

**Caterpillar**  
**Employee Investment Plan**  
**Participation Guide**  
**August 2019**



# What’s inside your participation guide?

How the Employee Investment Plan works	6
The two components of Employee Investment Plan	8
Eligibility	10
The number of Shares you will be provided	10
Dealing in Shares, ceasing employment and shareholder rights	12
Understanding the jargon	16

This guide explains the terms and conditions of your invitation to participate in the Caterpillar Employee Investment Plan (**Employee Investment Plan**). The Employee Investment Plan is referred to as the “Employee Stock Purchase Plan” or “ESPP” on the E\*Trade website. You can obtain a free copy of the terms and conditions of the Employee Investment Plan on the Employee Investment Page on Cat@Work

**Need help?**

Contact: *Human Resources*

Phone: *+61 (3) 9953 9134*

Email [Australia\\_Total\\_Rewards@cat.com](mailto:Australia_Total_Rewards@cat.com)

The information in this guide and any advice provided by Caterpillar in connection with the Employee Investment Plan is general advice only and does not take into account your objectives, financial situation and needs. You should consider obtaining your own financial product advice from an independent person who is licensed by the Australian Securities and Investments Commission to give such advice.

**See the section “*Understanding the jargon*” which contains certain defined terms used in this guide.**

# Highlights

Highlight	
<p><b>The Employee Investment Plan</b></p>	<p>The Employee Investment Plan is a new employee share plan. The Employee Investment Plan is referred to as the “Employee Stock Purchase Plan” or “ESPP” on the E*Trade website.</p> <p>It is designed to reward employees for their contribution to Caterpillar’s success and helps you build a stake in Caterpillar. If you choose to participate, you will become a shareholder in Caterpillar and you will have the opportunity to share in any future profits and growth of Caterpillar.</p>
<p><b>What’s on offer under the Employee Investment Plan?</b></p>	<p>Fully paid ordinary shares in Caterpillar are on offer. There are two components to the offer:</p> <ul style="list-style-type: none"> <li>the “<b>Employee Contribution</b>” – if you decide to participate in the Employee Investment Plan, you will make contributions from your post-tax salary each payroll period towards the purchase of Shares. You can choose how much to contribute towards the Employee Contribution. The maximum amount you may contribute will depend on your period of continual active service with the Caterpillar Inc. Group (i.e. your continual active service with the Caterpillar Inc. Group since your “company service date” or “benefit service date”). Further details about the Employee Contribution are set out on page 6.</li> <li>the “<b>Caterpillar Contribution</b>” – Caterpillar will match a certain percentage of your Employee Contributions each month. Caterpillar will contribute the matched amount towards the purchase of Shares for you. The rates of Caterpillar’s contributions will depend on your period of continual active service with the Caterpillar Inc. Group. Further details of the Caterpillar Contribution are set out on page 6.</li> </ul> <p>You contributions towards the Employee Contribution and Caterpillar’s contributions towards the Caterpillar Contribution will be converted into US dollars and remitted to E*Trade to purchase Shares on your behalf each month.</p> <p>The Shares purchased from the Employee Contribution are called the “<b>Employee Shares</b>”.</p> <p>The Shares purchased from the Caterpillar Contribution are called the “<b>Company Shares</b>”.</p>
<p><b>You will not be able to sell, transfer, encumber or otherwise deal in your Company Shares for a prescribed period</b></p>	<p>You will be restricted from dealing in your Company Shares for a period of 3 years from the date those Company Shares are purchased for you (unless you cease employment with the Caterpillar Inc. Group). This period is called the “<b>Restriction Period</b>”.</p> <p>Your Company Shares are called “<b>Restricted Company Shares</b>” during the time they are subject to the Restriction Period.</p> <p>You will receive dividends and will be able to exercise voting rights attached to your Restricted Company Shares, however, you will not be able to sell, transfer, encumber or otherwise deal in your Restricted Company Shares until they are released from the Restriction Period.</p> <p>You can deal in your Employee Shares as soon as they have been purchased for you and are available in your individual E*Trade account. Unlike the</p>

Highlight	
	Company Shares, the Employee Shares are not subject to any restrictions on dealing or disposal and you will have immediate access to them.
<b>Who can participate in the Employee Investment Plan?</b>	To be eligible to participate in the Employee Investment Plan you must be a permanent full-time or part-time employee of Caterpillar Australia.
<b>What you need to do to participate?</b>	<p>To participate, you need to go to <a href="http://www.etrade.com/enroll">www.etrade.com/enroll</a> and complete the online Application Form. You can enrol to participate in the Employee Investment Plan at any time provided you are eligible. Your participation will be effective from the 1<sup>st</sup> day of the month after you submit your Application Form and your application is accepted by Caterpillar.</p> <p>By enrolling and completing and submitting the Application Form, you will be agreeing to:</p> <ul style="list-style-type: none"> <li>• be bound by the terms of the Employee Investment Plan and the Constitutional documents of Caterpillar Inc.;</li> <li>• become a shareholder in Caterpillar Inc.;</li> <li>• make contributions from your post-tax salary each pay cycle up to the amount you elect towards the purchase of Shares;</li> <li>• open an account with E*Trade in which your Company Shares and your Employee Shares will be held;</li> <li>• your Company Shares being subject to restrictions on dealing during the Restriction Period; and</li> <li>• if you submitted the Application Form by 25 June 2015, the transfer of any Shares you held under Caterpillar’s existing Plans A, B, C or D into your E*TRADE account.</li> </ul>
<b>Potential tax implications</b>	<p><b>Employee Shares</b></p> <p>Income tax should not be payable on your Employee Shares. This is because the contributions towards those Shares are made from your after-tax salary, meaning that you would have effectively paid tax on those contributions through your salary.</p> <p>However tax will generally be payable on:</p> <ul style="list-style-type: none"> <li>• any dividends received on your Employee Shares; and</li> <li>• any capital gain realised on your Employee Shares when they are sold.</li> </ul> <p><b>Company Shares</b></p> <p>Income tax should generally be payable on the Company Shares in the year they are purchased for you.</p> <p>The assessable amount should equal the “market value” of the Company Shares at the time they are purchased for you, converted into Australian dollars at the spot rate at the date of allocation. This should be based on the value of the contribution Caterpillar made to the purchase of your Company Shares.</p> <p>Generally, tax will also be payable on:</p> <ul style="list-style-type: none"> <li>• any dividends received on the Company Shares, irrespective of</li> </ul>

## Highlight

- whether they are reinvested and any capital gain realised on the Company Shares when they are sold.

We strongly recommend that you obtain independent professional tax advice regarding your participation in the Employee Investment Plan that takes into account your individual circumstances. The summary of the tax implications included in this document is intended as a summary only.

# How the Employee Investment Plan works

Step	Elements												
<b>Step 1</b> <b>Participation guide</b>	Your participation guide includes the key information about how the Employee Investment Plan works. You should read this participation guide carefully before deciding whether to apply to participate in the Employee Investment Plan.												
<b>Step 2</b> <b>Your Application Form</b>	<p>If you want to participate in the Employee Investment Plan, you will need to enrol and complete the Application Form on-line at <a href="http://www.etrade.com/enroll">www.etrade.com/enroll</a>. Details on how to apply will be available on that website.</p> <p>You can apply to participate in the Employee Investment Plan at any time provided you are a permanent full-time or part-time employee of Caterpillar Australia.</p>												
<b>Step 3</b> <b>Purchase of Shares and salary deductions</b>	<p>If you decide to participate in the Employee Investment Plan, you will need to choose the amount you wish to contribute towards the Employee Contribution, up to a maximum amount of 6% of your Eligible Earnings for each payroll period. This amount is referred to as your “Basic Employee Contribution” and must be equal to 2%, 3%, 4%, 5% or 6% of your Eligible Earnings.</p> <p>If you have more than 25 years of continual active service with the Caterpillar Inc. Group, you are also able to make an additional “supplementary contribution” up to a maximum of 4% of your Eligible Earnings for each payroll period (meaning your total contribution can be up to a maximum of 10% of your Eligible Earnings for each payroll period).</p> <p>Caterpillar will match a certain percentage of your Basic Employee Contributions. The table below sets out the contributions that Caterpillar will make towards the purchase of Company Shares for you under the Caterpillar Contribution.</p> <table border="1" data-bbox="470 1366 1404 1915"> <thead> <tr> <th data-bbox="470 1366 778 1500">Years of continual, active service with the Caterpillar Inc. Group</th> <th data-bbox="778 1366 1093 1500">Caterpillar Contributions</th> <th data-bbox="1093 1366 1404 1500">Maximum cap on Caterpillar Contributions</th> </tr> </thead> <tbody> <tr> <td data-bbox="470 1500 778 1635">Less than 25 years</td> <td data-bbox="778 1500 1093 1635">An amount equal to 50% of your Basic Employee Contributions</td> <td data-bbox="1093 1500 1404 1635">Up to a maximum of 3% of your Eligible Earnings</td> </tr> <tr> <td data-bbox="470 1635 778 1769">At least 25 years but less than 35 years</td> <td data-bbox="778 1635 1093 1769">An amount equal to 66⅔% of your Basic Employee Contributions</td> <td data-bbox="1093 1635 1404 1769">Up to a maximum of 4% of your Eligible Earnings</td> </tr> <tr> <td data-bbox="470 1769 778 1904">35 years or more</td> <td data-bbox="778 1769 1093 1904">An amount equal to 80% of your Basic Employee Contributions</td> <td data-bbox="1093 1769 1404 1904">Up to a maximum of 4.8% of your Eligible Earnings.</td> </tr> </tbody> </table> <p>At the end of each month, the Employee Contributions and Company Contributions will be converted into US dollars and remitted to E*Trade.</p>	Years of continual, active service with the Caterpillar Inc. Group	Caterpillar Contributions	Maximum cap on Caterpillar Contributions	Less than 25 years	An amount equal to 50% of your Basic Employee Contributions	Up to a maximum of 3% of your Eligible Earnings	At least 25 years but less than 35 years	An amount equal to 66⅔% of your Basic Employee Contributions	Up to a maximum of 4% of your Eligible Earnings	35 years or more	An amount equal to 80% of your Basic Employee Contributions	Up to a maximum of 4.8% of your Eligible Earnings.
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35 years or more	An amount equal to 80% of your Basic Employee Contributions	Up to a maximum of 4.8% of your Eligible Earnings.											

	<p>E*Trade will purchase Shares for you as soon as practicable after it receives the contributions.</p> <p>Once the Shares have been purchased, they will be registered in your name and held in your individual E*Trade ESPP account. Information about how to set up your account will be emailed to you directly when your account is ready to be activated. Information is also available at <a href="http://www.etrade.com/enroll">www.etrade.com/enroll</a>. You will be able to access the Shares that have been purchased for you by logging in to your individual E*Trade account.</p>
<p><b>Step 4</b> <b>Restriction Period</b></p>	<p>Your Company Shares will be subject to a restriction on dealing for 3 years from the date those Company Shares are purchased for you unless you cease employment with the Caterpillar Inc. Group before that time. (For further explanation, see “What happens if you cease your employment with Caterpillar before the some or all of your Restricted Company Shares are released from the Restriction Period?”).</p> <p>As set out above, the Restriction Period starts from when your Company Shares are purchased (i.e. following the end of each month). This means that each monthly lot of Company Shares purchased for you will be subject to a Restriction Period with a different start date and a different end date. For example, Company Shares purchased on 31 July 2015 will be subject to a Restriction Period ending on 31 July 2018 and Company Shares purchased on 30 August 2015 be subject to a Restriction Period ending on 30 August 2018. As set out above, your Company Shares are called Restricted Company Shares while they are subject to the Restriction Period.</p> <p>You can still receive dividends and exercise voting rights attaching to your Restricted Company Shares. However, you cannot sell, transfer, encumber or otherwise deal in your Restricted Company Shares.</p> <p>At the end of a Restriction Period, the Restricted Company Shares that were subject to the expired Restriction Period will be released from all restrictions on dealing and those shares will become unrestricted Company Shares. You will be free to deal in those Company Shares.</p>

You may elect to suspend your participation in the Employee Investment Plan at any time by providing a notice of suspension on-line at [www.etrade.com](http://www.etrade.com). The suspension will be effective no later than 45 days after the Suspension Notice is received. By suspending your participation in the Employee Incentive Plan you will effectively be withdrawing from the Employee Incentive Plan.

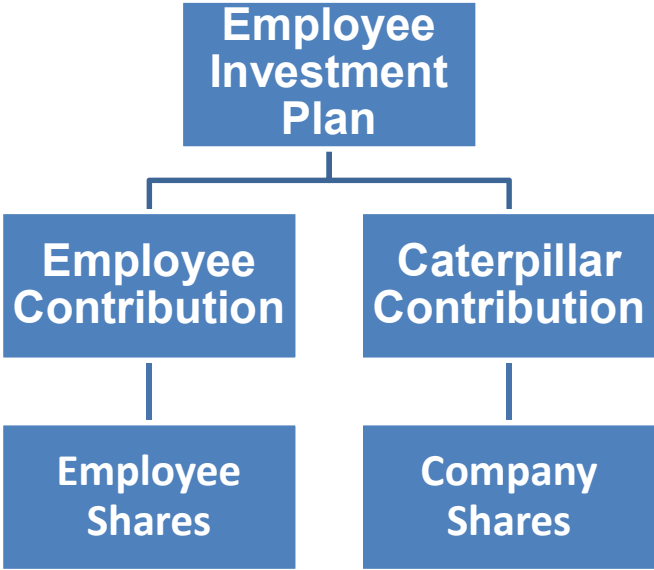
If you suspend your participation in the Employee Investment Plan, you will not participate in the Employee Investment Plan after the date that the suspension has become effective. However, you may re-commence your participation at any time by accessing your E\*TRADE account online and electing to resume your contributions, provided you are eligible to participate in the Employee Investment Plan.

If you suspend your participation in the Employee Investment Plan, any contributions you made towards the Employee Contribution after the effective date of your suspension will be repaid to you as soon as practicable after that date.

Your contributions do not attract interest while they are held in the Australian bank account established by Caterpillar.

**See the section “*Understanding the jargon*” which contains certain defined terms used in this guide.**

# The two components of the Employee Investment Plan



### The Employee Contribution

- If you choose to participate in the Employee Investment Plan, you will make contributions each month. Your Employee Contributions will be deducted from your post-tax salary. Your contributions will be used to purchase Employee Shares for you.
- The rate of your contributions will depend on your period of continual active service with the Caterpillar Inc. Group.
- You can chose to contribute a whole % between 2% and 6% (inclusive) of your Eligible Earnings each payroll period to purchase Employee Shares (this is referred to as your “Basic Employee Contribution”).
- If you have at least 25 years continual active service with Caterpillar Inc. Group you can chose to make additional “supplementary contributions” of a whole % between 1% and 4% (inclusive) of your Eligible Earnings each payroll period to purchase Employee Shares (meaning your

### The Caterpillar Contribution

- If you choose to participate in the Employee Investment Plan, Caterpillar will match a certain percentage of you Basic Employee Contributions and those contributions will be used to purchase Company Shares for you.
- The rate of Caterpillar’s contributions will depend on your period of continual active service with the Caterpillar Inc. Group.
- If you have less than 25 years continual active service with the Caterpillar Inc. Group, Caterpillar will match half (50%) of your Basic Employee Contributions up to a maximum of 3% of your Eligible Earnings.
- If you have at least 25 years continual active service with the Caterpillar Inc. Group but less than 35 years continual active service, Caterpillar will match 66⅔% of your Basic Employee Contributions up to a maximum of 4% of your Eligible Earnings.
- If you have at least 35 years

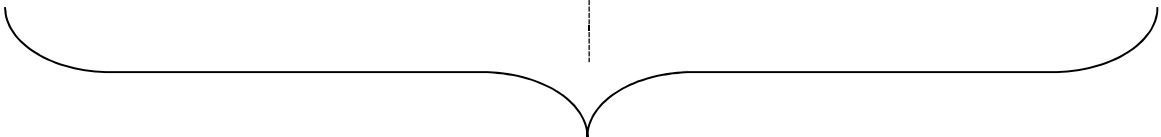


total contribution can be up to a maximum of 10% of your Eligible Earnings).

- At the end of each month, your Employee Contributions will be converted into US dollars and remitted to E\*Trade. E\*TRADE will purchase Employee Shares for you on the NYSE as soon as practicable after it receives the Employee Contributions.

continual active service with the Caterpillar Inc. Group, Caterpillar will match 80% of your Basic Employee Contributions up to a maximum of 4.8% of your Eligible Earnings.

- At the end of each month, the amount contributed by Caterpillar will be converted into US dollars and remitted to E\*Trade. E\*TRADE will purchase Company Shares for you on the NYSE as soon as practicable after it receives the Caterpillar Contributions.

- 
- Caterpillar will calculate your Employee Contributions as a percentage of your Eligible Earnings each payroll period and deduct those contributions from your after-tax earnings.
  - Your Employee Shares are not subject to any disposal restrictions. You can sell, transfer, encumber or otherwise deal in your Employee Shares immediately after they have been purchased for you and registered in your name. You will be able to access your Employee Shares by logging in to your individual E\*Trade account.
  - Your Company Shares will be subject to disposal restrictions for the Restriction Period.
  - You will receive dividends on your Restricted Company Shares and can vote your Restricted Company Shares but cannot sell, transfer, encumber or otherwise deal in those Restricted Company Shares.
  - After the end of the Restriction Period, the Restricted Company Shares that were subject to the expired Restriction Period will be released from all restrictions on dealing and those shares will become unrestricted Company Shares. You will be free to deal in those Company Shares.

## Eligibility

To be eligible to participate in the Employee Investment Plan you must be a permanent full-time or part-time employee of Caterpillar Australia.

The Board of Caterpillar has full discretion to exclude some employees from participating in the Plan, including where an Employee's participation in the Plan would be unlawful (i.e. where the employee is under 18 years old).

## The number of Shares you will be allocated

The aggregate of your Employee Contributions and the Company Contributions will be used to determine the number of full and partial Shares that will be provided to you under the Employee Investment Plan.

The number of Shares that will be purchased for you each month will be calculated using the following formula:

$$\frac{\text{Employee Contributions} + \text{Company Contribution}}{\text{Open market share price at which Shares are traded on the NYSE on the last working day of each month}}$$

### Worked example

If:

- the weighted average share price of Shares is \$80;
- the amount contributed towards your Employee Contribution is \$1,000; and
- the amount contributed towards your Caterpillar Contribution is \$500,

then you will be provided the following number of Shares:

$$(1000 / 80) + (500 / 80) = 18.75 \text{ Shares (12.5 Employee Shares + 6.25 Company Shares)}$$

## Risks

Some of the risks of participation in the Employee Investment Plan include the following:

- There is no guarantee that the value of the Shares when you decide to sell your Shares will be the same or higher than the value of the Shares on the date they were provided to you under the Employee Investment Plan.
- The Shares are listed in the United States which means you will be exposed to the effects of exchange rate fluctuations.

- You will not be able to deal in your Restricted Company Shares during the Restriction Period. There is no guarantee that the value of the Shares at the end of the Restriction Period will be the same or higher than the value of the Shares on the date they are purchased for you.

You need to be aware that buying Shares carries an element of risk, as does any financial investment. The gains and returns under the Employee Investment Plan are subject to prevailing market conditions and risks. There is no guarantee under the Employee Investment Plan against loss that you may suffer by way of the purchase of the Shares. However, just as with any other shareholder, Shares you acquire under the Employee Investment Plan may then be worth more or less than the purchase price. In seeking the benefits of share ownership, you also accept the risks. Your decision to acquire Shares will depend on your personal financial situation and your overall attitude to investment in the share market. By participating in any of the plans you accept the risk of any losses due to lower share values and exchange rate fluctuations (US dollar versus Australian dollar). Therefore, if you are unsure about whether to participate, you should obtain your own financial product advice from an independent person who is licensed by the Australian Securities and Investment Commission to give such advice.

# Dealing in Shares, ceasing employment and shareholder rights

See the section “*Understanding the jargon*” which contains certain defined terms used in this guide.

## **You can sell your Employee Shares immediately**

The Employee Shares purchased for you under the Employee Investment Plan are not subject to any disposal restrictions. This means that you will be able to deal in Employee Shares immediately after they have been purchased for you.

Once E\*TRADE has purchased Employee Shares for you and those shares have been registered in your name, you will be able to access them by logging in to your individual E\*TRADE account.

## **You can't sell your Company Shares during the Restriction Period**

The Company Shares provided to you under the Employee Investment Plan will be subject to restrictions on dealing for 3 years from the date on which those shares are purchased. This 3 year period is called the ‘Restriction Period’ (see the definition in “*Understanding the jargon*”).

As set out above, the Restriction Period starts from when your Company Shares are purchased (i.e. following the end of each month). This means that each monthly lot of Company Shares purchased for you will be subject to a Restriction Period with a different start date and a different end date. For example, Company Shares purchased on 31 July 2015 will be subject to a Restriction Period ending on 31 July 2018 and Company Shares purchased on 30 August 2015 be subject to a Restriction Period ending on 30 August 2018. As set out above, your Company Shares are called Restricted Company Shares while they are subject to the Restriction Period.

Unless you cease your employment with the Caterpillar Inc. Group earlier you cannot sell, transfer, encumber or otherwise deal in your Restricted Company Shares.

## **What you can do at the end of the Restriction Period?**

At the end of a Restriction Period, the Restricted Company Shares that were subject to the expired Restriction Period will be released from all restrictions on dealing and those shares will become unrestricted Company Shares. You will be free to deal in those Company Shares.

You can choose to either sell or keep your Company Shares. If you decide to sell some or all of your Company Shares you will need to sell them through your individual E\*TRADE account.

## **What happens if you cease your employment before some or all of your Restricted Company Shares are released from the Restriction Period?**

If you cease employment with the Caterpillar Inc. Group before some or all of your Restricted Company Shares are released from the Restriction Period, all restrictions on dealing in those shares will be released and they will become unrestricted Company Shares. You will be free to deal in those Company Shares.

## **What if I leave Caterpillar Australia but not the Caterpillar Inc. Group?**

If you leave Caterpillar Australia but not the Caterpillar Inc. Group, your participation in the Employee Investment Plan will cease on the day you leave. The fact your participation in the Employee Investment Plan has ended does not affect the terms on which any Shares have

already been provided to you (that is the restrictions on your Restricted Company Shares will remain).

### **What if I leave the Caterpillar Inc. Group?**

If you leave the Caterpillar Inc. Group, your active participation in either plan ceases on the day you leave and you will have access to all of your Employee Shares and Company Shares. You will have 3 months from the date you leave to either instruct E\*TRADE to:

- sell your Shares and transmit the proceeds of the sale (less any costs of sale) to you; or
- transfer them into an account you have with another broker.

If you fail to instruct E\*Trade during that period 3 month period, your Shares will be automatically sold for you and the proceeds of sale (less any costs of sale) held on your behalf pending receipt of your payment instructions.

Further details as to how to instruct E\*TRADE will be provided to you if you leave the Caterpillar Inc. Group.

In all cases, the treatment of Shares on cessation of employment is subject to applicable law, including in relation to the provision of termination benefits under Part 2D.2 Division 2 of the Corporations Act.

### **Who pays brokerage on your Shares?**

By acquiring Shares through the Employee Investment Plan, you won't need to pay any brokerage fee to acquire Shares – Caterpillar will pay the brokerage on your behalf.

When you sell your Shares, brokerage and fees will be payable. These charges are normally deducted from the proceeds of the sale of your Shares.

### **Can your Shares be forfeited?**

Neither Employee Shares nor Company Shares can be forfeited under the Plan Rules.

### **Can you put your Shares in your spouse's name?**

The invitation is made to you personally and is not transferable.

### **Where are my contributions held?**

All of your contributions will be held by Caterpillar in an account with an Australian bank until they are used to purchase Shares for you under the Employee Investment Plan. No interest will be payable on the contributions held in the account.

### **Dividends**

You have full dividend rights on your Shares from the date they are purchased for you and registered in your name. Initial treatment of your dividends will vary, dependant on your participant status as at 1 October 2015;

- ***If you are a participant in the Caterpillar Inc. 2006 Long-Term Incentive Plan or the Caterpillar Inc. 2014 Long-Term Incentive Plan***

Dividends paid on Employee Shares and Company Shares will be treated the same way as dividends paid on your Shares as participants in the Caterpillar Inc. 2006 Long-Term Incentive Plan or the Caterpillar Inc. 2014 Long-Term Incentive Plan. If you currently receive dividends in respect of the Shares you hold under the Caterpillar Inc. 2006 Long-Term Incentive Plan or the Caterpillar Inc. 2014 Long-Term Incentive Plan in cash, but would prefer your dividends to be reinvested for further Shares, you can make an election by notifying E\*Trade. However, any election you make will apply to any and all dividends paid

on Employee Shares and Company Shares, as well as Shares you hold under the Caterpillar Inc. 2006 Long-Term Incentive Plan or the Caterpillar Inc. 2014 Long-Term Incentive Plan

- ***If you submitted your ESPP Application Form before 1 October 2015 and are not a participant in the Caterpillar Inc. 2006 Long-Term Incentive Plan or the Caterpillar Inc. 2014 Long-Term Incentive Plan***

All dividends paid on your Employee Shares and Company Shares will be reinvested in further Shares. The Shares purchased with the dividends will not be subject to any disposal restrictions. This means that you will be able to deal in those Shares immediately after they have been purchased for you. If you do not want the dividends to be reinvested for further Shares, you can elect to receive dividends as cash by contacting E\*TRADE Customer Services.

- ***If you submitted your ESPP Application Form after 1 October 2015 and are not a participant in the Caterpillar Inc. 2006 Long-Term Incentive Plan or the Caterpillar Inc. 2014 Long-Term Incentive Plan***

All dividends paid on your Employee Shares and Company Shares will be received in cash. If you want the dividends to be reinvested for further Shares, you can elect to participate in the dividend reinvestment plan by contacting E\*TRADE Customer Services.

## **Voting**

You will be able to vote your Shares in the same way as any other Caterpillar shareholder. This includes:

- exercising the votes attached to your Shares at any meeting of Caterpillar shareholders; and
- attend, speak, demand a poll or join in demanding a poll at a meeting of Caterpillar shareholders.

## **Where you can obtain share price information**

There are several sites on the internet that can provide share price information - including Caterpillar's own website which can be found at [www.caterpillar.com](http://www.caterpillar.com) and [Cat@work](mailto:Cat@work). The NYSE website also provides current information on the price of Shares. Additionally, by logging in to your individual E\*Trade account, you will be able to look up the price of your shares in Australian dollars and the price at which they were acquired.

## **Other key terms of the General Employee Share Plan**

- Caterpillar may amend the Employee Investment Plan from time to time, provided that the amendment does not reduce the existing rights of participating employees (except in certain limited circumstances).
- The Caterpillar Board's decision as to the interpretation, effect or application of the Employee Investment Plan is final and conclusive. The Caterpillar Board may make further rules for the operation of the Employee Investment Plan, which are consistent with the plan. Any powers or discretions that are conferred on the Caterpillar Board under the Employee Investment Plan may be exercised by the Caterpillar Board or any person or persons appointed to act on its behalf.

- The Caterpillar Board can decide to suspend or cancel the General Employee Investment Plan at any time. The suspension or cancellation of the plan will not prejudice the existing rights of participating employees.
- Nothing in the Employee Investment Plan confers on any employee the right to receive Shares or to continue as an employee of Caterpillar group, nor affects any rights of Caterpillar group to terminate an employee's employment.

# Understanding the jargon

Here are a few terms that are used in this guide which you should understand.

<b>Application Form</b>	The form available on-line at <a href="http://www.etrade.com">www.etrade.com</a> .
<b>Caterpillar</b>	Caterpillar Inc. of Peoria, Illinois, a company organised and existing under the laws of Delaware in the United States of America and where the context requires includes all entities within the Caterpillar Inc. group.
<b>Caterpillar Australia</b>	STIC, CGMEP, COFA and CUGM (as applicable).
<b>Caterpillar Board</b>	All or some of the directors of Caterpillar, acting as a board or a committee of directors, or any person(s) to whom the directors have delegated their powers and discretions under the Employee Investment Plan.
<b>Caterpillar Contribution</b>	The component of the Employee Investment Plan under which Caterpillar makes monthly after tax contributions for you towards the purchase of Company Shares as described on page 3 of this Participation Guide.
<b>Caterpillar Inc. Group</b>	Caterpillar Inc. and its subsidiaries.
<b>CGMEP</b>	Caterpillar Global Mining Expanded Products Pty Ltd (ABN 68 001 253 470).
<b>CofA</b>	Caterpillar of Australia Pty Ltd (ABN 97 004 332 469).
<b>Company Shares</b>	The Shares purchased from the Caterpillar Contributions.
<b>CUGM</b>	Caterpillar Underground Mining Pty Ltd (ABN 69 069 652 866).
<b>Employee Contribution</b>	The component of the Employee Investment Plan under which you make monthly after tax contributions towards the purchase of Employee Shares as described on page 3 of this Participation Guide.
<b>Employee Investment Plan (EIP)</b>	The Caterpillar Employee Investment Plan.
<b>Employee Shares</b>	The Shares purchased from the Employee Contribution.
<b>Employee Stock Purchase Plan (ESPP)</b>	E*TRADE may refer to ESPP when referencing the Employee Investment Plan. The terms may be used interchangeably
<b>Eligible Earnings</b>	Base salary plus work/position related allowance (e.g. shift allowance, overtime allowance, on call allowance, car allowance and FIFO allowance if applicable). Incentive pay, lump sum and expense related allowances (e.g. health care allowance, hardship allowance,



<b>NYSE</b>	STIP) are excluded.
<b>Participation Guide</b>	New York Stock Exchange
<b>Plan Rules</b>	This document entitled "Participation Guide".
<b>Restricted Company Shares</b>	The Caterpillar Employee Investment Plan Rules.
<b>Restriction Period</b>	Company Shares which are subject to a Restriction Period.
<b>Share</b>	The period of time, starting on the date Company Shares are purchased, during which you cannot sell, transfer or otherwise deal in the Shares. During this time, your Shares will be registered in your name and subject to a restriction on dealing.
<b>STIC</b>	A fully-paid ordinary share in the capital of Caterpillar.
<b>Suspension Notice</b>	Solar Turbines International Company (ABN 43 066 283 074)
<b>W8ben</b>	The notice available on-line at <b><i>www.etrade.com</i></b> .
	Certificate of Foreign Status of Beneficial Owner for United States Tax Withholding.
	This document is used to evaluate the level of tax payable to the US IRS.