

Vermeer Manufacturing Company

Vincent W. Newendorp
Vice President, Administration



Vermeer Manufacturing Company

Economic Recovery through Strategic Partnerships

Vermeer Manufacturing Company

- Family owned for 55 years
- Co-CEO's: Bob Vermeer and Mary Andringa
- Manufacture a diverse product line
 - Directional Boring
 - Rubber Tire Trenchers
 - Track Trenchers
 - Hay Harvesting
 - Environmental Products
- Alliances with McCormick & Lely

In 2000, Vermeer employed 2900+ employees

- Telecom crash
- 50% of our sales were effected
- 50% of our people were working in areas effected by the Telecom Industry
- 60% of our profit was related to the product in this industry
- Vermeer was in a crisis and our focus became survival

Used a number of tools to attempt to curb the effect of the economic downturn

- Reduced hours
- Selective shutdowns
- Voluntary layoffs
- Leaves of absence
- Freeze on hiring and spending
- Budget reductions
- Reduced salaries
- As a final option, reductions in force

Balance between financial health (short term) and potential future growth and customer support (long term)

- We knew we had to support the product
- We knew we had to support the customer

Shared Work was key for positioning Vermeer for the future!

- Allowed employees 32 hours at Vermeer, +8 hours unemployment benefits
- Allowed employees to maintain health insurance
- Allowed Vermeer to take care of our products and customers
- Saved employees mileage (4 x 8 days)
- Saved employees day care
- Employees were able to supplement income with night or weekend jobs

Shared Work was invaluable to Vermeer and to the state

- Without this program, Vermeer would have had to reduce another 200 – 300 people
- Employees would have had to go on full time unemployment
- The ability to keep our employees allowed us to position and prepare for the return of increased sales
- We were able to minimize future hiring and training costs

Shared Work was a WIN-WIN-WIN!

- Vermeer
- Iowa Workforce Development
- Employees

Results

- Vermeer is healthy today
- Vermeer has remained a market leader
- Vermeer has a great employee base
- After 3 years, our business is growing again and we have hired 60+ people in 2004, the majority of whom were affected by an earlier reduction in force
- Shared work helped Vermeer reduce some of the impact of future unemployment taxes by providing training opportunities for all of our employees



Vermeer Training Camp 2003

Employee Training (1440)	8 hours
Manager Training (135).....	6 hours
Total Hours or Training.....	12,330 hours

All Employee Training:

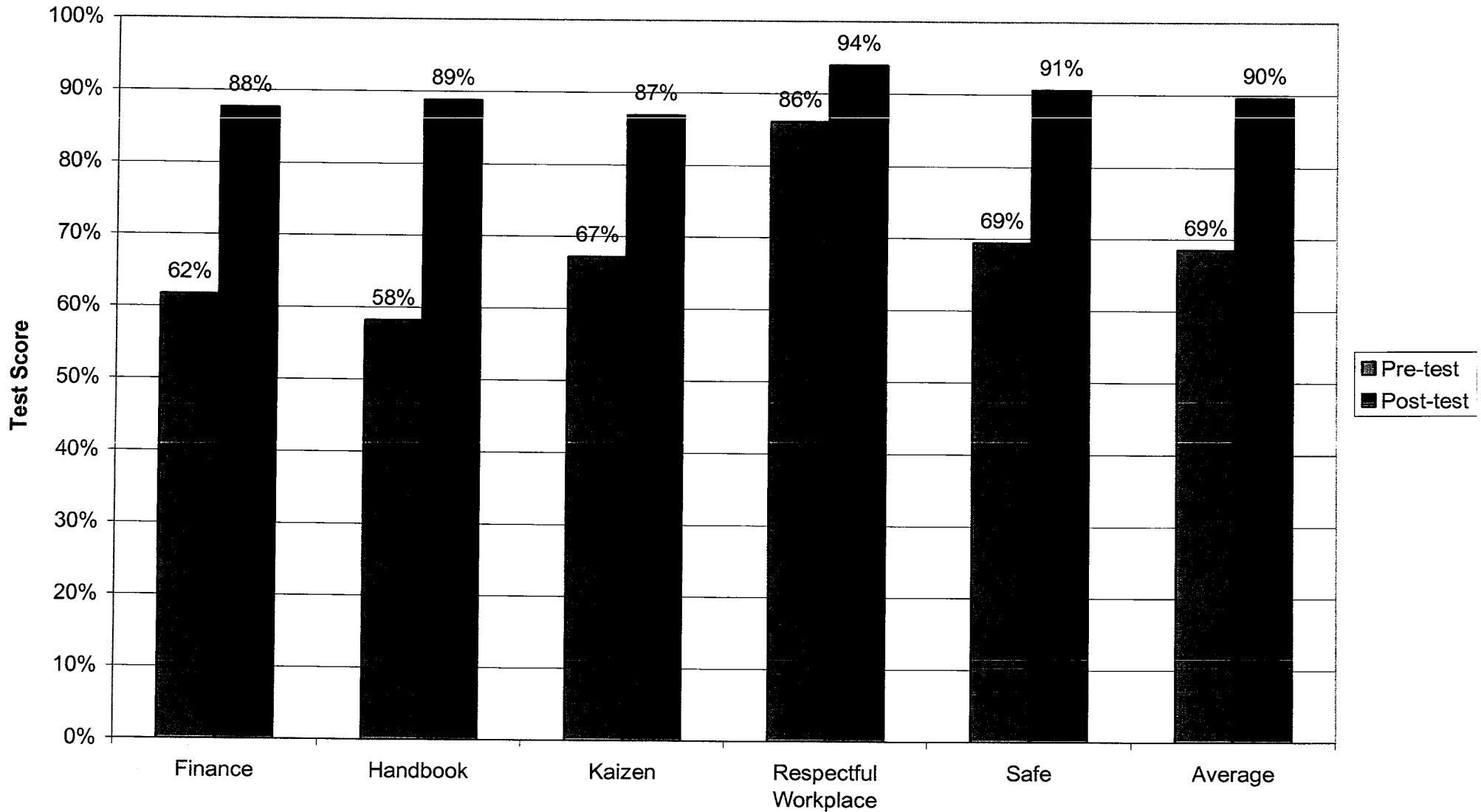
- Vermeer Finance
- Vermeer Employee Handbook
- Kaizen Lean Journey
- Respectful Workplace
- SafeR+
- New Product and Process Development System

All Manager Training:

- Alcohol and Drug Awareness
- Creating Development Plans
- HR Employment Laws



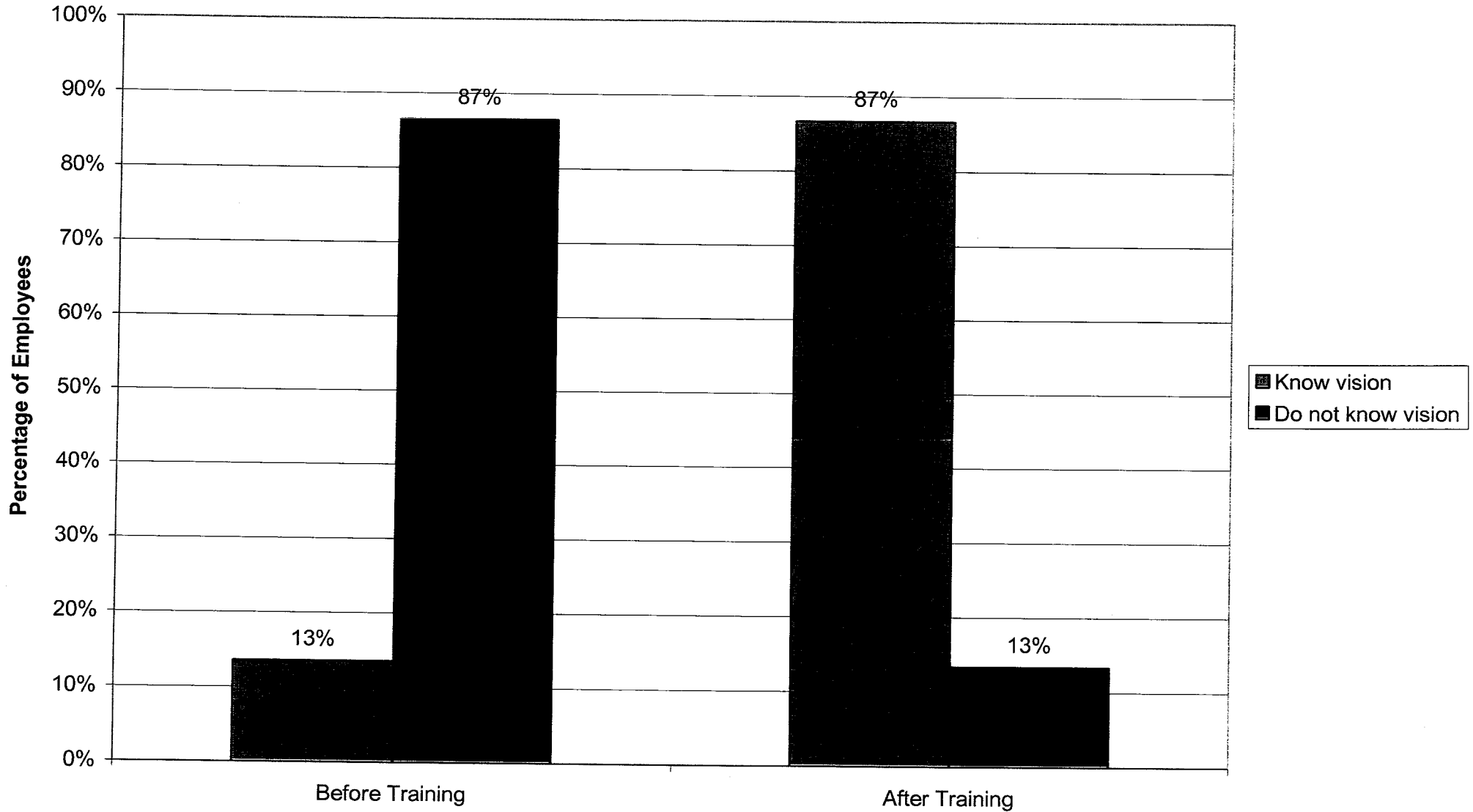
Training Camp 2003: Pre/Post Test Score Comparison FINAL





What is Vermeer's Vision? FINAL

"Taking care of customers worldwide with better solutions"





Average Evaluation Scores: 5 Point Scale FINAL

