



MESSAGE FROM DOUG

LOOKING FORWARD TO 2014

At the end of January, we announced our fourth-quarter and full-year results for 2013. Although our sales and revenues and profit per share decreased from 2012 levels, we did an excellent job in so many areas. The Cat® brand is stronger than ever, the Tier 4 roll-out has been exceptional and

you helped us deliver improved product quality and better safety in our facilities.

I'm especially proud of our people because this was a tough year and many of you personally sacrificed through rolling layoffs and other actions to help us achieve these results – and I thank you for that sacrifice.



Overall, I am proud of how we responded on all fronts, including that we never took our eye off the future.

We continued to innovate, improve and invest, which is our responsibility to the next generation of Caterpillar customers, people and stockholders.

No matter what 2014 holds for us, I know we have the best team, the best products, services and solutions, and the best dealers. I encourage you to read the financial release, which is available on caterpillar.com and [Cat @work](mailto:Cat@work), for more details on our 2013 performance and our 2014 outlook.

And again, thank you for your dedication.

Celebrating 65 Years: Caterpillar Employee Receives First 65-year Service Pin in Company History

On November 22, 2013, Charlie Pittman, a 95-year-old Caterpillar employee, was joined by his fellow employees, family members and longtime friends to receive his 65-year service pin — the first individual to accomplish such a feat in company history.

Pittman, currently a maintenance mechanic, received his 65-year pin from Caterpillar Chairman and CEO Doug Oberhelman during a ceremony to celebrate Pittman's milestone.

Pittman began work for Caterpillar as a hand trucker in 1948, earning \$1.19 an hour on second shift. During that year, C.L. Best, Caterpillar's first chairman, was in position and the current Peoria Proving Grounds (PPG) opened.

Before coming to Caterpillar, Pittman was working as a mechanic in Missouri and owned his own business. World War II was still lingering on when suddenly, like many others, Pittman was drafted into the war. He closed his business and was ready to go into the service when his fate took an unexpected path; the war ended and Pittman was left with no job and no plan for the future.

Realizing that he had no ties in Missouri, Pittman decided to head north. On the way, however, he decided to visit a friend who

was working in East Peoria, Ill. During this visit, his friend filled out a job application for him without him knowing. Pittman agreed to give the job a try, and started work in November of 1948.

Throughout his 65-year career, Pittman built up a 145-page history folder, notably being qualified for more than 50 jobs at one point in his career. Remarkably, a supervisor in the 70s noted in Pittman's history folder that he was considering retirement. Pittman's decision to continue working four decades later corresponds with a common theme that many of his coworkers see every day — he takes countless pride in his work.

Before presenting Pittman with his pin, Oberhelman closed the celebration with congratulatory remarks.

"I suspect you take a great deal of pride in your work, you care a lot about your fellow coworkers. I suspect you care a lot about Caterpillar, and that's what has kept you going for 65 years," Oberhelman said. "I want to thank you for a tremendous career with us."



Living Lands & Waters' Chad Pregracke Named CNN Hero of the Year

CNN honors 10 heroes each year at the "CNN Heroes: An All-Star Tribute Award" show. This year, a Caterpillar Foundation grantee, Living Lands & Waters' Founder Chad Pregracke, was named the 2013 CNN Hero of the Year.

The Foundation has invested in Living Lands & Waters (LL&W) for many years, and Pregracke has worked with Caterpillar volunteers through river cleanups, tree giveaways and tree planting events. A commercial highlighting the Caterpillar Foundation's work alleviating poverty also aired in the weeks leading up to, during and after the award show.

For the whole story, visit <http://www.cnn.com/2013/11/19/world/hero-of-the-year/>.





Caterpillar Employees Complete the ING New York City Marathon for Easter Seals

The ING New York City Marathon is one of the most prestigious and well-attended running events in the world. More than 50,000 runners entered this year and all but 400 crossed the finish line at mile 26.2. Many athletes enter the marathon for self-achievement or to test their physical boundaries. But a group of Caterpillar employees and friends took on this challenge for those that can't. Team Believe ran the New York City Marathon on behalf of the children of Easter Seals and raised more than \$67,000 for the organization.

Caterpillar employees Andy Wheatcroft, Kevin Espinosa, Chris Chadwick, Jack Caldwell and Darin Van Nattan, along with seven other team members, traveled to New York City for the November 3 marathon. They represented Team Believe, a group of more than 150 runners and supporters from the Peoria and Bloomington/Normal, Ill., areas. The team was formed early in 2013 and has



participated in several races thus far, including the Run River City Marathon in Peoria in May. Team Believe has raised just over \$100,000 this year between the Peoria and New York City marathons, the Chicago Marathon, in which Chadwick and Espinosa participated, and other local 5K races.

The team was formed and connected with Easter Seals, because of Wheatcroft's involvement with the organization. In 2012, Wheatcroft's son was assessed for autism, and the family worked with the Easter Seals chapter in Peoria. His son was not diagnosed with autism, but Wheatcroft remained active with the Seals. He spoke about his family's experience at a fundraising luncheon in January and was inspired to help the group launch a new fitness fundraising platform. He reached out to fellow runners and friends of Easter Seals, and Team Believe was formed. They also enlisted the help of Josh George, a gold, silver and bronze medalist in the 2004, 2008 and 2012 Paralympics, to serve as the team's Easter Seals ambassador.

"Running is a good channel for fundraising for Easter Seals," said Wheatcroft. "Those kids run daily marathons themselves. It hurts sometimes as the miles go on [in a race], but I choose to take those painful steps because some kids don't have that choice. You're running for them; it's impossible to quit. When you cross that finish line, you realize you've done something really special, not just for you, but for the charity you run for."

"Team Believe brings team members, their families and the Easter Seals community together in a unique way. Fundraising through charity running is a win-win-win situation: people can support the runners as individuals or as representatives of the charity, and runners are motivated to keep going because they're running for the charity. It's a virtuous circle; the charity wins, you win and the community wins."

Team Believe has big plans for the future, too. They want to become a million dollar revenue stream for Easter Seals and continue to grow their membership. Congratulations to the team on completing multiple marathons and races and thank you for your commitment to serving your communities!

NIMBLE AND EFFICIENT – DANVILLE HARNESSSES THE POWER OF MACH 1 SAP

Knowledge is powerful and for Undercarriage's Danville Steel Products facility in Danville, Ky., knowledge is more than powerful; it is essential to its turnaround in its operations and business—and supplying that knowledge is the Mach 1 SAP business system.

Launched at the site in April of 2012, Mach 1 SAP began providing Danville's leaders and staff with the kind of real-time visibility into every aspect of its business that it had never seen before.

"We take the data the new system gives us and with the right analysis turn it into something useful. It makes us more nimble," explains Danville

Operations Manager

Marty Groover. "We can manage our costs much better because we see what we need to build and when to build it. Now we don't over produce. We reduce waste. SAP allows us to be more refined in our manufacturing processes."

While the transformation wasn't without its painful moments—it took a year and more than 60 percent of the site's processes were changed—but the movement away from outdated legacy systems was more than worth the hassle given the results the facility is seeing in its operations today.

SAP helped Danville to meet its cost targets in 2012.

"For the first time ever, we've been able to see demand 12 months out. With SAP's demand forecasting, we now have a much better picture of what's developing," said Josh Buchanan, Danville's supply chain manager. "When we see it sooner, we react to it sooner. It helps us make the right business decisions quickly."

According to Buchanan, the facility can now manage its capacity so it's producing to customers' demand. In the legacy past, over production meant unscheduled layoffs and under production meant catching up causing use of peak shavers and third party suppliers — which in turn caused additional inventory tracking headaches. But even this is now under control with SAP.

"Peak shaving and subcontracting of parts has caused lots of inventory write offs in legacy. Everything was tracked manually," Business Manager CJ Ramage explains. "Now we're tracking it with SAP. We can show by part number whether parts are at a peak shaver or subcontractor. That is huge from a financial perspective."

Just because a facility has a new business system, keeping it in control still demands its share of due diligence from its leaders and staff. Whether on a daily basis or weekly and depending on what the business needs to know, reports are run by the leaders and staff to track a wide variety of metrics—often in real time.

Given what they got so far from SAP, would Danville ever go back to how it was?

"Why would we go back? We want more," exclaimed Ramage. "SAP is a powerful system and there is so much in SAP we haven't touched yet!"

For more on this story, go to: <https://businesstransformation.cat.com>.

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Showing Support for Employees Affected by Central Illinois Tornadoes



Much of the nation — even the world's — eyes were on Central Illinois in mid-November when fatal tornadoes tore through several cities. We've watched families literally pick up the pieces of their lives. Among them are more than 320 Caterpillar families whose homes were either severely damaged or completely destroyed. Many are from the hardest hit community of Washington, Ill.

Caterpillar employees, dealers and suppliers provided an overwhelming emergency response to those in need. Multiple machines were donated for use at the site as well as gloves, safety vests, steel-toed boots and safety glasses donated by licensees. Caterpillar Chairman and CEO Doug Oberhelman toured tornado ravaged neighborhoods near Washington, Ill., with Washington Mayor Gary Manier, who is also a Caterpillar employee.

"The destruction is far worse than you can imagine from the photos and news broadcasts. But the support being provided by and for our Caterpillar employees is truly outstanding, and you can actually see the community drawing together with help from near and far. Seeing our people and machines doing so much good in such a devastated area — it's a great example of the Caterpillar culture at its best, and I am humbled and honored to be in my job at a time like this," Oberhelman said during his visit.

Employees across the world supported those affected by the tornadoes. ACSD employees in India sent a photo, showing support for their fellow coworkers affected by the tornado. They were pictured wearing Washington's school colors (orange and black) and holding a sign of support.

The First Response Team of America, a Caterpillar Foundation grantee, also responded immediately to the needs in Washington, Ill., helping with the cleanup efforts.



How We Met...

Melissa and Chad met while both were in the Logistics Professional Development Program (LPDP). Melissa was living in Waco, Texas, at the time and Chad was working in Champaign, Ill. They first met at the LPDP Forum which was held in Morton, Ill., in 2011 and stayed in touch until Melissa relocated to Illinois.

Chad is originally from Morton, where he and his family farm and own a local used equipment business. Given Chad's background and that the couple both work for Caterpillar, they wanted to ride away in something unique after their wedding. The two were wed at First Mennonite Church in Morton, Ill. With the help of a salesman from Altorfer in East Peoria, Ill., the newlyweds rode away in a brand new Cat® 420F IT Backhoe Loader. It was one of the highlights of the day and helped make the day memorable. The couple both work and reside in Morton.

Cat® Dealer Monark Sends Volunteers to Help with Typhoon Cleanup

Typhoon Haiyan hit the Philippines with brute force in early November, killing around 6,000 people. Haiyan is the deadliest Philippine typhoon on record with wind speeds of more than 180 mph and according to the UN, affected 11 million people.

The Cat® dealer in the Philippines, Monark and its non-profit arm, Monark Foundation, acted quickly to help with the recovery and support victims in the aftermath. The Monark team worked with local and international agencies to ascertain how best to support the relief effort — providing food, water, shelter and medical supplies.

A team of Monark employees were deployed to volunteer with the Department of Social Welfare and Development (DSWD) in Cebu, Manila and Santuario De San Antonio Parish. Employees also worked at the Villamor Airbase to feed displaced families and support teams were sent to Samar, Leyte and Ormoc City to feed needy residents and distribute relief packages.

The teams witnessed first-hand the struggles of the families displaced by Haiyan. Soon after the typhoon, residents began to build temporary houses from the scattered debris including wood, tarpaulins and galvanized sheets. Many children had rashes and coughs/colds because of the constantly changing weather pattern, and countless adults required medical attention.

Monark also worked hard to provide heavy equipment for the reconstruction. The Monark Foundation coordinated with Monark Rental to provide forklifts to the DSWD satellite repacking station in Ateneo De Manila, the ABS-CBN warehouse in Fairview and for Doctors without Borders' (MSF) medical warehouse operations in Guiuan, Samar. Two 350kw generator sets were provided to the Mayor of Ormac.

In addition, the Monark Foundation partnered with other not-for-profit agencies including Feeding Metro Manila (FMM) for feeding projects in Samar and Leyte and the International Relief and Development (IRD).

The team has been working closely with IRD to plan for long-term clearing operations, relief, rehabilitation and rebuilding projects, and Monark sent three excavators and a tower light to assist in the clearing operations for 86 communities in Leyte and Samar.

Many barangays (villages) across the archipelago need to be rebuilt. The Monark Foundation is heavily involved in the "Adopt a Barangay" project and donated \$25,000 from Monark dealer's Christmas Party Fund for the project. Monark employees also donated cash and goods.

"The Monark team and its efforts in the cleanup are truly inspiring," said APDS Vice President Jim Johnson. "The recovery and rehabilitation will be a long process, and our Caterpillar team is committed to supporting our partners, including Monark and non-profit organizations to make a difference to people affected by this disaster."

The Caterpillar Foundation also made a \$100,000 donation to the American Red Cross to aid in the relief efforts.

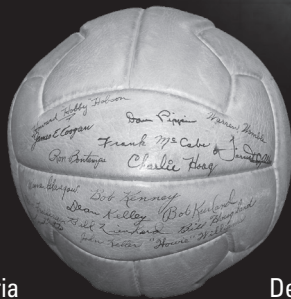
Caterpillar Diesels/ Peoria Cats Basketball Exhibit Opens

at the Caterpillar Visitors Center

The Caterpillar Diesels/Peoria Cats Basketball Exhibit recently opened at the Caterpillar Visitors Center.

Before the NBA came to prominence, there was the Caterpillar Diesels/Peoria Cats – one of the most dominant teams in the National Industrial Basketball League (NIBL). Peoria was on top of the basketball world in the 1950s and these men, who built yellow iron by day, were some of the world's greatest basketball players by night.

The Peoria area rallied around the team during its games at the Field House on the Bradley University campus, while the nation rallied around the team during its gold medal victory in the 1952 Olympic Games in Helsinki, Finland. Five Caterpillar players were on the team, which was led by Caterpillar's head coach. Over the course of a decade, the Caterpillar



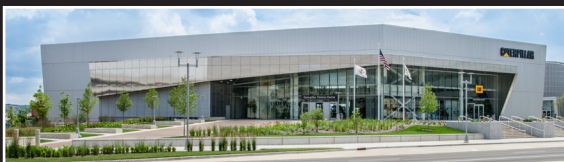
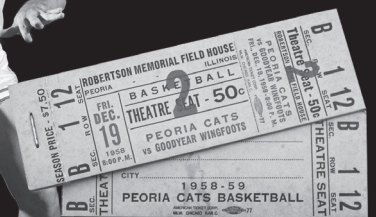
Diesels/Peoria Cats won five Amateur Athletic Union (AAU) titles and were undefeated internationally. Some of the team's major international wins include the 1954 World Championship in Rio De Janeiro, Brazil and the 1958 AAU Tour of Russia.

Two Caterpillar players also represented the United States during the 1960 Olympic Games in Rome, Italy. That team also won the gold medal.



The Caterpillar Visitors Center invites you to take an exclusive look at the rich history of basketball at Caterpillar. A 1952 Olympic gold medal is on display, along with game-worn jerseys, trophies, players' personal memorabilia, photographs, game footage and a short film on the team. During the exhibit, commemorative postcards will be available while supplies last.

Former Caterpillar basketball players unveiled the new exhibit at the Caterpillar Visitors Center March 8. The exhibit will be open until June 30.



The Caterpillar Visitors Center is located at 110 SW Washington Street in downtown Peoria, open from 10:00 a.m. - 5:00 p.m., Monday through Saturday (last ticket sold at 3:30 p.m.). Tickets are available at the ticket counter (advance tickets are not required). Contact the Caterpillar Visitors Center at 309-675-0606 with any questions.

Contact Us

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