

AFTERMARKET PROGRAMS

PROTECTING AND IMPROVING PARTS SALES

Eaton has priced brake aftermarket products to provide a 15% advantage to IH. However, Eaton will further reduce brake service parts prices to list less 70 percent, based upon proposals B, C, D or E. This structure allows IH to sell Eaton brake products to their dealers making them more competitive to the independent aftermarket. Brake parts have been priced at the high volume level to be competitive with non-genuine volume discounts.

Fast moving brake parts have been added to the IH ship-direct program currently in effect on axle parts. This allows dealer to combine purchases.

May 1986, on line order entry for both PDC and direct ship programs will be available to IH. The benefits to IH are: paperless systems, reduced inventory, reduced cost, quicker response, etc.

Brake parts cataloging will incorporate a comprehensive parts coding system (similar to axle parts) encompassing lead times, movement and class. This system will identify the proper parts for PDC and dealer stock.

Eaton will review IH excess inventory on an annual basis and will authorize the return of saleable material at current OEM net price without penalty. IH will pay return freight. Our policy has been to charge a 20% penalty.

WARRANTY

The Eaton Axle & Brake Division will match the IH vehicle warranty on non-wear parts for the subject brakes, including reimbursement of IH's OEM parts cost, dealer mark-up, dealer shop labor charges and reasonable expenses associated with warehousing and handling of those parts.

Our standard procedure for reviewing claims is notification by IH when enough material has accumulated for a review. A review is then scheduled and conducted, reviews are on a sampling basis (not 100% return). This procedure is satisfactory to us but we would be willing to discuss any other types of warranty monitoring that interests IH. Claims are submitted on a monthly basis and always paid promptly.

On special bid requests, Eaton would be willing to extend a five-year/500,000 mile 100% warranty on its single anchor pin foundation brakes. Wear parts are not included in this coverage.