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**FOR IMMEDIATE RELEASE****Tentative Settlement of Lawsuit**

PEORIA, Ill.— Caterpillar Inc. (NYSE: CAT) and the law firm of Schlichter, Bogard & Denton today announced they have reached a tentative settlement of *Martin, et al. v. Caterpillar Inc., et al.*, Case No 07-1009. The case involves a dispute over the administration of four 401(k) plans for Caterpillar employees and retirees and is currently pending before Judge Joe Billy McDade of the U.S. District Court for the Central District of Illinois. Under the tentative settlement, which must be approved by an independent fiduciary and Judge McDade, Caterpillar will pay \$16.5 million. The net proceeds of the settlement, after court-approved attorney's fees and expenses of settlement administration have been deducted, will be allocated to participant accounts and former participants based generally upon the number of years a participant maintained an account balance in one or more of the plans.

Caterpillar maintains it has complied with the Employee Retirement Income Security Act of 1974 (ERISA), which governs such plans. Both parties have determined that it is in the best interest of the company, its employees and its shareholders to resolve the matter in this way. The parties have litigated the case extensively since September 11, 2006, when the plaintiffs filed their initial complaint.

The *Martin* plaintiffs allege, among other things, that the fiduciaries responsible for overseeing the plans breached their duties under ERISA by allowing the plans to pay excessive investment management and other fees, by maintaining excessive cash in the

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company stock investment fund and by offering the Preferred Group of Mutual Funds as plan investment options between 1992 and 2006, which were advised by a wholly-owned Caterpillar subsidiary – Caterpillar Investment Management Ltd. (CIML). In 2006, before the *Martin* case was filed, Caterpillar Inc. made a strategic business decision to exit the investment management business. As a result, in May 2006, the Preferred Funds were replaced with other investment options, including separate accounts.

The parties have filed a motion for preliminary approval of the settlement with Judge McDade. If that motion is granted, members of the class will be formally notified of the settlement and their rights with respect to it. In addition, the parties have agreed that an independent fiduciary must review and approve the settlement on behalf of the affected plans. During a two-year settlement period, the company will increase and enhance communication with employees about 401(k) investment options and associated fees, and Evercore Trust Company will independently monitor the Plans. Also, during the two-year period, Caterpillar will continue to limit its cash holdings in the company stock fund investment option, and will not include retail mutual funds as core investment options in the Plans, and if service contracts come up for renewal, Caterpillar will undertake Requests for Proposal. Caterpillar also will undertake a Request for Proposal to select or retain the Plans' recordkeeper. Distributions to members of the class and other settlement obligations would begin after the Court grants final approval of the settlement, and all appeal rights have been exhausted.