

June 12, 2007

Mr. James W. Owens  
Chief Executive Officer  
Caterpillar, Inc.  
100 North East Adams Street  
Peoria, IL 61629

Dear Mr. Owens,

You recently acknowledged that excessive regulations harm Caterpillar's bottom line, noting in your 2006 Annual Report to Stakeholders that Caterpillar's on-highway truck engine business would drop significantly in 2007 due to new emissions regulations.

That's why we were astonished to see that Caterpillar had joined the United States Climate Action Partnership (USCAP), which seeks to establish a cap-and-trade system for carbon emissions. If such a system is established, many of the industries upon which Caterpillar depends would be harmed.

As you may know, the Congressional Budget Office reported in April that the oil, gas and coal industries – upon which Caterpillar depends for sales – would be particularly hard hit by the establishment of a cap-and-trade system.

For example, a cap designed to reduce emissions by 23% would result in a 54% devaluation of coal stock value and a 40% decline in coal production. Do you think a 40% reduction in coal production is likely to boost or reduce your sales to this industry?

Other Caterpillar customers will be affected, too. How many sales will you be making to farmers if they can make more money from sequestration than from harvesting crops?

Let's be clear about the objectives of some of your coalition partners.

The Natural Resources Defense Council, National Wildlife Federation, and Environmental Defense have a long history of opposing the very industries that are Caterpillar's best customers, often through expensive litigation.

Rather than help deliver your loyal customers to the legal sharks of the environmental movement, Caterpillar should help its customers fight the onslaught of unnecessary emissions caps and regulations that would harm them.

We ask that you immediately withdraw from the United States Climate Action Partnership.

The undersigned represent a diverse group grassroots property rights organizations, think tanks,

seniors advocates, taxpayer action groups, construction firms, farmers, ranchers and miners – a number of which are current Caterpillar customers.

If Caterpillar can't be loyal to its customers and consumers, perhaps there's no reason to be loyal to Caterpillar.

Sincerely,

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Vice President  
National Center for Public Policy Research

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Chairman, President & CEO  
Murray Energy Corporation

Hon. Edwin Meese, III  
Former U.S. Attorney General  
Reagan Administration

Roger C. Herrera  
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Northern Knowledge

Matt Kibbe  
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FreedomWorks

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60 Plus

Jeffrey Mazzella  
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Center for Individual Freedom

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Congress of Racial Equality

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