

# SECURITIES AND EXCHANGE COMMISSION

## FORM 8-K

Current report filing

Filing Date: **1999-07-27** | Period of Report: **1999-07-23**  
SEC Accession No. **0000929624-99-001373**

([HTML Version](#) on [secdatabase.com](http://secdatabase.com))

### FILER

#### CATERPILLAR FINANCIAL SERVICES CORP

CIK: **764764** | IRS No.: **371105865** | State of Incorporation: **DE** | Fiscal Year End: **1231**  
Type: **8-K** | Act: **34** | File No.: **001-11241** | Film No.: **99671204**  
SIC: **6153** Short-term business credit institutions

Mailing Address  
3322 WEST END AVENUE  
NASHVILLE TN 37203

Business Address  
3322 WEST END AVE  
NASHVILLE TN 37203-0988  
6153865931

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

---

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the  
Securities Exchange Act of 1934

---

Date of Report  
(Date of earliest event reported)

July 23, 1999

CATERPILLAR FINANCIAL SERVICES CORPORATION  
(Exact name of registrant as specified in its charter)

Delaware

0-13295

37-1105865

-----  
(State of incorporation) (Commission File Number) (IRS Employer Identification  
No.)

3322 West End Avenue  
Nashville, Tennessee

37203-09830

-----  
(Address of principal executive offices)

-----  
(Zip Code)

(615) 386-5800  
(Registrant's telephone number,  
including area code)

N/A

---

(Former name or former address, if changed since last report)

Item 5. Other Events.

In connection with the registrant's Registration Statement (Form S-3), Registration No. 333-73083, the registrant is filing herewith the documents listed in Item 7 below.

- Item 7. Exhibits
  - 1.1 Form of Underwriting Agreement
  - 4.10 Form of Floating Rate Note due August 1, 2002
  - 4.11 Form of 6 7/8% Note due August 1, 2004
  - 12.1 Statement Setting Forth Computation of Ratio of Profit to Fixed Charges

2

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

CATERPILLAR FINANCIAL SERVICES  
CORPORATION  
(Registrant)

Date: July 27, 1999

By: /s/ Paul J. Gaeto

-----  
Paul J. Gaeto  
Secretary

3

EXHIBIT INDEX

Exhibit Number	Description
-----	-----
1.1	Form of Underwriting Agreement
4.10	Form of Floating Rate Note due August 1, 2002
4.11	Form of 6 7/8% Note due August 1, 2004
12.1	Statement Setting Forth Computation of Ratio of Profit to Fixed Charges

4

CATERPILLAR FINANCIAL SERVICES CORPORATION  
(a Delaware corporation)

Debt Securities

UNDERWRITING AGREEMENT

July \_\_, 1999

[Underwriter Name]

[Address]

Ladies and Gentlemen:

Caterpillar Financial Services Corporation, a Delaware corporation (the "Company"), proposes to issue and sell its debt securities (the "Securities") as shall be designated by the Company from time to time in or pursuant to one or more offerings on terms to be determined at the time of sale.

Unless otherwise specified in the applicable Terms Agreement (as defined below), the Securities will be issued in one or more series under an indenture, dated as of April 15, 1985, as supplemented to the date hereof (the "Indenture"), between the Company and U.S. Bank Trust National Association, as successor Trustee (the "Trustee"). Each series of Securities may vary, as applicable, as to title, aggregate principal amount, rank, interest rate or formula and timing of payments thereof, stated maturity date, redemption and/or repayment provisions, sinking fund requirements, and any other variable terms established by, or pursuant to, the Indenture.

Whenever the Company determines to make an offering of Securities through [name of underwriter] ("[name of underwriter]"), or through an underwriting syndicate managed by [name of underwriter], the Company will enter into an agreement (each, a "Terms Agreement") providing for the sale of such Securities to, and the purchase and offering thereof by, [name of underwriter] and such other underwriters, if any, selected by

[name of underwriter] (the "Underwriters", which term shall include [name of underwriter], whether acting as sole Underwriter or as a member of an underwriting syndicate, as well as any Underwriter substituted pursuant to Section 10 hereof). The Terms Agreement relating to each offering of Securities

shall specify the aggregate principal amount of Securities to be issued (the "Underwritten Securities"), the name of each Underwriter participating in such offering (subject to substitution as provided in Section 10 hereof) and the name of any Underwriter other than [name of underwriter] acting as co-manager in connection with such offering, the aggregate principal amounts of Underwritten Securities which each such Underwriter severally agrees to purchase, whether such offering is on a fixed or variable price basis and, if on a fixed price basis, the initial offering price, the price at which the Underwritten Securities are to be purchased by the Underwriters, the form, time, date and place of delivery of and payment for the Underwritten Securities and any other material variable terms of the Underwritten Securities. The Terms Agreement, which shall be substantially in the form of Exhibit A hereto, may take the form of an exchange of any standard form of written communication (including facsimile) between the Company and [name of underwriter], acting for itself and, if applicable, as representatives of any other Underwriters. Each offering of Underwritten Securities through [name of underwriter] as sole Underwriter or through an underwriting syndicate managed by [name of underwriter] will be governed by this Underwriting Agreement, as supplemented by the applicable Terms Agreement.

SECTION 1. Representations and Warranties.  
-----

(a) Representations and Warranties by the Company. The Company represents and warrants to [name of underwriter], as of the date hereof, and to each Underwriter named in the applicable Terms Agreement, as of the date thereof, and as of the relevant Closing Time (as defined below), as follows:

(1) Compliance with Registration Requirements. A registration  
-----

statement on Form S-3 (Registration No. 333-73083) in respect of the Securities has been filed with the Securities and Exchange Commission (the "Commission") in the form heretofore delivered or to be delivered to the Underwriters, excluding exhibits to such registration statement, but including all documents incorporated by reference in the prospectus included therein (except for any statements in such documents which are deemed under Rule 412 under the Securities Act of 1933, as amended (the "Act"), not to be incorporated by reference in such Prospectus), and such registration statement in such form has been declared effective by the Commission and no stop order suspending the effectiveness of such registration statement has been issued and no proceeding for that purpose has been initiated or threatened by the Commission (any preliminary prospectus included in such registration statement being hereinafter called a "Preliminary Prospectus"; the various parts of such registration statement, including all exhibits thereto but excluding Form T-I, each as amended at the time such part became effective,

being hereinafter collectively called the "Registration Statement"; the

prospectus (including, if applicable, any prospectus supplement) relating to the Underwritten Securities, in the form in which it has most recently been filed, or transmitted for filing, with the Commission on or prior to the date of this Underwriting Agreement, being hereinafter called the "Prospectus"; any reference herein to the Registration Statement, any Preliminary Prospectus or the Prospectus shall be deemed to refer to and include the documents incorporated by reference therein pursuant to the applicable form under the Act as of the date of such Registration Statement, Preliminary Prospectus or Prospectus, as the case may be; any reference to any amendment or supplement to any Preliminary Prospectus or the Prospectus shall be deemed to refer to and include any documents filed after the date of such Preliminary Prospectus or Prospectus, as the case may be, under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and incorporated therein by reference; and any reference to the Prospectus as amended or supplemented shall be deemed to refer to the Prospectus as each time amended or supplemented to relate to Underwritten Securities sold pursuant to this Underwriting Agreement, in the form in which it is filed with, or transmitted for filing to, the Commission pursuant to Rule 424 under the Act, including any documents incorporated therein by reference as of the date of such filing or mailing).

(2) Preliminary Prospectus. Each Preliminary Prospectus filed as

-----

part of the Registration Statement as originally filed or as part of any amendment thereto, or filed pursuant to Rule 424 under the 1933 Act, complied when so filed in all material respects with the 1933 Act and each Preliminary Prospectus delivered to the Underwriters for use in connection with the offering of Underwritten Securities will, at the time of such delivery, be identical to the form in which it is filed with, or transmitted for filing to, the Commission pursuant to Rule 424 under the Act.

(3) Incorporated Documents. The documents incorporated by reference

-----

in the Registration Statement or the Prospectus, when they became effective or were filed with the Commission, as the case may be, conformed in all material respects to the requirements of the Act or the Exchange Act, as applicable, and the rules and regulations of the Commission thereunder, and none of such documents contained, in the case of a registration statement which became effective under the Act, an untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein not misleading, and, in the case of other documents which were filed under the Act or the Exchange Act with the Commission, an untrue statement of a material fact or omitted to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading, in each case after excluding any statement in any such document

which does not constitute part of the Registration Statement or the Prospectus pursuant to Rule 412 under the Act; and any further documents so filed and incorporated by reference in the Registration Statement or the Prospectus, when such documents become effective or are filed with the Commission, as the case may be, will conform in all material respects to the requirements of the Act or the Exchange Act, as applicable, and the rules and regulations of the Commission thereunder, and will not contain, in the case of a registration statement which becomes effective under the Act, an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading and, in the case of other documents which are filed under the Act or the Exchange Act, an untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they are made, not misleading; provided, however, that this representation and warranty shall

-----

not apply to any statements or omissions made in reliance upon and in conformity with information furnished in writing to the Company by the Underwriters expressly for use in the Registration Statement or the Prospectus as amended or supplemented which relates to a particular issuance of Underwritten Securities.

(4) Registration Statement and Prospectus. The Registration

-----

Statement and the Prospectus conform, and any amendments or supplements thereto will conform, in all material respects to the requirements of the Act and the Trust Indenture Act of 1939, as amended (the "Trust Indenture Act"), and the rules and regulations of the Commission thereunder, and do not and will not, as of the applicable effective date as to the Registration Statement and any amendment thereto and as of the applicable filing date as to the Prospectus and any supplement thereto, contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading; provided, however, that this representation and warranty

-----

shall not apply to any statements or omissions made in reliance upon and in conformity with the information furnished in writing to the Company by the Underwriters expressly for use in the Prospectus as amended or supplemented which relates to a particular issuance of Underwritten Securities.

(5) No Material Adverse Change in Business. Neither the Company nor

-----

any of its subsidiaries has sustained since the date of the latest audited financial statements included or incorporated by reference in the Prospectus any material loss or interference with its consolidated business from fire, explosion, flood or other calamity, whether or not covered by insurance, or from any labor dispute or court or governmental action, order or decree, otherwise than as set forth or contemplated in the Prospectus; and, since the respective dates as of which information is given in the Registration Statement and the Prospectus, there has not been any material

the consolidated long-term debt of the Company or any of its subsidiaries (other than debt incurred in the ordinary course pursuant to the Company's medium-term note program) or any material adverse change, or any development involving a prospective material adverse change, in or affecting the general affairs, management, consolidated financial position, shareholders' equity or results of operations of the Company and its subsidiaries, otherwise than as set forth or contemplated in the Prospectus.

(6) Good Standing of the Company. The Company has been duly

-----

incorporated and is validly existing as a corporation in good standing under the laws of the State of Delaware, with corporate power and authority to own its properties and conduct its business as described in the Prospectus and has been duly qualified as a foreign corporation for the transaction of business and is in good standing under the laws of each other jurisdiction in which it owns or leases substantial property.

(7) Authorization of Company Capital. The Company has an authorized

-----

capitalization as set forth in the Prospectus, and all of the issued shares of capital stock of the Company have been duly and validly authorized and issued and are fully paid and non-assessable and all of such shares are owned directly or indirectly by Caterpillar, Inc., a Delaware corporation ("Caterpillar"), free and clear of all liens, encumbrances, security interests or claims.

(8) Authorization of this Underwriting Agreement and the Terms

-----

Agreement. This Underwriting Agreement has been, and the applicable Terms Agreement as of the date thereof will have been, duly authorized, executed and delivered by the Company.

(9) Authorization of Securities; Indenture. The Underwritten

-----

Securities have been duly authorized, and, when issued and delivered pursuant to this Underwriting Agreement and any Terms Agreement, such Underwritten Securities will have been duly executed, authenticated, issued and delivered and will constitute valid and legally binding obligations of the Company entitled to the benefits provided by the Indenture; the Indenture has been duly authorized and qualified under the Trust Indenture Act and constitutes a valid and legally binding instrument, enforceable in accordance with its terms, subject, as to enforcement, to bankruptcy, insolvency, reorganization and other laws of general applicability relating to or affecting creditors' rights and to general equity principles; and the



Indenture conforms and the Underwritten Securities will conform to the descriptions thereof in the Prospectus as amended or supplemented to relate to the Underwritten Securities.

(10) Absence of Defaults and Conflicts; No Consents Required. The

-----  
issue and sale of the Underwritten Securities and the compliance by the Company with all of the provisions of the Underwritten Securities, the Indenture, this Underwriting Agreement and any Terms Agreement, and the consummation of the transactions herein and therein contemplated will not conflict with or result in a breach of any of the terms or provisions of, or constitute a default under, any indenture, mortgage, deed of trust, loan agreement or other agreement or instrument to which the Company or Caterpillar is a party or by which the Company or Caterpillar is bound or to which any of the property or assets of the Company or Caterpillar is subject, including the Support Agreement, dated as of December 21, 1984, between the Company and Caterpillar, as amended, nor will such action result in any violation of the provisions of the Certificate of Incorporation, as amended, or By-Laws of the Company or any statute or any order, rule or regulation of any court or governmental agency or body having jurisdiction over the Company or Caterpillar or any of their properties; and no consent, approval, authorization, order, registration or qualification of or with any court or governmental agency or body is required for the issue and sale of the Underwritten Securities or the consummation by the Company of the other transactions contemplated by this Underwriting Agreement, any Terms Agreement or the Indenture, except such as have been, or will have been prior to the Closing Time (as defined in Section 2 hereof), obtained under the Act or the Trust Indenture Act and such consents, approvals, authorizations, registrations or qualifications as may be required under state securities or Blue Sky laws in connection with the purchase and distribution of the Underwritten Securities by the Underwriters in the manner contemplated hereby.

(11) Absence of Proceedings. Except as set forth in the Prospectus,

-----  
there is no action, suit or proceeding to which the Company or any of its subsidiaries is a party pending before or brought by any court, arbitrator or governmental body, nor is any such action, suit or proceeding to the knowledge of the Company threatened, in respect of which, in the judgment of the Company, there is any reasonable likelihood that it will result in a material adverse change in the condition (financial or other) or business, or materially affect the properties or assets, of the Company and its subsidiaries as a whole.

(12) Year 2000 Readiness. The Company has reviewed, and continues to

-----  
review, its operations and those of its subsidiaries and any third parties with which the Company or any of its subsidiaries has a material

relationship to evaluate the extent to which the business or operations of the Company or any of its subsidiaries will be affected by the Year 2000 Problem. As a result of such review conducted to date, the Company has no reason to believe, and does not believe, that the Year 2000 Problem will have a material adverse effect on the general affairs, management, the current or future consolidated financial position,

business prospects, shareholders' equity or results of operations of the Company and its subsidiaries or result in any material loss or interference with the Company's business or operations. The "Year 2000 Problem" as used herein means any significant risk that computer hardware or software used in the receipt, transmission, processing, manipulation, storage, retrieval, retransmission or other utilization of data or in the operation of mechanical or electrical systems of any kind will not, in the case of dates or time periods occurring after December 31, 1999, function at least as effectively as in the case of dates or time periods occurring prior to January 1, 2000.

(b) Officer's Certificates. Any certificate signed by any officer of the Company or any of its subsidiaries and delivered to any Underwriter or to counsel for the Underwriters in connection with the offering of the Underwritten Securities shall be deemed a representation and warranty by the Company to each Underwriter as to the matters covered thereby on the date of such certificate.

SECTION 2. Sale and Delivery to Underwriters; Closing.  
-----

(a) Underwritten Securities. The several commitments of the Underwriters to purchase the Underwritten Securities pursuant to the applicable Terms Agreement shall be deemed to have been made on the basis of the representations and warranties herein contained and shall be subject to the terms and conditions herein set forth.

(b) Payment. Payment of the purchase price for, and delivery of, the Underwritten Securities shall be made (i) in the case of Securities in registered form, at the offices of [name], [address], or (ii) in the case of Securities in bearer form, at the offices of [name], [address], or at such other place as shall be agreed upon by [name of underwriter] and the Company, at 9:00 A.M. (Eastern time) on the fifth business day after the date of the applicable Terms Agreement (unless postponed in accordance with the provisions of Section 10 hereof), or such other time not later than ten business days after such date as shall be agreed upon by [name of underwriter] and the Company (such time and date of payment and delivery being herein called the "Closing Time").

Payment shall be made to the Company by wire transfer of immediately available funds to a bank account designated by the Company, against delivery to [name of underwriter] for its account or, if applicable, for the respective accounts of the Underwriters of the Underwritten Securities to be purchased by

them (unless such Underwritten Securities are issuable only in the form of one or more global securities registered in the name of a depository or a nominee of a depository, in which event the Underwriters' interest in such global certificate shall be noted in a manner satisfactory to the Underwriters and their counsel). It is understood that each Underwriter has authorized [name of underwriter], for its account, to accept delivery of, receipt for, and make payment of the purchase price for, the Underwritten Securities which it has severally

7

agreed to purchase. [Name of underwriter], individually and not as representative of the Underwriters, may (but shall not be obligated to) make payment of the purchase price for the Underwritten Securities to be purchased by any Underwriter whose funds have not been received by the Closing Time, but such payment shall not relieve such Underwriter from its obligations hereunder.

(c) Denominations; Registration. Certificates for the Underwritten Securities shall be in such denominations and registered in such names as [name of underwriter] may request in writing at least one full business day prior to the Closing Time. The certificates for the Underwritten Securities will be made available for examination and packaging by [name of underwriter] in The City of New York not later than 10:00 A.M. (Eastern time) on the business day prior to the Closing Time.

SECTION 3. Covenants of the Company. The Company covenants with [name of -----  
underwriter], and with each Underwriter participating in the applicable offering of Underwritten Securities, as follows:

(a) Compliance with Securities Regulations and Commission Requests. The Company, subject to Section 3(b), will notify [name of underwriter] immediately, and confirm the notice in writing, of (i) the effectiveness of any post-effective amendment to the Registration Statement or the filing of any supplement or amendment to the Prospectus relating to the Underwritten Securities or effective prior to completion of the distribution of the Underwritten Securities, (ii) the receipt of any comments from the Commission, (iii) any request by the Commission for any amendment to the Registration Statement or any amendment or supplement to the Prospectus or for additional information, and (iv) the issuance by the Commission of any stop order suspending the effectiveness of the Registration Statement or of any order preventing or suspending the use of any Preliminary Prospectus, or of the suspension of the qualification of the Underwritten Securities for offering or sale in any jurisdiction, or of the initiation or threatening of any proceedings for any of such purposes. The Company will promptly effect the filings necessary pursuant to Rule 424 of the 1933 Act and will take such steps as it deems necessary to ascertain promptly whether the Prospectus transmitted for filing under Rule 424 was received for filing by the Commission and, in the event that it was not, it will promptly file the Prospectus. The Company will make every reasonable effort to prevent the issuance of any stop order and, if any stop

order is issued, to obtain the lifting thereof at the earliest possible moment.

(b) Filing of Amendments. The Company will give [name of underwriter] notice of its intention to file or prepare any amendment to the Registration Statement (including any filing under Rule 462(b) of the 1933 Act) or any amendment, supplement or revision to either the prospectus included in the Registration Statement at the time it became effective or to the Prospectus, whether pursuant to the 1933 Act, the 1934 Act or otherwise, will furnish [name of underwriter] with copies of any such documents a

8

reasonable amount of time prior to such proposed filing or use, as the case may be, and will not file or use any such document to which [name of underwriter] or counsel for the Underwriters shall object.

(c) Delivery of Registration Statements. The Company has furnished or will deliver to [name of underwriter] and counsel for the Underwriters, without charge, upon request, signed copies of the Registration Statement as originally filed and of each amendment thereto (including exhibits filed therewith or incorporated by reference therein and documents incorporated or deemed to be incorporated by reference therein) and signed copies of all consents and certificates of experts, and will also deliver to [name of underwriter], without charge, a conformed copy of the Registration Statement as originally filed and of each amendment thereto (without exhibits) for each of the Underwriters. Copies of the Registration Statement and each amendment thereto furnished to the Underwriters will be identical to any electronically transmitted copies thereof filed with the Commission pursuant to EDGAR, except to the extent permitted by Regulation S-T.

(d) Delivery of Prospectuses. The Company will deliver to each Underwriter, without charge, as many copies of each Preliminary Prospectus as such Underwriter may reasonably request, and the Company hereby consents to the use of such copies for purposes permitted by the 1933 Act. The Company will furnish to each Underwriter, without charge, during the period when the Prospectus is required to be delivered under the 1933 Act or the 1934 Act, such number of copies of the Prospectus (as amended or supplemented) as such Underwriter may reasonably request. The Prospectus and any amendments or supplements thereto furnished to the Underwriters will be identical to any electronically transmitted copies thereof filed with the Commission pursuant to EDGAR, except to the extent permitted by Regulation S-T.

(e) Continued Compliance with Securities Laws. The Company will comply with the 1933 Act and the 1934 Act so as to permit the completion of the distribution of the Underwritten Securities as contemplated in this Underwriting Agreement and the applicable Terms Agreement and in the Registration Statement and the Prospectus. If at any time when the Prospectus is required by the 1933 Act or the 1934 Act to be delivered in connection with sales of the Securities, any event shall occur or condition shall exist as a result of which it is necessary, in the opinion of counsel for the Underwriters or for the Company, to

amend the Registration Statement in order that the Registration Statement will not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading or to amend or supplement the Prospectus in order that the Prospectus will not include an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein not misleading in the light of the circumstances existing at the time it is delivered to a purchaser, or if it shall be necessary, in the opinion of such counsel, at any such time to amend the Registration Statement or amend or supplement

the Prospectus in order to comply with the requirements of the 1933 Act, the Company will promptly prepare and file with the Commission, subject to Section 3(b), such amendment or supplement as may be necessary to correct such statement or omission or to make the Registration Statement or the Prospectus comply with such requirements, and the Company will furnish to the Underwriters, without charge, such number of copies of such amendment or supplement as the Underwriters may reasonably request.

(f) Blue Sky Qualifications. The Company will use its best efforts, in cooperation with the Underwriters, to qualify the Underwritten Securities for offering and sale under the applicable securities laws of such states and other jurisdictions (domestic or foreign) as [name of underwriter] may designate and to maintain such qualifications in effect for a period of not less than one year from the date of the applicable Terms Agreement; provided, however, that the

-----  
Company shall not be obligated to file any general consent to service of process or to qualify as a foreign corporation or as a dealer in securities in any jurisdiction in which it is not so qualified or to subject itself to taxation in respect of doing business in any jurisdiction in which it is not otherwise so subject. In each jurisdiction in which the Underwritten Securities have been so qualified, the Company will file such statements and reports as may be required by the laws of such jurisdiction to continue such qualification in effect for a period of not less than one year from the date of such Terms Agreement.

(g) Earnings Statement. The Company will timely file such reports pursuant to the 1934 Act as are necessary in order to make generally available to its securityholders as soon as practicable an earnings statement for the purposes of, and to provide the benefits contemplated by, the last paragraph of Section 11(a) of the 1933 Act.

(h) Listing. The Company will use its best efforts to effect the listing of the Underwritten Securities prior to the Closing Time on any national securities exchange or quotation system if and as specified in the applicable Terms Agreement.

(i) Restriction on Sale of Securities. Between the date of the applicable Terms Agreement and the later of termination of any trading restrictions, as

notified to the Company by [name of underwriter], or the Closing Time with respect to the Underwritten Securities, the Company will not, without the prior written consent of [name of underwriter], directly or indirectly, issue, sell, offer to sell, grant any option for the sale of, or otherwise dispose of, any new issue of debt securities of the Company with a maturity of more than nine months and which are substantially similar to the Underwritten Securities, including additional Securities (except for (i) any debt securities issued upon exercise of warrants, (ii) medium-term notes of the Company issued in the ordinary course of business through [name of underwriter] (A) acting as agent for the Company or (B) acting as principal and purchasing up to \$10 million aggregate principal amount of medium-term notes of the Company for resale, or (iii) any debt securities of the Company denominated in a currency other than the currency in which the

10

Underwritten Securities subject to such Terms Agreement shall be denominated) or any warrants for the purchase of debt securities of the Company with a maturity of more than nine months.

(j) Reporting Requirements. The Company will file promptly all reports and any definitive proxy or information statements required to be filed by the Company with the Commission pursuant to Section 13(a), 13(c), 14 or 15(d) of the 1934 Act subsequent to the date of the Prospectus and for so long as the delivery of a prospectus is required in connection with the sale of the Underwritten Securities.

#### SECTION 4. Payment of Expenses.

-----

(a) Expenses. Unless otherwise provided in any applicable Terms Agreement, the Company covenants and agrees with the Underwriters that the Company will pay or cause to be paid the following: (i) the fees and expenses of the Company's counsel and accountants in connection with the registration of the Underwritten Securities under the Act and all other expenses in connection with the preparation, printing and filing of the Registration Statement, any Preliminary Prospectus and the Prospectus and amendments and supplements thereto and the mailing and delivering of copies thereof to the Underwriters; (ii) the cost of printing or reproducing this Underwriting Agreement, any Terms Agreement, any Indenture, any Blue Sky and Legal Investment Memoranda and any other documents in connection with the offering, purchase, sale and delivery of the Underwritten Securities; (iii) all expenses in connection with the qualification of the Underwritten Securities for offering and sale under state securities laws as provided in Section 3(f) hereof, including fees and disbursements of counsel for the Underwriters in connection with such qualification and in connection with the Blue Sky and legal investment surveys; (iv) any fees charged by security rating services for rating the Underwritten Securities; (v) the cost of preparing the Underwritten Securities; (vi) the fees and expenses of any Trustee and any agent of any Trustee and the fees and disbursements of counsel for any Trustee in connection with any Indenture and

the Underwritten Securities; (vii) the fees and expenses of any Depositary (as defined in the Indenture) and any nominees thereof in connection with the Underwritten Securities; and (viii) any advertising expenses connected with the solicitation of offers to purchase and the sale of Underwritten Securities so long as such advertising expenses have been approved by the Company.

(b) Termination of Agreement. If the applicable Terms Agreement is terminated by [name of underwriter] in accordance with the provisions of Section 5 or Section 9(b)(i) hereof, the Company shall reimburse the Underwriters named in such Terms Agreement for all of their out-of-pocket expenses, including the reasonable fees and disbursements of counsel for the Underwriters.

SECTION 5. Conditions of Underwriters' Obligations. The obligations of  
-----

the Underwriters to purchase and pay for the Underwritten Securities pursuant to the applicable Terms Agreement are subject to the accuracy of the representations and warranties of the Company contained in Section 1 hereof or in certificates of any officer of the Company or any of its subsidiaries delivered pursuant to the provisions hereof as of the date hereof and as of the Closing Time, to the performance by the Company of its covenants and other obligations hereunder, and to the following further conditions:

(a) Effectiveness of Registration Statement. No stop order suspending the effectiveness of the Registration Statement shall have been issued and no proceeding for that purpose shall have been initiated or threatened by the Commission; and all requests for additional information on the part of the Commission shall have been complied with to [name of underwriter]'s reasonable satisfaction. A prospectus containing information relating to the description of the Underwritten Securities, the specific method of distribution and similar matters shall have been filed with the Commission in accordance with Rule 424(b)(1), (2), (3), (4) or (5), as applicable.

(b) Opinion of Counsel for Underwriters. Counsel for the Underwriters shall have furnished to the Underwriters such opinion or opinions, dated the Closing Time, with respect to the incorporation of the Company, the validity of the Indenture, the Underwritten Securities, the Registration Statement, the Prospectus as amended or supplemented and other related matters as [name of underwriter] may reasonably request, and such counsel shall have received such papers and information as [name of underwriter] may reasonably request to enable them to pass upon such matters.

(c) Opinion of Counsel for Company. Counsel for the Company shall have furnished to the Underwriters their written opinion, dated the Closing Time, in form and substance satisfactory to [name of underwriter], to the effect that:

(i) The Company has been duly incorporated and is validly existing as a corporation in good standing under the laws of the State of Delaware with corporate power and authority to own its properties

and conduct its business as described in the Prospectus;

(ii) The Company's authorized capital stock is as set forth in the Prospectus and all of the issued shares of capital stock of the Company have been duly and validly authorized and issued and are fully paid and non-assessable;

(iii) Such counsel does not know of any litigation or any governmental proceeding instituted or threatened against the Company or any of its consolidated subsidiaries which in such counsel's opinion would be likely to result in a judgment or decree having a material adverse effect

12

on the business or financial position of the Company and its subsidiaries as a whole or be required to be disclosed in the Registration Statement which is not disclosed and accurately summarized in the Prospectus;

(iv) This Underwriting Agreement and the applicable Terms Agreement have been duly authorized, executed and delivered by the Company;

(v) The Underwritten Securities have been duly authorized and, when the Underwritten Securities have been duly executed, authenticated, issued and delivered by the Company, such Underwritten Securities will constitute valid and legally binding obligations of the Company entitled to the benefits provided by the Indenture; and the Indenture conforms and the Underwritten Securities will conform in all material respects to the descriptions thereof in the Prospectus;

(vi) The Indenture has been duly authorized, executed and delivered by the parties thereto and constitutes a valid and legally binding obligation of the Company, enforceable in accordance with its terms, subject, as to enforcement, to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium or other laws relating to or affecting creditors' rights generally, and to general principles of equity, including without limitation concepts of materiality, reasonableness, good faith and fair dealing, and the possible unavailability of specific performance or injunctive relief, regardless of whether considered in a proceeding in equity or at law; and the Indenture has been duly qualified under the Trust Indenture Act;

(vii) The issue and sale of the Underwritten Securities and the compliance by the Company with all of the provisions of the Underwritten Securities, the Indenture, this Underwriting Agreement and the applicable Terms Agreement, and the consummation of the transactions herein and therein contemplated, will not conflict with



or result in a breach of any of the terms or provisions of, or constitute a default under, any agreement or instrument known to such counsel to which the Company or Caterpillar is a party or by which the Company or Caterpillar is bound, and which conflicts, breaches and defaults, if any, would individually or in the aggregate have a material adverse effect on the business or financial position of the Company and its subsidiaries as a whole; nor will such action result in any violation of the provisions of the Certificate of Incorporation or the By-Laws of the Company or any statute of the United States of America or the State of Delaware or any rule or regulation thereunder (provided that no opinion need be expressed in this paragraph

13

as to compliance with the Act, the Trust Indenture Act, the Exchange Act or the Delaware Securities Act, or with the Bankruptcy Code of 1978, as amended, with respect to any proceeding in which the Company is the debtor) or, to such counsel's knowledge, any order of any court or governmental agency or body of the United States of America or the State of Delaware; and no consent, approval, authorization, order, registration or qualification of or with any such court or governmental agency or body is required for the issue and sale of the Underwritten Securities by the Company or the consummation by the Company of the other transactions contemplated by this Underwriting Agreement or any Terms Agreement or the Indenture, except such as have been obtained under the Act and the Trust Indenture Act and such consents, approvals, authorizations, registrations or qualifications as may be required under Delaware securities or Blue Sky laws in connection with the issue and sale of the Underwritten Securities;

(viii) The documents incorporated by reference in the Prospectus (other than the financial statements and related schedules and other financial and statistical data therein, as to which such counsel need express no opinion or belief), when they were filed with the Commission, complied as to form in all material respects with the requirements of the Act or the Exchange Act and the rules and regulations of the Commission thereunder; and

(ix) The Registration Statement, as of the date on which any part thereof became effective, and the Prospectus, as of the date of such opinion (other than the financial statements and related schedules and other financial and statistical data therein, as to which such counsel need express no opinion or belief), complied or complies as to form in all material respects with the requirements of the Act and the Trust Indenture Act and the rules and regulations thereunder.

In addition, such counsel shall state that while they make no representation that they have independently verified the accuracy or completeness of the information contained in the documents incorporated by

reference in the Prospectus, they have no reason to believe that such documents (other than the financial statements and related schedules and other financial and statistical data therein, as to which they need express no opinion or belief), when they were so filed, contained an untrue statement of a material fact or omitted to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made when such documents were so filed, not misleading, in each case after excluding any statement in any such documents which does not constitute part of the Registration Statement or Prospectus pursuant to Rule 412 of Regulation C under the 1933 Act. Further, such counsel shall

14

state that while they make no representation that they have independently verified the accuracy or completeness of the information contained in the Registration Statement and the Prospectus (other than the statements made in the Prospectus under the captions "Description of Notes", "Underwriting" and "Description of Debt Securities We May Offer", in each case insofar as they relate to the provisions of documents therein described), they have no reason to believe that any part of the Registration Statement, insofar as relevant to the offering of the Underwritten Securities, as of the date on which such part became effective, or the Prospectus, as of the date of such opinion (other than the financial statements and related schedules and other financial and statistical data therein, as to which they need express no opinion or belief), contained or contains an untrue statement of a material fact or omitted or omits to state a material fact required to be stated therein or necessary to make the statements therein not misleading, in each case after excluding any statement in any such document which does not constitute part of the Registration Statement or the Prospectus pursuant to Rule 412 of Regulation C under the 1933 Act; and they do not know of any contracts or other documents of a character required to be filed as an exhibit to the Registration Statement or required to be incorporated by reference into the Prospectus or required to be described in the Registration Statement or the Prospectus which are not filed or incorporated by reference or described as required.

(d) Accountant's Comfort Letter. At 11:00 A.M., New York City time, on the date of the Terms Agreement, and at the Closing Time, the independent accountants who have certified the financial statements of the Company and its subsidiaries included or incorporated by reference in the Registration Statement shall have furnished to [name of underwriter] a letter, dated such date or the Closing Time, in form and substance satisfactory to [name of underwriter], to the effect forth in Annex I hereto.

(e) Officers' Certificate. The Company shall have furnished or caused to be furnished to [name of underwriter] a certificate of officers of the Company satisfactory to [name of underwriter], dated the Closing Time, as to the accuracy of the representations and warranties of the Company herein at and as of the Closing Time, as to the performance by the Company of all of its obligations hereunder to be performed at or prior to the Closing Time or such applicable date, as to the matters set forth in subsection (a) of this Section 5

and subsection (b) of Section 9, and as to such other matters as [name of underwriter] may reasonably request.

(f) Approval of Listing. Unless stated otherwise in the applicable Terms Agreement, at Closing Time, the Underwritten Securities shall have been approved for listing, subject only to official notice of issuance.

(g) Additional Documents. At Closing Time, counsel for the Underwriters shall have been furnished with such documents and opinions as they may reasonably require for the purpose of enabling them to pass upon the issuance and sale of the

15

Underwritten Securities as herein contemplated, or in order to evidence the accuracy of any of the representations or warranties, or the fulfillment of any of the conditions, herein contained; and all proceedings taken by the Company in connection with the issuance and sale of the Underwritten Securities as herein contemplated shall be satisfactory in form and substance to [name of underwriter] and counsel for the Underwriters.

(h) Termination of Terms Agreement. If any condition specified in this Section 5 shall not have been fulfilled when and as required to be fulfilled, the applicable Terms Agreement may be terminated by [name of underwriter] by notice to the Company at any time at or prior to the Closing Time, and such termination shall be without liability of any party to any other party except as provided in Section 4(b) and except that Sections 6 and 7 shall survive any such termination and remain in full force and effect.

SECTION 6. Indemnification.

-----

(a) Indemnification of Underwriters. The Company will indemnify and hold each Underwriter harmless against any losses, claims, damages or liabilities, joint or several, to which any Underwriter may become subject, under the Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon an untrue statement or alleged untrue statement of a material fact contained in any Preliminary Prospectus, the Registration Statement, the Prospectus as amended or supplemented, and any other prospectus relating to the Underwritten Securities or any amendment or supplement thereto, or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, and will reimburse each Underwriter for any legal or other expenses reasonably incurred by it in connection with investigating or defending any such action or claim; provided,

-----

however, that the Company shall not be liable in any such case to the extent

-----

that any such loss, claim, damage or liability arises out of or is based upon an untrue statement or alleged untrue statement or omission or alleged omission

made in any Preliminary Prospectus, the Registration Statement, the Prospectus as amended or supplemented and any other prospectus relating to the Underwritten Securities or any such amendment or supplement in reliance upon and in conformity with written information furnished to the Company by the Underwriters expressly for use in the Prospectus as amended or supplemented relating to such Underwritten Securities; and provided, further, that the Company shall not be liable to any Underwriter under the indemnity agreement in this subsection (a) with respect to any Preliminary Prospectus to the extent that any such loss, claim, damage or liability results from the fact that such Underwriter sold Underwritten Securities to a person to whom there was not sent or given, at or prior to the written confirmation of such sale, a copy of the Prospectus (excluding documents incorporated by reference) or of the Prospectus as then amended or supplemented (excluding documents incorporated by reference) if the Company has previously furnished copies thereof to such Underwriter.

16

(b) Indemnification of Company. Each Underwriter will indemnify and hold harmless the Company against any losses, claims, damages or liabilities to which the Company may become subject, under the Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon an untrue statement or alleged untrue statement of a material fact contained in any Preliminary Prospectus, the Registration Statement, the Prospectus as amended or supplemented and any other prospectus relating to the Underwritten Securities, or any amendment or supplement thereto, or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, in each case to the extent, but only to the extent, that such untrue statement or alleged untrue statement or omission or alleged omission was made in any Preliminary Prospectus, the Registration Statement, the Prospectus as amended or supplemented and any other prospectus relating to the Underwritten Securities, or any such amendment or supplement in reliance upon and in conformity with written information furnished to the Company by such Underwriter expressly for use therein; and will reimburse the Company for any legal or other expenses reasonably incurred by the Company in connection with investigating or defending any such action or claim.

(c) Actions against Parties; Notification. Promptly after receipt by an indemnified party under subsection (a) or (b) above of notice of the commencement of any action, such indemnified party shall, if a claim in respect thereof is to be made against the indemnifying party under such subsection, notify the indemnifying party in writing of the commencement thereof; but the omission so to notify the indemnifying party shall not relieve it from any liability which it may have to any indemnified party otherwise than under such subsection. In case any such action shall be brought against any indemnified party and it shall notify the indemnifying party of the commencement thereof, the indemnifying party shall be entitled to participate therein and, to the extent that it shall wish, jointly with any other indemnifying party similarly notified, to assume the defense thereof, with counsel satisfactory to such indemnified party (who shall not, except with the consent of the indemnified

party, be counsel to the indemnifying party), and, after notice from the indemnifying party to such indemnified party of its election so to assume the defense thereof, the indemnifying party shall not be liable to such indemnified party under such subsection for any legal expenses of other counsel or any other expenses, in each case subsequently incurred by such indemnified party, in connection with the defense thereof other than reasonable costs of investigation. No indemnifying party shall, without the written consent of the indemnified party, effect the settlement or compromise of, or consent to the entry of any judgment with respect to, any pending or threatened action or claim in respect of which indemnification or contribution may be sought hereunder (whether or not the indemnified party is an actual or potential party to such action or claim) unless such settlement, compromise or judgment (i) includes an unconditional release of the indemnified party from all liability arising out of such action

17

or claim and (ii) does not include a statement as to, or an admission of, fault, culpability or a failure to act, by or on behalf of any indemnified party.

(d) The obligations of the Company under this Section 6 and Section 7 below shall be in addition to any liability which the Company may otherwise have and shall extend, upon the same terms and conditions, to each person, if any, who controls any Underwriter within the meaning of the Act; and each Underwriter's obligations under this Section 6 and Section 7 below shall be in addition to any liability which such Underwriter may otherwise have and shall extend, upon the same terms and conditions, to each officer and director of the Company and to each person, if any, who controls the Company within the meaning of the Act.

SECTION 7. Contribution. If the indemnification provided for in Section 6

-----

is unavailable to or insufficient to hold harmless an indemnified party under Section 6(a) in respect of any losses, claims, damages or liabilities (or actions in respect thereof) referred to therein, then each indemnifying party shall contribute to the amount paid or payable by such indemnified party as a result of such losses, claims, damages or liabilities (or actions in respect thereof) in such proportion as is appropriate to reflect the relative benefits received by the Company on the one hand and the Underwriters on the other from the offering of the Underwritten Securities to which such loss, claim, damage or liability (or action in respect thereof) relates. If, however, the indemnification provided for in Section 6 is unavailable to or insufficient to hold harmless an indemnified party under Section 6(b) in respect of any losses, claims, damages or liabilities (or actions in respect thereof) referred to therein, if the allocation provided by the immediately preceding sentence is not permitted by applicable law or if the indemnified party failed to give the notice required under Section 6(c), then each indemnifying party shall contribute to such amount paid or payable by such indemnified party in such proportion as is appropriate to reflect not only such relative benefits but also the relative fault of the Company on the one hand and the Underwriters on the

other in connection with the statements or omissions which resulted in such losses, claims, damages or liabilities (or actions in respect thereof), as well as any other relevant equitable considerations. The relative benefits received by the Company on the one hand and the Underwriters on the other shall be deemed to be in the same proportion as the total net proceeds from the sale of such Underwritten Securities (before deducting expenses) received by the Company bear to the total commissions or discounts received by the Underwriters in respect thereof. The relative fault shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact required to be stated therein or necessary in order to make the statements therein not misleading relates to information supplied by the Company on the one hand or by the Underwriters on the other and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. The Company and the Underwriters agree that it would not be just and equitable if contribution pursuant to this Section 7 were determined by pro rata allocation or by any other method of allocation which does not

18

take account of the equitable considerations referred to above in this Section 7. The amount paid or payable by an indemnified party as a result of the losses, claims, damages or liabilities (or actions in respect thereof) referred to above in this Section 7 shall be deemed to include any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any such action or claim. Notwithstanding the provisions of this Section 7, no Underwriter shall be required to contribute any amount in excess of the amount by which the total price at which the Underwritten Securities underwritten by it and distributed to the public were offered to the public exceeds the amount of any damages which such Underwriter has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. The obligations of the Underwriters to contribute pursuant to this Section 7 are several in proportion to their respective underwriting commitments, as set forth in the applicable Terms Agreement, and are not joint.

SECTION 8. Representations, Warranties and Agreements to Survive  
-----

Delivery. All representations, warranties, indemnities and agreements contained in this Underwriting Agreement or the applicable Terms Agreement or in certificates of officers of the Company submitted pursuant hereto or thereto shall remain operative and in full force and effect, regardless of any investigation made by or on behalf of any Underwriter or controlling person, or by or on behalf of the Company, and shall survive delivery of and payment for the Underwritten Securities.

SECTION 9. Termination.  
-----

(a) Underwriting Agreement. This Underwriting Agreement (excluding the applicable Terms Agreement) may be terminated for any reason at any time by the Company or [name of underwriter] upon the giving of 30 days' prior written notice of such termination to the other party hereto.

(b) Terms Agreement. [Name of underwriter] may terminate the applicable Terms Agreement, by notice to the Company, at any time at or prior to the Closing Time, if (i) there has been, since the time of execution of such Terms Agreement or since the respective dates as of which information is given in the Prospectus, any material adverse change in the condition, financial or otherwise, or in the earnings, business affairs or business prospects of the Company and its subsidiaries considered as one enterprise, whether or not arising in the ordinary course of business, or (ii) in the opinion of [name of underwriter], there has occurred any material adverse change in the financial markets in the United States, in the international financial markets, or any outbreak of hostilities or escalation thereof or other calamity or crisis or any change or development involving a prospective change in national or international political, financial or economic conditions,

19

in each case the effect of which is such as to make it, in the judgment of [name of underwriter], impracticable to market the Underwritten Securities or to enforce contracts for the sale of the Underwritten Securities, or (iii) trading in any securities of the Company has been suspended or limited by the Commission or the New York Stock Exchange, or if trading generally on the New York Stock Exchange or the American Stock Exchange or in the Nasdaq National Market System has been suspended or limited, or minimum or maximum prices for trading have been fixed, or maximum ranges for prices have been required, by either of said exchanges or by such system or by order of the Commission, the NASD or any other governmental authority, or (iv) a banking moratorium has been declared by either Federal or New York authorities or, if the Underwritten Securities include Securities denominated or payable in, or indexed to, one or more foreign or composite currencies, by the relevant authorities in the related foreign country or countries.

(c) Liabilities. If this Underwriting Agreement or the applicable Terms Agreement is terminated pursuant to this Section 9, such termination shall be without liability of any party to any other party except as provided in Section 4(b) hereof, and provided further that Sections 6 and 7 shall survive such termination and remain in full force and effect.

SECTION 10. Default by One or More of the Underwriters. If one or more  
-----  
of the Underwriters shall fail at the Closing Time to purchase the Underwritten Securities which it or they are obligated to purchase under the applicable Terms Agreement (the "Defaulted Securities"), then [name of underwriter] shall have the right, within 24 hours thereafter, to make arrangements for one or more of the non-defaulting Underwriters, or any other underwriters, to purchase all, but

not less than all, of the Defaulted Securities in such amounts as may be agreed upon and upon the terms herein set forth; if, however, [name of underwriter] shall not have completed such arrangements within such 24-hour period, then:

(a) if the aggregate principal amount of Defaulted Securities does not exceed 10% of the aggregate principal amount of Underwritten Securities to be purchased on such date pursuant to such Terms Agreement, the non-defaulting Underwriters shall be obligated, severally and not jointly, to purchase the full amount thereof in the proportions that their respective underwriting obligations under such Terms Agreement bear to the underwriting obligations of all non-defaulting Underwriters, or

(b) if the aggregate principal amount of Defaulted Securities exceeds 10% of the aggregate principal amount of Underwritten Securities to be purchased on such date pursuant to such Terms Agreement, such Terms Agreement shall terminate without liability on the part of any non-defaulting Underwriter, except for the indemnification and contribution agreements in Sections 6 and 7 hereof.

20

No action taken pursuant to this Section 10 shall relieve any defaulting Underwriter from liability in respect of its default.

In the event of any such default which does not result in a termination of the applicable Terms Agreement, either [name of underwriter] or the Company shall have the right to postpone the Closing Time for a period not exceeding seven days in order to effect any required changes in the Registration Statement or the Prospectus or in any other documents or arrangements.

SECTION 11. Notices. All notices and other communications hereunder

-----

shall be in writing and shall be deemed to have been duly given if mailed or transmitted by any standard form of telecommunication. Notices to the Underwriters shall be directed to [name of underwriter] at [\_\_\_\_\_], attention [\_\_\_\_\_], or, in respect of any Terms Agreement, to such other person and place as may be specified therein; and notices to the Company shall be directed to it at 3322 West End Avenue, Nashville, Tennessee 37023-0983, attention of the General Counsel.

SECTION 12. Parties. This Underwriting Agreement and the applicable

-----

Terms Agreement shall each inure to the benefit of and be binding upon the Company, [name of underwriter] and, upon execution of such Terms Agreement, any other Underwriters and their respective successors. Nothing expressed or mentioned in this Underwriting Agreement or such Terms Agreement is intended or shall be construed to give any person, firm or corporation, other than the Underwriters and the Company and their respective successors and the controlling persons and officers and directors referred to in Sections 6 and 7 and their



heirs and legal representatives, any legal or equitable right, remedy or claim under or in respect of this Underwriting Agreement or such Terms Agreement or any provision herein or therein contained. This Underwriting Agreement and such Terms Agreement and all conditions and provisions hereof and thereof are intended to be for the sole and exclusive benefit of the parties hereto and thereto and their respective successors, and said controlling persons and officers and directors and their heirs and legal representatives, and for the benefit of no other person, firm or corporation. No purchaser of Underwritten Securities from any Underwriter shall be deemed to be a successor by reason merely of such purchase.

SECTION 13. GOVERNING LAW. THIS UNDERWRITING AGREEMENT AND ANY

-----

APPLICABLE TERMS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK APPLICABLE TO AGREEMENTS MADE AND TO BE PERFORMED IN SUCH STATE.

SECTION 14. Effect of Headings. The Article and Section headings herein

-----

and the Table of Contents are for convenience only and shall not affect the construction hereof.

If the foregoing is in accordance with [name of underwriter]'s understanding of the agreement, please sign and return to the Company a counterpart hereof, whereupon this Underwriting Agreement, along with all counterparts, will become a binding agreement between [name of underwriter] and the Company in accordance with its terms.

Very truly yours,

CATERPILLAR FINANCIAL SERVICES CORPORATION

By: \_\_\_\_\_

Name:

Title:

CONFIRMED AND ACCEPTED,  
as of the date first above written:

[UNDERWRITER]

By: \_\_\_\_\_

Authorized signatory

CATERPILLAR FINANCIAL SERVICES CORPORATION  
(a Delaware corporation)

Debt Securities

TERMS AGREEMENT

-----

Dated: \_\_\_\_\_, \_\_\_\_\_

To: Caterpillar Financial Services Corporation  
3322 West End Avenue  
Nashville, Tennessee 37023-0983

Ladies and Gentlemen:

We understand that Caterpillar Financial Services Corporation, a Delaware corporation (the "Company"), proposes to issue and sell \$ aggregate principal amount of its debt securities (the "Securities") (such securities also being hereinafter referred to as the "Underwritten Securities"). Subject to the terms and conditions set forth or incorporated by reference herein, we [the underwriters named below (the "Underwriters")] offer to purchase [, severally and not jointly,] the principal amount of Underwritten Securities [opposite their names set forth below] at the purchase price set forth below.

Underwriter	Principal Amount
-----	of Underwritten Securities
	-----

Total	_____
	[\$]
	=====

A-1

The Underwritten Securities shall have the following terms:

Title:  
-----

Rank:

Aggregate principal amount:

Denominations:  
Currency of payment:  
Interest rate or formula:  
Interest payment dates:  
Regular record dates:  
Stated maturity date:  
Redemption provisions:  
Sinking fund requirements:  
Listing requirements:  
Rating requirements:  
Black-out provisions:  
Fixed or Variable Price Offering: [Fixed] [Variable] Price Offering  
If Fixed Price Offering, initial public offering price per share: % of the principal amount, plus accrued interest [amortized original issue discount], if any, from \_\_\_\_\_.  
Purchase price: \_\_\_% of principal amount, plus accrued interest [amortized original issue discount], if any, from \_\_\_\_\_.  
Form:  
Other terms and conditions:  
Closing date and location:

All of the provisions contained in the document attached as Annex I hereto entitled "CATERPILLAR FINANCIAL SERVICES CORPORATION -- Debt Securities -- Underwriting Agreement" (the "Underwriting Agreement") are hereby incorporated by reference in their entirety herein and shall be deemed to be a part of this Terms Agreement to the same extent as if such provisions had been set forth in full herein. Terms defined in such document are used herein as therein defined. Each reference to Underwriters in the Underwriting Agreement so incorporated herein by reference shall be deemed to refer to the Underwriters as defined in this Terms Agreement.

A-2

Please accept this offer no later than \_\_\_\_\_ P.M. (New York City time) on \_\_\_\_\_ by signing a copy of this Terms Agreement in the space set forth below and returning the signed copy to us.

Very truly yours,

[Underwriter]

By: \_\_\_\_\_

Authorized Signatory

Acting on behalf of itself and the other named Underwriters.

Accepted:

CATERPILLAR FINANCIAL SERVICES  
CORPORATION

By: \_\_\_\_\_

Name:

Title:

A-3

THIS NOTE IS A GLOBAL SECURITY WITHIN THE MEANING OF THE INDENTURE HEREINAFTER REFERRED TO AND IS REGISTERED IN THE NAME OF A DEPOSITARY OR A NOMINEE OF A DEPOSITARY. THIS GLOBAL SECURITY IS EXCHANGEABLE FOR NOTES REGISTERED IN THE NAME OF A PERSON OTHER THAN THE DEPOSITARY OR ITS NOMINEE ONLY IN THE LIMITED CIRCUMSTANCES DESCRIBED IN THE INDENTURE, AND NO TRANSFER OF THIS NOTE (OTHER THAN A TRANSFER OF THIS NOTE AS A WHOLE BY THE DEPOSITARY TO A NOMINEE OF THE DEPOSITARY OR BY A NOMINEE OF THE DEPOSITARY TO THE DEPOSITARY OR ANOTHER NOMINEE OF THE DEPOSITARY) MAY BE REGISTERED EXCEPT IN SUCH LIMITED CIRCUMSTANCES. UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITARY TRUST COMPANY (55 WATER STREET, NEW YORK, NEW YORK) TO THE ISSUER OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITARY TRUST COMPANY AND ANY PAYMENT HEREON MADE TO CEDE & CO., ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL SINCE THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

No.

CUSIP \_\_\_\_\_

\$ \_\_\_\_\_

## Caterpillar Financial Services Corporation

Floating Rate Note due August 1, 2002

Caterpillar Financial Services Corporation, a Delaware corporation (hereinafter called the "Company", which term includes any successor corporation under the Indenture herein referred to), for value received, hereby promises to pay to CEDE & CO., or registered assigns, the principal sum of \_\_\_\_\_ Dollars (\$ \_\_\_\_\_) on August 1, 2002 and to pay interest thereon at a floating rate determined in the manner described herein from July 30, 1999, or from the most recent date in respect of which interest has been paid or duly provided for but excluding the next Interest Payment Date (as defined below) or Maturity, as the case may be, quarterly on February 1, May 1, August 1 and November 1 of each year (each, an "Interest Payment Date"), commencing November 1, 1999, and at Maturity, until the principal hereof is paid or duly made available for payment. The interest so payable and punctually paid or duly provided for on any Interest Payment Date will, as provided in such Indenture, be paid to the

Person in whose name this Note (or one or more Predecessor Securities) is registered at the close of business on a Regular Record Date for such interest, which shall be the January 17, April 16, July 17 or October 17 (whether or not a Business Day) next preceding such Interest Payment Date. Any such interest which

is payable, but is not punctually paid or duly provided for on any Interest Payment Date, shall forthwith cease to be payable to the registered Holder on such Regular Record Date, and may be paid to the Person in whose name this Note (or one or more Predecessor Securities) is registered at the close of business on a Special Record Date for the payment of such Defaulted Interest to be fixed by the Trustee referred to below, notice whereof shall be given to the Holder of this Note not less than 10 days prior to such Special Record Date, or may be paid at any time in any other lawful manner, as more fully provided in such Indenture.

Except as otherwise set forth below, payment of the principal of and the interest on this Note will be made at the office or agency of the Company maintained for that purpose in the Borough of Manhattan, The City of New York, in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts; provided, however, that payment of interest may be made at the option of the Company by check mailed to the address of the Person entitled thereto as such address shall appear in the Security Register.

This Note is one of the series of Floating Rate Notes due August 1, 2002 (the "Notes").

The interest rate per annum on the Notes in effect for each day of any Interest Period (as defined below) will be equal to LIBOR (as defined below) plus 0.30%. The interest rate for each Interest period will be reset on the first day of each Interest Period, beginning July 30, 1999 (each such date an "Interest Reset Date") until Maturity. If an Interest Payment Date is not a Business Day, such Interest Payment Date shall be postponed to the next succeeding Business Day.

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

"Interest Period" means the period from and including July 30, 1999 to but excluding November 1, 1999 and each successive period from and including an Interest Payment Date to but excluding the next Interest Payment Date, and in the case of the last such period, from and including an Interest Payment Date immediately preceding Maturity

-2-

to but not including Maturity. If Maturity is not a Business Day, then the principal amount of the Notes plus accrued and unpaid interest thereon shall be paid on the next succeeding Business Day and no interest shall accrue for the Maturity or any day thereafter.

"LIBOR" means the rate on the second London Business Day preceding the Interest Reset Date for such Interest Rate Period (the "Interest Determination Date") determined by the Company in accordance with the following provisions:

- (1) On each Interest Determination Date, the Company will ascertain the offered rate for three-month deposits in U.S. dollars in the London interbank market, which appears on the Telerate Page 3750 (as defined below) as of 11:00 a.m. (London time) on such Interest Determination Date.
- (2) If such rate does not appear on the Telerate Page 3750, or the Telerate Page 3750 is unavailable, the Company will request four major banks in the London interbank market (the "Reference Banks") to provide the Company with their offered quotations (expressed as a rate per annum) for three-month deposits in U.S. dollars to leading banks in the London interbank market, in principal amount equal to an amount of not less than \$1,000,000 that is representative for a single transaction in such market at such time, at approximately 11:00 a.m. (London time) on the Interest Determination Date. If at least two such quotations are provided, LIBOR on such Interest Determination Date will be the arithmetic mean (rounded upwards, if necessary, to the nearest one hundred-thousandth of a percentage point, with five one-millionths of a percentage point rounded upwards) of such quotations.
- (3) If less than two of the Reference Banks provide the Company with such offered quotations, LIBOR in respect of that Interest Determination Date will be the arithmetic mean (rounded upwards, if necessary, to the nearest one hundred-thousandth of a percentage point, with five one-millionths of a percentage point rounded upwards) of the rates quoted by three major banks in The City of New York selected by the Company at approximately 11:00 a.m. (New York City time) on that Interest Determination Date for three-month loans in U.S. dollars to leading European banks, in a principal amount equal to not less than \$1,000,000 that is representative for a single transaction in such market at such time; provided, however, that if the banks selected as aforesaid by the Company are not quoting as mentioned in this sentence, LIBOR will be LIBOR in effect on such Interest Determination Date.

-3-

"Telerate Page 3750" means the display designated as Page "3750" on Bridge Telerate, Inc. (or such other page as may replace that page on that service as Page "3750" or such other service or services as may be nominated by the British Bankers' Association for the purpose of displaying London interbank offered rates for U.S. dollar deposits).

Interest on the Notes will be computed on the basis of the actual number of days in the applicable Interest Period divided by 360.

The interest rate on the Notes will in no event be higher than the

maximum rate permitted by New York Law as the same may be modified by United States law of general application.

The Company will, subject to the exceptions and limitations set forth below, pay as additional interest on the Notes, such additional amounts ("Additional Amounts") as are necessary in order that the net payment by the Company or a paying agent of the principal of and interest on the Notes to a holder who is a non-United States person (as defined below), after deduction for any present or future tax, assessment or other governmental charge of the United States or a political subdivision or taxing authority thereof or therein, imposed by withholding with respect to the payment, will not be less than the amount provided in the Notes to be then due and payable; provided, however, that the foregoing obligation to pay Additional Amounts shall not apply:

(1) to any tax, assessment or other governmental charge that is imposed or withheld solely by reason of the holder, or a fiduciary, settlor, beneficiary,

-4-

member or shareholder of the holder if the holder is an estate, trust, partnership or corporation, or a person holding a power over an estate or trust administered by a fiduciary holder, being considered as:

(a) being or having been present or engaged in a trade or business in the United States or having had a permanent establishment in the United States;

(b) having a current or former relationship with the United States, including a relationship as a citizen or resident thereof;

(c) being or having been a foreign or domestic personal holding company, a passive foreign investment company or a controlled foreign corporation with respect to the United States or a corporation that has accumulated earnings to avoid United States federal income tax;

(d) being or having been a "10-percent shareholder" of the Company as defined in section 871(h) (3) of the United States Internal Revenue Code or any successor provision; or

(e) being a bank receiving payments on an extension of credit made pursuant to a loan agreement entered into in the ordinary course of its trade or business;

(2) to any holder that is not the sole beneficial owner of the Note, or a portion thereof, or that is a fiduciary or partnership, but only to the extent that a beneficiary or settlor with respect to the fiduciary, a beneficial owner or member of the partnership would not have been entitled to the payment of an Additional Amount had the beneficiary, settlor, beneficial owner or member received directly its beneficial or distributive



share of the payment;

(3) to any tax, assessment or other governmental charge that is imposed or withheld solely by reason of the failure of the holder or any other person to comply with certification, identification or information reporting requirements concerning the nationality, residence, identity or connection with the United States of the holder or beneficial owner of such Note, if compliance is required by statute, by regulation of the United States Treasury Department or by an applicable income tax treaty to which the United States is a party as a precondition to exemption from such tax, assessment or other governmental charge;

(4) to any tax, assessment or other governmental charge that is imposed otherwise than by withholding by the Company or a paying agent from the payment;

-5-

(5) to any tax, assessment or other governmental charge that is imposed or withheld solely by reason of a change in law, regulation, or administrative or judicial interpretation that becomes effective more than 15 days after the payment becomes due or is duly provided for, whichever occurs later;

(6) to any estate, inheritance, gift, sales, excise, transfer, wealth or personal property tax or similar tax, assessment or other governmental charge;

(7) to any tax, assessment or other governmental charge required to be withheld by any paying agent from any payment of principal of or interest on any Note, if such payment can be made without such withholding by any other paying agent; or

(8) in the case of any combination of items (1), (2), (3), (4), (5), (6) and (7).

Except as specifically provided herein, the Company shall not be required to make any payment with respect to any tax, assessment or other governmental charge imposed by any government or a political subdivision or taxing authority thereof or therein.

The term "United States" means the United States of America (including the States and the District of Columbia) and its territories, its possessions and other areas subject to its jurisdiction, "United States person" means any individual who is a citizen or resident of the United States, a corporation, partnership or other entity created or organized in or under the laws of the United States, any state thereof or the District of Columbia (other than a partnership that is not treated as a United States person under any applicable Treasury regulations), any estate the income of which is subject to United States federal income taxation regardless of its source, or any trust if a court

within the United States is able to exercise primary supervision over the administration of the trust and one or more United States persons have the authority to control all substantial decisions of the trust. Notwithstanding the preceding sentence, to the extent provided in the Treasury regulations, certain trusts in existence on August 20, 1996, and treated as United States persons prior to such date that elect to continue to be treated as United States persons, will also be United States persons. "Non-United States person" means a person who is not a United States person.

The Company may vary or terminate the appointment of any of its paying or transfer agencies, and may appoint additional paying or transfer agencies, but the Company will, as long as any of the Notes remain listed on the Luxembourg Stock Exchange, maintain a paying and transfer agent having offices in Luxembourg. So long as any of the Notes remain listed on the Luxembourg Stock Exchange, notices will be given to holders of Notes by publication at least once in a daily newspaper of general circulation in Luxembourg.

-6-

This Note is one of a duly authorized issue of Securities of the Company, issued and to be issued under an Indenture, dated as of April 15, 1985, as amended (herein called the "Indenture"), between the Company and U.S. Bank Trust National Association, as successor Trustee (herein called the "Trustee", which term includes any successor trustee under the Indenture), to which Indenture and all indentures supplemental thereto reference is hereby made for a statement of the respective rights thereunder of the Company, the Trustee and the Holders of the Notes, and the terms upon which the Notes are, and are to be, authenticated and delivered.

The Notes are not subject to redemption by the Company prior to maturity, provided, however, if, as a result of any change in, or amendment to, the laws (or any regulations or rulings promulgated thereunder) of the United States (or any political subdivision or taxing authority thereof or therein), or any change in, or amendments to, an official position regarding the application or interpretation of such laws, regulations or rulings, which change or amendment is announced or becomes effective on or after July 23, 1999, the Company becomes or, based upon a written opinion of independent counsel selected by the Company, will become obligated to pay Additional Amounts as described herein, then the Company may, at its option, redeem, as a whole, but not in part, the Notes on not less than 30 nor more than 60 days' prior notice, at a redemption price equal to 100% of their principal amount, together with interest accrued but unpaid thereon to the date fixed for redemption.

The Notes are not subject to any sinking fund.

If an Event of Default with respect to the Notes shall occur and be continuing, the principal of all the Notes may be declared due and payable in the manner and with the effect provided in the Indenture.

The Indenture permits, with certain exceptions as therein provided,

the amendment thereof and the modification of the rights and obligations of the Company and the rights of the Holders of the Notes of each series to be affected under the Indenture at any time by the Company and the Trustee with the consent of the Holders of not less than 66-2/3% in aggregate principal amount of the Notes at the time Outstanding of each series affected thereby. The Indenture also contains provisions permitting the Holders of specified percentages in aggregate principal amount of the Notes of each series at the time Outstanding, on behalf of the Holders of all Notes of each series, to waive compliance by the Company with certain provisions of the Indenture and certain past defaults under the Indenture and their consequences. Any such consent or waiver by the Holder of this Note shall be conclusive and binding upon such Holder and upon all future Holders of this Note and of any Note issued upon the registration of transfer hereof or in exchange herefor or in lieu hereof whether or not notation of such consent or waiver is made upon this Note.

-7-

No reference herein to the Indenture and no provision of this Note or of the Indenture shall alter or impair the obligation of the Company, which is absolute and unconditional, to pay the principal of and interest on this Note, at the time, place, and rate, and in the coin or currency, herein prescribed. However, the Indenture limits the Holder's rights to enforce the Indenture and this Note.

As provided in the Indenture and subject to certain limitations set forth therein and on the face hereof, the transfer of this Note may be registered on the Security Register of the Company, upon surrender of this Note for registration of transfer at the office or agency of the Company in the Borough of Manhattan, The City of New York, duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Company duly executed by, the Holder hereof or by his attorney duly authorized in writing, and thereupon one or more new Notes, of authorized denominations and for the same aggregate principal amount, will be issued to the designated transferee or transferees.

The Notes are issuable only in registered form without coupons in denominations of \$1,000 and integral multiples thereof. As provided in the Indenture and subject to certain limitations set forth therein and on the face hereof, the Notes are exchangeable for a like aggregate principal amount of Notes in authorized denominations as requested by the Holder surrendering the same. If (x) the Depositary notifies the Company that it is unwilling or unable to continue as Depositary for the Notes or if at any time ceases to be a clearing agency registered under the Securities Exchange Act of 1934, as amended, (y) the Company in its discretion executes and delivers to the Trustee a Company Order that this Note shall be exchangeable or (z) there shall have occurred and be continuing an Event of Default with respect to the Notes, this Note shall be exchangeable for Notes in definitive form of like tenor and of an equal aggregate principal amount, in denominations of \$1,000 and integral multiples thereof. Such definitive Notes shall be registered in such name or names as the Depositary shall instruct the Trustee. If definitive Notes are so

delivered, the Company may make such changes to the form of this Note as are necessary or appropriate to allow for the issuance of such definitive Notes.

No service charge shall be made for any such registration, transfer or exchange, but the Company may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

Prior to due presentment of this Note for registration or transfer, the Company, the Trustee and any agent of the Company or the Trustee may treat the Person in whose name this Note is registered as the owner hereof for all purposes, whether or not this Note is overdue, and neither the Company, the Trustee nor any such agent shall be affected by notice to the contrary.

-8-

The Indenture and the Notes shall be governed by and construed in accordance with the laws of the State of New York.

All terms used in this Note which are defined in the Indenture, but not in this Note, shall have the meanings assigned to them in the Indenture.

Unless the certificate of authentication hereon has been executed by U.S. Bank Trust National Association, as successor Trustee under the Indenture, or its successor thereunder, by the manual signature of one of its authorized officers, this Note shall not be entitled to any benefits under the Indenture, or be valid or obligatory for any purpose.

IN WITNESS WHEREOF, the Company has caused this instrument to be duly executed under its corporate seal.

Dated:

CERTIFICATE OF AUTHENTICATION  
This is one of the Securities of the series designated therein referred to in the within mentioned Indenture.

Caterpillar Financial Services Corporation

U.S. Bank Trust National Association,  
as Trustee

By: \_\_\_\_\_  
Treasurer

By: \_\_\_\_\_  
Authorized Officer

Attest: \_\_\_\_\_  
Secretary

-9-

THIS NOTE IS A GLOBAL SECURITY WITHIN THE MEANING OF THE INDENTURE HEREINAFTER REFERRED TO AND IS REGISTERED IN THE NAME OF A DEPOSITARY OR A NOMINEE OF A DEPOSITARY. THIS GLOBAL SECURITY IS EXCHANGEABLE FOR NOTES REGISTERED IN THE NAME OF A PERSON OTHER THAN THE DEPOSITARY OR ITS NOMINEE ONLY IN THE LIMITED CIRCUMSTANCES DESCRIBED IN THE INDENTURE, AND NO TRANSFER OF THIS NOTE (OTHER THAN A TRANSFER OF THIS NOTE AS A WHOLE BY THE DEPOSITARY TO A NOMINEE OF THE DEPOSITARY OR BY A NOMINEE OF THE DEPOSITARY TO THE DEPOSITARY OR ANOTHER NOMINEE OF THE DEPOSITARY) MAY BE REGISTERED EXCEPT IN SUCH LIMITED CIRCUMSTANCES. UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITARY TRUST COMPANY (55 WATER STREET, NEW YORK, NEW YORK) TO THE ISSUER OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITARY TRUST COMPANY AND ANY PAYMENT HEREON MADE TO CEDE & CO., ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL SINCE THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

No.

CUSIP \_\_\_\_\_

\$ \_\_\_\_\_

## Caterpillar Financial Services Corporation

6-7/8% Note due August 1, 2004

Caterpillar Financial Services Corporation, a Delaware corporation (hereinafter called the "Company", which term includes any successor corporation under the Indenture herein referred to), for value received, hereby promises to pay to CEDE & CO., or registered assigns, the principal sum of \_\_\_\_\_ Dollars (\$ \_\_\_\_\_) on August 1, 2004 and to pay interest thereon at a rate of 6-7/8% per annum from July 30, 1999, or from the most recent date in respect of which interest has been paid or duly provided for, but excluding the next Interest Payment Date (as defined below) or Maturity, as the case may be, semiannually on February 1 and August 1 of each year (each, an "Interest Payment Date"), commencing February 1, 2000, and at Maturity, until the principal hereof is paid or duly made available for payment. The interest so payable and punctually paid or duly provided for on any Interest Payment Date will, as provided in such Indenture, be paid to the Person in whose name this Note (or one or more Predecessor Securities) is registered at the close of business on a Regular Record Date for such interest,

which shall be the January 15 or July 15 (whether or not a Business Day) next preceding such Interest Payment Date. Any such interest which is payable, but is

not punctually paid or duly provided for on any Interest Payment Date, shall forthwith cease to be payable to the registered Holder on such Regular Record Date, and may be paid to the Person in whose name this Note (or one or more Predecessor Securities) is registered at the close of business on a Special Record Date for the payment of such Defaulted Interest to be fixed by the Trustee referred to below, notice whereof shall be given to the Holder of this Note not less than 10 days prior to such Special Record Date, or may be paid at any time in any other lawful manner, as more fully provided in such Indenture.

Except as otherwise set forth below, payment of the principal of and the interest on this Note will be made at the office or agency of the Company maintained for that purpose in the Borough of Manhattan, The City of New York, in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts; provided, however, that payment of interest may be made at the option of the Company by check mailed to the address of the Person entitled thereto as such address shall appear in the Security Register.

This Note is one of the series of 6-7/8% Notes due August 1, 2004 (the "Notes").

Interest on the Notes will be computed and paid on the basis of a 360-day year of twelve 30-day months. If Maturity is not a Business Day, then the principal amount of the Notes plus accrued and unpaid interest thereon shall be paid on the next succeeding Business Day and no interest shall accrue for the Maturity or any day thereafter.

The Company will, subject to the exceptions and limitations set forth below, pay as additional interest on the Notes, such additional amounts ("Additional Amounts") as are necessary in order that the net payment by the Company or a paying agent of the principal of and interest on the Notes to a holder who is a non-United States person (as defined below), after deduction for any present or future tax, assessment or other governmental charge of the United States or a political subdivision or taxing authority thereof or therein, imposed by withholding with respect to the payment, will not be less than the amount provided in the Notes to be then due and payable; provided, however, that the foregoing obligation to pay Additional Amounts shall not apply:

(1) to any tax, assessment or other governmental charge that is imposed or withheld solely by reason of the holder, or a fiduciary, settlor, beneficiary, member or shareholder of the holder if the holder is an estate, trust, partnership or corporation, or a person holding a power over an estate or trust administered by a fiduciary holder, being considered as:

-2-

(a) being or having been present or engaged in a trade or business in the United States or having had a permanent establishment in the United States;

(b) having a current or former relationship with the United States, including a relationship as a citizen or resident thereof;

(c) being or having been a foreign or domestic personal holding company, a passive foreign investment company or a controlled foreign corporation with respect to the United States or a corporation that has accumulated earnings to avoid United States federal income tax;

(d) being or having been a "10-percent shareholder" of the Company as defined in section 871(h) (3) of the United States Internal Revenue Code or any successor provision; or

(e) being a bank receiving payments on an extension of credit made pursuant to a loan agreement entered into in the ordinary course of its trade or business;

(2) to any holder that is not the sole beneficial owner of the Note, or a portion thereof, or that is a fiduciary or partnership, but only to the extent that a beneficiary or settlor with respect to the fiduciary, a beneficial owner or member of the partnership would not have been entitled to the payment of an Additional Amount had the beneficiary, settlor, beneficial owner or member received directly its beneficial or distributive share of the payment;

(3) to any tax, assessment or other governmental charge that is imposed or withheld solely by reason of the failure of the holder or any other person to comply with certification, identification or information reporting requirements concerning the nationality, residence, identity or connection with the United States of the holder or beneficial owner of such Note, if compliance is required by statute, by regulation of the United States Treasury Department or by an applicable income tax treaty to which the United States is a party as a precondition to exemption from such tax, assessment or other governmental charge;

(4) to any tax, assessment or other governmental charge that is imposed otherwise than by withholding by the Company or a paying agent from the payment;

(5) to any tax, assessment or other governmental charge that is imposed or withheld solely by reason of a change in law, regulation, or administrative or

-3-

judicial interpretation that becomes effective more than 15 days after the payment becomes due or is duly provided for, whichever occurs later;

(6) to any estate, inheritance, gift, sales, excise, transfer, wealth or personal property tax or similar tax, assessment or other governmental

charge;

(7) to any tax, assessment or other governmental charge required to be withheld by any paying agent from any payment of principal of or interest on any Note, if such payment can be made without such withholding by any other paying agent; or

(8) in the case of any combination of items (1), (2), (3), (4), (5), (6) and (7).

Except as specifically provided herein, the Company shall not be required to make any payment with respect to any tax, assessment or other governmental charge imposed by any government or a political subdivision or taxing authority thereof or therein.

The term "United States" means the United States of America (including the States and the District of Columbia) and its territories, its possessions and other areas subject to its jurisdiction, "United States person" means any individual who is a citizen or resident of the United States, a corporation, partnership or other entity created or organized in or under the laws of the United States, any state thereof or the District of Columbia (other than a partnership that is not treated as a United States person under any applicable Treasury regulations), any estate the income of which is subject to United States federal income taxation regardless of its source, or any trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more United States persons have the authority to control all substantial decisions of the trust. Notwithstanding the preceding sentence, to the extent provided in the Treasury regulations, certain trusts in existence on August 20, 1996, and treated as United States persons prior to such date that elect to continue to be treated as United States persons, will also be United States persons. "Non-United States person" means a person who is not a United States person.

The Company may vary or terminate the appointment of any of its paying or transfer agencies, and may appoint additional paying or transfer agencies, but the Company will, as long as any of the Notes remain listed on the Luxembourg Stock Exchange, maintain a paying and transfer agent having offices in Luxembourg. So long as any of the Notes remain listed on the Luxembourg Stock Exchange, notices will be given to holders of Notes by publication at least once in a daily newspaper of general circulation in Luxembourg.

-4-

This Note is one of a duly authorized issue of Securities of the Company, issued and to be issued under an Indenture, dated as of April 15, 1985, as amended (herein called the "Indenture"), between the Company and U.S. Bank Trust National Association, as successor Trustee (herein called the "Trustee", which term includes any successor trustee under the Indenture), to which Indenture and all indentures supplemental thereto reference is hereby made for a statement of the respective rights thereunder of the Company, the Trustee and



the Holders of the Notes, and the terms upon which the Notes are, and are to be, authenticated and delivered.

The Notes are not subject to redemption by the Company prior to maturity, provided, however, if, as a result of any change in, or amendment to, the laws (or any regulations or rulings promulgated thereunder) of the United States (or any political subdivision or taxing authority thereof or therein), or any change in, or amendments to, an official position regarding the application or interpretation of such laws, regulations or rulings, which change or amendment is announced or becomes effective on or after July 23, 1999, the Company becomes or, based upon a written opinion of independent counsel selected by the Company, will become obligated to pay Additional Amounts as described herein, then the Company may, at its option, redeem, as a whole, but not in part, the Notes on not less than 30 nor more than 60 days' prior notice, at a redemption price equal to 100% of their principal amount, together with interest accrued but unpaid thereon to the date fixed for redemption.

The Notes are not subject to any sinking fund.

If an Event of Default with respect to the Notes shall occur and be continuing, the principal of all the Notes may be declared due and payable in the manner and with the effect provided in the Indenture.

The Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Company and the rights of the Holders of the Securities of each series to be affected under the Indenture at any time by the Company and the Trustee with the consent of the Holders of not less than 66-2/3% in aggregate principal amount of the Securities at the time Outstanding of each series affected thereby. The Indenture also contains provisions permitting the Holders of specified percentages in aggregate principal amount of the Securities of each series at the time Outstanding, on behalf of the Holders of all Securities of each series, to waive compliance by the Company with certain provisions of the Indenture and certain past defaults under the Indenture and their consequences. Any such consent or waiver by the Holder of this Note shall be conclusive and binding upon such Holder and upon all future Holders of this Note and of any Note issued upon the registration of transfer hereof or in exchange herefor or in lieu hereof whether or not notation of such consent or waiver is made upon this Note.

-5-

No reference herein to the Indenture and no provision of this Note or of the Indenture shall alter or impair the obligation of the Company, which is absolute and unconditional, to pay the principal of and interest on this Note, at the time, place, and rate, and in the coin or currency, herein prescribed. However, the Indenture limits the Holder's rights to enforce the Indenture and this Note.

As provided in the Indenture and subject to certain limitations set forth therein and on the face hereof, the transfer of this Note may be

registered on the Security Register of the Company, upon surrender of this Note for registration of transfer at the office or agency of the Company in the Borough of Manhattan, The City of New York, duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Company duly executed by, the Holder hereof or by his attorney duly authorized in writing, and thereupon one or more new Notes, of authorized denominations and for the same aggregate principal amount, will be issued to the designated transferee or transferees.

The Notes are issuable only in registered form without coupons in denominations of \$1,000 and integral multiples thereof. As provided in the Indenture and subject to certain limitations set forth therein and on the face hereof, the Notes are exchangeable for a like aggregate principal amount of Notes in authorized denominations as requested by the Holder surrendering the same. If (x) the Depositary notifies the Company that it is unwilling or unable to continue as Depositary for the Notes or if at any time ceases to be a clearing agency registered under the Securities Exchange Act of 1934, as amended, (y) the Company in its discretion executes and delivers to the Trustee a Company Order that this Note shall be exchangeable or (z) there shall have occurred and be continuing an Event of Default with respect to the Notes, this Note shall be exchangeable for Notes in definitive form of like tenor and of an equal aggregate principal amount, in denominations of \$1,000 and integral multiples thereof. Such definitive Notes shall be registered in such name or names as the Depositary shall instruct the Trustee. If definitive Notes are so delivered, the Company may make such changes to the form of this Note as are necessary or appropriate to allow for the issuance of such definitive Notes.

No service charge shall be made for any such registration, transfer or exchange, but the Company may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

Prior to due presentment of this Note for registration or transfer, the Company, the Trustee and any agent of the Company or the Trustee may treat the Person in whose name this Note is registered as the owner hereof for all purposes, whether or not this Note is overdue, and neither the Company, the Trustee nor any such agent shall be affected by notice to the contrary.

-6-

The Indenture and the Notes shall be governed by and construed in accordance with the laws of the State of New York.

All terms used in this Note which are defined in the Indenture, but not in this Note, shall have the meanings assigned to them in the Indenture.

Unless the certificate of authentication hereon has been executed by U.S. Bank Trust National Association, as successor Trustee under the Indenture, or its successor thereunder, by the manual signature of one of its authorized officers, this Note shall not be entitled to any benefits under the Indenture, or be valid or obligatory for any purpose.

IN WITNESS WHEREOF, the Company has caused this instrument to be duly executed under its corporate seal.

Dated:

CERTIFICATE OF AUTHENTICATION

This is one of the Securities of the series designated therein referred to in the within mentioned Indenture.

U.S. Bank Trust National Association,  
as Trustee

By: \_\_\_\_\_  
Authorized Officer

Caterpillar Financial Services  
Corporation

By: \_\_\_\_\_  
Treasurer

Attest: \_\_\_\_\_  
Secretary

## CATERPILLAR FINANCIAL SERVICES CORPORATION

## COMPUTATION OF RATIO OF PROFIT TO FIXED CHARGES

(Unaudited)  
(Millions of Dollars)

<TABLE>  
<CAPTION>

	Six Months Ended	
	June 30, 1999	June 30, 1998
	-----	-----
<S>	<C>	<C>
Net Income	\$ 66	\$ 49
Add:		
Provision for income taxes	38	29
Deduct:		
Equity in profit of partnerships	(1)	(2)
Profit before taxes	----- \$ 103 =====	----- \$ 76 =====
Fixed Charges:		
Interest on borrowed funds	\$ 271	\$ 231
Rentals at computed interest*	2	2
Total fixed charges	----- \$ 273 =====	----- \$ 233 =====
Profit before taxes plus fixed charges	\$ 376 =====	\$ 309 =====
Ratio of profit before taxes plus fixed charges to fixed charges	1.38 =====	1.33 =====

</TABLE>

\*Those portions of rent expense that are representative of interest cost.