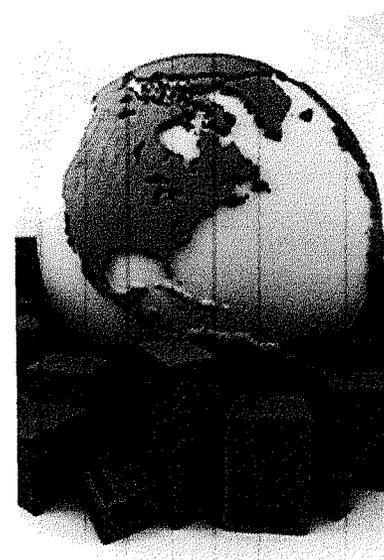
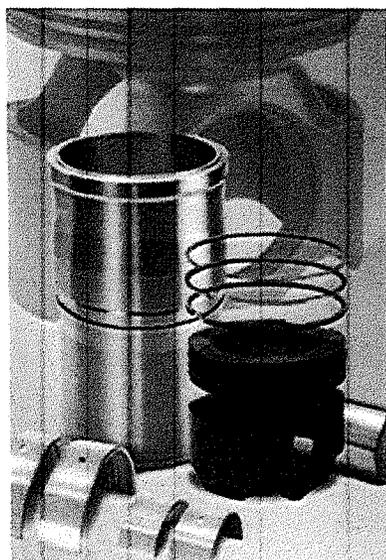




U. S. International Trade Commission Investigation No. 332-525

Remanufactured Goods: An Overview of the U.S. and
Global Industries, Markets, and Trade

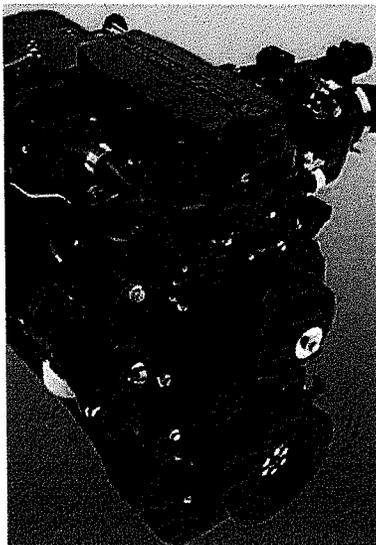
Feb. 28, 2012



Cummins Inc.

Diversified Global Power Leader

Four Complementary Businesses



Engines

49%



**Power
Generation**

19%



Components

- Turbochargers
- Filtration
- Emissions
- Fuel Systems

18%



Distribution

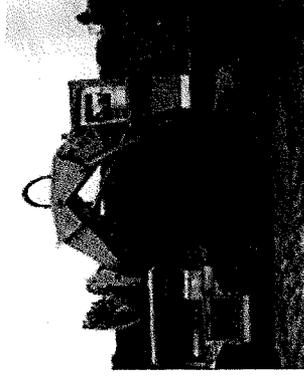
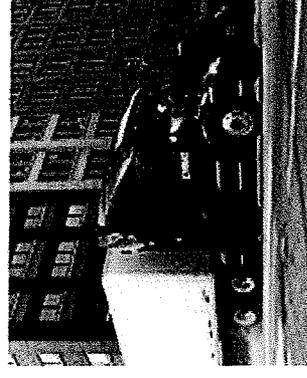
14%

▪ 2011 Sales 18 Billion Dollars

Investigation # 332-525

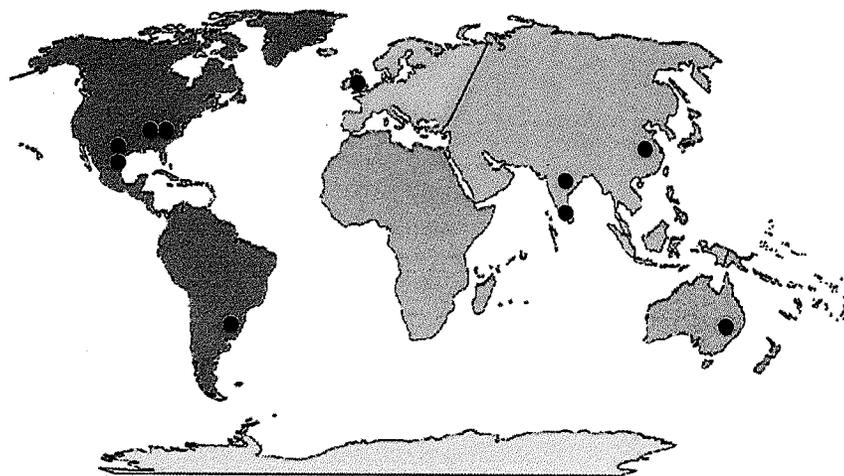
Cummins Inc.

- The world's largest independent manufacturer of diesel engines
- Global manufacturing and support in 190 Countries
- Thousands of customers around the world
- Powering more types of equipment in more markets than any other engine company



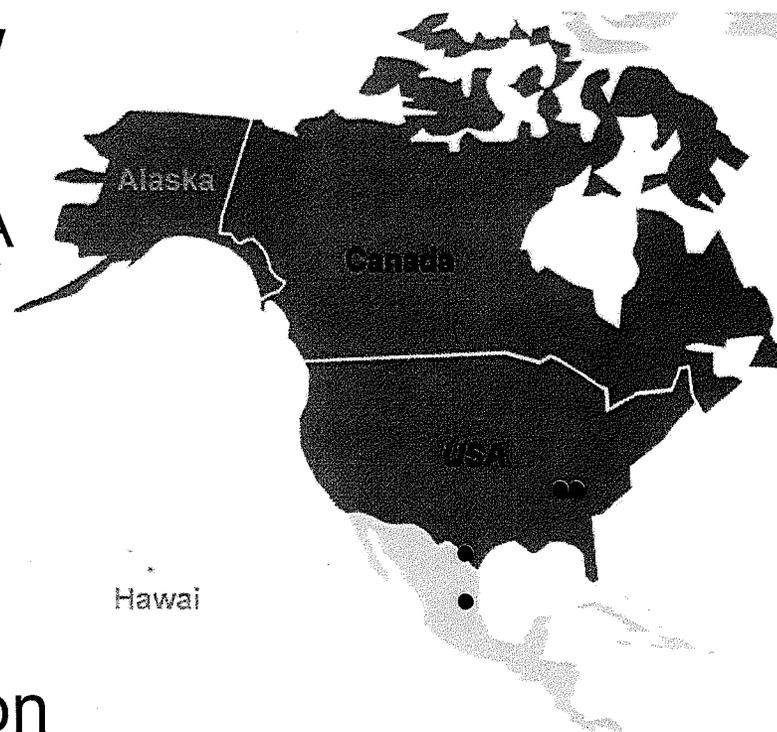
Cummins Remanufacturing

- Began in the United States more than 45 years ago
- Cummins remanufactured products are sold under the ReCon® name
- Cummins employs about 40,000 people globally
 - ~ 2843 are ReCon employees
- Cummins 2011 sales were ~ \$18 billion
 - ReCon 2011 sales were ~ \$1 billion (5.5% of total)



Remanufacturing Investment

- Cummins investments follow engine populations
 - Two U.S. facilities/Four NAFTA
 - Six facilities outside of the U.S./NAFTA
- Prior 5 years ~ \$60 million
 - ~ \$15M (25%) was in the U.S.
- Next 5 year plan ~ \$90 million
 - ~ \$27M (30%) planned for the U.S.
- ~ 600 U.S. ReCon employees





Remanufacturing vs. Rebuilding

- Rebuild
 - Disassembly
 - Replace/Repair failed or worn components
 - Component warranty
- Remanufacture
 - Complete Disassembly
 - Cleaning and Inspection
 - Salvaged to like new standards
 - Factory Assembled and tested
 - Same as new warranty

ReCon Process



- 1** Disassembly
- Core received as intact assemblies are disassembled to component level.
 - "Unsalvageable" parts are scrapped and salvageable components are routed to cleaning.



- 2** Cleaning
- Maximum cleaning with minimum abrasiveness. Liquid-Aqueous chemical baths, high pressure wash, ultrasonic, molten salt.



- 3** Inspection
- Methods: Visual, Optical comparison, Dimensional, Magnetic, Liquid penetrant, Electrical properties, Eddy current, Leak, Other functional tests.
 - Decision based on reuse standards:
 - Accept as-is
 - Salvageable
 - Future salvage
 - Scrap



- 4** Salvage
- ReCon salvage technology provides highest quality at lowest cost.
 - Salvage Processes follow New Product Process Introduction procedures based on Cummins and International Standards (MPI-APQP).

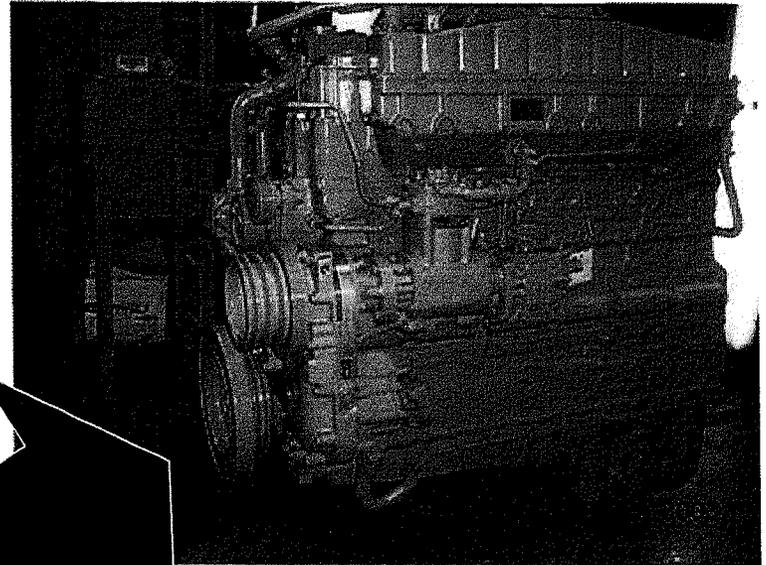


- 5** Assembly and Test
- New material supplements core. Some parts 100% new (gaskets, seals).



Remanufacturing At Cummins

- State of the art salvage technology
- Certified Factory processes and systems
- Highly trained and skilled engineers and operations technicians.



Investigation # 332-525

- New Performance
- New Warranty



Barriers to Remanufacturing

- Remanufactured goods are treated as “Used” products
- Import/Export restrictions on reman finished goods and cores
 - High taxation/tariff levels
 - Onerous Customs requirements
 - Prohibition on importation
- Aftermarket product/vehicle registration requirements
- Reman licensing requirements
- Domestic preference laws

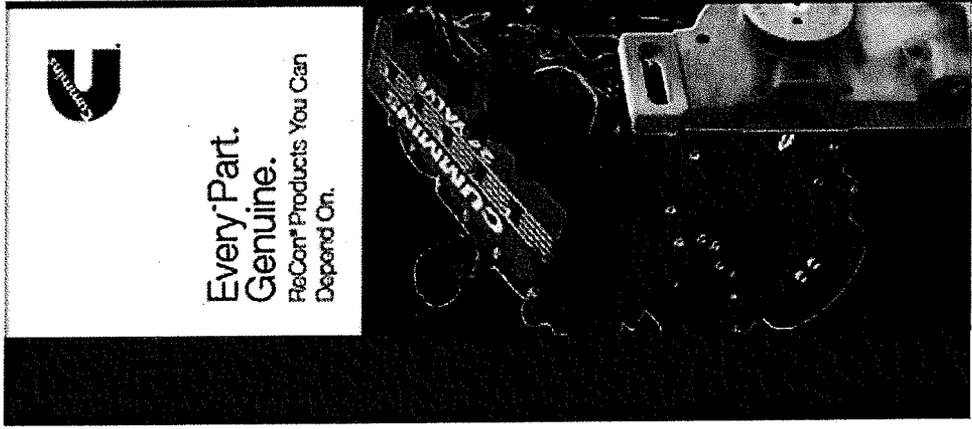


Countries affected...US, BRIC, etc.

Investigation # 332-525



Thank You



Investigation # 332-525