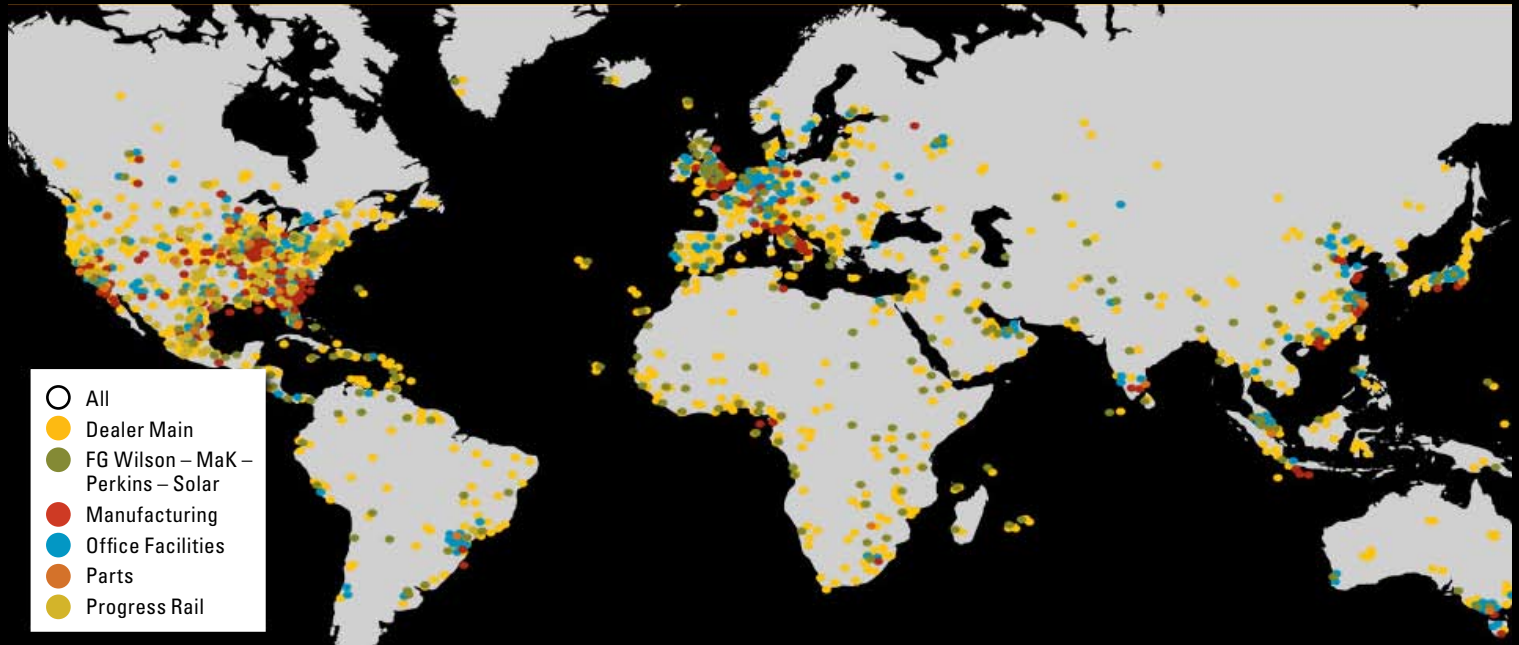
Maintained access to the term debt and commercial paper markets, and renewed or increased revolving credit agreements with key banks.



Earned the Leadership in Energy and Environmental Design for Existing Buildings (LEED-EB®) 2.0 Gold certification for the Caterpillar Financial Center in Nashville, Tenn. It is the first privately owned commercial building in Tennessee to become LEED-EB® certified.

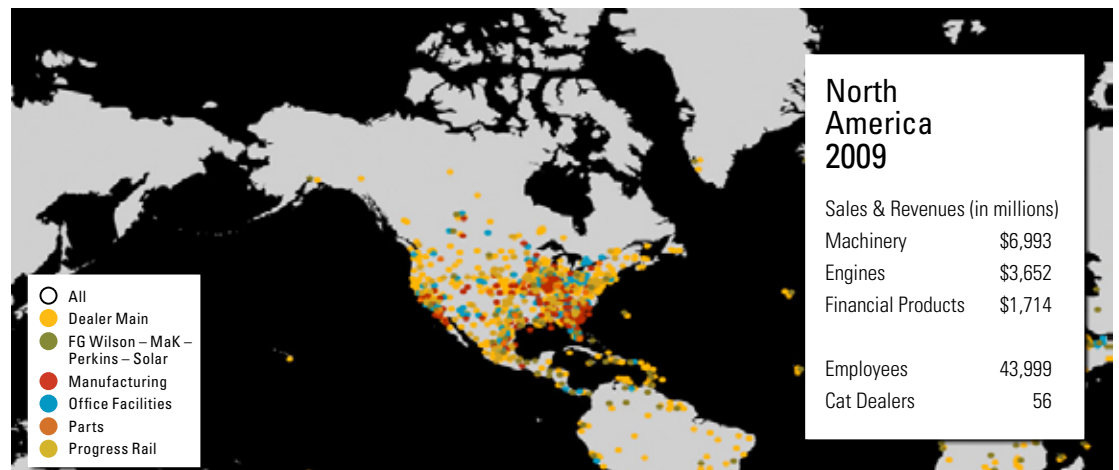
Worldwide Locations

WHAT WE DO



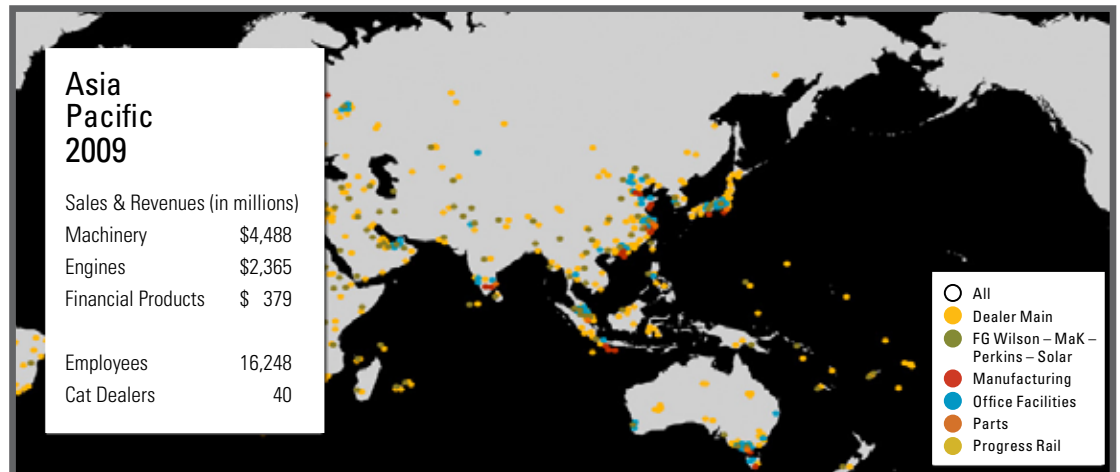
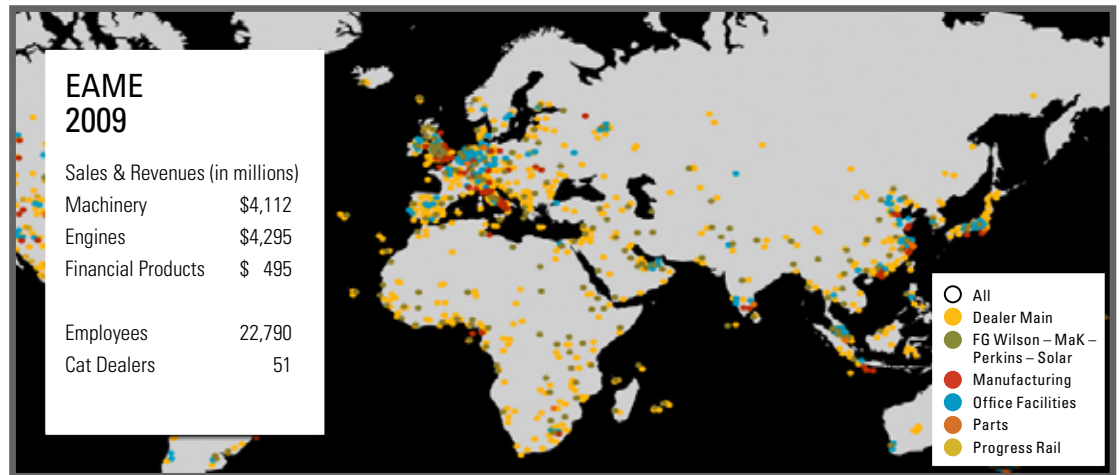
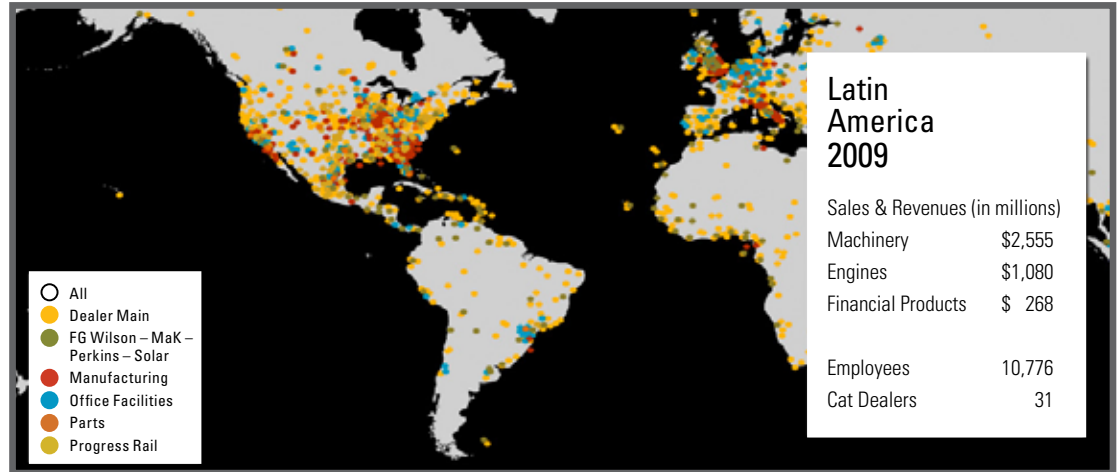
Locations In North America Latin America EAME Asia Pacific

Caterpillar’s global reach and presence is unmatched in the industry. We serve customers in more than 180 countries around the globe with more than 300 products. More than half of our sales are outside the United States. Our manufacturing, marketing, logistics, service, R&D and related facilities along with our dealer locations total more than 500 locations worldwide, ensuring that we remain geographically close to our global customer base.



Worldwide Locations

WHAT WE DO



Products

WHAT WE DO

As a technology leader, we win through a commitment to product research and development. Today, more than 3 million Cat® machines and engines are in active use around the world. Caterpillar continually introduces technological innovations and capability enhancements to our products that meet customers' needs for higher productivity, lower emissions and greater power.

Our products include:

- Articulated Trucks**
- Backhoe Loaders**
- Compactors**
- Engines**
- Forest Machines**
- Generator Sets**
- Hydraulic Excavators**
- Material Handlers**
- Motor Graders**
- Off-Highway Trucks**
- Paving Equipment**

- Pipelayers**
- Scrapers**
- Skid Steer Loaders**
- Track Loaders**
- Track-Type Tractors**
- Turbines**
- Underground Mining Vehicles**
- Wheel Dozers**
- Wheel Excavators**
- Wheel Loaders**



Articulated Trucks

A type of tractor-trailer unit most commonly used to haul heavy loads, often over difficult terrain, in construction and mining work.

Backhoe Loaders

Combines the features of two separate machines: a backhoe and a loader and is frequently used for road work and major construction projects.



Compactors

Maximizes soil density and compacts other materials in construction, paving, landfills and other applications.



Products

WHAT WE DO

Engines

With more than 500 types of engines, we are one of the world's largest engine makers for road, off-road, underground and marine vessels and machinery.



Forest Machines

Serves the forestry industry with machines used to harvest trees, load and process logs.

Generator Sets

Diesel, natural gas and integrated power systems for emergency, standby, prime and continuous power generation needs.



Hydraulic Excavators

Excavate and load material in a variety of applications, including mining, road and pipeline construction.



Material Handlers

Designed to move and process heavy materials using a grapple, clamshell bucket or magnet.

Motor Graders

Three-axle machines that feature a long blade used to create a flat surface in mining, road and heavy construction applications.



Off-Highway Trucks

Designed to keep material, which ranges from a 40- to 380-ton capacity, moving at high volumes in heavy construction, mines and quarries.



Products

WHAT WE DO



Paving Equipment

Lays asphalt for roads and highways with paving widths of up to 10 feet.

Pipelayers

Uses a winch and boom to put heavy pipe where it is needed – a pipeline industry standard for decades.



Scrapers

Large earthmovers that collect and deposit material, and are useful for cut and fill applications in heavy construction, site development and mining.



Skid Steer Loaders

Highly maneuverable smaller machines used in construction and landscaping to push, carry and load material, and can be configured with a variety of labor and time saving attachments.



Track Loaders

Larger, higher capacity loaders that operate in softer underfoot conditions with tracks rather than wheels and can move and load materials in excess of 4,000 pounds.



Track-Type Tractors

Versatile machines used to clear space, move material, grade, rip, backfill in a variety of construction and job sites.



Turbines

Mid-range, industrial gas turbines for use in power generation, natural gas compression and pumping systems.



Products

WHAT WE DO



Underground Mining Vehicles

Articulated trucks and load-haul-dump loaders that are engineered to meet the specialized demands of underground mining applications and enable high production volumes and lower costs per ton.

Wheel Dozers

Combines the dozing capabilities of track-type tractors with the mobility and versatility of wheel loaders. They are widely used in power generation, road maintenance, surface mining and reclamation applications.



Wheel Excavators

Meet excavation needs that range from ditch cleaning and road maintenance, to large earth moving and demolition applications where mobility is a key requirement.

Wheel Loaders

Designed to load and carry material quickly and efficiently with bucket capacities that range from 2 cubic yards up to 41 cubic yards for the highest-volume mining, quarry, aggregates, waste and earth moving applications.



Industries

WHAT WE DO

Our products are used in a large and diverse collection of industries. Despite short-term challenges associated with the global economic crisis of 2009, long-term prospects in most end markets are strong because of the world's ongoing need to expand and rebuild infrastructure.

Our industries include:

- Demolition and Scrap**
- Forestry**
- General Construction**
- Governmental**
- Heavy Construction**
- Industrial/OEM**
- Landscaping**
- Marine**
- Mining**

- Oil & Gas**
- Paving**
- Pipeline**
- Power Generation**
- Quarry & Aggregate**
- Railroad**
- Road Construction**
- Underground Utilities**
- Waste Services**



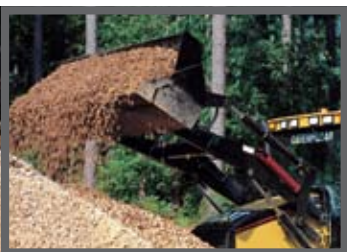
Demolition and Scrap

From demolition and site preparation to scrap recycling and material handling, Cat® machines and work tool solutions are designed for high productivity and durability for every stage of the process – even under the most demanding site conditions.



Forestry

The capabilities of Cat® forestry equipment extend from the beginning to the end of the wood flow process: road building, harvesting, wood extraction, processing, loading, mill yard and reforestation. Cat equipment is designed to make forestry operations more productive, profitable and sustainable.



General Construction

Caterpillar offers a full line of construction equipment including backhoe loaders, track and wheel excavators, track-type tractors and track loaders, wheel loaders, skid steer loaders and integrated tool carriers. Our construction solutions are designed to offer better value through increased performance, reliability and quality.

Industries

WHAT WE DO



Governmental

Caterpillar offers a full array of standard, modified and built-to-spec equipment that meets the needs of state and local, federal and military customers. Durability, reliability and industry-leading service and support help ensure maximum value for government customers.



Heavy Construction

Caterpillar is the performance leader of general and road construction equipment. Each machine in the lineup is a class leader, enhanced with best-in-the-industry features. Whether it is new construction or maintenance – grading, soil stabilizing, cold planing, soil or asphalt compaction – Caterpillar has the machines to get the job done.



Industrial/OEM

More than 100,000 Cat® engines are at work worldwide in wood chippers, air compressors, trenchers, irrigators, fire pumps, locomotives, mining machines and much more. Gas and diesel engines are available in the industry's widest power range from 10 to over 6,000 horsepower – each built to the same exacting standards to deliver high productivity, long life and low operating cost.



Landscaping

Caterpillar offers a full line of compact construction equipment, including skid steer loaders, compact track loaders, mini hydraulic excavators and compact wheel loaders. Our wide range of versatile machines and Cat work tool attachments meets the needs of a variety of landscaping applications.



Marine

Caterpillar is the marine industry's leading provider of medium- and high-speed marine diesel engines, generator sets and auxiliary engines. Manufacturing both the Cat® and MaK® brands for marine engines, Caterpillar Marine Power Systems is committed to meeting customer requirements.

Industries

WHAT WE DO



Mining

With the broadest line of mining equipment in the industry, Caterpillar provides comprehensive solutions for surface, underground and mining technology applications. Our technologies enable fleet management, drilling and blasting, loading, hauling, dozing, truck assignment and material tracking. Cat mining equipment helps customers increase productivity, efficiency and safety.



Oil & Gas

Caterpillar provides high-technology products for drilling, well servicing, pumping and production. With a global customer focus and market leadership in gas compression, drilling, and well servicing products and systems, Caterpillar is the first choice for petroleum industry power solutions.



Paving

Caterpillar Paving Products offers a complete solution for the paving industry, including equipment, training, consulting, service and support. Cat high-production paving machines are reliable and durable, with low overall cost of ownership and the industry's highest resale values.



Pipeline

The wide range of Cat pipeline products and attachments gives pipeline contractors the power to match equipment to their production needs, site conditions and environmental requirements. Caterpillar provides comprehensive solutions for clearing and grading, ditching, pipe bending, welding, lowering in, backfilling and other pipelining needs.



Power Generation

Cat Power Generation Systems provides a full suite of solutions to provide major power generation equipment, project design, construction, operation and maintenance. Capability, experience and trust are why developers of major power projects around the world choose Caterpillar.

Industries

WHAT WE DO



Quarry & Aggregate

From wheel loaders to excavators, Caterpillar has a machine to meet all the challenges of the quarry and aggregates industry. Our aggregates product line includes large wheel loaders, front shovels, mass excavators, trucks, excavators, articulated trucks, mid-sized wheel loaders and engines-generator sets.



Railroad

Cat® engines deliver some of the lowest owning and operating costs of any engines available, proven in railway applications throughout the world. Cat engines power hundreds of mainline and switcher locomotives worldwide and provide head end power (HEP) in passenger locomotives. A full range of Cat engines can also be found in maintenance-of-way equipment.



Road Construction

Caterpillar has the breadth of product line, the machine application knowledge and the experienced dealer organization to make road construction more productive, efficient and profitable. Whether it's breaking up and reclaiming existing roads, creating new roads, building base courses, or paving and finishing, Caterpillar has the right technology to get the job done safely and on time.



Underground Utilities

To the highly competitive underground utilities business, Caterpillar offers a full range of excavators, tractors and loaders that provide efficient, cost-effective solutions.



Waste Services

Caterpillar makes a complete and purpose-built line of equipment for the solid waste industry. Our waste handling machines perform in virtually any system, whether loading at a transfer station or recycling center, working the face of a landfill or maintaining sites.

Services

WHAT WE DO

Industry-leading products are joined with world-class services that provide customers with flexible solutions to meet their financial, logistics, maintenance, remanufacturing and other business-critical needs. Caterpillar's services help customers in more than 180 countries become more sustainable, efficient and profitable.

Our services include:

Financing

Insurance

Locomotive & Railcar Maintenance and Repair

Logistics

OEM Solutions

Remanufacturing

Rental

Solar Turbine Customer Services

Training



Financing

Cat Financial has been providing a wide range of financing alternatives for Cat and related equipment for over 25 years to customers and Cat® dealers. Cat Financial has more than 40 offices and subsidiaries located throughout the Americas, Asia, Australia and Europe.



Insurance

Caterpillar provides insurance to Cat dealers and customers around the world with the products and services they need to protect their new and used equipment. Our staff of risk management and insurance experts develops and manages programs that support the Cat brand's reputation for quality equipment, parts and service.



Locomotive & Railcar Maintenance and Repair

Caterpillar's wholly-owned subsidiary, Progress Rail Services, is one of the largest providers of outsourced maintenance and repair services to the railroad industry in North America. Headquartered in Albertville, Ala., it currently has more than 100 facilities throughout the United States, Canada and Mexico. Its customers include all of the major North American, or "Class 1" railroads, as well as regional railroads and public transit authorities.

Services

WHAT WE DO



Logistics

Caterpillar Logistics Services provides integrated world-class supply chain solutions that deliver a competitive advantage and impact corporate performance. With more than 105 offices worldwide, Cat Logistics serves Caterpillar and more than 65 other leading corporations in market sectors including automotive, industrial, consumer durables, technology and electronics.



OEM Solutions

Caterpillar provides Original Equipment Manufacturers (OEMs) with integrated systems that are performance-matched to meet specific application requirements in order to achieve product differentiation and enhance competitiveness.



Remanufacturing

Cat Reman is a technology-enabled, global organization focused on salvage capabilities that refurbish and restore used machinery and technologies to like-new condition and specifications.



Rental

The Cat Rental Stores are equipped to meet a wide variety of customers' heavy equipment needs. From concrete saws to heavy construction equipment, over 1,500 locations around the world offer products from Cat and other leading brands.

Services

WHAT WE DO



Solar Turbine Customer Services

Solar Turbine Customer Services helps get the most from their turbine-driven equipment through expert field services, certified parts service, training programs, machinery management services and equipment refurbishment and restoration.



Training

Caterpillar helps a wide variety of customers improve efficiencies, enhance jobsite safety and cut costs with Caterpillar training programs. With our operator training programs and safety eLearning, operators achieve higher levels of proficiency to derive maximum value from Cat® equipment.

Brands

WHAT WE DO

Built on decades of performance, our portfolio of brands speaks quality, reliability and an assurance of the finest in design, engineering and customer service.

Our brands include:

Cat
Cat Financial
Cat Logistics
Cat Reman
Cat Rental Store
FG Wilson

FG Wilson
MaK
Perkins
Progress Rail Services
Solar Turbines



Cat

The Cat® brand represents the industry-leading products and services made by Caterpillar. The Cat brand is Caterpillar's flagship products and services brand, representing the company's equipment, related services and the dealer network that supports customers all over the world.



Cat Financial

For over 25 years, Cat Financial has been providing a wide range of financing alternatives for Cat and related equipment to customers and Cat dealers. Cat Financial has more than 40 offices and subsidiaries located throughout the Americas, Asia, Australia and Europe.



Cat Logistics

The Cat Logistics brand provides integrated world-class supply chain solutions and services to Caterpillar and more than 65 other leading corporations in market sectors including automotive, industrial, consumer durables, technology, electronics, manufacturing logistics and others.



Cat Reman

Cat Reman is a technology-enabled, global organization focused on salvage capabilities that refurbish and restore used machinery and technologies to like-new condition and specifications. As one of the world's largest remanufacturers, Cat Reman operates facilities in the United States, United Kingdom, Europe, Mexico and China.



The Cat Rental Store

The Cat Rental Stores serve as a convenient source for Cat products. Numbering over 1,500 locations around the globe, The Cat Rental Stores offer short- and long-term rentals for the general construction industry.

Brands



FG Wilson

Founded in 1966, FG Wilson produces generator sets ranging from small standby sets suitable for domestic use to large units capable of feeding power back into the national grid.



MaK

MaK branded marine diesel engines are marketed and serviced through Caterpillar Marine Power Systems (CMPS), headquartered in Hamburg, Germany. Its customers include operators of large oceangoing vessels such as container feeders, chemical tankers, bulk carriers, offshore supply vessels, general cargo vessels, ferries and cruise ships.



Perkins

Based in Peterborough, United Kingdom, Perkins manufactures more than 400,000 engines a year to support customers with thousands of different specifications. Prior to becoming part of the Caterpillar family, Perkins functioned as a supplier to Caterpillar.



Progress Rail Services

With more than 100 facilities in the United States, Canada and Mexico, Progress Rail Services is one of the largest providers of outsourced maintenance and repair services to the railroad industry in North America. Its customers include all of the major North American, or "Class 1" railroads, as well as regional railroads and public transit authorities.



A Caterpillar Company

Solar Turbines

Solar Turbines is a world leader in the design, manufacture and service of industrial gas turbine engines. Its products are used on land and offshore for the production and transmission of oil and natural gas, and are also used for generating electricity and thermal energy in a wide variety of industrial applications.

Trademark Information

CAT, CATERPILLAR, their respective logos, TODAY'S WORK., TOMORROW'S WORLD., "Caterpillar Yellow" and the POWER EDGE trade dress, as well as corporate and product identity used herein, are trademarks of Caterpillar and may not be used without permission. MaK is a trademark of Caterpillar Motoren GmbH & Co. KG and may not be used without permission. PROGRESS RAIL SERVICES and design is a trademark of Progress Rail Services Corporation and may not be used without permission. SOLAR, as well as corporate and product identity used herein, are trademarks of Solar Turbines Incorporated and may not be used without permission. PERKINS, the "square and circles" design and "Perkins Blue" are trademarks of Perkins Holdings Limited and may not be used without permission. FG WILSON and the "globe" design are trademarks of FG WILSON (Engineering) Limited and may not be used without permission.

How We Performed



How We Performed: Stable, Disciplined, Profitable

The worst recession since the 1930s severely pressured Caterpillar's financial performance in 2009. Yet, in many respects, one of the toughest years in our history also brought about one of the best performance efforts in our history.

Caterpillar's 37 percent decrease in sales and revenues in 2009 was the largest single-year percentage decline in sales and revenues since the 1940s. Yet, we achieved our three foremost objectives: to maintain profitability, to hold our credit rating in the face of tightening financial markets and to maintain the dividend.

over **\$2.4 billion** in inventory reductions

Our trough management strategy was critical to achieving these objectives. This strategy was formulated to prepare for an economic downturn and provided a blueprint for our actions during the year. We lowered production as dealers reduced their inventories. We decreased operating costs, maintained positive price realization and leveraged 6 Sigma and the Cat Production System. By year-end, we reduced our inventory by more than \$2.4 billion.

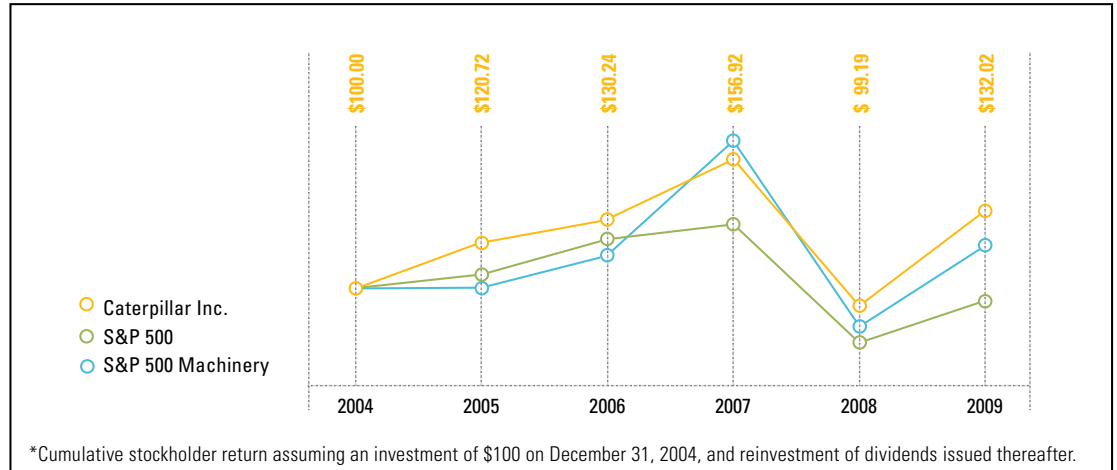
Although many of these actions were difficult, they were necessary to secure Caterpillar's future. In the long run, companies that survive are those that make the hard decisions in the toughest of times in order to protect the long-term viability of the enterprise.

2009 was a challenging year for our dealers and customers, for our employees and for our suppliers. As 2010 begins to unfold, we are encouraged by signs of improving demand and we are working closely with each of these stakeholders to help ensure that we all "power up" for a recovery in a smart and disciplined manner.

The world's need for infrastructure has not gone away and, in fact, shows signs of improvement. Caterpillar is poised to seize these opportunities and looks forward to new successes in the future.

HOW WE PERFORMED

**Total Return –
Caterpillar vs. S&P**



HOW WE PERFORMED

Five-Year Financial Summary

(dollars in millions except per share data)

Years ended December 31,	2009	2008	2007	2006	2005
Sales and revenues	\$32,396	\$ 51,324	\$44,958	\$41,517	\$36,339
Sales	\$29,540	\$ 48,044	\$41,962	\$38,869	\$34,006
Percent inside the U.S.	31%	33%	37%	46%	47%
Percent outside the U.S.	69%	67%	63%	54%	53%
Revenues	\$ 2,856	\$ 3,280	\$ 2,996	\$ 2,648	\$ 2,333
Profit ^{5,6,7}	\$ 895	\$ 3,557	\$ 3,541	\$ 3,537	\$ 2,854
Profit per common share ^{1,5,6}	\$ 1.45	\$ 5.83	\$ 5.55	\$ 5.37	\$ 4.21
Profit per common share – diluted ^{2,5,6}	\$ 1.43	\$ 5.66	\$ 5.37	\$ 5.17	\$ 4.04
Dividends declared per share of common stock	\$ 1.68	\$ 1.62	\$ 1.38	\$ 1.15	\$ 0.955
Return on average common stockholders' equity ^{3,4,6,8}	11.9%	46.8%	44.4%	45.9%	35.7%

CAPITAL EXPENDITURES

Property, plant and equipment	\$ 1,348	\$ 2,445	\$ 1,700	\$ 1,593	\$ 1,201
Equipment leased to others	\$ 968	\$ 1,566	\$ 1,340	\$ 1,082	\$ 1,214
Depreciation and amortization	\$ 2,336	\$ 1,980	\$ 1,797	\$ 1,602	\$ 1,477
Research and development expenses	\$ 1,421	\$ 1,728	\$ 1,404	\$ 1,347	\$ 1,084
As a percent of sales and revenues	4.4%	3.4%	3.1%	3.2%	3.0%
Wages, salaries and employee benefits	\$ 7,416	\$ 9,076	\$ 8,331	\$ 7,512	\$ 6,928
Average number of employees	99,359	106,518	97,444	90,160	81,673

DECEMBER 31,

Total assets: ^{4,6}	\$60,038	\$ 67,782	\$56,132	\$51,449	\$47,553
Long-term debt due after one year:					
Consolidated	\$21,847	\$ 22,834	\$17,829	\$17,680	\$15,677
Machinery and Engines	\$ 5,652	\$ 5,736	\$ 3,639	\$ 3,694	\$ 2,717
Financial Products	\$16,195	\$ 17,098	\$14,190	\$13,986	\$12,960
Total debt:					
Consolidated	\$31,631	\$ 35,535	\$28,429	\$27,296	\$25,745
Machinery and Engines	\$ 6,387	\$ 7,824	\$ 4,006	\$ 4,277	\$ 3,928
Financial Products	\$25,244	\$ 27,711	\$24,423	\$23,019	\$21,817

1. Computed on weighted-average number of shares outstanding.

2. Computed on weighted-average number of shares outstanding diluted by assumed exercise of stock-based compensation awards, using the treasury stock method.

3. Represents profit divided by average stockholders' equity (beginning of year stockholders' equity plus end of year stockholders' equity divided by two).

4. Effective December 31, 2006 we changed the manner in which we accounted for postemployment benefits.

5. In 2006 we changed the manner in which we accounted for stock-based compensation.

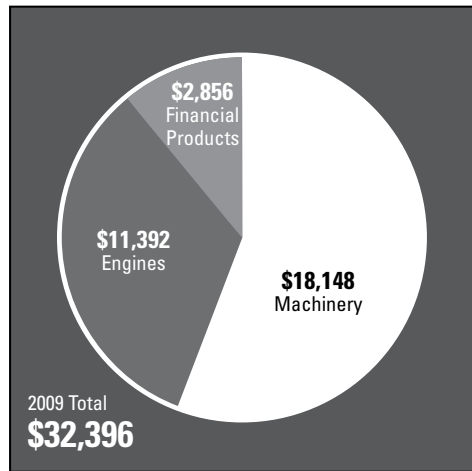
6. In 2007 we changed the manner in which we accounted for uncertain tax positions.

7. Profit attributable to common stockholders.

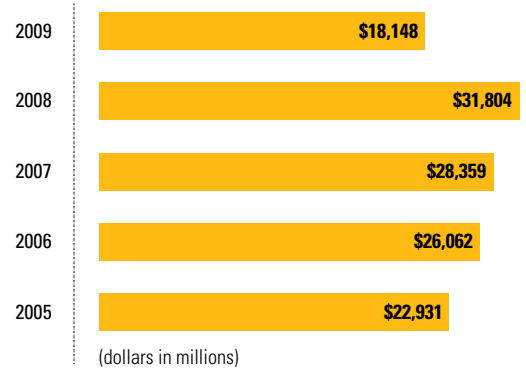
8. Effective January 1, 2009, we changed the manner in which we accounted for noncontrolling interests.

HOW WE PERFORMED

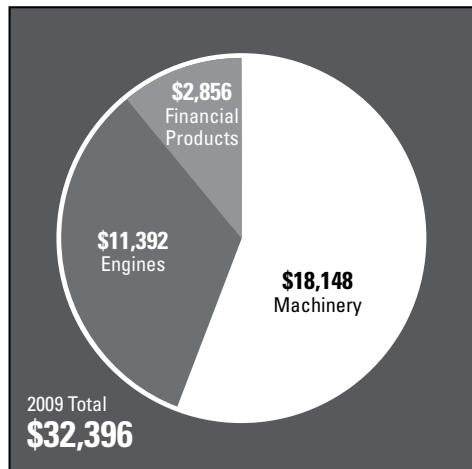
**Sales and Revenues—
Machinery**



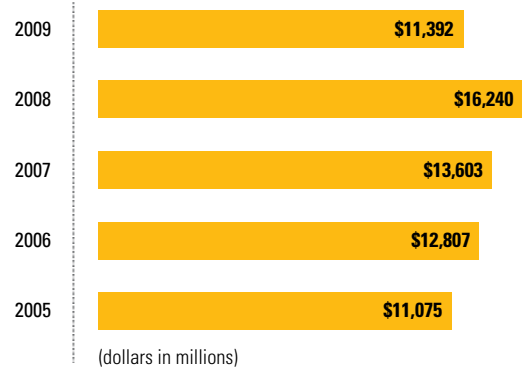
Machinery



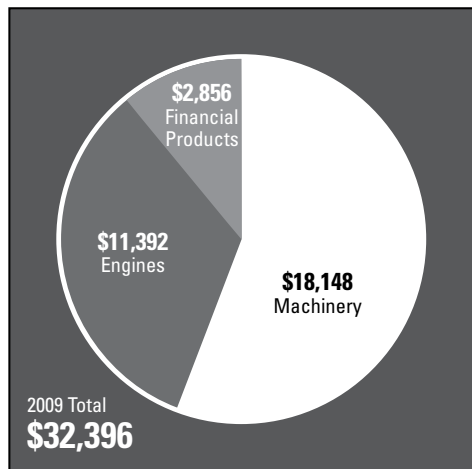
**Sales and Revenues—
Engines**



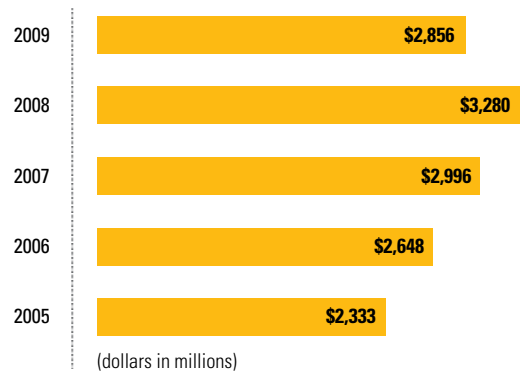
Engines



**Sales and Revenues—
Financial Products**

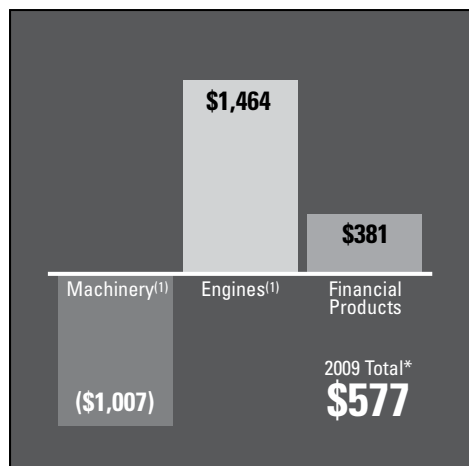


Financial Products

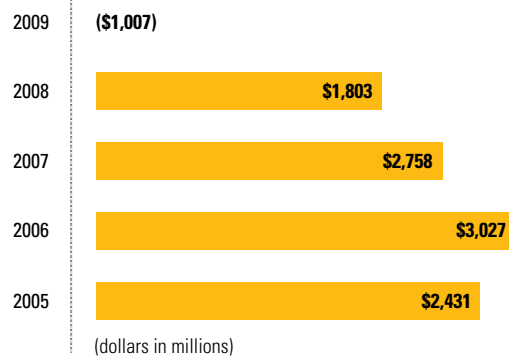


HOW WE PERFORMED

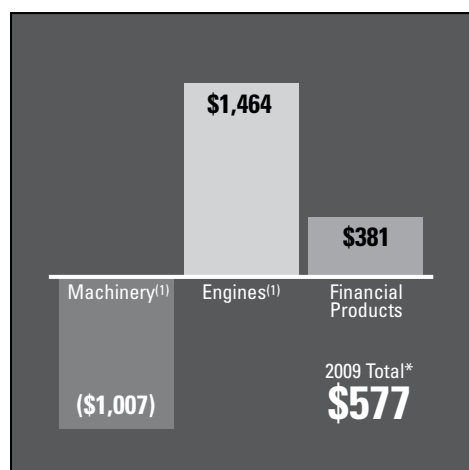
Operating Profit – Machinery



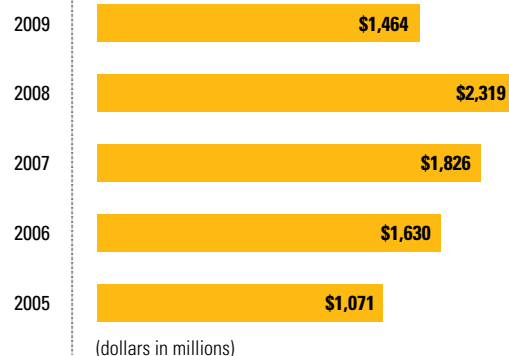
Machinery⁽¹⁾



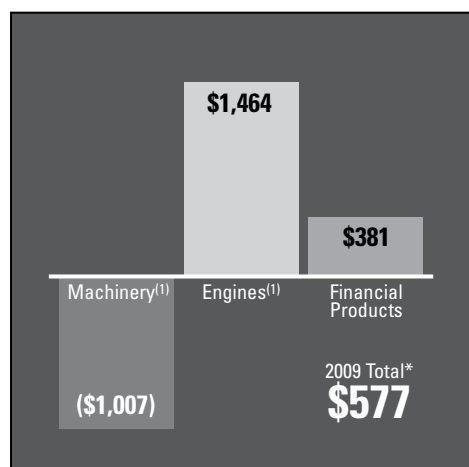
Operating Profit – Engines



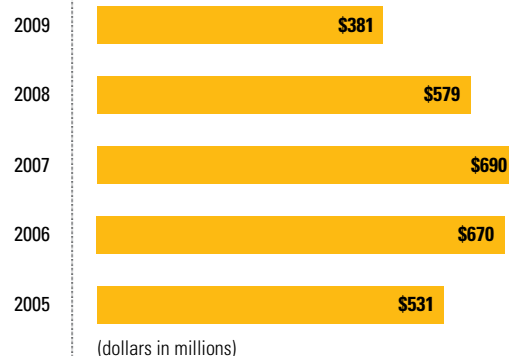
Engines⁽¹⁾



Operating Profit – Financial Products



Financial Products

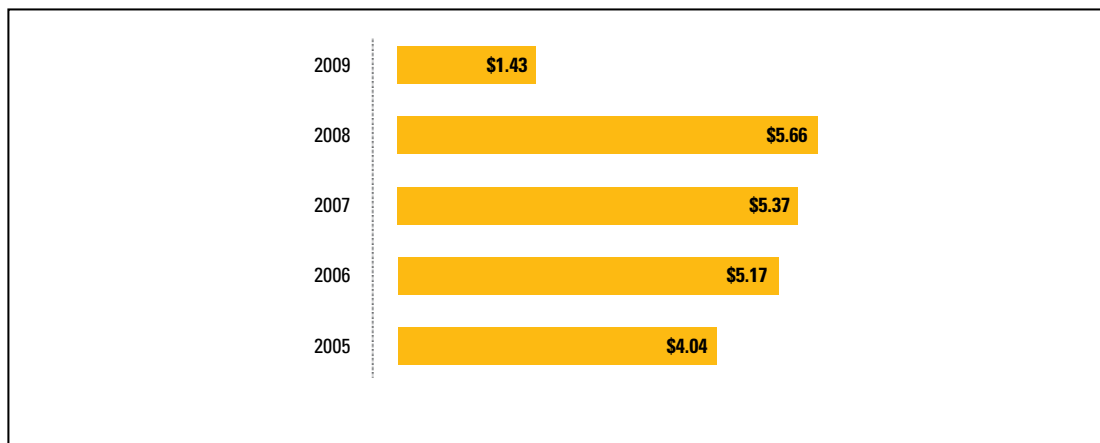


(1) Caterpillar operations are highly integrated; therefore, the company uses a number of allocations to determine lines of business operating profit for Machinery and Engines.

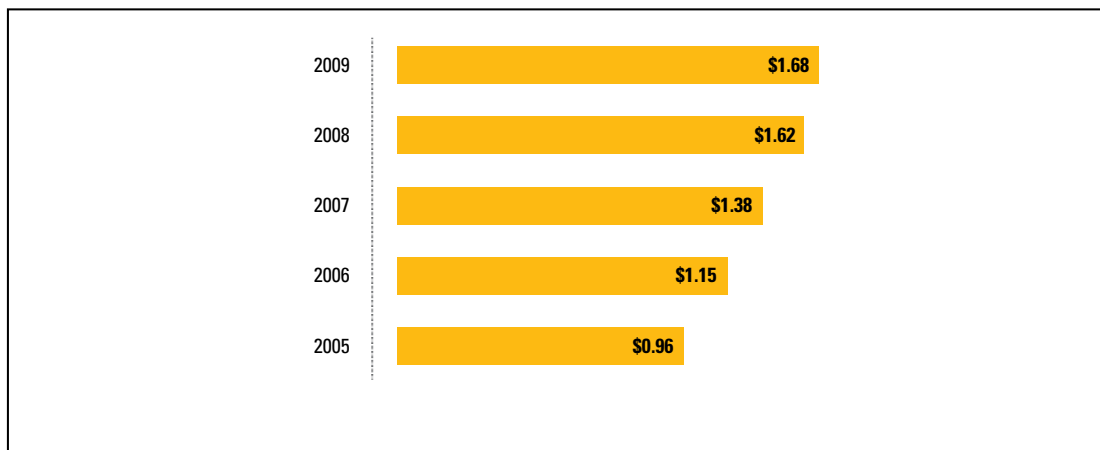
* Eliminations of (\$249), (\$406), (\$353), (\$253) and (\$261) (dollars in millions) for 2005, 2006, 2007, 2008 and 2009, respectively, are required to arrive at consolidated operating profit.

HOW WE PERFORMED

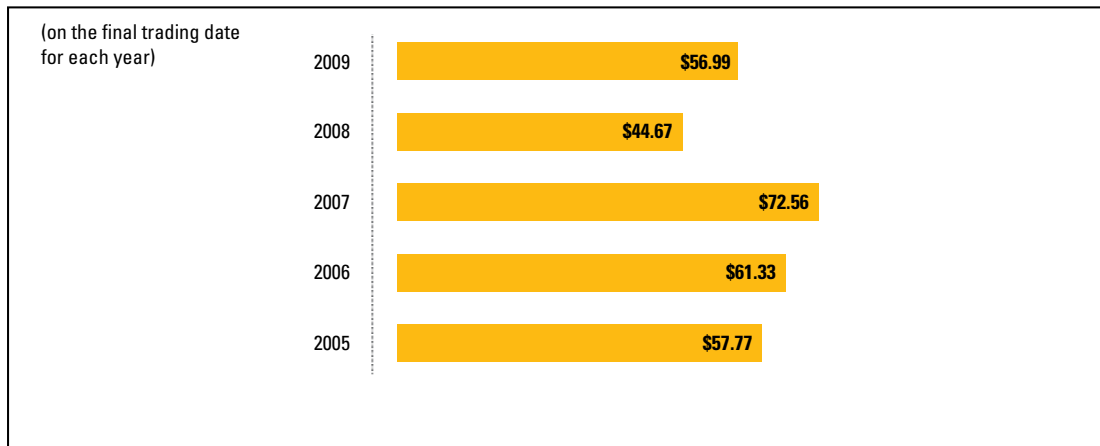
Profit Per Share



Annual Dividends Declared Per Share

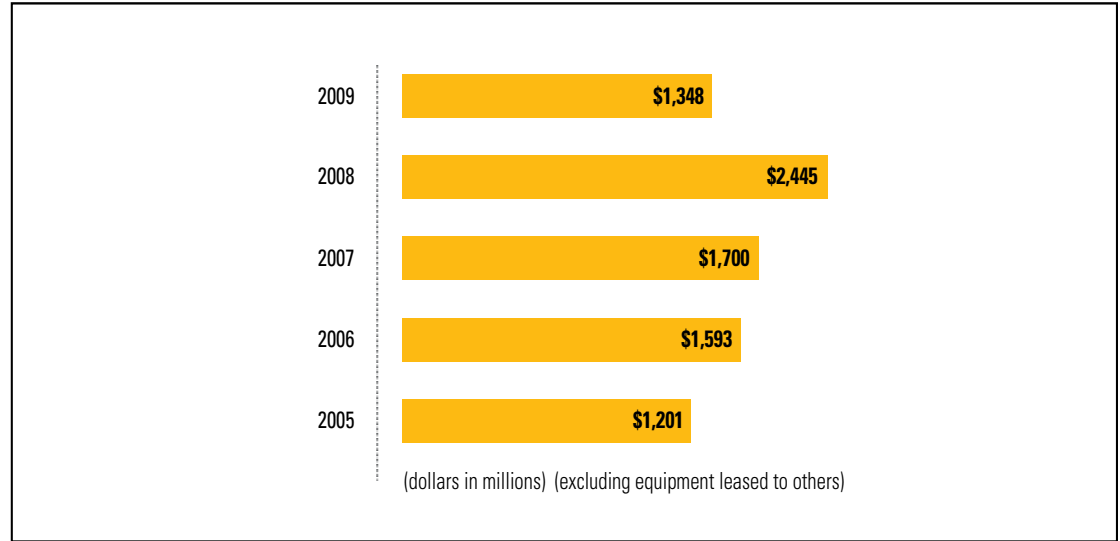


Closing Stock Price

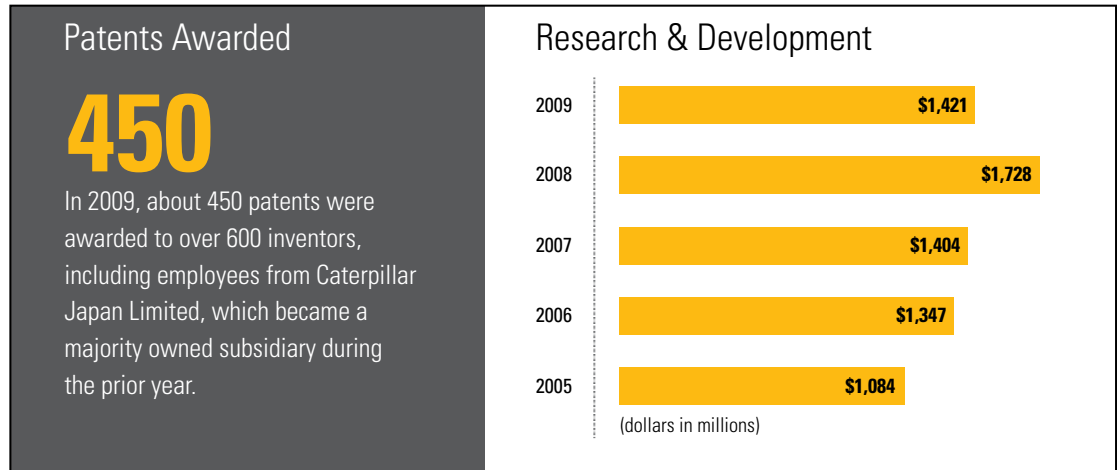


HOW WE PERFORMED

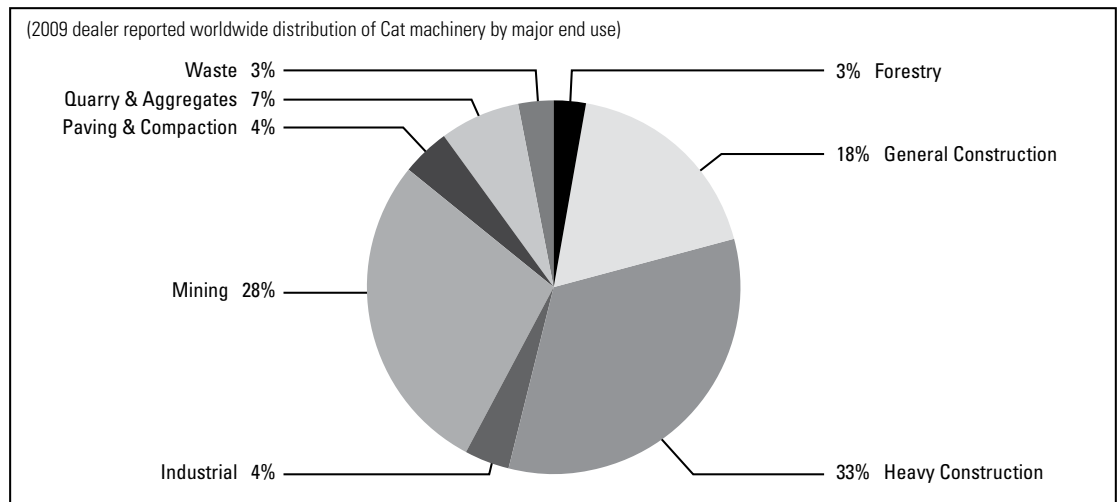
Capital Expenditures



2009 Patents / Research & Development

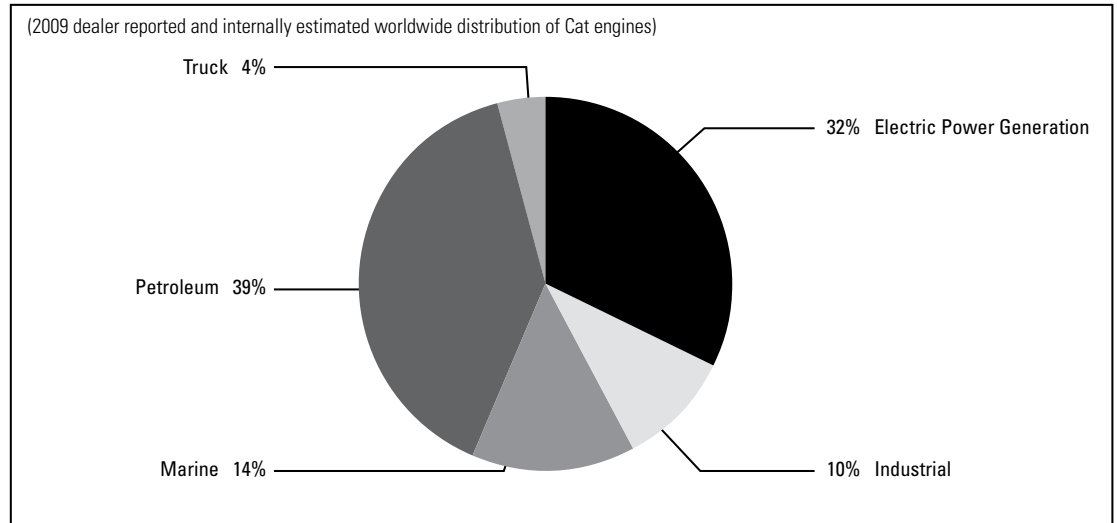


2009 New Machinery Distribution to End Users (Dealer Sales)



HOW WE PERFORMED

2009 New Engine Distribution to End Users (Dealer Sales)



2009 Corporate Philanthropy

The mission of the Caterpillar Foundation is "Making Sustainable Progress Possible in our Communities" by:

- Promoting access to basic human needs (sustainable humanity)
- Advancing knowledge and education (sustainable education)
- Protecting the environment and conservation of resources (sustainable development).

\$32 Million
Invested in Communities Worldwide

2009 Exports from the U.S. (by region)

