

J.P. Morgan Aviation, Transportation & Industrials Conference



Julie Lagacy – Vice President Finance Services
Rich Moore – Director of Investor Relations

March 11, 2014

Forward-Looking Statements

Certain statements in this filing 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 we serve; (ii) government monetary or fiscal policies and infrastructure spending; (iii) commodity price changes, component price increases, fluctuations in demand for our products or significant shortages of component products; (iv) disruptions or volatility in global financial markets limiting our sources of liquidity or the liquidity of our customers, dealers and suppliers; (v) political and economic risks, commercial instability and events beyond our control in the countries in which we operate; (vi) failure to maintain our credit ratings could increase our cost of borrowing and adversely affecting our cost of funds, liquidity, competitive position and access to capital markets; (vii) our Financial Products segment’s risks associated with the financial services industry; (viii) changes in interest rates or market liquidity conditions could adversely affect Cat Financial’s and our earnings and /or cash flow; (ix) an increase in delinquencies, repossessions or net losses of Cat Financials customers could adversely affect its results; (x) new regulations or changes in financial services regulations; (xi) we may not realize all of the anticipated benefits of our acquisitions, joint ventures or divestitures, or these benefits may take longer to realize than expected; (xii) international trade policies may impact demand for our products and our competitive position; (xiii) our ability to develop, produce and market quality products that meet our customers’ needs; (xiv) the highly competitive environment in which we operate could adversely affect our sales and pricing; (xv) we may not realize all of the anticipated benefits from a number of initiatives to increase our productivity, efficiency and cash flow and to reduce costs; (xvi) we could incur additional restructuring charges and may not realize anticipated savings or benefits from past or future cost reduction actions; (xvii) inventory management decisions and sourcing practices of our dealers and our OEM customers; (xviii) compliance with environmental laws and regulation; (xix) alleged or actual violations of trade or anti-corruption laws and regulations; (xx) additional tax expense or exposure; (xxi) currency fluctuations; (xxii) our or Cat Financial’s compliance with financial covenants; (xxiii) increased pension plan funding obligations; (xxiv) union disputes or other employee relations issues; (xxv) significant legal proceedings, claims, lawsuits or investigations; (xxvi) compliance requirements imposed if additional carbon emissions legislation and/or regulations are adopted; (xxvii) changes in accounting standards; (xxviii) failure or breach of IT security; (xxix) adverse effects of unexpected events including natural disasters; and (xxx) other factors described in more detail under “Item 1A. Risk Factors” in our Form 10-K filed with the SEC on February 18, 2014 for the year ended December 31, 2013.



Agenda

- 2010 Strategy Refresh
- Across the Table Initiative
- Lean / Integrated Value Chains
- Energy and Transportation
- Cash Deployment



In 2010 … significant changes to our strategy

- External focus on **beating competitors** and helping **customers succeed**
- CPS, quality, and cost management … **internal issues we needed to fix**
- We put the fundamentals in play driving the **Caterpillar Business Model**
- We focused on employees and **Leadership Development**
- We refocused on our strengths with **Resource Allocation**
- We drove accountability and organized strategic businesses **around our Group Presidents**



We've Updated our Strategy

Our 2010 strategy set the right direction …

We are updating it and focusing on key imperatives that will drive us to 2018



The key elements we're focused on are …

More flexible cost structure minimize trough to peak structural cost growth & improve asset utilization	We took out significant costs in 2013, but need to be better prepared and more flexible
Accelerate growth with PINS, POPS, PODD … innovative products, great availability, "Across the Table" with dealers	We've improved PINS the last 3 years and are driving for even more growth
Lean transformation and integrated value chains	Build on CPS, reduce inventory volatility, transform value chains
Attractive, well-balanced portfolio Good balance between the industries we serve	Will continue to grow important industries that fit our business model



From an Investor Standpoint …

… these are the key points to remember

Our long-term investment thesis is intact… *a global leader in equipment and services for construction, infrastructure, mining, energy, and transportation*

We understand we're in cyclical industries … *and are focused on the levers we can control*

We are a stronger company today because of our strategy and execution *… and we're driving to the next level*



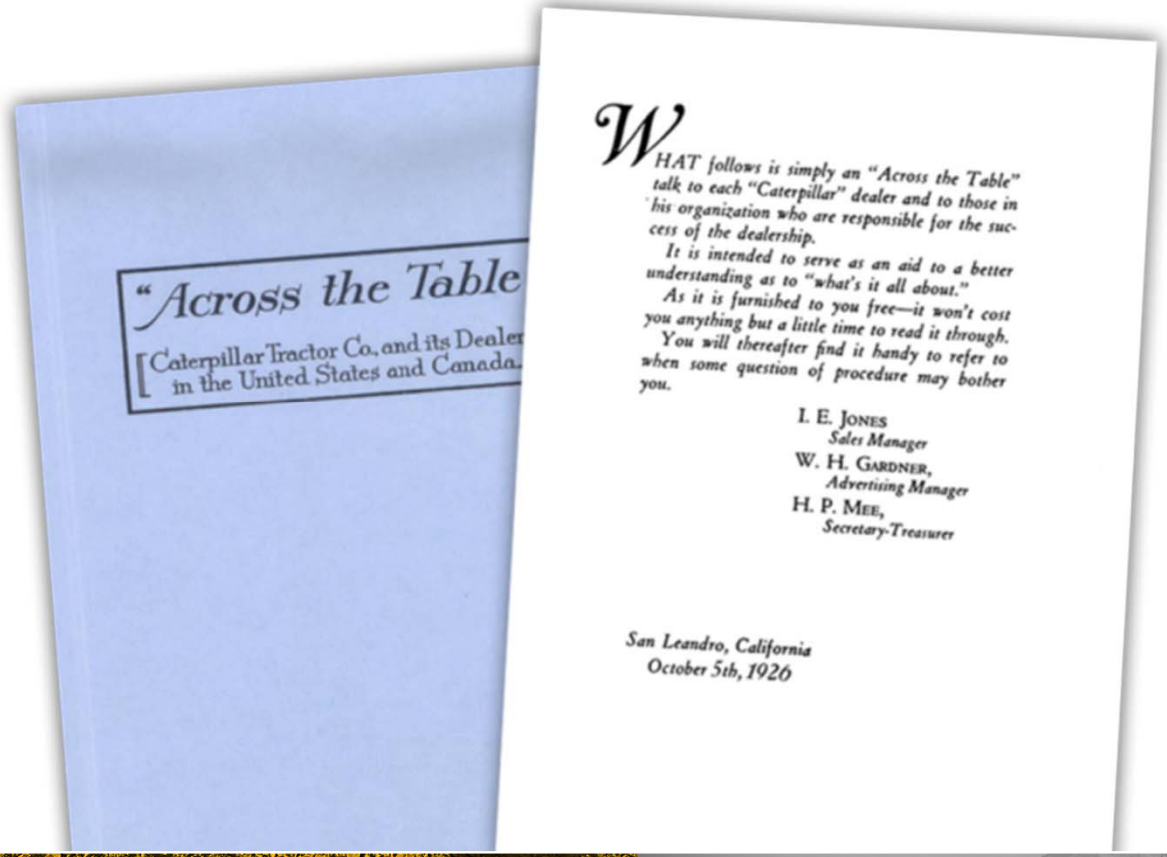
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Across The Table

The Foundation



Relationship Based on Long-Standing Principles

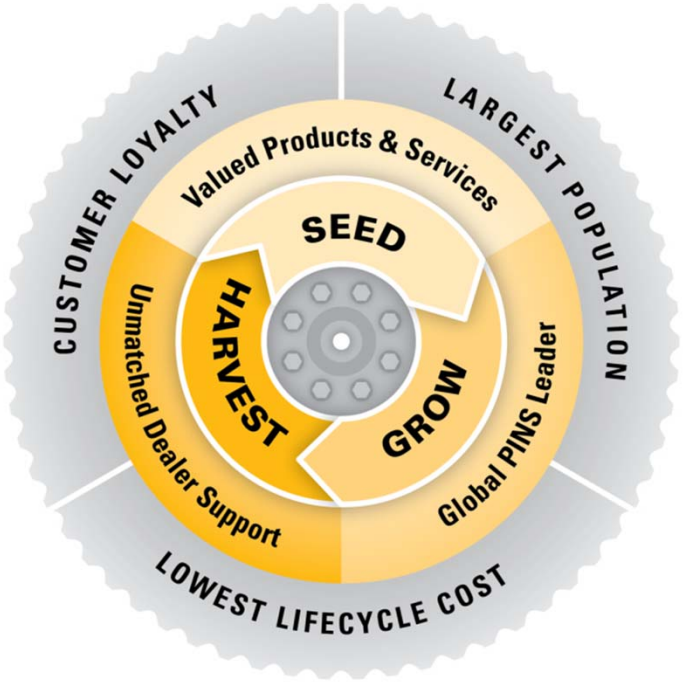
What we value -- then and now

- Character and reputation
- Business enterprise
- Capital and financing
- Product line experience
- Territory knowledge
- Co-operative relationships



Across The Table

Business Model Excellence



- Improve overall Dealer performance
- Improve our competitive advantage
- Drive significant growth in field population
- Consistent outstanding customer experience
- Be easy to do business with
- Serve multiple customer requirements through Dealer channel

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Caterpillar Value Chain Framework

Market Back

Product Strategy → Internal & External Suppliers → Logistics → Operations → Product Distribution → Customer Requirements

Strategy	Capability	Performance
▪ Enterprise Excellence	▪ Strong CPS	▪ Customer Satisfaction
▪ Customer Service Promise	▪ Lean Transformation	▪ Market Share
▪ Competitive Advantage	▪ Engineer Value Chains	▪ Warranty
▪ Maximize OPACC	▪ Integrated Business Solution	▪ Global Supply
		▪ “Hidden Factories”
		▪ Asset Efficiency
		▪ Cash Conversion Cycle



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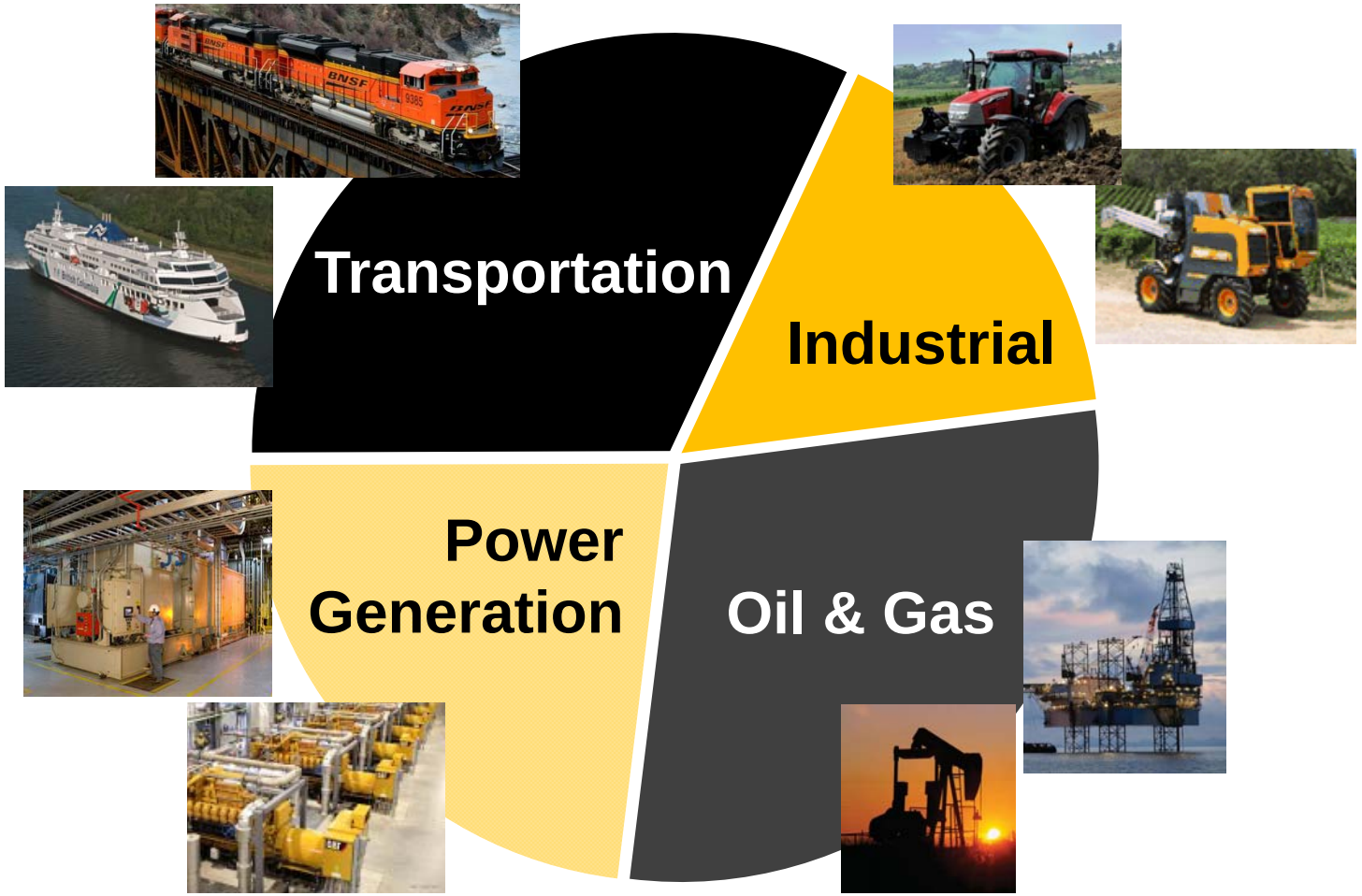
Energy & Transportation

Billions of $

	2010	2011	2012	2013
Sales	$ 15.5	$ 20.1	$ 21.1	$ 20.2
Profit	$ 2.3	$ 3.1	$ 3.4	$ 3.4

Diverse end markets, customers and product line

Energy & Transportation
2013 Sales



OIL & GAS

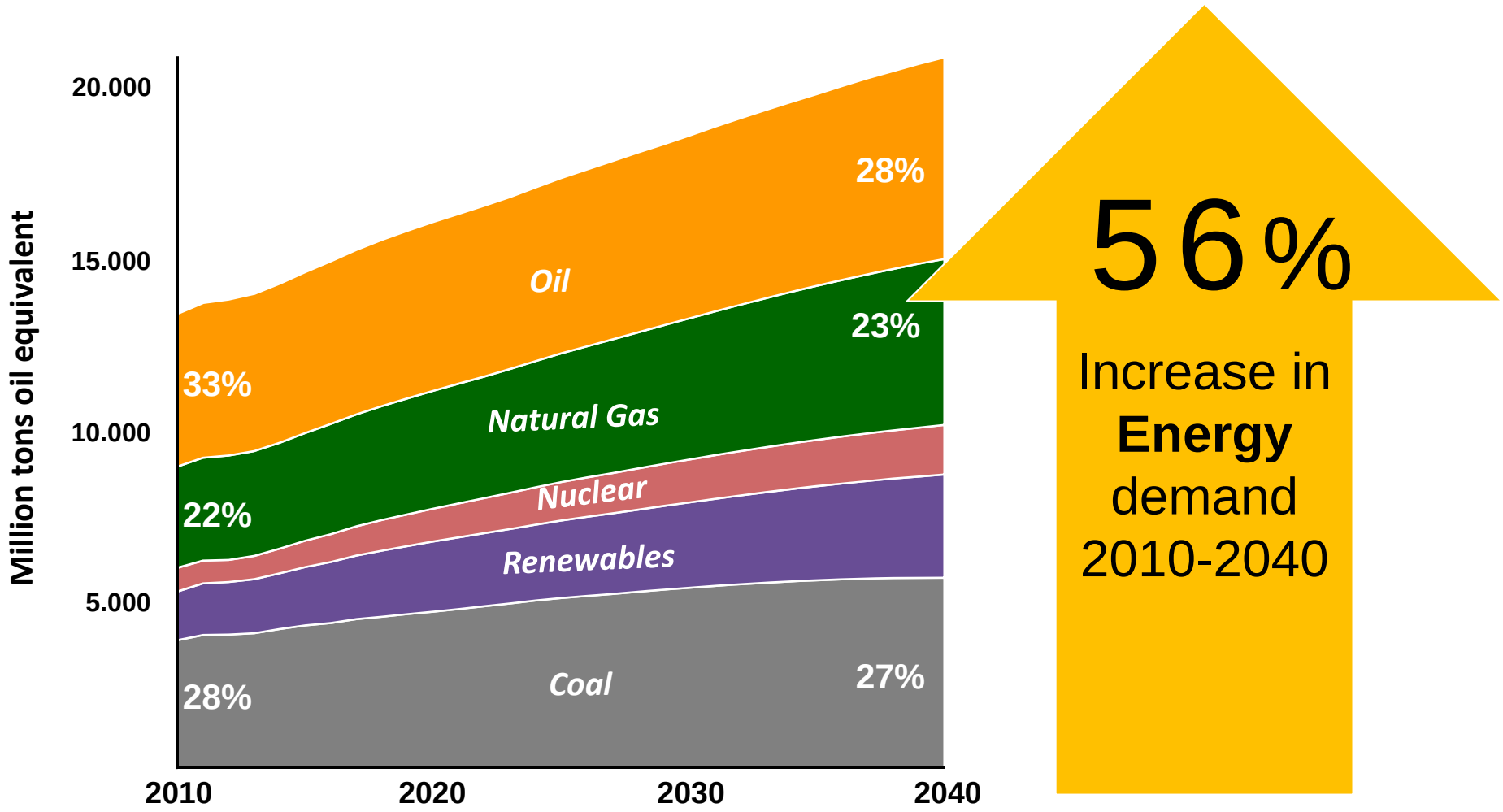


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Global Energy Demand



Source: EIA – International Annual Energy Outlook, July 25, 2013

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OIL & GAS

PRODUCTS

- Reciprocating Engines
- Pumps & Transmissions
- Gas Turbines & Compressors

APPLICATIONS

- Offshore & Land Drilling
- Well Service
- Production
- Gas Compression

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Solar Turbines
A Caterpillar Company



CAT

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We Invest for …

Financial Strength and Growth

Our Priorities	2008	Avg Year 2010-2012	2013
Financial Strength … M&PS debt-to-cap ratio	58%	→ 37%	29.7%
Fund Growth … CAPEX, R&D, Acquisitions	$4 Billion	$8 Billion	$4 Billion
Well-Funded Employee Benefit Plans			
Pension - Funded Status	61%	→ 70%	86%
Sustainable Dividend Growth		Sustainable	$1.5 Billion*
Stock Repurchase		None	$2 Billion

We expect significant cash to invest

* Includes dividend declared for 1Q 2013, but paid in December 2012



Our strategic financial performance goals…

- ✓ TSR in the top 25% of the S&P 500 over the long-term
- ✓ Profit growth 15%+ over the cycle… *that means incremental operating profit pull through of about 25%*
- ✓ We're in cyclical industries *… some years it'll be more than 15% … some years less*





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