

HEINOLD – BANWART, LTD.



Certified Public Accountants

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July 1, 2010

Dear Client:

RE: 2010 Withholding Review

We encourage you to review your withholding for 2010. In order to avoid underpayment penalties on your 2010 income tax return, regular withholding or timely estimates must be the lesser of 90% of your 2010 liability or 110% of your 2009 tax liability.

In prior years you received a payment under Caterpillar's short-term incentive pay plan that you did not receive this year. Therefore, your withholding for 2010 likely will be lower than 2009. Other events may cause your 2010 liability to be significantly higher or lower than your 2009 liability. We would like to help you keep your money as long as possible, minimize penalties and provide a reasonable estimate of your 2010 liability.

If you would like us to review your year-to-date withholding and recommend any adjustments, please send us a copy of your most recent pay stub. Providing a June 30 pay stub, would afford you maximum amount of time to adjust your withholding with minimal impact on your personal cash flow. We expect the cost of this projection would be approximately \$250.

You also may be contemplating, or have already completed, a conversion of some or all of your IRA accounts to a Roth IRA. This year may be a good time to make such a conversion, before tax rates increase at the end of 2010.

Very truly yours,

HEINOLD-BANWART, LTD.