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REVISION HISTORY

Revision Level	Issued By (Department)	Authors	Description of Change	Date
1	Parts		First Edition	07/2009

APPROVALS

Name	Position	Date Reviewed
<i>Procedure Committee</i>		

1. PURPOSE

The purpose of this procedure is to provide a sample of the TEPS/AMD Agreement for the Parts Department. This procedure is not a legal copy and should not be used in any legal issues. It is for reference purposes only.

If a legal copy is required refer to the signed legal copy of the agreement between Milton Cat and the Dealer.

2. SCOPE

Quick reference

3. DEFINITION

4. RESPONSIBILITIES

- Parts Warehouse Employees
- Back Order Group Employees
- Parts Counter Employees
- Parts Supervisors
- Parts Managers

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5. PROCEDURE

In Consideration of each other's agreements as embodied herein, Milton Cat Power Systems, a division of Southworth-Milton Inc. (herein called Dealer), hereby appoints:

(Herein called TEPS Dealer) as a TEPS Dealer (who may also be referred to for certain purposes as a [check one]):

- Full Service Dealer
- Maintenance Service Dealer

Dealer and TEPS Dealer hereby agree as follows:

Definitions

1 Wherever the following words appear herein, their meanings shall be- Caterpillar - When used to designate a company, Caterpillar Inc., a subsidiary, or an affiliate with whom Dealer has a Distribution Agreement for Engines, Parts and Service.

Dealer - Any individual, partnership or corporation with which Caterpillar has entered into an agreement relating to the distribution of engine parts and service through TEPS Dealers. When written with an initial capital letter, the work Dealer shall mean the party named as "Dealer" at the beginning of this agreement.

Engines - Engines of the same model series to which belong the selected models specified in Appendix A hereto.

Exchange components - Any remanufactured or rebuilt items offered for sale on an exchange basis by Caterpillar or an affiliate.

Inspection service - Inspection, starting and testing of engines at the time of their delivery to initial users, as specified by Caterpillar from time to time. In addition to such mechanical services, inspection service also includes reviewing with the user the applicable operation, maintenance and safety instructions, engine warranty, dealer and TEPS Dealer services, as well as submitting to Dealer (for transmission to Caterpillar) a properly completed warranty service registration form signed by the user.

Parts - Any items heretofore or hereafter sold by Caterpillar for use on engines which are designated by Caterpillar as parts or exchange components.

Selected models - The particular models of engines and attachments therefore specified in Appendix A hereto for which TEPS Dealer is required to have the service, parts and tool capabilities specified in this agreement

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Warranty labor rate - The labor rate at which TEPS Dealer is compensated for work performed in providing a warranty repair by the manufacturer of the equipment in which a selected model is installed.

Warranty service - Service pursuant to the terms of the applicable warranty and any extensions or expansions of that warranty which are recognized in the warranty practices of Caterpillar and communicated to TEPS Dealer. Where the applicable warranty of an engine, attachment or exchange component provides for the repair or replacement of a part, warranty service pursuant to such warranty includes the labor of repairing and of installing the repaired or replaced part.

Purpose and Objectives

2 The purpose of this agreement is to define the designated service functions and other responsibilities of the parties. Both Dealer and TEPS Dealer recognize that a principal objective of this agreement is the provision of ready availability of parts and the highest standards of service to nonaffiliated users of engines. Dealer has entered into this agreement in reliance upon the ability of TEPS Dealer to perform its obligations as provided herein.

Sales by the TEPS Dealer

3 TEPS Dealer agrees to promote the sale of parts to users for selected models and to render prompt, efficient and courteous service to users of selected models. TEPS Dealer is expected to refrain from promoting the sale of non-genuine Caterpillar parts for selected models. If, because of a user's insistence or an emergency situation TEPS Dealer is required to use a non-genuine Caterpillar part in a noncritical application only, a statement similar to the following must be included on the invoice to the user for the non-genuine Caterpillar part: "These parts are not genuine Caterpillar parts and any claims resulting from the user of such parts will not be honored by Caterpillar under its warranty."

It is expected that TEPS Dealer will conduct its sales and service activities in the area in which its facilities are located (as shown in Appendix A) and will not sell parts for export. This agreement is nonexclusive.

Purchases by TEPS Dealer

4 Dealer will sell parts to TEPS Dealer for resale to users to meet users' current requirements for routine maintenance and repair of selected models owned or operated by user. It is expected that a substantial portion of parts sold by TEPS Dealer will be with service work performed in TEPS Dealer's facility and that TEPS Dealer will not act primarily as a reseller of parts only. It is the intention of the parties hereto that TEPS Dealer will not act as a wholesaler of parts nor will TEPS Dealer sell parts for export. Parts will be sold f.o.b. Dealer's facilities specified in Appendix B. The basis of prices charged to TEPS Dealer shall be as set forth in Appendix B which is subject to change at Dealer's option. Dealer will also sell to TEPS Dealer those components rebuilt by Dealer which are specified in Appendix C at the prices and on the terms stated therein. Appendix C is subject to change at Dealer's option.

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TEPS Dealer’s Places of Business

5 TEPS Dealer will maintain a suitable place or places of business at the locations shown in Appendix A to provide adequate facilities for sales of products and mechanical service. In addition, TEPS Dealer may establish and maintain such additional places of business for providing sales of products and mechanical service under this agreement as Dealer and TEPS Dealer may mutually agree. All places of business will be maintained by TEPS Dealer in a neat and attractive manner.

Parts Inventory

6 TEPS Dealer will at all times maintain, at each of its places of business, a minimum inventory of the types and quantities of parts specified by Caterpillar from time to time.

Sales Force

7 If TEPS Dealer is an authorized dealer of another manufacturer, TEPS Dealer agrees to maintain a sales force which actively solicits the sale of and promotes the advantages of equipment sold by TEPS Dealer when powered by Caterpillar engines.

Service Facilities and Tools

8 TEPS Dealer will at all times maintain to the satisfaction of Dealer, service facilities adequate to provide competent, prompt and satisfactory repair and maintenance service to users of selected models. In addition, TEPS Dealer agrees to acquire and have available for immediate use the tools specified by Caterpillar from time to time, or the equivalent of such tools as is satisfactory to Dealer.

Qualified Mechanics

9 TEPS Dealer will employ whatever number of qualified mechanics is required to provide prompt, safe and satisfactory repair and maintenance service to users of selected models. Such mechanic or mechanics shall have been trained in engine school sponsored by Dealer or in a training program of another manufacturer as described below, and they shall be required to attend training classes to be made available by Dealer. If TEPS Dealer is an authorized dealer of a manufacturer of equipment in which selected models are installed, instead of training by Dealer, TEPS Dealer may arrange for training of its mechanics through facilities provided by such manufacturer under agreement with Caterpillar. TEPS Dealer agrees that Dealer may from time to time audit the proficiency of its mechanics.

Sales and Service Literature

10 TEPS Dealer will maintain at each of its places of business a readily accessible reference library of literature with respect to engines and parts distributed by Caterpillar or by Dealer, including sales literature parts books and service manuals.

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Records and Reports

11 TEPS Dealer agrees to (i) maintain inventory and sales records of all parts; (ii) record the models and serial numbers of all selected models upon which service of any type is performed by TEPS Dealer, together with the names and addresses of the owners of such engines and the dates and places when and where such service was performed; (iii) record such other information concerning TEPS Dealer's operations as Dealer may reasonably request; and (iv) report all such data to Dealer from time to time as Dealer may request. All such records and reports shall be in form satisfactory to Dealer and shall be retained for a minimum period of two years.

Sales and Service Assistance by Dealer

12 Dealer will provide the following sales and service assistance to TEPS Dealer either without charge or at Dealer's cost thereof.

- (a) Instruction and counseling in the sale of parts to users.
- (b) Assistance and counseling in the selection, handling, storage and disposition of parts inventory.
- (c) Initial training and subsequent periodic training of parts, service and warranty administration personnel or, alternatively, Dealer will from time to time when Caterpillar so requests audit the proficiency of mechanics trained by the facilities of other manufacturers as provided in Section 9 hereof
- (d) Dealer will supply either without charge or at Dealer's net cost, advertising and sales literature, price lists, parts books, service manuals, and engine numerical parts records, except where TEPS Dealer is an authorized dealer of a manufacturer of equipment in which selected models are installed and special arrangements have been made by Caterpillar or an affiliate for the supply of all or some part of such material by such manufacturer.

Warranty

13 Engines and parts are warranted by Caterpillar in the manner and to the extent provided in Caterpillar's Service Warranty Guide for TEPS Dealers or other publication delivered to TEPS Dealer. Caterpillar in its arrangements with Dealer has reserved the right to change the provisions of its warranties at its option at any time and Dealer reserves the same right under this agreement

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Inspection and Warranty Service

14 TEPS Dealer shall provide inspection service, and warranty service for selected models and parts therefore which it deems to be the subject of an allowable claim under the applicable warranty, subject in the case of a TEPS Dealer who is designated on the first page of this agreement as a Maintenance Service Dealer to the limitations specified by Caterpillar and Dealer from time to time. Such services shall be provided whether or not TEPS Dealer sold the selected models or parts presented to it for inspection or warranty service. *Inspection service* shall be provided without charge to the user. Warranty service shall be provided without charge to the user except to the extent that the applicable warranty provides for the payment by the user of some portion of the cost of parts and/or labor.

Claims for Inspection and Warranty Service

15 Upon completing inspection service for a selected model for which a fee is specified by Caterpillar or upon completing warranty service upon a selected model which TEPS Dealer deems to be the subject of an allowable claim under the applicable warranty, TEPS Dealer may make claim as provided in Appendix D. If it is determined that such claim is allowable in whole or in part, settlement will be made to the extent such claim is allowed and subject to the terms of the applicable warranty by payment to TEPS Dealer of the amounts specified in Appendix D.

Return of Parts

16 At times fixed by Dealer, which shall be not less frequently than quarterly, TEPS Dealer may return any parts purchased by TEPS Dealer from Dealer which in Dealer's judgment are new or rebuilt, unused since purchase and in good condition, provided that TEPS Dealer pays the cost of returning such parts to one of Dealer's places of business designated by Dealer. All parts so returned shall be subject to inspection and acceptance by Dealer at destination

Credit for Returned Parts

17 Dealer shall credit TEPS Dealer for parts procured on TEPS non-stock order basis and returned immediately to Dealer at the price TEPS Dealer paid therefore. Dealer shall credit TEPS Dealer for all other parts returned in accordance with Sections 16, 24, or 25 at the stock order purchase price therefore in effect on (i) the date of termination in cases covered by Section 26 and (ii) the date received by Dealer at the destination designated by it in all other cases. In no event will credits include freight, packing, insurance, interest or other expense of any kind. Dealer will deduct from such credits any discounts from the price previously made Or granted TEPS Dealer.

Changes in or Discontinuance of Products

18 Caterpillar, in its arrangements with Dealer, has reserved the right at any time and without notice to make changes in any product (whether in design, materials, the addition of improvements, or otherwise) and to discontinue the sale of any product. Dealer reserves the same right under this agreement, and no such change or discontinuance shall impose any obligation upon Dealer as a result thereof whether for failure to fill accepted orders of TEPS Dealer or otherwise.

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No Agency Relationship

19 It is the intention of the parties that the relationship existing between them shall be that of independent contractors and vendor and vendee; that nothing herein contained or done pursuant hereto shall constitute TEPS Dealer the agent or franchisee of Dealer for any purpose whatever; and that all acts and things done and to be done by TEPS Dealer pursuant to the provisions hereof, unless expressly otherwise provided herein, shall be at TEPS Dealer's own cost and expense.

Use of Trademarks

20 Except as expressly authorized by Caterpillar Inc. in a separate agreement to be executed between TEPS Dealer and Caterpillar Inc., TEPS Dealer shall not make any use whatsoever of the trademarks "Caterpillar", "Cat", and any other trademark now or hereafter owned or registered by Caterpillar Inc.

Termination by Parties

21 Either party may terminate this agreement at any time, with or without cause, upon thirty (30) days' written notice mailed to the other party at the address of such party shown below its signature to this agreement or at such other address as it shall from time to time designate.

Automatic Termination

22 In addition to the right of either party to terminate, as provided in Section 21, this agreement shall terminate automatically, subject to the provisions of Section 23, if any action is taken by or against TEPS Dealer under any law the purpose or effect of which is or may be to relieve TEPS Dealer in any manner from any of its debts, or to extend the time of payment thereof, or if TEPS Dealer makes an assignment for the benefit of creditors or makes any conveyance of any of its property which in the opinion of Dealer may be to the detriment of TEPS Dealer's creditors-, or if a receiver or trustee is appointed with authority to take possession of TEPS Dealer's property or of any part thereof.

Dealer has entered into this agreement pursuant to an agreement with Caterpillar whereby Dealer undertakes to appoint, assist and supply TEPS Dealers. If for any reason such agreement is terminated, this agreement between Dealer and TEPS Dealer shall also automatically terminate simultaneously with the date of termination of said agreement between Dealer and Caterpillar.

Survival of Rights and Obligations

23 Notwithstanding termination or expiration of this agreement under the provisions of Sections 21, 22 or 30, all terms and conditions of this agreement shall continue to apply to any parts purchased by TEPS Dealer either before or after such termination or expiration. In addition, all provisions hereof which relate to rights and obligations upon or following termination or expiration shall survive any such termination or expiration.

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Effect of Termination by Dealer

24 If this agreement is terminated by Dealer, all unshipped orders not previously accepted by Dealer shall be automatically canceled; and Dealer shall repurchase from TEPS Dealer, and TEPS Dealer shall resell to Dealer, all parts theretofore purchased by TEPS Dealer from Dealer which have not been resold by TEPS Dealer and in the judgment of Dealer are new or rebuilt, unused since purchase and in good condition. Such parts shall be shipped promptly by TEPS Dealer, at Dealer's expense, to a place of business of Dealer designated by Dealer.

Effect of Other Termination or Expiration

25 If this agreement is terminated by TEPS Dealer, is terminated automatically by operation of Section 22 or expires as provided in Section 30, all unshipped orders (whether previously accepted or not) may be canceled at the option of Dealer; and Dealer may at its option repurchase from TEPS Dealer, and TEPS Dealer shall thereupon resell to Dealer, any parts theretofore purchased from Dealer and not resold by TEPS Dealer which Dealer may specify. Such parts shall be promptly delivered at TEPS Dealer's expense to a place of business of Dealer designated by Dealer.

Return of Parts After Termination or Expiration

26 After inspection and acceptance by Dealer at such destination of all parts repurchased by Dealer pursuant to Sections 24 and 25, TEPS Dealer shall be credited as provided in Section 17.

Return of Materials After Termination or Expiration

27 Promptly following termination, TEPS Dealer, at Dealer's request, will deliver to Dealer a statement reporting sales from the last previous report to date of termination, and will also deliver to Dealer all price lists, numerical parts records, Partsgrams, service instruction books, service manuals, catalogs, advertising literature, and other material of any kind obtained from Dealer or Caterpillar.

Alterations

28 Except for changes in appendices hereto, as provided in Section 4, this agreement cannot be altered, enlarged or abridged except by an agreement in writing signed by TEPS Dealer and Dealer which specifies that it is a supplement or amendment hereof

Assignments, Changes in TEPS Dealer

29 This agreement shall be binding upon, and inure to the benefit of, the parties hereto and their heirs, successors and assigns; provided, however, that TEPS Dealer's rights hereunder cannot be assigned or transferred, in whole or in part, directly or indirectly, whether by TEPS Dealer or by operation of law or otherwise, to any person, firm or corporation, without the prior written consent of Dealer. This agreement constitutes a personal contract entered into by Dealer because of the confidence of Dealer in the particular person or persons with whom Dealer has dealt, or if TEPS Dealer is a partnership or corporation because such person or persons have the major financial interest in or the active management of the organization. Should the management or ownership of TEPS Dealer be changed by any event or for any reason, or if

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TEPS Dealer is a corporation, should the controlling interest in the voting stock thereof pass from its present ownership, then at the option of Dealer this agreement may be terminated. The foregoing provision shall not apply to changes in personnel or management of a factory owned branch of a manufacturer of equipment using engines.

Term of Agreement

- 30** The term of this agreement shall be two (2) years from the date as of which this agreement is executed as set forth below. Not less than sixty (60) days prior to the expiration hereof Dealer and TEPS Dealer shall discuss the advisability of entering into a new agreement, but nothing herein shall be construed to impose upon either party any obligation to enter into any new agreement or any extensions or renewal of this agreement. No extensions or renewal of this agreement may be effected except by a written instrument which meets the requirements of Section 28 hereof

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In Witness Whereof, the parties have executed this agreement as of the

_____ day of _____ year of _____.

_____ (Dealer)

By _____ (Name and Title)

_____ (Address of Dealer)

_____ (TEPS Dealer)

By _____ (Name and Title)

(Address of TEPS Dealer)

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- Appendix A TEPS Dealer's Business Locations and Selected Model
- Appendix B Dealer's Facilities; Dealer's Basis of Pricing to TEPS D
- Appendix C Components Rebuilt by Dealer
- Appendix D Claims for Inspection and Warranty Service on Selected Models

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Appendix A**TEPS Dealer's Business Locations and Selected Models**

TEPS Dealer's business locations referred to in Sections 3 and 5 of the Engine Parts and Service Agreement are as follows:

The selected models of engines are the following when they are employed in the designated application indicated below:

The designated application is:

On highway Truck

Vehicular Agriculture

Stationary Agriculture

_____ (other application as may be designated by Caterpillar from time to time.)

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Appendix B**Dealer's Facilities; Dealer's Basis of Pricing to TEPS Dealer**

Dealer's facilities referred to in Section 4 of the Engine Parts and Service Agreement are as follows:

The basis of prices to be charged TEPS Dealer for purchases of parts and exchange components from Dealer pursuant to this agreement is as follows:

A. On stock order purchases:

B. On non-stock order purchases:

C. On exchange component purchases:

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Appendix D**Claims for Inspection and Warranty Service on Selected Models**

Claims for inspection service or warranty service shall be submitted to:

The amounts payable as contemplated by Section 15 of the Engine Parts and Service Agreement as follows:

(a) For inspection service the following fees:

For all models of 300, 3000, and C Series engines, and including all models of CIO, C12, 3100, 3200, 3300, 3400 and 3500 Series engines in other than on-highway truck applications - the value of a reasonable amount of labor and mileage at the applicable warranty labor rate, or if no warranty labor rate applies at TEPS Dealer's regular retail labor rate.

Inspection service for other models of engines is part of the service provided by the manufacture of equipment in which such models are installed and is not compensable under this agreement.

(b) For warranty service

1. The value of labor at the TEPS Dealer's warranty labor rate or, if no warranty labor rate had been so determined, TEPS Dealer regular retail labor rate - in each instance based on standard times provided by Caterpillar or the reasonable actual time when no applicable standard time is so provided. In every case, determination of this rate will always defer to the TEPS WARRANTY GUIDE, Bulletin No.6.4 or later revision,
2. The value, at time of replacement, for parts used in replacement of defective parts computed as follows:

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6. APPLICABLE REFERENCES