



CATERPILLAR®

Highlights of the 2023 – 2029 Agreement

MARCH 2023



AGREEMENT AT A GLANCE

WAGES AND BONUSES		
Substantial ratification bonus	• \$6,000 ratification bonus if approved on the first vote.	
Guaranteed wage increases and guaranteed lump sum payments	<ul style="list-style-type: none">• 27% guaranteed combined wage increases and lump sums.• 7% wage increase at ratification.• Additional 4% wage increases in Year 3 (March 2025), Year 5 (March 2027) and Year 6 (March 2028). These are wage increases on top of the 8% wage increase received in the past 16 months.• 4% lump sum payments in Year 2 (March 2024) and Year 4 (March 2026).	Guaranteed cash Over \$50,000 in guaranteed wages, lump sum payments and 401(k) match for Labor Grade 3.
Elimination of two-tier wages	<ul style="list-style-type: none">• Pre-2005 and Post-2005 employees will be on same wage schedule by end of agreement.• Wage gap at Labor Grade 3 will be eliminated at ratification. Pre-2005 employees in Labor Grade 3 will receive an increase at ratification.	
Increasing night shift premium	<ul style="list-style-type: none">• Increasing rate for <u>ALL</u> employees to \$0.75 cents per hour upon ratification and \$1.00 per hour in 2025.• Supplemental employees receive same \$0.75 or \$1.00 night shift premium.• Additional \$300 per year in 2023 and 2024 and \$800 per year beginning in 2025.	
Enhancing retention bonuses	<ul style="list-style-type: none">• Welder retention bonus increased by \$1.00 — an additional \$2,000+ per year for full-time employees.• Added retention bonus for certain melting operations at Mapleton, 3A64 class in Decatur and 4M96 class in Undercarriage.	
BENEFITS AND PAID TIME OFF		
Enhancing 401(k) plan	<ul style="list-style-type: none">• Increasing Caterpillar match from 50% to 75% of your contributions, up to 6% of your eligible pay.• Pre-2005 and Post-2005 employees will receive a one-time-only contribution of \$10,000 at 20 years of seniority.• You can invest your ratification bonus in your 401(k).	
Making major improvements to paid time off	<ul style="list-style-type: none">• Additional and more flexible vacation time.• Additional and more flexible paid absence allowance. Post-2005 same as Pre-2005.• Additional break time.• Doubling paid parental leave.• Improving the bereavement leave.	
ADDITIONAL IMPROVEMENTS		
Changing drug testing	<ul style="list-style-type: none">• Discontinuing random drug testing for marijuana.	
Offering additional wins	<ul style="list-style-type: none">• Requiring successful bid winners be moved within 90 days.• Reducing and standardizing bid restrictions to 12 months.• Establishing limits for temporary assignments.• Increasing temporary layoff payment for Post-2005 hires from \$100/week to \$170/week. Same as Pre-2005.• Prohibiting plant closings.• Doubling standard safety shoe allowance from \$75 to \$150.	

CHECK OUT THE BOTTOM LINE TO YOU ON PAGE 6-7.

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GUARANTEED CASH – DETAILS

Offering better wages and bonuses

- **\$6,000 ratification bonus.** If the UAW membership approves this agreement **on the first vote**, all members will receive a **\$6,000** ratification bonus. *(Prior Central Agreement ratification bonuses have never been more than \$3,000.)* The bonus will be paid automatically in 60 days. Invest the funds in your 401(k) or spend it however you like.
 - **Adding guaranteed wage increases.**
7% wage increase upon ratification. Additional 4% wage increase in Year 3 (March 2025), Year 5 (March 2027) and Year 6 (March 2028). On top of the 8% wage increase you received in the past 16 months.
 - **Adding new guaranteed lump sum payments.**
Annual 4% lump sum payment in Year 2 (March 2024) and Year 4 (March 2026). Invest the funds in your 401(k) or spend it however you like.
 - **Further wage growth above guaranteed increases.**
Caterpillar will continue to conduct annual market reviews, which could provide additional wage increases in any year – including lump sum years.
- Together, these equal **27% guaranteed cash** over the life of the agreement.
- (The 2017 – 2023 agreement included only 4% guaranteed wage increases + Rewards minimums)*
- You can expect a wage increase or lump sum payment in every year of the agreement.

ADDITIONAL WINS

- **Eliminating Rewards programs with uncertain and variable outcomes.** Will replace with **guaranteed lump sums**. All employees receive 4% lump sum payments in Year 2 (March 2024) and Year 4 (March 2026).
- **Eliminating two-tier wage system.** Pre-2005 and Post-2005 employees will be on the **same wage schedule** by end of this agreement. Wage gap at Labor Grade 3 will be eliminated at ratification. Pre-2005 employees in Labor Grade 3 **will receive an increase** at ratification.
- **Pay increases automatically after 26 calendar weeks.** You **aren't required to be at work** for all 26 weeks to receive the increase.
- **Increasing night shift premium for full-time and supplemental employees.**
 - Upon ratification, full-time employees will receive **\$0.75 cents per hour** on top of their hourly wage *(currently \$0.60 cents per hour)*.

- Upon ratification, supplemental employees will receive **\$0.75 cents per hour** on top of their hourly wage (*currently \$0.30 cents per hour*).
- In March 2025, night shift premium will increase for both full-time and supplemental employees to **\$1 per hour**.
- **Enhancing retention bonuses.**
 - **Increased welder bonus by \$1.00** (for both Labor Grade 3 and Labor Grade 4 welders), which equates to **\$2,000+ per year**.
 - **Added retention bonuses** for certain melting operations at Mapleton (Job codes: 5F29, 3K11, 5F34, 5F33, 5F30), 3A64 classification in Decatur and 4M96 classification in EP Undercarriage.
 - **Eliminating two-month waiting period** to apply for a retention bonus.

Enhancing 401(k) plan

What's changing	What's staying the same
<ul style="list-style-type: none"> Caterpillar will match 75% (<i>currently 50%</i>) of your contributions, up to 6% of your eligible pay. You can invest your ratification bonus in your 401(k). Caterpillar will contribute \$10,000 to your 401(k) at 20 years of seniority. After 10 years at a 7% annual return, this equates to starting your retirement with nearly \$20,000 more in savings. 	<ul style="list-style-type: none"> Annually, Caterpillar makes a non-elective contribution (NEC) equal to 3% of your eligible pay (you are not required to contribute to receive this).

Improving paid time off

- **Offering better and more flexible vacation.**

What's changing	What's staying the same
<ul style="list-style-type: none"> Post-2005 employees can earn up to five weeks (currently four weeks) of vacation. Same as Pre-2005 group. Caterpillar can reserve only one week of vacation time for summer shutdown. 	<ul style="list-style-type: none"> Vacation pay based on prior year's earnings. Unused vacation is paid out at the end of the year.
	<p>This allows you to have more control over when you take paid time off each year.</p>

- Expanding paid absence allowance (y-time).

What's changing	What's staying the same
<ul style="list-style-type: none"> • Post-2005 employees will receive an additional 18 hours. Total of 50 hours/year (currently 32 hours/year) — same as Pre-2005. • Supplemental employees now will receive 40 hours/year (currently zero). • If you request to use for unforeseeable circumstances at least 30 minutes prior to your scheduled shift, it is approved! And you cannot be disciplined. 	<ul style="list-style-type: none"> • Can be used in two-hour increments or greater. • Unused time is still paid out at the end of the year. <div>Protection and flexibility to manage your unexpected time off to care for your own health or your sick child, cover for daycare or handle other unplanned events.</div>

- **Allowing for additional break time.** If you work 12 hours or more, you'll receive a **20-minute** break (in addition to lunch).
- **Doubling paid parental leave.** Receive up to **80 hours/year** to bond with a newborn or newly-adopted child.
- **Improving bereavement policy.** Receive bereavement time even when services aren't held within five days of passing.

Keeping the same stable health care plans

- **Maintaining the current medical, dental and vision plans.**
 - Negotiations in 2017 resulted in a big win, providing you with the same medical, dental and vision plans as management employees.
 - UAW members will keep the same coverage, which has worked out well. Under the current plans, UAW members have experienced:
 - **Lower costs and more choice** than what was offered in the pre-2017 plan.
 - **Stable premiums that haven't changed in three years.**
 - Medical plan deductibles, copays, coinsurance and out-of-pocket maximums that have **remained the same for six years.**
 - No changes for UAW members unless the same changes are made for management employees.



Adding more enhancements

- Revising the drug testing policy.

What's changing	What's staying the same
<ul style="list-style-type: none"> • Random drug testing will no longer screen for marijuana. • Employees no longer disciplined and discharged for off-shift marijuana use. • Employees who test positive for substances other than marijuana and alcohol will be discharged. • Employees who report under the influence of drugs or alcohol will be discharged. 	<ul style="list-style-type: none"> • Employees who report to work under the influence will still be subject to reasonable suspicion testing. • Employees who test positive for marijuana on a reasonable suspicion test will get one opportunity for rehabilitation under the Last Chance Agreement. • Employees who test positive for alcohol between a .04 and .079 BAC on a reasonable suspicion test will get one opportunity for rehabilitation under the Last Chance Agreement.

- Establishing guidelines for moving jobs.
 - If you win a job bid, you must **move to it within 90 days** (*currently no set timeline*).
 - Bid restrictions simplified and reduced to 12 months (*currently 12 - 18 months*).
 - Temporary assignments can last no longer than **180 days** (*currently there's no limit*).
 - You can't be put on another temporary assignment for **60 days**.
 - Any extensions must be approved by the UAW.

Elimination of tier differences

- * Wages — Labor Grade 4-6 differences already eliminated. All but six pre-2005 employees aligned when Labor Grade 3 gap is eliminated at ratification. Labor Grade 2 gap eliminated in March 2027.
- * Paid Absence Allowance — Both Pre-2005 and Post-2005 have 50 hours.
- * Vacation — Both Pre-2005 and Post-2005 can grow into five weeks of vacation.
- * SUP — Both Pre-2005 and Post-2005 receive the same \$170/week.

Increasing temporary layoff payment Post-2005 employees will receive \$170/week (<i>currently \$100/week</i>) to be consistent with what Pre-2005 employees receive.	Preventing plant closings The moratorium on plant closings will continue under the tentative agreement.	Doubling safety shoe allowance Receive a \$150 allowance/year for safety shoes (<i>currently \$75/year</i>). Receive an additional \$45/year if metatarsal protection is required.	Improving union representation We will add a committeeman to Decatur, East Peoria Prime Product and Mapleton facilities. We will add arbitration dates.	Standardizing the Voluntary Separation Program (VSP) Any VSP will be calculated based on years of seniority (<i>without any minimum or maximum</i>).	Extending training time after a Reduction in Force (RIF) You will receive additional training time if you need to be trained following a RIF.
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Company proposals that the UAW rejected

- ✗ Pay overtime only after you've worked 40 hours per week (*it's staying that overtime is paid for anything worked off-shift*).
- ✗ Pay vacation at straight time (*this would have penalized high overtime workers*).
- ✗ Offer only market-based wage increases *with no guarantees*.
- ✗ Keep current Rewards program without minimums.
- ✗ Immediate discharge for any positive drug test.
- ✗ Ability to close any plant.

THE BOTTOM LINE: WHAT THIS REALLY MEANS TO YOU

If ratified, the *value* of the biggest elements in this agreement (wages, lump sum payments and 401(k) match) mean more money in your pocket — a whole lot more. And that money is guaranteed.

As you can see in the below chart, the value of the guaranteed wage increases, lump sum payments and Caterpillar's 75% 401(k) match will really add up. The amount varies by Labor Grade. See for yourself what this means to you:

Guaranteed money in your pocket

Labor Grade	Total value (A + B + C from below and then rounded to nearest dollar)	How much more?
1	\$39,157	Labor Grade 3 can expect \$50,236 in guaranteed wage increases, guaranteed lump sums and increased 401(k) match. \$71,977 for Labor Grade 6.
2	\$44,363	
3	\$50,236	
4	\$55,896	
5	\$63,333	
6	\$71,977	



How we arrived at the above numbers

Chart A — Guaranteed wage increases

Here's the incremental value of guaranteed wage increases over six years, assuming you work 2,080 hours per year and are at Step 7:

Labor Grade	Current wage	7% increase at ratification (March 2023)	4% increase in March 2025	4% increase in March 2027	4% increase in March 2028	Total value at straight time*
1	\$17.00	\$18.19	\$18.92	\$19.68	\$20.47	\$25,730
2	\$19.68	\$21.06	\$21.90	\$22.78	\$23.69	\$29,765
3	\$22.76	\$24.35	\$25.32	\$26.33	\$27.38	\$34,299
4	\$25.61	\$27.40	\$28.50	\$29.64	\$30.83	\$38,709
5	\$29.45	\$31.51	\$32.77	\$34.08	\$35.44	\$44,470
6	\$33.85	\$36.22	\$37.67	\$39.18	\$40.75	\$51,189

*Calculated based on the increase in wages between years x 2,080 hours x number of years remaining in the agreement. For example, (wage increase at ratification x 2,080 x 6 years) + (increase March 2025 x 2080 hours x 4 years) + (increase March 2027 x 2,080 hours x 2 years) + (increase March 2028 x 2080 hours x 1 year); then rounded to the nearest dollar.

Chart B — Ratification bonus and lump sum payments

Here's the value of the lump sum payments over six years, assuming you work 2,080 hours per year and are at Step 7:

Labor Grade	Ratification bonus	4% lump sum in March 2024	4% lump sum in March 2026	Total value
1	\$6,000	\$1,513	\$1,574	\$9,088
2	\$6,000	\$1,752	\$1,822	\$9,574
3	\$6,000	\$2,026	\$2,107	\$10,133
4	\$6,000	\$2,280	\$2,371	\$10,651
5	\$6,000	\$2,622	\$2,726	\$11,348
6	\$6,000	\$3,014	\$3,134	\$12,148

Chart C — 401(k) value at 75% match, up to 6% of your eligible pay

Here's the incremental value of the 401(k) match at 75%, assuming you work 2,080 hours per year over the next six years, contribute at least 6% of your eligible pay (not including any bonuses) and are at Step 7:

Labor Grade	Step 7	2022 current match at 50%	2023 at 75% match	2024 at 75% match	2025 at 75% match	2026 at 75% match	2027 at 75% match	2028 at 75% match	Total increased match
1	\$17.00	\$1,061	\$1,703	\$1,703	\$1,771	\$1,771	\$1,842	\$1,916	\$4,340
2	\$19.68	\$1,228	\$1,971	\$1,971	\$2,050	\$2,050	\$2,132	\$2,217	\$5,024
3	\$22.76	\$1,420	\$2,279	\$2,279	\$2,370	\$2,370	\$2,464	\$2,563	\$5,804
4	\$25.61	\$1,598	\$2,565	\$2,565	\$2,668	\$2,668	\$2,774	\$2,886	\$6,536
5	\$29.45	\$1,838	\$2,949	\$2,949	\$3,067	\$3,067	\$3,190	\$3,317	\$7,514
6	\$33.85	\$2,112	\$3,390	\$3,390	\$3,526	\$3,526	\$3,667	\$3,814	\$8,640

All the descriptions contained in this summary are for general purposes only. They are subject to the terms and conditions of the actual language. In the event of any discrepancy between this summary and the actual language, the actual language will be controlling.