



UAW CATERPILLAR

Highlights of Proposed 2017-2023 Tentative Agreement

March 2017

Contract Highlights

- Six-year agreement
- \$2,000 ratification bonus - \$3,000 if recommended by entire Bargaining Committee
- Two percent general wage increases in December 2018 and 2020. If market-based wage adjustments are greater than 2 percent in 2018 and 2020, the greater amount would apply
- Eligible for market-based increases in December 2017, 2019, 2021 and 2022
- \$1,000 lump-sum bonus in December 2020 for members not eligible for a GWI
- Reward and recognition program - minimum \$250 per quarter, unlimited maximum
- \$10,000 retirement bonus payable to those retiring prior to Jan. 2, 2019 (Aurora is excluded)
- Post-2005 hires - additional eight hours PAA time for a total of 32 hours
- Logistics members now receive 32 hours PAA time
- Aurora closing agreement - should Aurora close, 40 hours pay per year of credited service
- Post-Jan. 10, 2005 members - increased layoff payment from \$50 per day to \$85 per day
- Maintained plant closing moratorium - now includes York facility, excludes Aurora facility
- With market-based wage increases Labor Grade 6 (Skilled Trades) eliminated the wage difference between pre-and post-2005 members in December 2015
- If market-based increases yield the same increases as 2011 agreement, the wage difference between pre-and post-2005 members in Labor Grade 5 will be eliminated in December 2020
- If market-based increases yield the same increases as 2011 agreement, the wage difference between pre-and post-2005 members in Labor Grade 4 will be reduced from \$3.49 to 75 cents
- If market-based increases yield the same increases as 2011 agreement, the wage difference between pre-and post-2005 members in Labor Grade 3 will be reduced from \$4.69 to \$2.06

A Message from the UAW Caterpillar Bargaining Committee

March 2017

Dear Brothers and Sisters:

During the course of 2017 negotiations, your UAW Caterpillar National Policy Committee was faced with enormous challenges as sales of mining and construction equipment manufactured in UAW-represented Caterpillar facilities declined by 40 percent during the term of the 2011 agreement. During the opening ceremony of these negotiations, the negotiating team was immediately faced with Caterpillar announcing the contemplation of closure of the Aurora, Illinois, manufacturing facility. This action would impact nearly 800 brothers and sisters working in Aurora. The cost of health care had been increasing on an upward trend throughout the 2011-2017 contract.

Your committee was successful in negotiating access to company-wide health care benefits on the same level which will give members the opportunity to choose a plan that best suits their needs while reducing health care premiums for all members. Despite resistance from the company on wage increases, two general wage increases were bargained through the life of the contract. Market-based wage adjustments will apply in years that general wage increases do not take place. The committee was successful in reversing the company's demands that would have weakened overtime provisions.

Additionally, logistic employees will specifically benefit with improvements made in wages, PAA time, disability leave amounts, medical coverage and optional insurance.

We are extremely proud of the job done by the UAW Caterpillar National Policy Committee during this difficult round of negotiations. The committee was successful in making gains that will benefit all UAW-represented Caterpillar workers. The UAW Caterpillar National Policy Committee has unanimously endorsed this tentative agreement for ratification. Together, we join your negotiating committee in recommending the tentative new agreement for your ratification.

In Solidarity,

Norwood Jewell

*UAW Vice President and Director
National Caterpillar Department*



Randy Smith
UAW Caterpillar Bargaining Chair

Don Rohrer
UAW Caterpillar Bargaining Co-Chair

Wages

Compensation

\$2,000 or \$3,000 Ratification Bonus

All employees covered by this agreement – including supplemental employees – will receive a \$2,000 ratification bonus. If the UAW Caterpillar National Policy Committee unanimously recommends the tentative agreement for ratification, the bonus will then be \$3,000.

Lump-Sum Payment

All employees not eligible for general wage increases will receive

a \$1,000 lump-sum payment in December 2020 applicable to pre-2005 employees only.

Market-Based Wage Increases

Throughout the life of the 2017-2023 agreement market-based wage adjustments apply in December 2017, 2019, 2021 and 2022, to all post-2005 employees. If any labor grade surpasses the current pre-2005 wage rates those employees would then be eligible for market-based increases.

General Wage Increases

Over the course of the agreement there will be two general wage increases

in 2018 and 2020 at 2 percent or market-based, whichever is greater.

Employee Rewards Program

The committee was successful in maintaining the \$250 minimum quarterly payout while eliminating the maximum amount.

New Retention Bonus

The retention bonus was added for Labor Grade 3 and 4 heat treat, (i.e., relinquish bid rights for three years) and maintained for Labor Grade 3 and 4 welders.



HEALTH CARE

MULTIPLE PLANS TO CHOOSE FROM DEPENDING ON PERSONAL NEEDS AND FLEXIBILITY

Effective Jan. 1, 2018, members will have access to the same health care as management and executives. Thus, our members will have more security, better cost savings, and flexibility to make choices based on individual needs.

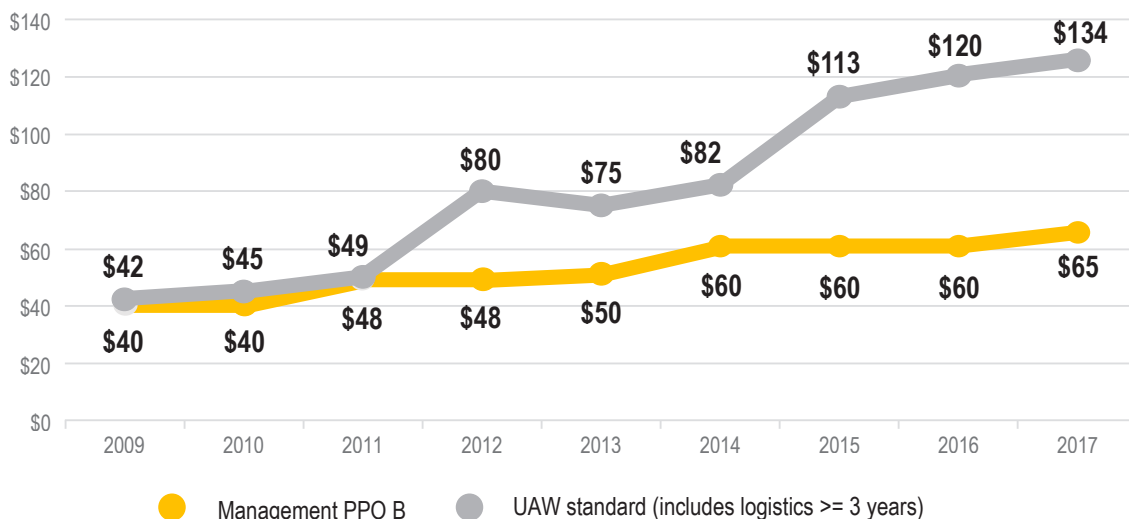
This chart shows the health care options available for 2017. There are four options offering a range of coverage and premiums to fit your needs. Below are EPO and PPO options similar to previous plans (which are also included), but the premiums are lower and include other enhancements like office visits and chiropractic in the PPO plan. There are also Consumer Driven Health Plans (CDHP), which are higher deductible plans with lower monthly premiums and the option of a Health Savings Account (HSA) with annual seed money from Caterpillar.

	BCBS (EPO)	UHC Choice Plus (PPO)	UHC Consumer Choice (CDHP)	UHC Consumer Max (CDHP)	UAW EPO	UAW PPO
Employee-only premium	\$125	\$65	\$40	\$20	\$134	\$134
Employee + spouse premium	\$313	\$163	\$100	\$50	\$268	\$268
Employee + child(ren) premium	\$250	\$130	\$80	\$40	\$214	\$214
Family premium	\$438	\$228	\$140	\$70	\$428	\$428
Individual deductible	\$500	\$800	\$1,500	\$3,000	\$500	\$700
Family deductible	\$1,000	\$1,600	\$3,000	\$6,000	\$1000	\$1400
Individual MOOP	\$2,000	\$3,000	\$3,000	\$5,000	\$2000	\$2000
Family MOOP	\$4,000	\$6,000	\$6,000	\$10,000	\$4000	\$4000
Medical co-insurance (in-net / out-of-net)	20% / 100%	20% / 50%	20% / 50%	20% / 50%	20% / 100%	20% / 50%
Office visit – primary care	\$20 co-pay	Co-insurance after deductible	Co-insurance after deductible	Co-insurance after deductible	\$20 co-pay	No coverage
Office visit – specialist	\$40 co-pay	Co-insurance after deductible	Co-insurance after deductible	Co-insurance after deductible	\$40 co-pay	No coverage
HSA seed from Caterpillar	--	--	\$250 / \$500	\$500 / \$1,000	--	--



The graphs below are based on actual historic data. These plans have remained fairly consistent over the past 12 years and costs have increased at a much slower rate than UAW member plans. Keep in mind, changes can only be made to UAW member plans if the same changes are made to those of management employees. With 77,000 people in management health care plans the risk pool is much larger. Costs can be spread out across a much larger population whose average annual claims increase by about 4.2 percent compared to the UAW plans that have about 9,000 people and are increasing at about 7.3 percent.

PREMIUMS: ACTIVE EMPLOYEE-ONLY MONTHLY CONTRIBUTIONS

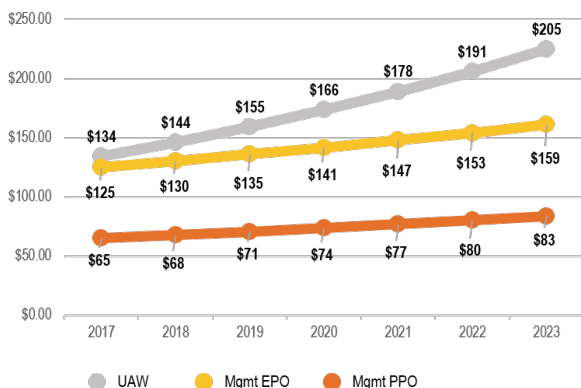


OPPORTUNITY FOR SUBSTANTIAL SAVINGS

Under the 2011 agreement, premiums were calculated based on 20 percent of claims data. Caterpillar initially proposed to increase that premium share to 35 percent. UAW member premiums were substantially higher than management premiums. Additionally UAW claims grew on average 7.3 percent annually over the agreement. Management claims grew at a much lower rate (4.2 percent). This proposal provides the same premiums for management and UAW members, and pools the claims together.

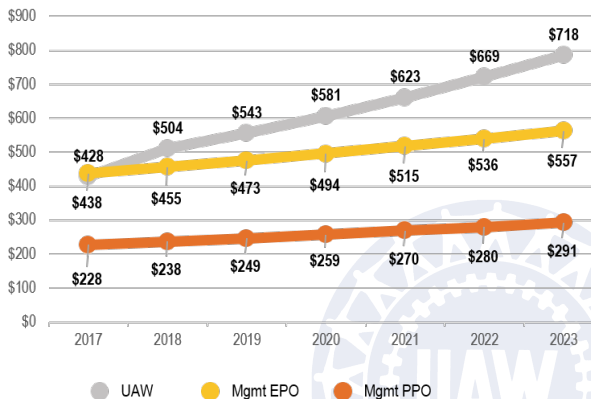
Cost Comparison

EE Only | 2017 Premiums & Forecasts through 2023



Cost Comparison

Family | Premium Forecasted



- ✓ The above charts used numbers and projections about what may happen during the life of this agreement. The actual costs may go higher or lower.

RETIREE HEALTH CARE

PRE 65

- Applies to Future Retirees Only

For eligible retirees who are not yet 65, your healthcare will have the same plan design as management retirees. The below plans are from 2017. The premiums are based on a multiplier of the active employee rate (1.8x) as shown below:

	BCBS National (EPO)	UHC Choice Plus (PPO)	UHC Consumer Choice (CDHP)	UHC Consumer Max (CDHP)	UAW EPO	UAW PPO
Retiree-only premium	\$225	\$117	\$72	\$36	\$374	\$374
Retiree + Spouse Premium	\$564	\$294	\$180	\$90	\$749	\$749
Retiree + Child(ren) Premium	\$450	\$234	\$144	\$72	\$749	\$749
Family Premium	\$789	\$411	\$252	\$126	\$749	\$749
Individual Deductible	\$500	\$800	\$1,500	\$3,000	\$500	\$700
Family Deductible	\$1,000	\$1,600	\$3,000	\$6,000	\$1000	\$1400
Individual MOOP	\$2,000	\$3,000	\$3,000	\$5,000	\$2000	\$2000
Family MOOP	\$4,000	\$6,000	\$6,000	\$10,000	\$4000	\$4000
Medical Co-insurance (In-Net / Out-of-Net)	20% / 100%	20% / 50%	20% / 50%	20% / 50%	20% / 100%	20% / 50%
Office visit – Primary Care	\$20 co-pay	Co-insurance after deductible	Co-insurance after deductible	Co-insurance after deductible	\$20 co-pay	No Coverage
Office visit – Specialist	\$40 co-pay	Co-insurance after deductible	Co-insurance after deductible	Co-insurance after deductible	\$40 co-pay	No Coverage
HSA Seed from Caterpillar	--	--	\$250 / \$500	\$500 / \$1,000	--	--

By moving to the same plan design as management retirees, there are significant savings to members.

✓ THESE NUMBERS ARE PROJECTIONS ABOUT WHAT MAY HAPPEN DURING THE NEXT SIX YEARS. THE ACTUAL SAVINGS MAY BE HIGHER OR LOWER.

Retiree only premium

	EPO	PPO
UAW	374	374
Non Bargained	225	117
Monthly Savings	149	257
Annual Savings	\$1,788	\$3,084

Retiree + spouse premium

	EPO	PPO
UAW	749	749
Non Bargained	564	294
Monthly Savings	186	466
Annual Savings	\$2,220	\$5,460





RETIREE HEALTH CARE

POST 64

The benefits under this proposal are designed to coordinate with Medicare and to give eligible retirees the ability to choose the best coverage option for his or her individual circumstances. Instead of being enrolled in a health care plan that doesn't coordinate with Medicare, you'll have access to a health reimbursement account (HRA). An HRA gives you:

- For employees who retire prior to Jan. 1, 2019
- \$3,000 annual company allocation to HRA (an additional \$3,000 for eligible spouse) —
- Employees who retire after Jan. 1, 2019, age and years of service decide HRA amount
- More flexibility to pick the right plan
- Professional benefit advisors help select a plan
- Allows for annual flexibility for the retiree – change plan designs and carriers
- The availability of plan options and employer account contributions will allow for a choice of plans that present the best value based on each retiree's personal needs

HOW DOES AN HRA WORK?

			
Caterpillar provides annual benefit dollars (\$3,000 per retiree and spouse)	Benefit dollars are deposited into Health Reimbursement Arrangement (HRA) account	Retiree purchases health insurance to supplement Medicare and may use the HRA for reimbursement of: <ul style="list-style-type: none">• Premiums (Part B also)• Eligible medical expenses Premiums are typically much less than current coverage	Unused amounts roll Over from year to year



Health Care (continued)

Protection for Active Medical Plan

Once bargaining unit members transition to EHLD, the Company may change benefits only to the extent it makes the same changes for the majority of non-represented employees. If the Company terminates the EHLD, or makes certain significant changes to the benefits during the term of the Collective Bargaining Agreement, the Union has the authority to return all bargaining unit members to the previous plans (GIP A and GIP B) with the cost sharing described below:

Protection for Retiree Medical Plan

Once bargaining unit members who retire during the term of this Collective Bargaining Agreement transition to the RBP plan, the Company may make changes to the benefits only to the extent it makes the same changes for the majority of non-represented retirees. If the Company terminates the RBP, or makes certain significant changes to the benefits during the term of the Collective Bargaining Agreement, the Union has the authority to return this group of retirees to GIP A with the cost sharing described below:

Active:

Calendar year	Employee-only monthly contribution (premium)	Annual deductible amounts (individual/family)	Annual MOOP amounts (individual/family)
2018	\$141	\$900/\$1,800	\$3,000/\$6,000
2019	\$148	\$1,000/\$2,000	\$3,000/\$6,000
2020	\$155	\$1,100/\$2,200	\$3,500/\$7,000
2021	\$163	\$1,200/\$2,400	\$3,500/\$7,000
2022	\$171	\$1,300/\$2,600	\$4,000/\$8,000
2023	\$180	\$1,400/\$2,800	\$4,000/\$8,000

Retiree:

Calendar year	Retiree-only monthly contribution (premium)	Annual deductible amounts (individual/family)	Annual MOOP amounts (individual/family)
2018	\$254	\$900/\$1,800	\$3,000/\$6,000
2019	\$266	\$1,000/\$2,000	\$3,000/\$6,000
2020	\$279	\$1,100/\$2,200	\$3,500/\$7,000
2021	\$293	\$1,200/\$2,400	\$3,500/\$7,000
2022	\$308	\$1,300/\$2,600	\$4,000/\$8,000
2023	\$324	\$1,400/\$2,800	\$4,000/\$8,000

Logistics Competitive Wage Employees

Logistics Competitive Wage Employees

- 32 hours PAA time
- Immediate access to full health-care benefits
- Access to hearing aid benefits

- Elimination of three-year wait for prescription drug and dental coverage

Gains in Disability Payment

In the previous agreement the short term disability payment was \$200.

The committee was successful in increasing the amount to 66.6 percent or approximately \$456. Long term disability payment was raised from \$0 to 50 percent at 40 hours current regular straight time rate.

Additional Early Retirement Allowance (AERA)

Your benefit will be based on your years of credited service as of Jan. 1, 2016. If you retire with 30 years of service your benefit will be calculated as follows:

EXAMPLE	Years of credited service	
	Calculation	Eligibility
12/31/2016	21.3333	21.3333
8/31/2024	21.3333	30.0000

- In the example above, if you work through Aug. 31, 2024, you will have earned 30 years of credited service for determining eligibility for AERA (\$2,800 target) on your retirement date Sept. 1, 2024
- The AERA target available to you will be prorated to reflect the frozen credited service as of Dec. 31, 2015, of 21.333 years
- The total retirement benefit payable to you beginning Sept. 1, 2024, through age 62 will be \$1,991.04 ($\$2,800 \times 21.333 / 30$)
- **Impact on AERA:**
 - If you retire before age 62, you may be eligible for AERA
 - Credited service for purposes of determining eligibility for AERA is determined as of your retirement date
 - However, the AERA benefit available to you will be determined based on your credited service as of the freeze date

If you retire with less than 30 years of credited service, your benefit will be calculated as follows:

EXAMPLE	Years of credited service		
	Benefit calculation	Retirement eligibility	Age
12/31/2016	21.3333	21.3333	50.5833
1/31/2023	21.3333	28.4167	56.6667
8/31/2024	21.3333	30.0000	58.2500

- If you retire prior to completing 30 years of service, your AERA target is determined using a multiplier of \$93.33 per year of credited service, reduced by 85 cents for each month retirement precedes age 60
- The multiplier determined as of Feb. 1, 2023, is 59.33 ($93.33 - (40 \text{ months} \times 85 \text{ cents})$)
- The total retirement benefit payable to you beginning Feb. 1, 2023, through age 62 will be \$1,265.71 ($\59.33×21.3333)

Aurora Plant Closing

In the event the company makes a decision to close Aurora, this language provides for a significantly greater amount of severance pay, moving allowance and length of benefit continuation than ever previously done in a plant closing.

The severance package will be 40 hours of the employee's regular rate of pay for each year of the employee's respective seniority.

Pre-2005 employees who are age 50 or older with 10 or more years of credited service will be eligible to retire under NCP.

Opportunity to move to central agreement facilities under the master recall provisions.

Moving Allowance Increase

The Bargaining Committee was successful in increasing the moving allowance to a flat \$3,000 for single or married moving 50 to 299 miles and a flat \$4,000 for single or married moving 300 miles or more.

Retirement Bonus Through 2019

Those who are retirement eligible will receive a lump-sum retirement bonus payment, if retiring prior to Jan. 2, 2019, in the amount of \$10,000.

In the Event of a Complete Plant Closing of Aurora

A lump-sum payment will be paid to each member equal to forty (40) hours multiplied by his/her regular rate of pay (which will be the highest rate earned between March 1, 2017, and the employee's termination date), then multiplied by each full year of their seniority (as of the employee's termination date). Example: (5 full years / \$22.00) $40 \times \$22 \times 5 = \$4,400$.

Employees will receive eighteen (18) months of COBRA coverage, twelve (12) months at applicable cost and six (6) months at COBRA rate.

Other Contractual Provisions

Single Day Layoff Payment

Company has agreed to pay \$85 per day for single layoff days as compared to \$50 in previous agreements to be used one day at a time up to 20 days, for all regular bargaining unit employees.

Modified Start Times

During negotiations, the company wanted to change the start time for all shifts forward two hours. Both parties agreed to the following modified start times;

6-8 a.m. / 2-4 p.m. / 10 p.m. - Mid-night

Enhanced Reduction in Force (RIF) Language

During a RIF, the company has agreed to move within the classification instead of job (spot on floor).

Electronic Requests

Company reserves the option to implement electronic job openings, job bidding, vacation requests and PAA. If the company decides to utilize this electronic process, the earliest date they could implement would be Jan. 1, 2019.

Bereavement Hours

Company agreed to modify language to days from hours and to eliminate the requirement to attend a funeral.

Job Bidding Enhancements

Job bids will be posted noon Thursday and taken down noon Tuesday.

Company has agreed to modify the definition of “actively at work,” to include:

Temporary layoff language in 13.2 and 13.6

Paid absence language in 15.1, 15.3, 15.4 and 15.5

Employee Commitment to Business Success

During this round of negotiations, the company demanded all employees exclusively wear CAT branded clothing. We came to an agreement not to wear competitor brand clothing while on company property.

Family Medical Leave Act (FMLA)

FMLA will run concurrent with Short-Term Disability and Workers' Compensation benefits only.

Vacation

We maintained current vacation accrual and payment.

Letter of Agreement #27, “Supplemental Employee Language”

All language maintained.

Grievance and Arbitration

To expedite the grievance and arbitration procedure, the company has agreed to eliminate the “Pilot Program.” Company shall answer the grievance no later than 60 days after a grievance is date stamped into final step unless agreed to by both parties.

Article 8 Health and Safety

The union was successful in securing eight additional hours of training for a total of 24 hours, further enhancing safety related training to be conducted each year of the agreement during the annual health and safety program for UAW Safety Representatives. The additional eight hours will consist of union derived content.

Other Benefits

Paid Parental Leave

Forty hours of Paid Parental Leave will now be provided to eligible employees upon the birth of an employee's child, the legal adoption of a child under the age of 18, or upon the placement of a child for foster care.

Life Insurance

You will now be provided the option to purchase spousal (\$20,000-

\$40,000) and dependent insurance (\$10,000) at group rates.

Caterpillar Job Security Program

Anyone hired prior to March 2013 maintains eligibility for the Caterpillar Job Security Program.

Letter of Agreement #32 Substance Abuse Program Modifications

An employee who tests “not in compliance” as a result of any random or reasonable suspicion testing will have one opportunity for treatment and rehabilitation. The committee was able to retain a random testing percentage of 12 percent.

Notes



2017 UAW CATERPILLAR NEGOTIATING COMMITTEE

Norwood Jewell

*Vice President and Director
UAW Ag-Imp Department*

Ron McInroy

*Director
UAW Region 4*

Ray Curry

*Director
UAW Region 8*

Troy Davis

*Top Administrative Assistant to
Vice President Jewell*

Tim Bressler

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