



Caterpillar Inc.

100 NE Adams Street
Peoria, Illinois 61629

March 18, 2010

The Honorable Nancy Pelosi
Speaker
United States House of Representatives
Washington, DC 20515

The Honorable John Boehner
Minority Leader
United States House of Representatives
Washington, DC 20515

Dear Madam Speaker and Minority Leader Boehner:

As Congress now considers final passage of health care legislation, I write today to share with you Caterpillar's objection to the legislation because of the substantial cost burdens it would place on our shareholders, employees and retirees.

Throughout the past year, we've visibly supported efforts to reform our health care system in a manner that would increase quality and value for patients, reduce cost challenges and provide flexibility for self-insured companies like Caterpillar. Unfortunately, neither the current legislation in the House and Senate, nor the President's proposal, meets these goals. Instead, elements of the legislation - like taxation of the Medicare Part D Subsidy and new coverage mandates to employers - would drive up Caterpillar's health care costs by more than 20 percent (over \$100 million) in the first year alone and put at risk the coverage our current employees and retirees receive.

In our fragile economy, we can ill-afford cost increases that place us at a disadvantage versus global competitors that are not similarly burdened. Caterpillar must manage our U.S. cost structure in order to maintain our competitiveness in the world market.

As one of America's leading manufacturing companies and exporters, we're disappointed that efforts at reform have not addressed the cost concerns we've raised throughout the year. And we strongly believe the current legislation is not in the best interests of Caterpillar or the more than 150,000 employees, retirees and dependents that we cover.

For these reasons we are urging our constituent legislators to vote no on the health care legislation now before the Congress.

Gregory S. Folley
Vice President
Chief Human Resources Officer

cc: U.S. House of Representatives