



**James W. Owens**  
Chairman and Chief Executive Officer

June 7, 2010

Senator Max Baucus  
Chairman  
Committee on Finance  
United States Senate  
Washington, DC 20510

Senator Chuck Grassley  
Ranking Member  
Committee on Finance  
United States Senate  
Washington, DC 20510

Dear Chairman Baucus and Senator Grassley:

On behalf of Caterpillar, I would like to express our concerns with provisions of H.R. 4213, as passed by the House of Representatives on May 28.

As a leading U.S. exporter, Caterpillar relies on foreign markets to fuel our sales growth—which helps provide jobs for tens of thousands of Caterpillar and supplier employees right here in the United States. We believe Caterpillar can compete with the best companies in the world as long as we have a level playing field. Unfortunately, the U.S. tax system makes it difficult for us to compete globally. While many industrialized nations have reformed their corporate tax systems to encourage business investment and job growth, the U.S. maintains one of the highest corporate tax rates and a worldwide system. This hurts the long-term competitiveness of proud American companies like Caterpillar. As a result, we have urged Congress to consider changes to the international tax rules only in the context of broader corporate tax reforms that would provide a level playing field for Caterpillar in markets around the world.

Caterpillar strongly supports the pro-growth provisions of H.R. 4213. The R&D tax credit is a critical incentive for research jobs in the United States. We also support the extension of the active financing exception, which helps Cat Financial provide competitive loans and leases to our customers buying Caterpillar products in foreign markets. With the addition of look-through, these tax provisions all help Caterpillar compete in foreign markets from our base in the U.S., which, in turn, provides American jobs.

Regrettably, the international revenue raisers in the bill will hurt the U.S. economy and jobs. The rhetoric used to justify these tax changes does not meet economic reality. The net effect of these provisions will be to increase taxes on American companies that want to invest their foreign earnings in the U.S. This will inevitably make it more difficult for Caterpillar to compete with our foreign competitors at home and abroad, and will ultimately put thousands of U.S. jobs, which are dependent on our ability to export, at risk.

For that reason, Caterpillar cannot support H.R. 4213 in its current form, and we ask the Senate to remove these tax increases from the legislation. We stand ready to work with you on a positive agenda for economic policies that will enhance our global competitiveness.

Sincerely,

A handwritten signature in cursive script that reads "Jim Owens". The signature is written in black ink and is positioned above the printed name.

James W. Owens