



"As Solid as the Iron of our Machines"
Remarks as Prepared for Delivery
Jim Umpleby, Chief Executive Officer
2017 Annual Shareholder Meeting
June 14, 2017
Athens, Georgia

About the Athens, Georgia facility:

Thank you . . . to our Building Construction Products division for their hospitality. We're very proud of this fabrication and assembly facility, which opened in March 2013. It sits on 250 acres and has a workforce of about 1,400 people.

This month, we'll celebrate that we've shipped 25,000 mini-excavators and 5,000 small track-type tractors since this facility was opened four years ago. In 2016, 32 percent of those shipments were exports, destined for 68 different countries.

We often say Caterpillar customers use our products to build a better world, and that's certainly true when we talk about our building construction products. These compact, versatile and powerful machines are used for landscaping, road construction, land clearing, demolition and irrigation projects, and utilities use them to develop or improve water, power and sewer supplies.

Our Athens team actively volunteers with local and state charities, and has donated more than \$350,000 to the United Way of Northeast Georgia. They have won numerous awards, including being named the 2016 Georgia Large Manufacturer of the Year. With that strong track record, we knew Athens was an ideal location for this year's shareholder meeting.

It's a privilege to lead Caterpillar and our outstanding global team. It's also a privilege to work with my fellow board members.

As you saw in our results, 2016 was another year of challenging market conditions but, because of the skill and dedication of our employees, our operating performance was strong.

We've responded to the challenging conditions over recent years with a thoughtful approach to restructuring and strategies to improve our competitiveness.

Between September of 2015, when we announced a major restructuring plan, and the end of 2016, we consolidated or closed more than 30 facilities and our workforce declined by more than 16,000



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people. Overall, excluding short-term incentive compensation, we've reduced period costs by about \$1.5 billion since 2014, as we projected we would.

Since this January, we've taken additional significant actions. We announced the relocation of our global headquarters to the Chicago area, to be more accessible to our customers, dealers and worldwide employees. We announced the closure of facilities in Gosselies, Belgium and Aurora, Illinois. We also ratified a new six-year contract with the UAW.

We're taking these steps to position Caterpillar for future profitable growth and create long-term shareholder value.

Our dividend has been and will remain a high priority. Because of our balance sheet strength and solid cash flow, we have continued to reward our shareholders. We've paid higher dividends for 23 consecutive years, and our cash dividend has more than doubled since 2007.

Our team can also proudly point to a number of other accomplishments:

- ✓ Our product quality is at high levels.
- ✓ We're investing significant resources in research and development. We have more than 9,000 engineers, PhD-level scientists and technology experts improving our current products and designing the products of the future.
- ✓ We've made progress implementing Lean manufacturing.
- ✓ We've strengthened the Cat dealer network, which is an unrivaled competitive advantage.
- ✓ We've expanded our digital offerings to help our customers be more efficient and productive. Today, Caterpillar has more than 500,000 connected assets, which is the largest connected industrial fleet in the world.

We had a great start to the year. Sales and revenues increased, and our first-quarter profit per share was \$0.32, compared with \$0.46 in the first-quarter of last year. When we exclude restructuring costs, first-quarter 2017 profit per share was twice what it was in the first-quarter of 2016.

While there are encouraging signs in many of the markets we serve, global uncertainty continues to present risks. In response, we're managing our costs while also preserving capacity for the potential of higher sales. We're investing in products and services that will make our customers successful and drive future growth.



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Like other new Caterpillar CEOs before me, I've formed a committee to review our enterprise strategy. This Strategic Planning Committee is a diverse team that comes from many levels and functions across the company, and from many of our businesses around the world.

We're developing a strategy focused on profitable growth, a more flexible and competitive cost structure, and disciplined resource allocation. We'll present the strategy to our stakeholders later this year, and you'll see we're steadfast in our dedication to our customers' success.

Caterpillar is also affected by government policies and regulations around the world. We're monitoring trade, infrastructure, tax and regulatory proposals in the United States and other countries. Our foremost priority is to advocate for policies that create economic growth, which would benefit our company and stakeholders.

In everything we do, we're guided by our Values in Action. The Caterpillar Foundation has exemplified those Values for more than 60 years. Today, the Foundation partners with non-profits around the world to address the root causes of poverty, and has helped put more than 38 million people on the path to prosperity in the last four years alone.

Our Values also demand unwavering commitment to the safety of our people. Our recordable injury frequency rate has improved more than 90 percent since 2003. But we know even one injury is one too many, and we won't be satisfied until everyone goes home safely, every day.

We're also proud that Caterpillar builds a better world. Our customers use our equipment to build the infrastructure and extract the resources that improve living standards. Caterpillar equipment will also be there in the future, as a rising, global middle class requires even more infrastructure, resources and energy.

Our company is as solid as the iron of our machines. We have a global team of extraordinarily talented employees and a values-based culture. We lead most of the industries we serve today, and are building a stronger tomorrow. For these and many other reasons, I'm confident in Caterpillar's future.

Thank you.