

ELECTRO MOTIVE®

PROGRESS
RAIL SERVICES
A Caterpillar Company

CATERPILLAR®



EMD Quick Facts

- Founded in 1922, Electro-Motive Division of General Motors
- Owned by General Motors for most of its history
- Sold to private equity in 2005
- Since then, revenues have more than doubled, exports increased five-fold, 40% aftermarket growth
- Supply base has the majority of its partners located or ship from within a 500 mile radius of Chicago
- Spend in excess of \$1B annually
- Sold to Caterpillar/Progress Rail in August 2010



- Sales \$52B
- 100,000 CAT Employees / 50 Countries
- 100+ Manufacturing Locations
- 500+ Products
- 1.8M Aftermarket Parts
- 180 Dealers
- 131,000+ Dealer Employees





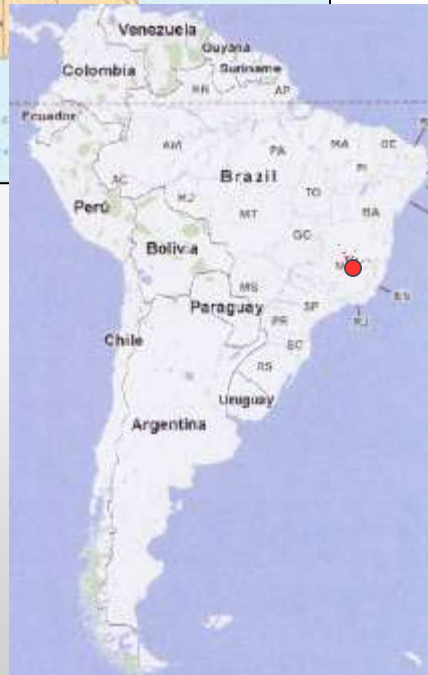
- Subsidiary of Caterpillar
- 110 US Facilities
- 33 International Facilities
- Locomotive Upgrade and Repair
- Railcar Reman
- Rail Repair and Replacement
- Signal Design and Installation



Manufacturing Locations



- LaGrange, IL
- Muncie, IN
- San Luis Potosi, MX
- Sete Lagoas, Brazil

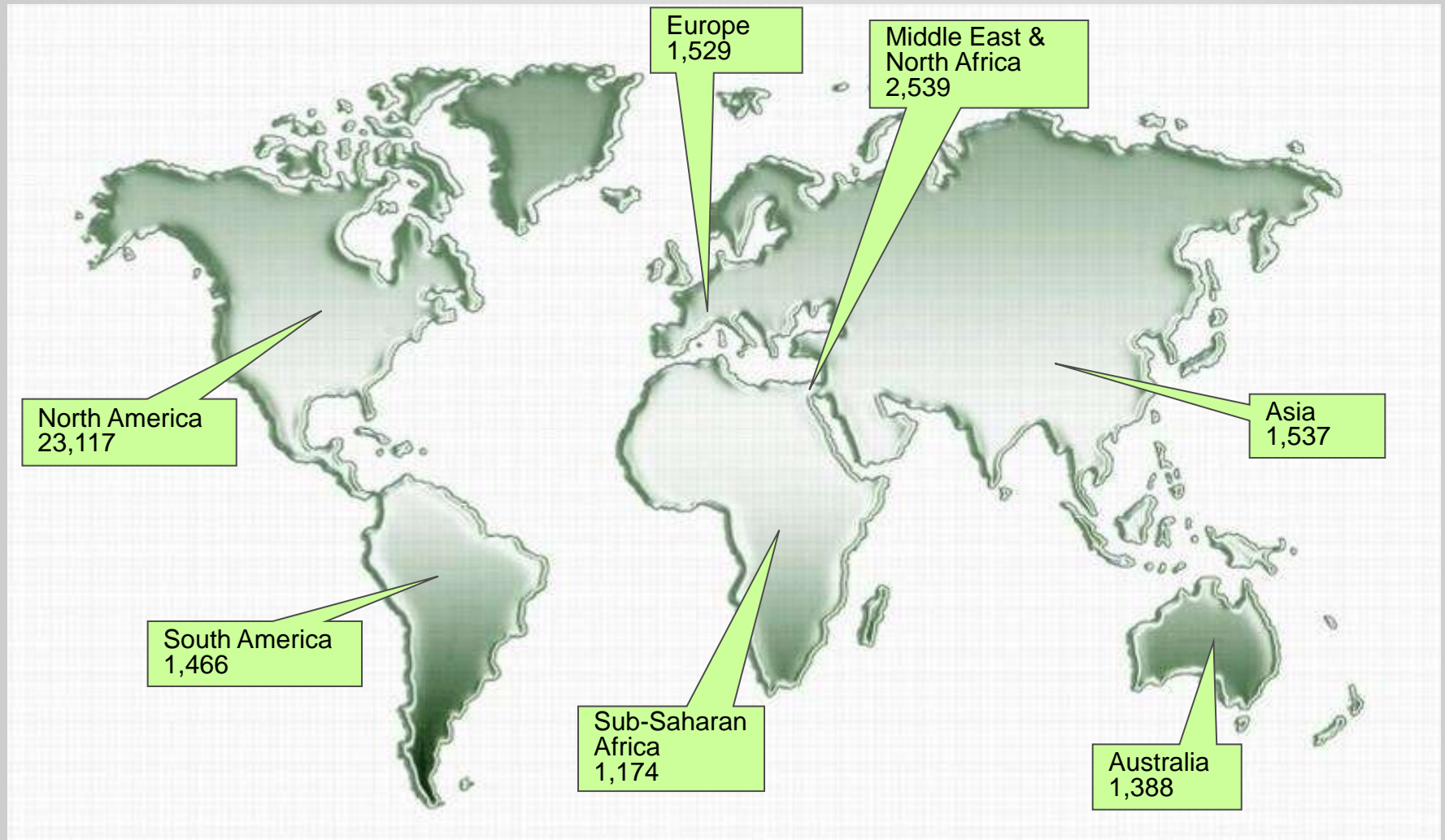


ELECTRO-MOTIVE

- 4 Manufacturing Operations
- Locomotives
 - Freight
 - Passenger
- Power Products
 - Marine
 - Stationary Power (Drill Rig)
 - Industrial (Back-up Power Units)
- Aftermarket Components
- 2300 Employees

EMD Around the World

Nearly 33,000 active EMD locomotives



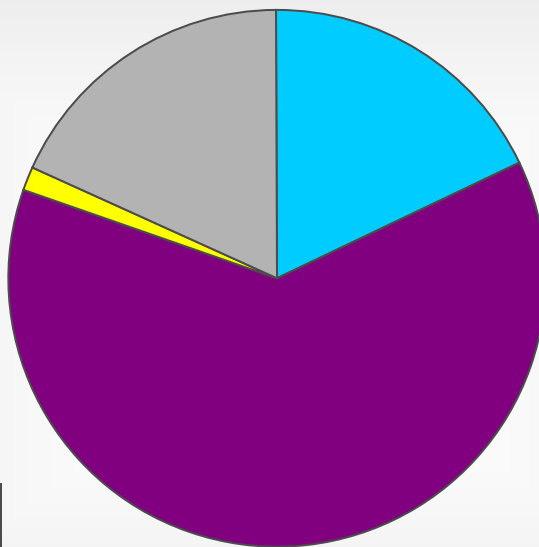
EMD Product and Service Offerings



Services



Aftermarket Parts



Significant future growth opportunities by focusing on “green”, safety, service and new products



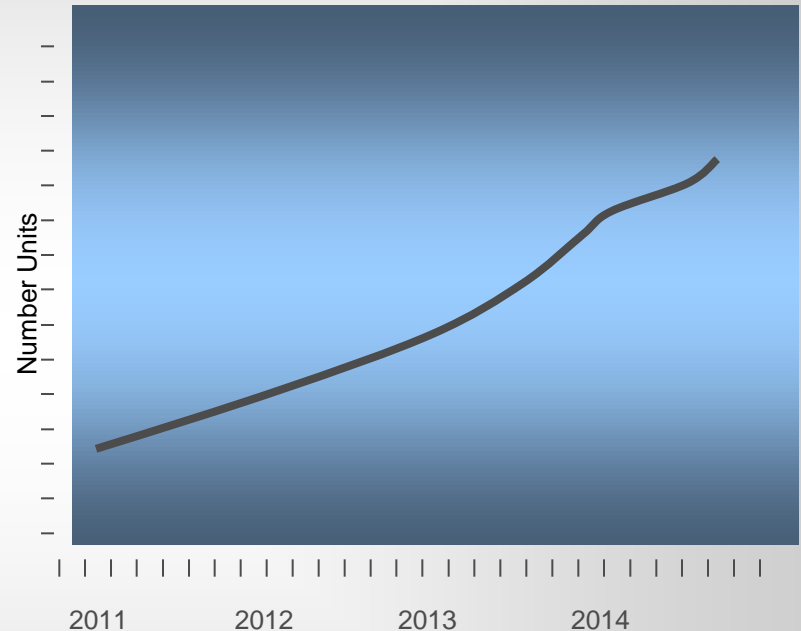
Power Products



Locomotives

Forecast Demand

- Significant growth in forecast
- <100 locomotives 2010
- >200 locomotives 2011
- Doubling volumes for 2012 forward
- Growth from CAT / PR synergies
- Growth from stronger customer relationships
- Growth from 2015 emissions pre-buy expected
- Growth from further recapturing EMD's aftermarket
- Growth from Transit industry expansion
- Growth from focus on cost out and being more cost competitive

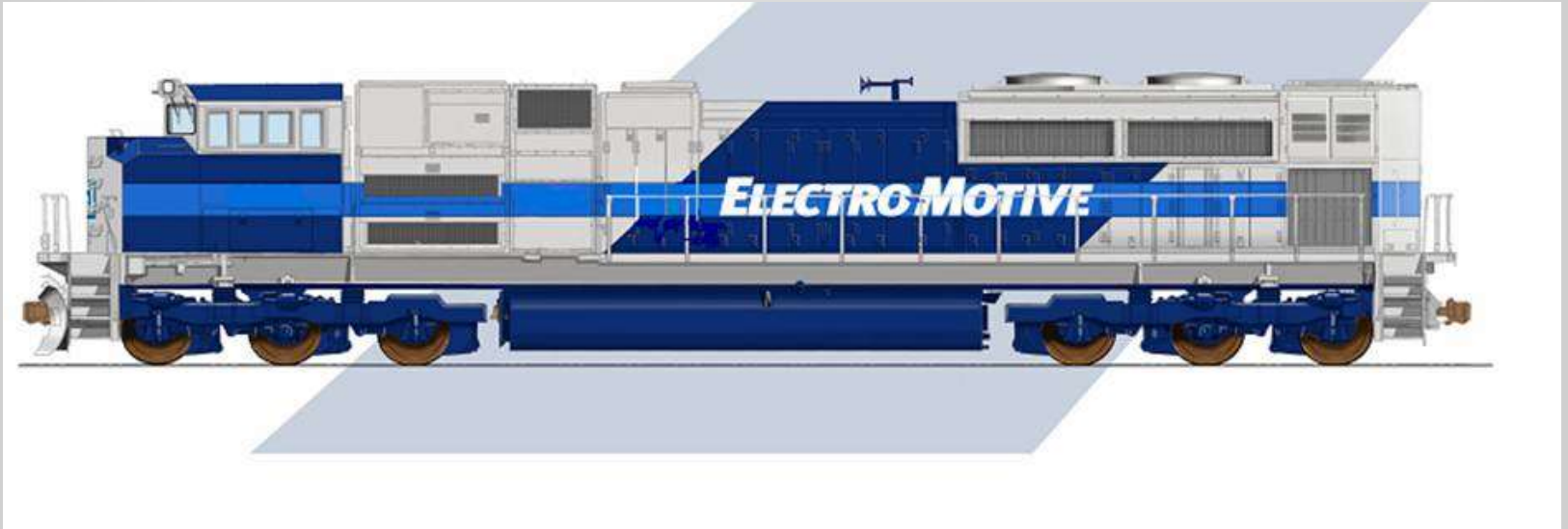


Overview

- 90/10 targeted 90% common content between customers for a locomotive model
- 85% of locomotive content is the same between AC and DC models



SD70ACe



- Tier 3 emissions compliance with service proven 710 engine
- Reliable & durable
- Enhanced crew comfort & ergonomics
- Improved diagnostics/prognostics
- High starting & continuous tractive effort
- Designed for maintainability

Locomotive Rebuild / Repower



- Freight and Transit customers rebuild in-kind - EMD components, Progress Rail rebuild
- Electro-Motive 710ECO Repowers
- Progress Rail Caterpillar Repowers and GenSets
- Significant quoting activity for rebuild / Repower
- Government funding available due to emissions reduction in Repowers and GenSets



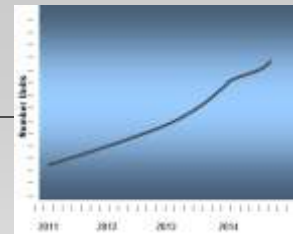
- Stronger position worldwide with association with Progress Rail / Caterpillar
- More coverage for Services and Parts Distribution locally and internationally
- Long term spare parts contracts signed with customers
- Positioned to offer rebuild of major assemblies and components
- Strategic alliances with customers to guarantee supply of materials (one stop shop)
- Strategic alliances with suppliers

EMD Initial Design Concept Next Generation Passenger Locomotive

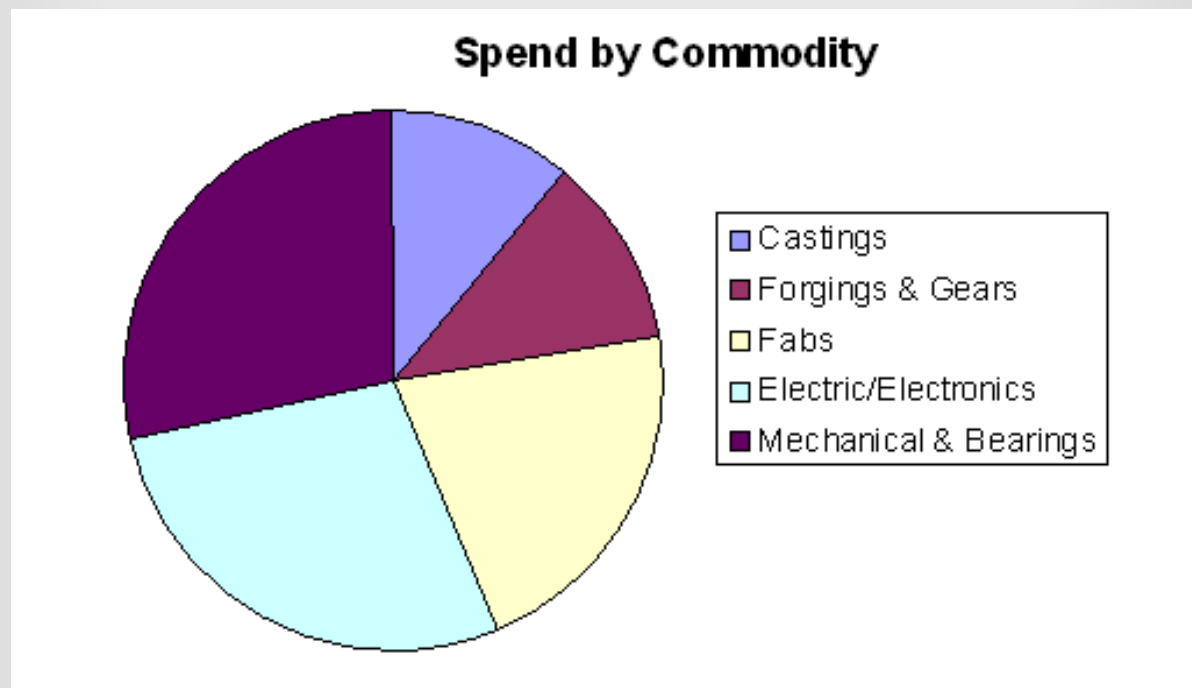


ELECTRO MOTIVE

What does this mean to EMD Suppliers?



Opportunities for EMD suppliers to participate in the growth



Requirements: Quality, Cost, Delivery, Brand Protection

Collaboration!

Summary

FAQ

- **How and why are EMD's needs changing in terms of quality, delivery, price and dimension and how can suppliers help?**
 - ✓ EMD has moved from operating in the declining stage of the business model under GM to the embryonic under equity partners and now growth stage as part of CAT/PR
 - ✓ Opportunities for material supply and locomotive manufacture are being sought worldwide
 - ✓ Significant % of the EMD product is externally procured
 - ✓ Collaboration with supplier/partners with the same mentality for growing our businesses together
 - continuous improvement, aggressive cost reduction programs, quality and process improvements to remain the quality leader and stay competitive
 - ✓ EMD must offer lowest cost, highest reliability, quality product and deliver in increasingly shortened leadtimes

Summary

FAQ

- **How can suppliers better position themselves for the changing environment?**
 - ✓ Today, EMD works closest with only those suppliers that can help us grow and we reward that effort with LTAs and volume
 - Optimize product and process design to eliminate defects and rework
 - Increase material utilization and flow
 - Raw material aggregation, cost transparency
 - Work with engineering during design process to design costs out and reliability in, up-front
 - Be creative in solutions

Summary

FAQ

- **What key factors would enable domestic suppliers to compete with low cost economies?**
 - ✓ EMD evaluates suppliers based on Total Landed Cost
 - ✓ Includes transportation, duty, taxes, VMI programs, quality and delivery history, absorbing NRE, ease of doing business
 - ✓ Process optimization
 - ✓ Same quality processes, PPAP
 - ✓ Participate in low cost economies sourcing within your own supply chain if benefits prove out
 - ✓ Identify benefits of re-shoring in US

Summary

- **What value “adders” can suppliers bring?**
 - ✓ **Open communication, ease of doing business, openness to change**
 - ✓ **Design for manufacturability**
 - ✓ **Using latest cost saving technology**
 - ✓ **Returnable containers**
 - ✓ **Price efficiency, year over year price productivity**
 - ✓ **Cost savings sharing, cost transparency**
 - ✓ **Vendor managed inventory**
 - ✓ **Longer warranties**
- **Collaboration is key to our mutual success**

The Caterpillar logo, featuring the word "CATERPILLAR" in a bold, black, sans-serif font. A yellow triangle is positioned behind the letter "A". A registered trademark symbol (®) is located at the top right of the word.The ElectroMotive logo, featuring the word "ELECTRO" in a bold, blue, sans-serif font, followed by the word "MOTIVE" in a bold, blue, sans-serif font. The "M" in "MOTIVE" is stylized with a white outline.

**We believe in the future of
passenger rail transportation!**