CATERPILLAR INC.
RETIREMENT PLANS

SUMMARY OF MATERIAL MODIFICATIONS

This summary of material modifications ("SMM") summarizes recent changes made to the following Caterpillar retirement plans (each the "Plan" and collectively, the "Plans"): Similar changes have previously been communicated with respect to the remaining Caterpillar retirement plans not listed below.

<u>Qualified Retirement Plans</u>
Caterpillar Inc. Non-Contributory Pension Plan
Caterpillar Inc. Retirement Income Plan
Individual Retirement Plan for Hourly Employees of Electro-Motive Diesel, Inc.
Electro-Motive Diesel, Inc. Pension Plan for Hourly-Rate Legacy Employees
Solar Turbines Incorporated Non-Contributory Retirement Plan
Solar Turbines Incorporated Retirement Plan (merged with and into the Caterpillar Inc. Retirement Income Plan effective as of 11:59 PM CST on December 31, 2014)
Pension Plan for Salaried and Non-Bargaining Unit Employees of Chemetron-Railway Products, Inc.

<u>Non-Qualified Retirement Plans</u>
Loss of License Benefit Program
Caterpillar Inc. International Pension Plan
Caterpillar Global Mining Legacy Supplemental Executive Retirement Plan
Caterpillar Global Mining Legacy Deferred Compensation Plan

This SMM also supplements or modifies the information presented to you in the Summary Plan Description or non-qualified plan summaries ("SPD") with respect to the Plan and with respect to any SMMs issued since the date the SPD was last issued.

This document is very important. Please read it carefully and keep it with your copy of the Plan's SPD for your future reference.

SUMMARY OF THE CHANGES

The Plan's definition of spouse changed as a result of the Supreme Court's decision in *U.S. v. Windsor* and guidance issued by the Internal Revenue Service. Specifically, for purposes of the Plan, a spouse means the person who is your spouse for federal tax purposes pursuant to applicable Internal Revenue Service guidance. Effective on and after June 26, 2013, the term spouse shall include a lawful same-sex spouse recognized by a state or other jurisdiction in which the ceremony establishing the marital relationship was performed – even if you or your spouse now reside in a state or other jurisdiction that does not recognize same-sex marriage.

ADDITIONAL INFORMATION

If you have any questions about this SMM, the Plan or the changes described in this SMM, please contact the Plan Administrator via internet access at http://resources.hewitt.com/cat or by using the voice response system at 1-877-228-4010 or 1-718-354-1345 (outside the U.S.).

The Plan's SPD (which includes this SMM and any previously issued SMMs) is based on the official plan document (which includes all amendments made to date). Every reasonable effort has been made to give you correct and complete information about your benefits. However, if the SPD and/or this SMM say anything that grants greater rights or benefits to participants or beneficiaries than the official plan document, then the official plan document will govern. You may obtain a complete copy of the Plan (including the amendment described in this SMM) by contacting the Plan Administrator.

The Plan Administrator retains the sole and complete discretionary authority to determine eligibility and entitlement to benefits and to construe the terms of the Plan, including the making of any factual determinations. The Plan Administrator also has the sole discretionary authority to grant or deny benefits under the Plan. Benefits under the Plan will be paid only if the Plan Administrator decides, in its sole discretion, that the applicant is entitled to them. The decisions of the Plan Administrator shall be final and conclusive with respect to all questions relating to the Plan.

Caterpillar Inc. (or its duly authorized designee) reserves the sole discretionary authority to amend or terminate the Plan in whole or in part for any reason and at any time. Any such amendment or termination will not reduce any vested benefit.

This SMM is provided to you in accordance with the disclosure requirements of ERISA, if applicable, the federal law that governs the Plan, if applicable.

Summary Plan Description

Caterpillar Inc.

Retirement Income Plan

Traditional Pension Plan &

Pension Equity Plan

(Effective January 1, 2011)

Table of Contents

Introduction

The Retirement Income Plan (the "Plan") is designed to help you meet your retirement income needs, and it comes at no cost to you. Caterpillar pays the entire cost of your pension by making contributions to the Caterpillar Inc. Master Retirement Trust (the Trust). The Plan is one component of your overall retirement income picture, which may consist of other income sources such as Social Security benefits, personal savings, and other company sponsored retirement plans such as the Caterpillar 401(k) Retirement Plan or Caterpillar 401(k) Savings Plan.

The summary plan description describes the Plan as it applies to salaried and management employees hired prior to January 1, 2003 at the Caterpillar facilities listed on the following pages of this booklet who are eligible for the Traditional Plan or the frozen Traditional Plan plus the Pension Equity Plan (PEP). Different summary plan descriptions have been prepared to describe the plan as it applies to other groups of employees.

For convenience, the term "Company" is used in this summary plan description to refer to Caterpillar Inc. and its subsidiaries or its affiliates that have adopted the Plan.

This summary plan description is based on the provisions of the Plan in effect as of January 1, 2011. Provisions of the Plan prior to January 1, 2011 may be different from those that are described in this summary plan description. Also, over the years, other plans have been merged into the Plan. If you were covered by the Plan prior to January 1, 2011, or if you were employed by another company whose plan was merged into the Plan, special rules may apply. If you want more information about these special rules, you should contact the Caterpillar Benefits Center.

Employees hired after November 30, 2010 or rehired after December 31, 2010 are not eligible to participate in the Plan. Additionally, benefit accruals under the Plan were frozen as of December 31, 2010 for all Participants other than "Sunset Participants" who meet the following criteria:

- Have a most recent hire date on or before December 31, 2002;
- Attained 40 years of age on or before December 31, 2010;
- Were actively accruing a benefit under the Plan on December 31, 2010 or on an authorized leave of absence or other absence not treated as a termination from employment; and
- If a part-time employee who earned less than 501 hours of service in any calendar year, subsequently earned at least 1,000 hours in a calendar year prior to 2011.

Any Participant not meeting the criteria provided above shall receive no additional benefit accruals under the Plan for periods of service on and after January 1, 2011. Furthermore, if a Sunset Participant terminates employment, transfers to a category of employment that is not eligible for the Plan, or incurs a one-year Break in Service, he shall no longer be a Sunset Participant and will no longer earn benefit accruals under the Plan.

This booklet is the summary plan description of the Plan, and is provided to you under the Federal law known as the Employee Retirement Income Security Act of 1974 (ERISA). The booklet cannot address all of the details of the Plan. **If information has been left out, or if there is a difference between what is stated in this summary plan description and the Plan document (the lengthy legal document that contains all of the Plan provisions), the Plan document will govern your rights, if any, to benefits.**

If you have any questions concerning the Plan, please call the Caterpillar Benefits Center at 1-877-228-4010 or 1-718-354-1345 (outside the U.S.) or http://resources.hewitt.com/cat.

The Company reserves the right to change or end the Plan at any time.

If you don't understand a word or phrase used in the summary plan description, check the Glossary at the end of this booklet. It may have a helpful definition. If you need additional information, access the Your Benefits Resources™ website at http://resources.hewitt.com/cat or call the Caterpillar Benefits Center toll-free at 1-877-228-4010. Outside the United States, call 1-718-354-1345. The Caterpillar Benefits Center Representatives are available between 8:30 a.m. and 4:30 p.m. Central time, Monday through Friday.

Employees at the following facilities and in the following categories are covered under this summary plan description:

Facility Code (FC)	Name of Facility	Location	Covered Employees
AL	Caterpillar Regional Distribution Center (new FC/name effective 01-01-2002)	St. Paul/Roseville, MN	Management
BZ	Caterpillar Logistics Client Dist/FNH	Reno, NV	Effective 03-17-1997; Management
CP	Tucson Proving Ground	Tucson, AZ	Management and Salaried
CT	Caterpillar Insurances Services Corporation	Nashville, TN	Management
CV	Caterpillar Regional Distribution Center (new FC/name effective 12-17-2001 Salaried and effective 01-01-2002 Management)	Dallas/Irving, TX	Management and Salaried
CZ	Transmission Business Unit	East Peoria, IL	Management and Salaried
DL	Sharonville	Sharonville, OH	Management
DO	MCI Service Parts	Louisville, KY	Effective 02-04-2002; Management
DQ	Building Construction Products	Clayton, NC	Management
FA	Caterpillar Regional Distribution Center (new FC/name effective 12-17-2001 Salaried and effective 01-01-2002 Management)	Hayward, CA	Management, and Salaried with salary grade > 9

Facility Code (FC)	Name of Facility	Location	Covered Employees
FH	Caterpillar Logistics Client Dist/SAAB	Allentown, PA	Management
FQ	Caterpillar Logistics Client MCF & Sun	Indianapolis, IN	Management and Salaried
GN	Greenville Plant	Fountain Inn, SC	Management
HD	Caterpillar Logistics Services, Greenfield	Greenfield, IN	Management
HK	Jefferson Plant	Pendergrass, GA	Management
HW	Caterpillar Redistribution Services, Inc.	Irving, TX	Effective 12-01-1995; Management
JA	Building Construction Products	Sanford, NC	Effective 08-26-1999; Management
JI	Precision Engine Components	Morganton, NC	Management
JL	Precision Pin Products	Sumter, SC	Management
JR	Caterpillar Power Ventures Corporation	Nashville, TN	Management
JS	Caterpillar Track Components	Danville, KY	Effective 11-17-1997; Management
KE	Caterpillar Logistics Services Delco Remy America Dist Center	Plainfield, IN	Management
LE	Caterpillar Griffin Packaging Facility	Griffin, GA	Management
LG	Lagrange Plant (Georgia) Aurora Skidder Affil	LaGrange, GA	Management Effective 01-01-1999; Salaried
LS	F G Wilson (USA) L.L.C.	Newberry, SC	Effective 02-01-2006; Management and Salaried

Facility Code (FC)	Name of Facility	Location	Covered Employees
LU	Caterpillar Americas Services Company	Peoria, IL	Management and Salaried
L5	Caterpillar Inc., OEM Solutions Group (formerly Nexus International)	Peoria, IL	Management and Salaried
MQ	Caterpillar Logistics Service Lafayette Logistics Service Center (Inbound Cat)	Lafayette, IN	Effective 07-01-1999; Management
MV	Caterpillar CMC, LLC	Peoria, IL	Management and Salaried
M5	Building Construction Product Division Office	Cary, NC	Effective 10-01-1999; Management
ND	Caterpillar Logistics Services Vance Distribution Center (new name August 2006)	Vance, AL	Effective 08-01-1999; Management
NY	Caterpillar Logistics Services Southeast LSC	Smithfield, NC	Effective 02-01-2000; Management
N1	Caterpillar Building AD	Peoria, IL	Management and Salaried
N4	Power Systems Marketing Division (PSMD)	Mossville, IL	Management and Salaried
PR	Product Support Division	Peoria , IL	Management and Salaried
P3	Caterpillar Financial Services Corp	Nashville, TN	Management
RH	Caterpillar Logistics Client Dist/FNH	Nashville, TN	Management
S3	Caterpillar Logistics Services, Inc. (new FC/name effective 12-17-2001 Salaried and effective 01-01-2002 Management)	Morton, IL	Management and Salaried

Facility Code (FC)	Name of Facility	Location	Covered Employees
T3	Solar Turbines Incorporated (Adm.)	San Diego, CA	Management and Salaried (any employee who was hired, re-hired, or transferred from Hourly Non-Bargained to Salaried status on or after 1/1/1984)
UZ	Caterpillar Logistics Services/LSC – Mfg	Fountain Inn, SC	Effective 01-01-2001; Management
WN	Caterpillar Distribution Center (new FC/name effective 12-17-2001 Salaried and effective 01-01-2002 Management, and some employees moved to 94 at a later date) Former FC/location name: 49 – York Distribution Center – Management and Salaried employees with salary grade > 9	York, PA	Management and Salaried
WU	FCC Equipment Financing, Inc.	Jacksonville, FL	Effective 02-06-2002; Management
XA	Caterpillar Atlanta Distribution Center Former FC/location name: 52 – Atlanta Regional Distribution Center	Atlanta, GA	Management
XH	Cherry Point Distribution Center	New Bern, NC	Effective 10-01-2000; Management
XN	Caterpillar Logistics Systems / US Cellular	Tulsa, OK	Effective 10-15-2000; Management
XW	Caterpillar Financial Dealer Funding LLC	Peoria, IL	Management

Facility Code (FC)	Name of Facility	Location	Covered Employees
X0	Caterpillar Logistics Land Rover US West	Ontario, CA	Effective 09-01-2001; Management
YF	Caterpillar Distribution Center (new FC/name effective 12-17-2001 Salaried and effective Management 01-01-2002)	Denver, CO	Management, and Salaried with salary grade > 9
YU	Cat Logistics Ft Services LLC Land Rover (new FC/name effective 07-01-2002)	Memphis, TN	Management and Salaried (with Salary Grade > 9)
ZC	Caterpillar Regional Distribution Center (new FC/name effective 01-01-2002)	Kansas City, MO	Management
ZJ	Decatur LLP	Decatur, IL	Management and Salaried
ZT	Caterpillar Logistics Services, Inc./Griffin Logistics Service Center	Griffin, GA	Effective 10-01-2002; Management
ZZ	Caterpillar Sumter Hydraulics Facility	Sumter, SC	Effective 06-07-1999; Management
01	Caterpillar Inc., Corporate Offices	Peoria, IL	Management and Salaried
03	Chemical Products Manufacturing	Peoria, IL	Management and Salaried
05	Peoria Proving Grounds	Peoria, IL	Management and Salaried
06	Mapleton Plant	Mapleton, IL	Management and Salaried
08	Administration Building	Peoria, IL	Management and Salaried

Facility Code (FC)	Name of Facility	Location	Covered Employees
12	Aurora Plant	Aurora, IL	Management and Salaried
13	Decatur Plant	Decatur, IL	Management and Salaried
14	Hydraulics and Hydraulic Systems	Joliet, IL	Management and Salaried
16	East Peoria Plant (TTT)	East Peoria, IL	Management and Salaried
18	Morgan/Sumter	York PA	Management
29	Fuel Systems (Pontiac/Jefferson/Thomasville)	Pontiac, IL	Management and Salaried
38	Caterpillar Aircraft Div (Greater Peoria Airport)	Peoria, IL	Management
40	Mossville Plant	Mossville, IL	Management and Salaried
41	Caterpillar Technical Center	Mossville, IL	Management and Salaried
53	Indianapolis Regional Distribution Center	Indianapolis, IN	Management and (Salaried with salary grade > 9)
55	Los Angeles Regional Distribution Center	Los Angeles, CA	Management and Salaried
56	Miami Regional Distribution Center	Miami, FL	Management and (Salaried with salary grade > 9)
59	Spokane Regional Distribution Center	Spokane, WA	Management and (Salaried with salary grade > 9 including

Facility Code (FC)	Name of Facility	Location	Covered Employees
63	Caterpillar of Delaware, Inc.	Peoria, IL	Management and Salaried
88	Lafayette Plant	Lafayette, IN	Management and Salaried
90	Caterpillar Americas Co. (Miami, FL)	Peoria, IL	Management and Salaried
92	Inbound Logistics Center	Champaign, IL	Management
94	Caterpillar Logistics Ft Services LLC/Land Rover East (new FC – formerly WN - effective 07-01-2002, no benefit change)	York, PA	Management and Salaried

Former employees at the following closed facilities and in the following categories are covered under this summary plan description:

Facility Code (FC)	Name of Facility	Location	Covered Employees
DN	Caterpillar Logistics Technology Services LLC (was 47)	Peoria, IL	Effective 01-01-2002; Management Effective 12-17-2001; Salaried
DR	Caterpillar Agricultural Products Inc	De Kalb, IL	Management and Salaried
EO	Act Group (Rockwood, TN – Powder Metal)	Rockwood, TN	Management
FM	Caterpillar Logistics Ft Services LLC (was 47)	Peoria, IL	Effective 01-01-2002; Management Effective 12-17-2001; Salaried

Facility Code (FC)	Name of Facility	Location	Covered Employees
FN	Caterpillar Logistics Services for Ford New Holland	Joliet, IL	Management and Salaried
HN	SPL Software Alliance LLC (was 47)	Peoria, IL	Effective 01-01-2002; Management Effective 12-17-2001; Salaried
IS	Caterpillar Logistics Services, Inc./CLS	Lebanon, IN	Effective 11-03-2003; Management
JN	Caterpillar Logistics Services Client (New Holland)	Columbus, OH	Management
JP	Kato Engineering Company	Mankato, MN	Management
JO	Caterpillar Logistics Services Client New Holland	Omaha, NE	Management Closed 8-17-2007
J5	Waco Plant	Waco, TX	Management
LY	Caterpillar Logistics Services Allied Signal – HPG	Salt Lake City, UT	Management
O1	Caterpillar Logistics Services Clear Voice	Louisville, KY	Effective 04-22-2002; Management Closed 4-30-2007
W2	Caterpillar Logistics Services, Inc/CLS	Reading, PA	Management Closed 04-10-2007
04	Arizona Proving Grounds	Litchfield Park, AZ	Management and Salaried
15	Milwaukee Plant	Milwaukee, WI	Management and Salaried

Facility Code (FC)	Name of Facility	Location	Covered Employees
17	San Leandro Plant	San Leandro, CA	Management and Salaried
18	York Plant	York, PA	Management and Salaried
20	Davenport Plant	Davenport, IA	Management and Salaried
27	Bettendorf Plant	Bettendorf, IA	Management and Salaried
42	Caterpillar Risk Management Svc, Inc.	Peoria, IL	Management
51	Albany Parts	Albany, NY	Management and Salaried
58	New Orleans Parts Depot	New Orleans, LA	Management and Salaried
71	Caterpillar Industrial Inc. – Heisley Admin	Mentor, OH	Management and Salaried
72	Ohio Gear	Cleveland, OH	Management and Salaried
76	Caterpillar Industrial Inc.	Dallas, OR	Management and Salaried
77	Burlington Plant	Burlington, IA	Management and Salaried

Plan Benefits

To help you understand the benefits the Plan may provide to you, this summary plan description will start with a general overview of how the Plan operates.

Before January 1, 2003, the Plan offered a "Traditional Pension Plan" benefit, paying a monthly pension to Participants who retire after becoming eligible for early or normal retirement. Beginning in 2003, the Plan was amended to add a new lump sum approach to determine benefits called a "Pension Equity Plan" or "PEP" benefit, for new hires and current Participants who elect to become PEP Participants instead of Traditional Plan Participants.

To understand your benefit under the Plan, you need to know whether you are a **Traditional Plan Participant** or a **Pension Equity Participant**.

You are a Traditional Plan Participant unless you elected to become a Pension Equity Participant as described below. If you were eligible to participate in the election described below and did not make an election, you continue to be a Traditional Plan Participant. If you retired or terminated employment with the Company and were later rehired by the Company prior to January 1, 2011, you became a Pension Equity Participant upon your rehire provided you were an Eligible Employee.

About the PEP Election: If you were a Participant in the Plan before January 1, 2003 (or on or before January 1, 2003, for part-time employees), you could make an irrevocable election to become a Pension Equity Participant during an election period ending June 30, 2003, provided you earned uninterrupted continuous service for benefit accrual purposes for the period beginning May 1, 2003 and ending July 1, 2003 or you were on an approved spousal leave during that period. An election to become a Pension Equity Participant is irrevocable. The election is effective for service on or after July 1, 2003.

A Participant eligible to participate in the election but not electing to become a Pension Equity Participant continues to be a Traditional Plan Participant.

If you were employed during the election period but were not eligible to make the election (for example, because you were employed by a non-adopting employer), you automatically became a Pension Equity Participant when you started or returned to active participation.

If you were a Participant in the Traditional Pension Plan and became a Pension Equity Participant, the benefit you earned before July 1, 2003 continues to be calculated under the Traditional Pension Plan. You will need to read the Traditional Plan sections of this summary plan description to understand this part of your benefit.

Eligibility And Participation

Eligible Employees

You are eligible to participate in the Plan if you are on the U.S. payroll and you report through, work for or are otherwise employed by a business unit, facility or pay group of the Company or a subsidiary to which participation in the Plan has been extended and you were hired before December 1, 2010 or rehired before January 1, 2011. For a list of adopting employers, please contact the Caterpillar Benefits Center at 1-877-228-4010 or 1-718-354-1345 (outside the U.S.) or http://resources.hewitt.com/cat.

The following employees are not eligible to participate in the Plan:

- Employees hired after November 30, 2010 or rehired after December 31, 2010,
- Leased employees,
- Persons who provide services to the Company and are classified by the Company as independent contractors, employees of a third party, temporary employees, contract employees (unless the contract provides for participation in the Plan), co-op employees, or apprentice or intern employees,
- Employees covered by a collective bargaining agreement (unless the agreement provides for participation in the Plan), and
- International employees (unless those employees are on the Company's domestic U.S. payroll). See page 54 to learn more about Eligible U.S. International Service Employees.

Participation

If you are an eligible employee, you will become covered as a Participant under the Plan as follows:

- If you are a full-time eligible employee, you begin to participate in the Plan on your date of hire.
- If you are a part-time eligible employee, you begin to participate in the Plan as of the first January 1 or July 1 after completing an "Eligibility Year of Service."
  - An Eligibility Year of Service is the 12-month period beginning on your date of hire, or during any subsequent calendar year during which you earn at least 1,000 hours of service.
  - "Hours of service" means hours for which you are paid or entitled to payment for your services for the Company or one of its affiliates. Hours of service also include hours for periods of absence for which you are paid but not performing services (e.g., vacation, holiday, illness, disability, jury duty, military duty, or leave of absence), up to 501 hours per absence.

You aren't required to sign up for anything – you are automatically enrolled in the Plan when you meet the eligibility requirements. To receive a monthly pension, you must also meet the requirements for payment of your retirement benefit and be fully vested.

Your Service And Salary Are Important

Your service and salary with the Company are important in calculating benefits under both the Traditional Pension Plan and the Pension Equity Plan. Your service and salary are used to determine the amount of your monthly pension benefit. Your service is also used to determine whether you have a vested right to a benefit under the Plan and when you are eligible to retire with a benefit under the Traditional Pension Plan. For these purposes, the Plan uses three methods of counting service: (1) Credited Service, (2) Years of Service, and (3) Vesting Service.

Credited Service

- **For a Full-time Employee:** Credited service for a full-time employee is measured in years and months while you are an eligible employee and a Participant in the Plan, subject to certain adjustments. The following periods are not counted for Credited Service:
  - all periods after December 31, 2019 for Sunset Participants and all periods after December 31, 2010 for all other Participants,
  - all periods of layoff commencing on or after January 1, 2006; for layoffs commencing prior to January 1, 2006, only the portion of any single continuous period of layoff in excess of 11 months (3 months for layoffs commencing prior to October 1, 1970),
  - all periods of temporary or part-time employment (although this service may be counted under the rules described below),
  - all periods of separation from the Company,
  - all leaves of absences, except:
    - a leave of absence which commenced before July 1, 2003 and from which you returned to the Company, and
    - as described in more detail below, certain family leaves, certain spousal leaves, certain disability leaves, and certain military service, and
  - all periods when you are not an eligible employee.
- **For a Part-time Employee:** If you are a part-time employee of the Company, you will receive a full year of Credited Service for each calendar year in which you are credited with 1,000 or more hours of service while you are an eligible employee. A part-time employee does not receive Credited Service for service prior to becoming a Participant in the Plan, except that a part-time employee who first became an eligible employee before January 1, 2003 will receive Credited Service for his or her initial Eligibility Year of Service. Different Credited Service rules may have applied prior to 1995. Contact the Caterpillar Benefits Center to learn more about the differences in Credited Service rules.

Family Leave. For leaves beginning prior to July 1, 2003, you will earn additional Credited Service for the period of time for which you are paid while you are on a leave of absence to care for a child after birth or placement for adoption or foster care or to care for a spouse, child or parent who has a serious health condition, or when you are unable to perform your job because of a serious health condition. For leaves beginning on or after July 1, 2003, you will earn Credited Service while you are on an unpaid leave of absence that qualifies under the federal Family Medical Leave Act; provided, however, that you shall not receive such Credited Service unless you return to work for the Company in accordance with the terms of your leave. Additionally, unless you are a Sunset Participant during any such family leave, you will not receive Credited Service for Family Leave on or after January 1, 2011.

Spousal Leave. You may earn additional Credited Service for leaves of absence granted so that you can accompany your spouse to a different Company location if the Company requested or agreed to the transfer of your spouse. As this affects very few people, please contact the Caterpillar Benefits Center for more information if you believe these provisions may apply to you.

Additionally, Credited Service is subject to certain adjustments that are set forth in the Plan document. If you have questions about how to calculate your Credited Service or you think your service with a prior employer may qualify as Credited Service, contact the Caterpillar Benefits Center. Note that you cannot earn duplicate Credited Service for the same period of employment.

Losing Credited Service

Breaks in Service. Many employees work with no breaks in their Credited Service. However, if you have a break in your service with the Company as described below, you can lose the Credited Service you earned before the break. That means that the amount of your benefit could go down.

- **For a Full-time Employee:** Your break in service starts when you have a voluntary or involuntary termination of your employment with the Company and its affiliates, or one year after you are first absent from employment other than by reason of termination (for example, because of an authorized leave of absence). You will lose the Credited Service you earned before the break if:

    - you were not “vested” in your benefit before you left employment—that is, you had not earned three years of Vesting Service and had not reached Normal Retirement Age, and

    - you are not reemployed within 60 months of when your break in service began (or do not earn at least one year of Vesting Service after your reemployment).

- **For a Part-time Employee:** If you are a part-time employee of the Company, you have a break in service if you earn less than 501 hours of service during a calendar year—

called a “one-year break in service.” If you have five consecutive one-year breaks in service, you will lose the Credited Service you earned before the break if:

- you were not “vested” in your benefit before the start of your break in service—that is, you had not earned three years of Vesting Service and had not reached Normal Retirement Age, and

- you are not reemployed before you have five consecutive one-year breaks in service (or do not earn at least one year of Vesting Service after your reemployment), if your break in service occurs as a result of your termination of employment.

Different break in service rules may have applied before 1986. Contact the Caterpillar Benefits Center for more information about what effect, if any, a break in service has on your Credited Service with the Company.

Family Leave. Special rules apply if a break in service occurs because of a particular type of family leave—called “maternity or paternity leave”—due to an employee’s pregnancy, birth of a child or placement of a child with the employee for adoption, or the care of a child immediately following its birth or placement. If you are a full-time employee, the first 12 months of absence due to maternity or paternity leave is not considered a break in service; therefore, you will not be treated as having a break in service until the first anniversary of the leave (or your earlier termination of employment).

For part-time employees, you will be credited with your normally scheduled hours (up to 8 hours per day) while you are absent due to maternity or paternity leave, up to 501 hours—just enough to make sure you don’t have a one-year break in service in the year your absence begins or the immediately following year (if you have already earned 501 hours in the year the absence begins). Note that these hours will help you avoid a one-year break in service; they don’t help you earn additional years of Credited Service or Vesting Service (unless your leave is otherwise covered as a paid leave).

Lump sum distributions. You will also lose your Credited Service if you receive a lump sum distribution of your vested pension benefit. If you are a Pension Equity Participant and you receive part of your benefit in a lump sum (the PEP benefit) and some in an annuity (the Traditional Plan benefit), and you are reemployed within five years, your prior Credited Service will be restored if, while you are reemployed, you repay the lump sum distribution to the Plan, with interest, within five years of your reemployment date.

Years of Service

Years of Service are calculated in the same manner as Credited Service is calculated, with three exceptions. First, if you are a full-time employee, you will not lose Years of Service by reason of a break in service. Second, Years of Service for periods prior to December 1, 1976 are calculated under the terms of the Plan in effect for that period. Third, you cannot earn more than 35 Years of Service.

Vesting Service

Vesting Service for a full-time employee is measured in years and months while you are an employee of the Company or of an affiliated company, even if the affiliate does not participate in the Plan. However, the following periods are not counted for Vesting Service:

- the portion of any single continuous period of layoff in excess of 12 months (3 months for layoffs commencing prior to October 1, 1970),
- all periods of temporary or part-time employment (although this service may be counted under the following paragraph),
- all periods of separation from the Company, and
- all periods of leave that are not counted for Credited Service except the first 12 months of a spousal leave granted on or before January 1, 2004 and the first twelve months of disability leave commencing on or after January 1, 2006.

If you are a part-time employee of the Company, you will receive a full year of Vesting Service for each calendar year in which you are credited with 1,000 or more hours of service. You do not need to be an eligible employee or a Participant in the Plan to earn Vesting Service.

The term Vesting Service is subject to certain adjustments that are set forth in the Plan document. For a complete definition, you should obtain a copy of the Plan document. If you have questions about how to calculate your Vesting Service or you think your service with a prior employer may qualify as Vesting Service, contact the Caterpillar Benefits Center. Note that you cannot earn duplicate Vesting Service for the same period of employment.

Losing Vesting Service

Just like with Credited Service, you can lose Vesting Service if you have a break in your service with the Company (e.g., a separation from service, layoff, or leave of absence) before you become vested in your benefit. Those rules also apply to your Vesting Service. However, if you leave the Company and are later reemployed by the Company or an affiliated company within one year after you left employment, you are treated as not having a break in service for that period of absence for purposes of determining your Vesting Service. Different break in service rules may have applied before 1986. Contact the Caterpillar Benefits Center for more information about what effect, if any, a break in service has on your Vesting Service with the Company.

Final Average Monthly Earnings (FAME)

Your Final Average Monthly Earnings are figured on the average of the highest five years of earnings out of your last ten years with the Company as an eligible employee and a Participant in the Plan. The “years” used in the calculation end with the last 12 months before you retire and work backwards in 12-month increments. The five of these years that are used don’t have to be consecutive. If your period of employment is less than 120 months when you retire or otherwise terminate, your Final Average Monthly Earnings will be based on your entire period of employment as an eligible employee and a Participant. If you have a break in service or approved leave, and your last continuous period of employment is less than 120 months, your period of absence will be disregarded for purposes of this calculation (note that special rules apply for part-time employees who are not working but have not officially terminated employment).

Your Final Average Monthly Earnings are based on your "Total Earnings" while an eligible employee and a Participant in the Plan. If you were a part-time employee who first became a Participant in the Plan before January 1, 2003, your Final Average Monthly Earnings can include your earnings paid during your initial Year of Eligibility Service.

If you are a Sunset Participant, your Final Average Monthly Earnings will be calculated as of the earlier of the date you are no longer a Sunset Participant or December 31, 2019. If you are not a Sunset Participant, your Final Average Monthly Earnings will be calculated as of December 31, 2010.

Here's an example: Say you are a Sunset Participant who retires April 1, 2011. The last 12 months in the calculation run from April 2010 through March 2011. Your Final Average Monthly Earnings are calculated based on your highest five 12-month periods (April 1 - March 30) between April 2001 and March 2011.

Calculating Final Average Monthly Earnings			
Year	Earnings	Year	Earnings
4/01-3/02	$22,500	**4/06-3/07**	**$31,500**
4/02-3/03	$24,500	**4/07-3/08**	**$33,500**
4/03-3/04	$26,750	**4/08-3/09**	**$36,500**
4/04-3/05	$29,500	**4/09-3/10**	**$38,750**
4/05-3/06	**$33,000**	**4/10-3/11**	**$42,500**
The highest five years are in bold. FAME is the average of the earnings in these years, divided by 12, or $3,071.			

Note that if you received an incentive check in March 2011, that incentive amount is included as part of your final year's earnings. If you received an incentive check in April of 2011, your incentive payment wouldn't be included in your pension calculation.

Total Earnings include base pay, overtime, shift premium, paid time off, gainsharing (if approved by the Plan Administrator) and incentive pay amounts actually paid during those five years. Also, Total Earnings are not reduced by any salary reduction contributions you make to a 401(k) plan or for health or other Company-provided benefits. Other pay—such as bonuses, lump sum merit bonuses in lieu of increases, commissions, amounts paid for education costs, reimbursement for other extra costs incurred, unused vacation, international service premiums, and amounts payable on or after January 1, 2008 under any gainsharing plan are not included. For a Traditional Plan Participant who retires on the first day of January, February, or March, any approved short-term incentive or similar compensation paid in the year of retirement may replace the earliest of the five prior annual payments in the calculation of Total Earnings if such replacement results in a higher FAME for such Participant. Although Final Average Monthly Earnings are generally calculated as of December 31, 2019 for Sunset Participants and December 31, 2010 for all other Participants, this comparison will continue to be performed for Sunset Participants who retire on the first day of January, February or March of 2020 and for all other Participants who retire on the first day of January, February or March of 2011.

Pension Eligibility

You will be entitled to begin to receive a pension benefit when you meet any of the following combinations of age and Vesting Service or participation in the Plan:

If You Leave the Company With This Age, Vesting Service or Participation:		Traditional Credited Service Formula	Traditional Final Earnings Formula	PEP Formula
Normal Retirement	Age 65 with 5 years of participation in the Plan	Yes	Yes	Yes
Early Retirement	No minimum age with 30 years of Vesting Service	Yes	Yes	Yes
	Age 55-59 with 15 or more years of Vesting Service	No	Yes	Yes
	Age 55 and older if age + Vesting Service = 85 or more	Yes	Yes	Yes
	Age 60 and older with 10 or more years of Vesting Service	Yes	Yes	Yes

If You Leave the Company With This Age, Vesting Service or Participation:		Traditional Credited Service Formula	Traditional Final Earnings Formula	PEP Formula
Deferred Vested	At least 3 years of Vesting Service but before meeting any age + service category above	Payment deferred	Payment deferred	Yes
Less than 3 years of Vesting Service		No	No	No

If you leave the Company before Normal Retirement but when you are eligible for a pension from the Plan, you will have an option whether to receive your pension immediately, or to wait to receive your pension later.

Vesting

You must satisfy the vesting requirements under the Plan in order to receive your pension benefit.

"Vesting" is your right to receive a future pension benefit from the Plan – whether or not you continue working for the Company and its affiliates after you become "vested." Effective January 1, 2008, your benefit under the Plan becomes "vested" once you have at least three (3) years of Vesting Service or you reach Normal Retirement Age (i.e., age 65 or, if later, the fifth anniversary of your participation in the Plan) during your employment with the Company.

Years of Vesting Service	**Vested Percentage**
Less than 3 years	0%
3 years or more	100%

See the section of the SPD entitled, "Your Service And Salary Are Important" for a description of how your Vesting Service is determined.

How Traditional Plan Benefits Are Calculated

There are two formulas that are used to determine the amount of your monthly pension if you are a Traditional Plan Participant—the Final Earnings Formula and the Credited Service Formula. All of your service up to 35 years applies under the Final Earnings Formula. Only your Credited Service as a full-time employee is considered under the Credited Service Formula. If the Final Earnings Formula produces a larger benefit, your final pension will be the sum of (1) your Credited Service pension, plus (2) that portion of the Final Earnings pension that exceeds your Credited Service pension, because different early retirement factors and other benefit features apply under the Credited Service Formula and the Final Earnings Formula.

If you are a Sunset Participant, your Credited Service Formula and Final Earnings Formula will be calculated based only on Credited Service, Years of Service and Final Average Monthly Earnings accrued as of the earlier of the date you are no longer a Sunset Participant or December 31, 2019. If you are not a Sunset Participant, your Credited Service Formula and Final Earnings Formula will be calculated based only on Credited Service Years of Service and Final Average Monthly Earnings accrued as of December 31, 2010.

Here is a summary of the two Traditional Pension formulas in a nutshell:

Credited Service Formula:

Your years of Credited Service as a full-time employee times your basic and supplemental pension rates

Benefit is payable in full if retirement is:

- with 30 or more years of vesting service,
- at age (55 or older) plus vesting service totaling 85 or more, or

at or after age 62.

For Participants who retire at or after age 60 with at least ten years of vesting service, the benefit is reduced 6% for each year payment begins before 1st month following 62nd birthday.

For vested Participants who leave the Company before becoming eligible for early retirement benefits, see “Deferred Vested Pension” on page 35.

Final Earnings Formula

Years of service (up to 35 years) times a multiplier of 1 ½% times final average monthly earnings during the highest 5 of final 10 years.

Benefit is payable in full if payment begins on or after 1st month following 62nd birthday.

For participants who retire after becoming eligible for early retirement benefits, the benefit is reduced 4% for each year payment begins before 1st month following 62nd birthday.

For vested Participants who leave the Company before becoming eligible for early retirement benefits, see “Deferred Vested Pension” on page 35

See pages 26-28 for a more detailed discussion of these benefit formulas.

Credited Service Formula

The Credited Service Formula produces a lifetime monthly pension based on your years and months of Credited Service while an eligible full-time employee and a Participant in the Plan, multiplied by the basic pension rate and supplemental pension rate:

The **basic pension rate** is $43.35 if you retire on or after January 1, 2010. The basic pension rate may be adjusted by the Company from time to time.

The **supplemental pension rate** is determined under the table below based on the class in which you were a member for the longest period of time within the 2-year period ending with your retirement or termination date:

Salary Class Lafayette	Salary Class Standard	Salary Grade Cat Financial Management	Salary Grade Solar	Retirement on or after April 1, 2002 for Payments April 1, 2003 and After
2-7*	1-6	N/A	36 and below	$0.00
7*	7	N/A	37	0.70
8	8	N/A	38	2.10
9	9	N/A	39	2.80
10	10	N/A	40	3.50
11	11	N/A	41	5.60
12+	12+	5+	42+	7.00

*If you were on the salaried roll at Lafayette prior to August 10, 1981, your supplemental pension rate for salary grade 7 shall be 50 cents (70 cents for retirements on or after April 1, 2002 for payment April l, 2003 and after) instead of 00 cents.

In applying the foregoing table, if during such two-year period you shall have been laid off or commenced an authorized leave of absence, then for the period of such layoff or leave of absence you shall be considered to have continued in the class or grade of which you were a member immediately prior to such layoff or leave of absence.

Using The Credited Service Formula The formula:	
Years and months of Credited Service x (basic pension rate + supplemental pension rate) provides monthly pension amount. -- **Example:** If you retire on July 1, 2011 at age 62	
Years of Credited Service as a full time employee:	36
Pension rate:	$43.35 basic rate + $7.00 supplemental rate (assuming required salary grade)
Monthly pension amount:	36 x $50.35 = $1,812.60 per month beginning at age 62

Final Earnings Formula

The Final Earnings Formula produces a lifetime monthly pension based on your salary and Years of Service (up to 35) as an eligible employee and a Participant in the Plan.

Using the Final Earnings Formula The formula:
Years of Service (up to 35) x 1 ½% x Final Average Monthly Earnings
Example: Age: 62 Years of Service (maximum 35): 35 Final Average Monthly Earnings: $4,000 Final Earnings Formula pension calculation: 35 years x 1 ½% = 52 ½% x $4,000 = $2,100

Assume that the Participant in this example is the same person as in the Credited Service Formula example above. Because he was a full-time employee throughout his career, he is also eligible to have his pension calculated under the Credited Service Formula. Here is what his Credited Service Formula pension was:

Years of Credited Service times the basic and supplemental pension rates:	36 x $50.35 = $1,812.60

At age 62, the Participant would have a pension of $1,812.60 paid under the Credited Service Formula and $287.40 ($2,100 - $1,812.60) from the Final Earnings Formula.

Remember, if the Final Earnings Formula produces a larger benefit, your final pension will be the sum of (1) your Credited Service pension, plus (2) that portion of the Final Earnings pension that exceeds your Credited Service pension. **That's important because different early retirement factors and other benefit features apply to benefits under the Credited Service Formula and the Final Earnings Formula.**

Pension Equity Plan (PEP) Participants

Remember, if you were a Traditional Plan Participant and elected to become a PEP Participant, your PEP election became effective July 1, 2003. Your benefit for service before July 1, 2003 is determined under the applicable Traditional Plan Formula, as though you had terminated employment on that date. That means that none of your service or earnings on or after July 1, 2003 will affect the amount of your Traditional Plan benefit, although your Vesting Service will continue to count in determining whether you are entitled to receive an early retirement pension under the Traditional Plan when you retire.

How Your Pension Equity Benefit Is Calculated

The PEP formula produces a single lump sum benefit based on your salary, years and months of Credited Service, and years of Vesting Service. The lump sum benefit is equal to your Final Average Monthly Earnings (FAME), multiplied by 12 to obtain an annual amount, multiplied by the sum of the percentages determined below based on your Vesting and Credited Service. See "Your Service And Salary Are Important" for a description of how your FAME and service are determined.

If you want to receive your PEP benefit in an annuity payment, your lump sum under the PEP formula is then converted into a lifetime monthly pension using actuarial factors and interest rates contained in the Plan.

If you were covered under the Traditional Pension Plan before January 1, 2003, your Traditional Plan benefit, as described earlier, was frozen as of June 30, 2003. Your PEP benefit is based on your years of Credited Service beginning on or after July 1, 2003 (column 2 in the table below). However, all of your Vesting Service is taken into account under PEP (column 1 in the table below).

For a full-time employee who first becomes a Participant in the Plan on or after January 1, 2003, and for an eligible part-time employee who first becomes a Participant on or after July 1, 2003, all Credited Service counts under PEP.

If you are a Sunset Participant, your Pension Equity Benefit will equal your Benefit Accruals as of the earlier of the date you are no longer a Sunset Participant or December 31, 2019. If you are not a Sunset Participant, your Pension Equity Benefit will equal your Benefit Accruals as of December 31, 2010.

Here is the Pension Equity Formula:

While Your Vesting Service Is...	**Your Benefit Accrual Is...**
Five or fewer completed years of Vesting Service	4% per year of corresponding Credited Service x FAME x 12, plus
More than five but not more than 10 completed years of Vesting Service	5% per year of corresponding Credited Service x FAME x 12, plus
More than 10 but not more than 15 completed years of Vesting Service	7% per year of corresponding Credited Service x FAME x 12, plus
More than 15 but not more than 20 completed years of Vesting Service	8% per year of corresponding Credited Service x FAME x 12, plus
More than 20 completed years of Vesting Service	9% per year of corresponding Credited Service x FAME x 12

Here is a PEP example for a Sunset Participant:

Assume you are a full-time Participant who is first hired and becomes a Participant in the Traditional Plan on January 1, 1999 at age 33. You elect to become a PEP Participant during the election period in June 2003. On June 30, 2016, you leave the Company at age 50 with 17 ½ years of Vesting Service. Here is how your benefit is calculated under PEP:

First, your Traditional Plan benefit is calculated and “frozen” as of June 30, 2003:		
Years of Credited Service as of 6/30/03: 4 ½ FAME as of 6/30/03: $2,500	Age 65 benefit under Credited Service Formula: $204.75	Age 65 benefit under Final Earnings Formula: $168.75
The frozen Traditional Plan annuity benefit as of June 30, 2003 is $204.75 per month, because it is the greater benefit. This amount can be converted to a lump sum amount based on the actuarial factors in effect when you leave the Company and elect to receive a distribution.		
Second, your PEP benefit is calculated:		
All years of Vesting Service: 17 ½ Years of Credited Service after 6/30/03: 13 FAME at termination on 6/30/16: $5,000		
For Credited Service Years:		Multiplier Is:
Vesting Service 1-5	½ year of Credited Service	½ x 4% = 2%
Vesting Service 6-10	5 years of Credited Service	5 x 5% = 25%
Vesting Service 11-15	5 years of Credited Service	5 x 7% = 35%
Vesting Service 15-20	2 ½ years of Credited Service	2 ½ x 8% = 20%
		Total multiplier is 82%
The lump sum PEP benefit at termination of employment is: $5,000 x 12 (to get annual salary) x 82%, or $49,200.		
Third, your frozen Traditional Plan benefit and PEP benefit are combined into a total benefit.		
The total benefit is payable at termination of employment or may be deferred until a later date, but not beyond your Normal Retirement Age. You elect the form in which your benefit is paid. See “How Benefits Are Paid” beginning on page 42.		

If you elect a lump sum benefit, you can receive it when you terminate employment at age 50 and invest it yourself or leave it in the Plan until a later date.

If you elect to leave your benefit in the Plan, the lump sum PEP benefit is converted to a normal retirement annuity—that is a monthly pension benefit beginning at age 65. The value of that annuity won't change over time (unless you return to active employment at the Company), although an adjustment will apply if you elect to receive the annuity before age 65. If you later elect to receive a lump sum benefit, your annuity will be reconverted to a lump sum using the actuarial rates in effect under the Plan at the time of distribution. If you have a frozen Traditional Plan benefit, that benefit will be paid at the same time as the PEP benefit is paid.

Because interest rates can go up or down, your deferred lump sum benefit may go up more or less than you might expect if you invested a lump sum in an interest-bearing savings account. **It is even possible for the deferred lump sum to go down in value.** Additionally, if you elect to receive your lump sum benefit on the first day of one of the first three months after you leave employment with the Company, the lump sum value of your PEP benefit will not be less than the value as of the date your benefit is frozen under the Plan.

Retiring Under The Traditional Plan

When you select a retirement date, you must apply to retire in advance of such date. You can apply up to 90 days prior to your desired retirement date. You should try to apply for your benefit at least 60 days before you want to begin receiving payments to allow time to process your application and authorize your benefits. You can change your distribution options or cancel your retirement any time prior to your selected retirement date. After your selected retirement date, your distribution options and your choice to retire are irrevocable.

Your retirement date will be the first day of the month you've chosen to retire. The amount of your pension may be affected by when you choose to retire – normal retirement, postponed retirement or early retirement. After you retire, your pension checks will arrive on or about the first business day of each month. Please contact the Caterpillar Benefits Center any time you have questions about your retirement date at 1-877-228-4010 or 1-718-354-1345 (outside the U.S.) or http://resources.hewitt.com/cat.

Example

Let's say you decide your last day of work will be May 31st and you elect to receive your benefit on the first day of the following month. Your retirement date will be June 1. Your June 1 pension check could be delayed if you wait until late May to apply for your pension—so apply sooner rather than later.

Remember, if you were a Participant in the Traditional Plan and elected to become a PEP Participant, the following rules will continue to apply to your frozen Traditional Plan benefit if you elect to receive it as an annuity.

Normal Retirement Benefit

You become entitled to receive your normal retirement benefit at your Normal Retirement Age.

Postponed Retirement

If you work at the Company beyond your Normal Retirement Age, your postponed retirement date will be the first day of the month on or after the date you choose to retire. You will not receive a monthly pension until you actually retire, but you can continue to earn additional service and Final Average Monthly Earnings toward your monthly pension benefit even after your Normal Retirement Age. Keep in mind that Years of Service counted under the Final Earnings Formula are capped at 35 years. If you work past age 70 ½, your Traditional Plan pension will be the greater of (1) the pension you earn based on your service and Final Average Monthly Earnings earned both before and after your Normal Retirement Age, or (2) the value of your pension earned as of your age 70 ½ (disregarding service and FAME earned after age 70 ½), actuarially increased for benefit payments you forego during your months of service after your age 70 ½.

Early Retirement Benefit

In many cases, you may prefer to retire before your Normal Retirement Age. The Plan allows you to retire earlier than your Normal Retirement Age if you satisfy the age and service requirements described below. If you meet any of these requirements, your early retirement benefit will be calculated in the same way as a normal retirement benefit, but may be subject to early retirement reductions if you are under age 62 when you retire.

Credited Service Formula. An early retirement pension can be paid under the Credited Service Formula only if:

- you retire on or after reaching age 60 and after completing at least 10 years of Vesting Service,
- you retire on or after reaching age 55 and the number of your years of Vesting Service plus your age equals at least 85 (known as the "Rule of 85"), or
- you retire after completing at least 30 years of Vesting Service.

If you retire on or after reaching age 60 with 10 years of Vesting Service and you elect an early retirement pension, your pension under the Credited Service Formula will be reduced 6% for each year (or ½% each month) that payments start before age 62.

You may be eligible for an additional pension payment as an "Additional Early Retirement Allowance (AERA)," which is described below.

Final Earnings Formula. An early retirement pension can be paid under the Final Earnings Formula only if:

- you retire on or after reaching age 60 and after completing at least 10 years of Vesting Service,
- you retire on or after reaching age 55 and after completing at least 15 years of Vesting Service, or
- you retire after completing at least 30 years of Vesting Service.

If you elect early retirement after meeting one of the age and service requirements listed above, your pension under the Final Earnings Formula will be reduced 4% for each year (or 1/3% each month) that payments start before age 62.

Pension Equity Participants: If you are a Pension Equity Participant but you have a Traditional Plan benefit from your service before July 1, 2003, your Vesting Service earned after July 1, 2003 continues to count in determining whether you are eligible for early retirement under the above rules. If you are eligible for early retirement, your "frozen" Traditional Plan benefit is paid as described above. If you elect to receive your pension before you are eligible for early retirement (i.e. you leave before age 55 or you do not have enough Vesting Service), or you elect to receive a lump sum benefit, different actuarial factors and interest rates will apply. The interest rate and actuarial factors will depend on the terms of the Plan in effect at the time of distribution and may be less favorable than the factors used for early retirement under the Traditional Plan.

Additional Early Retirement Allowance

If you are a full-time employee and you retire before your age 62, you may be eligible for an Additional Early Retirement Allowance (AERA) under the Credited Service Formula. This additional payment may be payable until the earlier of the date you reach age 62 and 1 month (or age 62 if your birthday falls on the first or second day of the month) or you become eligible for Social Security Old-Age benefits. After AERA stops, you will continue to receive your lifetime pension as described above. **No AERA is paid if you are terminated for cause or before you are eligible for early retirement.**

AERA makes payments if you elect early retirement, are eligible for a pension under the Credited Service Formula, and your total pension payments are less than the specified AERA target. If you have at least 30 years of Credited Service, AERA payments are made to increase your basic monthly pension to $2,800 for retirements on or after January 1, 2010. If you have less than 30 years of Credited Service, the AERA target if you retire at age 60 or above is $93.33 times your years of Credited Service. If you retire under age 60 and have less than 30 years of Vesting Service, the $93.33 amount is reduced by $0.85 for each month you retire under age 60.

AERA pays the difference between your actual early retirement pension (before adjustment for the benefit option you select) and the AERA target above. Payments are reduced for:

- Social Security disability benefits you are eligible to receive before age 62, and
- an amount necessary so that the total pension benefit you receive with AERA does not exceed 80% of your final monthly base pay.

AERA is not considered in calculating a spouse's survivor pension from the Plan. AERA payments stop when you are first eligible for Social Security Old-Age benefits (at age 62, if your birthday is on the first or second day of the month, otherwise when you are 62 and 1 month). Your monthly base pension would, of course, continue for the rest of your life.

To be eligible for AERA, you must file your application for a pension no later than two years after the last day you work for the Company. If your total monthly pension benefits, including your AERA, would be more than 80% of your final monthly base pay, your AERA will be reduced by the amount over 80%.

You are not eligible for AERA if you are a PEP Participant (even if you have a frozen Traditional Plan benefit), if your early retirement pension exceeds the AERA target when you retire, or if you leave the Company before becoming eligible for early retirement under the Credited Service Formula.

Deferred Vested Pension

If you are vested in the Plan and leave the Company before becoming eligible to retire, you qualify for a deferred pension under the Traditional Plan. You may begin payment of your deferred pension once you are age 65. Or, you may choose to have your pension paid beginning on the first day of any month after you would otherwise have been eligible to retire under the Plan. See the chart on page 21 to see when your deferred pension can commence based on your years of Vesting Service at termination.

Your deferred pension is calculated on the same basis as your normal retirement pension. However, if you choose to have your pension paid before you reach age 65, your deferred pension will be reduced by the lesser of 6% for each year (or ½% for each month) that it is paid before your age 65, or an amount that will result in the benefit being the actuarial equivalent of the normal retirement benefit using actuarial factors and interest rates in effect under the Plan at the time of distribution. Of course, your Credited Service, Vesting Service and Final Average Monthly Earnings will be determined as of the day you actually terminated employment with the Company.

Automatic Distribution (Cash Out)

Upon your termination of employment with the Company, if the present value of your vested pension is $5,000 or less, you will receive a lump sum payout when you leave the Company. This payout is in lieu of any other form of payment under the Plan. You may choose to roll over this lump sum payout to another type of eligible retirement plan or traditional IRA. If the present value of your pension exceeds $1,000 and you do not make an affirmative election to receive cash or to rollover your benefit, your benefit will be paid in a direct rollover to an IRA designated by the Plan Administrator. For more details, please contact the Caterpillar Benefits Center.

Retroactive Annuity Starting Date

In certain situations you may elect to receive your normal or early retirement benefits, including any adjustment for AERA, to be paid as of a retroactive annuity starting date. You are eligible for this election if you applied for an annuity form of distribution and you did not receive the plan's explanation of the normal form of distribution applicable to you before the benefit commencement date specified in your application (which must be after the month in which you file your application). The retroactive annuity starting date is the benefit commencement date originally specified in your application, rather than the date benefits actually commence. If you elect a retroactive annuity, you will be entitled to receive your pension determined as of the retroactive annuity starting date, plus you will receive a one-time supplemental payment equal to the missed monthly payments between the retroactive annuity starting date and the date payments actually commence, together with a reasonable interest adjustment for the missed payments. If you are married and if the survivor benefit at the retroactive annuity starting date is less than the survivor benefit calculated at the actual benefit commence date, your spouse at the time benefits commence must consent to your election on a form supplied by the Company and his or her consent must be notarized or witnessed by a Plan representative. For more details, please contact the Caterpillar Benefits Center.

Retiring Under The Pension Equity Plan

If you are a Pension Equity Plan Participant, you can elect to receive your pension as of the first day of any month after your termination of employment, but you must have at least three years of Vesting Service to be entitled to a benefit or have reached Normal Retirement Age.

Your retirement benefit is your lump sum benefit. You may choose to roll over your lump sum to another type of eligible retirement plan or traditional IRA. If your lump sum benefit exceeds $5,000, you can also elect to receive your benefit in a monthly pension, as described beginning on page 42. Your PEP annuity benefit will be based on your lump sum balance and your age when benefits commence. The Plan specifies the interest rate to apply in calculating your annuity.

Frozen Traditional Plan Benefits. If you have a frozen Traditional Pension benefit from your service before July 1, 2003, you may also elect to receive this part of your benefit as either a lump sum or an annuity along with your PEP benefit. If you are eligible for early retirement under the Traditional Plan, as described earlier, and you elect to receive your Traditional Plan benefit as an annuity, the early retirement reduction factors under the Traditional Plan will apply to that portion of your pension. See "Retiring under the Traditional Plan" above. These early retirement reduction factors may be more favorable than the actuarial factors that apply in converting Traditional Plan benefits to a lump sum. For example, if you leave employment after age 55 with 15 years of Vesting Service, your Traditional Plan early retirement annuity is reduced by 4% from age 62; but if you elect a lump sum benefit, your Traditional Plan benefit is reduced from age 65 based on actuarial factors and interest rates in effect under the Plan at the time of your distribution. You should consider this in deciding how you want your frozen Traditional Plan benefit paid.

Deferring Payment of Your Benefit. You may also elect to keep your pension in the Plan until a later date, but not later than your Normal Retirement Age (or when you actually retire, if later). If you elect to leave your PEP benefit in the Plan, the lump sum benefit is converted to a normal retirement annuity—that is a monthly pension benefit beginning at age 65. The value of that annuity won't change over time (unless you return to active employment at the Company). If you later elect to receive a lump sum benefit, your annuity will be reconverted to a lump sum using actuarial factors and interest rates in effect under the Plan at the time of distribution. Because interest rates can go up or down, a deferred lump sum benefit may go up more or less than you might expect. It is even possible for the deferred lump sum to go down in value. However, the monthly pension at age 65 can never go down after you leave employment with the Company. Additionally, if you elect to receive your lump sum benefit on the first day of one of the first three months after you leave employment with the Company, the lump sum value of your PEP benefit will not be less than the value as of the date your benefit is frozen under the Plan.

Applying for Your Benefit. When you select a retirement date, you must apply to retire in advance of such date. You can apply up to 90 days prior to your desired retirement date. You should try to apply for your benefit at least 60 days before you want to begin receiving payments to allow time to process your application and authorize your benefits. You can change your distribution options or cancel your retirement any time prior to your selected retirement date.

After your selected retirement date, your distribution options and your choice to retire are irrevocable. The earliest date your benefits may be paid to you is the first day of the month after you've left employment or as soon as administratively feasible after that date. Please contact the Caterpillar Benefits Center any time you have questions about applying for your benefits at 1-877-228-4010 or 1-718-354-1345 (outside the U.S.) or http://resources.hewitt.com/cat.

Upon your termination of employment with the Company, if the present value of your pension is $5,000 or less, you will receive a lump sum payout when you leave the Company. This payout is in lieu of any other form of payment under the Plan. You may choose to roll over the lump sum payment to another type of eligible retirement plan or traditional IRA, or to receive it in cash.

How Disability Affects Your Pension

If you become unable to work for an extended time because of Total and Permanent Disability, you may be entitled to the benefits described below. On or after January 1, 2003, Total and Permanent Disability is defined as a disability which entitles you to Social Security disability benefits.

Service Credited While On Disability Leave For All Employees

You continue to earn Credited Service and Years of Service for purposes of calculating your pension benefit and Vesting Service for purposes of determining if you are entitled to early retirement while you are on an approved disability leave from the Company by reason of a Total and Permanent Disability. If your disability leave of absence starts on or after January 1, 2006, your additional Credited Service, Years of Service, and Vesting Service while on disability leave will begin on the first day of the month following the later of (i) the twelfth month following the month in which your Total and Permanent Disability occurs, and (ii) the date on which you provide to the Company written determination that you are eligible for disability benefits from the Social Security Administration. Additional Credited Service, Years of Service and Vesting Service will end at the earliest of:

- the end of the month in which your 65th birthday occurs,
- the date you recover from your disability,
- your death,
- the date you elect to begin receiving benefits from the Plan, other than the disability pension described below for non-management employees, or
- December 31, 2019 for Sunset Participants and December 31, 2010 for all other Participants.

This additional Credited Service, Years of Service and Vesting Service continues while you are on disability leave even if you are receiving the Disability Pension described below. Credited Service earned while on disability leave does not count for purposes of determining if you are entitled to the Disability Pension.

Traditional Plan Disability Pension For Non-Management Employees

You qualify for an immediate Disability Pension if you meet all of the following requirements:

- your last day worked was due to a disability that you incurred prior to January 1, 2011 that resulted in your Total and Permanent Disability,
- you become Totally and Permanently Disabled after completing at least 10 years of Vesting Service and while you are a full-time employee,

- you are a Traditional Plan Participant or a PEP Participant with a frozen Traditional Plan benefit, and

- you are not covered by the Caterpillar management group insurance plan.

If you are eligible, your monthly Disability Pension will start after the later of (a) when you have been Totally and Permanently Disabled for at least 12 months, or (b) when you file your application for a Disability Pension accompanied by a written determination that you are eligible for disability benefits from the Social Security Administration. Your Disability Pension will equal:

- Your basic pension rate (in effect on your last day worked) plus your supplemental pension rate times your years of Credited Service at the time of your Total and Permanent Disability.

  Plus

- If you became disabled before January 1, 2003 and you are *not eligible* for an unreduced Old Age or a Disability Benefit under Social Security, you will receive a "make-up" amount based on whichever of the following rates is in effect for the month of which the "make-up" is payable. (The applicable "make-up" rate is multiplied by the number of your years of Credited Service at the time of your Total and Permanent Disability, up to 30 years.)

Social Security Make-up

October 1, 1996 $27.00 ($810 maximum)	April 1, 1999 $28.00 ($840 maximum)	April 1, 2000 $29.00 ($870 maximum)
April 1, 2001 $29.50 ($885 maximum)	April 1, 2002 $31.50 ($945 maximum)	April 1, 2003 $33.50 ($1,005 maximum)

If you are a PEP Participant with a frozen Traditional Plan benefit, only your Credited Service and basic pension rate as June 30, 2003 will count for this Disability Pension benefit, and your Disability Pension benefit will be paid in the form of a monthly pension only.

Your Disability Pension will reduce any long-term disability benefits for which you may be eligible under Caterpillar's Group Insurance Plan (for more details on disability benefits under the Group Insurance Plan, please refer to the summary plan description for that plan). If you recover from your Total and Permanent Disability, your Disability Pension will end at the end of that month.

Retirement after Disability

When you reach your Normal Retirement Age, your Disability Pension, if applicable, will stop and your Normal Retirement Benefit, reflecting any additional service earned while on disability leave, will begin. If you are a Traditional Plan Participant, your retirement benefit will be calculated as follows:

- Under the Credited Service Formula, any Credited Service earned during your period of disability will be added to the amount of Credited Service you had at the time you became disabled. The total Credited Service will be multiplied by the basic pension rate in effect on your last day worked.

- Under the Final Earnings Formula, your retirement benefit will be calculated at the end of your disability leave of absence, counting your Years of Service earned at the time your disability began plus any Years of Service earned while on disability leave. The earnings used to determine your pension benefit under the Final Earnings Formula will be at the same rate of pay as in effect when your pay stopped because of the disability.

Even prior to your Normal Retirement Age, it may be advantageous for you to elect early retirement. Refer to the chart on page 21 to see when you become eligible for an early retirement pension based on your years of Vesting Service (including any additional Vesting Service earned during your disability leave as described above). If you are a Traditional Plan Participant, your early retirement pension will be determined based on your Credited Service and Years of Service (including any additional Credited Service and Years of Service earned during your disability leave as described above), the basic and supplemental pension rates in effect on your last day worked, and, if applicable, a reduction for early commencement.

How Benefits Are Paid

When you select a retirement date, you must apply to retire in advance of such date. You can apply up to 90 days prior to your desired retirement date. You should try to apply for your benefit at least 60 days before you want to begin receiving payments to allow time to process your application and authorize your benefits. After your retirement date, you cannot change your distribution option.

Distribution Options Under the Plan

Method:	Description:	Available:
55% Credited Service Spouse's Annuity	You receive an annuity benefit for your life. Provided one year of marriage has elapsed at the time of your death, 55% of the monthly amount payable to you continues to your spouse. No reduction applies to pay for the survivor benefit (unless your spouse is more than 10 years younger than you).	• Married when benefits commence • You are eligible for normal or early retirement, as described on page 21 • Applies only to Credited Service Formula benefit (including frozen benefit under the Credited Service Formula for PEP Participants)
Joint & 50% Spouse's Annuity (Also referred to as Joint and Survivor Minimum Annuity)	You receive a reduced monthly annuity benefit for your life. At your death, 50% of the reduced monthly amount payable to you continues to your spouse for his or her remaining life.	• Married when benefits commence • Applies when 55% Credited Service Spouse's Annuity does not
Single Life Annuity	You receive a monthly annuity for your lifetime only. Payments stop at your death and no benefits continue to a spouse or other beneficiary.	• If you are married, you may select this form only if your spouse consents

Method:	Description:	Available:
Contingent Annuitant Option (Also referred to as a Joint and Survivor Annuity)	This option provides a reduced monthly annuity during your lifetime, with a percentage of this amount specified by you to be paid to your contingent annuitant (beneficiary) after your death for the rest of his or her life. Your beneficiary could be your spouse, or it could be someone else. The percentage of your benefit that you specify to be paid to your contingent annuitant after your death may be 1%, 50%, 75% or 100%. If your benefit commencement date is on or after September 1, 2012, the 1% option will no longer be available.	• If you are married, and you select the 1% option or a beneficiary other than your spouse, your spouse's written consent is required.
Years Certain Option (Also referred to as Years Certain and Life Option)	This option provides a reduced monthly annuity for your life, but with a fixed number of years guaranteed even if you die. Your beneficiary could be your spouse, or it could be someone else. If your benefit commencement date is prior to September 1, 2012, you may elect guaranteed payments for 10, 15, 20, 25 or 30 years. If your benefit commencement date is on or after September 1, 2012, payments under this option will be guaranteed for 10 years.	• If you are married, you may select this form only if your spouse consents

Method:	Description:	Available:
Lump Sum Option	This is a single lump sum payment. No death benefit is payable if you die after you receive payment.	• PEP Participants only • May be elected for the entire benefit (including the frozen Traditional Plan benefit), or only for the PEP benefit. • If you are married, you may select this form only if your spouse consents

Normal Form of Distribution

If you are married when payments begin, you will receive the Joint & 50% Spouse's Annuity payment option (or the 55% Credited Service Spouse's Annuity option if you qualify) unless you elect another form of payment with your spouse's consent, if applicable. If you are not married at that time, you will receive a Single Life Annuity unless you elect another form of payment. If you are a PEP Participant, these automatic forms of payment also apply to you unless you affirmatively elect a lump sum, as described below.

55% Credited Service Spouse's Annuity (Also Referred to as 55% Joint and Survivor Annuity Pop-Up)

The 55% Credited Service Spouse's Annuity is available for the portion of your pension which you are eligible for under the Credited Service Formula. Under this option, if you die, your surviving spouse would receive a benefit equal to 55% of the Credited Service pension you were receiving. To be eligible, you must have a Credited Service Formula benefit, which could include a frozen Traditional Plan benefit under PEP.

If you and your spouse have been married for at least one year on the date the first pension payment is made to you, the 55% Credited Service Spouse's Annuity will be in effect on that date. If you and your spouse have been married for less than one year on the date the first pension payment is made to you, the 55% Credited Service Spouse's Annuity will become effective on the first day of the month after you have been married for one year.

In most cases this benefit will be available without reducing your pension. However, if your spouse is more than 10 years younger than you, a reduction will be made of ½% for each additional FULL year more than 10 that your spouse is younger than you. For example, if your spouse is 11 but less than 12 years younger, your pension will be reduced ½%. If your spouse is 12 years younger than you, it will be reduced 1%; 13 years younger, reduced 1 ½%; etc.

The 55% Credited Service Spouse's Annuity cancels if your spouse, for whom the surviving spouse's benefit was in effect, dies before you do. If there is a reduction to your base pension because of this benefit, the reduction will be eliminated beginning with the third month following the month in which the Company receives a notice from you of your spouse's death. Also, in cases of divorce, a 55% Credited Service Spouse's Annuity may be cancelled if your former spouse provides consent for such cancellation. At your spouse's death or your divorce, you should advise the Caterpillar Benefits Center of your wish to cancel the spouse's benefit.

If you marry or remarry after your retirement and you have a Credited Service Formula benefit, you may elect the 55% Credited Service Spouse's Annuity, unless you were married and did not take the 55% Credited Service Spouse's Annuity when you retired. The effective date of any election after your retirement will be the later of (1) the first day of the third month after the Company receives the election form, or (2) the first of the month following completion of one year of marriage. However, if you were receiving the 55% Credited Service Spouse's Annuity with a previous spouse as beneficiary, the 55% Credited Service Spouse's Annuity with your new spouse as beneficiary will not become effective until the benefit that was previously in effect is cancelled.

Joint & 50% Spouse's Annuity Benefit (Also referred to as Joint and Survivor Minimum Annuity)

If you are married when you retire, you must provide at least 50% of your pension to your spouse as a survivor benefit, unless the spouse to whom you are married when benefits commence elects to waive this benefit.

The Plan provides a Joint & 50% Spouse's annuity benefit for any Participant who retires married with a pension payable under either the Traditional Plan or PEP. It consists of a joint annuity payable to you and your spouse for your lifetime. If you die and your spouse (the spouse you were married to when benefits began) survives you, 50% of the monthly amount you were receiving during your life continues to your spouse for his or her life. If a portion of your benefit is paid under the 55% Credited Service Spouse's Annuity above (because some but not all of your benefit is calculated under the Credited Service Formula), your total annuity will be adjusted so that it pays the percentage necessary to bring the total surviving spouse's benefit to 50% of the pension benefit paid to you. Your pension benefit is reduced to pay for the surviving spouse's annuity.

If you choose not to take the Joint & 50% Spouse's Annuity, you may elect one or more of the other optional forms of pension available under the Plan. If applicable, your spouse must consent in writing to your election, and the consent must be notarized or witnessed by a Plan representative.

Single Life Annuity Option

The Single Life Annuity Option provides a monthly annuity option during your lifetime, with no amount payable to any beneficiary after your death. If you are married, your election must include the consent of your spouse, as described below.

Contingent Annuitant Option (Also Referred to as a Joint and Survivor Annuity)

The Contingent Annuitant Option provides a monthly annuity during your lifetime, with a percentage of that annuity as specified by you --1%, 50%, 75% or 100% -- to be paid to your contingent annuitant (beneficiary) after your death for the rest of his or her life. Your beneficiary could be your spouse, or it could be someone else. If you are married and your contingent annuitant is not your spouse, or your spouse is your contingent annuitant but the survivor annuity is less than 50%, your written election must include the consent of your spouse, as described below. The important points are:

- you pay for this option with a reduction in your pension, and
- when you retire, you specify the person to receive a survivor benefit after your death, and
- once benefit payments start, your election cannot be changed or revoked, and you cannot change your beneficiary, even if he or she dies before you.

The following table illustrates the 50% and 100% Contingent Annuitant Options at various ages. Other percentages are also available:

Amount paid to you and your beneficiary for each $1,000 of monthly pension at various ages

Your Age When Benefits Start	Your Contingent Annuitant's Age	To You For Life	To Your Beneficiary After You Die
50% Contingent Annuitant Option			
62	63	$908.00	$454.00
	62	$904.00	$452.00
	60	$896.00	$448.00
58	59	$922.00	$461.00
	58	$919.00	$459.50
	55	$910.00	$455.00
100% Contingent Annuitant Option			
62	63	$831.00	$831.00
	62	$824.00	$824.00
	60	$812.00	$812.00
58	59	$855.00	$855.00
	58	$850.00	$850.50
	55	$836.00	$836.00

Years Certain Option (Also Referred to as Years Certain and Life Option)

The Years Certain Option provides a monthly annuity for your life, with payments for a guaranteed number years as you select. The guaranteed period may not exceed your life expectancy (if single) or the joint life expectancy of you and your beneficiary. If you elect this option, your pension is reduced in order to pay for the guaranty. If you are married, your written election must include the consent of your spouse, as described below.

If you die before the guaranteed period is over, payments continue to your beneficiary until the end of the guaranteed period. If your beneficiary dies before the guaranteed period is over, any remaining guaranteed payments continue to your beneficiary's estate. If you live longer than the guaranteed period, you'll still receive your pension for your lifetime, but nothing is paid to your beneficiary after you die.

Once payments start, the Years Certain Option cannot be changed or revoked. You can, however, change your beneficiary at any time. If you die before all of your guaranteed payments have been made, but you have not designated a beneficiary or your beneficiary died before you, any remaining guaranteed payments will go to your estate. If your beneficiary begins receiving payments after your death and then dies within the guaranteed period, any remaining guaranteed payments will continue to your secondary (contingent) beneficiary, if you named one. If not, payment will be made to the beneficiary's estate.

The following table shows what your pension would be and what would be payable to your beneficiary for the rest of the guaranteed period if you should die before the guaranteed period is over.

Amount of pension paid for each $1,000 of monthly base pension at various ages			
Years Certain Periods			
Employee's Age	**5 Years**	**10 Years**	**15 Years**
62	$985.00	$946.00	$896.00
60	$988.00	$956.00	$915.00
58	$990.00	$964.00	$929.00
55	$993.00	$973.00	$946.00

Effective September 1, 2012, only the 10 Years Certain Option will be available.

Lump Sum Payment

A lump sum payment is available only if you are a PEP Participant or if the entire value of your benefit does not exceed $5,000. If you are a PEP Participant, you can elect a lump sum with respect to your entire benefit, or you can elect to receive only the PEP portion of your account in a lump sum, and the value of your frozen Traditional Plan benefit in one of the annuity forms described above. Your PEP benefit and frozen Traditional Plan benefit will be paid at the same time, although the method of payment may be different.

If you elect to receive your frozen Traditional Plan benefit in a lump sum, the value of the lump sum benefit will not reflect any "added" value that would otherwise apply if you were eligible for any early retirement subsidy or the 55% Credited Service Spouse's Annuity.

If you are married, your lump sum election must include the consent of your spouse, as described below.

If you elect a lump sum, you may choose to have it:

- Directly rolled over into another qualified plan, rollover IRA, 403(b) account or governmental 457 account.
- Paid directly to you.
- A combination of a rollover and direct payment to you.

If you receive a lump sum payment paid directly to you, a 20% mandatory withholding tax is taken from the taxable amount of the lump sum. Additional taxes may apply to your lump sum payment if you don't choose a rollover. If you receive your lump sum before you reach age 59-½, you may owe an additional 10% tax on the taxable portion of the benefit. However, if you are age 55 or older in the calendar year in which you terminate, the 10% tax penalty does not apply to your lump sum payment. Depending on your circumstances, you may be eligible for special tax treatment on your lump sum payment. See your tax advisor for more information.

If Spousal Consent Is Required

If you are married and you want to receive your benefits in a lump sum, or in an annuity form other than the 55% Credited Service Spouse's Annuity, the Joint & 50% Spouse's Annuity or a Contingent Annuitant Option providing a 50% or greater survivor annuity to your spouse, the spouse to whom you are married when benefits commence must consent to your election on a form supplied by the Company, and his or her consent must be notarized or witnessed by a Plan representative. Your spouse's consent is voluntary and your spouse cannot be required to give his or her consent. If your spouse does consent, then that consent is irrevocable.

Death And Survivorship Benefits

If you die after earning at least three years of Vesting Service with the Company, your beneficiary may be eligible for a survivor benefit. If you are a Traditional Plan Participant, only your surviving spouse (to whom you were married for at least one year) is entitled to a survivor benefit. PEP Participants may designate a beneficiary other than their spouse to receive their benefits when they die (if their spouse consents).

If You Die Before Your Annuity Starting Date - Traditional Plan

If you are a Traditional Plan Participant and have at least three years of Vesting Service, your surviving spouse will receive a survivor benefit in an amount calculated below. In order for your spouse to be eligible for a benefit, you must have been married at least one year before your death.

If you die after becoming eligible for early retirement, your survivor benefit is equal to the benefit your spouse would have been entitled to receive under the Joint & 50% Spouse's Annuity if you retired on the day before your death. This amount is reduced by any applicable early retirement factors if you were younger than age 62 when you died.

Your spouse's benefits can begin on the first day of the calendar month following your death and continue for his or her lifetime. Your spouse may choose to defer receiving a benefit until a later date, including when you would have attained Normal Retirement Age. If your spouse defers payment, the benefit would be re-calculated using the early retirement reduction factors (if any) in effect at that time.

If you die before the annuity starting date but after electing a surviving spouse annuity, your surviving spouse (if you've been married at least one year at the time of your death) will receive the greater of (a) the survivor benefit under the option you elected, or (b) the survivor benefit your spouse would have been entitled to receive under the Joint & 50% Spouse's Annuity.

If you die before becoming eligible for early retirement, with a deferred vested pension, your survivor benefit is equal to 50% of the deferred vested pension benefit earned through the date you died, calculated as a single life annuity. Your deferred vested pension is calculated on the same basis as your normal retirement benefit, but is reduced by 6% for each year (or ½% for each month) that it is paid before you would have reached age 65.

Your spouse's benefits can begin as early as the first day of the calendar month on or after the date you die, or the date you would have reached early retirement age, whichever is later. Your spouse may choose to defer receiving a benefit until a later date, including the date you would have reached Normal Retirement Age. If so, the benefit would be re-calculated using the reduction factors for early commencement of a deferred vested pension in effect at that time. Benefits continue for your spouse's lifetime.

If You Die Before Your Annuity Starting Date - PEP

If you are a PEP Participant and you die with a vested benefit before your pension payments commence, your spouse (or other beneficiary) will receive a lump sum benefit equal to your Pension Equity Plan balance on the first day of the month following your death, including the value of any frozen Traditional Plan benefit. The lump sum will be paid as soon as administratively possible after your death.

In lieu of a lump sum payment, your spouse may elect to receive a series of annuity payments. The annuity payments will begin on any date your spouse elects (but not later than the date you would have reached age 65) and will continue until your spouse's death. Alternatively, your spouse may choose to defer receiving a lump sum payment until a later date, but not later than the date you would have attained age 65. If so, the lump sum benefit is converted to a normal retirement annuity payable when you would have reached age 65 and then converted back to a lump sum using actuarial factors and interest rates in effect under the Plan at the time of distribution. As a result, a deferred lump sum benefit may go up or down in value.

If you are a PEP Participant, you can name any beneficiary you want before your retirement. However, if you are married, you can select a beneficiary other than your spouse only if you are age 35 or older. In order to designate a non-spouse beneficiary, you will need your spouse's written consent, which must be notarized or witnessed by a Plan representative. Only a lump sum death benefit can be paid to a non-spouse beneficiary.

If you don't have a designated beneficiary when you die, your benefit will be paid as follows:

- If you're married at the time of your death, your benefit will be paid to your spouse.
- If you're single, your benefit will be paid to your estate.

Payments to your spouse or other beneficiary are immediately available under PEP following your death, and they will begin after your beneficiary applies for them.

Reviewing Your Beneficiary Designation

You should review your designation of beneficiary from time to time, particularly if you have a major life event like getting married or divorced, or if your spouse dies. When you get married, your prior designation will no longer be effective without your spouse's consent, as described earlier.

When Benefits Are Not Payable

There are some situations when benefits are not payable from the Plan. Here are the most important:

- If you leave the Company before Normal Retirement Age and before completing at least three years of Vesting Service, no benefits are payable from this Plan.

- If you die before becoming vested, no benefit is payable to your spouse or other beneficiary from this Plan.

- If you are a Traditional Plan Participant and you die and are either not married or have been married for less than one year, no death benefit is payable to any person.

- If you are entitled to benefits from another pension plan to which the Company or one of its affiliates contributes, the pensions will be coordinated to avoid “double dipping” for the same service or compensation.

If You Leave And Are Rehired

If you retired or terminated your employment from the Company while you were a Participant in the Plan, and you later return to employment as an eligible employee, you automatically resume participation in the Plan as of the day you return to work (unless you return as a part-time employee and you have lost your prior service, as described below).

If you are rehired on or after January 1, 2003, you will automatically be covered in the Pension Equity Plan when you return to participation.

If you received a lump sum of your entire pension benefit at your earlier termination, your prior Credited Service will not be restored. If you received less than your entire pension in a lump sum and are rehired within five years, you can recover your prior Credited Service, Vesting Service and Years of Service by repaying your prior lump sum distribution while reemployed, with interest, within five years of your reemployment. You might want to do this, for example, if your final average monthly earnings will increase due to your reemployment, since this could increase your prior benefits as well.

Military Service

Uniformed (Military) Service Leave. Uniformed service leaves cannot exceed five years. If you return to work at the expiration of your uniformed services leave and within the time period provided by law, you will not have a break in service. When you return to work, your period of uniformed service counts as service in determining eligibility for participation in the Plan and in computing Credited Service, Vesting Service and Years of Service. You are treated as though you continued receiving compensation from the Company during your leave at the same rate as in effect immediately before you entered uniformed service. That way, you do not lose any benefit accrual as a result of your service.

Additionally, and pursuant to the Heroes Earnings Assistance and Relief Tax Act of 2008, if you die while on uniformed service leave, your beneficiary will receive any survivor benefits as if you had returned to employment the day before your death. Further, if you die or become disabled while on uniformed service leave, you will be credited with any benefit accruals as if you had been employed during your uniformed military service.

Eligible U.S. International Service Employees

If you are a Participant in the Plan on the United States payroll of the Company and you are transferred overseas, you will continue to remain eligible to participate under the Plan if (1) you remain on the Company's United States payroll, and (2) you are transferred to either:

- a foreign affiliate of the Company that has not adopted the Plan, or
- a foreign affiliate of the Company that is located in a jurisdiction which has laws that would affect the terms of the Plan if you were treated as a U.S. employee.

As an eligible U.S. international service employee, you will continue to earn a pension under the Plan. However, if you are entitled to receive a pension from both this Plan and another plan maintained by the Company relating to the period while you are a U.S. international service employee, the pension that would otherwise be payable from this Plan will be reduced by the pension benefit you are entitled to receive from such other plan.

Your monthly earnings may be further adjusted to properly reflect the prevailing living and other conditions, customs, and circumstances in the foreign location where you work.

Additional Important Information

Plan Name, Type and Number

The official name of the Plan is the Caterpillar Inc. Retirement Income Plan. It is a defined benefit pension plan. The "plan number" used for filings with the Department of Labor and IRS is 002.

Plan Trustee

The Trustee for the Plan is:

The Northern Trust Company
50 S. LaSalle Street
Chicago, IL 60603
(312) 630-6526

Plan Administrator

For legal purposes, the Vice President, Human Services Division, is the Plan Administrator of the Plan. The address of the Plan Administrator is as follows:

Vice President, Human Services Division
100 NE Adams Street
Peoria, IL 61629-4190
(309) 675-1000

Any correspondence to the Plan Administrator regarding the Plan should clearly specify which plan the correspondence refers to.

The Plan Administrator has the discretionary authority to determine eligibility for benefits and to interpret the terms of the Plan. The Plan Administrator is assisted by various agents, attorneys, and clerical assistants, as needed to effectively administer the Plan.

The Company has retained Aon Hewitt to provide recordkeeping and administrative services as part of the administration of the Plan. In many cases, initial questions should be directed to Aon Hewitt, acting on behalf of the Caterpillar Benefits Center, at 1-877-228-4010 or 1-718-354-1345 (outside the U.S.) or http://resources.hewitt.com/cat.

Plan Sponsor and Employers

The Plan is sponsored by Caterpillar Inc., whose federal employer identification number (FEIN) is 37-0602744.

Agents for Legal Process

If any legal action is necessary concerning the Plan, legal process may be served on:

CT Corporation Systems
208 S. LaSalle Street
Chicago, IL 60604
1-800-475-1212

Legal process also may be served on the Plan Administrator or the Trustee.

How the Plan Is Funded

The Plan is a defined benefit plan. In other words, its benefits are determined by formulas. The Company contributes money to the Plan to pay for benefits earned by employees.

Right of Recovery

If, for some reason, a benefit is paid which is larger than the amount allowed by the Plan, the Plan has a right to recover the excess amount from the person who received the overpayment, including the right to set off against future payments due under the Plan. The person receiving benefits must produce any documents requested by the Plan Administrator to ensure the Company's right of recovery.

Plan Amendment and Termination

The Company reserves the right to end, suspend, or amend the Plan at any time, in whole or in part, in its sole discretion. Should the Plan ever be ended, suspended, or amended, your benefits earned at the time of the change are protected to the extent of the extent required by law.

Plan Records

The records for the Plan are maintained on a calendar year basis, from January 1 through December 31. The Plan maintains financial records on the basis of a fiscal year that ends each December 31. By reason of a change in the Plan Year, the period commencing on December 1, 2002 and ending on December 31, 2002 was a short Plan Year. Prior to December 1, 2002, the Plan Year began on December 1 and ended on November 30 of the following year. The financial report for the fiscal year is included in the annual report for the Plan that is filed with the federal government.

Top-Heavy Rules

The Plan is required by government regulations to include provisions that will apply if a majority of the benefits are being paid to employees in higher-paid positions. If this were to happen, even for only a period of time, the Plan would be required to provide certain minimum benefits and an accelerated vesting schedule thereafter for all employees. Because of the way the Plan is structured, we do not believe that these provisions will ever apply.

Your Benefit Is Guaranteed by the PBGC

Your pension benefits under this Plan are insured by the Pension Benefit Guaranty Corporation (PBGC), a federal insurance agency. If the Plan terminates without enough money to pay all benefits, the PBGC will step in to pay pension benefits. Most people receive all of the pension benefits they would have received under their Plan, but some people may lose certain benefits.

The PBGC generally covers normal and early retirement benefits, disability benefits if you become disabled before the Plan terminates, and certain benefits for your survivors.

The PBGC guarantee generally does not cover:

1. Benefits greater than the maximum guaranteed amount set by law for the year in which the Plan terminates;

2. Some or all of benefit increases and new benefits based on Plan provisions that have been in place for fewer than five years at the time the Plan terminates;

3. Benefits that are not vested because you have not worked long enough for the Company;

4. Benefits for which you have not met all of the requirements at the time the Plan terminates;

5. Certain early retirement payments (such as supplemental benefits that stop when you become eligible for Social Security) that result in an early retirement monthly benefit greater than your monthly benefit at the Plan's normal retirement age; and

6. Non-pension benefits, such as health insurance, life insurance, certain death benefits, vacation pay, and severance pay.

Even if certain of your benefits are not guaranteed, you still may receive some of those benefits from the PBGC depending on how much money your Plan has, and on how much the PBGC collects from employers.

For more information about the PBGC and the benefits it guarantees, ask your Plan Administrator or contact the PBGC's Technical Assistance Division, 1200 K Street N.W., Suite 930, Washington, D.C. 20005-4026, or call 202-326-4000 (not a toll free number). TTY/TDD users may call the federal relay service toll-free at 1-800-877-8339 and ask to be connected to 202-326-4000. Additional information about the PBGC's pension insurance program is available through the PBGC's website on the Internet at http://www.pbgc.gov.

Assignment of Your Benefits

Benefits under the Plan cannot be assigned, transferred, or pledged to someone else. As required by law, the Plan does make an exception for federal income tax liens, and for certain qualified domestic relations orders as described below.

Qualified Domestic Relations Orders (QDROs)

A domestic relations order is any court order made pursuant to a state domestic relations law that relates to the provision of child support for, alimony payments to, or marital property rights of, a spouse, former spouse, child or other dependent of a Plan Participant. Orders must be honored by the Plan if the order meets certain requirements to be a "qualified domestic relations order" ("QDRO"). The Plan Administrator has adopted written procedures for determining whether a court order qualifies as a QDRO and for administering QDROs. A copy of the Plan's procedures for the qualification and administration of domestic relations orders may be obtained by contacting the Caterpillar QDRO Service Center at (866) 515-2006. Written correspondence should be sent to the following address:

Caterpillar QDRO Service Center
2526 Mount Vernon Road – Suite B-409
Atlanta, GA 30338

Implied Promises

Nothing in this summary plan description states or implies that participation in the Plan is a guarantee of continued employment with the Company. No rights accrue to any employee, dependent or beneficiary by reason of any misstatement in, or omission from, this booklet, or by the operation of this Plan.

REMINDERS & CLARIFICATIONS

The following sections describe certain clarifications to existing Plan terms and/or the information in the SPD. The information below does not change in any way the Plan terms or administrative rules under the Plan (including eligibility rules, how your benefit is calculated, or any other aspect of the Plan).

Benefits, Participating Groups & Transfers

Whether you are eligible to participate in the Plan depends on the facility in which you work (or worked) and, in some cases, your job classification while at that facility. The listing of covered groups is updated as the Company adds new facilities and is maintained by the Plan Administrator. For more information, contact the Caterpillar Benefits Center.

The amount of your benefit is also affected by the facility in which you work (or worked) and, in some cases, the capacity in which you work (or worked). You should refer to the SPD (and any subsequent notice, if applicable) provided to you for specifics regarding your benefits. Be sure you are referencing the material that applies to you. An SPD (or notice, if applicable) summarizing the benefits for employees of another facility or for employees in a different job classification is not applicable to you.

Finally, special rules under the Plan apply to employees who transfer employment within the Company by reason of either (1) a change to a new business unit, facility, or work location within the United States at the request the employer; or (2) a change to an Affiliate at the request of the employer.

Total Earnings

As noted above, your benefit is based, in part, on your Total Earnings and Total Earnings has a specific meaning under the Plan. Total Earnings does not include (1) any amount you contribute to any nonqualified plan of the Company; (2) any amount paid under the Company's Long Term Cash Performance Plan; or (3) any amount paid under a worker's compensation or supplemental unemployment practice or policy of a participating employer.

Retiring Under The Traditional Plan

As discussed in the SPD section entitled "Additional Early Retirement Allowance," if you are a full-time employee and you retire before age 62, you may be eligible for an Additional Early Retirement Allowance ("AERA") under the Credited Service Formula. If you are receiving AERA and you are reemployed, your AERA will be reduced by the amount of additional monthly retirement income earned by you during the period of reemployment. In addition, you cannot qualify for any additional AERA benefits during such reemployment. Refer to the section of the SPD entitled "If You Leave And Are Rehired" for more information regarding how reemployment affects your benefits.

Deferred Vested Pension

As noted in the Deferred Vested Pension section of the SPD, if you are vested under the Plan and you leave the Company before you retire, you may begin payment of your deferred pension once you reach age 65. Alternatively, you can choose to defer payment of your benefit to a later date. However, the law prohibits you from deferring payment of your benefit indefinitely. Under IRS rules, a minimum required distribution must be made no later than April 1 of the calendar year following the year you reach age 70 ½. If you remain with the Company past your 70 ½ birthday, you may defer payment of your benefit until April 1 of the calendar year following the year in which you retire.

Retiring Under the Pension Equity Plan (not applicable to Participants with Traditional Plan benefits only)

Payment of your PEP benefit may also be deferred as described in the SPD. However, the minimum required distribution rule described above will also apply to any deferred PEP benefits.

Additional Important Information

The Internal Revenue Code imposes certain limits on your benefits under the Plan, as follows: (1) the amount of compensation that may be used to calculate your benefits is limited. For 2011, the limit is $245,000; and (2) the maximum annual benefit that is payable under the Plan is limited. For 2011, the limit is $195,000. These limits are adjusted by the IRS from time to time.

Appeal Of A Denied Claim

If a claim for benefits is denied, there is a process for appealing your claim. You have to follow this procedure in order to pursue a claim for benefits in court.

When you decide to retire or you leave employment, you must apply for your pension and elect how you want your pension to be paid. You are encouraged to apply at least 60 days before your retirement date in order to allow sufficient time to process your application.

Your application for a pension is considered a claim for benefits under the Plan. Other requests or questions that you may have concerning your entitlement to a benefit, or the amount of your benefit under the Plan may also be claims for benefits. All claims for benefits (other than an application for a pension) should be submitted in writing to:

Employee Benefits Manager
Caterpillar Inc.
100 NE Adams Street – AB4360
Peoria, IL 61629-4360

You (or your beneficiary) are entitled to be represented by an attorney or other authorized person through all phases of the claims process, including the appeal of a denied claim. You (or your beneficiary) or your authorized representative will be given reasonable access to all documents, records, and information relevant to the claim for benefits, and you may request copies free of charge.

A decision regarding your claim for benefits will be rendered within 90 days after the claim has been submitted unless special circumstances exist, in which case the 90 day period may be extended to 180 days. If the time for rendering a decision is extended, you will be notified in writing before the end of the initial 90 day period. If your claim is denied, in whole or in part, you will be notified in writing and the denial notice will include the following information:

- The specific reasons for the denial;
- Reference to the specific Plan provisions upon which the denial is based;
- A description of any additional material or information necessary to support your claim and why such additional material or information is necessary; and
- An explanation of the Plan's appeal procedures, time limits, and a statement of your right to bring a civil action under section 502(a) of the Employee Retirement Income Security Act of 1974 (ERISA).

You have the right to appeal the denial of your claim to the Benefit Appeals Committee. If you wish to file an appeal, you must do so no later than 60 days after receipt of the denial notice described above. In your appeal, please be sure to state the reason(s) you believe the claim was improperly denied and submit any written comments, documents, records and other information relating to the claim that you believe is appropriate. Review of your appeal will take into account all comments, documents, records, and other information, without regard to whether such information was submitted or considered in the initial benefit determination.

All appeals must be submitted to the following address:

Benefit Appeals Committee
Caterpillar Inc.
100 NE Adams Street – AB4360
Peoria, IL 61629-4360

The Benefit Appeals Committee will advise you of its decision in writing within 60 days after receiving the written appeal. If special circumstances exist which require an extension of time, a decision will be rendered as soon as possible, but not later than 120 days after receipt of your request. If the Benefits Appeals Committee denies your appeal, the notice of decision will include the following information:

- The specific reasons for the denial;
- Reference to the specific Plan provisions upon which the denial is based;
- A statement that you are entitled to receive, upon request and free of charge, reasonable access to, and copies of, all documents, records and other information relevant to your claim for benefits; and
- A statement of your right to bring a civil action under section 502(a) of ERISA.

The decisions of the Benefit Appeals Committee are final.

Statement Of ERISA Rights

As a Participant in the Plan, you are entitled to certain rights and protections under the Employee Retirement Income Security Act of 1974 (“ERISA”). ERISA provides that all Plan Participants shall be entitled to:

Receive Information About Your Plan and Benefits

- Examine, without charge, at the Plan Administrator’s office and at other specified locations, such as worksites, all documents governing the Plan, and a copy of the latest annual report (Form 5500 Series) filed by the Plan with the U.S. Department of Labor and available at the Public Disclosure Room of the Employee Benefits Security Administration.

- Obtain, upon written request to the Plan Administrator, copies of documents governing the operation of the Plan and copies of the latest annual report (Form 5500 Series) and updated summary plan description. The Plan Administrator may make a reasonable charge for the copies.

- Receive a summary of the Plan’s annual financial report. The Plan Administrator is required by law to furnish each Participant with a copy of this summary financial report.

- Obtain a statement telling you whether you have a right to receive a pension at normal retirement age (later of age 65 or fifth anniversary of plan participation) and if so, what your benefit would be at normal retirement age if you stop working under the Plan now. If you do not have a right to a pension, the statement will tell you how many more years you have to work to get a right to a pension. This statement must be requested in writing and it is not required to be given more than once every twelve (12) months. The Plan must provide the statement free of charge.

Prudent Actions by Plan Fiduciaries

In addition to creating rights for Plan Participants, ERISA imposes obligations upon other persons who are responsible for the operation of the Plan. The people who operate your Plan, called “fiduciaries” of the Plan, have a duty to do so prudently and in the interest of you and other Plan Participants and beneficiaries. No one, including your employer or any other person, may fire you or otherwise discriminate against you in any way to prevent you from obtaining a pension benefit or exercising your rights under ERISA.

Enforce Your Rights

If your claim for a pension benefit is denied or ignored, in whole or in part, you have a right to know why this was done, to obtain copies of documents relating to the decision without charge, and to appeal any denial, all within certain time schedules.

Under ERISA, there are steps you can take to enforce the above rights. For instance, if you request a copy of plan documents or the latest annual report from the Plan and do not receive them within 30 days, you may file suit in a Federal court. In such case, the court may require the

Plan Administrator to provide the materials and to pay you up to $110 a day until you receive the materials, unless the materials were not sent because of reasons beyond the control of the Plan Administrator. If you have a claim for benefits which is denied, in whole or in part, you may file suit in a state or Federal court. In addition, if you disagree with the Plan's decision or lack thereof concerning the qualified status of a domestic relations order, you may file suit in Federal court. If it should happen that Plan fiduciaries misuse the Plan's money, or you are discriminated against for exercising your rights, you may seek assistance from the U.S. Department of Labor, or you may file suit in a Federal court. The court will decide who should pay court costs and legal fees. If you are successful, the court may order the person being sued to pay these costs and fees. If you lose, the court may order you to pay these costs and fees, for example, if it finds your claim is frivolous.

Assistance with Your Questions

If you have any questions about the Plan, you should contact the Plan Administrator. If you have any questions about this statement or about your rights under ERISA, or if you need assistance in obtaining documents from the Plan Administrator, you should contact the nearest office of the Employee Benefits Security Administration, U.S. Department of Labor, listed in your telephone directory (or call 1-866-444-3272 to obtain the address and phone number), or the Division of Technical Assistance and Inquiries, Employee Benefits Security Administration, U.S. Department of Labor, 200 Constitution Avenue N.W., Washington, D.C. 20210. You may also obtain certain publications about your rights and responsibilities under ERISA by calling the publications hotline of the Employee Benefits Security Administration.

Glossary

Additional Early Retirement Allowance (AERA)

An amount the Company adds to your base pension if you are eligible for a benefit under the Credited Service Formula when you retire before you are 62 and your pension is less than a specific amount. AERA pays the difference between your actual early retirement pension (before adjustment for the benefit option you select) and the target benefit.

Adopting Employer

An affiliate of the Company that has adopted this Plan for its eligible employees. For a list of adopting employers, please contact the Caterpillar Benefits Center at 1-877-228-4010 or 1-718-354-1345 (outside the U.S.) or http://resources.hewitt.com/cat.

Affiliate

A company or other trade or business that is connected to the Company by an 80% or more ownership link.

Beneficiary

A person or entity that you select to receive your vested benefits under the Plan upon your death.

Break in Service

A break in service that begins when an employee voluntarily or involuntarily terminates employment with the Company and its affiliates, or one year after an employee is first absent from employment other than by reason of termination (or, for a part-time employee, a plan year during which fewer than 501 hours of service are earned). An employee may lose credit for prior service if he or she has a break in service before becoming vested under the Plan.

Company

Caterpillar Inc. and its subsidiaries that have adopted the Plan.

Contingent Annuitant Option

One of several payment options you have under the Plan, which provides survivor benefits to your spouse or other beneficiary. Once this payment option goes into effect, it cannot be changed or revoked.

Credited Service

The term "Credited Service" is used to calculate the amount of your benefit under the Credited Service Formula and the Pension Equity Formula. If you are a full-time employee, you will receive Credited Service equal to the number of years and months while you are an eligible employee of the Company and a Participant in the Plan. If you are a part-time employee, you will receive a full year of Credited Service for each calendar year in which you are credited with at least 1,000 hours of service while you are an eligible employee of the Company and a Participant. A part-time employee who first became an eligible employee before January 1, 2003 will receive Credited Service for his or her initial Eligibility Year of Service. If you are a Sunset Participant, Credited Service shall be frozen on the earlier of the date you are no longer a Sunset Participant or December 31, 2019. If you are not a Sunset Participant, your Credited Service shall be frozen as December 31, 2010.

Credited Service Formula

One of two calculations under the Traditional Pension Plan used to determine your base monthly pension payable under the Plan. Under this formula, your pension is calculated by multiplying your years and months of Credited Service by the sum of a basic and supplemental pension rate.

Disability Pension

A temporary monthly benefit under the Traditional Plan payable to a non-management employee who, before reaching Normal Retirement Age, becomes Totally and Permanently Disabled while a full-time active employee with ten or more years of Credited Service.

Early Retirement

Retirement before your Normal Retirement Age, but after you satisfy certain age and service requirements.

Eligible Employee

An employee on the U.S. payroll who reports through, works for or is otherwise employed by a business unit, facility or pay group of the Company or a subsidiary to which participation in the Plan has been extended, other than employees excluded from participation because they were hired after November 30, 2010 or rehired after December 31, 2010, leased employees, persons classified by the Company as independent contractors, temporary employees, contract employees (unless the contract provides for participation in the Plan), co-op employees, apprentice or intern employees, employees covered by a collective bargaining agreement (unless the agreement provides for participation in the Plan, and international employees (unless those employees are on the Company's domestic U.S. payroll).

Eligibility Year of Service

For a part-time employee required to earn an initial year of service in order to become a Participant in the Plan, the 12-month period beginning on the employee's date of hire, or any subsequent plan year during which the employee first earns at least 1,000 hours of service.

Final Average Monthly Earnings (FAME)

Your monthly Total Earnings during the highest five years out of your last 10 years with the Company as an eligible employee and a Participant in the Plan. The calculation periods start with the last 12 months before retirement and work backwards. The five years used do not have to be consecutive. If your period of employment is less than 10 years when you retire or otherwise terminate, your Final Average Monthly Earnings will be based on your entire period of employment as an eligible employee and a Participant in the Plan. If you are a Sunset Participant, Final Average Monthly Earnings shall be frozen on the earlier of the date you are no longer a Sunset Participant or December 31, 2019. If you are not a Sunset Participant, your Final Average Monthly Earnings shall be frozen as December 31, 2010.

Final Earnings Formula

One of two calculations under the Traditional Pension Plan used to determine your monthly pension payable under the Plan. Under this formula, your pension is calculated by multiplying your Years of Service (up to 35) by a specific pension multiplier, and then multiplying this amount by your Final Average Monthly Earnings.

Full-time Employee

An employee who is classified in the employment records of the Company as a full-time employee.

Hour of Service

Each hour for which you are paid or entitled to payment for performance of services for the Company or one of its affiliates, or each hour for which you are paid by the Company or one of its affiliates despite not performing any services (e.g., vacation, holiday, illness, disability, jury duty, military duty, or leave of absence). You will receive credit for up to 501 hours of service with regard to any continuous period during which you do not perform any services. Hours of service are subject to certain adjustments that are set forth in the Plan document.

Normal Retirement

Retirement upon reaching your Normal Retirement Age.

Normal Retirement Age

Your 65th birthday or the fifth anniversary of the date you commenced participation in the Plan, whichever is later.

Participant

An eligible employee of an adopting employer who has met the requirements for participation in the Plan (or has left employment but continues to be entitled to a vested pension from the Plan).

Part-time Employee

An employee who is classified in the employment records of the Company as a part-time employee.

Pension

A fixed monthly benefit payable to you upon retirement, except that if you are a PEP Participant, your pension under the Pension Equity Plan is expressed as a lump sum payment upon your retirement or other termination of employment. A pension will only be paid to you under the Plan if you are vested.

Pension Equity Plan (PEP)

Effective as of January 1, 2003, the Plan consists of two components: the Traditional Pension Plan and the Pension Equity Plan. The portion of the Plan that expresses a Participant's pension in the form of a lump sum benefit is the Pension Equity Plan.

Pension Equity Formula

The calculation under the Pension Equity Plan used to determine your base lump sum pension. Under PEP, your base lump sum pension under the Plan is calculated by multiplying your Final Average Monthly Earnings by twelve to obtain your annual average monthly earnings, and then multiplied by the sum of specified percentages (based on your Vesting and Credited Service).

Pension Equity (PEP) Participant

A Participant under the Plan whose pension is calculated, in full or in part, under the Pension Equity Formula.

Spouse

For purposes of the Plan, the person who is legally married to you. In order for a surviving spouse to receive a pre-retirement death benefit under the Traditional Plan, the Participant and spouse had to be married for at least one year and satisfy the requirements for a pre-retirement death benefit.

Sunset Participant

Means you are a Traditional Plan Participant or Pension Equity Participant who meets the following criteria:

- You have a most recent hire date on or before December 31, 2002;
- You attained 40 years of age on or before December 31, 2010;
- You were actively accruing a benefit under the Plan on December 31, 2010 or on an authorized leave of absence or other absence not treated as a termination from employment; and
- If you are a part-time employee who earned less than 501 hours of service in any calendar year, you subsequently earned at least 1,000 hours in a calendar year prior to 2011.

Notwithstanding the foregoing, you will no longer be a Sunset Participant if you terminate employment, transfer to a category of employment that is not eligible for the Plan, or incur a one-year Break in Service, or otherwise cease to accrue benefits under the Plan except by being on an authorized leave of absence or other absence from work under conditions not treated by the Company or Affiliate last employing you as terminating the employment relationship. Once you cease to be a Sunset Participant you shall never be reclassified as a Sunset Participant regardless of subsequent service or classification by the Company.

Total and Permanent Disability

A disability that entitles you to primary disability benefits under the Social Security Act.

Total Earnings

Your base pay, overtime, shift premium, paid time off, gainsharing (if approved by the Plan Administrator) and incentive pay amounts actually paid. Total Earnings are not reduced by any salary reduction contributions you make to a 401(k) plan or for health or other Company-provided benefits. Other pay—such as bonuses, lump sum merit bonuses in lieu of increases, commissions, amounts paid for education costs, reimbursement for other extra costs incurred, unused vacation, international service premiums, etc.—is not included.

Traditional Pension Plan

The Plan benefit formulas that express benefits as a monthly pension beginning at retirement. These formulas are the Credited Service Formula and the Final Earnings Formula.

Traditional Plan Participant

A Participant who entered the Plan before January 1, 2003 (or a part-time employee who entered the Plan on or before January 1, 2003) who has elected to remain covered by the Traditional Plan. A Traditional Plan Participant's benefits are calculated under the Credited Service Formula or Final Earnings Formula.

Uniformed Service

Service in the U.S. Armed Forces, the Army National Guard and the Air National Guard when engaged in active duty for training, inactive duty training, full-time National Guard Duty, the commissioned corps of the Public Health Service and any other category of persons designated by the President in time of war or emergency, and a period for which a person is absent from a position of employment for the purpose of an examination to determine the fitness of the person to perform any such duty.

Vesting

Your right to receive a nonforfeitable pension benefit from the Plan. You will become vested in your pension once you have at least three years of Vesting Service or attain your Normal Retirement Age, whichever is earlier.

Vesting Service

The term "Vesting Service" is used to determine whether you have a nonforfeitable pension benefit from the Plan and when you become eligible for an early retirement pension under the Traditional Plan (if you are a Traditional Plan Participant or a PEP Participant with a frozen Traditional Plan benefit). If you are a full-time employee, your Vesting Service is the number of years and months while you are an employee of the Company or one of its affiliates, including affiliates that are not adopting employers in this Plan. If you are a part-time employee, you will receive a full year of Vesting Service for each calendar year in which you are credited with at least 1,000 hours of service as an employee of the Company or one of its affiliates. Vesting service is subject to certain adjustments that are set forth in the Plan document.

Years Certain Option

One of the payment options you have under the Plan, which provides survivor benefits to your spouse or other beneficiary. A designated amount is paid to the beneficiary if you die before the end of a specified number of years (up to 30 years). If you live beyond the specified number of years, no benefit is paid to your beneficiary under this payment option.

Years of Service

The term "Years of Service" is used to calculate the amount of your benefit under the Final Earnings Formula. If you are a full-time employee, you will receive Years of Service equal to the number of years and months while you are an eligible employee of the Company and a Participant in the Plan, but not to exceed 35 years. If you are a part-time employee, you will receive a full Year of Service for each calendar year in which you have completed at least 1,000 hours of service while you are an eligible employee of the Company and a Participant. A part-time employee who first became an eligible employee before January 1, 2003 will receive a Year of Service for his or her initial Eligibility Year of Service. Years of Service for periods before December 1, 1976 are calculated under the terms of the Plan in effect for that period. If you are a Sunset Participant, Years Service shall be frozen on the earlier of the date you are no longer a Sunset Participant or December 31, 2019. If you are not a Sunset Participant, your Years Service shall be frozen as December 31, 2010.