ESC Transfer Fee

Effective October 1, 2004 all new Extended Service Coverage (ESC) registrations will be subject to an ESC transfer fee at such time that the subsequent owner of a vehicle with remaining ESC elects to transfer the remaining coverage. This transfer fee will not apply retroactively to existing field units registered under the current ESC form. It will apply to all units registered for new ESC on or after October 1, 2004.

This fee will allow the OEM Dealers to administrate transfers profitably while the Second Owner of the vehicle can still receive the full benefit of any remaining ESC on the engine.

From a competitive standpoint, DDC currently charges a $500 fee for transfer of their extended coverage. While Cummins does not currently charge to transfer their extended coverage, there is a strong possibility that they will follow suit in the near term.

The new ESC form, which contains language about the ESC Transfer Fee, will be available on-line effective October 1, 2004, and all new ESC registrations on or after this date will be required to be completed on the new form. For all new ESC registrations that occur on or after October 1, 2004, there will be no mechanism for waiving ESC transfer fees.

Our current plan is to establish an ESC transfer fee of $350.00 (USD). Caterpillar does reserve the right to change the ESC transfer fee based on changing competitive market conditions.

Example: Assuming a $350 transfer fee, for all ESC transfers completed at TEPS dealers (at resale or P.O.R.) – The OEM TEPS dealer will be responsible for collecting the $350 fee and providing the completed ESC form to the CAT dealer. The OEM TEPS dealer would retain $50 for their administration.

Similar to the recent ESC program changes, this is an opportunity to provide customers with best in class value, while allowing Caterpillar and our OEM dealers to recover costs and administrate profitably.

Please direct any questions on this change to your local Caterpillar dealer TEPS Manager. We will send future communications with detailed process maps and instruction on ESC transfer fee transaction & administration.

Thanks and best regards.

Sincerely,