



The Outlook for Construction Machinery

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Chief Economist
Caterpillar Inc.



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November 30, 2012

Cautionary and Safe Harbor Statement

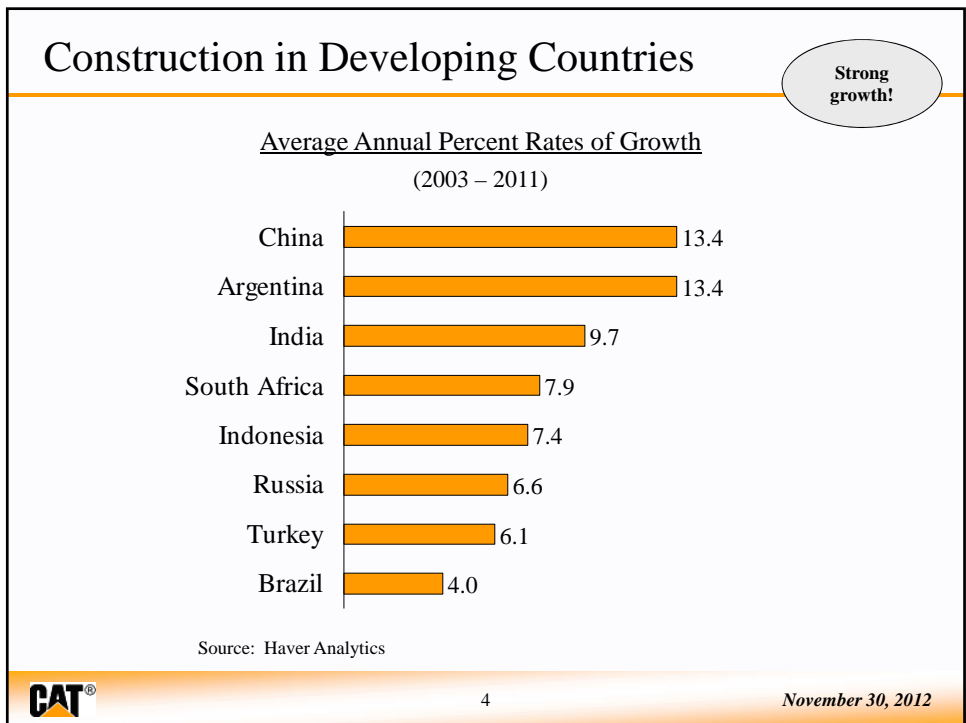
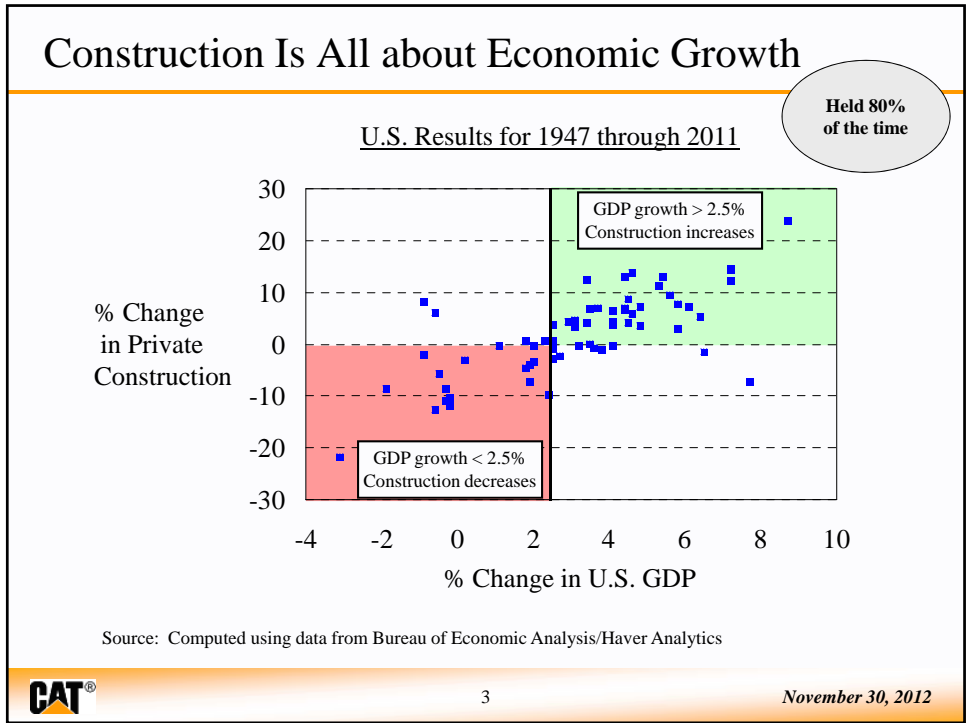
Certain statements in this presentation relate to future events and expectations and are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Words such as “believe,” “estimate,” “will be,” “will,” “would,” “expect,” “anticipate,” “plan,” “project,” “intend,” “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.

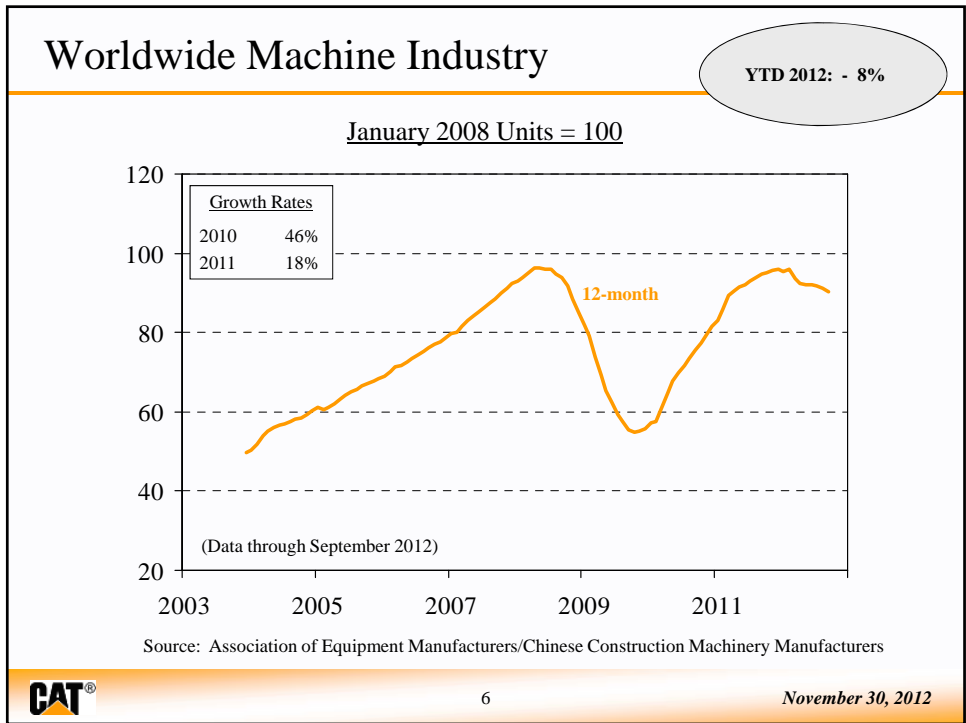
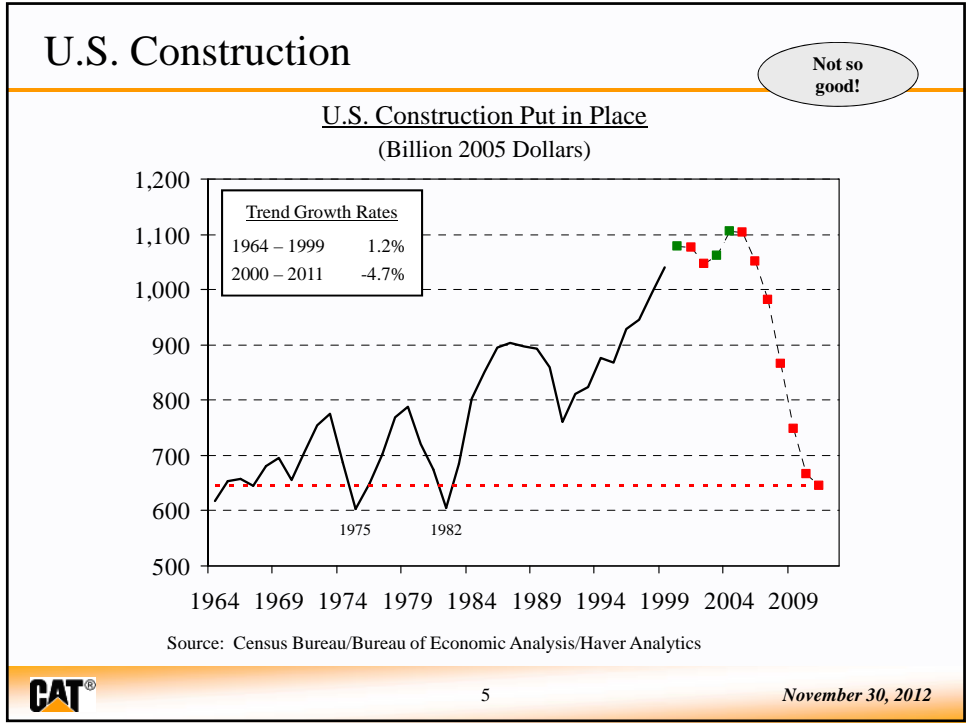
Caterpillar’s actual results may differ materially from those described or implied in our forward-looking statements based on a number of factors, including, but not limited to: (i) global economic conditions and economic conditions in the industries and markets we serve; (ii) government monetary or 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.

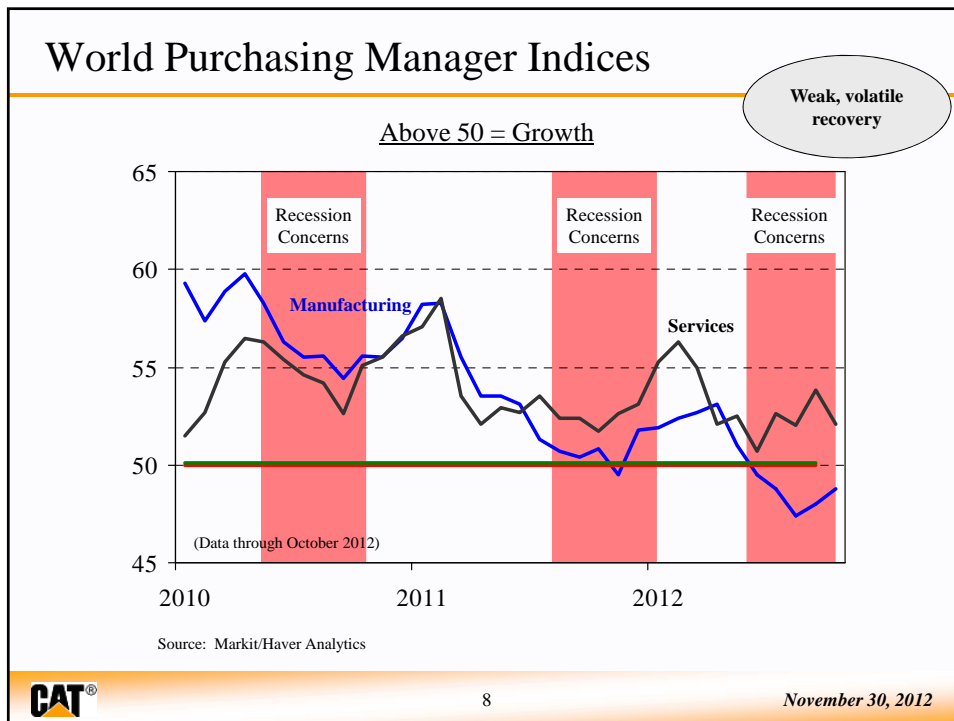
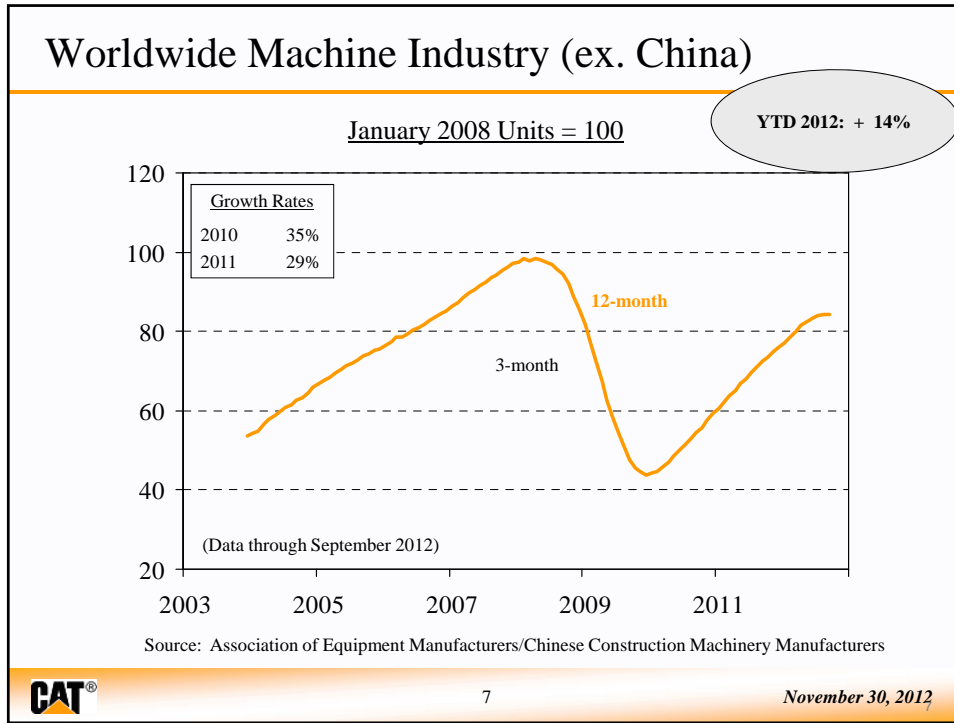


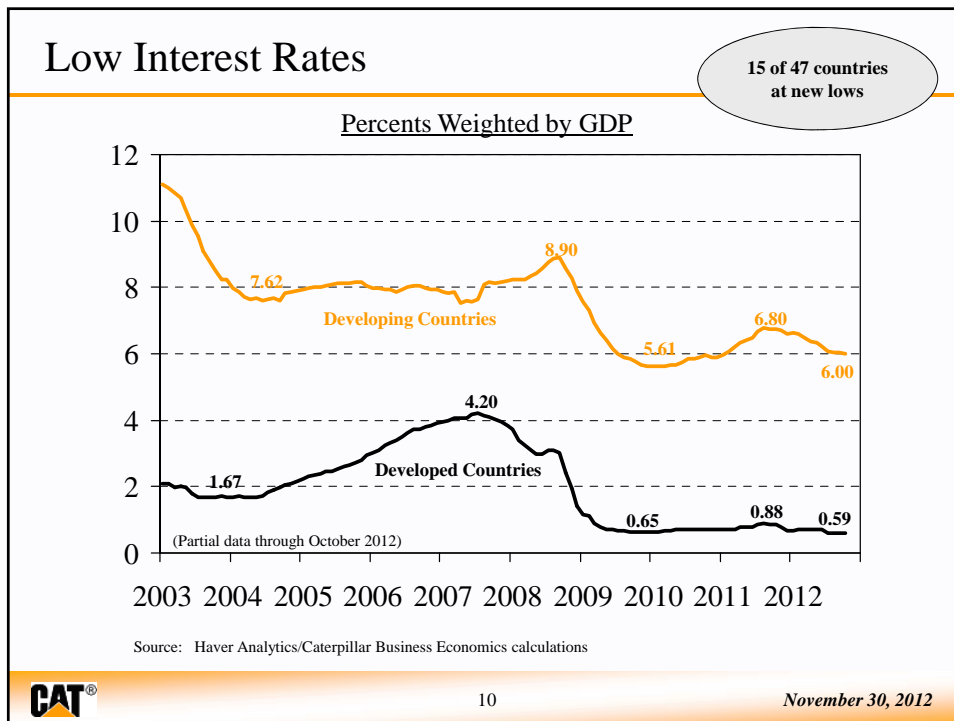
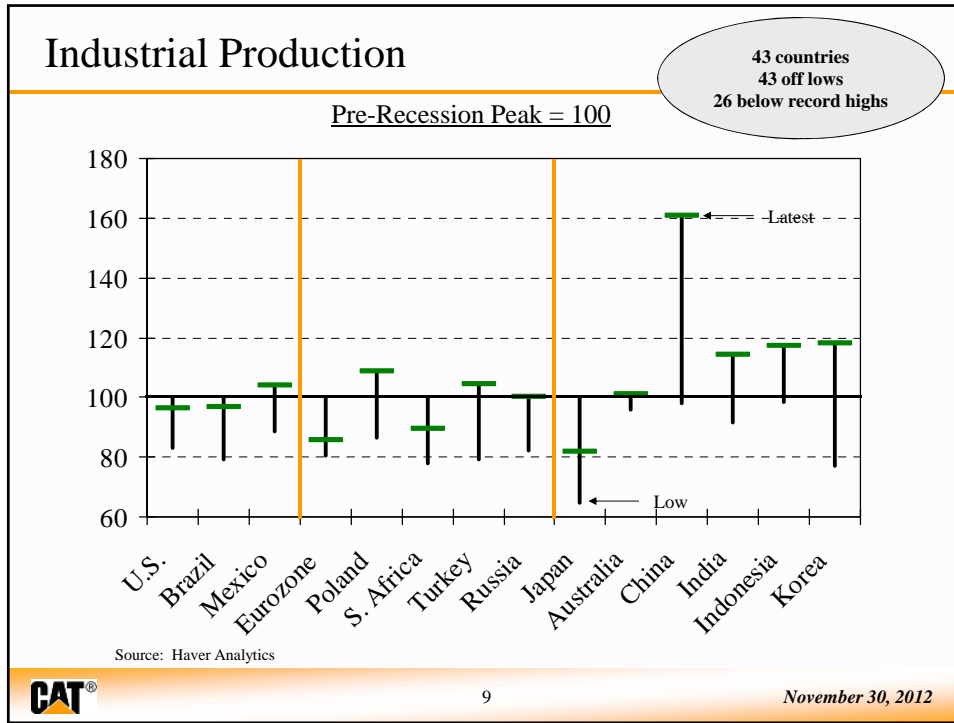
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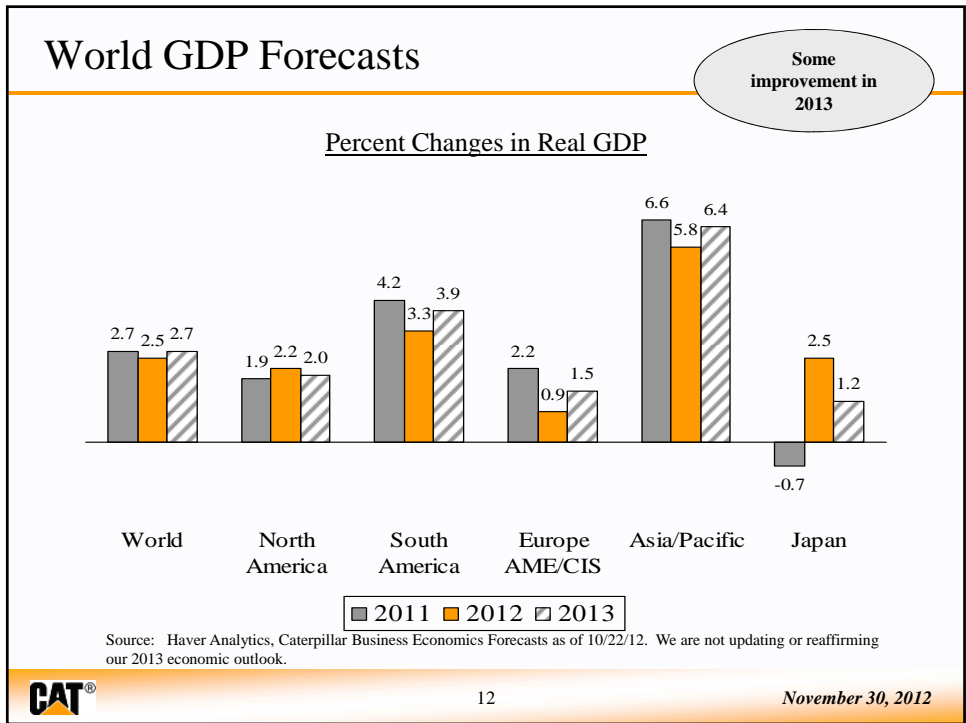
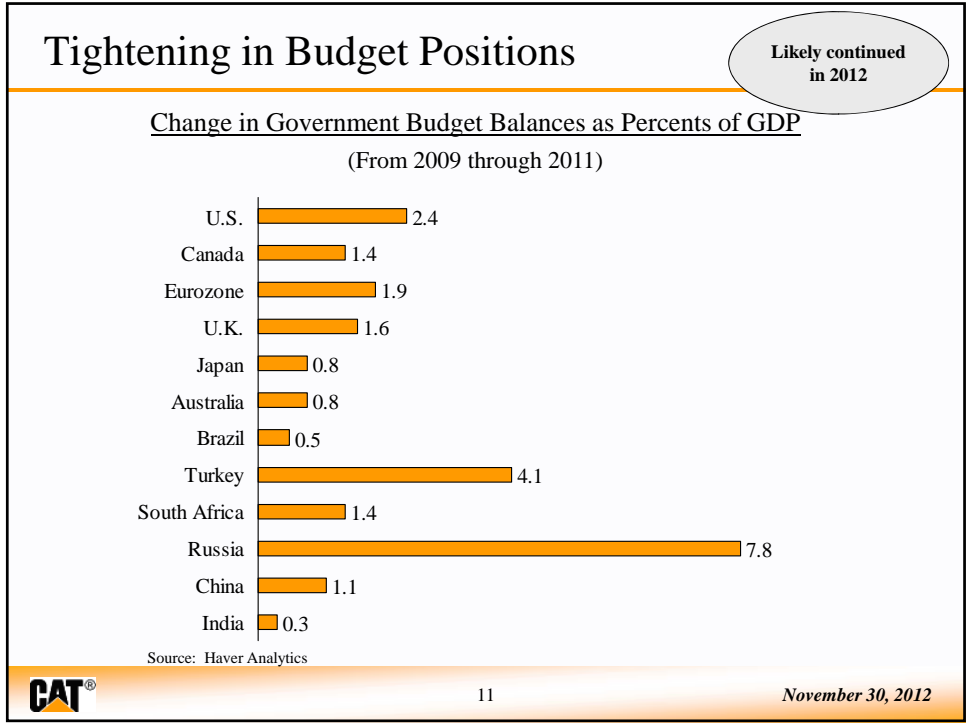
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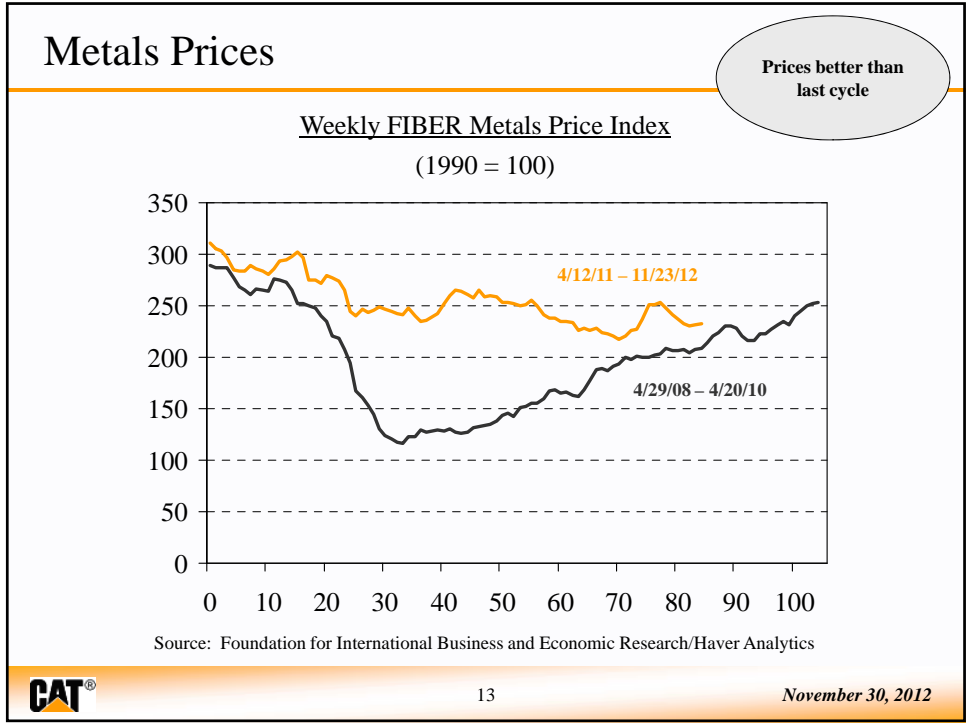












Commodity Prices and Costs

Most still have favorable margins

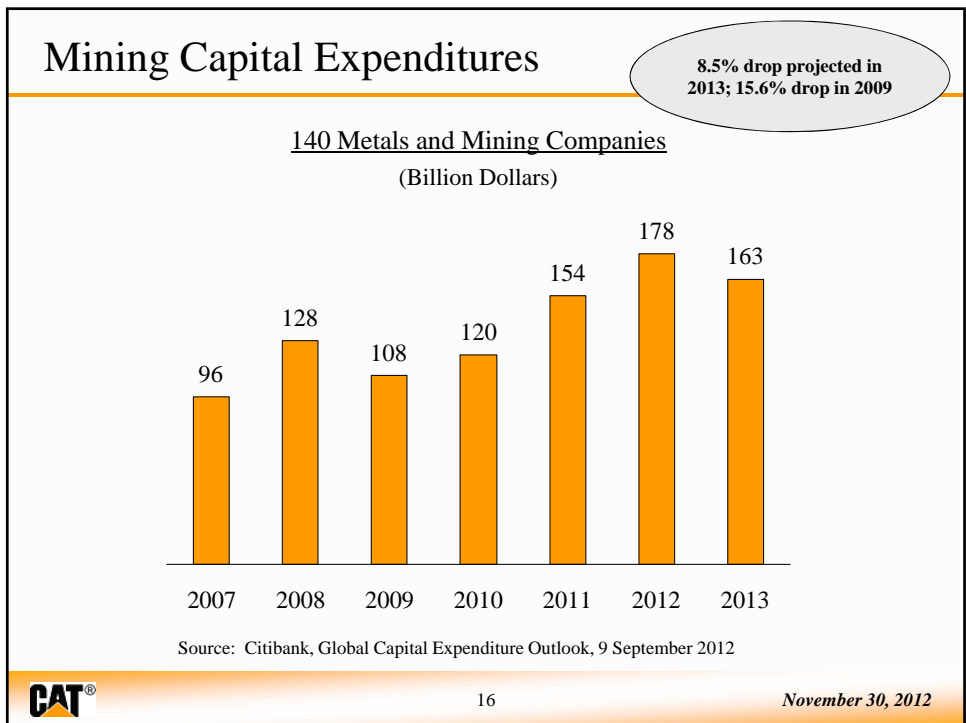
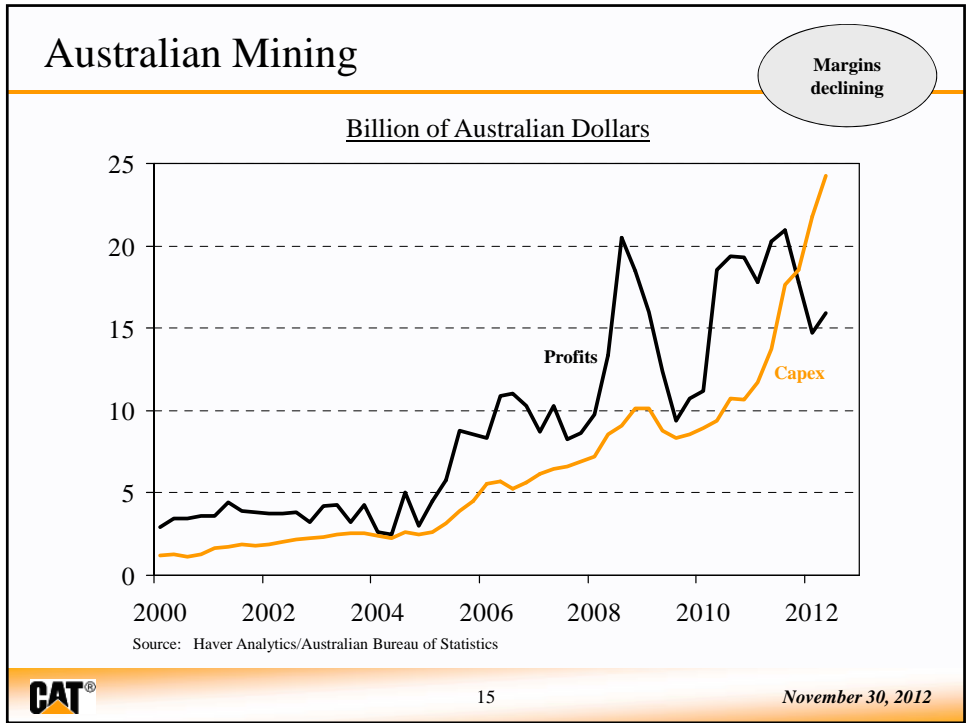
Commodity Prices vs. Cash Costs of Production


	<u>Cash Cost *</u>	<u>Current Price</u>	<u>% Differential</u>
Copper (\$/lb)	2.00	3.52	76%
Gold (\$/oz)	750	1,751	133%
Iron Ore (\$/ton)	60	114	90%
Thermal Coal (\$/ton)	85	80	-6%

* Cash costs for 90% of production.


Source: Brook Hunt, Anglo American, AME and Haver Analytics.

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United States



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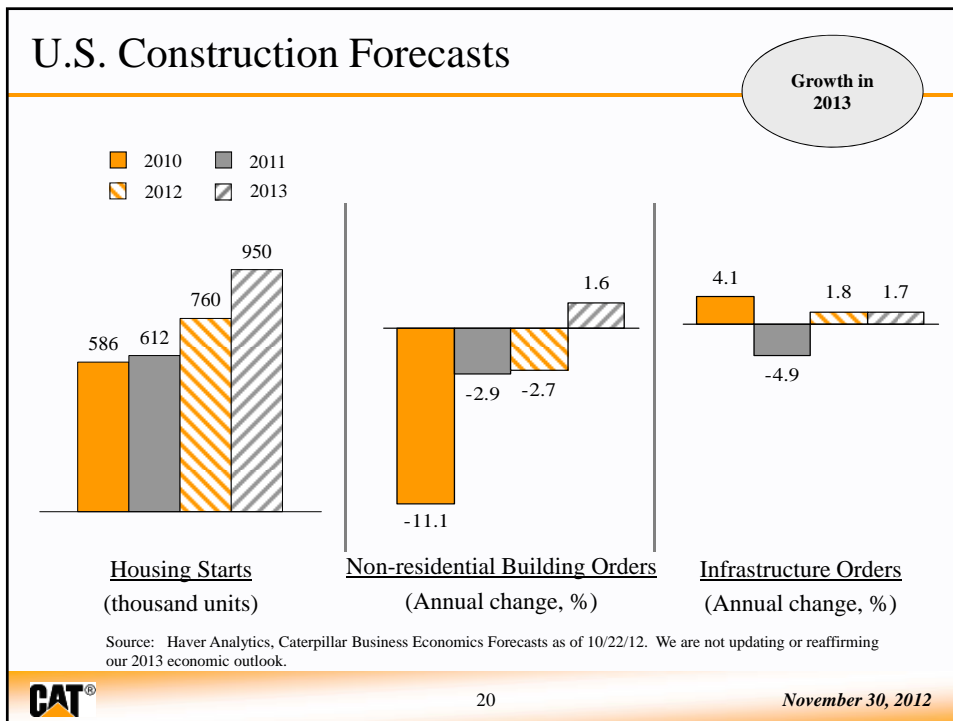
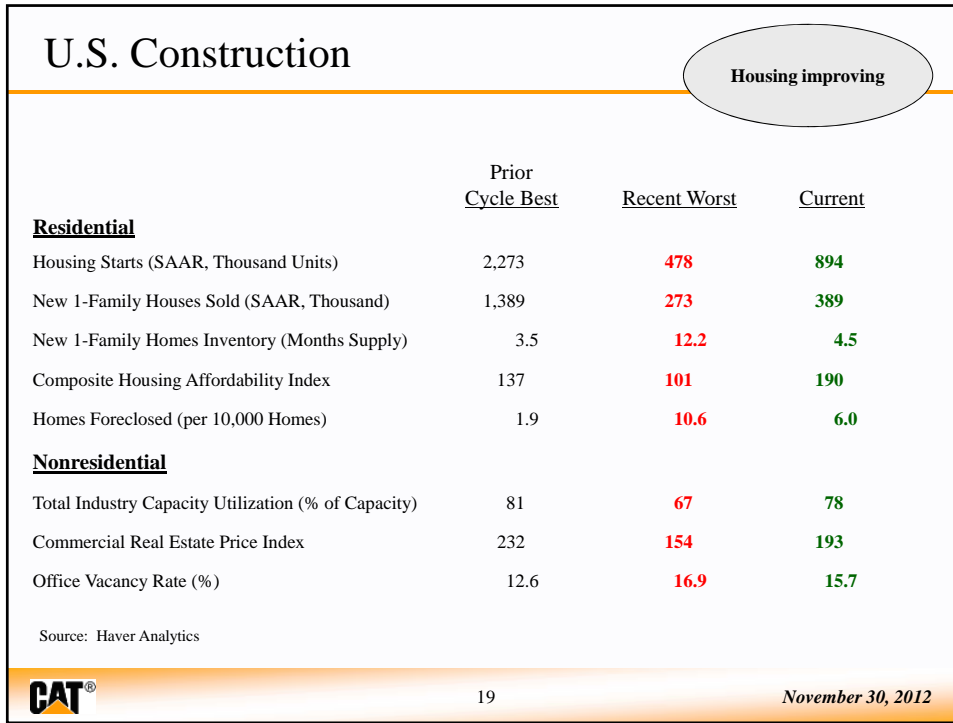
U.S.: Is a Recession Coming?

Indicators not signaling recession

	<u>May 2007</u>	<u>Latest 2012</u>
Yield Curve (bps)	-50	+158
TED Spread (bps)	+48	+28
Money Growth (% Change)	-0.4	+11.3
Light Vehicle Sales (% Change)	+5.0	+14.2
Housing Starts (% Change)	-15.5	+29.1
Freight Movements (% Change)	-1.3	+1.9

Source: Haver Analytics


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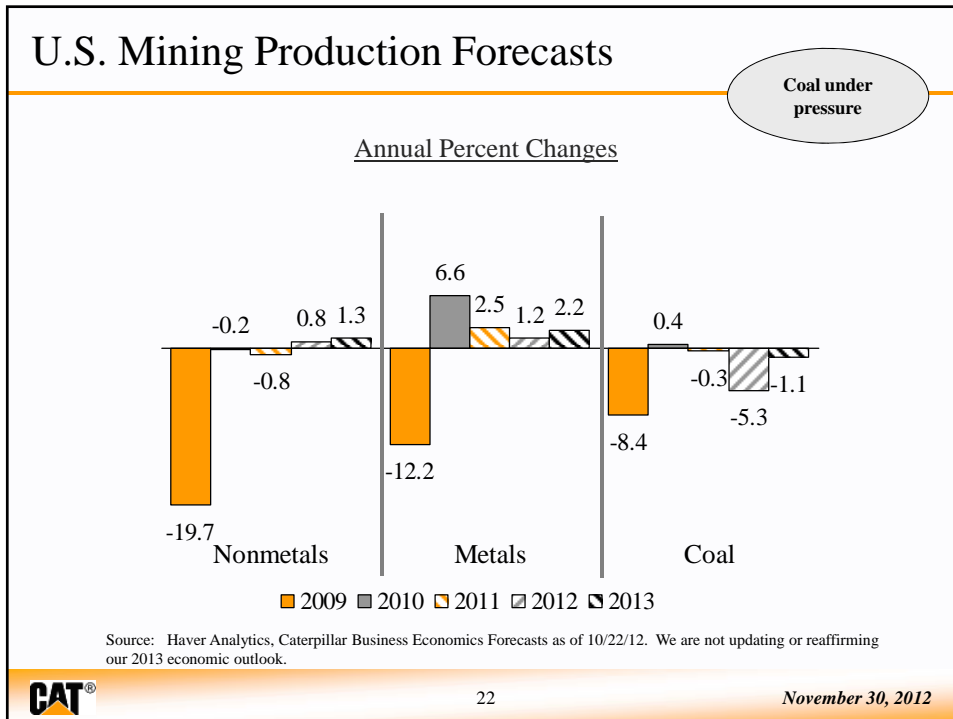
U.S. Mining


Mining production sluggish

	Prior Cycle Best	Recent Worst	Current
Coal			
Central Appalachian Coal Price (\$ per Ton)	129	46	64
Coal Mining Industrial Production (2007=100)	104.8	82.5	86.3
Coal Exports (Thousand Short Ton)	8,653	3,513	11,623
Electric Power Generation IP (2007=100)	102.9	94.1	97.9
Natural Gas/Coal Ratio (%)	22.7	20.9	50.4
Other Mining			
LME Copper Price (\$ per Pound)	3.94	1.39	3.48
Gold Bullion Price (\$ per Troy Oz.)	972	758	1,731
Metal Ore Mining Industrial Production (2007=100)	108.1	84.3	96.0
Nonmetal Mining Industrial Production (2007=100)	115.3	66.8	72.5

Source: Haver Analytics

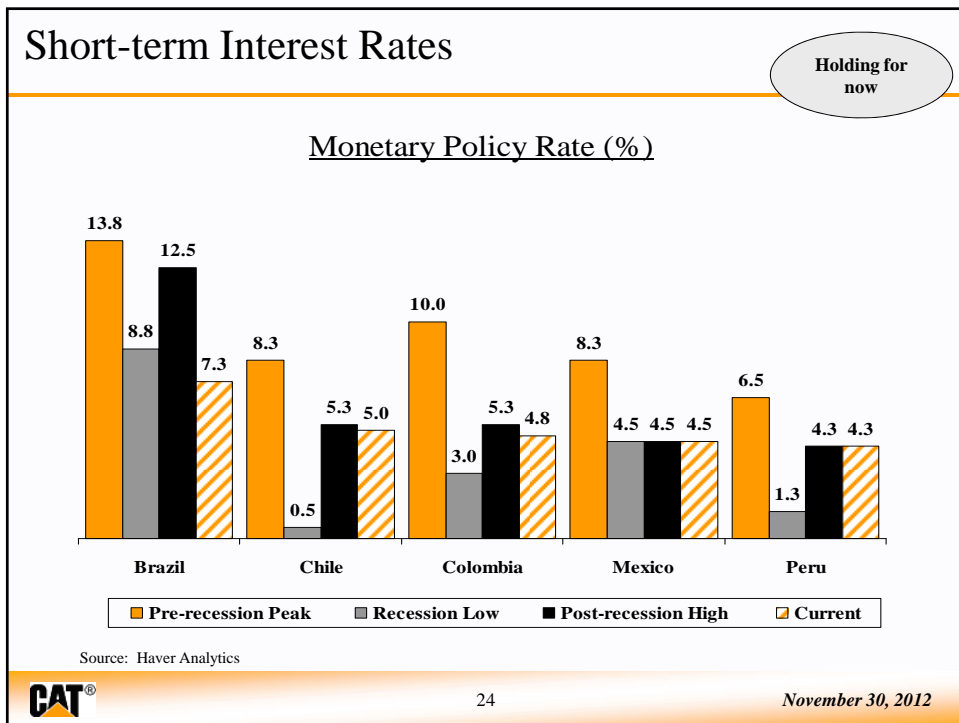
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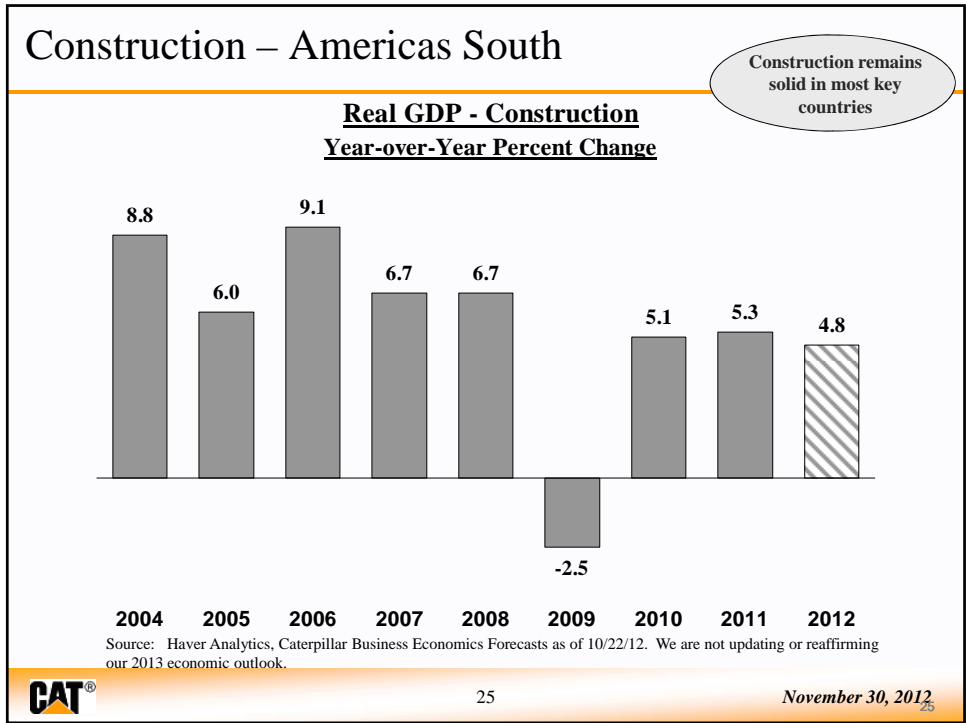


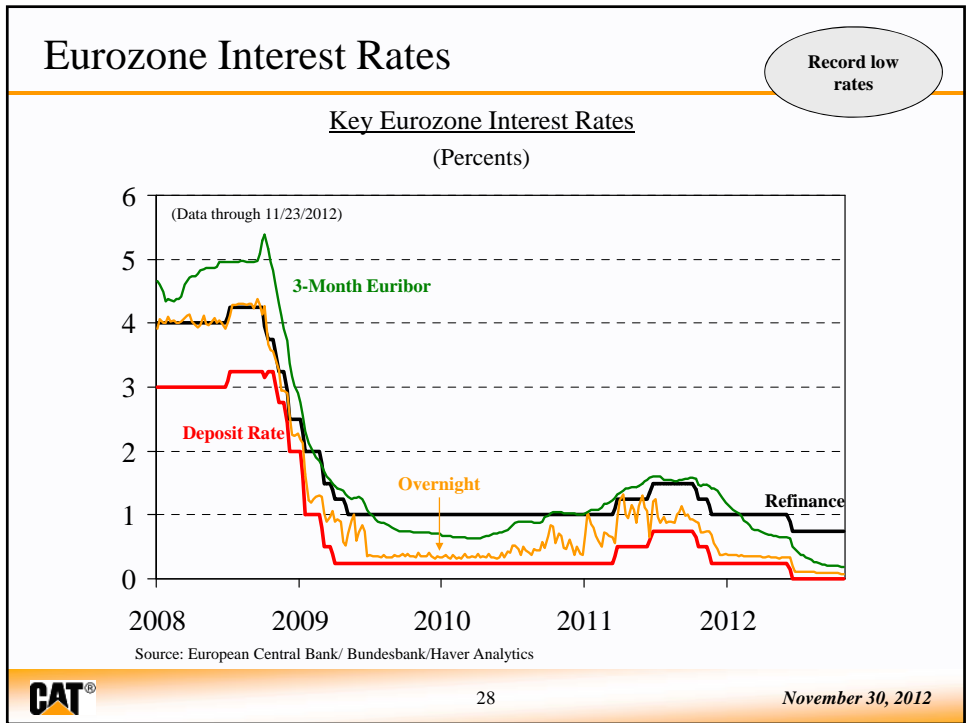
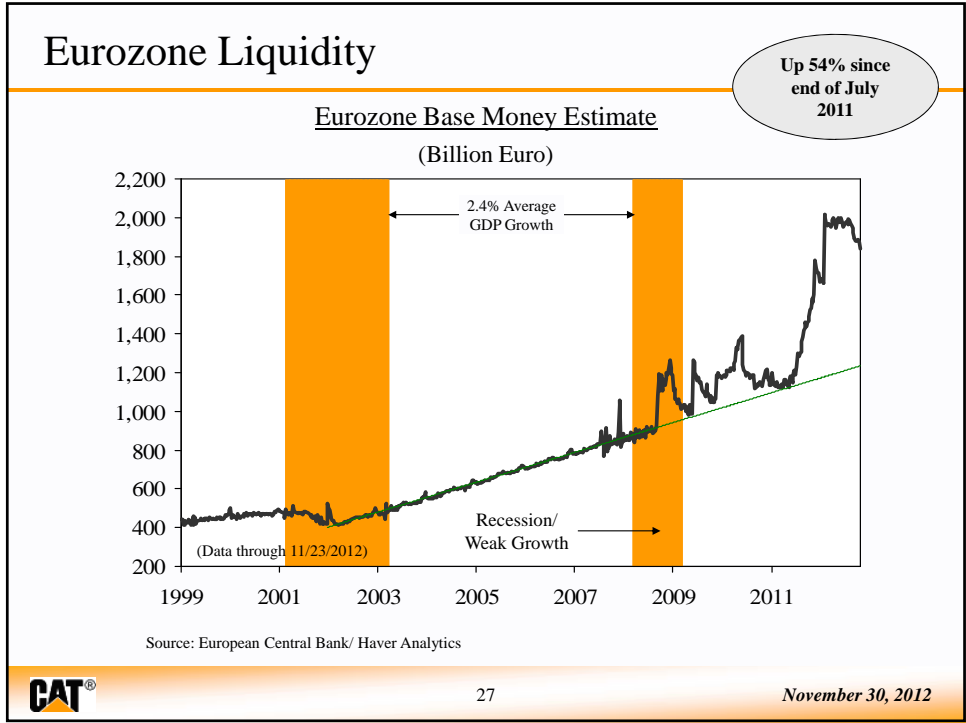


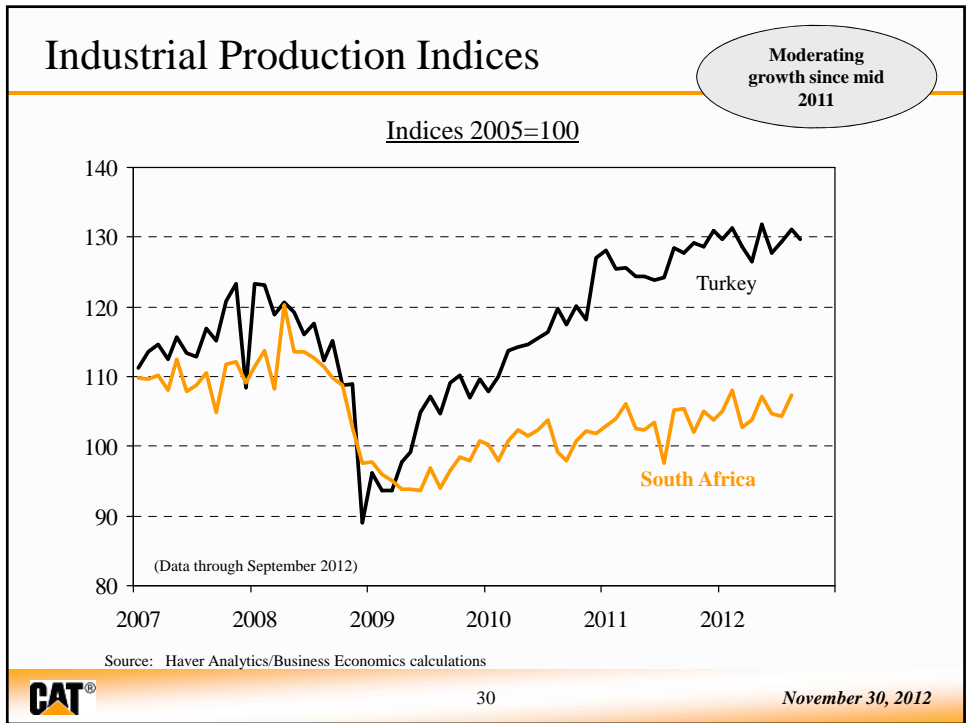
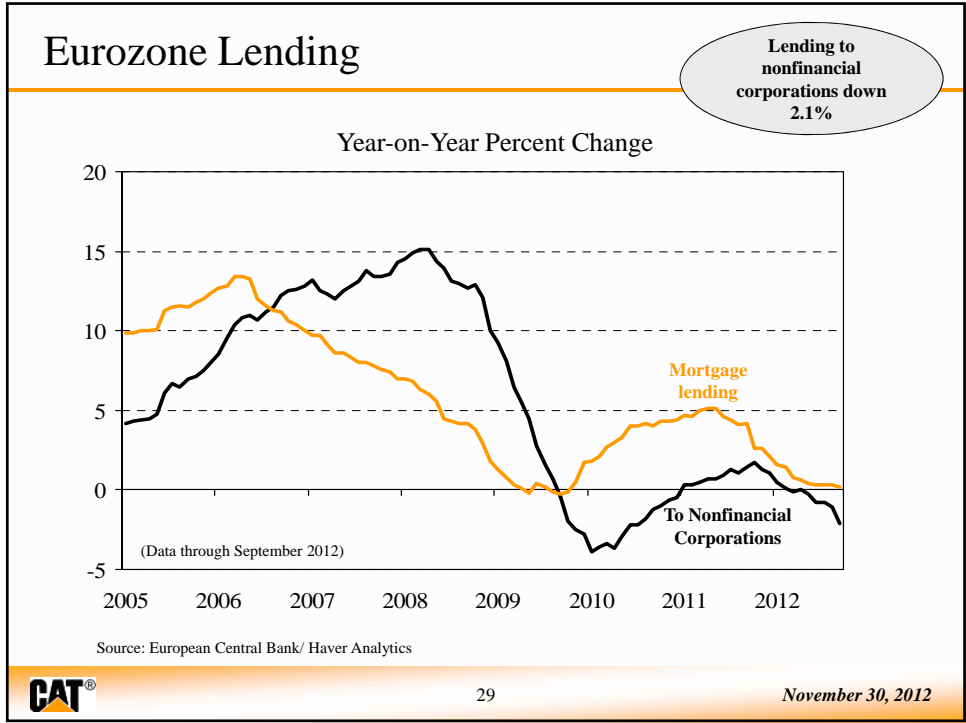
Central and South America


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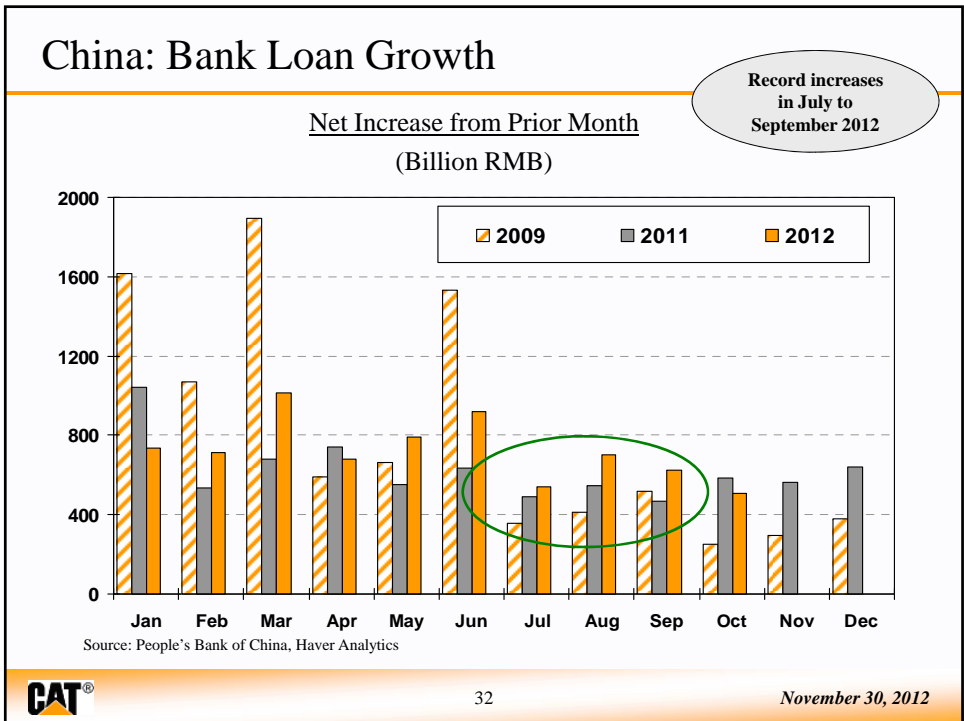


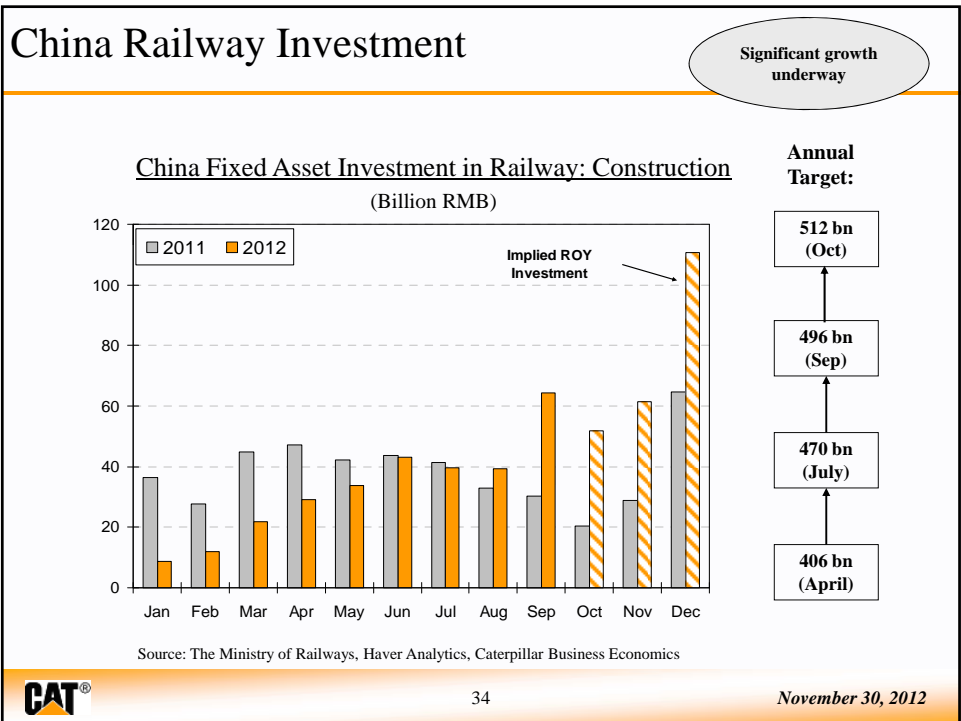


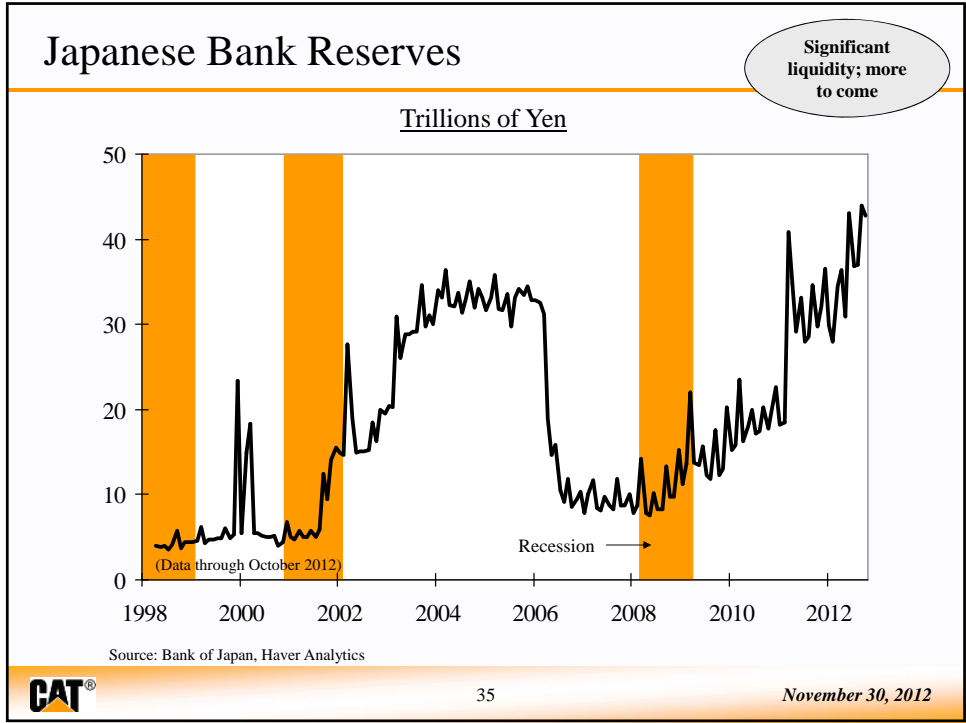


Asia/Pacific


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Caterpillar Sales Trends

Aug. – Oct. 2012 vs.
Aug. – Oct. 2011

Asia Pacific	+6
Europe, Africa ME	+4
Latin America	+9
ROW	+6
North America	+13
World	+8

Source: www.caterpillar.com/investors/financial-information/dealer-statistics

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Key Points

Developed countries growing slowly

- Record low interest rates; central banks boosting liquidity
- U.S. construction should improve
- Europe in recession; little improvement expected

Developing countries to fare better

- Policy easing underway
- Economic growth should improve more than a half percentage point

Commodity prices to improve slightly

- Production likely to increase
- Coal still facing problems

Source: Caterpillar Financial Release, October 22, 2012, pp. 11-13.

