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FOR IMMEDIATE RELEASE**Caterpillar to Expand Manufacturing and Increase Employment in the United States with New Hydraulic Excavator Facility in Victoria, Texas**

Once fully operational, the facility is expected to employ more than 500 people and would triple Caterpillar's U.S.-based excavator capacity

PEORIA, Ill. – Caterpillar Inc. (NYSE: CAT) today announced it has selected the city of Victoria, Texas, as the location for the company's new state-of-the-art hydraulic excavator manufacturing facility. Ground breaking for the 600,000-square-foot manufacturing operation is scheduled to take place in September 2010. The facility is expected to begin production in mid-2012. Once fully operational, it will triple the current capacity of hydraulic excavators produced by the company in the United States, and would double the number of Caterpillar employees in the U.S. making excavators. The decision to increase manufacturing capacity and employment in the United States is part of Caterpillar's long-term strategic initiative to develop the appropriate global footprint to competitively produce hydraulic excavators.

“Based on our comprehensive review of possible locations, Victoria's proximity to our supply base, access to ports and other transportation, as well as the positive business climate in Texas made this the ideal site for this project,” said Gary Stampanato, Caterpillar vice president with responsibility for excavators. “Caterpillar is committed to maintaining its global leadership position in the excavator industry, and this new facility in Texas will play an important role in our long-term plans to provide customers in every

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region of the world with the products and solutions they need to help them with their businesses.”

“Texas is the best place in the nation to grow your business, and nobody knows that better than the companies that are already here in the Lone Star State,” Texas Governor Rick Perry said. “This Texas Enterprise Fund investment in Caterpillar will help create good jobs to Texans, and this expansion is proof that our combination of low taxes, reasonable regulations, fair legal system and world-class workforce is working to attract and retain the best employers in the world.”

Victoria Mayor Will Armstrong said, “Victoria is proud to play a role in Caterpillar’s plans to expand its hydraulic excavator manufacturing in the United States, while at the same time Caterpillar will be an important part of the work to reinvent Victoria.”

Victoria County Judge Don Pozzi added, “I am excited that a company with the global stature of Caterpillar has selected our community and in these economic times, I am certainly happy that Victoria County is positioned to help a project that will put local people to work.”

Currently in the U.S., Caterpillar produces two excavator models at a facility in Aurora, Ill., where it also produces wheel loaders, soil and landfill compactors, wheel dozers and components. In addition, Caterpillar produces excavators in Belgium, Brazil, China, France, Indonesia, Japan and Russia. The new facility will manufacture the two models now made in Aurora, as well as several additional excavator models now produced in Akashi, Japan, and exported to the United States. The expansion of excavator production in the U.S. will allow the Caterpillar facility in Japan to better serve the growing demand for excavators in Asia. Caterpillar has also recently announced plans to quadruple excavator capacity at its manufacturing facility in Xuzhou, China, primarily in support of growing demand in the Chinese market.

“We are making a number of these long-term investments in our global excavator business so that we are appropriately positioned to support Caterpillar’s corporate strategy,” said Rich Lavin, Caterpillar group president with responsibility for construction industries. “This will enable us to maintain our global leadership position while delivering superior products to our customers and results for stockholders.”

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.