UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

CATERPILLAR®

FORM 10-K

(Mark One)

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

For the fiscal year ended December 31, 2012

OR

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

For the transition period from to .

Commission File No. 1-768

CATERPILLAR INC.

(Exact name of Registrant as specified in its charter)

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

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

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

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

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

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

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

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

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

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

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

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

Large accelerated filer ☒	Accelerated filer ☐
Non-accelerated filer ☐	Smaller Reporting Company ☐

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

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of Caterpillar Inc.:

In our opinion, the accompanying consolidated statement of financial position and the related consolidated statements of results of operations, comprehensive income, changes in stockholders' equity, and of cash flow, including pages A-5 through A-97, present fairly, in all material respects, the financial position of Caterpillar Inc. and its subsidiaries at December 31, 2012, 2011 and 2010, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2012 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2012, based on criteria established in *Internal Control - Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for these financial statements, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Report on Internal Control Over Financial Reporting appearing on page A-3. Our responsibility is to express opinions on these financial statements and on the Company's internal control over financial reporting based on our integrated audits. We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

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

As described in Management's Report on Internal Control Over Financial Reporting, management has excluded ERA Mining Machinery Limited, including its wholly-owned subsidiary Zhengzhou Siwei Mechanical Manufacturing Co., Ltd., commonly known as Siwei, from its assessment of internal control over financial reporting as of December 31, 2012 because Siwei was acquired by the Company in May 2012. We have also excluded Siwei from our audit of internal control over financial reporting. Siwei is a wholly owned subsidiary of Caterpillar Inc. whose total assets and total sales and revenues represent approximately 1 percent and less than 1 percent, respectively, of the related consolidated financial statement amounts as of and for the year ended December 31, 2012.

/s/PricewaterhouseCoopers LLP

Peoria, Illinois
February 19, 2013

M. Assets held for sale

For those businesses where management has committed to a plan to divest, which is typically demonstrated by approval from the Board of Directors, each business is valued at the lower of its carrying amount or estimated fair value less cost to sell. If the carrying amount of the business exceeds its estimated fair value, an impairment loss is recognized. The fair values are estimated using accepted valuation techniques such as a discounted cash flow model, valuations performed by third parties, or indicative bids, when available. A number of significant estimates and assumptions are involved in the application of these techniques, including the forecasting of markets and market share, sales volumes and prices, costs and expenses, and multiple other factors. Management considers historical experience and all available information at the time the estimates are made; however, the fair values that are ultimately realized upon the sale of the businesses to be divested may differ from the estimated fair values reflected in the Consolidated Financial Statements.

2. Stock-based compensation

Our stock-based compensation plans primarily provide for the granting of stock options, stock-settled stock appreciation rights (SARs) and restricted stock units (RSUs) to Officers and other key employees, as well as non-employee Directors. Stock options permit a holder to buy Caterpillar stock at the stock's price when the option was granted. SARs permit a holder the right to receive the value in shares of the appreciation in Caterpillar stock that occurred from the date the right was granted up to the date of exercise. A restricted stock unit (RSU) is an agreement to issue shares of Caterpillar stock at the time of vesting.

Our long-standing practices and policies specify all stock-based compensation awards are approved by the Compensation Committee (the Committee) of the Board of Directors on the date of grant. The stock-based award approval process specifies the number of awards granted, the terms of the award and the grant date. The same terms and conditions are consistently applied to all employee grants, including Officers. The Committee approves all individual Officer grants. The number of stock-based compensation awards included in an individual's award is determined based on the methodology approved by the Committee. In 2007, under the terms of the Caterpillar Inc. 2006 Long-Term Incentive Plan (approved by stockholders in June of 2006), the Compensation Committee approved the exercise price methodology to be the closing price of the Company stock on the date of the grant.

Common stock issued from Treasury stock under the plans totaled 7,515,149 for 2012, 8,710,630 for 2011 and 12,612,514 for 2010.

Awards generally vest three years after the date of grant. At grant, SARs and option awards have a term life of ten years. Upon separation from service for the 2010 awards, if the participant is 55 years of age or older with more than ten years of service, the participant meets the criteria for a "Long Service Separation." For the 2011 and 2012 awards, upon separation from service, if the participant is 55 years of age or older with more than five years of service, the participant meets the criteria for a "Long Service Separation". If the "Long Service Separation" criteria are met, the vested options/SARs will have a life that is the lesser of ten years from the original grant date or five years from the separation date.

Our stock-based compensation plans allow for the immediate vesting upon separation for employees who meet the criteria for a "Long Service Separation" and who have fulfilled the requisite service period of six months. Compensation expense is recognized over the period from the grant date to the end date of the requisite service period for employees who meet the immediate vesting upon retirement requirements. For those employees who become eligible for immediate vesting upon retirement subsequent to the requisite service period and prior to the completion of the vesting period, compensation expense is recognized over the period from grant date to the date eligibility is achieved.

Accounting guidance on share-based payments requires companies to estimate the fair value of options/SARs on the date of grant using an option-pricing model. The fair value of the option/SAR grant was estimated using a lattice-based option-pricing model. The lattice-based option-pricing model considers a range of assumptions related to volatility, risk-free interest rate and historical employee behavior. Expected volatility was based on historical and current implied volatilities from traded options on our stock. The risk-free rate was based on U.S. Treasury security yields at the time of grant. The weighted-average dividend yield was based on historical information. The expected life was determined from the lattice-based model. The lattice-based model incorporated exercise and post vesting forfeiture assumptions based on analysis of historical data. The following table provides the assumptions used in determining the fair value of the stock-based awards for the years ended December 31, 2012, 2011 and 2010, respectively.

	Grant Year		
	2012	2011	2010
Weighted-average dividend yield	**2.2%**	2.2%	2.3%
Weighted-average volatility	**35.0%**	32.7%	36.4%
Range of volatilities	**33.3-40.4%**	20.9-45.4%	35.2-51.8%
Range of risk-free interest rates	**0.17-2.00%**	0.25-3.51%	0.32-3.61%
Weighted-average expected lives	**7 years**	8 years	7 years

The fair value of the RSU grant was determined by reducing the stock price on the day of grant by the present value of the estimated dividends to be paid during the vesting period. The estimated dividends are based on Caterpillar's weighted-average dividend yield.

The amount of stock-based compensation expense capitalized for the years ended December 31, 2012, 2011 and 2010 did not have a significant impact on our financial statements.

At December 31, 2012, there was $181 million of total unrecognized compensation cost from stock-based compensation arrangements granted under the plans, which is related to non-vested stock-based awards. The compensation expense is expected to be recognized over a weighted-average period of approximately 1.8 years.

Please refer to Tables I and II below for additional information on our stock-based awards.

TABLE I — Financial Information Related to Stock-based Compensation

	2012		2011		2010	
	Shares	**Weighted-Average Exercise Price**	Shares	Weighted-Average Exercise Price	Shares	Weighted-Average Exercise Price
Stock options/SARs activity:						
Outstanding at beginning of year	**50,372,991**	**$ 53.01**	57,882,998	$ 48.50	63,082,787	$ 44.24
Granted to officers and key employees [1]	**3,318,188**	**$ 110.09**	2,960,595	$ 102.13	7,556,481	$ 57.85
Exercised	**(7,708,343)**	**$ 38.73**	(10,149,476)	$ 41.78	(12,568,232)	$ 32.83
Forfeited / expired	**(155,237)**	**$ 67.50**	(321,126)	$ 48.02	(188,038)	$ 43.64
Outstanding at end of year	**45,827,599**	**$ 59.45**	50,372,991	$ 53.01	57,882,998	$ 48.50
Exercisable at year-end	**33,962,000**	**$ 51.75**	35,523,057	$ 52.66	41,658,033	$ 48.23
RSUs activity:						
Outstanding at beginning of year	**4,281,490**		4,650,241		4,531,545	
Granted to officers and key employees	**1,429,939**		1,082,032		1,711,771	
Vested	**(2,077,485)**		(1,382,539)		(1,538,047)	
Forfeited	**(53,724)**		(68,244)		(55,028)	
Outstanding at end of year	**3,580,220**		4,281,490		4,650,241	

Stock options/SARs outstanding and exercisable:

	Outstanding				**Exercisable**			
Exercise Prices	**Shares Outstanding at 12/31/12**	**Weighted-Average Remaining Contractual Life (Years)**	**Weighted-Average Exercise Price**	**Aggregate Intrinsic Value[2]**	**Shares Outstanding at 12/31/12**	**Weighted-Average Remaining Contractual Life (Years)**	**Weighted-Average Exercise Price**	**Aggregate Intrinsic Value[2]**
$22.17 – 27.14	6,759,589	4.75	$ 23.36	$ 439	6,759,589	4.75	$ 23.36	$ 439
$38.63 – 45.64	11,099,949	1.81	$ 42.38	509	11,099,949	1.81	$ 42.38	509
$57.85 – 66.77	10,654,464	6.16	$ 59.54	306	4,597,874	4.84	$ 61.77	122
$72.05 – 86.77	11,246,820	3.90	$ 72.60	176	11,152,835	3.89	$ 72.48	176
$102.13 – 110.09	6,066,777	8.71	$ 106.30	—	351,753	8.49	$ 104.55	—
	45,827,599		$ 59.45	$ 1,430	33,962,000		$ 51.75	$ 1,246

[1] Of the 3,318,188 awards granted during the year ended December 31, 2012, none were SARs. Of the 2,960,595 awards granted during the year ended December 31, 2011, 2,722,689 were SARs. Of the 7,556,481 awards granted during the year ended December 31, 2010, 7,125,210 were SARs.

[2] The difference between a stock award's exercise price and the underlying stock's market price at December 31, 2012, for awards with market price greater than the exercise price. Amounts are in millions of dollars.

The computations of weighted-average exercise prices and aggregate intrinsic values are not applicable to RSUs since an RSU represents an agreement to issue shares of stock at the time of vesting. At December 31, 2012, there were 3,580,220 outstanding RSUs with a weighted average remaining contractual life of 1.2 years.

TABLE II— Additional Stock-based Award Information

(Dollars in millions except per share data)	**2012**	2011	2010
Stock Options/SARs activity:			
Weighted-average fair value per share of stock awards granted	**$ 39.20**	$ 36.73	$ 22.31
Intrinsic value of stock awards exercised	**$ 488**	$ 618	$ 518
Fair value of stock awards vested	**$ 66**	$ 96	$ 124
Cash received from stock awards exercised	**$ 112**	$ 161	$ 325
RSUs activity:			
Weighted-average fair value per share of stock awards granted	**$ 104.61**	$ 97.51	$ 53.35
Fair value of stock awards vested	**$ 229**	$ 143	$ 99

Before tax, stock-based compensation expense for 2012, 2011 and 2010 was $245 million, $193 million and $226 million, respectively, with a corresponding income tax benefit of $78 million, $61 million and $73 million, respectively. Included in the 2010 pre-tax stock-based compensation expense was $19 million relating to the modification of awards resulting from separations due to the streamlining of our corporate structure as announced in the second quarter 2010.

In accordance with guidance on share-based payments, we classify stock-based compensation within cost of goods sold, selling, general and administrative expenses and research and development expenses corresponding to the same line item as the cash compensation paid to respective employees, officers and non-employee directors.

We currently use shares in treasury stock to satisfy share award exercises.

The cash tax benefits realized from stock awards exercised for December 31, 2012, 2011 and 2010 were $217 million, $235 million and $188 million, respectively. We use the direct only method and tax law ordering approach to calculate the tax effects of stock-based compensation. In certain jurisdictions, tax deductions for exercises of stock-based awards did not generate a cash benefit. A tax benefit of approximately $40 million will be recorded in additional paid-in capital when these deductions reduce our future income taxes payable.

3. Derivative financial instruments and risk management

Our earnings and cash flow are subject to fluctuations due to changes in foreign currency exchange rates, interest rates and commodity prices. Our Risk Management Policy (policy) allows for the use of derivative financial instruments to prudently manage foreign currency exchange rate, interest rate and commodity price exposures. Our policy specifies that derivatives are not to be used for speculative purposes. Derivatives that we use are primarily foreign currency forward, option and cross currency contracts, interest rate swaps and commodity forward and option contracts. Our derivative activities are subject to the management, direction and control of our senior financial officers. Risk management practices, including the use of financial derivative instruments, are presented to the Audit Committee of the Board of Directors at least annually.

All derivatives are recognized in Statement 3 at their fair value. On the date the derivative contract is entered into, we designate the derivative as (1) a hedge of the fair value of a recognized asset or liability (fair value hedge), (2) a hedge of a forecasted transaction or the variability of cash flow to be paid (cash flow hedge), or (3) an undesignated instrument. Changes in the fair value of a derivative that is qualified, designated and highly effective as a fair value hedge, along with the gain or loss on the hedged recognized asset or liability that is attributable to the hedged risk, are recorded in current earnings. Changes in the fair value of a derivative that is qualified, designated and highly effective as a cash flow hedge are recorded in Accumulated other comprehensive income (loss) (AOCI), to the extent effective, in Statement 3 until they are reclassified to earnings in the same period or periods during which the hedged transaction affects earnings. Changes in the fair value of undesignated derivative instruments and the ineffective portion of designated derivative instruments are reported in current earnings. Cash flow from designated derivative financial instruments are classified within the same category as the item being hedged on Statement 5. Cash flow from undesignated derivative financial instruments are included in the investing category on Statement 5.

We formally document all relationships between hedging instruments and hedged items, as well as the risk-management objective and strategy for undertaking various hedge transactions. This process includes linking all derivatives that are

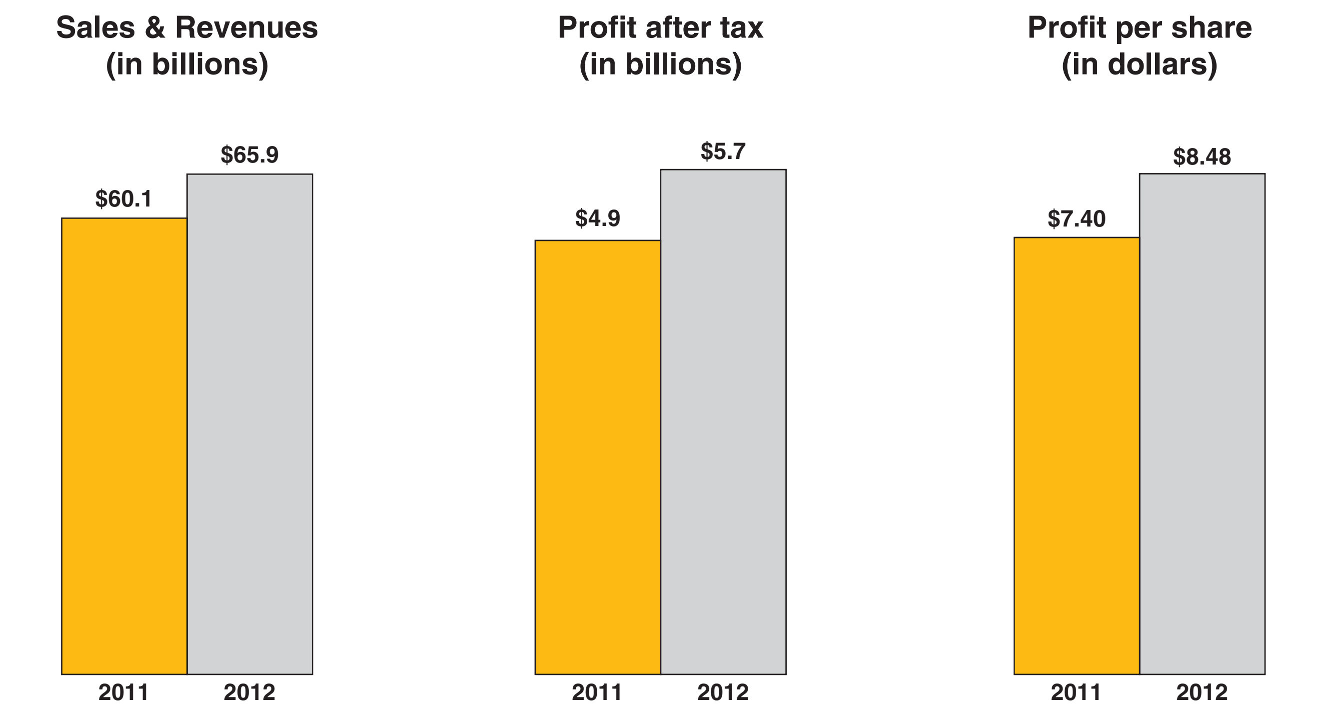
Executive Compensation

Compensation Discussion and Analysis (CD&A)

Executive Summary

Business Performance

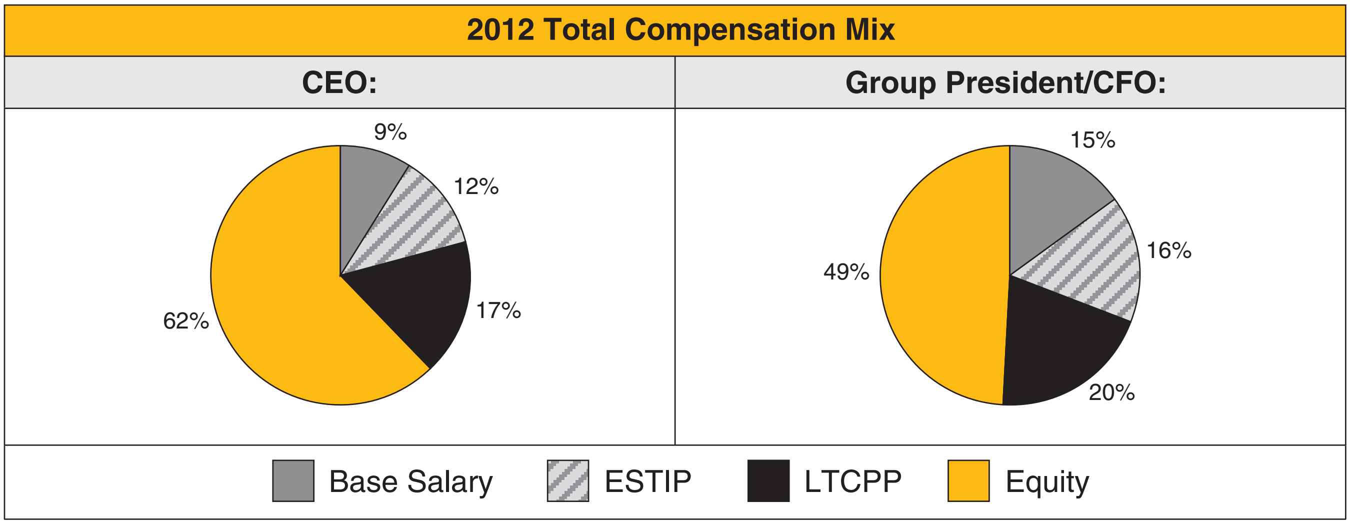
Caterpillar Performance — 2011 vs. 2012



As illustrated above, our sales and revenues in 2012 were a record $65.875 billion, an increase of 10 percent from $60.138 billion in 2011. Profit was $5.681 billion, an increase of 15 percent from $4.928 billion in 2011. This resulted in a record Profit Per Share (PPS) of $8.48 in 2012, which was up 15 percent from $7.40 in 2011.

Compensation Philosophy and Objectives

The objective of the Company's executive compensation program is to attract, retain and motivate talented executive officers who will improve the Company's performance and provide strategic leadership. Additionally, the Compensation Committee of the Board of Directors (the Compensation Committee or Committee) designs compensation programs to align the actions of our Named Executive Officers (NEOs) with the long-term interests of our stockholders based on two fundamental concepts: **Pay for Performance** and **Pay at Risk**. As illustrated below, on average over 85 percent of our 2012 NEO compensation was variable or "at risk" and tied to Caterpillar's performance:



The Company's executive compensation design includes four principles that drive our **Pay for Performance** and **Pay at Risk** philosophy:

1. **Base salary is the lowest percentage of total direct compensation.** Our NEOs have responsibility for overall Company performance so a significant amount of their compensation should be contingent on performance. To achieve this objective, base salary represents the lowest percentage of their compensation.
2. **Short-term incentive compensation is based on performance.** Short-term incentive compensation awarded under our Executive Short-Term Incentive Plan (ESTIP) is based on the achievement of annual performance goals at the corporate and business unit levels. This drives accountability and rewards exceptional results. Payouts are subject to a threshold performance "trigger" and are not guaranteed.
3. **Long-term incentive compensation is based on Company performance.** We expect our executives to focus on the Company's continued success. Under our Long-Term Cash Performance Plan (LTCPP) awards are tied to the Company's performance over a period of time. Executives have a higher ratio of long-term to short-term incentive compensation. Payouts are subject to a threshold performance "trigger" and are not guaranteed.
4. **Equity is a significant percentage of compensation.** Profitable growth is an important priority for the Company and our stockholders. To align the actions of our executives with the expectations of our stockholders and long-term Company performance, equity represents a significant percentage of their compensation.

Compensation Practices and Policies

The Committee engages in an ongoing review of the Company's executive compensation programs to ensure they support the compensation philosophy and objectives. In connection with this ongoing review, the Committee continues to implement and maintain what the Committee believes to be best practices for executive compensation. These best practices include the following, each of which reinforces our compensation philosophy:

- **Stock ownership requirements** — Compared to Caterpillar's peer group, Caterpillar stock ownership requirements for NEOs, (a minimum of 50 percent of the average number of shares or units granted to the NEO during the last five years, which, as of year end 2012, equated to almost six times base salary for our CEO), discussed on page 33, are in the upper quartile. Each of our NEOs have exceeded these requirements.
- **Benchmark process** — The Committee reviews the external marketplace in order to set market-based pay levels and considers market practices when making compensation decisions.
- **Independent compensation consultant** — The Committee retains an independent compensation consultant.
- **No individual change in control agreements** — The Company does not have any individual change in control agreements with its NEOs. Under the Company's short-term and long-term incentive plans, a termination of employment, in addition to a change in control, is required to trigger benefits.
- **Compensation recoupment policy** — The Company may seek the reimbursement of bonus and incentive compensation or cancel unvested or deferred awards based on the misconduct of an executive officer that causes the Company to restate all or a portion of its financial statements.

- **Prohibition on hedging, pledging and related transactions** — The Company prohibits NEOs, directors and employees from engaging in transactions involving Company securities that hedge or offset any decreases in the market value of such securities, including put or call options, pledges, any other form of hedging transactions, margin purchases of Company stock or short sales.
- **No tax gross-ups** — The Company does not pay tax gross-ups for payments relating to a change in control or with respect to perquisites.
- **Equity grant policies** — The Company does not backdate, re-price or grant equity awards retroactively. The grant date for annual equity awards is fixed on the first Monday in March and the first business day in May for the Chairman's Awards.

Say-on-Pay Consideration

In June 2012, the Company held a stockholder advisory vote on the compensation of our NEOs (Say-on-Pay). Our stockholders overwhelmingly approved the compensation of our NEOs, with 96.4 percent of stockholder votes cast in favor of our Say-on-Pay resolution. Based on the strong stockholder support expressed for our NEO compensation program, the Committee applied the same effective principles and **Pay for Performance** and **Pay at Risk** philosophy in structuring executive compensation for 2013. The vote outcome did not prompt the Committee to make any changes to our NEO compensation program design or practices.

Overview of Compensation Practices

The Compensation Committee

The Compensation Committee is responsible for the executive compensation program design and decision-making process for NEO compensation. The Committee regularly reviews executive compensation practices, including the methodologies for setting NEO total compensation, the goals of the program and the underlying compensation philosophy. The Committee also considers the recommendations and market data provided by its independent compensation consultant and makes decisions, as it deems appropriate, on executive compensation based on its assessment of performance and achievement of Company, business unit and individual goals. The Committee also exercises its judgment as to what is in the best interest of Caterpillar and its stockholders. The responsibilities of the Compensation Committee are described more fully in its charter, which is available at www.caterpillar.com/governance.

Named Executive Officers

The Company's NEOs for 2012 were Douglas R. Oberhelman, Chairman and Chief Executive Officer (CEO); Richard P. Lavin, former Group President, Construction Industries and Growth Markets; Stuart L. Levenick, Group President, Customer and Dealer Support; Edward J. Rapp, Group President, Corporate Services and Chief Financial Officer (CFO); Gerard R. Vittecoq, Group President, Energy and Power Systems; and Steven H. Wunning, Group President, Resource Industries.

Mr. Lavin retired from the position of group president, effective December 31, 2012. Mr. Vittecoq will retire from the position of group president, effective May 31, 2013.

Independent Compensation Consultant

The Compensation Committee retained Meridian Compensation Partners, LLC (Meridian) as its independent compensation consultant. Meridian provides executive and director compensation consulting services to the Committee, including advice regarding the design and implementation of such compensation programs, market information, regulatory updates and analyses and trends on executive base salary, short-term incentives, long-term incentives, benefits and perquisites. Interactions between Meridian and management are generally limited to discussions on behalf of the Committee or as required to compile information at the Committee's direction. During 2012, Meridian did not provide any other services to the Company. Based on these factors, its own evaluation of Meridian's independence pursuant to the requirements approved and adopted by the SEC & NYSE, and information provided by Meridian, the Committee has determined that the work performed by Meridian does not raise any conflicts of interest.

Benchmarking

The Committee uses a peer group of 28 large public companies to provide a reasonable comparison basis for, and to benchmark the components of, the Company's executive compensation. The Committee targets the size-adjusted median level of the peer group for the executive total cash compensation package and long-term incentive compensation components.

Our peer group companies represent a cross section of industries, not just heavy manufacturing, because we compete for executive talent from a variety of industries. To account for differences in the size of our peer group companies, market data provided by the independent compensation consultant is statistically adjusted (regressed) allowing for a comparison of our compensation levels to similarly sized companies. Our 2012 peer group was unchanged from our 2011 peer group.

2012 Peer Group		
• 3M Company	• FedEx Corporation	• PACCAR Inc
• Alcoa Inc.	• Ford Motor Company	• PepsiCo, Inc.
• Altria Group, Inc.	• General Dynamics Corporation	• Pfizer Inc.
• American Express Company	• General Electric Company	• The Procter & Gamble Company
• Archer-Daniels-Midland Company	• Honeywell International Inc.	• Siemens Aktiengesellschaft
• The Boeing Company	• International Business Machines Corporation	• United Parcel Service, Inc.
• Cummins Inc.	• Johnson & Johnson	• United Technologies Corporation
• Deere & Company	• Johnson Controls, Inc.	• Valero Energy Corporation
• Dell Inc.	• Lockheed Martin Corporation	• Weyerhaeuser Company
• The Dow Chemical Company		

Components of Caterpillar's Compensation Program

	Component	Description	Pay for Performance/Pay at Risk
Annual Cash Compensation	**Base Salary**	Competitive pay to attract and retain talented executives.	Base salary represents the smallest percentage of NEO compensation which reinforces our Pay at Risk philosophy. Increases are generally market and performance-driven.
	ESTIP	Annual incentive plan designed to provide NEOs with an opportunity to earn an annual cash incentive based on Company and business unit financial performance as well as the achievement of strategic business unit goals.	Variable component of pay intended to motivate and reward achievement of annual objectives. Goals are focused on shorter-term critical issues that are indicative of improved year-over-year performance. Payouts are not guaranteed, and no payouts are made if performance thresholds are not achieved.
Long-Term Incentive Compensation	**Equity Awards**	For 2012, most NEO equity awards were in the form of stock options, while a small percentage of NEO equity awards were in the form of time-vested restricted stock units (RSUs).	Time-vested RSUs reward strong, sustained underlying stock value, while stock options reward increasing stockholder value. Equity awards further align the interests of our NEOs with those of our stockholders.
	LTCPP	Three-year performance program with cash payouts based on achieving corporate-level objectives. Payout amounts are targeted as a percentage of base salary, with a threshold, target and maximum level payout based on performance.	LTCPP is tied to longer-term Company performance and aligns executive actions with stockholder expectations. Payouts can vary greatly from one year to the next.
Other Benefits	**Health and Welfare Benefit Plans, Perquisites**	Executives are eligible to participate in health and welfare benefit plans generally available to other employees in the countries in which they are located and receive a limited number of perquisites commonly provided in the marketplace.	These programs provide competitive benefits that help attract and retain executive talent.

Annual Cash Compensation

Base Salary

Base salary is the only fixed component of our executive officers' total cash compensation. The Committee targets the base salary midpoint at the size-adjusted median level of the peer group, with the minimum base salary at 80 percent of the midpoint and the maximum base salary at 120 percent of the midpoint. An executive officer's base salary within that range is related to the individual's level of responsibility and performance. Merit increases are based on the achievement of individual and Company objectives, contribution to Caterpillar's performance and leadership accomplishments.

Following a review of compensation data with respect to the 2012 peer group, the Committee approved a change to the group president base salary ranges from the levels established for 2011, with the change effective April 1, 2012. The minimum base salary increased from $616,000 to $661,872, the midpoint increased from $770,000 to $827,340 and the maximum increased from $924,000 to $992,808. There was no change to the CEO base salary range in 2012.

2012 Salary Adjustments

In view of Company and individual performance of each of the NEOs in 2011, the Committee approved the following salary adjustments as shown below:

Executive	**2011 Salary** (Annualized)	**2012 Salary** (Annualized)
Douglas R. Oberhelman	$1,450,008	$1,600,008
Richard P. Lavin	$ 770,004	$ 831,612
Stuart L. Levenick	$ 816,204	$ 881,508
Edward J. Rapp	$ 770,004	$ 847,004
Gerard R. Vittecoq*	$1,049,184	$1,165,718
Steven H. Wunning	$ 831,600	$ 898,128

*Mr. Vittecoq's salary is paid in Swiss Francs and was converted to U.S. dollars based on the exchange rate in effect on December 31, 2011 and 2012, respectively.

Executive Short-Term Incentive Compensation — ESTIP

The Executive Short-Term Incentive Plan (ESTIP) is designed to provide NEOs with an opportunity to earn an annual cash incentive based on Company and business unit financial performance as well as the achievement of strategic business unit goals. The objective of ESTIP is to provide executives with the opportunity to earn cash compensation tied to the short-term performance of the Company and their business units and reward NEOs for achieving corporate and business unit objectives.

The 2012 ESTIP design provided that a bonus pool would only be funded if the Company achieved a minimum PPS performance "trigger" of $3.50, an increase from $2.50 PPS in 2011. The Committee established a target incentive opportunity for each NEO, with the actual award payable based on achieving performance measures as well as other factors considered relevant by the Committee. The 2012 ESTIP design enabled the Committee to retain negative discretion to establish bonuses at levels the Committee deemed appropriate to reflect the performance of the Company, each NEO and other factors the Committee considered relevant, while preserving the ability to deduct the bonuses to the extent permitted under Section 162(m) of the Internal Revenue Code.

Under the 2012 ESTIP, the Committee established threshold, target and maximum performance levels for the Company Performance Measure and each Business Unit Performance Measure based on recommendations from management, Meridian and a review of historical and forecasted results. If the threshold performance levels were not achieved, there would be no payout. The results of each performance measure are expressed as a payout factor based on the percentage of the target performance level. For the 2012 ESTIP performance levels:

- greater than threshold but less than target results in a payout factor range of 30 percent to 99.99 percent of the executive's target opportunity
- performance at or greater than target results in a payout range of 100 percent up to a maximum of 200 percent of the executive's target opportunity

ESTIP Formula

$$\left(\text{Target Incentive as a Percent of Base Salary} \times \text{Base Salary}\right) \times \left(\text{Business Unit Performance Measure(s)} \times \text{Weight of Measure(s)} + \text{Company Performance Measure} \times \text{Weight of Measure}\right)$$

Target Incentive as a Percent of Base Salary: The Committee set the target incentive, expressed as a percentage of base salary for NEOs, based on the target annual bonus opportunities for similar positions in our peer group after considering the total annual cash compensation for comparable positions. Based on the peer group review for 2012, the Committee approved a target incentive for the CEO at 150 percent of base salary, an increase from 135 percent of base salary in 2011. For Group Presidents, the target incentive remained at 100 percent of base salary, which was unchanged from 2011.

Company Performance Measure: The Committee established corporate Operating Profit After Capital Charge (OPACC) as the Company Performance Measure for all NEOs in 2012. An increase in OPACC means Caterpillar is utilizing assets efficiently to generate stockholder value, which is viewed by the Committee as key to Caterpillar's long-term success. In prior years, the Company Performance Measure was based on return on assets. However the Committee determined that for incentive purposes, a shift in the way the company measures success was desirable to better align the Company's incentive program with stock price performance and to adapt the ESTIP to competitive market practices. Under the 2012 ESTIP, OPACC is calculated as Machinery & Power Systems (M&PS) operating profit excluding short-term incentive compensation expense, less the capital charge. In calculating OPACC, the capital charge equals average monthly M&PS net accountable assets multiplied by a pre-tax capital charge rate of 17 percent, which the Committee believed to be a challenging rate. The Committee set the OPACC target performance level for 2012 at $3.808 billion.

For the CEO, the Committee determined that Mr. Oberhelman's ESTIP should be based entirely on the Company Performance Measure of Corporate OPACC. For the other NEOs, the Committee made the following determinations in weighting the Company Performance Measure:

Executive	Weight	Committee Determinations
Richard P. Lavin	25%	Mr. Lavin was primarily responsible for construction industries business units resulting in a higher weighting on business unit measures.
Stuart L. Levenick	20%	Mr. Levenick was primarily responsible for customer and dealer support business units resulting in a higher weighting on business unit measures.
Edward J. Rapp	80%	Mr. Rapp was primarily responsible for corporate level financial and corporate services resulting in a higher weighting of the corporate measure.
Gerard R. Vittecoq	25%	Mr. Vittecoq was primarily responsible for energy and power systems business units resulting in a higher weighting on business unit measures.
Steven H. Wunning	25%	Mr. Wunning was primarily responsible for resource industries business units resulting in a higher weighting on business unit measures.

Company Performance Measure Results

The Company's 2012 OPACC of $3.102 billion exceeded the threshold level resulting in a Company Performance Measure payout factor of 90.96 percent. Mr. Oberhelman's payout was based 100 percent on the Company Performance Measure resulting in an ESTIP award of $2,132,166, which represented a 34 percent reduction from his 2011 ESTIP award.

Business Unit Performance Measures: For 2012, group presidents were held accountable for a related set of end-to-end businesses they manage. Based on the corporate strategic goals of achieving superior financial results and being the global leader in the markets it serves, the CEO recommended specific Business Unit Performance Measures to the Committee for each group president. At its February 2012 meeting, the Committee considered the recommendations and approved the measures described below to incent the group presidents to drive the Company's strategic goals throughout the organization.

The Committee set targets for these measures at or above the business plan that were designed to be reasonably achievable with strong management performance. Maximum performance levels were designed to be difficult to achieve on the basis of historical performance and the Company's forecasted results at the time the measures were approved. The Business Unit Performance Measures were also weighted according to the Company's business priorities and the responsibilities of each group president.

Description of Business Unit Performance Measures

Business Unit Performance Measure	Corporate Strategy	Description
Operating Profit After Capital Charge (OPACC)	Superior Financial Performance	The Committee approved group OPACC as a measure for group presidents to incent each group to achieve the Company's strategic goal of increasing OPACC throughout the organization.
		Construction Industries OPACC: Based on the Construction Industries reportable segment.
		Customer & Dealer Support OPACC: Based on the 'All Other' operating segment, specifically limited to those businesses providing component manufacturing, remanufacturing and logistics services, excluding the impact resulting from the sale of a majority interest in Caterpillar's third party logistics business.
		Power Systems OPACC: Based on the Power Systems reportable segment.
		Resource Industries OPACC: Based on the Resource Industries reportable segment.
Percent of Industry Sales (PINS)	Global Leader	The Committee approved PINS as a performance measure to focus on the Company's strategic goal of being the global leader. PINS is used to measure improvements in the Company's competitive position in the markets it serves by comparing dealer sales (including deliveries to dealer rental operations) of equipment to industry sales. Certain products and geographic areas are excluded from this measure due to availability of accurate data or recent acquisitions. Products were given different weights based on NEO responsibilities and relationship to the corporate strategy.
Customer & Dealer Support Group Enterprise Parts (Orders) Sales	Global Leader	The Committee approved this measure because increasing Caterpillar branded parts sales is an important aspect of the corporate strategy. This measure represents the percentage of Caterpillar branded parts (orders) sales at actual price levels compared to business plan.
Cat Branded Parts (Orders) Sales vs. Total Cat Branded Parts Opportunity (POPS-C)	Global Leader	The Committee approved POPS-C as a new performance measure for 2012 because increasing Caterpillar branded parts sales is an important aspect of the corporate strategy. POPS-C is defined as Caterpillar branded parts sales achieved divided by the total parts sales opportunity on the population of Caterpillar products (M&PS) in the field.
Financial Products Division Return on Equity (ROE)	Superior Financial Performance	The Committee approved this measure to drive accountability and performance for Caterpillar's Financial Products reportable segment. For ESTIP, ROE is calculated by dividing the full year profit (after tax) by the average of the monthly accountable equity balances, excluding the impact of interest costs and equity changes associated with differences in planned vs. actual dividends. Dividends are payments of retained earnings from Caterpillar Financial Services Corporation, the Company's wholly owned finance subsidiary, to Caterpillar.

Business Unit Performance Measure Results

Richard P. Lavin: Mr. Lavin's Business Unit Performance Measures included Construction Industries OPACC with a target of $1.483 billion, weighted 50 percent. Construction Industries OPACC of $0.267 billion for 2012 exceeded the threshold level. PINS measures for the Earthmoving Division, Excavation Division and SEM business unit were the other Business Unit Performance Measures. The results of his Business Unit Performance Measures resulted in a payout factor of 66.65 percent. Mr. Lavin's combined weighted average payout factor of 72.73 percent resulted in an ESTIP award of $593,664, which represented a 53 percent reduction from his 2011 ESTIP award.

Stuart L. Levenick: Mr. Levenick's Business Unit Performance Measures included Customer & Dealer Support OPACC with a target of $688 million, weighted 20 percent. Customer & Dealer Support OPACC of $611 million for 2012 exceeded the threshold level. PINS measures for Building Construction Products, Earthmoving, Excavation and Mining Divisions, Customer & Dealer Support Group Enterprise Parts (Orders) Sales and POPS-C were the other Business Unit Performance Measures. The results of his Business Unit Performance Measures resulted in a payout factor of 65.21 percent. Mr. Levenick's combined weighted average payout factor of 70.36 percent resulted in an ESTIP award of $608,751, which represented a 50 percent reduction from his 2011 ESTIP award.

Edward J. Rapp: Mr. Rapp's Business Unit Performance Measure was Financial Products Division ROE with a target of 10.85 percent, weighted 20 percent. Financial Products Division ROE for 2012 of 14.34 percent exceeded the maximum level, and resulted in a payout factor of 200 percent. Mr. Rapp's combined weighted average payout factor of 112.77 percent resulted in an ESTIP award of $933,564, which represented a 19 percent reduction from his 2011 ESTIP award.

Gerard R. Vittecoq: Mr. Vittecoq's Business Unit Performance Measure was Power Systems OPACC with a target of $1.808 billion, weighted 75 percent. Power Systems OPACC of $2.133 billion for 2012 exceeded the target level and resulted in a payout factor of 133.82 percent. Mr. Vittecoq's combined weighted average payout factor of 123.10 percent resulted in an ESTIP award of $1,408,616, which represented a 26 percent reduction from his 2011 ESTIP award.

Steven H. Wunning: Mr. Wunning's Business Unit Performance Measures included Resource Industries OPACC with a target of $2.907 billion, weighted 50 percent. Resource Industries OPACC of $2.330 billion for 2012 exceeded the threshold level. PINS measures for the Mining Division and the Forestry and Paving Business Units were the other Business Unit Performance Measures. The results of his Business Unit Performance Measures resulted in a payout factor of 114.43 percent. Mr. Wunning's combined weighted average payout factor of 108.56 percent resulted in an ESTIP award of $956,969, which represented a 31 percent reduction from his 2011 ESTIP award.

In determining the ESTIP awards for each of the NEOs, the Committee also considered performance relative to the achievement of Company and individual objectives, as discussed below under "2012 Performance Considerations." Based on this analysis, the Committee approved the following additional amounts payable under the ESTIP: $10,000 to Mr. Lavin; $90,000 to Mr. Levenick and $150,046 to Mr. Vittecoq.

Considerations Relating to ERA Mining Machinery Limited (Siwei)

In making its compensation decisions, the Committee also considered the goodwill impairment charge relating to Siwei. In exercising its discretion, the Committee included the impact of the impairment charge for calculating NEO bonuses under ESTIP, resulting in a payout factor of 90.96 percent based on the Company's 2012 OPACC results and 78.63 percent for the 2012 Resource Industries OPACC results. Excluding the impact of the impairment charge, the Company's 2012 OPACC and the 2012 Resource Industries OPACC would have resulted in a payout factor of 98.39 percent and 100.40 percent, respectively. As noted above, Mr. Oberhelman's ESTIP calculation was based 100 percent on the Company's 2012 OPACC results, and for the other NEOs, the Company's 2012 OPACC results were weighted between 20 percent to 80 percent of their respective ESTIP calculations. In addition, 50 percent of Mr. Wunning's Business Unit Performance Measure was based on 2012 Resource Industries OPACC. In contrast, the Committee neutralized the impact of the Siwei matter for bonus payouts for all employees, other than the CEO and executive officers reporting directly to the CEO.

Long-Term Incentive Compensation

Consistent with market practice, the Committee has adopted a portfolio approach to long-term executive compensation, where multiple long-term incentive compensation vehicles are used in combination. The Committee reviews this approach annually, and maintained this structure for 2012. Caterpillar's 2012 long-term incentive plan provides for equity grants and cash performance awards. Providing a portion of long-term incentive in the form of cash also allows the Committee to manage the share run rate and preserve the available pool of shares authorized for issuance under the 2006 Long-Term Incentive Plan (LTIP).

Annual Equity Awards

For 2012, the Committee approved market-based equity awards for our NEOs based on benchmarking against our peer group. The dollar value target was determined by calculating the median long-term incentive compensation amount based on our peer group and subtracting the present value of the target LTCPP opportunity. The Committee made these awards in the form of stock options to reinforce its compensation philosophy of linking executive officer actions to long-term Company performance and shareholder appreciation. The decision to award stock options in place of stock appreciation rights, which were awarded in 2011, was made following a peer review conducted by Meridian that indicated that there was limited use of SARs among other companies in Caterpillar's peer group compared to the use of Stock Options.

At the February 2012 meeting, the Committee approved a positive adjustment of 19 percent to the market-based award for the CEO based on an assessment of his 2011 performance and leadership impact. For the other NEOs, after discussion and review of the CEO's recommendations, the Committee approved positive adjustments to these awards in the range of 5 to 15 percent.

Performance-Based Equity Grant for Mr. Lavin

In addition to his annual 2012 equity award, on November 5, 2012, the Committee granted Mr. Lavin a performance-based stock option with an aggregate grant date value targeted to be $2.0 million. The stock option will vest if the Company's common stock achieves a per share closing price of $110.09 for twenty consecutive days or upon the death of Mr. Lavin, in either case within five years of the date of grant. The Committee approved this award, along with the supplemental pension award discussed below, in recognition of services provided by Mr. Lavin during his 28-year career with Caterpillar, including his leadership, strategic vision and contributions to the growth of the Company's operations and presence in developing markets, particularly Asia. The Committee awarded the stock option to recognize the key role of Mr. Lavin in developing and implementing strategies, which the Committee believes will impact Caterpillar's future performance.

Chairman's Restricted Stock Award Program

Pursuant to the Chairman's Restricted Stock Award Program (Chairman's Award), the Committee may also approve discretionary awards of time-vested RSUs to NEOs, other than the CEO, as a way to recognize increased responsibilities or significant accomplishments that may not be reflected in the performance objectives under ESTIP or LTCPP. Grant recommendations submitted by the Chairman are reviewed and then approved, adjusted or rejected by the Committee. RSUs awarded under this program are subject to a five-year vesting schedule with one-third vesting on the third, fourth and fifth anniversaries of the grant date, and are limited to no more than 15,000 RSUs to any one employee in a calendar year.

2012 Equity Awards

	Equity Award (Stock Options)		**Chairman's Award (RSUs)**		
Executive	**Value**[1]	**#**	**Value**	**#**	**Total Value 2012 Equity Awards**
Douglas R. Oberhelman	$10,780,000	275,000	$ N/A	N/A	$10,780,000
Richard P. Lavin	$ 4,290,222	152,409	$128,275	1,250	$ 4,418,497
Stuart L. Levenick	$ 2,290,221	58,424	$128,275	1,250	$ 2,418,496
Edward J. Rapp	$ 2,372,188	60,515	$256,550	2,500	$ 2,628,738
Gerard R. Vittecoq	$ 2,372,188	60,515	$256,550	2,500	$ 2,628,738
Steven H. Wunning	$ 2,372,188	60,515	$256,550	2,500	$ 2,628,738

[1]Grant date fair market value determined in accordance with Financial Accounting Standards Board Accounting Standards Codification Topic 718, Compensation — Stock Compensation (FASB ASC Topic 718).

Stock Ownership Requirements

The Committee establishes stock ownership requirements for all NEOs receiving equity compensation. NEOs are required to own shares or share equivalents of Caterpillar stock equal to a minimum of 50 percent of the average number of shares or units granted to the NEO during the last five years. NEOs' vested unexercised awards are not considered in determining whether these requirements are met. Failure to meet these requirements results in automatic grant reductions equal to the percentage shortfall in meeting the ownership requirement. Exceptions in the case of compelling circumstances must be approved by the Committee. Our stock ownership requirements are in the upper quartile of our peer group, and currently, all NEOs exceed the stock ownership requirements.

Long-Term Cash Performance Plan (LTCPP)

As part of its portfolio approach, the Committee approves cash awards under the LTCPP, which are tied to long-term Company performance over a three-year performance cycle. Each year, the Committee establishes a target opportunity for NEOs (expressed as a percentage of base salary). The Committee also specifies two performance measures for the cycle and approves payout factors based on performance at the threshold, target and maximum levels. The LTCPP is different from the ESTIP because each measure within LTCPP triggers independently, but the threshold performance level must be met in order to receive a payout for that particular measure. Although increasingly larger payments are awarded when the target and maximum performance levels are achieved, the LTCPP payout amount can vary greatly from one year to the next based on achievement of goals from the prior three-year period. The LTCPP target for 2012, as a percentage of base salary was 170 percent for the CEO and 110 percent for the group presidents, which remained unchanged from the LTCPP targets established in 2011.

The Committee has the discretion to reduce individual LTCPP awards, but individual increases are not permitted; no adjustments were made to the 2012 LTCPP payouts to the NEOs. In addition, individual payouts are capped at $5.0 million.

2010-2012 LTCPP Cycle: At its February 2010 meeting, the Committee established relative PPS growth, measured against the LTCPP S&P peer group (described below), and M&PS Return on Assets (ROA) as the performance measures for the 2010-2012 cycle. Payouts were based on a range, expressed as a percentage of an NEO's target opportunity. For performance at the threshold level up to target, the payout range was 50 percent to 99.99 percent of target; for target to maximum performance, the payout range was 100 percent to 149.99 percent of target; and for maximum and greater performance, the payout range was 150 percent of target.

The following chart summarizes the 2010-2012 cycle, including the performance-based results:

Performance Measure	Weight	Performance Levels			Results	Payout Factor	Weighted Factor
		Threshold	Target	Max.			
ROA	50%	6%	8%	13%	9.3%	112.52%	131.26%
Relative PPS Growth (Measured against S&P Peer Group)	50%	25th percentile	50th percentile	75th percentile	Above 75th percentile	150%	

The following performance-based payouts resulted from the 2010-2012 LTCPP:

Executive	Performance-Based Payout (2010-2012 LTCPP)
Douglas R. Oberhelman	$2,917,822
Richard P. Lavin	$1,022,607
Stuart L. Levenick	$1,150,469
Edward J. Rapp	$1,028,184
Gerard R. Vittecoq	$1,553,106
Steven H. Wunning	$1,163,913

LTCPP S&P Peer Group

The following companies were selected by the Committee to compare Caterpillar's relative PPS growth because they are part of our specific industry and provide a more accurate comparison by minimizing market cycle fluctuations. There were no changes in the S&P Peer Group from 2011 to 2012.

S&P Peer Group		
• 3M Company	• General Electric Company	• Navistar International Corporation
• Cummins Inc.	• Honeywell International Inc.	• PACCAR Inc
• Danaher Corporation	• Illinois Tool Works Inc.	• Pall Corporation
• Deere & Company	• Ingersoll-Rand Company Limited	• Parker-Hannifin Corporation
• Dover Corporation	• ITT Corporation	• Textron Inc.
• Eaton Corporation	• Johnson Controls, Inc.	• United Technologies Corporation

2011-2013 LTCPP Cycle: Following a comprehensive review of executive compensation completed by Meridian in 2010, management recommended to the Committee that beginning with the 2011-2013 LTCPP cycle, the LTCPP performance measures should be ROA, excluding the impact of the Bucyrus acquisition, and Total Shareholder Return (TSR) measured against the companies within the S&P 500, each weighted 50 percent. TSR is the combined impact of stock price appreciation and dividends paid and is a measure used to compare the performance of different companies over time.

The Committee approved the following payout ranges for the 2011-2013 cycle, expressed as a percentage of an NEO's target opportunity: threshold level up to target performance level, 30 percent to 99.99 percent; target to maximum performance level, 100 percent to 199.99 percent; and maximum and greater performance, 200 percent.

2012-2014 LTCPP Cycle: The 2012-2014 LTCPP cycle also includes ROA and TSR measured against companies within the S&P 500, each weighted 50 percent. The Committee approved the same range of payouts as the 2011-2013 LTCPP cycle and established performance levels to focus management on improved performance. The target level was designed to be reasonably achievable with strong management performance, while the maximum level was designed to be difficult to achieve. The threshold and target performance levels for TSR were increased from 2011-2013 to encourage superior results.

2012 Performance Considerations

Chairman and CEO Performance Considerations

The Board, excluding the CEO, all of whom are independent directors, conducts the CEO's performance evaluation which is based on objective and subjective criteria including:

- Caterpillar's financial performance.
- The accomplishment of Caterpillar's long-term strategic objectives.
- The achievement of individual goals set at the beginning of each year.
- The development of Caterpillar's top management team.

Prior to the Board's evaluation of the CEO's performance and its approval of his compensation, the Committee evaluates CEO compensation using the benchmarking information discussed above and also conducts an initial performance review. The Committee makes a preliminary compensation recommendation to the Board based on this initial evaluation and performance review. In February 2013, the Board reviewed the Committee's assessment of Mr. Oberhelman's performance and approved his annual incentive compensation. In making these determinations, the Board noted that the most critical results for Mr. Oberhelman's 2012 performance were:

- Delivered superior results and grew the Company's profitability.
    - Record 2012 sales and revenues, up 10 percent from 2011.
    - Record 2012 profit per share of $8.48, up 15 percent from $7.40 in 2011.
- Quality levels exceeded targets.
- Smooth introduction of Tier 4 Interim products and continued development of Tier 4 Final products.
- Led the deployment of leadership development programs to ensure an effective talent pipeline.
- Focused on customer and supplier collaboration through attendance at over 150 customer, dealer and supplier events in 2012.
- Successfully completed divestitures related to portions of the Bucyrus distribution business.
- Ensured that Caterpillar continues to be a leading voice on public policy issues that affect the Company.

Other NEO Performance Considerations

The CEO presents a performance evaluation and recommends compensation adjustments to the Committee based on objective and subjective criteria for each NEO. In February 2013, the CEO met with the Committee to share his evaluations of the other NEOs and discuss performance-based compensation adjustments. The Committee approved the other NEOs' annual incentive compensation and proposed adjustments for 2013 based on performance and the benchmarking information discussed above. In making these determinations, the Committee noted that the most critical results for each NEO's 2012 performance were:

Richard P. Lavin, Group President

- Safety results exceeded targets.
- Successful launch of Tier 4 Interim products.
- Continued focus on quality — as delivered quality and reliability exceeded target levels.

Stuart L. Levenick, Group President

- Cost management targets exceeded.
- Successfully led the expansion of the Parts Distribution global footprint.
- Price realization for Machines, Engines & Parts exceeded targets.

Edward J. Rapp, Group President and Chief Financial Officer

- Financial Products Division accountable profit and return on equity exceeded targets.
- Active in the successful implementation of Caterpillar's leadership development program.
- Led improvement in supplier collaboration.

Gerard R. Vittecoq, Group President

- Superior financial performance — accountable profit, return on sales, and OPACC each exceeded targets.
- Successfully introduced Tier 4 Interim products to the market and exceeded quality targets.
- Cost management targets exceeded.

Steven H. Wunning, Group President

- Successfully launched NPI programs on-time in 2012 as part of deployment of Tier 4 products.
- Continued focus on quality — as delivered quality and reliability exceeded target levels.
- Provided effective leadership for the divestiture of portions of the Bucyrus distribution business.

Post-Termination and Change in Control Benefits

Except for customary provisions in employee benefit plans and as required by applicable law, the NEOs do not have any pre-existing executive severance packages or contracts, however, the Committee will consider the particular facts and circumstances of an NEO's separation to determine whether payment of any severance or other benefit to such NEO is appropriate. As required under Swiss law, Mr. Vittecoq has an employment contract, which provides for certain post-termination benefits. Change in control benefits are provided under our long-term and short-term plans and represent customary provisions for these types of plans and have no direct correlation with other compensation decisions. These change in control provisions generally provide accelerated vesting and maximum payout under the incentive plans, but are subject to a "double trigger," whereby both a change in control and involuntary termination of employment without cause are needed to trigger such provisions. There is no cash severance or other benefits for termination, related to change in control beyond what is provided for under LTIP and ESTIP. Additional information is disclosed in the "Potential Payments Upon Termination or Change in Control" section on page 51 of this proxy statement.

In the event of a change in control, maximum payouts are provided for amounts payable under the LTIP and ESTIP.

- LTIP allows for the maximum performance level to be paid under each open plan cycle of the LTCPP, prorated based on the time of active employment during the performance cycle.
- All unvested stock options, stock appreciation rights, restricted stock and restricted stock units vest immediately.
- Options and stock appreciation rights remain exercisable over the normal life of the grant.
- ESTIP allows for the maximum award opportunity, prorated based on the individual's time of employment from the beginning of the performance period through the later of: (1) the change in control or (2) termination of employment, subject to a maximum of $4.0 million in any single year.

In connection with Mr. Lavin's retirement, the Committee approved the grant of the stock option discussed above under "Long-Term Incentive Compensation," the accelerated vesting of approximately 2,857 shares of restricted stock and restricted stock units, representing all of the outstanding awards previously granted to Mr. Lavin pursuant to the Chairman's Award Program and a supplemental pension benefit. The supplemental pension benefit is equal to the difference between (i) the amount of pension benefits that would be payable to Mr. Lavin under the Caterpillar Inc. Retirement Income Plan and Caterpillar Inc. Supplemental Retirement Plan (collectively, the "Pension Plans") assuming that Mr. Lavin had earned 35 years of service for benefit accrual purposes under the Pension Plans and had attained age 65 as of his retirement date and (ii) the amount actually payable to Mr. Lavin under the Pension Plans. Mr. Lavin's receipt of the benefits described above were conditioned on Mr. Lavin retiring from the Company on December 31, 2012 and not resigning from the Company or being terminated by the Company for "cause" prior to the scheduled retirement date. The benefits were also conditioned on Mr. Lavin providing a general release of claims in favor of the Company and Mr. Lavin's agreement to various restrictive covenants, including covenants relating to non-competition, non-solicitation and cooperation. In approving the award, the Committee considered Mr. Lavin's years of service with the Company, including his leadership, strategic vision and contributions to the growth of the Company's operations and presence in developing markets, particularly Asia.

In connection with Mr. Vittecoq's upcoming retirement, the Committee approved the accelerated vesting of Mr. Vittecoq's 2013 equity grant and approximately 3,000 shares of restricted stock units, representing all of the outstanding awards previously granted to Mr. Vittecoq pursuant to the Chairman's Award Program. In providing this approval, the Committee considered Mr. Vittecoq's years of service with the Company, including his leadership, and focus on improving product quality and a culture of safety by driving the integration of the Caterpillar Production System around the world. In addition, the Committee awarded him a one-time payment of 3,328,822 Swiss Francs, which translated into approximately $3,644,749 as of December 31, 2012. As described previously, Mr. Vittecoq is on the Swiss payroll, which does not have a supplemental pension plan. As a result, this payment is intended to place Mr. Vittecoq in the same position that he would have occupied had he, like the other NEOs, had the opportunity to participate in the Company's supplemental pension plan.

Retirement and Other Benefits

The defined contribution and defined benefit plans available to the NEOs (excluding Mr. Vittecoq) are also available to many U.S. Caterpillar management and salaried employees. Under these plans, the pension benefit is calculated based on years of service and final average monthly earnings during the highest five of the final ten years. The change in Mr. Oberhelman's pension value of $4,636,668 in 2012 compared to $2,080,873 in 2011, as shown in the "2012 Summary Compensation Table" on page 44, was primarily due to an increase in his annual pensionable earnings resulting from an additional year of compensation as CEO. All of the NEOs, excluding Mr. Vittecoq, participate in the U.S. retirement plans described in the table below. Mr. Vittecoq participates in Caprevi, Prevoyance Caterpillar (Swiss retirement plan) and the Swiss Employees' Investment Plan (Swiss retention plan), which are available to all other Swiss management-level employees.

Plan Type	Title	Description
Pension	Retirement Income Plan (RIP)	Defined benefit pension plan under which benefit amounts are not offset for any Social Security benefits. RIP was closed to new entrants, effective January 1, 2011. All NEOs participate in this plan and, subject to the Company's right to amend or terminate the plan, continue to earn benefits under RIP until the earlier of separation or December 31, 2019.
	Supplemental Retirement Plan (SERP)	Non-qualified defined benefit pension plan that works in tandem with RIP. SERP provides additional pension benefits if the NEO's benefit is limited due to the compensation and annual benefit limits imposed on RIP by the tax code. SERP also pays a benefit that would otherwise have been paid under RIP but for (1) the NEO's deferral of compensation under SDCP, SEIP or DEIP and (2) exclusions of lump sum discretionary awards and variable base pay from RIP earnings. As with RIP, SERP was closed to new entrants effective January 1, 2011. Subject to the Company's right to amend or terminate the plan, all NEOs continue to earn SERP benefits until the earlier of separation or December 31, 2019.
Savings	Caterpillar 401(k) Savings Plan	U.S.-based NEOs are eligible to participate in the Caterpillar 401(k) Savings Plan under which the Company matches 50 percent of the first six percent of pay contributed to the savings plan.
	Supplemental Deferred Compensation Plan (SDCP)	All U.S.-based NEOs are eligible to participate in SDCP, which provides the opportunity to make deferrals of base salary in excess of the limits imposed on the 401(k) Savings Plan by the tax code and to elect deferrals of ESTIP and LTCPP awards. Under the terms of SDCP, supplemental base pay deferrals earn matching contributions at a rate of three percent of the deferred amount, supplemental ESTIP deferrals earn matching contributions at a rate of 50 percent of the first six percent of ESTIP deferrals and excess base pay deferrals are matched 50 percent.
	Supplemental (SEIP) and Deferred (DEIP) Employees' Investment Plan	All U.S.-based NEOs were previously eligible to participate in SEIP and DEIP. These plans were frozen in March 2007. Compensation deferred into SEIP and DEIP prior to January 1, 2005, remains in SEIP and DEIP.

Perquisites

The Company provides NEOs a limited number of perquisites that the Committee believes are reasonable and consistent with the overall compensation program and those commonly provided in the marketplace. The Committee annually reviews the levels of perquisites provided to the NEOs which include home security systems, parking and limited personal use of the Company aircraft and ground transportation. These perquisites are provided to attract and retain talented executive officers, for security purposes and to allow the NEOs to devote additional time to Caterpillar business. Costs associated with these perquisites are included in the "2012 All Other Compensation Table" on page 45.

Tax Implications: Deductibility of NEO Compensation

Under Section 162(m) of the Internal Revenue Code, generally NEO compensation over $1.0 million for any year is not deductible for United States income tax purposes. However, performance-based compensation is exempt from the deduction limit if certain requirements are met. The goal of the Committee is to structure compensation to take advantage of this exemption under Section 162(m) to the extent practicable. However, the Committee may elect to provide compensation outside those requirements when necessary to achieve its compensation objectives. Substantially all 2012 NEO compensation is intended to qualify as performance-based compensation under Section 162(m) or otherwise not exceed $1.0 million, except RSUs granted under the Chairman's Award program and the CEO's base salary.

Compensation Recoupment Policy

Under the Company's compensation recoupment policy, the Board will require reimbursement of any bonus or incentive compensation awarded to an officer or cancel unvested restricted or deferred stock awards previously granted to the officer if all of the following apply:

- The amount of the bonus, incentive compensation or stock award was calculated based on the achievement of certain financial results that were subsequently the subject of a restatement.
- The officer engaged in intentional misconduct that caused or partially caused the need for the restatement.
- The amount of the bonus, incentive compensation or stock award that would have been awarded to the officer had the financial results been properly reported would have been lower than the amount actually awarded.

Compensation Committee Report

The Compensation Committee has reviewed and discussed the CD&A included in this proxy statement with management and is satisfied that the CD&A fairly and completely represents the philosophy, intent and actions of the Committee with regard to executive compensation. Based on such review and discussion, we recommend to the Board that the CD&A be included in this proxy statement and the Company's Annual Report on Form 10-K for filing with the SEC.

By the members of the Compensation Committee consisting of:

David R. Goode (Chairman)

David L. Calhoun *Miles D. White* *Joshua I. Smith*

Executive Compensation Tables

2012 Summary Compensation Table

Name and Principal Position	Year	Salary	Bonus	Stock Awards[1]	Option Awards[2]	Non-Equity Incentive Plan Compensation[3]	Change in Pension Value and Nonqualified Deferred Compensation Earnings[4]	All Other Compensation[5]	Total
Douglas R. Oberhelman Chairman & CEO	2012	$1,562,508	$ —	$ —	$10,780,000	$5,049,988	$4,636,668	$ 345,580	$22,374,744
	2011	$1,429,506	$ —	$ —	$ 8,309,208	$4,934,935	$2,080,873	$ 147,501	$16,902,023
	2010	$1,084,448	$ —	$494,608	$ 6,074,611	$2,727,563	$ 105,345	$ 63,725	$10,550,300
Richard P. Lavin Group President	2012	$ 816,210	$ —	$128,275	$ 4,290,222	$1,626,271	$4,001,232	$1,013,268	$11,875,478
	2011	$ 723,504	$142,350	$ 57,585	$ 1,971,262	$1,988,060	$ 731,176	$ 363,873	$ 5,977,810
	2010	$ 584,004	$ 38,500	$223,202	$ 2,886,780	$1,377,730	$ 152,994	$ 88,590	$ 5,351,800
Stuart L. Levenick Group President	2012	$ 865,182	$ —	$128,275	$ 2,290,221	$1,849,220	$1,418,318	$ 122,305	$ 6,673,521
	2011	$ 794,652	$100,000	$ 57,585	$ 2,065,254	$2,088,945	$ 956,381	$ 122,743	$ 6,185,560
	2010	$ 729,996	$ —	$173,761	$ 3,008,526	$1,722,141	$ 186,811	$ 93,515	$ 5,914,750
Edward J. Rapp Group President & CFO	2012	$ 827,757	$ —	$256,550	$ 2,372,188	$1,961,748	$1,396,792	$ 103,173	$ 6,918,208
	2011	$ 723,504	$186,211	$115,170	$ 2,065,254	$1,880,108	$ 789,978	$ 90,713	$ 5,850,938
	2010	$ 584,004	$ —	$248,720	$ 3,252,017	$1,377,730	$ 108,223	$ 101,432	$ 5,672,126
Gerard R. Vittecoq[6] Group President	2012	$1,145,790	$ —	$256,550	$ 2,372,188	$3,111,768	$ 391,297	$ 68,423	$ 7,346,016
	2011	$1,035,476	$226,549	$ 57,585	$ 2,065,254	$3,067,049	$1,388,869	$ 66,928	$ 7,907,710
	2010	$ 988,777	$ 49,424	$173,761	$ 2,886,780	$2,496,932	$ 954,012	$ 41,377	$ 7,591,063
Steven H. Wunning Group President	2012	$ 881,496	$ —	$256,550	$ 2,372,188	$2,120,882	$1,546,564	$ 166,564	$ 7,344,244
	2011	$ 806,199	$170,000	$ 86,378	$ 2,159,283	$2,264,944	$ 695,886	$ 107,833	$ 6,290,523
	2010	$ 729,996	$ —	$173,761	$ 3,008,526	$1,722,141	$ —	$ 97,837	$ 5,732,261

[1] The amounts in this column represent restricted stock units granted under the Caterpillar Inc. 2006 Long-Term Incentive Plan (LTIP) that are valued based on the aggregate grant date fair value computed in accordance with Financial Accounting Standards Board Accounting Standards Codification Topic 718, Compensation — Stock Compensation (FASB ASC Topic 718). For the restricted stock unit awards, the aggregate grant date fair value was calculated based on the fair market value (average of the high and low price) of Caterpillar stock on the award date of May 1, 2012 ($102.62 per share).

[2] The amounts reported in this column represent stock options granted under the LTIP that are valued based on the aggregate grant date fair value computed in accordance with FASB ASC Topic 718. Assumptions made in the calculation of these amounts are included in Note 2 "Stock based compensation" to the Company's consolidated financial statements for the fiscal year ended December 31, 2012, included in the Company's Form 10-K filed with the SEC on February 19, 2013.

[3] The amounts in this column reflect cash payments made to NEOs under ESTIP in 2013 with respect to 2012 performance and under the LTCPP with respect to performance over a three year plan cycle from 2010 through 2012 as follows: Mr. Oberhelman $2,132,166/ESTIP and $2,917,822/LTCPP; Mr. Lavin $603,664/ESTIP and $1,022,607/LTCPP; Mr. Levenick $698,751/ESTIP and $1,150,469/LTCPP; Mr. Rapp $933,564/ESTIP and $1,028,184/LTCPP; Mr. Vittecoq $1,558,662/ESTIP and $1,553,106/LTCPP; Mr. Wunning $956,969/ESTIP and $1,163,913/LTCPP. All amounts reported for Mr. Vittecoq were paid in Swiss Francs and have been converted to U.S. dollars as disclosed in footnote 6 below.

[4] Because NEOs do not receive "preferred" or "above market" earnings on compensation deferred into SDCP, SEIP and/or DEIP, the amount shown represents only the change between the actuarial present value of each officer's total accumulated pension benefit between December 31, 2011 and December 31, 2012. The amount assumes the pension benefit is payable at each NEO's earliest unreduced retirement age based upon the officer's current pensionable earnings. The change in Mr. Oberhelman's pension value of $4,636,668 in 2012 compared to $2,080,873 in 2011 was primarily due to an increase in his annual pensionable earnings resulting from an additional year of compensation as CEO. Mr. Lavin retired effective December 31, 2012. Under the terms of an Equity Compensation and Supplemental Pension Agreement between Mr. Lavin and the Company, Mr. Lavin received a supplemental pension benefit equal to the difference between (1) the amount of pension benefits that would be payable under RIP and SERP assuming that Mr. Lavin had earned 35 years of service and had attained age 65 as of his retirement date and (2) the amount actually payable to Mr. Lavin under both plans. The amounts reported for Mr. Lavin reflect the terms of this agreement.

[5] All Other Compensation for 2012 consists of the following items detailed in a separate table appearing on page 45: Matching contributions to the Company's 401(k) plan, matching contributions to SDCP/EIP, corporate aircraft usage, ground transportation, home security and ISE allowances.

[6] All amounts reported for Mr. Vittecoq were paid in Swiss Francs and have been converted to U.S. dollars using the exchange rate in effect on December 31, 2012 (1 Swiss Franc = 1.09491 U.S. Dollars).

2012 All Other Compensation Table

Name	Year	Matching Contributions 401(k)	Matching Contributions SDCP/EIP	Corporate Aircraft/ Transportation[2]	Home Security[3]	Other[4]	Total All Other Compensation
Douglas R. Oberhelman	2012	$ 7,760	$136,797	$105,006	$ 94,397	$ 1,620	$ 345,580
	2011	$ 6,840	$ 48,980	$ 69,307	$ 20,754	$ 1,620	$ 147,501
	2010	$14,700	$ —	$ 45,000	$ 2,405	$ 1,620	$ 63,725
Richard P. Lavin	2012	$ 8,015	$ 54,772	$ 9,258	$ 48,174	$893,049	$1,013,268
	2011	$ 6,061	$ 35,816	$ 24,380	$ 1,063	$296,553	$ 363,873
	2010	$14,700	$ 20,340	$ 3,125	$ 1,063	$ 49,362	$ 88,590
Stuart L. Levenick	2012	$ 7,169	$ 55,038	$ 56,323	$ 2,155	$ 1,620	$ 122,305
	2011	$ 7,350	$ 43,315	$ 69,430	$ 1,028	$ 1,620	$ 122,743
	2010	$14,700	$ —	$ 76,167	$ 1,028	$ 1,620	$ 93,515
Edward J. Rapp	2012	$ 7,953	$ 51,847	$ 41,648	$ 825	$ 900	$ 103,173
	2011	$ 6,797	$ 35,816	$ 46,375	$ 825	$ 900	$ 90,713
	2010	$14,700	$ 20,340	$ 64,667	$ 825	$ 900	$ 101,432
Gerard R. Vittecoq	2012	$ N/A[1]	$ 54,998	$ 13,424	$ —	$ —	$ 68,422
	2011	$ N/A[1]	$ 49,703	$ 17,225	$ —	$ —	$ 66,928
	2010	$ N/A[1]	$ 41,377	$ —	$ —	$ —	$ 41,377
Steven H. Wunning	2012	$ 7,149	$ 60,674	$ 96,221	$ —	$ 2,520	$ 166,564
	2011	$ 6,438	$ 43,661	$ 56,114	$ —	$ 1,620	$ 107,833
	2010	$14,700	$ 29,100	$ 52,417	$ —	$ 1,620	$ 97,837

[1] Mr. Vittecoq participates in a non-U.S. Employee Investment Plan.

[2] Several of our NEOs serve as board members for other corporations at the request of the Company, and the personal usage noted above primarily consists of NEO flights to attend these outside board meetings. Under the rules of the SEC, use of aircraft for this purpose is deemed to be personal, even though Caterpillar considers these flights beneficial to the Company and for a business purpose. Other personal usage is limited to the NEOs, their spouses or other guests, and CEO approval is required for all personal use. The value of personal aircraft usage reported above is based on Caterpillar's incremental cost per flight hour, including the weighted average variable operating cost of fuel, oil, aircraft maintenance, landing and parking fees, related ground transportation, catering and other smaller variable costs. Occasionally, a spouse or other guest may accompany the NEO, and if the Company aircraft is already scheduled for business purposes and can accommodate additional passengers, no additional variable operating cost is incurred. Mr. Oberhelman and the Company have a time-sharing lease agreement, pursuant to which certain costs associated with those flights are reimbursed by Mr. Oberhelman to the Company in accordance with the agreement. Other ground transportation charges for NEOs, their spouses or other guests, are also included.

[3] Amounts reported for Home Security represent the cost provided by an outside security provider for hardware and monitoring service. Mr. Oberhelman and Mr. Lavin incurred additional security costs in 2012 relating to one time hardware installations. The incremental cost associated with the home security services is determined based upon the amounts paid to the outside service provider.

[4] Mr. Lavin was previously an International Service Employee (ISE) based in Hong Kong. The amount shown includes $891,429 of foreign service allowances typically paid by the Company on behalf of ISEs, including allowances paid to Mr. Lavin for mobility premiums, housing, moving expenses, home leave, and foreign and U.S. taxes. These allowances are intended to ensure that our ISEs are in the same approximate financial position as they would have been if they lived in the U.S. during the time of their international service.

The amount shown also includes the premium cost of Company provided basic life insurance under a Group Variable Universal Life policy. The coverage amount is two times base salary, capped at $500,000. The premium cost is as follows: Mr. Oberhelman $1,620; Mr. Lavin $1,620; Mr. Levenick $1,620; Mr. Rapp $900; and Mr. Wunning $2,520. Mr. Vittecoq is not covered under a Company sponsored life insurance product.

Grants of Plan-Based Awards in 2012

Name	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards[1]			All Other Stock Awards: Number of Shares of Stock or Units[4]	All Other Option Awards: Number of Securities Underlying Options[5]	Exercise or Base Price of Option Awards ($/share)	Grant Date Fair Value of Stock and Option Awards ($)[6]
		Threshold	Target	Maximum				
Douglas R. Oberhelman	LTCPP[2]	$809,629	$2,698,764	$5,000,000	—	—	$ —	$ —
	ESTIP[3]	$703,129	$2,343,762	$4,000,000	—	—	$ —	$ —
	03/05/2012	$ —	$ —	$ —	—	275,000	$110.09	$10,780,000
Richard P. Lavin	LTCPP[2]	$272,738	$ 909,126	$1,818,252	—	—	$ —	$ —
	ESTIP[3]	$244,863	$ 816,210	$1,632,420	—	—	$ —	$ —
	03/05/2012	$ —	$ —	$ —	—	58,424	$110.09	$ 2,290,221
	05/01/2012	$ —	$ —	$ —	1,250	—	$ —	$ 128,275
	11/05/2012	$ —	$ —	$ —	—	93,985	$ 86.77	$ 2,000,001
Stuart L. Levenick	LTCPP[2]	$289,102	$ 963,673	$1,927,345	—	—	$ —	$ —
	ESTIP[3]	$259,555	$ 865,182	$1,730,364	—	—	$ —	$ —
	03/05/2012	$ —	$ —	$ —	—	58,424	$110.09	$ 2,290,221
	05/01/2012	$ —	$ —	$ —	1,250	—	$ —	$ 128,275
Edward J. Rapp	LTCPP[2]	$277,395	$ 924,650	$1,849,300	—	—	$ —	$ —
	ESTIP[3]	$248,327	$ 827,757	$1,655,514	—	—	$ —	$ —
	03/05/2012	$ —	$ —	$ —	—	60,515	$110.09	$ 2,372,188
	05/01/2012	$ —	$ —	$ —	2,500	—	$ —	$ 256,550
Gerard R. Vittecoq	LTCPP[2]	$382,312	$1,274,375	$2,548,749	—	—	$ —	$ —
	ESTIP[3]	$343,239	$1,144,129	$2,288,257	—	—	$ —	$ —
	03/05/2012	$ —	$ —	$ —	—	60,515	$110.09	$ 2,372,188
	05/01/2012	$ —	$ —	$ —	2,500	—	$ —	$ 256,550
Steven H. Wunning	LTCPP[2]	$294,553	$ 981,842	$1,963,685	—	—	$ —	$ —
	ESTIP[3]	$264,449	$ 881,496	$1,762,992	—	—	$ —	$ —
	03/05/2012	$ —	$ —	$ —	—	60,515	$110.09	$ 2,372,188
	05/01/2012	$ —	$ —	$ —	2,500	—	$ —	$ 256,550

[1] The amounts reported in this column represent estimated potential awards under the LTCPP and ESTIP.

[2] The LTCPP estimates are based upon a predetermined percentage of an executive's base salary throughout the three-year performance cycle, and actual payouts will be determined based on Caterpillar's achievement of specified performance levels (total shareholder return and return on assets) over the three-year performance period. The threshold amount is earned if at least 30 percent of the targeted performance level is achieved. The target amount is earned if at least 100 percent of the targeted performance level is achieved. The maximum award is earned if at least 200 percent or greater of the targeted performance level is achieved. Base salary levels for 2012 were used to calculate the estimated dollar value of future payments for the 2012 to 2014 performance cycle. Mr. Lavin and Mr. Vittecoq's potential payout under the 2012 to 2014 performance cycle will be prorated for the time they were an active employee during the plan cycle.

[3] The ESTIP estimates are based upon the executive's base salary for 2012, and, the actual payout was based on the achievement of a corporate Operating Profit After Capital Charge (OPACC) performance metric for the CEO, and a combination of a corporate OPACC performance metric and specific business unit performance measures for each Group President. Please refer to page 36 of the CD&A for a detailed explanation of the various business unit metrics. Prior to any ESTIP payout, a performance trigger of $3.50 profit per share must be achieved for all NEOs. For the 2012 ESTIP, the threshold amount was earned if at least 30 percent of the targeted performance level was achieved. The target amount was earned if at least 100 percent of the targeted performance level was achieved. The maximum award was earned if at least 200 percent or greater of the targeted performance level was achieved, with a plan cap set at $4.0 million. The 2012 ESTIP performance metrics were achieved, and the actual cash payouts for the 2012 plan year is included in the column "Non-Equity Incentive Plan Compensation" of the "2012 Summary Compensation Table."

[4] RSUs were granted to the NEOs under the LTIP pursuant to the Chairman's Award program. The actual realizable value of the RSU will depend on the fair market value of Caterpillar stock at the time of vesting. The Chairman's Award RSUs vest over a five-year period, with one third vesting after three years from the grant date, one third vesting on the fourth year from the grant date and the final third vesting on the fifth year from the grant date.

[5] Amounts reported represent stock options granted under the LTIP. The exercise price for all stock options granted to the NEOs is the closing price of Caterpillar stock on the grant date ($110.09). All stock options granted to the NEOs will vest three years from the grant date. The actual realizable value of the options will depend on the fair market value of Caterpillar stock at the time of exercise.

[6] The amounts shown do not reflect realized compensation by the NEO. The amounts shown represent the value of the stock option awards granted to the NEOs based upon the grant date fair market value of the award as determined in accordance with FASB ASC Topic 718. The fair market value for the RSUs granted under the Chairman's Award program is based upon the average of the high and low price of Caterpillar stock ($102.62) on the award date of May 1, 2012.

Outstanding Equity Awards at 2012 Fiscal Year-End								
			Option Awards				Stock Awards	
			Number of Securities Underlying Unexercised SARs/Options					
Name	Grant Date	Vesting Date	Exercisable	Unexercisable	SAR/Option Exercise Price	SAR/Option Expiration Date[1]	Number of Shares or Units of Stock That Have Not Vested[2]	Market Value of Shares or Units of Stock That Have Not Vested[3]
Douglas R. Oberhelman	06/08/2004	12/31/2004	140,000	—	$ 38.6275	06/08/2014	—	$ —
	02/18/2005	02/18/2005	140,000	—	$ 45.6425	02/18/2015	—	$ —
	02/17/2006	02/17/2009	110,000	—	$ 72.0500	02/17/2016	—	$ —
	03/02/2007	03/02/2010	125,884	—	$ 63.0400	03/02/2017	—	$ —
	03/03/2008	03/03/2011	115,484	—	$ 73.2000	03/03/2018	—	$ —
	03/02/2009	03/02/2012	166,252	—	$ 22.1700	03/02/2019	—	$ —
	03/01/2010	03/01/2013	—	272,282	$ 57.8500	03/01/2020	—	$ —
	03/07/2011	03/07/2014	—	226,224	$102.1300	03/07/2021	—	$ —
	03/05/2012	03/05/2015	—	275,000	$110.0900	03/05/2022	—	$ —
	—	—	—	—	$ —	—	9,271[4]	$830,774
Richard P. Lavin	02/17/2006	02/17/2009	48,000	—	$ 72.0500	02/17/2016	—	$ —
	03/02/2007	03/02/2010	47,580	—	$ 63.0400	03/02/2017	—	$ —
	03/03/2008	03/03/2011	111,294	—	$ 73.2000	03/03/2018	—	$ —
	03/02/2009	03/02/2012	82,972	—	$ 22.1700	03/02/2019	—	$ —
	03/01/2010	03/01/2013	—	129,394	$ 57.8500	03/01/2020	—	$ —
	03/07/2011	03/07/2014	—	53,669	$102.1300	03/07/2021	—	$ —
	03/05/2012	03/05/2015	—	58,424	$110.0900	03/05/2022	—	$ —
	11/05/2012	—[10]	—	93,985	$ 86.7700	11/05/2017	—	$ —
	—	—	—	—	$ —	—	6,114[5]	$547,876
Stuart L. Levenick	02/18/2005	02/18/2005	130,000	—	$ 45.6425	02/18/2015	—	$ —
	02/17/2006	02/17/2009	105,000	—	$ 72.0500	02/17/2016	—	$ —
	03/02/2007	03/02/2010	124,396	—	$ 63.0400	03/02/2017	—	$ —
	03/03/2008	03/03/2011	115,484	—	$ 73.2000	03/03/2018	—	$ —
	03/02/2009	03/02/2012	148,722	—	$ 22.1700	03/02/2019	—	$ —
	03/01/2010	03/01/2013	—	134,851	$ 57.8500	03/01/2020	—	$ —
	03/07/2011	03/07/2014	—	56,228	$102.1300	03/07/2021	—	$ —
	03/05/2012	03/05/2015	—	58,424	$110.0900	03/05/2022	—	$ —
	—	—	—	—	$ —	—	5,007[6]	$448,677
Edward J. Rapp	06/08/2004	12/31/2004	60,000	—	$ 38.6275	06/08/2014	—	$ —
	02/18/2005	02/18/2005	60,000	—	$ 45.6425	02/18/2015	—	$ —
	02/17/2006	02/17/2009	48,000	—	$ 72.0500	02/17/2016	—	$ —
	03/02/2007	03/02/2010	47,044	—	$ 63.0400	03/02/2017	—	$ —
	03/03/2008	03/03/2011	109,898	—	$ 73.2000	03/03/2018	—	$ —
	03/02/2009	03/02/2012	148,722	—	$ 22.1700	03/02/2019	—	$ —
	03/01/2010	03/01/2013	—	129,394	$ 57.8500	03/01/2020	—	$ —
	03/07/2011	03/07/2014	—	56,228	$102.1300	03/07/2021	—	$ —
	03/05/2012	03/05/2015	—	60,515	$110.0900	03/05/2022	—	$ —
	—	—	—	—	$ —	—	8,098[7]	$725,662

(table continued on next page)

Outstanding Equity Awards at 2012 Fiscal Year-End (continued)								
			Option Awards				Stock Awards	
			Number of Securities Underlying Unexercised SARs/Options					
Name	Grant Date	Vesting Date	Exercisable	Unexercisable	SAR/Option Exercise Price	SAR/Option Expiration Date[1]	Number of Shares or Units of Stock That Have Not Vested[2]	Market Value of Shares or Units of Stock That Have Not Vested[3]
Gerard R. Vittecoq	06/08/2004	12/31/2004	126,000	—	$ 38.6275	06/08/2014	—	$ —
	02/18/2005	02/18/2005	130,000	—	$ 45.6425	02/18/2015	—	$ —
	02/17/2006	02/17/2009	95,000	—	$ 72.0500	02/17/2016	—	$ —
	03/02/2007	03/02/2010	109,516	—	$ 63.0400	03/02/2017	—	$ —
	03/03/2008	03/03/2011	111,294	—	$ 73.2000	03/03/2018	—	$ —
	03/02/2009	03/02/2012	156,962	—	$ 22.1700	03/02/2019	—	$ —
	03/01/2010	03/01/2013	—	129,394	$ 57.8500	03/01/2020	—	$ —
	03/07/2011	03/07/2014	—	56,228	$102.1300	03/07/2021	—	$ —
	03/05/2012	03/05/2015	—	60,515	$110.0900	03/05/2022	—	$ —
	—	—	—	—	$ —	—	6,257[8]	$ 560,690
Steven H. Wunning	02/18/2005	02/18/2005	130,000	—	$ 45.6425	02/18/2015	—	$ —
	02/17/2006	02/17/2009	95,000	—	$ 72.0500	02/17/2016	—	$ —
	03/02/2007	03/02/2010	124,694	—	$ 63.0400	03/02/2017	—	$ —
	03/03/2008	03/03/2011	111,294	—	$ 73.2000	03/03/2018	—	$ —
	03/02/2009	03/02/2012	148,722	—	$ 22.1700	03/02/2019	—	$ —
	03/01/2010	03/01/2013	—	134,851	$ 57.8500	03/01/2020	—	$ —
	03/07/2011	03/07/2014	—	58,788	$102.1300	03/07/2021	—	$ —
	03/05/2012	03/05/2015	—	60,515	$110.0900	03/05/2022	—	$ —
	—	—	—	—	$ —	—	6,507[9]	$ 583,092

[1] Except as noted in footnote 10, stock options granted in 2012 are exercisable three years after the grant date.

[2] In addition to the RSUs granted in 2012 to the NEOs (reported in the 2012 Summary Compensation Table), the amounts shown also include the portion of any prior grants that were not vested as of December 31, 2012.

[3] The market value of the non-vested RSUs and restricted shares is calculated using the closing price of Caterpillar common stock on December 30, 2012 ($89.61 per share).

[4] This amount includes 9,271 RSUs scheduled to vest on March 1, 2013.

[5] This amount includes 3,257 RSUs scheduled to vest on March 1, 2013, 332 restricted shares and 259 RSUs scheduled to vest on April 1, 2013, 258 RSUs scheduled to vest on April 1, 2014, 258 RSUs scheduled to vest on April 1, 2015, 167 RSUs scheduled to vest on May 2, 2014, 167 RSUs scheduled to vest on May 2, 2015, 166 RSUs scheduled to vest on May 2, 2016, 417 RSUs scheduled to vest on May 1, 2015, 417 RSUs scheduled to vest on May 1, 2016, and 416 RSUs scheduled to vest on May 1, 2017. Upon Mr. Lavin's retirement, the RSUs and restricted shares will receive accelerated vesting and the shares will be released six months following his separation date in accordance with Internal Revenue Code (IRC) 409A.

[6] This amount includes 3,257 RSUs scheduled to vest on March 1, 2013, 167 RSUs scheduled to vest on May 1, 2014, 584 RSUs scheduled to vest on May 1, 2015, 583 RSUs scheduled to vest on May 1, 2016, and 416 RSUs scheduled to vest on May 1, 2017.

[7] This amount includes 3,257 RSUs scheduled to vest on March 1, 2013, 166 restricted shares scheduled to vest on April 1, 2013, 392 RSUs scheduled to vest on April 1, 2013, 392 RSUs scheduled to vest on April 1, 2014, 391 RSUs scheduled to vest on April1, 2015, 334 RSUs scheduled to vest on May 2, 2014, 333 RSUs scheduled to vest on May 2, 2015, 333 RSUs scheduled to vest on May 2, 2016, 834 RSUs scheduled to vest on May 1, 2015, 833 RSUs scheduled to vest on May 1, 2016, and 833 RSUs scheduled to vest on May 1, 2017.

[8] This amount includes 3,257 RSUs scheduled to vest on March 1, 2013, 167 RSUs scheduled to vest on May 2, 2014, 167 RSUs scheduled to vest on May 2, 2015, 166 RSUs scheduled to vest on May 2, 2016, 834 RSUs scheduled to vest on May 1, 2015, 833 RSUs scheduled to vest on May 1, 2016, and 833 RSUs scheduled to vest on May 1, 2017. Upon Mr. Vittecoq's retirement, the RSUs will receive accelerated vesting and the shares will be released six months following his separation date in accordance with IRC 409A.

[9] This amount includes 3,257 RSUs scheduled to vest on March 1, 2013, 250 RSUs scheduled to vest on May 2, 2014, 250 RSUs scheduled to vest on May 2, 2015, 250 RSUs scheduled to vest on May 2, 2016, 834 RSUs scheduled to vest on May 1, 2015, 833 RSUs scheduled to vest on May 1, 2016, and 833 RSUs scheduled to vest on May 1, 2017.

[10] Mr. Lavin's November 5, 2012 stock option grant has a five-year term and will vest if the Company's common stock achieves a per share closing price of at least $110.09 for twenty consecutive days or upon the death of Mr. Lavin.

2012 Option Exercises and Stock Vested

Name	Option Awards[1]		Stock Awards[2]	
	Number of Shares Acquired on Exercise	Value Realized on Exercise	Number of Shares Acquired on Vesting	Value Realized on Vesting
Douglas R. Oberhelman	262,000	$18,285,065	7,335	$827,901
Richard P. Lavin	65,750	$ 4,206,705	7,227	$811,462
Stuart L. Levenick	—	$ —	6,561	$740,540
Edward J. Rapp	54,000	$ 3,936,614	7,060	$793,679
Gerard R. Vittecoq	—	$ —	7,687	$862,813
Steven H. Wunning	126,000	$ 9,130,817	6,561	$740,540

[1] Upon exercise, option holders may surrender shares to pay the option exercise price and satisfy income tax withholding requirements. The amounts shown are gross amounts absent netting for shares surrendered.

[2] Upon release of the restricted stock, shares are surrendered to satisfy income tax withholding requirements. The amounts shown are gross amounts absent netting for shares surrendered. The amount reported for Mr. Vittecoq includes a cash payment for the value of his equivalent restricted shares. Equivalent restricted shares were issued to Mr. Vittecoq prior to the granting of RSUs, as they provided a tax efficient award under Swiss tax law.

2012 Pension Benefits

Name	Plan Name[1]	Number of Years of Credited Service[2]	Present Value of Accumulated Benefit[3]	Payments During Last Fiscal Year
Douglas R. Oberhelman	RIP	35.00	$ 2,650,260	$ —
	SERP	35.00	$14,292,983	$ —
Richard P. Lavin	RIP	28.25	$ 2,305,967	$ —
	SERP	28.25	$ 8,392,874	$ —
Stuart L. Levenick	RIP	35.00	$ 2,650,260	$ —
	SERP	35.00	$ 8,308,595	$ —
Edward J. Rapp	RIP	33.50	$ 2,145,780	$ —
	SERP	33.50	$ 5,020,961	$ —
Gerard R. Vittecoq	Caprevi, Prevoyance	37.17	$14,992,192	$ —
Steven H. Wunning	RIP	35.00	$ 2,865,904	$ —
	SERP	35.00	$ 9,170,709	$ —

[1] Caterpillar Inc. Retirement Income Plan (RIP) is a noncontributory U.S. qualified defined benefit pension plan and the Supplemental Retirement Plan (SERP) is a U.S. non-qualified pension plan. The total benefit formula across both plans is 1.5 percent for each year of service (capped at 35 years) multiplied by the final average earnings during the highest five of the final ten years of employment. Final average earnings include base salary, short-term incentive compensation and deferred compensation. The employee's annual retirement income benefit under the qualified plan is restricted by the Internal Revenue Code limitations, and the excess benefits are paid from SERP. SERP is not funded. Mr. Vittecoq participates in Caprevi, Prevoyance Caterpillar, a Swiss pension benefit plan. The Swiss plan requires participants to contribute approximately seven percent of pensionable income to the plan. The benefit formula is 1.75 percent for each year of service multiplied by the final average earnings for the highest three years of a participant's career. Final average earnings consist of base salary and short-term incentive pay, reduced by a prescribed percentage to arrive at "salary considered for contribution." The benefit can be received in a 100 percent lump sum payment, 100 percent annuity, or a mix of 25 percent annuity and the remainder as a lump-sum.

[2] Mr. Oberhelman, Mr. Levenick, and Mr. Wunning have more than 35 years of service with the Company. Amounts payable under both RIP and SERP are based upon a maximum of 35 years of service. All RIP participants may receive their benefit immediately following termination of employment, or may defer benefit payments until any time between early retirement age and normal retirement age. SERP participants receive their benefit six months after their retirement date. Normal retirement age is defined as age 65 with five years of service. Early retirement is defined as: any age with 30 years of service, age 55 with 15 years of service or age 60 with 10 years of service. If a participant elects early retirement, benefits are reduced by four percent per year, before age 62. Currently, all NEOs are eligible to retire. Mr. Levenick, Mr. Oberhelman, Mr. Rapp and Mr. Wunning are eligible for early retirement, with a four percent reduction per year under age 62. Mr. Vittecoq is eligible under the Swiss pension plan for a retirement benefit with no reduction. Mr. Lavin retired effective December 31, 2012. Under the terms of an Equity Compensation and Supplemental Pension Agreement between Mr. Lavin and the Company, Mr. Lavin received a supplemental pension benefit equal to the difference between (1) the amount of pension benefits that would be payable under RIP and SERP assuming that Mr. Lavin had earned 35 years of service and had attained age 65 as of his retirement date and (2) the amount actually payable to Mr. Lavin under both plans. The amounts reported for Mr. Lavin reflect the terms of this agreement.

[3] The amount in this column represents the actuarial present value for each NEO's accumulated pension benefit on December 31, 2012. For each NEO, it assumes benefits are payable at each NEO's earliest unreduced retirement age based upon current level of pensionable income. The interest rate of 3.82 percent and the RP2000 combined healthy mortality table projected to 2020 using scale AA used in the calculations are based upon the FASB ASC 715 disclosure on December 31, 2012. Mr. Vittecoq's lump sum present value accumulated benefit is based upon the 12 month pension measurement date ending on December 31, 2012. The BVG 2010 generational mortality table and the Swiss disclosure interest rate of 1.75 percent were used to calculate Mr. Vittecoq's benefit.

2012 Nonqualified Deferred Compensation					
Name	**Plan Name**	**Executive Contributions in 2012[1]**	**Registrant Contributions in 2012[2]**	**Aggregate Earnings in 2012[3]**	**Aggregate Balance at 12/31/12[4]**
Douglas R. Oberhelman	SDCP	$273,594	$136,797	$ (18,761)	$2,537,862
	SEIP	$ —	$ —	$ 12,421	$ 838,981
	DEIP	$ —	$ —	$ (72,927)	$1,658,350[5]
Richard P. Lavin	SDCP	$278,878	$ 54,772	$ (18,959)	$1,922,358
	SEIP	$ —	$ —	$ 4,561	$ 308,096
	DEIP	$ —	$ —	$ 305	$ 20,601
Stuart L. Levenick	SDCP	$110,077	$ 55,038	$ 560,759	$3,615,459
	SEIP	$ —	$ —	$ 5,173	$ 34,224
	DEIP	$ —	$ —	$ 398,289	$3,937,942
Edward J. Rapp	SDCP	$103,695	$ 51,847	$ 69,635	$2,337,680
	SEIP	$ —	$ —	$ 7,259	$ 59,515
	DEIP	$ —	$ —	$ 75,909	$ 715,495
Gerard R. Vittecoq	EIP	$ 68,747	$ 54,998	$ 22,110	$4,005,560
Steven H. Wunning	SDCP	$121,347	$ 60,674	$ 262,531	$3,231,055
	SEIP	$ —	$ —	$ 9,039	$ 548,400
	DEIP	$ —	$ —	$ 26,664	$1,512,662

[1] The Supplemental Deferred Compensation Plan (SDCP) is a non-qualified deferred compensation plan created in March of 2007 with a retroactive effective date of January 1, 2005, which effectively replaced the Supplemental Employees' Investment Plan (SEIP) and Deferred Employees' Investment Plan (DEIP). All future contributions will be made under SDCP.

[2] SDCP allows eligible U.S. employees, including all NEOs (except Mr. Vittecoq), to voluntarily defer a portion of their base salary and short-term incentive pay into the plan and receive a Company matching contribution. LTCPP pay may also be deferred, but does not qualify for any Company matching contributions. Mr. Vittecoq is a participant in a non-U.S. Employee Investment Plan that allows him to contribute a portion of his base salary to the plan and receive a Company matching contribution. Amounts deferred by executives in 2012 for base salary, short-term incentive pay and/or long-term cash performance payouts are included in the "2012 Summary Compensation Table." Matching contributions in non-qualified deferred compensation plans made by Caterpillar in 2012 are also included in the "2012 All Other Compensation Table" under the Matching Contributions SDCP column. SDCP participants may elect a lump sum payment, or an installment distribution payable for up to 15 years after separation.

[3] Aggregate earnings comprise interest, dividends, capital gains and appreciation/depreciation of investment results. The investment choices available to the participant mirror those of our 401(k) plan.

[4] Amounts in this column were previously reported in the Summary Compensation Table for the years 2010 — 2012 as follows: Mr. Oberhelman $557,330; Mr. Lavin $669,998; Mr. Levenick $295,059; Mr. Rapp $303,769; Mr. Vittecoq $336,281; and Mr. Wunning $371,204.

[5] This amount has been adjusted from the amount previously reported in the Company's 2012 proxy statement to reflect a 2012 transfer into the DEIP of amounts previously deferred by Mr. Oberhelman.

Potential Payments Upon Termination or Change in Control

General

Except for customary provisions in employee benefit plans and as required by law, Caterpillar does not have any pre-existing severance agreements or packages (such as golden parachutes) under which payments are to be made to any NEO upon a termination of employment or change in control. However, the Committee will consider the particular facts and circumstances of an NEO's separation to determine whether payment of any severance or other benefit to such NEO is appropriate. Potential payments to NEOs may be available under the terms of existing compensation and benefit programs in the case of termination (including voluntary separation, termination for cause or long-service separation) or a change in control of the Company. The terms applicable to these potential payments in various termination scenarios are discussed below.

Payments that would be provided to an NEO under plans generally available to management employees who are similarly situated to the NEOs in age, years of service, date of hire, etc. and that do not discriminate in favor of the NEOs (such as death and disability benefits, retiree medical and life insurance benefits) are not quantified in the following tabular information: The discussion below assumes that each NEO is eligible for benefits unless otherwise noted.

The following narrative and tabular information describes and quantifies certain payments and benefits that would become payable under existing plans and arrangements if the named executive's employment had terminated on December 31, 2012. The information is provided relative to the NEO's compensation and service levels as of the date specified. If applicable, they are based on the Company's closing stock price on December 31, 2012.

Terms of Potential Payments — Termination

The terms of potential payments to NEOs in each of the following termination scenarios under existing compensation and benefit programs follows:

- Voluntary Separation (resignation or termination without cause)
- Termination for Cause (termination)
- Long-Service Separation (retirement after age 55 with 5 or more years of Company service effective with the 2011 equity grant, and age 55 with 10 or more years of service for prior year grants).

Equity awards

Unvested equity awards granted to NEOs in accordance with the long-term plan become fully vested and exercisable upon Long-Service Separation. Upon Termination for Cause, equity awards that are outstanding (whether vested or unvested) will expire. Potential amounts and assumptions regarding equity awards are included in the "Potential Payments Upon Termination or Change in Control" table (Potential Payments table) on page 53. These terms are applicable to all employees covered by the LTIP.

Short-term incentive pay

In the event of Long-Service Separation at December 31, 2012, NEOs would be eligible to receive the amount otherwise payable to them for the 2012 plan year under the ESTIP. NEOs must be employed on the last day of the year to receive the full amount payable to them under the ESTIP. NEOs who retire during the year receive a pro-rated payment. Potential amounts and assumptions regarding the short-term incentive pay are included in the Potential Payments table on page 53.

Long-term performance awards

In the event of Long-Service Separation at December 31, 2012, NEOs would be eligible to receive amounts otherwise payable to them under the LTCPP feature of the Caterpillar Inc. 2006 Long-Term Incentive Plan. The NEOs' eligibility and award amount would be determined at the conclusion of the performance period, depending on the achievement of the established performance criteria. Potential amounts and assumptions regarding the long-term incentive pay are included in the "Potential Payments" table on page 53. These terms are applicable to all employees covered by these long-term plans.

Deferred compensation

The “2012 Nonqualified Deferred Compensation” table on page 50 describes unfunded, non-qualified deferred compensation plans that permit the deferral of salary, bonus and short-term cash performance awards by NEOs. These plans also provide for matching contributions by the Company. LTCPP pay may also be deferred, but is not eligible for a Company matching contribution.

NEOs are eligible to receive the amount in their deferred compensation accounts following termination under any termination scenario unless the NEO elects to further defer payment as permitted by the plans. The “Non-Qualified Deferred Compensation” column of the “Potential Payments” table assumes the NEO terminated employment at December 31, 2012, with no further deferral of payments.

Severance pay

Other than in accordance with the terms of existing compensation and benefit programs, and as described below with respect to Mr. Lavin, the Company is not obligated to provide any special severance payments to any NEOs.

As noted in the CD&A, in connection with Mr. Lavin’s retirement, the Committee approved a stock option grant with an aggregate grant date value of $2.0 million, the accelerated vesting of Mr. Lavin’s outstanding restricted stock and restricted stock unit awards (valued at approximately $548,000 as of December 31, 2012) and a supplemental pension benefit (valued at approximately $2,466,623 as of December 31, 2012). The supplemental pension benefit was equal to the difference between (i) the amount of pension benefits that would be payable to Mr. Lavin under the Caterpillar Inc. Retirement Income Plan and Caterpillar Inc. Supplemental Retirement Plan (collectively, the “Pension Plans”) assuming that Mr. Lavin had earned 35 years of service for benefit accrual purposes under the Pension Plans and had attained age 65 as of his retirement date and (ii) the amount actually payable to Mr. Lavin under the Pension Plans. Mr. Lavin’s receipt of the benefits described above were conditioned on Mr. Lavin retiring from the Company on December 31, 2012 and not resigning from the Company or being terminated by the Company for “cause” prior to the scheduled retirement date. The benefits were also conditioned on Mr. Lavin providing a general release of claims in favor of the Company and Mr. Lavin’s agreement to various restrictive covenants, including covenants relating to non-competition, non-solicitation and cooperation.

Perquisites

In the event of Long-Service Separation, perquisites such as security may be provided to the NEO at the discretion of the Compensation Committee.

Pension benefits

The footnotes to the “2012 Pension Benefits” table on page 49 include a description of the defined benefit pension plans (qualified and non-qualified) in which the NEOs participate, including the years of credited service and the present value of each NEO’s accumulated pension benefit. These pension benefits are available to management employees generally and are not quantified in the tabular information in the “Potential Payments” table.

Terms & Potential Payments — Change in Control

Change in control provisions within our long and short-term plans generally provide for accelerated vesting. Potential payment amounts and assumptions are included in the following “Potential Payments” table. These change in control provisions are designed so that employees are not harmed in the event of termination of employment without cause or for good reason within 12 months following a change in control. The provisions are intended to ensure that executives evaluate business opportunities in the best interests of stockholders. The terms are applicable to all employees covered by these plans, and there are no payments made for voluntary separation or termination for cause.

Potential Payments Upon Termination or Change in Control								
		Equity Awards		Incentive				
Name	Termination Scenario	Stock Options/ SARs[1]	Restricted Stock/ RSUs[2]	Short-term Incentive[3]	Long-term Incentive[4]	Post Termination Benefits	Non-Qualified Deferred Compensation[5]	Total
Douglas R. Oberhelman	Voluntary Separation/Resignation	$ —	$ —	$ —	$ —	—	$5,035,193	$ 5,035,193
	Long-Service Separation/Retirement	$8,647,676	$830,774	$2,132,166	$2,560,871	—	$5,035,193	$19,206,680
	Termination for Cause	$ —	$ —	$ —	$ —	—	$5,035,193	$ 5,035,193
	Change in Control	$8,647,676	$830,774	$4,000,000	$5,000,000	—	$5,035,193	$23,513,643
Richard P. Lavin	Voluntary Separation/Resignation	$ —	$ —	$ —	$ —	—	$2,251,055	$ 2,251,055
	Long-Service Separation/Retirement	$4,376,471	$547,876	$ 603,664	$ 622,655	—	$2,251,055	$ 8,401,721
	Termination for Cause	$ —	$ —	$ —	$ —	—	$2,251,055	$ 2,251,055
	Change in Control	$4,376,471	$547,876	$1,632,420	$1,245,310	—	$2,251,055	$10,053,132
Stuart L. Levenick	Voluntary Separation/Resignation	$ —	$ —	$ —	$ —	—	$7,587,625	$ 7,587,625
	Long-Service Separation/Retirement	$4,282,868	$448,677	$ 698,751	$ 909,396	—	$7,587,625	$13,927,317
	Termination for Cause	$ —	$ —	$ —	$ —	—	$7,587,625	$ 7,587,625
	Change in Control	$4,282,868	$448,677	$1,730,364	$1,818,791	—	$7,587,625	$15,868,325
Edward J. Rapp	Voluntary Separation/Resignation	$ —	$ —	$ —	$ —	—	$3,112,690	$ 3,112,690
	Long-Service Separation/Retirement	$ —	$725,662	$ 933,564	$ 834,876	—	$3,112,690	$ 5,606,792
	Termination for Cause	$ —	$ —	$ —	$ —	—	$3,112,690	$ 3,112,690
	Change in Control	$ —	$725,662	$1,655,514	$1,669,752	—	$3,112,690	$ 7,163,618
Gerard R. Vittecoq	Voluntary Separation/Resignation	$ —	$ —	$ —	$ —	—	$4,005,560	$ 4,005,560
	Long-Service Separation/Retirement	$4,109,553	$560,690	$1,408,606	$1,218,766	—	$4,005,560	$11,303,175
	Termination for Cause	$ —	$ —	$ —	$ —	—	$4,005,560	$ 4,005,560
	Change in Control	$4,109,553	$560,690	$2,288,257	$2,437,530	—	$4,005,560	$13,401,590
Steven H. Wunning	Voluntary Separation/Resignation	$ —	$ —	$ —	$ —	—	$5,292,117	$ 5,292,117
	Long-Service Separation/Retirement	$4,282,868	$583,092	$ 956,969	$ 922,338	—	$5,292,117	$12,037,384
	Termination for Cause	$ —	$ —	$ —	$ —	—	$5,292,117	$ 5,292,117
	Change in Control	$4,282,868	$583,092	$1,762,992	$1,844,675	—	$5,292,117	$13,765,744

[1] In the event of termination of employment due to a change in control, maximum payout factors are assumed for amounts payable under the Caterpillar Inc. 2006 Long-Term Incentive Plan (LTIP) and ESTIP. Additionally, all unvested stock options, SARs, restricted stock and RSUs vest immediately. Stock options and SARs remain exercisable over the normal life of the grant. For valuation purposes, as of December 31, 2012, when the closing price of Caterpillar common stock was $89.61, the 2010 equity grant was in the money. The 2011 and 2012 grant prices were higher than the year-end closing price and, thus, both 2011 and 2012 grants were underwater. The 2010, 2011 and 2012 grants were not fully vested as of December 31, 2012. For separations due to long-service separation, death and disability, the life of the equity grant is reduced to a maximum of 60 months from the date of separation or 10 years from the original granting date, whichever date occurs first. For voluntary separations, the equity grant life is reduced to 60 days from the date of separation.

[2] The LTIP allows immediate vesting to occur on outstanding restricted stock and RSUs in the event of a change in control. The valuation shown is based upon the number of shares vesting multiplied by the closing price of Caterpillar common stock on December 31, 2012, which was $89.61 per share.

[3] ESTIP provisions provide for the maximum payout allowed under the plan in the event of a change in control. The plan provisions limit the payout to a maximum of $4.0 million in any single year. Amounts shown for change in control represent the maximum payout available under ESTIP for all NEOs. In the event of a voluntary separation or termination for cause before the completion of the performance period, ESTIP plan participants forfeit any benefit. Participants in ESTIP who separate due to long-service separation receive a prorated benefit based on the time of active employment during the performance period.

[4] The LTCPP provisions provide for maximum payout allowed for each open plan cycle in the event of a change in control. Participants who separate via a change in control receive a prorated benefit based on the time of active employment during the performance period. Change in control amounts shown for all NEOs represent a prorated benefit at maximum payout for plan cycles 2011-2013 and 2012-2014, both of which are open cycles as of December 31, 2012. Plan provisions in effect for the 2011-2013 and 2012-2014 performance cycles restrict Mr. Oberhelman's payout to $5.0 million per plan cycle. Participants who separate via a long-service separation receive a prorated benefit based on the time of active employment during the performance period. The amount shown for long-service separation is the NEO's prorated benefit based on a target payout for plan cycles 2011-2013 and 2012-2014, both of which were open cycles as of December 31, 2012. Participants forfeit any benefit upon a voluntary separation or a termination for cause that occurs prior to the completion of the performance cycle.

[5] Amounts assume termination or change in control separation occurring on December 31, 2012, with no further deferral of available funds.

Director Compensation

Compensation for non-employee directors is comprised of the following components:

Cash Retainer:	$150,000	
Restricted Stock Grant (1 year vesting)	$100,000	
Committee Chairman Stipend:	Audit	$20,000
	Compensation	$20,000
	Governance	$15,000
	Public Policy	$15,000

Target ownership guidelines require directors to own Caterpillar common stock in the amount of two and one half times their annual compensation. Directors have a five-year period from the date of their election or appointment to meet the target ownership guidelines.

Under Caterpillar's Directors' Deferred Compensation Plan (DDCP), directors may defer 50 percent or more of their annual retainer and stipend in an interest-bearing account or an account representing equivalent shares of Caterpillar stock.

Directors appointed or elected to the Board of Directors prior to April 1, 2008, also participate in a Charitable Award Program. Under the program, a donation of up to $1.0 million will be made by the Company, in the director's name, in ten equal annual installments, with the first installment to be made as soon as practicable after the director's death. Of the total donation, half will be donated to the eligible tax-exempt organization(s) selected by the director, and the remainder will be directed to the Caterpillar Foundation. The maximum amount payable is $1.0 million on behalf of each eligible director. The sum is based on the director's length of service. The program is financed through the purchase of life insurance policies. Directors derive no financial benefit from the program. Premiums paid by the Company for this program are included in the following "2012 All Other Director Compensation Table."

Director Compensation for 2012					
Director	**Fees Earned or Paid in Cash**	**Stock Awards[1]**	**Option Awards[1]**	**All Other Compensation[2]**	**Total**
David L. Calhoun	$150,000	$100,072	$ N/A	$ —	$250,072
Daniel M. Dickinson	$150,000	$100,072	$ N/A	$ 8,219	$258,291
Eugene V. Fife[3]	$165,000	$100,072	$ N/A	$ 1,500	$266,572
Juan Gallardo	$150,000	$100,072	$ N/A	$ 1,500	$251,572
David R. Goode	$170,004	$100,072	$ N/A	$26,608	$296,684
Jesse J. Greene, Jr.	$150,000	$100,072	$ N/A	$ 2,000	$252,072
Jon M. Huntsman, Jr.[3]	$112,500	$ —	$ N/A	$ 316	$112,816
Peter A. Magowan	$150,000	$100,072	$ N/A	$ 1,500	$251,572
Dennis A. Muilenburg	$150,000	$100,072	$ N/A	$ —	$250,072
William A. Osborn	$170,004	$100,072	$ N/A	$ 1,500	$271,576
Charles D. Powell	$165,000	$100,072	$ N/A	$ 1,500	$266,572
Edward B. Rust, Jr.	$151,250	$100,072	$ N/A	$38,557	$289,879
Susan C. Schwab	$150,000	$100,072	$ N/A	$ 9,000	$259,072
Joshua I. Smith	$150,000	$100,072	$ N/A	$ 1,500	$251,572
Miles D. White	$150,000	$100,072	$ N/A	$12,000	$262,072

[1] As of December 31, 2012, the number of vested and non-vested options (NQs), RSUs, Restricted Shares and Phantom Shares held by each individual serving as a non-employee director during 2012 was: Mr. Calhoun: 3,534 (which consists of 909 Restricted Shares and 2,625 Phantom Shares); Mr. Dickinson: 21,661 (which consists of 5,833 SARs, 909 Restricted Shares and 14,919 Phantom Shares); Mr. Fife: 16,909 (which consists of 16,000 NQs and 909 Restricted Shares); Mr. Gallardo: 54,598 (which consists of 24,000 NQs, 12,833 SARs, 909 Restricted Shares and 16,856 Phantom Shares); Mr. Goode: 86,670 (which consists of 16,000 NQs, 12,833 SARs, 909 Restricted Shares and 56,928 Phantom Shares); Mr. Greene: 909 Restricted Shares; Mr. Huntsman: 0; Mr. Magowan: 59,766 (which consists of 16,000 NQs, 12,833 SARs, 909 Restricted Shares and 30,024 Phantom Shares); Mr. Muilenburg: 909 Restricted Shares; Mr. Osborn: 13,983 (which consists of 12,833 SARs, 909 Restricted Shares and 241 Phantom Shares); Mr. Powell: 37,983 (which consists of 24,000 NQs, 12,833 SARs, 909 Restricted Shares and 241 Phantom Shares); Mr. Rust: 42,728 (which consists of 8,000 NQs, 12,833 SARs, 909 Restricted Shares and 20,986 Phantom Shares); Ms. Schwab: 2,556 (which consists of 909 Restricted Shares and 1,647 Phantom Shares); Mr. Smith: 30,083 (which consists of 14,000 NQs, 12,833 SARs, 909 Restricted Shares and 2,341 Phantom Shares); and Mr. White: 1,732 (which consists of 909 Restricted Shares and 823 Phantom Shares). Mr. Calhoun, Mr. Dickinson, Mr. Gallardo, Mr. Goode, Mr. Magowan, Ms. Schwab and Mr. Rust deferred 100 percent of their 2012 retainer fee into the Directors' Deferred Compensation Plan. Mr. White deferred 50 percent of his 2012 retainer fee into the Directors' Deferred Compensation Plan.

[2] All Other Compensation represents Company matching gift contributions and premium cost, plus administrative fees associated with the Directors' Charitable Award Program. Outside directors are eligible to participate in the Caterpillar Foundation Matching Gift Program. The Foundation will match contributions to eligible two-year or four-year colleges or universities, arts and cultural institutions, public policy and environmental organizations, up to a maximum of $2,000 per eligible organization per calendar year. The amounts listed represent the named directors' year 2012 insurance premium and administrative fee. For directors whose policy premiums are fully paid, the amount included represents only the administrative fee of $1,500. Directors who joined the Board after April 1, 2008 are not eligible to participate in this program. The amounts shown also include incidental travel related expenses for accompanying spouses or other immediate family members in connection with Board meetings or Company business.

[3] Mr. Fife retired from the Board on December 31, 2012 and Mr. Huntsman was elected to the Board on April 11, 2012. Mr. Huntsman was elected to the Board after the 2012 equity grant date.

2012 All Other Director Compensation Table			
Director	**Company Matching Gift Contributions[1]**	**Directors' Charitable Award Program — Insurance Premiums, Administrative Costs and Other Benefits[2]**	**Total**
David L. Calhoun	$ —	$ N/A	$ —
Daniel M. Dickinson	$ 4,000	$ 4,219	$ 8,219
Eugene V. Fife	$ —	$ 1,500	$ 1,500
Juan Gallardo	$ —	$ 1,500	$ 1,500
David R. Goode	$24,769	$ 1,839	$26,608
Jesse J. Greene, Jr.	$ 2,000	$ N/A	$ 2,000
Jon M. Huntsman, Jr.	$ —	$ 316	$ 316
Peter A. Magowan	$ —	$ 1,500	$ 1,500
Dennis A. Muilenburg	$ —	$ N/A	$ —
William A. Osborn	$ —	$ 1,500	$ 1,500
Charles D. Powell	$ —	$ 1,500	$ 1,500
Edward B. Rust, Jr.	$ 6,000	$32,557	$38,557
Susan C. Schwab	$ 9,000	$ N/A	$ 9,000
Joshua I. Smith	$ —	$ 1,500	$ 1,500
Miles D. White	$12,000	$ N/A	$12,000

[1] Outside directors are eligible to participate in the Caterpillar Foundation Matching Gift Program. The Foundation will match contributions to eligible two-year or four-year colleges or universities, arts and cultural institutions, public policy and environmental organizations, up to a maximum of $2,000 per eligible organization per calendar year.

[2] The amounts listed represent the named directors' year 2012 insurance premium and administrative fee of $1,500 (which for Mr. Rust was $32,557). Mr. Calhoun, Mr. Greene, Mr. Huntsman, Mr. Muilenburg, Ms. Schwab and Mr. White are not eligible to participate in this program, as they joined the Board after the program was eliminated for new participants. The amounts shown also include incidental travel related expenses for accompanying spouses or other immediate family members in connection with Board meetings or Company business.