

CATERPILLAR INC  
Form 424B5  
May 24, 2011

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**Filed Pursuant to Rule 424(b)(5)  
Registration No. 333-162837**

**The information in this preliminary prospectus supplement is not complete and may be changed. This preliminary prospectus supplement and the accompanying prospectus are not an offer to sell these notes and are not soliciting an offer to buy these notes in any state or jurisdiction where the offer or sale is not permitted.**

**SUBJECT TO COMPLETION, DATED MAY 24, 2011**

**PROSPECTUS SUPPLEMENT  
(To Prospectus Dated November 3, 2009)**

\$

\$                    *% Senior Notes due 20*  
\$                    *% Senior Notes due 20*  
\$                    *% Senior Notes due 20*  
\$                    *% Senior Notes due 20*

We are offering \$                    aggregate principal amount of our                    % Senior Notes due 20                    (the "20                    Notes"), \$                    aggregate principal amount of our                    % Senior Notes due 20                    (the "20                    Notes"), \$                    aggregate principal amount of our                    % Senior Notes due 20                    (the "20                    Notes") and \$                    aggregate principal amount of our                    % Senior Notes due 20                    (the "20                    Notes" and, together with the 20                    Notes, the 20                    Notes and the 20                    Notes, the "Notes"). Interest on the Notes is payable semi-annually on                    and                    of each year, beginning on                    , 2011. One or more of the series of Notes may be issued at floating interest rates (the "Floating Rate Notes"). Interest on Notes designated as Floating Rate Notes will be payable quarterly in arrears and determined as set forth under "Description of the Notes Interest on Floating Rate Notes." We refer to Notes not designated as Floating Rate Notes as "Fixed Rate Notes." The 20                    Notes will mature on                    , 20                    , the 20                    Notes will mature on                    , 20                    , the 20                    Notes will mature on                    , 20                    , and the 20                    Notes will mature on                    , 20                    . We may redeem the Fixed Rate Notes of any series at our option, at any time in whole or from time to time in part, at a redemption price equal to the "make-whole" redemption price discussed under the caption "Description of the Notes Optional redemption."

The Notes are being offered to finance in part our pending merger with Bucyrus International, Inc. ("Bucyrus"). If we do not consummate the merger with Bucyrus on or prior to June 30, 2012, or if the Merger Agreement (as defined below) is terminated at any time prior to that date, we will be required to redeem all of the Notes offered hereby at a

redemption price equal to 101% of the aggregate principal amount of the Notes, plus accrued and unpaid interest from the date of initial issuance, or the most recent date to which interest has been paid or provided for, as the case may be, to but excluding the special mandatory redemption date. See "Use of proceeds" and "Description of the Notes Special mandatory redemption."

The Notes will be unsecured and will rank senior to all our existing and future subordinated debt and will rank equally in right of payment with our existing and future unsecured senior debt. The Notes will be effectively subordinated to any secured debt we may have or incur in the future. The Notes will be structurally subordinated to the debt and all other obligations of our subsidiaries.

Investing in the Notes involves risks. See "Risk factors" beginning on page S-10 of this prospectus supplement.

**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the Notes or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.**

		Public offering price(1)		Underwriting discount		Proceeds to us (before expenses)
Per 20	Note	%		%		%
Total		\$		\$		\$
Per 20	Note	%		%		%
Total		\$		\$		\$
Per 20	Note	%		%		%
Total		\$		\$		\$
Per 20	Note	%		%		%
Total		\$		\$		\$

(1) Plus accrued interest, if any, from \_\_\_\_\_, 2011.

**The Notes will not be listed on any securities exchange. Currently, there is no public market for the Notes.**

The underwriters expect to deliver the Notes for purchase on or about \_\_\_\_\_, 2011, in book-entry form through the facilities of The Depository Trust Company and its participants, including Clearstream Banking, *société anonyme*, and Euroclear Bank S.A./N.V.

*Joint Book-Running Managers*

**J.P. Morgan**

**Barclays Capital**

**RBS**

**BofA Merrill Lynch**

**Citi**

**SOCIETE GENERALE**

Dated: May \_\_\_\_\_, 2011.

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We have not authorized anyone to provide any information other than that contained or incorporated by reference in this prospectus supplement, the accompanying prospectus or any free writing prospectus we authorize that supplements this prospectus supplement. We take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you. You should not assume that the information in this prospectus supplement or the accompanying prospectus is accurate as of any date other than the date on the cover of the applicable document. We are only making an offer with respect to the Notes. This prospectus supplement and the accompanying prospectus do not constitute an offer to sell or a solicitation of an offer to buy by anyone in any jurisdiction in which such offer or solicitation is not authorized, or in which the person is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation.



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## **About this prospectus supplement**

This document is in two parts. The first part is the prospectus supplement, which describes the terms of the offering of the Notes. The second part is the accompanying prospectus dated November 3, 2009, which we refer to as the "accompanying prospectus." The accompanying prospectus contains a description of our debt securities and gives more general information, some of which may not apply to the Notes. You should read both this prospectus supplement and the accompanying prospectus, together with the documents incorporated by reference and the additional information described below under the heading "Where you can find more information." If the description of this offering varies between this prospectus supplement and the accompanying prospectus, you should rely on the information in this prospectus supplement.

In this prospectus supplement and the accompanying prospectus, unless otherwise indicated, "we," "us," "our," "Caterpillar" and "the company" refer to Caterpillar Inc. and its subsidiaries. Our executive offices are located at 100 NE Adams St., Peoria, Illinois, 61629, and our telephone number is (309) 675-1000. We maintain a website at [www.caterpillar.com](http://www.caterpillar.com) where general information about us is available. We are not incorporating the contents of the website into this prospectus supplement or the accompanying prospectus.

## **Where you can find more information**

We file annual, quarterly and current reports, proxy statements and other information with the Securities and Exchange Commission (the "SEC"). You may read and copy any document that we file at the Public Reference Room of the SEC at 100 F Street, NE Washington, DC 20549. You may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. In addition, the SEC maintains an Internet site at <http://www.sec.gov>, from which interested persons can electronically access the registration statement of which this prospectus supplement forms a part, including the exhibits and schedules thereto.

The SEC allows us to "incorporate by reference" the information we file with it, which means that we can disclose important information to you by referring you to those documents. The information incorporated by reference is an important part of this prospectus supplement, and information that we file later with the SEC will automatically update and supersede this information. We incorporate by reference the documents listed below and any future filings we make with the SEC under Section 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934 (other than, in each case, documents or information deemed to have been furnished and not filed in accordance with SEC rules), on or after the date of this prospectus supplement until we sell all of the Notes offered by this prospectus supplement and accompanying prospectus:

- (a) Annual Report on Form 10-K for the fiscal year ended December 31, 2010;
- (b) Quarterly Report on Form 10-Q for the quarter ended March 31, 2011; and
- (c) Current Reports on Form 8-K filed with the SEC on January 20, 2011, January 21, 2011, March 18, 2011 and May 23, 2011.

We will provide without charge to each person, including any beneficial owner, to whom this prospectus supplement and accompanying prospectus is delivered, upon his or her written or

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oral request, a copy of any or all documents referred to above which have been or may be incorporated by reference into this prospectus supplement, excluding exhibits to those documents unless they are specifically incorporated by reference into those documents. You can request those documents in writing or by telephone from Caterpillar as follows:

Caterpillar Inc.  
Attention: Corporate Secretary  
100 NE Adams Street  
Peoria, Illinois 61629  
Telephone: 309-675-1000

## **A note on forward-looking statements**

Certain statements in this prospectus supplement and the accompanying prospectus, including the documents incorporated by reference herein, relate to future events and expectations and are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements are subject to known and unknown factors that may cause Caterpillar's actual results to be different from those expressed or implied in the forward-looking statements. Words such as "believe," "estimate," "will be," "will," "would," "expect," "anticipate," "plan," "project," "intend," "could," "should" or other similar words or expressions often identify forward-looking statements. All statements other than statements of historical fact are forward-looking statements, including, without limitation, statements regarding our outlook, projections, forecasts or trend descriptions. These statements do not guarantee future performance, and Caterpillar does not undertake to update its forward-looking statements.

It is important to note that Caterpillar's actual results may differ materially from those described or implied in its forward-looking statements based on a number of factors, including, but not limited to: (i) the possibility that the proposed transaction with Bucyrus does not close for any reason, including, but not limited to, a failure to obtain required regulatory approvals or the occurrence of a material adverse change; (ii) inability to successfully integrate or achieve expected benefits from acquisitions, including synergies of the Bucyrus transaction; (iii) economic volatility in the global economy generally and in capital and credit markets; (iv) Caterpillar's ability to generate cash from operations, secure external funding for operations and manage liquidity needs; (v) global economic conditions and economic conditions in the industries and markets Caterpillar serves; (vi) government monetary or fiscal policies and government spending on infrastructure; (vii) commodity or component price increases and/or limited availability of raw materials and component products, including steel; (viii) Caterpillar's and its customers', dealers' and suppliers' ability to access and manage liquidity; (ix) political and economic risks associated with our global operations, including changes in laws, regulations or government policies, currency restrictions, restrictions on repatriation of earnings, burdensome tariffs or quotas, national and international conflict, including terrorist acts and political and economic instability or civil unrest in the countries in which Caterpillar operates; (x) Caterpillar's and Cat Financial's ability to maintain their respective credit ratings, material increases in either company's cost of borrowing or an inability of either company to access capital markets; (xi) financial condition and creditworthiness of Cat Financial's customers; (xii) international trade and investment policies, such as import quotas, capital controls or tariffs; (xiii) the possibility that Caterpillar's introduction of Tier 4 emissions compliant machines and engines is not successful; (xiv) market

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acceptance of Caterpillar's products and services; (xv) effects of changes in the competitive environment, which may include decreased market share, lack of acceptance of price increases, and/or negative changes to our geographic and product mix of sales; (xvi) union disputes or other employee relations issues; (xvii) Caterpillar's ability to successfully implement the Caterpillar Production System or other productivity initiatives; (xviii) adverse changes in sourcing practices of our dealers or original equipment manufacturers; (xix) compliance costs associated with environmental laws and regulations; (xx) alleged or actual violations of trade or anti-corruption laws and regulations; (xxi) additional tax expense or exposure; (xxii) currency fluctuations, particularly increases and decreases in the U.S. dollar against other currencies; (xxiii) failure of Caterpillar or Cat Financial to comply with financial covenants in their respective credit facilities; (xxiv) increased funding obligations under our pension plans; (xxv) significant legal proceedings, claims, lawsuits or investigations; (xxvi) imposition of operational restrictions or compliance requirements if carbon emissions legislation and/or regulations are adopted; (xxvii) changes in accounting standards or adoption of new accounting standards; (xxviii) adverse effects of natural disasters; and (xxix) other factors described in more detail under "Item 1A. Risk Factors" in Part I of our Form 10-K for the year ended December 31, 2010 filed with the SEC on February 22, 2011. We do not undertake to update our forward-looking statements.

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## Summary

*This summary highlights certain information about us and the offering of the Notes. This summary does not contain all the information that may be important to you. You should carefully read this entire prospectus supplement, the accompanying prospectus and those documents incorporated by reference into this prospectus supplement and the accompanying prospectus, including the risk factors and the financial statements and related notes incorporated by reference herein, before making an investment decision.*

## Caterpillar Inc.

### Overview

Information in our financial statements and related commentary are presented in the following categories:

**Machinery and Power Systems** Represents the aggregate total of Construction Industries, Resource Industries, Power Systems, and All Other segments and related corporate items and eliminations.

**Financial Products** Primarily includes the company's Financial Products Segment. This category includes Caterpillar Financial Services Corporation (Cat Financial), Caterpillar Insurance Holdings Inc. (Cat Insurance) and their respective subsidiaries.

Our products are sold primarily under the brands "Caterpillar," "CAT," design versions of "CAT" and "Caterpillar," "Electro-Motive," "FG Wilson," "MaK," "Olympian," "Perkins," "Progress Rail" and "Solar Turbines."

We conduct operations in our Machinery and Power Systems businesses under highly competitive conditions, including intense price competition. We place great emphasis on the high quality and performance of our products and our dealers' service support. Although no one competitor is believed to produce all of the same types of machines and engines that we do, there are numerous companies, large and small, which compete with us in the sale of each of our products.

Machines are distributed principally through a worldwide organization of dealers (dealer network), 50 located in the United States and 138 located outside the United States. Worldwide, these dealers serve 182 countries and operate 3,475 places of business, including 1,341 dealer rental outlets. Reciprocating engines are sold principally through the dealer network and to other manufacturers for use in products manufactured by them. Some of the reciprocating engines manufactured by Perkins are also sold through a worldwide network of 142 distributors located in 183 countries. The FG Wilson branded electric power generation systems are sold through a worldwide network of 154 distributors located in 179 countries. Some of the large, medium speed reciprocating engines are also sold under the MaK brand through a worldwide network of 19 distributors located in 130 countries. Our dealers do not deal exclusively with our products; however, in most cases sales and servicing of our products are the dealers' principal business. Turbines are sold through sales forces employed by the company. At times, these employees are assisted by independent sales representatives.



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Manufacturing activities of Machinery and Power Systems are conducted in 94 plants in the United States; 16 in the United Kingdom; nine each in Italy and Mexico; eight in China; six in Canada; five in France; four each in Australia, Brazil and India; three in Poland; two each in Germany, Indonesia, Japan and the Netherlands; and one each in Belgium, Hungary, Malaysia, Nigeria, Russia, South Korea, Switzerland and Tunisia. Twelve parts distribution centers are located in the United States and 17 are located outside the United States.

Financial Products also conducts operations under highly competitive conditions. Financing for users of Caterpillar products is available through a variety of competitive sources, principally commercial banks and finance and leasing companies. We emphasize prompt and responsive service to meet customer requirements and offer various financing plans designed to increase the opportunity for sales of our products and generate financing income for our company.

Financial Products activity is conducted primarily in the United States, with additional offices in Africa, Asia, Australia, Canada, the Commonwealth of Independent States, Europe, Latin America and the Middle East.

Caterpillar was originally organized as Caterpillar Tractor Co. in 1925 in the State of California. In 1986, the company reorganized as Caterpillar Inc. in the State of Delaware. Our principal executive offices are located at 100 NE Adams Street, Peoria, Illinois 61629. Our telephone number is (309) 675-1000.

### **Pending acquisition of Bucyrus**

On November 14, 2010, we entered into an Agreement and Plan of Merger (the "Merger Agreement") with Bucyrus International, Inc. ("Bucyrus") and Badger Merger Sub, Inc., a wholly owned subsidiary of ours ("Sub"). Pursuant to the Merger Agreement, and subject to the satisfaction or waiver of certain closing conditions, Sub will merge with and into Bucyrus, with Bucyrus surviving as a wholly owned subsidiary of Caterpillar (the "Merger"). The anticipated aggregate consideration to be paid by Caterpillar to Bucyrus' stockholders to consummate the Merger is approximately \$7.6 billion. The consummation of the Merger is subject to certain conditions, including, among others, the expiration or termination of the applicable waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (the "HSR Act"), which expiration occurred on May 19, 2011, and obtaining antitrust approvals in certain other jurisdictions. At a special meeting of Bucyrus stockholders held on January 20, 2011, the Bucyrus stockholders voted to adopt the Merger Agreement. The completion of the Merger is not subject to a financing condition. We expect the Merger to close in mid-2011.

Bucyrus is a leading designer, manufacturer and marketer of high productivity mining equipment. Bucyrus operates in two business segments: surface mining and underground mining. Major markets for the surface mining industry are copper, coal, oil sands and iron ore. The major market for the underground mining industry is coal. Most of Bucyrus' surface mining customers are large multinational corporations with operations in the various major surface mining markets throughout the world. Most of Bucyrus' underground mining customers are multinational coal mining corporations, but tend to be smaller in size than Bucyrus' surface mining customers. In addition to the manufacture of original equipment, an important part of Bucyrus' business consists of aftermarket sales, such as supplying parts, maintenance and repair services and technical advice, as well as refurbishing and relocating older, installed original equipment. Bucyrus has manufacturing facilities in Australia, China, the Czech Republic,

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Germany, Mexico, the United Kingdom and the United States and service and sales centers in Australia, Brazil, Canada, Chile, China, India, Indonesia, Peru, Russia, South Africa and the United States. Bucyrus' corporate headquarters is located in South Milwaukee, Wisconsin, USA.

Bucyrus' common stock is listed on the NASDAQ Global Select Stock Market under the symbol "BUCY." See "Description of Bucyrus acquisition" for additional information on the Merger and Merger Agreement.

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The following is a summary of some of the terms of this offering. For a more complete description of the terms of the Notes, please refer to "Description of the Notes" in this prospectus supplement and "Description of Debt Securities" in the accompanying prospectus.

<b>Issuer</b>	Caterpillar Inc.
<b>Notes offered</b>	\$ aggregate principal amount of % Fixed Rate Notes due 20 (the "20 Notes").
	\$ aggregate principal amount of % Fixed Rate Notes due 20 (the "20 Notes").
	\$ aggregate principal amount of % Fixed Rate Notes due 20 (the "20 Notes").
	\$ aggregate principal amount of % Fixed Rate Notes due 20 (the "20 Notes" and, together with the 20 Notes, the 20 Notes and the 20 Notes, the "Notes").
<b>Maturity dates</b>	20 Notes: , 20 .
	20 Notes: , 20 .
	20 Notes: , 20 .
	20 Notes: , 20 .
<b>Coupon</b>	20 Notes: % per year.
	20 Notes: % per year.
	20 Notes: % per year.
	20 Notes: % per year.
	Interest on Notes designated as Floating Rate Notes will be determined as set forth under "Description of the Notes Interest on Floating Rate Notes."
<b>Interest payment dates</b>	and o f each year, beginning , 2011.
	Interest on Notes designated as Floating Rate Notes will be paid quarterly in arrears as set forth under "Description of the Notes Interest on Floating Rate Notes."
<b>Ranking</b>	The Notes of each series are unsecured and will rank equally in right of payment with the other series of Notes and all of our other existing and future senior unsecured indebtedness.
	The Notes will be effectively subordinated to all of the secured indebtedness of Caterpillar Inc. (excluding its subsidiaries). As of March 31, 2011, we had no secured indebtedness for borrowed money. The Notes will be structurally subordinated to all of the secured and unsecured indebtedness and other liabilities of our subsidiaries. As of March 31, 2011, our subsidiaries had approximately \$24.8 billion of indebtedness outstanding that is structurally senior to the Notes.

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<b>Optional redemption</b>	We may redeem any series of the Fixed Rate Notes at our option, at any time in whole or from time to time in part, at a redemption price equal to the "make-whole" redemption price discussed under the caption "Description of the Notes Optional redemption."
<b>Special mandatory redemption</b>	If we do not consummate the Merger with Bucyrus on or prior to June 30, 2012, or if the Merger Agreement governing the Merger is terminated at any time prior to such date, we must redeem all of the Notes at a redemption price equal to 101% of the aggregate principal amount of the Notes, plus accrued and unpaid interest from the date of initial issuance, or the most recent date to which interest has been paid or provided for, as the case may be, to but excluding the special mandatory redemption date. See "Description of the Notes Special mandatory redemption."
<b>Covenants</b>	The indenture governing the Notes contains certain covenants for your benefit. These covenants restrict our ability to, among other things, incur debt secured by liens, engage in certain sale-leaseback transactions and merge or consolidate or sell all or substantially all of our assets. These covenants are subject to significant exceptions. See "Description of Debt Securities Certain Restrictive Covenants" in the accompanying prospectus.
<b>Use of proceeds</b>	We intend to use the net proceeds of this offering to pay a portion of the consideration for our Merger with Bucyrus and to pay certain fees and expenses relating to the Merger. See "Use of proceeds."
<b>Form and denomination</b>	The Notes will be issued in fully registered form in denominations of \$2,000 and in integral multiples of \$1,000.
<b>Further issuances</b>	We may, from time to time, without the written consent of or notice to holders of the Notes, create and issue additional notes having the same terms and conditions as the Notes of any series in all respects (other than the issue date, issue price, and to the extent applicable, first date of interest accrual and first interest payment date of such notes), provided that if the additional notes are not fungible with the previously outstanding notes of that series for United States federal income tax purposes, such additional notes will have a separate CUSIP number. Those additional notes will be consolidated with and form a single series with the previously outstanding Notes of that series. See "Description of the Notes Further issuances."
<b>No listing of the Notes</b>	We do not intend to apply to list the Notes for trading on any securities exchange or to arrange for quotation on any automated dealer quotation system. Accordingly, we cannot provide assurance as to the development or liquidity of any market for any series of the Notes. See "Underwriting."
<b>Trustee</b>	U.S. Bank National Association
<b>Risk factors</b>	See "Risk factors" beginning on page S-10 of this prospectus supplement for important information regarding us and an investment in the Notes.

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**Other relationships**

Certain of the underwriters and their affiliates have provided in the past to us and our affiliates and may provide from time to time in the future, various financial advisory and/or derivatives, commercial banking, investment banking and other commercial transactions and services for us and such affiliates in the ordinary course of their business, for which they have received and may continue to receive customary fees and commissions. In particular, affiliates of J.P. Morgan Securities LLC, Barclays Capital Inc., RBS Securities Inc., Citigroup Global Markets Inc., Merrill Lynch, Pierce, Fenner & Smith Incorporated and SG Americas Securities, LLC are parties to and lenders under our bridge credit facility that is available to provide short-term financing for our Merger with Bucyrus. J.P. Morgan Securities LLC also acts as the sole bookrunner and sole lead arranger under our bridge credit facility, and an affiliate of J.P. Morgan Securities LLC serves as sole administrative agent. Our bridge credit facility was negotiated on an arm's length basis and contains customary terms pursuant to which the lenders receive customary fees. In addition, J.P. Morgan Securities LLC is acting as our financial advisor in connection with our proposed Merger with Bucyrus and will receive a contingent payment in the event of the successful completion of the Merger. Citigroup Global Markets Inc. also acts as the sole bookrunner and sole lead arranger under our primary credit facility, and an affiliate of Citigroup Global Markets Inc. serves as sole agent thereunder. Certain of the underwriters and their affiliates are also parties to and lenders under our other existing credit facilities.

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## **Summary selected historical financial information**

The following table sets forth our selected historical consolidated financial information. The selected historical results of operations information for the years ended December 31, 2010, 2009 and 2008, and the summary selected historical financial position information as of December 31, 2010, December 31, 2009 and December 31, 2008, are derived from our audited consolidated financial statements and the related notes contained in our Current Report on Form 8-K filed with the SEC on May 23, 2011, which is incorporated by reference in this prospectus supplement. The selected historical results of operations information for the quarters ended March 31, 2011 and March 31, 2010 and the summary selected historical financial position information as of March 31, 2011 are derived from our unaudited consolidated financial statements and the related notes contained in our Quarterly Report on Form 10-Q for the quarter ended March 31, 2011, which is incorporated by reference in this prospectus supplement. Historical results are not necessarily indicative of the results that may be expected for any future period. The summary historical financial information should be read in conjunction with our consolidated financial statements and the related notes and the "Management's Discussion and Analysis of Financial Condition and Results of Operations" sections included in our Current Report on Form 8-K filed with the SEC on May 23, 2011 and in our Quarterly Report on Form 10-Q for the quarter ended March 31, 2011, each of which we have filed with the SEC and is incorporated by reference in this prospectus supplement. See "Where you can find more information" elsewhere in this prospectus supplement.

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(in millions)	Years ended December 31,			Three months ended	
	2010	2009	2008	March 31, 2011	2010
<b>Income statement information:</b>					
Sales and revenues:					
Sales of Machinery and Power Systems	\$ 39,867	\$ 29,540	\$ 48,044	\$ 12,277	\$ 7,551
Revenues of Financial Products	2,721	2,856	3,280	672	687
Total sales and revenues	42,588	32,396	51,324	12,949	8,238
Operating costs:					
Cost of goods sold	30,367	23,886	38,415	9,057	5,894
Selling, general and administrative expenses	4,248	3,645	4,399	1,099	932
Research and development expenses	1,905	1,421	1,728	525	402
Interest expense of Financial Products	914	1,045	1,153	203	233
Other operating (income) expenses	1,191	1,822	1,181	232	269
Total operating costs	38,625	31,819	46,876	11,116	7,730
Operating profit	3,963	577	4,448	1,833	508
Interest expense excluding Financial Products	343	389	274	87	102
Other income (expense)	130	381	327	17	63
Consolidated profit before taxes	3,750	569	4,501	1,763	469
Provision (benefit) for income taxes	968	(270)	953	512	231
Profit of consolidated companies	2,782	839	3,548	1,251	238
Equity in profit (loss) of unconsolidated affiliated companies	(24)	(12)	37	(8)	(2)
Profit of consolidated and affiliated companies	2,758	827	3,585	1,243	236
Less: Profit (loss) attributable to noncontrolling interests	58	(68)	28	18	3
Profit(1)	\$ 2,700	\$ 895	\$ 3,557	\$ 1,225	\$ 233

(1) Profit attributable to common stockholders.

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(in millions)	December 31,		March 31,	
	2010	2009	2008	2011
<b>Balance sheet information (at period end):</b>				
Assets				
Total current assets	\$ 31,810	\$ 27,217	\$ 31,885	\$ 34,608
Property, plant and equipment net	12,539	12,386	12,524	12,219
Long-term receivables trade and other	793	971	1,479	486
Long-term receivables finance	11,264	12,279	14,264	11,574
Investments in unconsolidated affiliated companies	164	105	94	140
Noncurrent deferred and refundable income taxes	2,493	2,714	3,311	2,412
Intangible assets	805	465	511	794
Goodwill	2,614	2,269	2,261	2,608
Other assets	1,538	1,632	1,453	1,546
Total assets	\$ 64,020	\$ 60,038	\$ 67,782	\$ 66,387
Liabilities				
Total current liabilities	\$ 22,020	\$ 18,975	\$ 25,625	\$ 23,147
Long-term debt due after one year:				
Machinery and Power Systems	4,505	5,652	5,736	4,467
Financial Products	15,932	16,195	17,098	15,428
Liability for postemployment benefits	7,584	7,420	9,975	7,514
Other liabilities	2,654	2,496	2,634	2,700
Total liabilities	52,695	50,738	61,068	53,256
Total liabilities, redeemable noncontrolling interest and stockholders' equity	\$ 64,020	\$ 60,038	\$ 67,782	\$ 66,387



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## **Risk factors**

*You should carefully consider the following risk factors and the information under the heading "Risk factors" in the accompanying prospectus and in our Annual Report on Form 10-K for the year ended December 31, 2010, which is incorporated by reference into this prospectus supplement, as well as the other information included or incorporated by reference into this prospectus supplement and the accompanying prospectus, before making an investment decision. In addition, there may be other risks that a prospective investor should consider that are relevant to its own particular circumstances or generally.*

### **Risks related to the notes**

*The Notes are effectively junior to the existing and future liabilities of our subsidiaries.*

The Notes are our unsecured obligations and will rank equally in right of payment with all of our other existing and future unsecured, senior obligations. The Notes are not secured by any of our assets. As of March 31, 2011, we did not have any secured debt outstanding. Any future claims of secured lenders with respect to assets securing their loans will be prior to any claim of the holders of the Notes with respect to those assets.

Our subsidiaries are separate and distinct legal entities from us. Our subsidiaries have no obligation to pay any amounts due on the Notes. In addition, any payment of dividends, loans or advances by our subsidiaries could be subject to statutory or contractual restrictions. Payments to us by our subsidiaries will also be contingent upon the subsidiaries' earnings and business considerations. Our right to receive any assets of any of our subsidiaries upon their bankruptcy, liquidation or reorganization, and therefore the right of the holders of the Notes to participate in those assets, will be effectively subordinated to the claims of that subsidiary's creditors, including trade creditors. In addition, even if we are a creditor of any of our subsidiaries, our right as a creditor would be subordinate to any security interest in the assets of our subsidiaries and any indebtedness of our subsidiaries senior to that held by us. At March 31, 2011, we had approximately \$29.6 billion of indebtedness outstanding on a consolidated basis, approximately \$24.8 billion of which is subsidiary indebtedness that is structurally senior to the Notes.

*The Notes do not restrict our ability to incur additional debt or prohibit us from taking other actions that could negatively impact holders of the Notes.*

The Notes and indenture under which the Notes will be issued do not place any limitation on the amount of unsecured debt that may be incurred by us. Our incurrence of additional debt may have important consequences for you as a holder of the Notes, including making it more difficult for us to satisfy our obligations with respect to the Notes, a loss in the market value of your Notes and a risk that the credit rating of the Notes is lowered or withdrawn.

In addition, the Notes do not require us to achieve or maintain any minimum financial results relating to our financial position or results of operations. Our ability to recapitalize, incur additional debt, secure existing or future debt or take a number of other actions that are not limited by the terms of the indenture and the Notes, including repurchasing indebtedness or common shares or preferred shares, if any, or paying dividends, could have the effect of diminishing our ability to make payments on the Notes when due.

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***Our credit ratings may not reflect all risks of an investment in the Notes.***

The credit ratings assigned to the Notes may not reflect the potential impact of all risks related to trading markets, if any, for, or trading value of, the Notes. In addition, real or anticipated changes in our credit ratings will generally affect any trading market, if any, for, or trading value of, the Notes. Agency ratings are not a recommendation to buy, sell or hold any security, and may be revised or withdrawn at any time by the issuing organization. Each agency's rating should be evaluated independently of any other agency's rating. Accordingly, you should consult your own financial and legal advisors as to the risks entailed by an investment in the Notes and the suitability of investing in the Notes in light of your particular circumstances.

***If an active trading market does not develop for the Notes, you may be unable to sell your Notes or to sell your Notes at a price that you deem sufficient.***

The Notes are new issues of securities for which there currently is no established trading market. We do not intend to list the Notes on a national securities exchange or arrange for quotation on any automated dealer quotation system. While the underwriters of the Notes have advised us that they intend to make a market in the Notes, the underwriters will not be obligated to do so and may stop their market making at any time. No assurance can be given:

that a market for the Notes will develop or continue;

as to the liquidity of any market that does develop; or

as to your ability to sell any Notes you may own or the price at which you may be able to sell your Notes.

***We may redeem your Fixed Rate Notes at our option, which may adversely affect your return.***

As described under "Description of the Notes Optional redemption," we have the right to redeem the Fixed Rate Notes of any series in whole or from time to time in part. We may choose to exercise this redemption right when prevailing interest rates are relatively low. As a result, you generally will not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as that of the Fixed Rate Notes.

***If we do not complete the Merger with Bucyrus within the timeframes set out in the Notes, we will be required to redeem the Notes, and as a result, you may not obtain your expected return on the Notes.***

Our ability to consummate the Merger is subject to various closing conditions, many of which are beyond our control, and we may not be able to consummate the Merger prior to June 30, 2012, the timeframe specified under "Description of the Notes Special mandatory redemption." If we are not able to consummate the Merger on or prior to June 30, 2012, or if the Merger Agreement is terminated at any time on or prior to that date, we will be required to redeem all of the Notes at a redemption price equal to 101% of the aggregate principal amount thereof, plus accrued and unpaid interest from the date of initial issuance to, but excluding, the special mandatory redemption date. However, there is no escrow account or security interest for the benefit of the noteholders, and it is possible that we will not have sufficient financial resources available to satisfy our obligations to redeem the Notes. In addition, even if we are able to redeem the Notes pursuant to the special mandatory redemption provisions you may not obtain your expected return on such Notes and may not be able to reinvest the proceeds from a special mandatory redemption in an investment that

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results in a comparable return. Your decision to invest in the Notes is made at the time of the offering of the Notes. You will have no rights under the special mandatory redemption provisions as long as the Merger closes, nor will you have any right to require us to repurchase your Notes if, between the closing of the Notes offering and the closing of the Merger, we experience any changes in our business or financial condition, or if the terms of the Merger or the financing thereof change.

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## **Description of Bucyrus acquisition**

On November 14, 2010, we entered into the Merger Agreement with Bucyrus and Sub. Pursuant to the Merger Agreement, and subject to the satisfaction or waiver of certain closing conditions, Sub will merge with and into Bucyrus, with Bucyrus surviving as a wholly owned subsidiary of Caterpillar. As described below under " Merger Agreement," the consummation of the Merger is subject to certain conditions, including, among others, the expiration or termination of the applicable waiting period under the HSR Act, which expiration occurred on May 19, 2011, and obtaining antitrust approvals in certain other jurisdictions. At a special meeting of Bucyrus stockholders held on January 20, 2011, the Bucyrus stockholders voted to adopt the Merger Agreement. We expect the Merger to close in mid-2011.

At the effective time of the Merger, each issued and outstanding share of Bucyrus common stock (other than shares owned by Bucyrus, Caterpillar or Sub or any other direct or indirect wholly owned subsidiary of Caterpillar, and shares for which appraisal rights are properly exercised) will be converted into the right to receive \$92.00 in cash, without interest. The anticipated aggregate consideration to be paid by Caterpillar to Bucyrus' stockholders to consummate the Merger is approximately \$7.6 billion.

Bucyrus is a leading designer, manufacturer and marketer of high productivity mining equipment. Bucyrus operates in two business segments: surface mining and underground mining. Major markets for the surface mining industry are copper, coal, oil sands and iron ore. The major market for the underground mining industry is coal. Most of Bucyrus' surface mining customers are large multinational corporations with operations in the various major surface mining markets throughout the world. Most of Bucyrus' underground mining customers are multinational coal mining corporations, but tend to be smaller in size than Bucyrus' surface mining customers. In addition to the manufacture of original equipment, an important part of Bucyrus' business consists of aftermarket sales, such as supplying parts, maintenance and repair services and technical advice, as well as refurbishing and relocating older, installed original equipment. Bucyrus has manufacturing facilities in Australia, China, the Czech Republic, Germany, Mexico, the United Kingdom and the United States and service and sales centers in Australia, Brazil, Canada, Chile, China, India, Indonesia, Peru, Russia, South Africa and the United States. Bucyrus' corporate headquarters is located in South Milwaukee, Wisconsin, USA.

Bucyrus' common stock is listed on the NASDAQ Global Select Stock Market under the symbol "BUCY." Bucyrus files reports and other information with NASDAQ and the SEC.

### **Merger Agreement**

#### *Conditions*

The Merger Agreement provides that the consummation of the Merger with Bucyrus is subject to certain conditions, including, among others, (i) the expiration or earlier termination of the applicable waiting period under the HSR Act, which expiration occurred on May 19, 2011, and obtaining antitrust approvals in certain other jurisdictions; (ii) no temporary restraining order, preliminary or permanent injunction or other judgment issued by any court of competent jurisdiction or other legal restraint or prohibition that has the effect of preventing the consummation of the Merger will be in effect; and (iii) other customary closing conditions. The completion of the Merger is not subject to a financing condition. There can be no assurance as to whether or, if so, when the conditions to consummation of the Merger will be satisfied.

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***Covenants***

The Merger Agreement contains customary covenants, including covenants providing for no solicitation of alternate transactions related to the Merger by Bucyrus and for each of the parties to use reasonable best efforts to cause the Merger and the other transactions contemplated by the Merger Agreement to be consummated.

***Governmental approvals***

Caterpillar and Bucyrus have each agreed to use their respective reasonable best efforts to obtain all governmental and regulatory approvals required to complete the transactions contemplated by the Merger Agreement. These approvals include the expiration or earlier termination of the applicable waiting period under the HSR Act and the receipt of all other competition, merger control and antitrust approvals or filings required by the laws of Australia, Canada, China, India (to the extent necessary), South Africa and the European Commission. The waiting period under the HSR Act expired on May 19, 2011.

***Termination***

The Merger Agreement contains certain termination rights for both Caterpillar and Bucyrus. If the Merger Agreement is terminated under certain specified circumstances, Bucyrus must pay Caterpillar a termination fee of \$200 million.

**Financing**

Caterpillar intends to finance all or a portion of the consideration to be paid to Bucyrus' stockholders to consummate the Merger. On December 3, 2010, we entered into a Bridge Loan Agreement (the "Bridge Loan Agreement") with JPMorgan Chase Bank, N.A., as agent, and the lenders party thereto, pursuant to which and subject to the conditions set forth therein, the lenders committed to provide an unsecured bridge financing of up to \$8.6 billion (the "Bridge Loan Facility"). The Bridge Loan Agreement will mature on the first anniversary of the closing date of the Merger. The Bridge Loan Agreement provides, among other things, that the funding of the Bridge Loan Facility is subject to certain conditions, including the absence of a Closing Company Material Adverse Effect (as defined in the Merger Agreement) and the maintenance by Caterpillar of certain minimum credit ratings.

Under the terms of the Bridge Loan Agreement, we have the option to issue senior notes and/or equity in lieu of all or a portion of the drawing under the Bridge Loan Facility and, if we choose to borrow under the Bridge Loan Facility, we may refinance all or a portion of the Bridge Loan Facility at a later date. The Notes in this offering are being issued in lieu of our drawing on the Bridge Loan Facility. Pursuant to the terms of the Bridge Loan Agreement, the bridge lenders' commitments will be automatically and permanently reduced in an aggregate amount equal to the net proceeds of this offering and will no longer be available to us after this offering.

The foregoing summaries of the Merger Agreement and the Bridge Loan Agreement and the transactions contemplated thereby do not purport to be complete and are subject to, and qualified in their entirety by, the full text of such agreements, which are filed as exhibits to our Annual Report on Form 10-K for the fiscal year ended December 31, 2010, which is incorporated herein by reference. See "Where you can find more information."

Table of Contents**Use of proceeds**

The net proceeds from the offering of the 20 Notes, the 20 Notes, the 20 Notes and the 20 Notes, after deducting the respective underwriting discounts and estimated offering expenses payable by us, are expected to be approximately \$ billion, \$ billion, \$ billion and \$ billion, respectively, or \$ billion in the aggregate. We intend to use the net proceeds from this offering to pay a portion of the merger consideration for our acquisition of Bucyrus and to pay certain fees and expenses relating to the Merger. We expect to fund the remaining merger consideration from cash on hand.

If we do not consummate the Merger with Bucyrus on or prior to June 30, 2012, or if the Merger Agreement is terminated at any time prior to such date, we must redeem all of the Notes at a redemption price equal to 101% of the aggregate principal amount of the Notes, plus accrued and unpaid interest from the date of initial issuance, or the most recent date to which interest has been paid or provided for, as the case may be, to but excluding the special mandatory redemption date. See "Description of the Notes Special mandatory redemption."

**Ratio of earnings to fixed charges**

Our ratios of earnings to fixed charges for each of the periods indicated are set forth below. The information set forth below should be read together with the financial statements and the accompanying notes incorporated by reference into this prospectus. See "Where you can find more information."

	<b>Year ended December 31,</b>				<b>Three months ended March 31,</b>	
<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2011</b>	<b>2010</b>
3.7	1.3	3.8	4.2	4.5	6.4	2.3

These ratios include Caterpillar and its consolidated subsidiaries. Earnings are determined by adding pretax income from continuing operations before adjustments for noncontrolling interest and equity investments' profit, and fixed charges excluding capitalized interest. Fixed charges consist of interest expense, an estimated amount of rental expense that is deemed to be representative of the interest factor, and capitalized interest.

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## **Capitalization**

The following table sets forth our capitalization as of March 31, 2011, on an actual basis and on an as adjusted basis to give effect to this offering, our Merger with Bucyrus and related transactions, including all related fees and expenses (collectively, the "transactions"), as if they had occurred on such date. Actual as adjusted amounts may vary from amounts set forth below depending on several factors, including potential changes in our financing plans as a result of market conditions or other factors, the timing of the consummation of the respective transactions and other factors. You should read the data set forth in the table below in conjunction with "Summary Summary selected historical financial information," "Description of Bucyrus acquisition" and "Use of proceeds" appearing elsewhere in this prospectus supplement, as well as "Management's Discussion and Analysis of Financial Condition and Results of Operations," which is incorporated by reference into this prospectus supplement from our Quarterly Report on Form 10-Q for the quarter ended March 31, 2011. The as adjusted information set forth below may not reflect our cash, debt and capitalization in the future.

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(Millions of dollars)	As of March 31, 2011	
	Actual	As adjusted(1)
<b>Long-term debt due after one year</b>		
Machinery and Power Systems:		
20 Notes offered hereby	\$	\$
20 Notes offered hereby		
20 Notes offered hereby		
20 Notes offered hereby		
Bridge Loan Facility		
Notes 5.700% due 2016		512
Debentures 7.000% due 2013		350
Debentures 7.900% due 2018		899
Debentures 9.375% due 2021		120
Debentures 8.000% due 2023		82
Debentures 6.625% due 2028		299
Debentures 7.300% due 2031		349
Debentures 5.300% due 2035(2)		205
Debentures 6.050% due 2036		748
Debentures 8.250% due 2038		248
Debentures 6.950% due 2042		249
Debentures 7.375% due 2097		297
Capital lease obligations		42
Other		67
Total Machinery and Power Systems	\$	4,467 \$
Financial Products:		
Commercial paper	\$	\$
Medium-term notes		14,522
Other		906
Total Financial Products	\$	15,428 \$
<b>Total long-term debt due after one year</b>	\$	19,895 \$
<b>Redeemable noncontrolling interest</b>	\$	459 \$
<b>Caterpillar Inc. Stockholders' equity</b>		
Common stock of \$1.00 par value:		
Authorized shares: 2,000,000,000 Issued shares: (3/31/11 814,894,624) at paid-in amount		4,044
Treasury stock (3/31/11 170,442,604 shares) at cost		(10,331)
Profit employed in the business		22,640
Accumulated other comprehensive income (loss)		(3,724)
Noncontrolling interests		43
<b>Total Caterpillar Inc. stockholders' equity</b>	\$	12,672 \$
<b>Total capitalization</b>	\$	33,026 \$

(1) Reflects (i) the issuance of \$ of senior notes and use of \$ of existing cash on hand to fund the merger consideration payable to Bucyrus stockholders to consummate the Merger and (ii) the issuance of \$ of commercial paper and use of \$ of existing cash on hand to retire existing long-term debt of Bucyrus concurrent with the consummation of the Merger and pay certain fees and expenses related to the transactions. The actual financing mix may vary from our assumptions due to a variety of other factors, including potential changes in our financing plans and market conditions.

(2) Debentures due in 2035 have a face value of \$307 million and an effective yield to maturity of 8.55%.





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## Description of the Notes

### General

The 20 Notes will be initially limited to \$ aggregate principal amount. The 20 Notes will be initially limited to \$ aggregate principal amount. The 20 Notes will be initially limited to \$ aggregate principal amount. The 20 Notes will be initially limited to \$ aggregate principal amount. All references to the "Notes" refers to the 20 Notes, the 20 Notes, the 20 Notes and the 20 Notes, collectively. The Notes are to be issued under that certain indenture dated as of May 1, 1987, as amended and supplemented, between us and U.S. Bank National Association ("U.S. Bank"), as successor trustee.

The Notes will be issued in a minimum denomination of \$2,000 and integral multiples of \$1,000 thereafter.

### Interest on Fixed Rate Notes

Each Fixed Rate Note will bear interest at the rate per annum stated on the cover page of this prospectus supplement. Interest on the Fixed Rate Notes will be payable semi-annually on and of each year, beginning on , 2011. Interest payable on the Fixed Rate Notes will be paid to the respective holders of record on and , respectively, immediately preceding the interest payment date. The 20 Notes will mature on , 20 . The 20 Notes will mature on , 20 . The 20 Notes will mature on , 20 . The 20 Notes will mature on , 20 .

If an interest payment date or maturity date is not a Business Day, we will pay interest or principal on the next Business Day. However, interest on the payments will not accrue for the period from the original payment date to the date we make the payments. We will calculate the interest based on a 360-day year consisting of twelve 30-day months, *provided* that interest on Floating Rate Notes will be calculated on the basis of a 360-day year and actual days elapsed.

### Interest on Floating Rate Notes

One or more of the series of Notes may be issued as Floating Rate Notes. Interest on any such series of Floating Rate Notes will be payable and determined as set forth in this section.

Interest on Floating Rate Notes, if any, will be payable quarterly on , , and of each year, commencing , 2011 to the persons in whose names the Floating Rate Notes are registered at the close of business on the 15th calendar day immediately preceding such interest payment date, provided that if interest is due on a day that is not a Business Day, interest will be paid on the next succeeding Business Day, except that if that Business Day is in the immediately succeeding calendar month, the interest payment date shall be the immediately preceding Business Day.

The interest rate on the Floating Rate Notes will be reset quarterly on , , and of each year, commencing , 2011, and at maturity (each an "interest reset date").

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The initial interest period will be the period from and including the settlement date to but excluding the first interest reset date. Thereafter, each "interest reset period" (or "interest period") will be the period from and including an interest reset date to but excluding the immediately succeeding interest reset date; provided that the final interest reset period for the Floating Rate Notes will be the period from and including the interest reset date immediately preceding the maturity date of such Notes to but excluding the maturity date. Interest on the Floating Rate Notes will be computed on the basis of the actual number of days elapsed over a 360-day year. The interest rate for the first interest period (or "initial interest reset period") will be equal to the three-month U.S. Dollar ("USD") London Interbank Offered Rate ("LIBOR"), as determined on \_\_\_\_\_, 2011, plus a margin of \_\_\_\_%. Thereafter, the interest rate for any interest period will be equal to the three-month USD LIBOR, as determined on the applicable Interest Determination Date (as defined below), plus a margin of \_\_\_\_%.

The amount of interest for each day the Floating Rate Notes are outstanding (the "daily interest amount") will be calculated by dividing the interest rate in effect for that day by 360 and multiplying the result by the principal amount of the Floating Rate Notes. The amount of interest to be paid on the Floating Rate Notes on any interest payment date will be calculated by adding the daily interest amounts for each day in the interest period.

Floating Rate Notes, if any, will bear interest for each interest period at a per annum rate equal to the three-month USD LIBOR, as determined by the Calculation Agent (as defined below) on the Interest Determination Date for such period, plus \_\_\_\_%. Promptly upon determination, the Calculation Agent will inform the trustee and us of the interest rate for the next interest period. Absent manifest error, the determination of the interest rate by the Calculation Agent shall be binding and conclusive on the holders of the Floating Rate Notes, the trustee and us. The interest rate will in no event be higher than the maximum rate permitted by New York law as the same may be modified by United States law of general application.

All percentages resulting from these calculations will be rounded, if necessary, to the nearest one hundred thousandth of a percentage point, with five one millionths of a percentage point rounded upwards (e.g., 9.876545% (or .09876545) being rounded to 9.87655% (or .0987655)) and all dollar amounts used in or resulting from such calculations will be rounded to the nearest cent (with one half cent being rounded upwards).

On any Interest Determination Date, USD LIBOR will be equal to the offered rate for deposits in U.S. dollars having an index maturity of three months, in amounts of at least \$1,000,000, as such rate appears on "Reuters Page LIBOR01" at approximately 11:00 a.m., London time, on such Interest Determination Date. If on an Interest Determination Date, such rate does not appear on the "Reuters Page LIBOR01" as of 11:00 a.m. (London time), or if the "Reuters Page LIBOR01" is not available on such date, the trustee will obtain such rate from Bloomberg L.P.'s page "BBAM."

If no offered rate appears on "Reuters Page LIBOR01" or Bloomberg L.P.'s page "BBAM" on an Interest Determination Date at approximately 11:00 a.m., London time, then the Calculation Agent (after consultation with us) will select four major banks in the London interbank market and shall request each of their principal London offices to provide a quotation of the rate at which three-month deposits in U.S. dollars in amounts of at least \$1,000,000 are offered by it to prime banks in the London interbank market, on that date and at that time, that is

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representative of single transactions at that time. If at least two quotations are provided, USD LIBOR will be the arithmetic average of the quotations provided. Otherwise, the Calculation Agent will select three major banks in New York City and shall request each of them to provide a quotation of the rate offered by them at approximately 11:00 a.m., New York City time, on the Interest Determination Date for loans in U.S. dollars to leading European banks having an index maturity of three months for the applicable interest period in an amount of at least \$1,000,000 that is representative of single transactions at that time. If three quotations are provided, USD LIBOR will be the arithmetic average of the quotations provided. Otherwise, the rate of USD LIBOR for the next interest period will be set equal to the rate of USD LIBOR for the then current interest period.

Upon request from any holder of the Floating Rate Notes, the Calculation Agent will provide the interest rate in effect on the Floating Rate Notes for the current interest period and, if it has been determined, the interest rate to be in effect for the next interest period.

For purposes of the foregoing discussion of interest payable on Floating Rate Notes, the following definitions are applicable:

"Calculation Agent" means the calculation agent as appointed by us, which initially shall be the trustee.

"Interest Determination Date" with respect to an interest period will be the second London Business Day preceding the first day of the interest period.

"London Business Day" is a day on which dealings in deposits in U.S. dollars are transacted in the London interbank market.

### **Further issuances**

We may, from time to time, without notice to or the consent of the holders or the beneficial owners of the Notes, create and issue additional notes having the same terms as the 20 Notes, 20 Notes, 20 Notes or 20 Notes in all respects (except for the issue date, issue price, payment of interest accruing prior to the issue date of the Notes and, in some cases, the initial interest payment date of the Notes), provided that if the additional notes are not fungible with the previously outstanding notes of that series for United States federal income tax purposes, such additional notes will have a separate CUSIP number so that such further notes may be consolidated and form a single series with Notes being offered by this prospectus supplement and accompanying prospectus.

For additional important information on the Notes, see "Description of Debt Securities" in the accompanying prospectus. That information includes:

- additional information on the terms of the Notes;
- general information on the indenture and the trustee;
- a description of certain restrictive covenants contained in the indenture; and
- a description of events of default under the indenture.

### **Payment and paying agents**

We will maintain in the place of payment for the Notes an office or agency where the Notes may be presented or surrendered for payment or for registration of transfer or exchange and

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where holders may serve us with notices and demands in respect of the Notes and the indenture.

We will give prompt written notice to the trustee of the location, and any change in the location, of such office or agency. If we fail to maintain any required office or agency or fail to furnish the trustee with the address of such office or agency, presentations, surrenders, notices and demands may be made or served at the corporate trust office of the trustee. We have appointed the trustee as our agent to receive all presentations, surrenders, notices and demands with respect to the Notes.

### **Special mandatory redemption**

We intend to use the net proceeds from this offering to pay a portion of the consideration of our Merger with Bucyrus and to pay certain fees and expenses relating to the Merger as described under the heading "Use of proceeds." The closing of this offering is expected to occur prior to the completion of the Merger. The Notes will be subject to a special mandatory redemption in the event the Merger is not consummated on or prior to June 30, 2012, or if prior to June 30, 2012, the Merger Agreement governing the Merger is terminated (each such event, a "redemption event"). In such an event, the Notes will be redeemed at a special mandatory redemption price equal to 101% of the principal amount thereof plus accrued and unpaid interest from the date of initial issuance, or the most recent date to which interest has been paid or provided for, whichever is later, to but excluding the special mandatory redemption date. The "special mandatory redemption date" means the earlier to occur of (1) June 30, 2012, if the Merger has not been completed on or prior to June 30, 2012, or (2) the 30th day (or if such day is not a Business Day, the first Business Day thereafter) following the termination of the Merger Agreement.

We will cause the notice of special mandatory redemption to be mailed, with a copy to the trustee, within five business days after the occurrence of the redemption event to each holder at its registered address. If funds sufficient to pay the special mandatory redemption price of all Notes to be redeemed on the special mandatory redemption date are deposited with the paying agent on or before such special mandatory redemption date, and certain other conditions are satisfied, on and after such special mandatory redemption date, the Notes will cease to bear interest and all rights under the Notes shall terminate.

### **Optional redemption**

The Fixed Rate Notes may be redeemed in whole at any time or in part from time to time, at our option, at a redemption price equal to the greater of:

100% of the principal amount of the Fixed Rate Notes to be redeemed, or

the sum of the present values of the remaining scheduled payments of principal and interest on the Fixed Rate Notes to be redeemed, discounted to the date of redemption on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the applicable Treasury Rate plus            basis points in the case of the 20    Notes,            basis points in the case of the 20    Notes,            basis points in the case of the 20    Notes and            basis points in the case of the 20    Notes,

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plus, in each case, accrued and unpaid interest on the principal amount being redeemed to the redemption date.

We will not have the right to redeem any of the Floating Rate Notes, except as set forth above under " Special mandatory redemption."

"Treasury Rate" means, with respect to any redemption date, (1) the yield, under the heading which represents the average for the immediately preceding week, appearing in the most recently published statistical release designated "H.15(519)" or any successor publication which is published weekly by the Board of Governors of the Federal Reserve System and which establishes yields on actively traded United States Treasury securities adjusted to constant maturity under the caption "Treasury Constant Maturities," for the maturity corresponding to the Comparable Treasury Issue (or, if no maturity is within three months before or after the Remaining Life, yields for the two published maturities most closely corresponding to the Comparable Treasury Issue will be determined and the Treasury Rate will be interpolated or extrapolated from such yields on a straight line basis, rounding to the nearest month), or (2) if such release (or any successor release) is not published during the week preceding the calculation date or does not contain such yields, the rate per annum equal to the semi-annual equivalent yield-to-maturity of the Comparable Treasury Issue, calculated using a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price of such redemption date. The Treasury Rate will be calculated on the third Business Day preceding the redemption date.

"Business Day" means any calendar day that is not a Saturday, Sunday or legal holiday in New York, New York and on which commercial banks are open for business in New York, New York.

"Comparable Treasury Issue" means the United States Treasury security selected by the Independent Investment Banker as having a maturity comparable to the remaining term ("Remaining Life") of the Fixed Rate Notes to be redeemed that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the Remaining Life of such Fixed Rate Notes.

"Comparable Treasury Price" means (1) the average of five Reference Treasury Dealer Quotations for such redemption date, after excluding the highest and lowest Reference Treasury Dealer Quotations, or (2) if, after seeking at least five Reference Treasury Dealer Quotations and excluding the highest and lowest Reference Treasury Dealer Quotations, the Independent Investment Banker obtains fewer than five such Reference Dealer Quotations, the average of all such quotations.

"Independent Investment Banker" means any of Barclays Capital Inc., J.P. Morgan Securities LLC, RBS Securities Inc., Citigroup Global Markets Inc., Merrill Lynch, Pierce, Fenner & Smith Incorporated or SG Americas Securities, LLC and any of their respective successors, as appointed by us, or, if any of the foregoing is unwilling or unable to select the Comparable Treasury Issue, a nationally recognized investment banking institution which is a Primary Treasury Dealer appointed by us.

"Reference Treasury Dealer" means (1) any of Barclays Capital Inc., J.P. Morgan Securities LLC, RBS Securities Inc., Citigroup Global Markets Inc., Merrill Lynch, Pierce, Fenner & Smith Incorporated or SG Americas Securities, LLC and any of their respective successors, as appointed

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by us, provided, however, that if any of the foregoing shall cease to be a primary U.S. government securities dealer (a "Primary Treasury Dealer"), we will substitute for such dealer another Primary Treasury Dealer, and (2) any other nationally recognized Primary Treasury Dealer selected by the Independent Investment Banker and acceptable to us.

"Reference Treasury Dealer Quotations" means, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by the Independent Investment Banker, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Independent Investment Banker at 5:00 p.m., New York, New York time, on the third Business Day preceding such redemption date.

Holders of Fixed Rate Notes to be redeemed will receive notice thereof by first-class mail at least 30 and not more than 60 days before the date fixed for redemption. If fewer than all of the Fixed Rate Notes are to be redeemed, the trustee will select the particular Fixed Rate Notes or portions thereof for redemption from the outstanding Fixed Rate Notes not previously called, pro rata or by lot, or in such other manner as we shall direct.

### **Sinking fund**

The Notes will not be entitled to any sinking fund.

### **Events of default**

With respect to each series of Notes, "Event of Default" shall have the meaning set forth in the accompanying prospectus under "Description of Debt Securities Events of Default."

### **Book-entry system; global clearance and settlement procedures**

The Notes will be issued in book-entry form, will be represented by one or more permanent global certificates in fully registered form without interest coupons and will be deposited with the trustee of The Depository Trust Company ("DTC") and registered in the name of Cede & Co. or another nominee designated by DTC. Holders of the Notes may elect to hold interests in a global security through DTC, Clearstream Banking, *société anonyme* ("Clearstream") or Euroclear Bank S.A., as operator of the Euroclear System ("Euroclear"), if they are participants of such systems, or indirectly through organizations that are participants in such systems. Clearstream and Euroclear will hold interests on behalf of their participants through customers' securities accounts in Clearstream and Euroclear's names on the books of their respective depositories, which in turn will hold such interests in customers' securities accounts in the depositories' names on DTC's books. For more information on book-entry and DTC, please see "Book-Entry Issuance and Global Securities" in the accompanying prospectus.

Payments, deliveries, transfers, exchanges, notices and other matters relating to the Notes made through Euroclear or Clearstream must comply with the rules and procedures of those systems. Those systems could change their rules and procedures at any time. We have no control over those systems or their participants and we take no responsibility for their activities. Transactions between participants in Euroclear or Clearstream, on the one hand, and other participants in DTC, on the other hand, would also be subject to the rules and procedures of DTC.

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Investors will be able to make and receive through Euroclear and Clearstream payments, deliveries, transfers, exchanges, notices and other transactions involving any securities held through those systems only on days when those systems are open for business. Those systems may not be open for business on days when banks, brokers and other institutions are open for business in the United States.

In addition, because of time-zone differences, U.S. investors who hold their interests in the Notes through these systems and wish to transfer their interests, or to receive or make a payment or delivery or exercise any other right with respect to their interests, on a particular day may find that the transaction will not be effected until the next business day in Luxembourg or Brussels, as applicable. Thus, investors who wish to exercise rights that expire on a particular day may need to act before the expiration date. In addition, investors who hold their interests through both DTC and Euroclear or Clearstream may need to make special arrangements to finance any purchases or sales of their interests between the U.S. and European clearing systems, and those transactions may settle later than transactions within one clearing system.

**Trustee**

U.S. Bank has performed and may in the future perform for Caterpillar and its subsidiaries various commercial banking services, for which it has received and will receive customary fees and expenses.



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## **Certain United States federal income tax considerations**

This section describes the material United States federal income tax consequences of purchases, ownership and disposition of the Notes we are offering. This discussion applies to you only if you acquire the Notes in the offering and you hold the Notes as capital assets for tax purposes. This section does not apply to you if you are a member of a class of holders subject to special rules, such as:

a dealer in securities or currencies;

a regulated investment company;

a bank;

a real estate investment trust;

a trader in securities that elects to use a mark-to-market method of accounting for your securities holdings;

a life insurance company;

a tax-exempt organization;

a partnership or other entity classified as a partnership for U.S. federal income tax purposes;

a person that owns debt securities that are a hedge or that are hedged against interest rate risks;

a person that owns debt securities as part of a straddle or conversion transaction for tax purposes; or

a United States holder (as defined below) whose functional currency for tax purposes is not the U.S. dollar.

This section is based on the Internal Revenue Code of 1986, as amended (the "Code"), its legislative history, existing and proposed regulations under the Code, published rulings and court decisions, all as currently in effect. These laws are subject to change, possibly on a retroactive basis.

If a partnership holds the Notes, the United States federal income tax treatment of a partner will generally depend on the status of the partner and the tax treatment of the partnership. A partner in a partnership holding the Notes should consult its tax advisor with regard to the United States federal income tax treatment of an investment in the Notes.