

Caterpillar – Bucyrus General Frequently Asked Questions

1. What exactly is Caterpillar acquiring?

Caterpillar is acquiring Bucyrus International, Inc., which is headquartered in South Milwaukee, Wisconsin. Bucyrus designs, manufactures and supports mining equipment for surface and underground mining. The company employs approximately 10,000 people worldwide.

2. What specific types of products does Bucyrus manufacture today?

Bucyrus manufactures electric mining shovels, hydraulic shovels, drills, walking draglines, trucks and highwall miners for the surface mining industry. In addition, Bucyrus makes Original Equipment Manufacturer (OEM) parts and provides support services for all Bucyrus machine brands including Bucyrus, Bucyrus-Erie, Marion and Ransomes Rapier. Bucyrus is also a supplier of solutions for underground coal mining including longwall equipment, and an extensive line of room and pillar products. Bucyrus supplies equipment from hydraulic shield supports, electrohydraulic controls, conveyors, ploughs and shearers to crushers and diesel transport vehicles. Bucyrus maintains a global network of company-owned sales, repair and maintenance centers in key mining regions around the world. The company also maintains a continuous presence at certain customer sites around the world.

3. What are the basic terms of the agreement?

Caterpillar will acquire Bucyrus International in a transaction valued at approximately \$8.6 billion (including net debt). The agreement values Bucyrus common stock at \$92 per share. Caterpillar will fund the acquisition through a combination of cash from the balance sheet, debt and up to \$2 billion in equity. The transaction is expected to close in mid-2011. The acquisition requires approval of the Bucyrus stockholders. Caterpillar will not require a stockholder vote.

4. Why does this acquisition make sense for Caterpillar?

We expect continued growth in the mining industry, and the products and services are highly complementary to the Caterpillar product line and distribution footprint. This is an opportunity for Caterpillar to participate more fully in mining industry growth. Bucyrus is a strategic fit with Caterpillar not only in terms of the products, services and global footprint, but also because mining customers highly value total life cycle costs and product support capabilities—this is the heart of the Caterpillar business model. Caterpillar certainly has a proven ability to provide world-class service and support. The acquisition of Bucyrus enhances that ability. Bucyrus offers a highly complementary, global product line and will provide us with growth opportunities and enable us to better serve our customers.

5. When is the deal expected to close?

The boards of directors for both companies have approved the acquisition agreement. The closing of the transaction is subject to regulatory approvals, customary closing conditions and approval by Bucyrus stockholders. The deal is expected to close in mid-2011. Until that happens, the two companies will continue to operate as separate entities and competitors. Caterpillar and Bucyrus customers, dealers, suppliers and employees should not expect any change during this period.

6. Why now? How long have you been in discussions with Bucyrus?

Caterpillar has been evaluating acquisition opportunities in the mining equipment industry to expand our product offering and identified numerous potential candidates. We believe Bucyrus provides the best fit and acquisition opportunity going forward. The background details will be disclosed in a document filed with the SEC in the near future.

7. Caterpillar recently announced plans to build a full line of mining shovels in Aurora. How does the Bucyrus acquisition affect these plans? Will Aurora employees be impacted?

We will integrate the Bucyrus line into our planned shovel line, but at this point we don't have any specifics. The acquisition will allow us to leap forward in our development plan, resulting in significant cost savings and reduced risk. We know employees and the community will be interested in this subject, and as soon as those plans become clear with the integration of the two companies, we'll communicate with employees as the acquisition process moves forward. No integration activities will take place until after the deal closes.

8. What impact will this acquisition have on the Decatur operation where Caterpillar makes the large mining trucks? Will Decatur employees be impacted?

This deal is complementary to our Decatur operations. As previously announced, we are in the midst of a multi-hundred million-dollar mining truck capacity expansion program. We've completed a new assembly line for electric drive trucks and have shipped our first production 795F electric drive units. In addition, we just commenced production on our new assembly line for wheel tractor scrapers. We know that Decatur employees and the community will be interested in this subject, and we'll continue to communicate with employees as the acquisition process moves forward.

9. Does Caterpillar intend to keep Bucyrus based in Wisconsin?

Yes. Once the transaction closes, Bucyrus will become part of the Caterpillar mining business, and the Caterpillar mining business headquarters will be based in South Milwaukee, Wisconsin, which is Bucyrus' world headquarters and training center.

10. With the Caterpillar mining business headquarters relocating from Peoria to South Milwaukee, what will the impact be to employees in those cities?

Moving Caterpillar mining business headquarters to Wisconsin is expected to have a minimal impact on employment levels in the Peoria area. While we don't have specific numbers on how many positions could be impacted, we expect a small core group of our mining employees will likely transition to South Milwaukee following the closing of this acquisition.

We certainly understand that some of our employees and the community will have questions about this aspect of the acquisition, and we will continue to communicate with employees. However, no changes will take place until after the transaction closes.

11. Where are most of Bucyrus' employees located, and how will they be impacted?

Bucyrus' workforce includes 10,000 people in seventeen countries worldwide. The majority of Bucyrus employees won't notice any immediate or visible changes. Any changes that could occur won't be made until after the deal closes in mid-2011.

12. Are any Bucyrus employees represented by a third-party?

Yes. Bucyrus has three unionized facilities in the United States covering about 1000-production employees total. They're located in South Milwaukee, Wisconsin; Pulaski, Virginia; and Denison, Texas. All three facilities are represented by the United Steelworkers of America. Bucyrus also has labor agreements with unions outside the United States, which cover about 1,000 non-U.S. employees. The largest numbers are in Germany (approximately 400 employees represented by IG Metall), Czech Republic and Australia.

13. Does Caterpillar intend to keep the Bucyrus name?

Yes. The Bucyrus name is a well-recognized and valued brand in the mining industry. Caterpillar has long been successful marketing under different brands, including Solar Turbines and Perkins. One of the many reasons we are acquiring Bucyrus is for the strength of its brands. Following the closing, we will clearly articulate our branding strategy.

14. Today, doesn't Caterpillar compete against Bucyrus with many of the same products?

There is very little overlap between the product lines as they exist today. The Bucyrus product line is highly complementary to the Cat product line.

15. Where are Bucyrus machines and components manufactured?

Bucyrus' corporate offices and primary manufacturing facility are located in South Milwaukee, Wisconsin. Underground coal mining equipment is primarily manufactured at two locations in Germany. Bucyrus has production and distribution facilities in seventeen countries around the world, including Australia, Brazil, China, Germany, Mexico, Czech Republic, Russia and the United Kingdom.

16. When and where was Bucyrus founded?

Bucyrus was founded in 1880 as the Bucyrus Foundry and Manufacturing Company in Bucyrus, Ohio. The company moved to its current location in South Milwaukee in 1893. Bucyrus is celebrating its 130th year as a supplier to the mining industry.

17. Where are Bucyrus customers located?

A large portion of Bucyrus' customers are located in international markets such as Europe, South America, Africa, Asia, Australia and the Middle East. The remainder of Bucyrus' customers are in North America.

18. Does Bucyrus still manufacture equipment for the heavy construction industry?

No, that division was sold in 1985.

19. How does this fit with the Caterpillar commitment to sustainability?

It fits very well. The sustainability mission of Bucyrus is to have a positive, lasting effect on our world. Bucyrus makes sustainable development an important way of doing business through economic, environmental and social programs.