

June 28, 2010

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**FOR IMMEDIATE RELEASE****Caterpillar to Increase Excavator Production in China**

*Once excavator expansion plans are completed in 2014, Caterpillar will have increased its China-based excavator capacity by 400 percent*

XUZHOU, Jiangsu Province, People's Republic of China (PRC) – In support of its long-term global strategy for meeting customer demand for excavators, and recognizing the rapid expansion of opportunities in the key growth markets of Asia, Caterpillar Inc. (NYSE: CAT) announced today its expansion plans for the company's excavator facility in Xuzhou, China.

As a part of its overall excavator sourcing plans, Caterpillar has also reached an agreement with Xuzhou Construction Machinery Group (XCMG) to acquire XCMG's 15.87 percent ownership interest in Caterpillar Xuzhou Limited (CXL), a joint venture between Caterpillar and XCMG that was initially established in 1995. When complete, CXL will be a wholly-owned Caterpillar company. Caterpillar is not releasing terms of the transaction, which is subject to Chinese regulatory approval.

“In the next few years, we expect China to continue to invest heavily across the country in a wide range of infrastructure improvements, and it is critical for Caterpillar and its dealer network to continue investing in China to increase manufacturing

(more)

operations, research and development, marketing and customer support for success in this growing market,” said Rich Lavin, Caterpillar group president with responsibility for emerging markets. “Caterpillar has been doing business in China for more than thirty-five years,” Lavin said, “and this investment is evidence of our growing commitment to the China market.”

Lavin, along with Caterpillar China Vice President Jiming Zhu and Caterpillar Excavation Division Vice President Gary Stampanato, attended a groundbreaking ceremony in Xuzhou today for what will become a new manufacturing building for large excavators. In addition, the company also celebrated the grand opening of another new facility in Xuzhou that will increase capacity for the production of small and medium excavators. Once the CXL excavator expansion plans are completed in 2014, Caterpillar will have increased its China-based excavator capacity by 400 percent.

CXL has become Caterpillar’s flagship for manufacturing operations in China with leading product quality, safety and employee engagement.

“Caterpillar and its dealers have played an important role in the development and growth of the excavator market in China, and with these investments in our flagship facility in China, we are demonstrating our dedication and commitment to our growing base of Chinese customers,” Zhu said.

In recent years, the company and its independent dealers have made significant investments to expand the range of products and components produced in China, increase and improve customer support services, and expand and enhance dealer coverage in every province.

Previously, Caterpillar announced its plans to build a new excavator production facility in the United States resulting from a global excavator sourcing study of its existing excavator manufacturing capacity in the U.S., Japan and China. The planned expansion of excavator production in China is an essential part of Caterpillar’s long-term strategy for supporting the global demand for excavators.

**About Caterpillar:**

For more than 85 years, Caterpillar Inc. has been making progress possible and driving positive and sustainable change on every continent. With 2009 sales and revenues of \$32.396 billion, Caterpillar is the world’s leading manufacturer of construction and mining equipment, diesel and natural gas engines and industrial gas turbines. The company also is a leading services provider through Caterpillar Financial Services,

Caterpillar Remanufacturing Services, Caterpillar Logistics Services and Progress Rail Services. More information is available at: <http://www.cat.com>.

**Forward-Looking Statements**

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

It is important to note that actual results of the company may differ materially from those described or implied in such forward-looking statements based on a number of factors, including, but not limited to: (i) economic volatility in the global economy generally and in capital and credit markets; (ii) Caterpillar’s ability to generate cash from operations, secure external funding for operations and manage liquidity needs; (iii) adverse changes in the economic conditions of the industries or markets Caterpillar serves; (iv) government regulations or policies, including those affecting interest rates, liquidity, access to capital and government spending on infrastructure development; (v) commodity price increases and/or limited availability of raw materials and component products, including steel; (vi) compliance costs associated with environmental laws and regulations; (vii) Caterpillar’s and Cat Financial’s ability to maintain their respective credit ratings, material increases in either company’s cost of borrowing or an inability of either company to access capital markets; (viii) financial condition and credit worthiness of Cat Financial’s customers; (ix) material adverse changes in our customers’ access to liquidity and capital; (x) market acceptance of Caterpillar’s products and services; (xi) effects of changes in the competitive environment, which may include decreased market share, lack of acceptance of price increases, and/or negative changes to our geographic and product mix of sales; (xii) Caterpillar’s ability to successfully implement Caterpillar Production System or other productivity initiatives; (xiii) international trade and investment policies, such as import quotas, capital controls or tariffs; (xiv) failure of Caterpillar or Cat Financial to comply with financial covenants in their respective credit facilities; (xv) adverse changes in sourcing practices for our dealers or original equipment manufacturers; (xvi) additional tax expense or exposure; (xvii) political and economic risks associated with our global operations, including changes in laws, regulations or government policies, currency restrictions, restrictions on repatriation of earnings, burdensome tariffs or quotas, national and international conflict, including terrorist acts and political and economic instability or civil unrest in the countries in which Caterpillar operates; (xviii) currency fluctuations, particularly increases and decreases in the U.S. dollar against other currencies; (xix) increased payment obligations under our pension plans; (xx) inability to successfully integrate and realize expected benefits from acquisitions; (xxi) significant legal proceedings, claims, lawsuits or investigations; (xxii) imposition of significant costs or restrictions due to the enactment and implementation of health care reform legislation and proposed financial regulation legislation; (xxiii) changes in accounting standards or adoption of new accounting standards; (xxiv) adverse effects of natural disasters; and (xxv) other factors described in more detail under “Item 1A. Risk Factors” in Part I of our Form 10-K filed with the SEC on February 19, 2010 for the year ended December 31, 2009 and in Part II of our Form 10-Q filed with the SEC on May 3, 2010 for the quarter ended March 31, 2010. These filings are available on our website at [www.cat.com/sec\\_filings](http://www.cat.com/sec_filings).