



Douglas R. Oberhelman  
Chief Executive Officer

August 17, 2010

Commissioner Luis A. Aguilar  
U.S. Securities and Exchange Commission  
100 F. Street, N.E.  
Washington, D.C. 20549

Dear Commissioner Aguilar:

As Vice Chairman, Chief Executive Officer and a director of Caterpillar Inc., I am writing to encourage you to respect the rights of our "long-term shareholders with significant holdings" as a principle described in the Securities and Exchange Commission's (the "Commission") proposed rules regarding shareholder director nominations.

Specifically, I strongly recommend the Commission adopt an ownership threshold to nominate a director of not less than 5% for individual shareholders and at least 10% for a group of shareholders. We understand that the Commission is considering the lower ownership threshold of only 3%. It is our strong belief that this threshold is much too low based on the significant changes that it could bring to a corporation.

In addition, I urge you to adopt an ownership holding period of not less than two years; any shorter time period simply does not address the rights of our "long-term" shareholders. We believe this is the minimum time required to ensure that a shareholder's interests are aligned with other investors and the long-term growth of a corporation.

The arguments for the higher ownership threshold and longer holding period have been made numerous times; however, the bottom line is that lower thresholds do not provide the appropriate balance between shareholders who have a significant economic interest in a company and the almost certain cost and disruption occasioned by a vocal minority focused on short-term results. Ultimately, the lower threshold harms our "long-term shareholders with significant holdings" as boards necessarily shift focus from their primary responsibilities to annually contested elections, and corporations become obligated to incur significant costs in time and money.

As America rebounds from this deep recession, I ask that you adopt these higher thresholds which will allow Caterpillar to focus on future growth and continue to "Make Progress Possible" not only for our employees, but also our shareholders.

Best regards,

100 N.E. Adams Street  
Peoria, Illinois 61629

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