

CATERPILLAR ON ENERGY



Doug Oberhelman
Chairman and CEO

I have never been more committed to Sustainable Development than I am today. Some 2.7 billion people live without access to adequate energy services. Approximately 1.3 billion people, nearly one fifth of the global population, have no access to electricity at all. It's hard to imagine. It's also within our grasp to change. Given the abundant supplies of energy resources and the technology available today, there is no reason why we can't expand energy access to those who are living without it. In many cases, the biggest difference between a developing nation and a developed nation is access to electricity. Our challenge is how to extend that access in the most sustainable way possible.

We all have a role when it comes to energy. At Caterpillar, our role is clear and significant. We are a global manufacturer, and, as we build products, we use energy. We have to be as efficient in the use of this energy as possible. We employ efficiency programs like the Caterpillar Production System to make the best use of energy in our production lines. Our logistics business strives to find the most efficient ways to get parts and components to facilities around the world. We build new facilities to efficient building standards. And we monitor energy use at our facilities and take proactive steps to reduce energy waste.

We are all on this planet together and need to be informed on the issues surrounding energy. Here's what we believe at Caterpillar:

- Energy sources need to be developed and used in an environmentally responsible manner.
- There is no one single solution to providing globally abundant, reliable, secure, clean and reasonably priced energy.
- Caterpillar supports market-based, cost-efficient energy solutions to help meet the world's growing energy demands.
- Access to affordable and dependable energy resources is critical for energy security, economic prosperity and growing economies.

Energy is at the core of our business. Caterpillar customers play a major role in satisfying the world's increasing demand for reliable energy sources and clean, more efficient energy use. And our business is all about serving our customers. For decades, we've been working with customers to use alternative fuels to power our reciprocating engines and gas turbines. And while it represents a small percentage of our sales today, we're working to grow that business every day. Today, one of our largest businesses is mining. Mining is at the heart of much of today's traditional energy sources. We also supply the global oil and gas industries. We provide an entire suite of services to help customers extract energy resources more efficiently and enable more sustainable harvesting techniques.

We are also focused on energy used for transportation. You'll find industry-leading efficiency in Cat marine engines in many ocean-going vessels, and we are investing heavily in rail and locomotive power – and re-power.

Caterpillar's role is clear. Our customers are in the energy business, and we are working to find ways to help them provide the energy the world needs in a more sustainable manner. We are helping them succeed by helping them become more sustainable and efficient.

Sincerely,

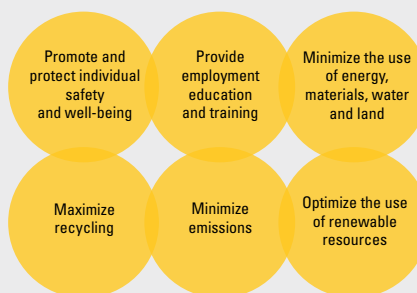
Doug Oberhelman
Chairman & Chief Executive Officer of Caterpillar Inc.

Vision, Mission, Strategy

Our vision is a world in which all people's basic requirements – such as shelter, clean water, sanitation and reliable power – are fulfilled in a way that sustains our environment.

Our mission is to enable economic growth through infrastructure and energy development, and to provide solutions that protect people and preserve the planet.

Our strategy is to provide work environments, products, services and solutions that make efficient use of the world's natural resources and reduce unnecessary impacts on people, the environment and the economy. This means that we leverage resources, including technology and innovation, to:



2020 Goals for Operations

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

2020 Goals for Products, Services & Solutions

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

SUSTAINABLE DEVELOPMENT
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SUSTAINABLE DEVELOPMENT
caterpillar.com/sustainability

2011 SUSTAINABILITY REPORT
caterpillar.com/sustainability-report

2011 YEAR IN REVIEW
caterpillar.com/year-in-review

SAFETY INFORMATION
safety.cat.com

EMPLOYMENT INFORMATION
caterpillar.com/careers

ABOUT CATERPILLAR

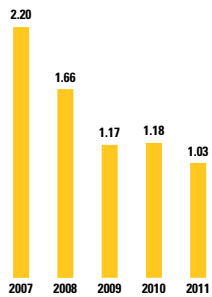
For more than 85 years, Caterpillar Inc. has been making sustainable progress possible and driving positive change on every continent. With 2011 sales and revenues of \$60.14 billion, Caterpillar is the world's leading manufacturer of construction and mining equipment, diesel and natural gas engines, industrial gas turbines and diesel-electric locomotives. The company also is a leading services provider through Caterpillar Financial Services Corporation, Caterpillar Remanufacturing Services, Caterpillar Logistics Inc. and Progress Rail Services Corporation.

PERFORMANCE AT A GLANCE

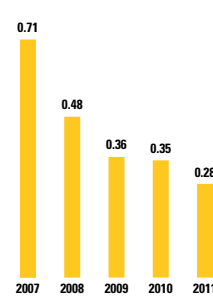
These graphs provide a snapshot of performance for certain safety and sustainability indicators.

WORKPLACE SAFETY

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



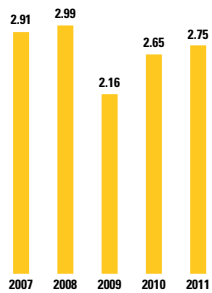
Lost-Time Case Frequency (LTCFR)
(Lost-time injuries per 200,000 hours worked)



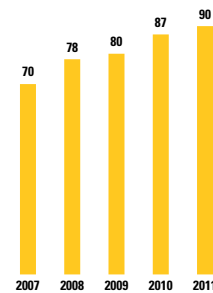
1. Data does not include facilities acquired after June 1, 2010, or Caterpillar Japan Ltd – Direct Dealers operations.
2. Data prior to 2011 has been restated due to: a) acquisitions, b) data updates realized from improved accuracy, c) divestitures.
3. Percent recycled waste excludes the weight of metal, which is 100 percent recycled. Including metal raises the level to 95 percent in 2011.
4. Based only on renewable energy. Alternative energy will be included in the future.
5. Data does not include Progress Rail operations.

ENVIRONMENTAL IMPACT^{1,2}

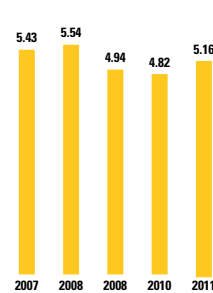
Absolute GHG
(Absolute million metric tons of CO₂e)
(Baseline: 2006)



Percent Recycled³
(Absolute pounds recycled waste/
absolute pounds total waste) x 100



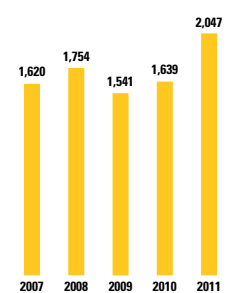
Water Use
(Absolute billion gallons used)
(Baseline: 2006)



**Percent Alternate/
Renewable Sources⁴**
(Renewable electrical energy use/total
electrical energy use) x 100

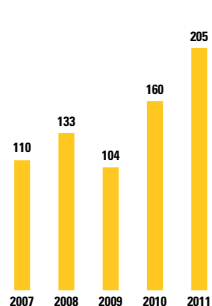


Energy Efficiency
(Dollars of revenue/absolute
gigajoules energy use)
(Baseline: 2006)

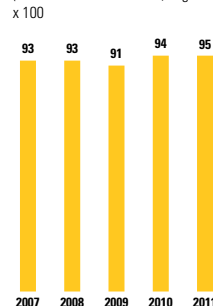


REMANUFACTURING (REMAN)⁵

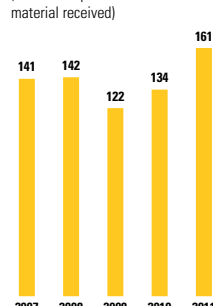
Reman Business Growth
(Percent revenue increase over 2001 base)



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

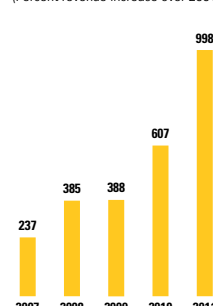


**Reman End-of-Life
"Take Back" by Weight**
(Millions of pounds of end-of-life
material received)



CAT[®] CERTIFIED REBUILD^{2,5}

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



FORWARD-LOOKING STATEMENTS

Certain statements in this 2011 Sustainability Report relate to future events and expectations and are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Words such as "believe," "estimate," "will be," "will," "would," "expect," "anticipate," "plan," "project," "intend," "could," "should," or other similar words or expressions often identify forward-looking statements. All statements other than statements of historical fact are forward-looking statements, including, without limitation, statements regarding our outlook, projections, forecasts or trend descriptions. These statements do not guarantee future performance, and we do not undertake to update our forward-looking statements.

Caterpillar's actual results may differ materially from those described or implied in our forward-looking statements based on a number of factors, including, but not limited to: (i) global economic conditions and economic conditions in the industries and markets we serve; (ii) government monetary or fiscal policies and infrastructure spending; (iii) commodity or component price increases and/or limited availability of raw materials and component products, including steel; (iv) our and our customers', dealers' and suppliers' ability to access and manage liquidity; (v) political and economic risks and instability, including national or international conflicts and civil unrest; (vi) our and Cat Financial's ability to: maintain credit ratings, avoid material increases in borrowing costs, and access capital markets; (vii) the financial condition and credit worthiness of Cat Financial's customers; (viii) inability to realize expected benefits from acquisitions and divestitures, including the acquisition of Bucyrus International, Inc.; (ix) international trade and investment policies; (x) challenges related to Tier 4 emissions compliance; (xi) market acceptance of our products and services; (xii) changes in the competitive environment, including market share, pricing and geographic and product mix of sales; (xiii) successful implementation of capacity expansion projects, cost reduction initiatives and efficiency or productivity initiatives, including the Caterpillar Production System; (xiv) sourcing practices of our dealers or original equipment manufacturers; (xv) compliance with environmental laws and regulations; (xvi) alleged or actual violations of trade or anti-corruption laws and regulations; (xvii) additional tax expense or exposure; (xviii) currency fluctuations; (xix) our or Cat Financial's compliance with financial covenants; (xx) increased pension plan funding obligations; (xxi) union disputes or other employee relations issues; (xxii) significant legal proceedings, claims, lawsuits or investigations; (xxiii) compliance requirements imposed if carbon emissions legislation and/or regulations are adopted; (xxiv) changes in accounting standards; (xxv) failure or breach of IT security; (xxvi) adverse effects of natural disasters; and (xxvii) other factors described in more detail under "Item 1A. Risk Factors" in our Form 10-K filed with the SEC on February 21, 2012 for the year ended December 31, 2011. This filing is available on our website at www.caterpillar.com/secfilings.

TRADEMARK INFORMATION

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