Caterpillar Inc.

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On-highway Engine Up-rate Changes Announcement

We are pleased to announce improvements to the On-highway Engine Up-rate Program.

The highlights of this new program are:

- Offers up-rate capability that maximizes potential residual value.
  - C15 ACERT will now have one up-rate family from 435 to 550 HP.
- Improves up-rate flexibility that maximizes our competitive position.
- New program prices remain a good value verses the competition.
- Introduces a competitively priced up-rate charge the "beyond warranty months" period
- Provides an opportunity for enhancing dealer profitability.

Overall, this new program allows the customers to take full advantage of the value he gets from the purchase of a Cat powered vehicle at a competitive price.

PROGRAM DETAILS

Pricing Matrix:

New Up-rate Pricing Matrix (Effective April 1, 2004)

Up-rate Type	TEPS Net	Fleet Owners Net
C15 ACERT up-rates within warranty months to 550 HP	$1550	$1600
All other up-rates within warranty months	$800	$850
All up-rates beyond warranty months	$350	$500

The "up-rates within warranty months" time is 24 months for the C9, C11, C13 and C15 and 36 months for C7.

The new pricing matrix is effective April 1, 2004. The C15 ACERT up-rates to 550 HP within warranty months include all engines that begin with serial numbers prefix BXS. The change to a single rating family (435 hp to 550 hp) for the C15 ACERT engine is retroactive to all C15 ACERT engines (engine beginning with serial number prefix of BXS).