



Caterpillar Announces Entry Into Tunnel Boring Business With Acquisition of Lovat Inc.

The purchase of an industry-leading company is a strategic fit that complements Caterpillar's global business and fits well with Caterpillar's long-term growth strategy.

PEORIA, Ill. – Caterpillar Inc. (NYSE: CAT) and Lovat Inc. announced today that Caterpillar has acquired Lovat, a leading global manufacturer of tunnel boring machines used in the construction of metro, railway, road, sewer, water main, penstock, mine access, high voltage cable and telecommunications tunnels.

"This acquisition is Caterpillar's entry into the rapidly expanding tunnel boring machine business, and it represents an excellent strategic fit for our companies and the customers we serve around the world," said Stu Levenick, Caterpillar group president.

Lovat customers will benefit from the strength of Caterpillar's global purchasing organization, from its research and development initiatives, Caterpillar's global reach and its experience in large-scale manufacturing processes.

"Lovat customers are already familiar with seeing Caterpillar products working as support machines at tunnel boring projects, and we intend to leverage our global business with continued investment in the Lovat product line and in the tunnel boring business," said Chris Curfman, Caterpillar vice president with responsibility for mining and underground products.

The financial details of the acquisition are not being released. Rick Lovat, president and chief executive officer of Lovat Inc., will join Caterpillar's Global Mining Division and will have responsibility for growing the tunnel boring business within Caterpillar.

"Caterpillar recognizes the value of our terrific people, great product offerings and the premium Lovat places on customer relationships. We are honored to be part of Caterpillar," Lovat said. "Just like Caterpillar's machines and engines, Lovat's tunnel boring machines have a reputation for durability, reliability and performance while working in some of the most demanding applications. Our customers should look forward to the integration of Lovat into Caterpillar," Lovat added.

Caterpillar Global Mining supplies support equipment to the surface mining sector and is the world's leading provider of production, support and technology solutions for surface and underground hard-rock mining.

About Caterpillar:

For more than 80 years, Caterpillar Inc. has been making progress possible and driving positive and sustainable change on every continent. With 2007 sales and revenues of \$44.958 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>.

About Lovat:

Lovat Inc., headquartered in Toronto, Canada, began operations in 1972. Today with its supporting organizations, Lovat Europe and Lovat China, the company has more than 400 employees. Lovat specializes in the custom design, manufacture and technical support of tunnel boring machines utilized in the construction of circular tunnels from 2.5ft (75cm) to 49ft (15m) in diameter. The company offers extensive experience and advanced technology solutions for worldwide tunneling projects. More information is available at <http://www.lovat.com>

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