Cummins, Mercury Marine Will Transition From CMD Joint Venture

Mercury Marine and Cummins will transition from their Cummins MerCruiser Diesel Marine (CMD) joint venture to a strategic supply arrangement between the two companies to more effectively and efficiently serve customers in the global diesel marine market.

All business activities will move from CMD to the parent companies, with completion of the transition anticipated by mid-2012. CMD will conduct business as usual through the transition.

Growth in the marine market is strategically important to Mercury Marine and Cummins. Cummins and Mercury Marine will each utilize their respective parent company resources to develop, manufacture, sell, distribute and service diesel engines, drives, pods and related parts, accessories and services.

This announcement follows the decision in October that CMD’s High Speed Diesel line will shift to Mercury Marine. Mercury Marine will integrate CMD’s High Speed Diesel range into its product portfolio and will sell, service and support these products through its global sales and distribution network. With this decision regarding the joint venture, Mercury Marine will also offer its drives, riggings, engine control systems and propellers through these same distribution channels.

Cummins will continue to use Mercury Marine drives and control systems in conjunction with its extensive offering of mid-range and heavy-duty marine engines. This move will leverage Cummins’ strong global distribution footprint and create additional synergy with other Cummins recreational marine products, including marine generator sets offered under the Cummins Onan brand.

Cummins and Mercury established the CMD joint venture in 2002 to supply integrated diesel propulsion systems to the worldwide recreational and commercial marine markets.

Financial terms of the transaction were not disclosed.