

## MESSAGE FROM DOUG

# MAKING CHANGES FOR A BETTER FUTURE

How many of you think we've got work to do when it comes to optimizing our work flow? Think about inventory. Not long ago, we were building it up and had people working overtime to do it. Then, we had too much. Combine that with a decline in demand in the first quarter, and we needed to seriously slow production. As a result, we've had people on temporary layoff. That's a problem. We all know it. And we are going to fix it.



That's one of the reasons we've formed the new Caterpillar Enterprise System Group, which will be led by Dave Bozeman. Through this new organization, we are going to get after "lean" excellence in a big way and help make our system more efficient. And by system, we're not just talking about manufacturing, we're including everyone. "Lean" excellence can make a difference whether for engineers, marketing professionals and even accountants! The first step of our lean journey will encompass Built in Quality (BIQ) and as we build on its success other principles will follow, including shorter lead time.

The idea is simple—when we get an order, we build a machine. Easier said than done right? But that's what this new organization is designed to do. We've brought together purchasing, logistics, Caterpillar Production System (CPS) and Mach 1 to make sure the factories have everything they need—fast. If you need a part in the factory, we want it there right on time so we can process it.

This isn't a dream. It isn't the latest in a series of efficiency initiatives. Our competitors are significantly better than we are in this area, and the auto industry proves how this can be done every day. The good news is, we are well on our way. CPS has been working. This is the next break though!

***Enterprise System Group  
will be going to get after  
"lean" excellence in a big  
way, and help make our  
system more efficient.***

I'm personally committed to making this work. It's good for our dealers who will be able to carry less inventory. It's good for our customers who will get their products when they need them. And by far the biggest benefit is that it will be good for all of you. Our inventory fluctuations have been hardest on you, and we are working hard to fix this variability once and for all.

*Doug*

## ACMOC Members Experience Caterpillar Visitors Center

The Antique Caterpillar Machinery Owners Club (ACMOC) held a special event on Friday, April 19 to showcase the Caterpillar Visitors Center (CVC) in Peoria, Ill., to its members.

ACMOC's mission is to foster its members and the general public's appreciation for the historic role of Caterpillar machinery in shaping the world. Kent Bates, a Caterpillar retiree and former ACMOC director, was key in the restoration of three pieces of Caterpillar machinery currently on display in the CVC's Heritage Gallery – a Model Twenty Tractor, a D3400 Generator Set and a D8 Tractor (pictured).

Before visiting the CVC, the group of more than 130 ACMOC members toured different Caterpillar facilities, including the Edwards Training Center for a product demonstration. The day culminated with a



reception at the CVC, where members were greeted by Caterpillar Chairman and CEO Doug Oberhelman. Other speakers included Jim Baumgartner, director of Corporate Affairs, and Kent Bates, who presented on the restoration process of the Model Twenty Tractor.

"This special event showcased the new Caterpillar Visitors Center to our members, and how it compliments ACMOC's mission to connect collectors of Caterpillar machinery, as well as others interested in the company's heritage, and promotes the restoration and preservation of these historical machines," said Dave Wintermute, president of ACMOC. "At the event, we officially launched the Allison Bloom Scholarship Fund which, like other scholarships we offer, encourages students to go into engineering with a construction or agricultural focus."

Based in Peoria, Ill., ACMOC's membership has steadily increased since its formation in the early 1990s to include thousands of members worldwide who all share a similar interest – the legacy of antique Caterpillar machinery.

# Volunteer Interpreters Improving Communications, Impacting Sales



While working as a Peoria-based dealer customer representative in 2009, Antonio Banegas saw an opportunity.

"When international dealers and customers would visit our U.S. facilities, they didn't always have interpreters," he recalled. "There was a real need for an interpreter program at Caterpillar. I took the idea to my boss, and we reached out to the Global Diversity & Inclusion Office. It all started from there."

Four years later, the Caterpillar Dealer Customer Interpreter (DCI) Program is improving communications and impacting sales. Working closely with Corporate Customer Services, the 128 volunteer DCI members help create a world-class tour experience for the company's numerous visitors.

"We hosted nearly 25,000 visitors at three Illinois factories last year," said Corporate Customer Services Manager Patty Redpath. "About 20 percent of those visitors were from outside the U.S. Some brought their own interpreters, but many did not.

It's absolutely critical to the success of our tours to have DCI members available. They help make our dealers and customers feel welcome and appreciated."

Banegas collaborates with Caterpillar Employee Resource Groups (ERGs) to find qualified volunteers. With 70 global chapters and more than 6,000 members, ERGs bring value to the enterprise and drive innovative solutions. The DCI-ERG partnership covers such languages as Arabic, Chinese, French,

German, Italian, Korean, Portuguese, Russian, Spanish and Vietnamese.

"It's not about what we can get from the company, it's what we can give to the company," said Banegas. "If just one purchase happens because of the DCI program, then it's been very worthwhile for all of us. But I can tell you, we've helped with a lot more than one purchase.

The program helps differentiate us from the competition by providing a truly world-class experience."

Caterpillar Chairman and CEO Doug Oberhelman noted how often he hears from dealers and customers regarding the value of DCI services.

"This program is a real competitive advantage for Caterpillar. I can't tell you how important this program is," said Oberhelman. "When I travel around the world, I don't speak every language. I've missed some conversations, and I've felt excluded. There's a powerful diversity and inclusion message there for all of us."



*Doug Oberhelman, Patty Redpath and Antonio Banegas give certificates of appreciation to each DCI volunteer at the special recognition event in Peoria, Ill.*

## Peoria Proving Ground Celebrates 65 Years of Product Validation

Caterpillar has a longstanding reputation for product quality – our machines withstand the test of time. This is a result of robust validation, much of which takes place at proving ground facilities around the world. The Peoria Proving Ground (PPG) has been proving Caterpillar quality for 65 years, since June 1948.

Before PPG, temporary proving grounds were located on various empty lots around the East Peoria campus as early as 1910. The first known proving ground was located alongside the San Leandro, Calif., plant during the late 1920s. A more formal Peoria area facility was established on a 160-acre tract known as "Springfield Hill" in East Peoria in the 1930s.

With the expansion of the product line in the 1940s, Caterpillar sought out a larger space with more varied terrain to allow for validation of new machines and attachments. In spring 1947, negotiations began for the purchase of an 850-acre site in Washington, Ill. The Peoria Proving Ground facility was constructed on this site and testing began on June 10, 1948.

While PPG has experienced many changes, upgrades and additions throughout the years, its focus has remained the same. The facility and its people continue to ensure our products meet customer requirements for reliability, durability and performance. Today, Caterpillar also operates proving ground facilities in Tucson, Ariz., Clayton, N.C., Tongzhou, China and Ono, Japan.



## TURNING 100!

**First of four generations of Caterpillar employees turns 100**

George "Hal" Davenport is the first of four generations to work for Caterpillar in Decatur, Ill., and he turned 100 this year. Hal Davenport retired in 1972, followed by his son, George Davenport in 1998.

Two generations of Davenports are currently employed at the facility – his grandson, Wayne Davenport and his great-grandson, Wesley Davenport.

Hal Davenport celebrated his 100th birthday March 19. Happy Birthday, Hal!





# Caterpillar United Way Appeal

Every year Caterpillar employees and retirees have an opportunity to demonstrate community support and leadership by taking part in the Caterpillar United Way Appeal. United Way contributions, combined with the Caterpillar Foundation dollar-for-dollar match, makes a difference in the lives of many people who utilize United Way funded services each day.

## HOW TO PLEDGE:

**Employees:** If interested in contributing, employees will receive an email or other communication on **August 19** and can make a donation in the Caterpillar Foundation online pledging system through **September 13, 2013**.

**Retirees:** If interested in contributing, can pledge via [www.caterpillar.com/unitedway](http://www.caterpillar.com/unitedway) between **August 19 and September 13, 2013**. Click the retiree link and register or sign in with your log in information from the previous year. You will be asked to create a user ID and password and to enter your Caterpillar PeopleSoft ID.

To be eligible to receive the Foundation match, all employees and retirees must pledge via the website **August 19 through September 13, 2013**.

Donors have the option to designate to any United Way or United Way funded agency. Once you log into the site, search for the agency and/or United Way of your choice across the U.S.

If you have questions, please contact Kylene Anthony at 309-675-1475 or via email: [Anthony\\_Kylene\\_M@cat.com](mailto:Anthony_Kylene_M@cat.com).

The generosity of our employees and retirees continues to help make this campaign a great success. The lives of many people will be positively affected by your kindness. Thank you for your time and generosity!



## Middle East Parts Distribution Center at Dubai, United Arab Emirates Opens

On March 6, Caterpillar Inc. employees, executives, dealers and customers, along with leaders of the local community, gathered at the new facility, located in the Jebel Ali Free Zone at Dubai, United Arab Emirates, to celebrate the formal opening of the new Caterpillar Middle East Parts Distribution Center (MEDC).

The ceremony was attended by Caterpillar Group President Stu Levenick, Caterpillar Vice President and President of Caterpillar Logistics Inc. Steve Larson, Caterpillar Vice President Nigel Lewis, CEO of EZW & Jafza H.E. Mrs. Salma Ali Saif Bin Hareb and U.S. Consul General at Dubai, Mr. Rob Waller.

The 500,000 square foot facility employs 130 people and will further strengthen aftermarket parts support in the East Africa and Middle East region. The new facility will also host regional offices for other Caterpillar service groups. The MEDC joins new, recently opened, distribution centers in Spokane, Wash., and Arvin, Calif.

"The expansion of the Cat® Parts distribution network is another way Caterpillar is delivering on our commitment to provide unmatched parts availability to customers and dealers around the world," said Stu Levenick, Caterpillar group president for Customer and Dealer Support. "The grand opening is a great way to reaffirm our promise to provide the right part, at the right place, at the right time for our customers."

"We are very pleased to be adding the Middle-East Distribution Center to our industry leading global parts network," said Steve Larson, Caterpillar vice president with responsibility for parts distribution and logistics, and president of

Caterpillar Logistics, Inc. "With the outstanding product support capability of Cat dealers in the region and the improved parts availability this operation will deliver, we will continue providing customers an unmatched level of after-sale support."

The Middle East Distribution Center will increase total warehouse capacity for the Europe, Africa and Middle East (EAME) network, adding to existing Distribution Centers in Grimbergen, Johannesburg and Moscow.

"We are excited about our overall growth opportunities in the Middle East and Africa markets and, along with our dealers, are investing in expanding our facilities," said Nigel Lewis, Caterpillar vice president with responsibility for EAME Distribution. "The Middle East Distribution Center is the first of a number of investments we are making in the region that will allow us to improve parts and components availability and the delivery process to our dealers and customers."

The facility will contribute to Caterpillar's sustainable development goals by reducing airfreight for parts ordered in the region. "We are delighted to be a part of the opening of Caterpillar's new Parts Distribution Center in Jafza. Caterpillar's expansion underlines the company's vision and commitment to the region. We are sure the new facility will enable them to further strengthen Caterpillar's strong presence in the region. We wish them great successes and growth in the Middle East," said Her Excellency Mrs. Salma Ali Saif Bin Hareb, Chief Executive Officer of Economic Zones World & Jafza.

# Employee Service Pin Background Deep with Meaning

Service pins have been given to employees since 1944 to honor employee service. In 1978, Ken Gerber, who worked in Caterpillar Public Affairs in Plant Escort (what is now Visitor Services), documented the origin of the service pin from the creator, Virgil Unks.



Unks was commissioned by Louis B. Neumiller, president of Caterpillar at the time, to create an emblem to honor employees' service to the company. Neumiller got the idea from the Holt Company's service pin, which was first presented in Stockton, Calif., with the design of a wavy caterpillar with the name Holt affixed. Unks was an employee and cartoonist. He submitted 14 selections and Neumiller chose the last drawing, a circular pin with a laurel wreath and

Caterpillar placed in the middle with a D7 Track-Type Tractor at the top.

Gerber said he wanted to document the meaning behind the emblem because he himself did not know much about it.

"I handed out the first service pin to my employee and I looked at it and I didn't know about any of it," Gerber said of the meaning of the pin. "I had to find out where it came from, so I just started nosing around.

"I got Virgil to tell my staff about it because I thought, 'There's much more in this than I've ever dreamed of.'"

## The meaning of the first design:

Circular – as the world is round, where our products are sold and distributed.

Graced with the laurel wreath, which has represented honor and quality the world over from time immemorial.

Caterpillar – placed along the equator with a black background of dignity; the name placed on the horizon thereon in bold sanserif type indicating stability to be proudly recognized.

D7 Track-Type Tractor – placed at the top with pride as a symbol representing our contribution toward achieving world peace during World War II.



Gerber typed the information behind the pin in a letter and sent it around the world.

"I thought, 'If we can send this enough places, the history will never be lost,'" Gerber said.

Gerber retired from Caterpillar in 1990 after 36 years. He now works as a rehired retiree at the Caterpillar Visitors Center as a host, sharing his stories and experiences with visitors.

## Victoria Employee, Cat Dealers Help Clean Up Moore

While most people went to the beach, grilled out and relaxed during the long Memorial Weekend, Chris Fink, transportation manager in Victoria, joined his neighbor on a trip to Moore, Okla., to help clean up after a devastating tornado swept through the town the week before. "I have never assisted in something like this before, but I really wanted to go to Moore and help after seeing the tragedy on TV," said Fink.

While in Moore, Fink and his neighbor joined a group to help clean up a park that bordered a severely devastated subdivision. They also assisted in cleanup efforts at an apartment complex. Hundreds of volunteers picked up debris and formed large piles for Cat® wheel loaders and skid steers to remove.

Fink said the experience was humbling. "The damage in person is hard to describe with words. It's significantly different than seeing it on TV. It hits you a lot harder. Some of the things we'd see as we picked up debris would stop you in your tracks – things like kids' toys, stuffed animals, school books, lesson plans. While there is much devastation and loss, there is also an abundance of good things happening there – from the willingness of thousands of people to assist, to the numerous companies lining the streets with free food, phones, water and other items. The strength and hope of the affected people, volunteers, companies and churches in the area is beyond awe inspiring."



## Caterpillar Foundation Announces New Volunteer Tracking System

Starting June 3, 2013, the Caterpillar Foundation began piloting a volunteerism tracking system to capture the time employees and retirees spend supporting their communities through volunteer efforts. This tracking system will enable the Foundation to track how much time our employees and retirees spend helping our communities, and potentially establish a volunteer matching program in the future.

Please visit the Foundation's website: [caterpillar.com/foundation](http://caterpillar.com/foundation), click on the Volunteer tab and select "Track Volunteer Hours" to log your time. If you currently participate in the Matching Gifts Program, the log-on information is the same. Otherwise, please follow the steps to register by creating a password.

All 501(c)(3) U.S. nonprofits are eligible for tracking and you may begin tracking your hours from January 2013 moving forward.

## Contact Us

*Cat Folks* is published quarterly by Corporate Affairs. Please send comments, questions and story ideas to [cat\\_folks@cat.com](mailto:cat_folks@cat.com). You can visit us online at [caterpillar.com/company/employees-and-retirees](http://caterpillar.com/company/employees-and-retirees). We always appreciate your feedback!

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