

October 25, 2018

Subject: **Eaton HD Transmission Core Exchange Program Changes**

All,

As part of our continuous effort to ensure Eaton products remain competitive and relevant to the market needs, we announced changes on September 28th, 2018 that impact the Eaton Core Exchange Program for Heavy Duty Transmissions. This letter explains in detail the scope of the change, timing and the core structure adjustments.

OVERVIEW:

The Eaton Reman program will align core groups based on market demand and model family to improve operational efficiencies. Eaton will continue to have 7 heavy duty transmission core deposit values across the portfolio (\$300, \$1000, \$1500, \$2200, \$3000, \$4000 and \$6000). However, these 7 core value groups will be split into 18 sub-groups to align more closely with eligible returns, to the models that can be built from those cores being returned. The new core groups will be designated by a letter suffix following the core deposit as shown in the illustration below. Appendix A, attached to this letter, contains the list of participating heavy duty transmission models aligned with their respective core groups and sub-groups.

Fig. 1 - Core Structure Change

CURRENT STRUCTURE	FUTURE STRUCTURE
CORE 300	CORE 300 A
CORE 1000	CORE 1000A, CORE 1000B
CORE 1500	CORE 1500A, CORE 1500B, CORE 1500C, CORE 1500D, CORE 1500E
CORE 2200	CORE 2200A, CORE 2200B, CORE 2200C
CORE 3000	CORE 3000A, CORE 3000B
CORE 4000	CORE 4000A, CORE 4000B, CORE 4000C, CORE 4000D
CORE 6000	CORE 6000 A

TIMING:

- The change is effective January 1st, 2019.
- Starting in January 2019, customer invoices and eligibility reports will show the new core sub-groups. It is expected that core return documentation from our MWD customers are aligned with the new core sub-group nomenclature.
- Starting in January 2019, the 2018 year end core bank will be re-allocated to the updated core group/subgroup combinations.

CONSIDERATIONS:

