

# Meeting Tier 4 Emissions

**Ric Kleine**  
**Vice President**  
**Industrial Business**

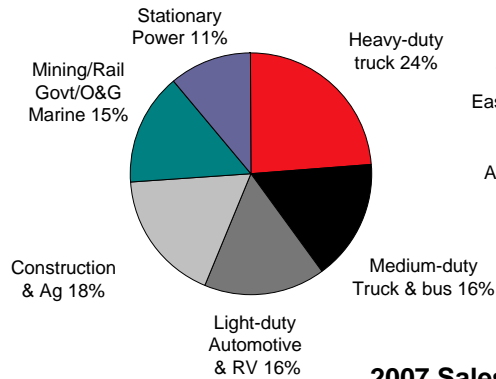


# Engine Segment

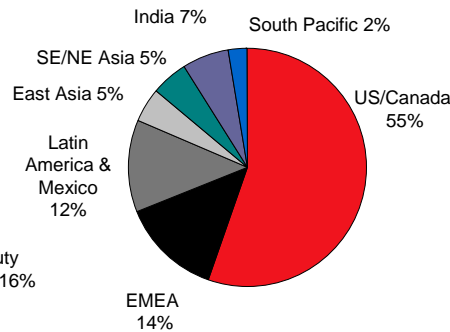


## Who We Are

### Market Application



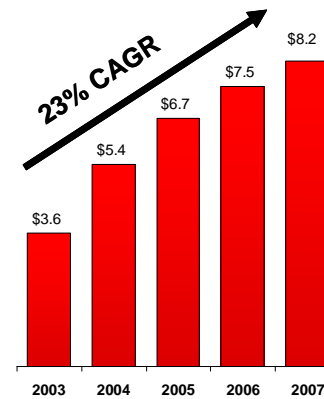
### Geographic



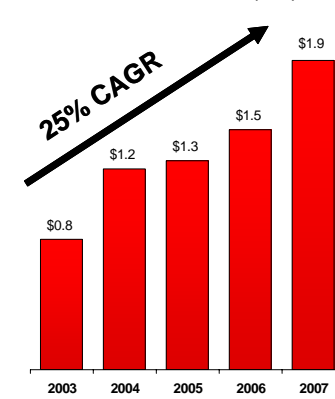
2007 Sales: \$8.2B

## Where We've Been Historical Performance

Consolidated Sales (\$B)

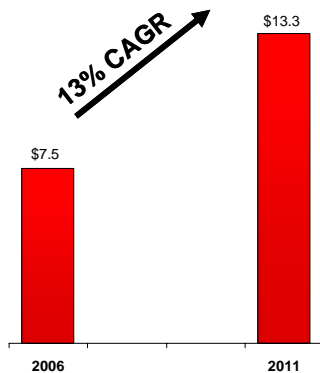


Joint Venture Sales Unconsolidated (\$B)

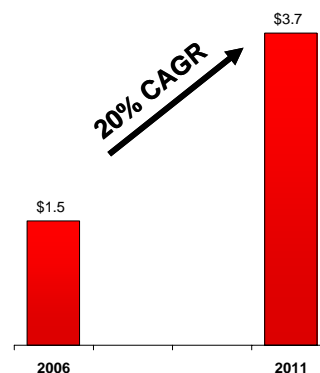


## Where We're Headed Future Performance

Consolidated Sales (\$B)



Joint Venture Sales Unconsolidated (\$B)



## How We're Getting There

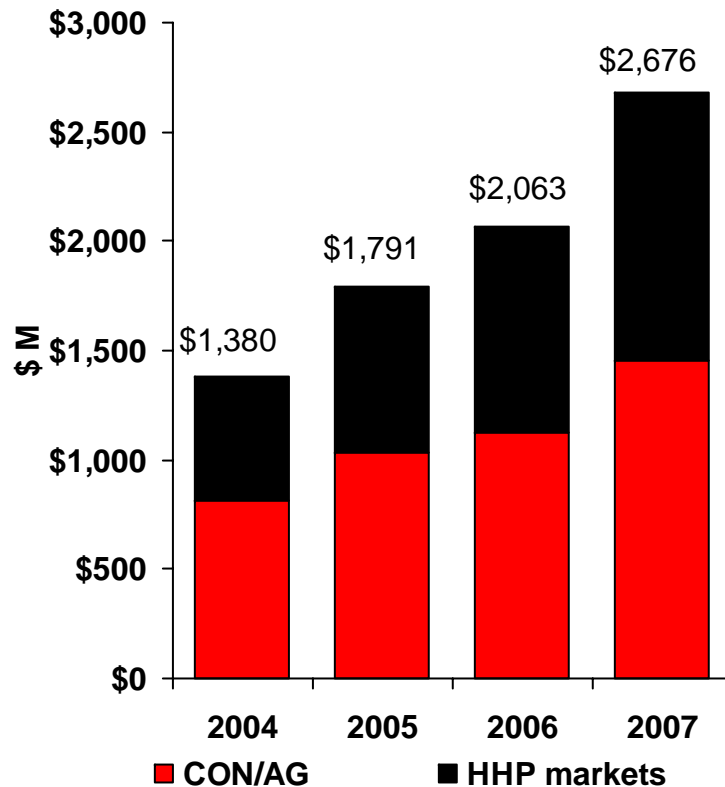
- Emission regulations
- Emerging markets
- Strategic OEM partnerships
- New engine platforms
- Steady aftermarket revenue growth

# Engine Segment

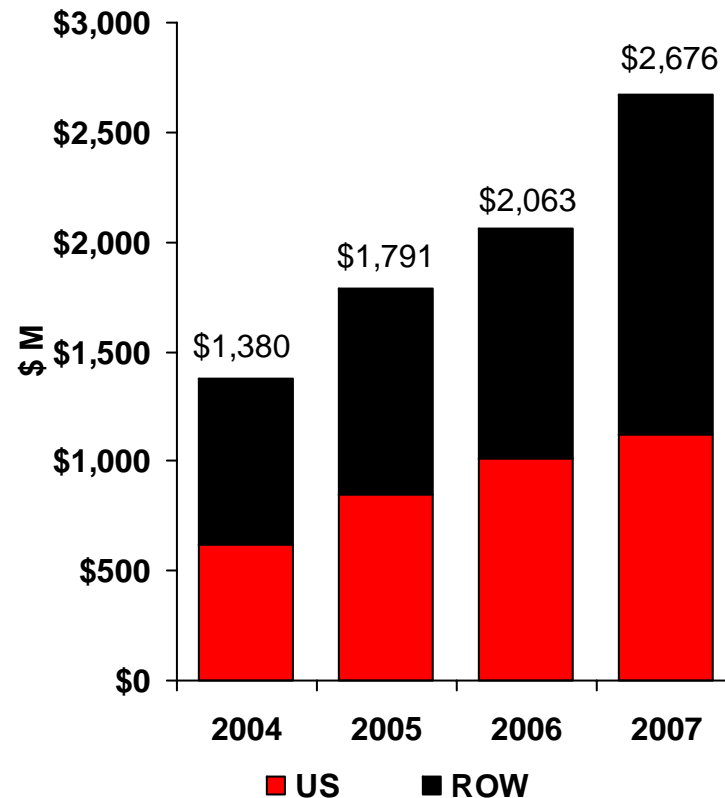


## Stronger Industrial Engine Sales Mix

### By Industrial Application

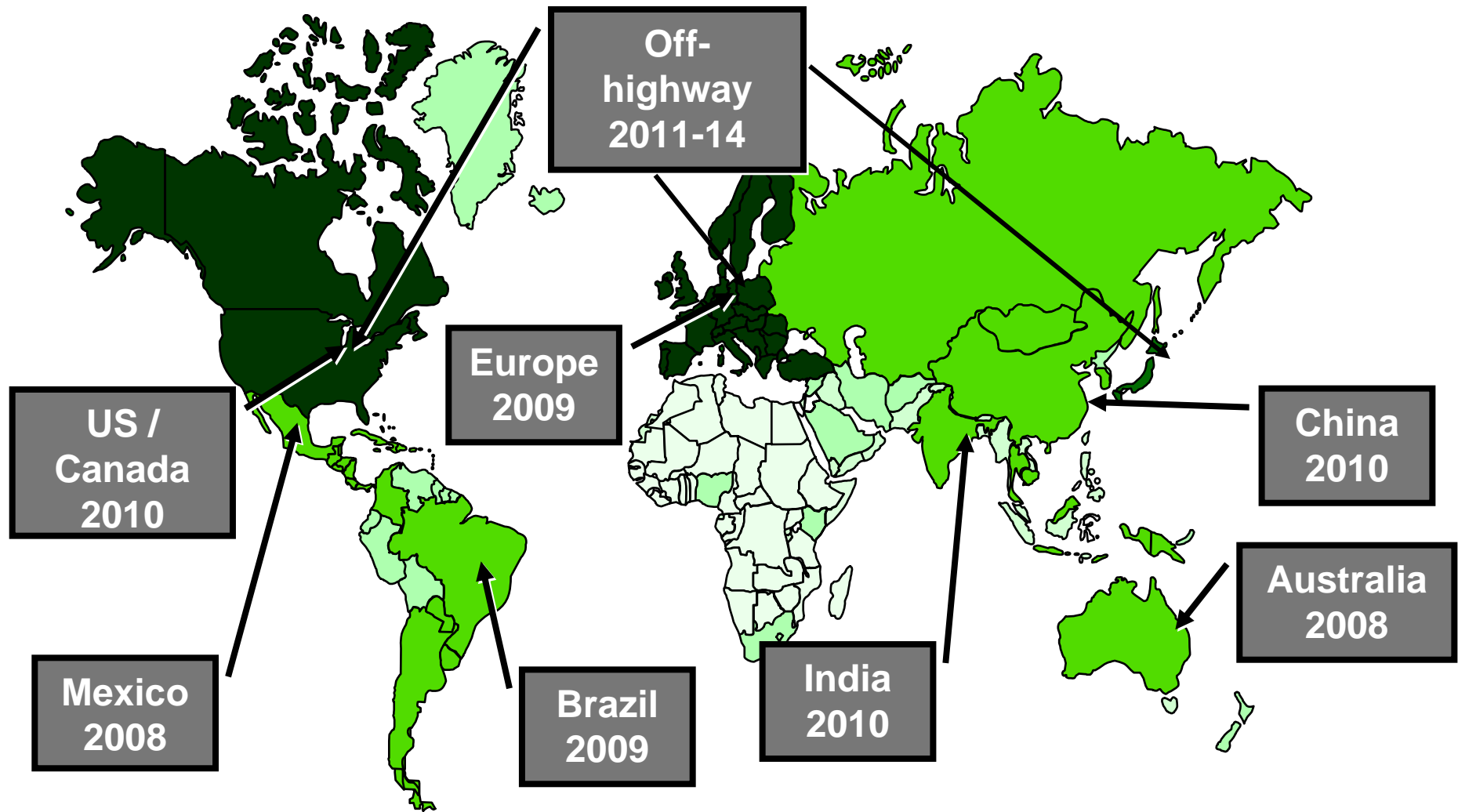


### By Geography



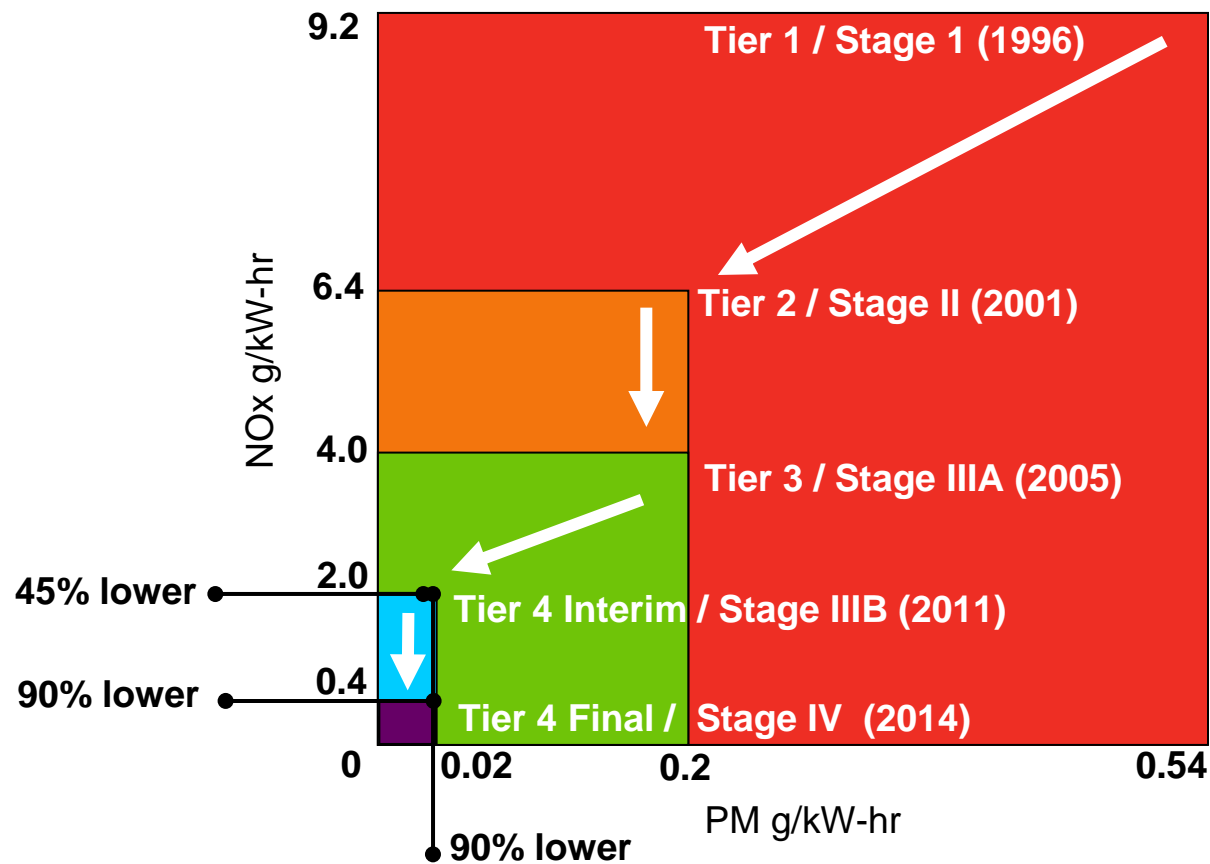


# Tougher Global Emission Standards



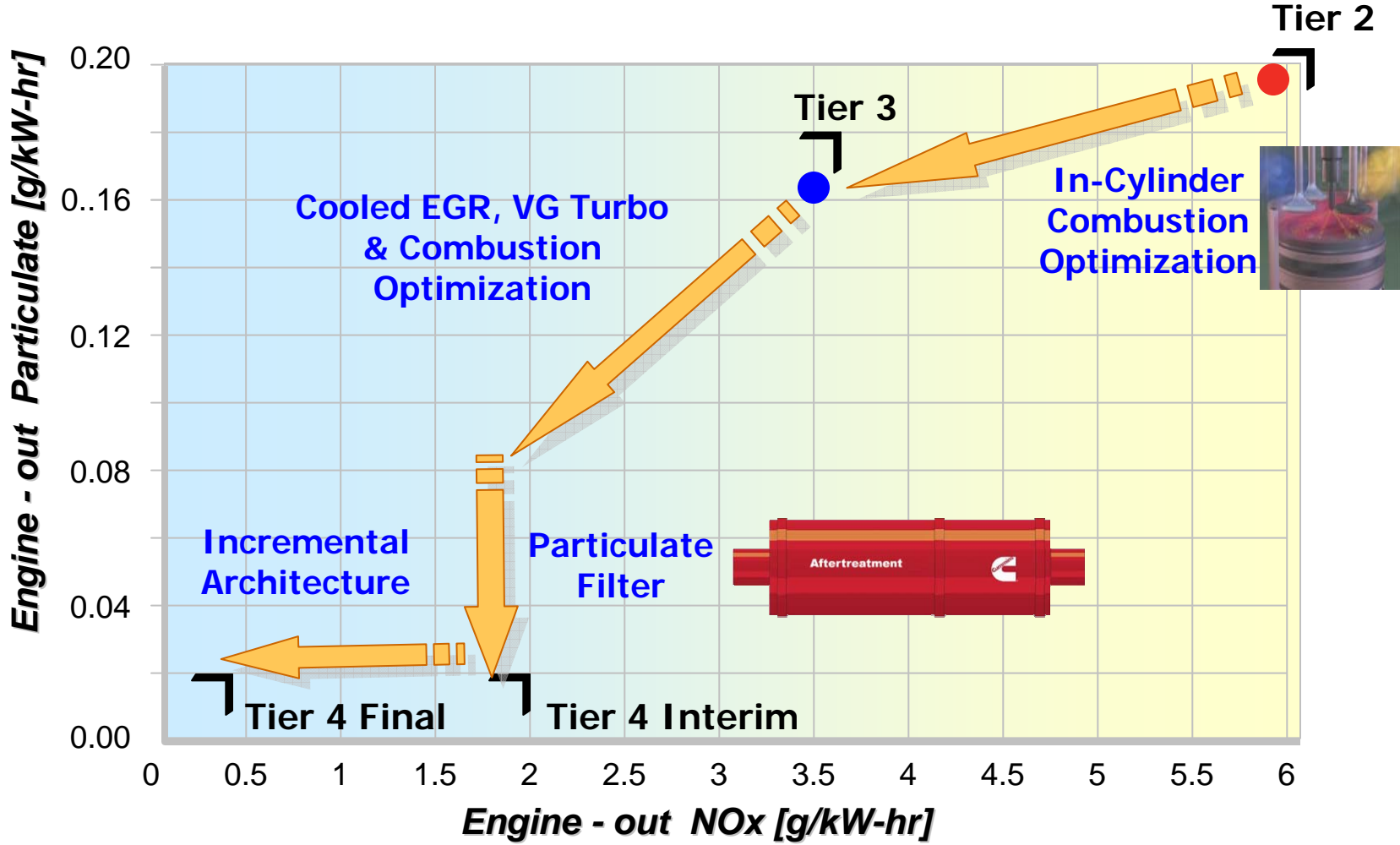


# Tier 4 Regulations Approaching Near Zero Emissions



174-751 hp Power Category

# A Proven Technology Route

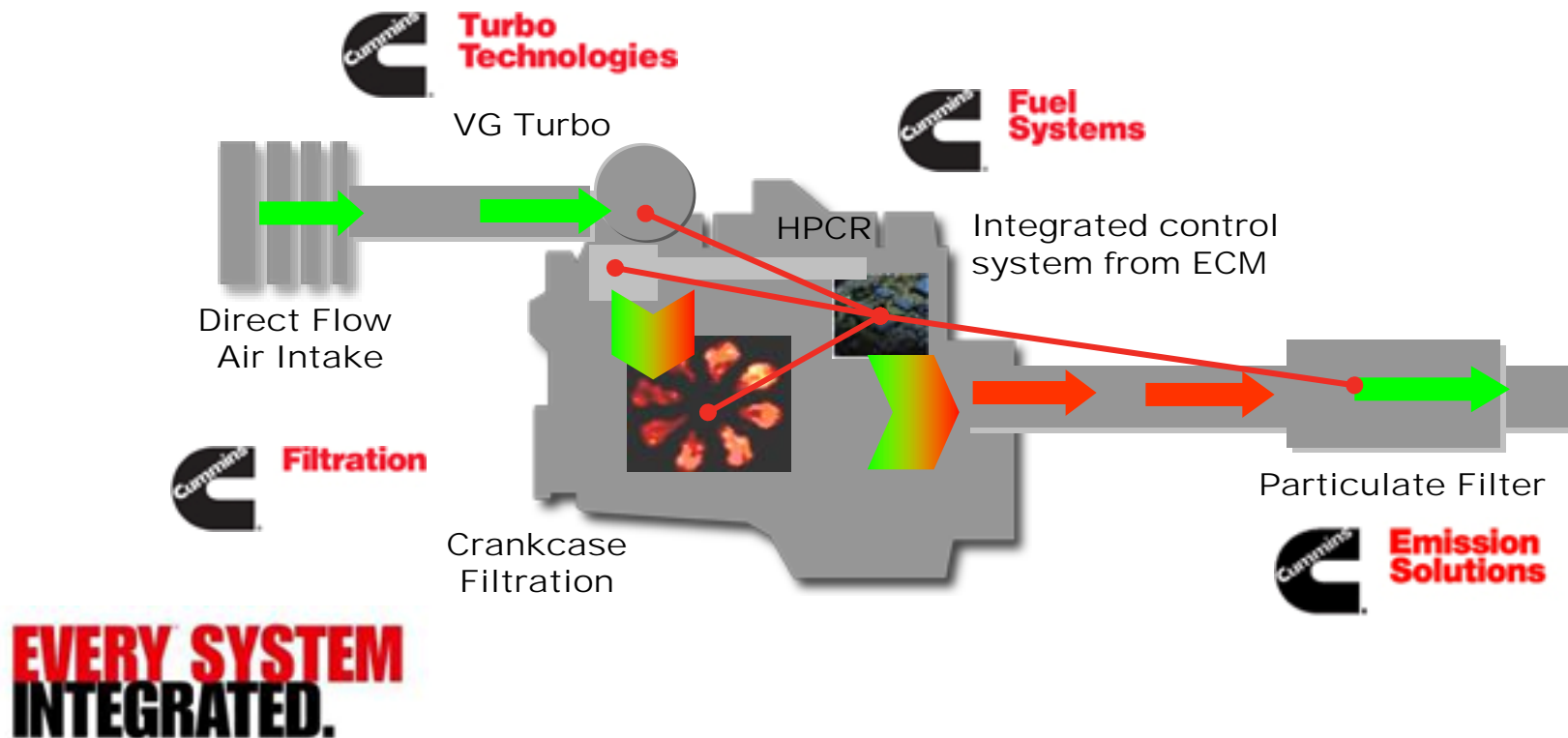


174-751 hp Technology Route

# System Integration Advantage



- All core technologies for Tier 4 are available from within Cummins own resources
- Better integrated & performance optimized



# Integration with OEM Chassis



## Equipment factors

Many different types  
Wide variations in duty cycles & load factors  
Space restrictions

+

## Operational factors

Vibration & shock loads  
Dust & dirt  
Angularity  
No ram air cooling



# Designed for the Customer



- High Uptime
- Low Operating Costs
- Low Maintenance
- Initial Machine Cost

**Lowest Cost of Ownership**

- Packaging / Cooling
- Higher Performance
- Safe Operation
- Clean Engine Sociability



Thank You for Your Interest in



For Additional Information Contact:  
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Dean.A.Cantrell@Cummins.com  
www.Cummins.com

# Appendix

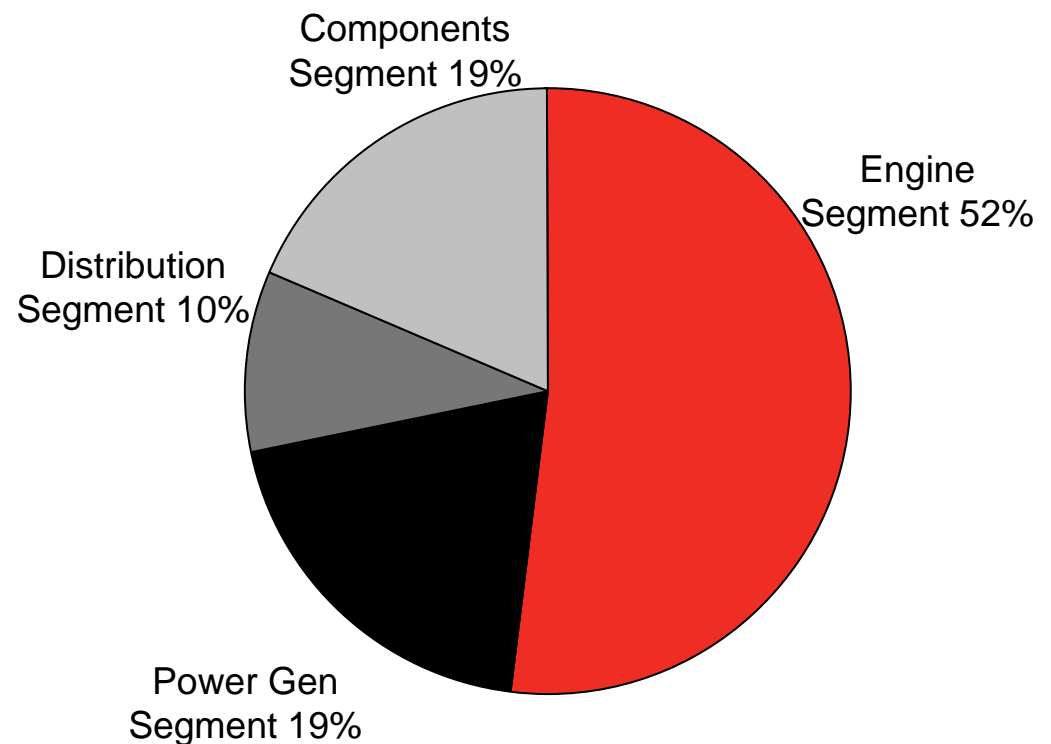




# Cummins Inc.

## 2007 Revenue by Segment

- Macro growth trends play to Cummins' strengths
- Disciplined investment for growth
- Demonstrated technology leadership



### FYE 2007 Data

Sales: \$13.0 billion

EBIT: \$1,227 million

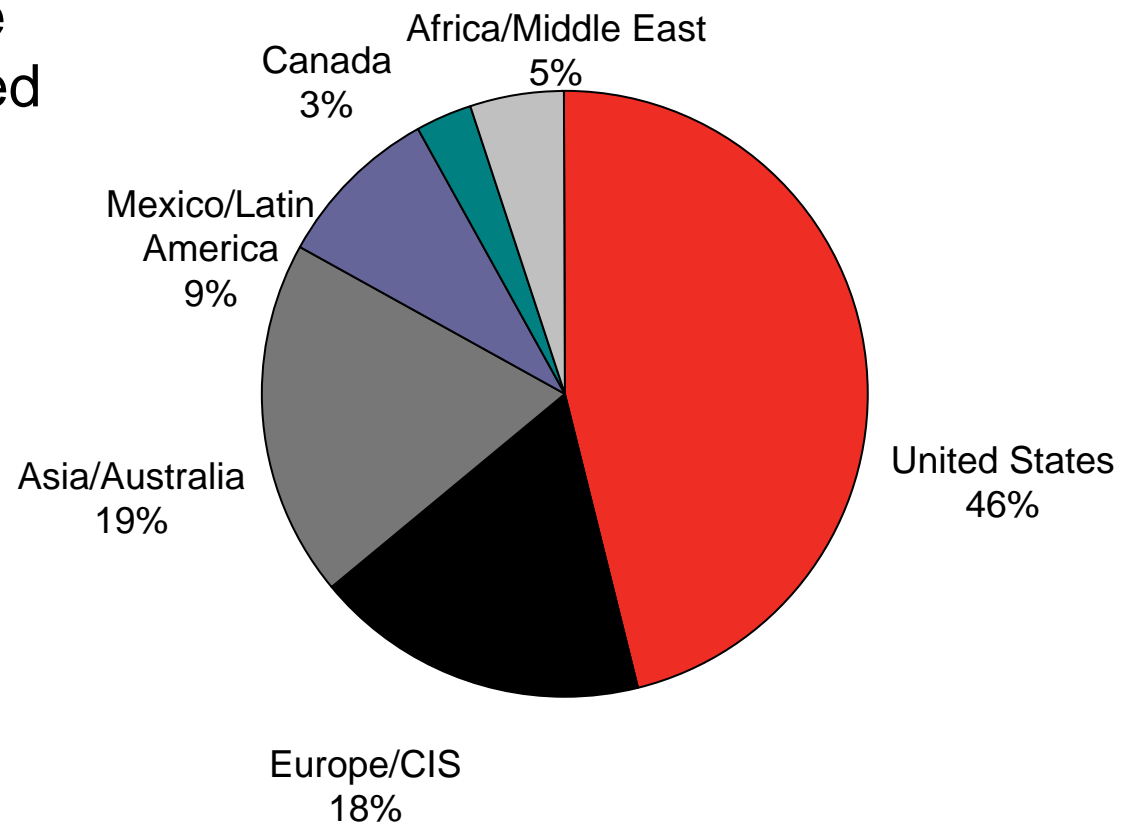
EBIT Margin: 9.4%



# Cummins Inc.

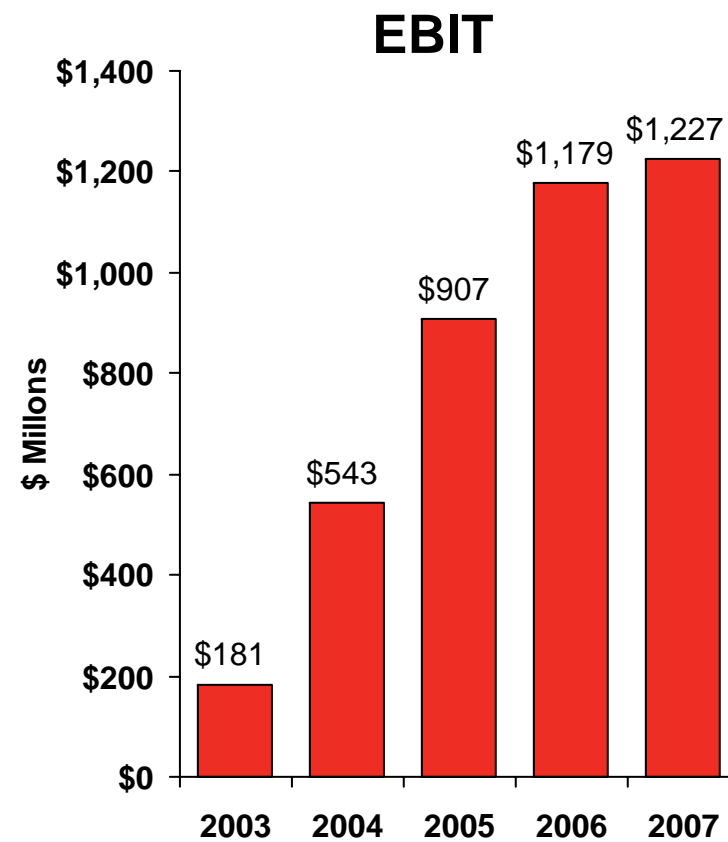
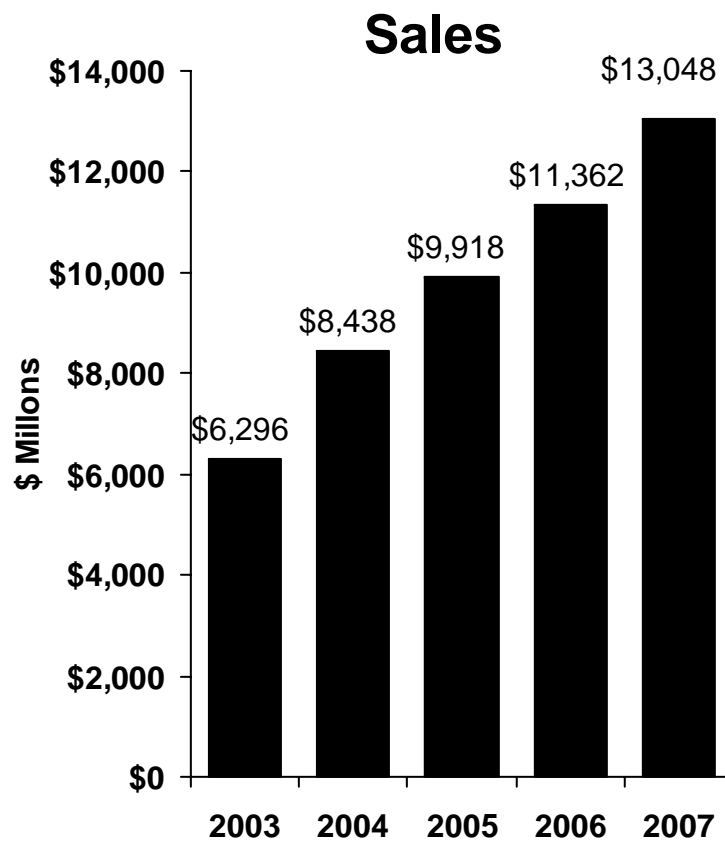
## 2007 Revenue by Marketing Territory

- International revenue is 54% of consolidated revenue in 2007
- Most international areas growing at double digit rate
- Demonstrates our geographic diversity





# Cummins - Historical Performance





## Engine Segment

- Emission regulations create opportunities
- Emerging markets
- Strategic OEM partnerships
- New engine platforms
- Aftermarket revenue creates stable earnings

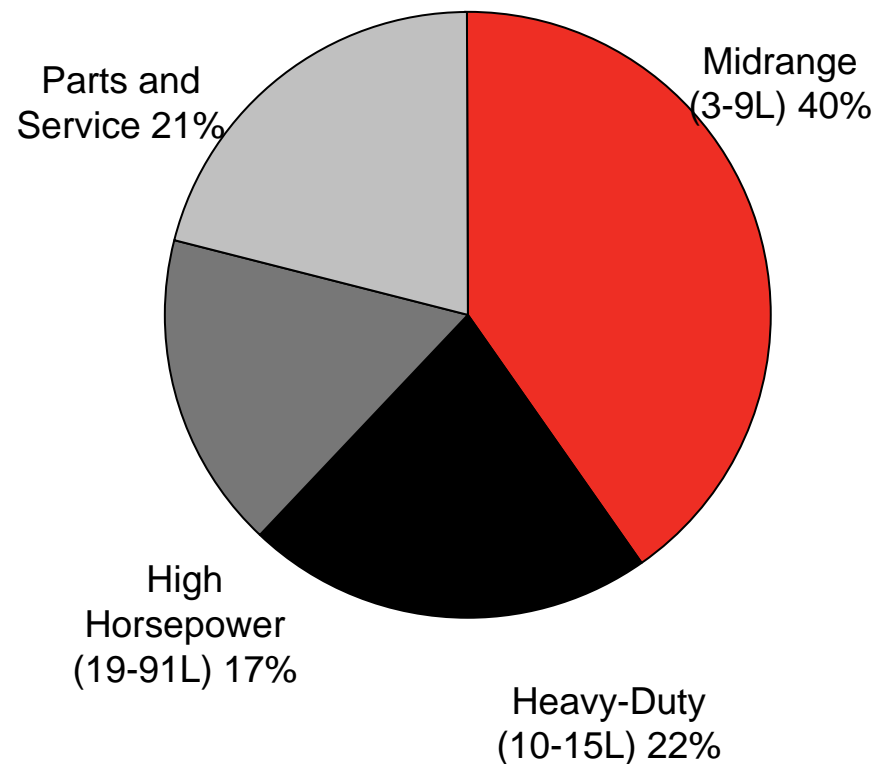
### FYE 2007 Data

**Sales: \$8.2 billion**

**EBIT: \$589 million**

**EBIT Margin: 7.2%**

## 2007 Revenue by Product

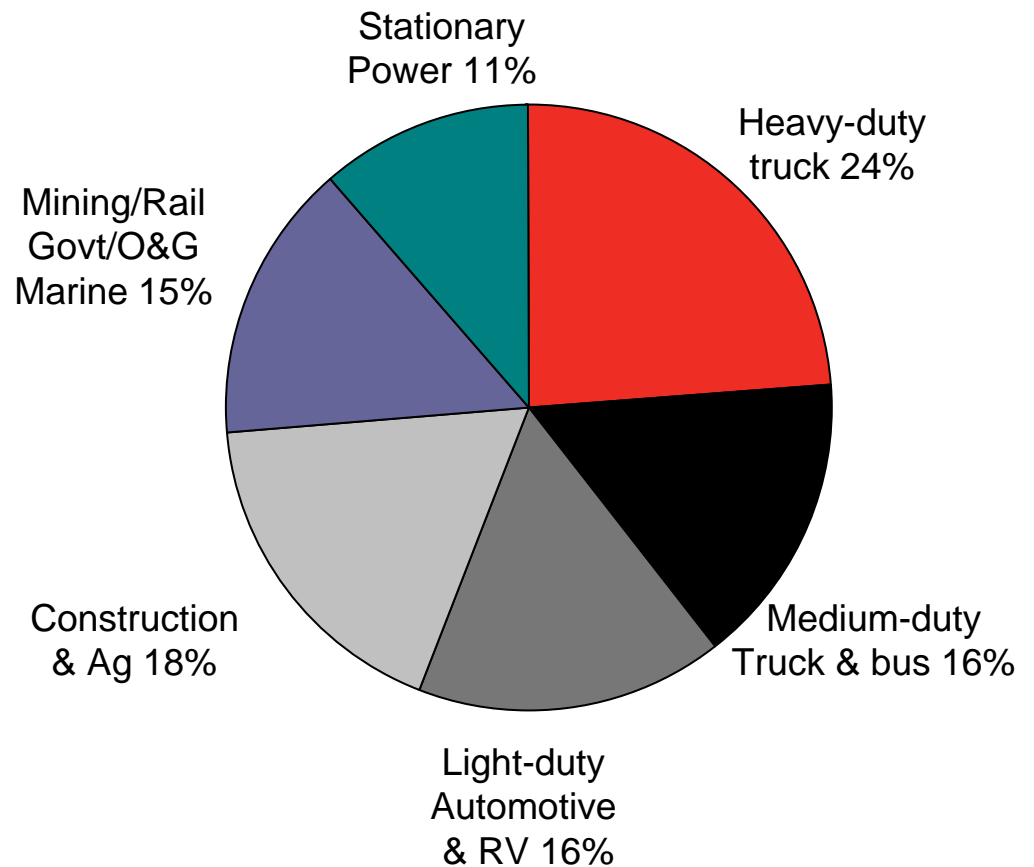




# Engine Segment

## 2007 Revenue by Market Application

- Gaining market share in on-highway markets
- Industrial markets supported by non-residential construction and commodity markets
- Expanding capacity to meet growing demand



### FYE 2007 Data

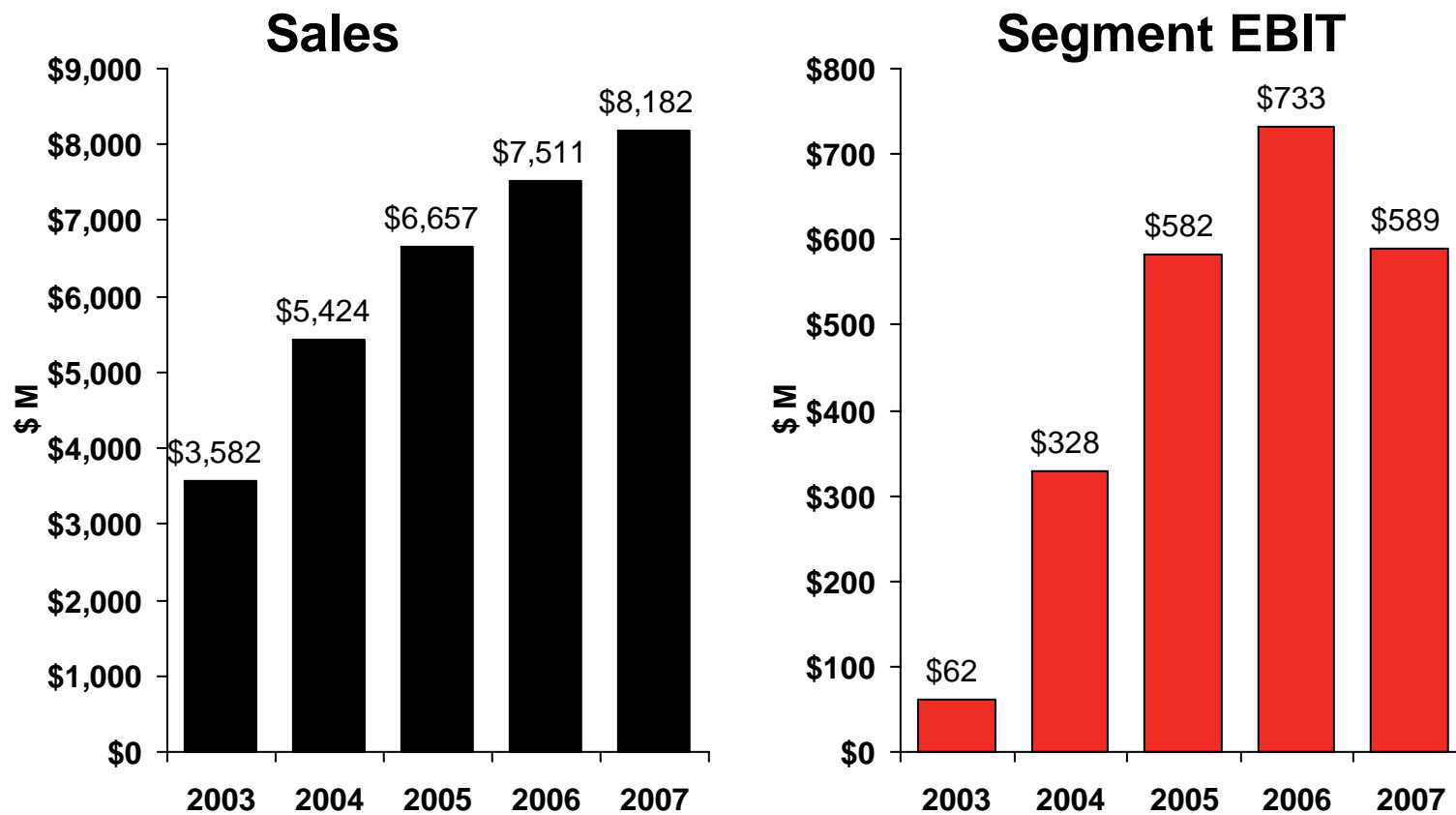
Sales: \$8.2 billion

EBIT: \$589 million

EBIT Margin: 7.2%



# Engines – Historical Performance

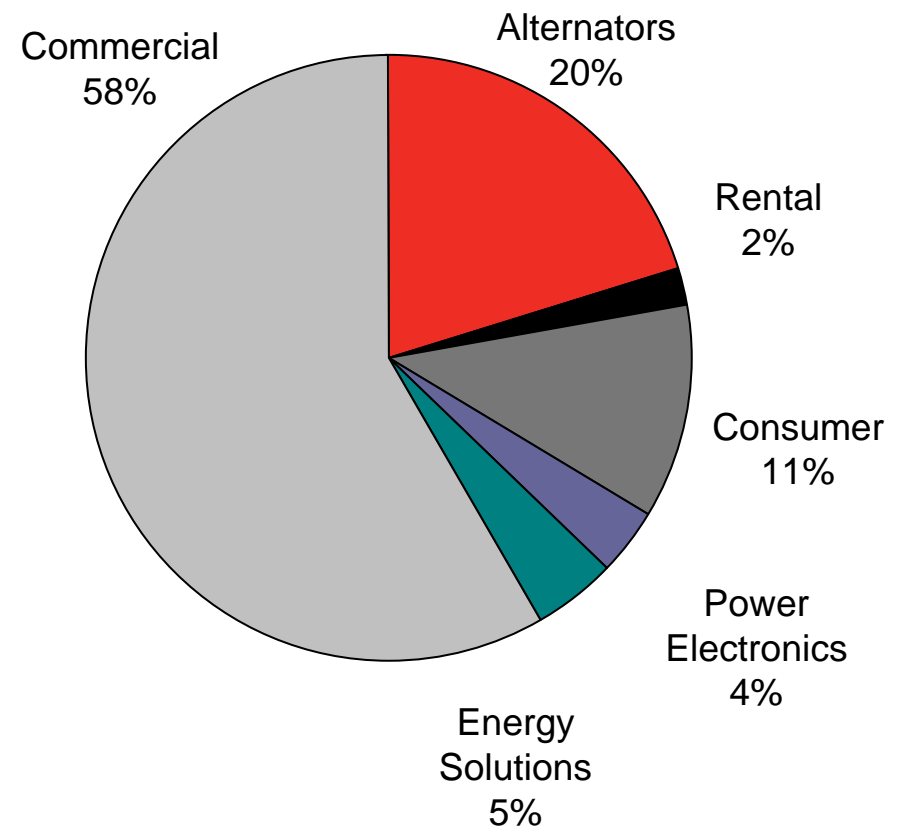




## Power Generation Segment

### 2007 Revenue by Product

- Capitalize on industry growth
- Leverage existing market leadership
- Establish leadership in all major markets
- Expand into new and adjacent markets



#### FYE 2007 Segment Data

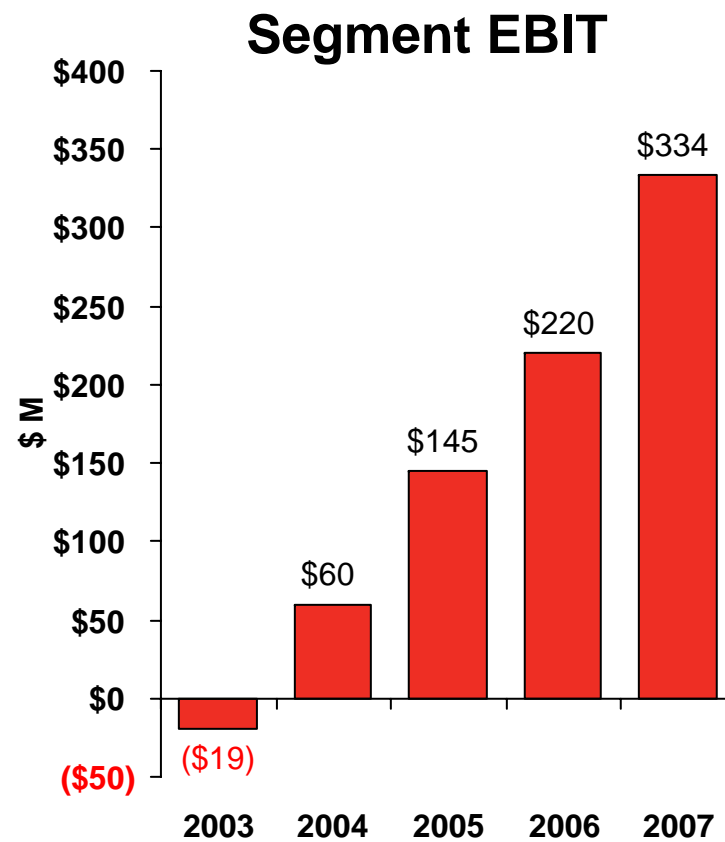
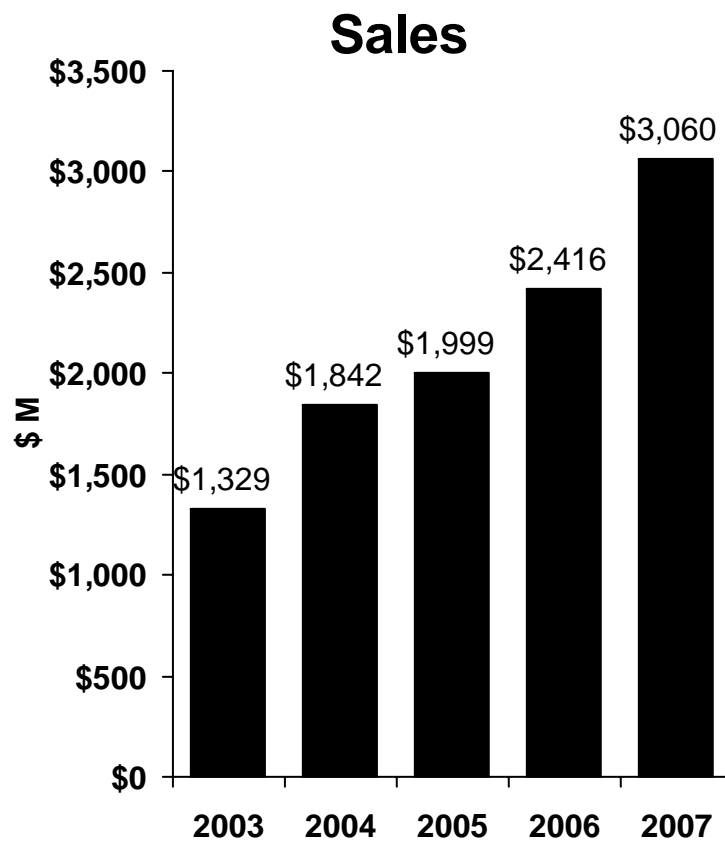
Sales: \$3.1 billion

EBIT: \$334 million

EBIT Margin: 10.9%



# Power Generation - Historical Performance

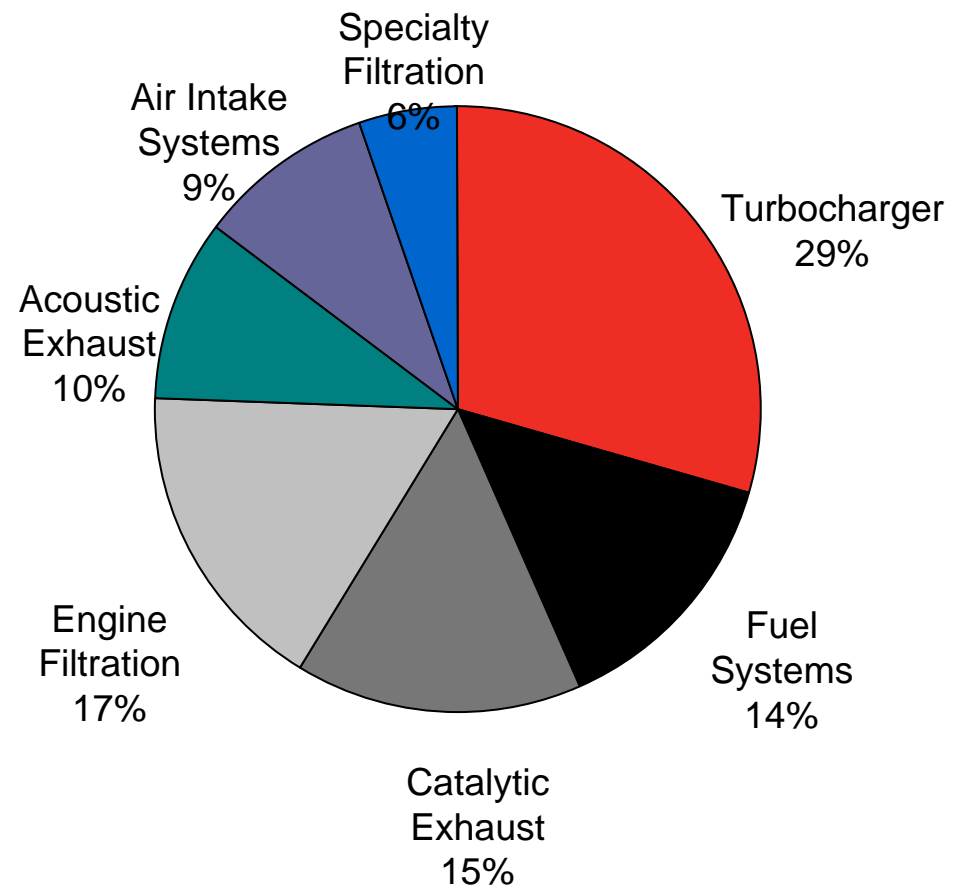




## Components Segment

### 2007 Revenue by Product

- New products launched
- Industry leading technology
- Capacity expansion
- Grow with CMI and non-CMI engine volumes
- Leverage global distribution to grow aftermarket



#### FYE 2007 Segment Data

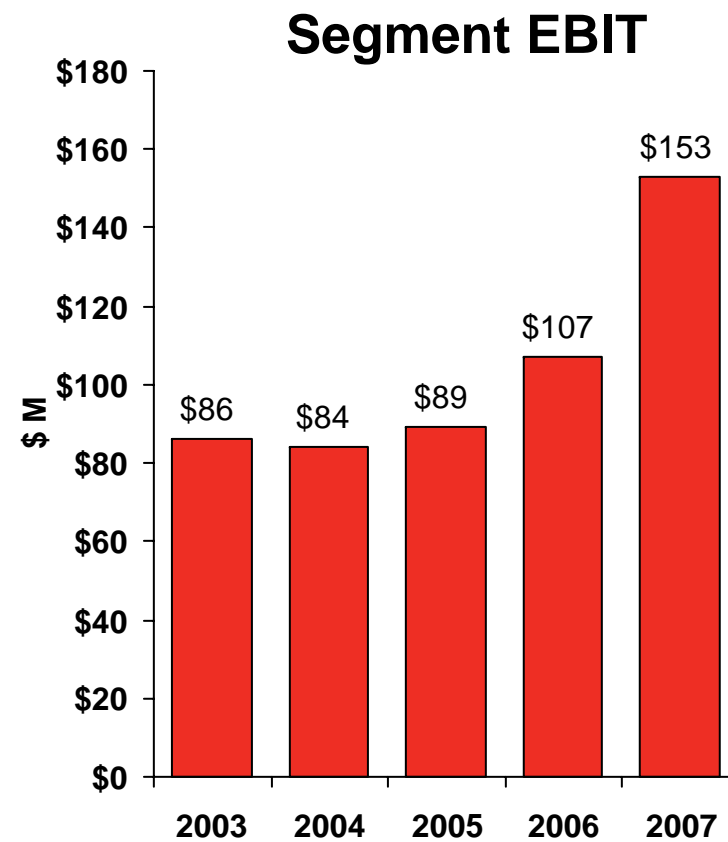
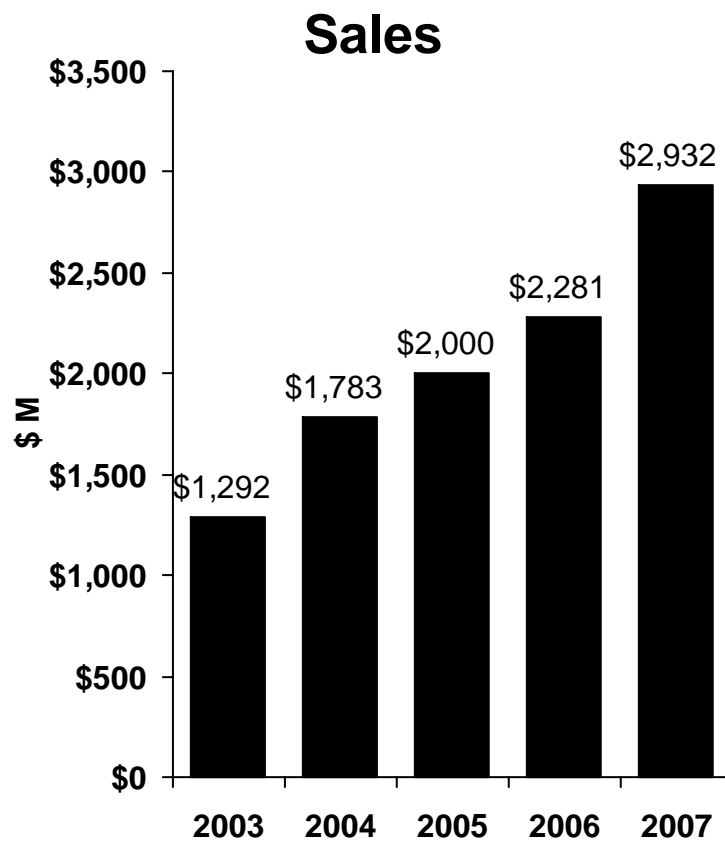
Sales: \$2.9 billion

EBIT: \$153 million

EBIT Margin: 5.2%



# Components - Historical Performance

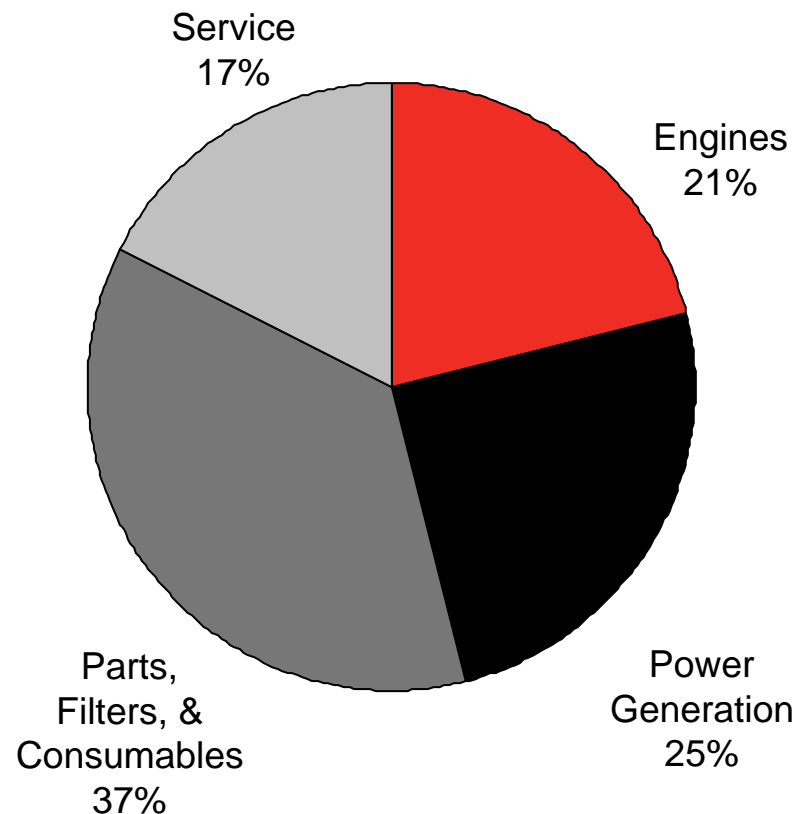




## Distribution Segment

### 2007 Revenue by Product

- Continue acquisitions, consolidations and integrations
- Leverage Cummins equipment growth
- World-class customer support
- Build capabilities – invest in growing regions



#### FYE 2007 Segment Data

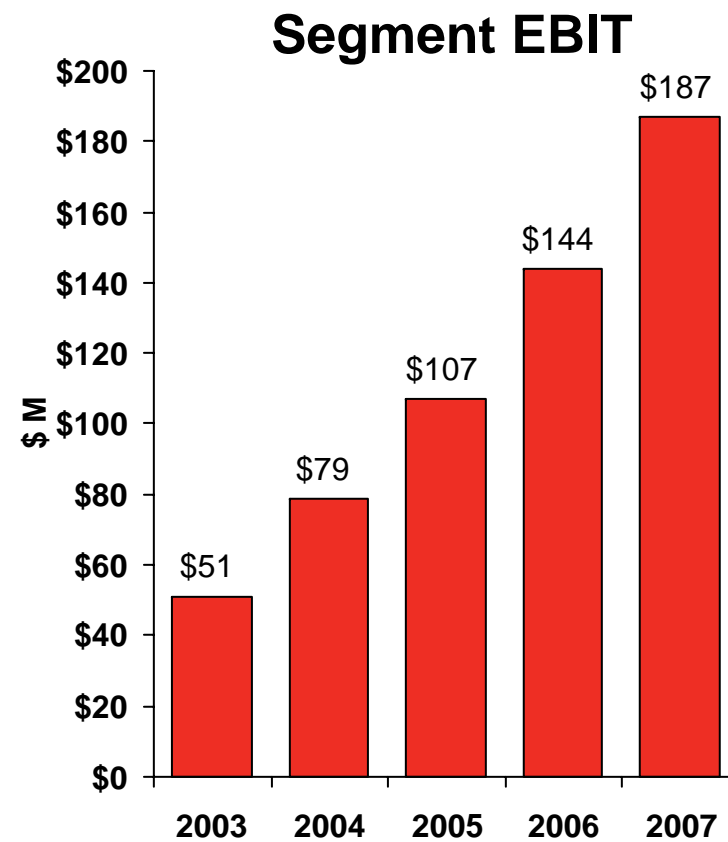
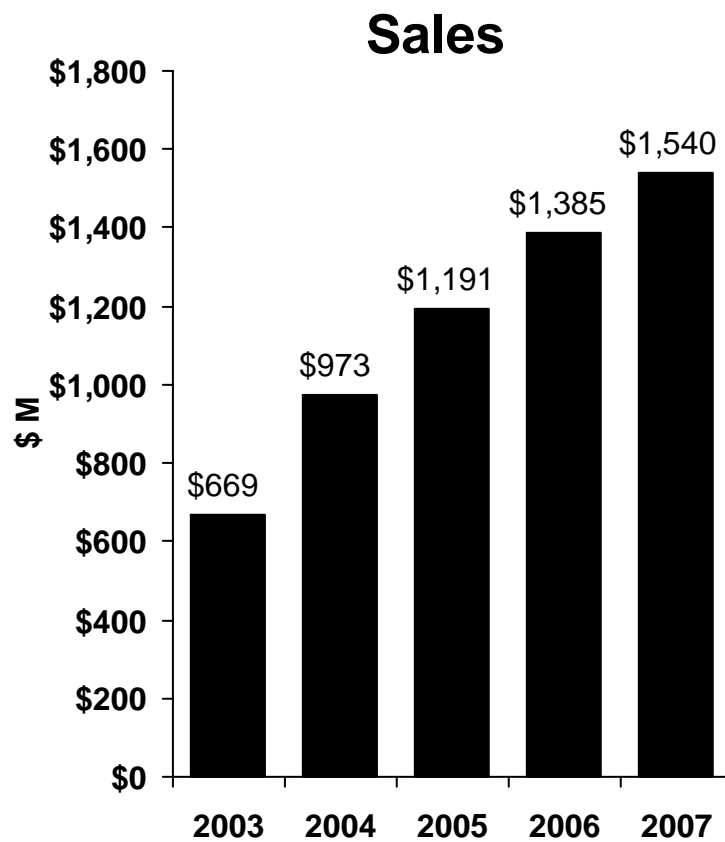
Sales: \$1.5 billion

EBIT: \$187 million

EBIT Margin: 12.1%

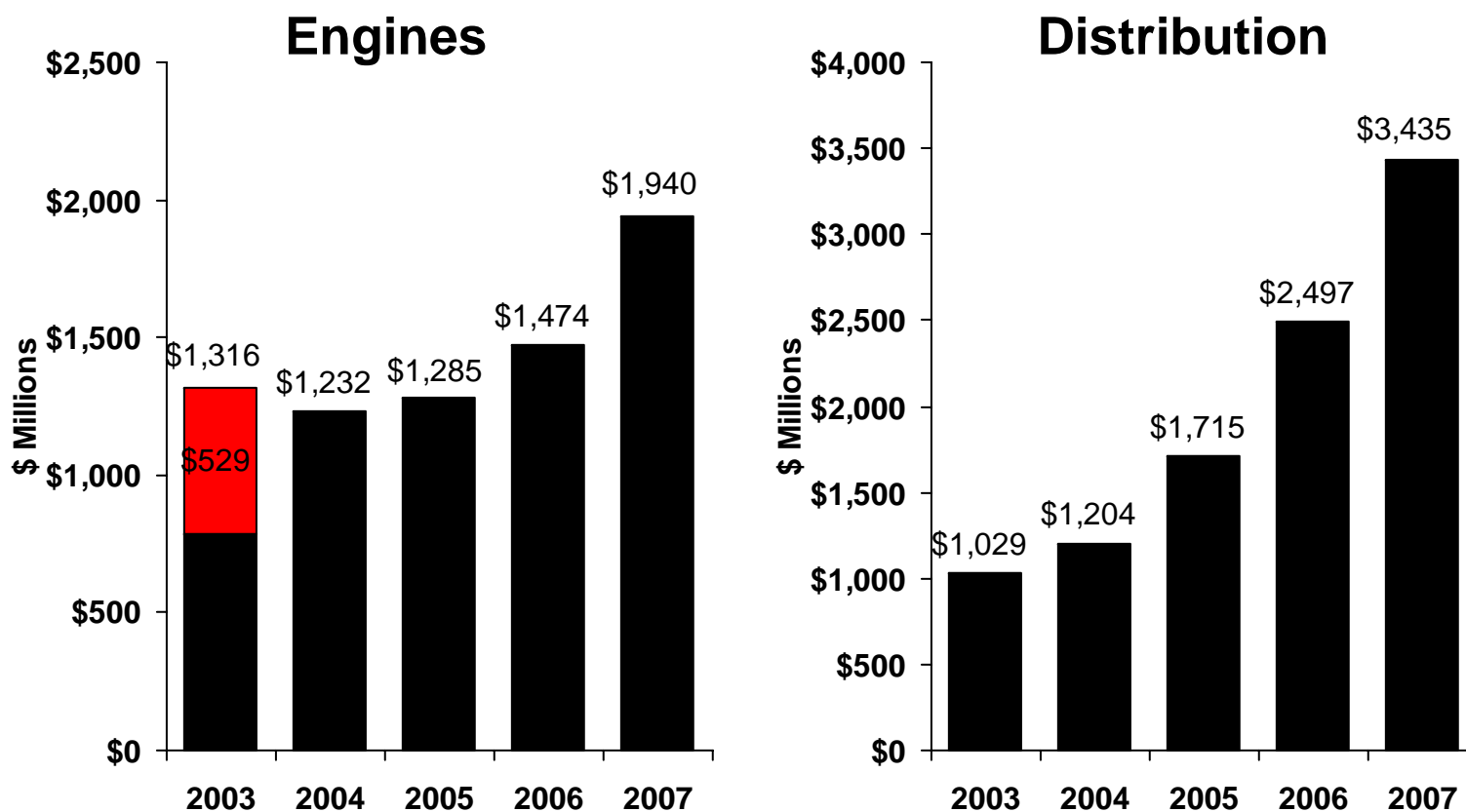


# Distribution – Historical Performance





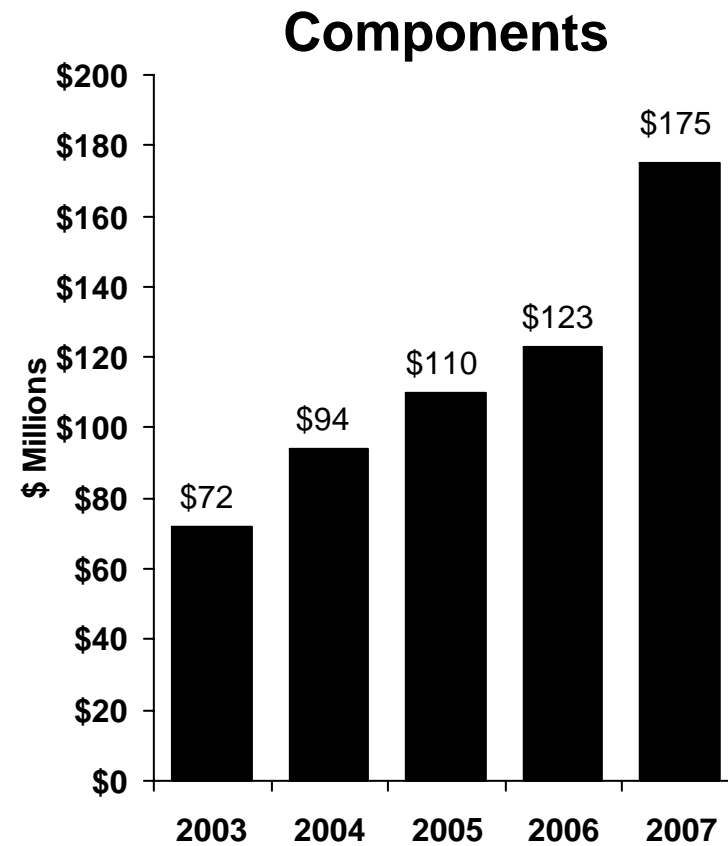
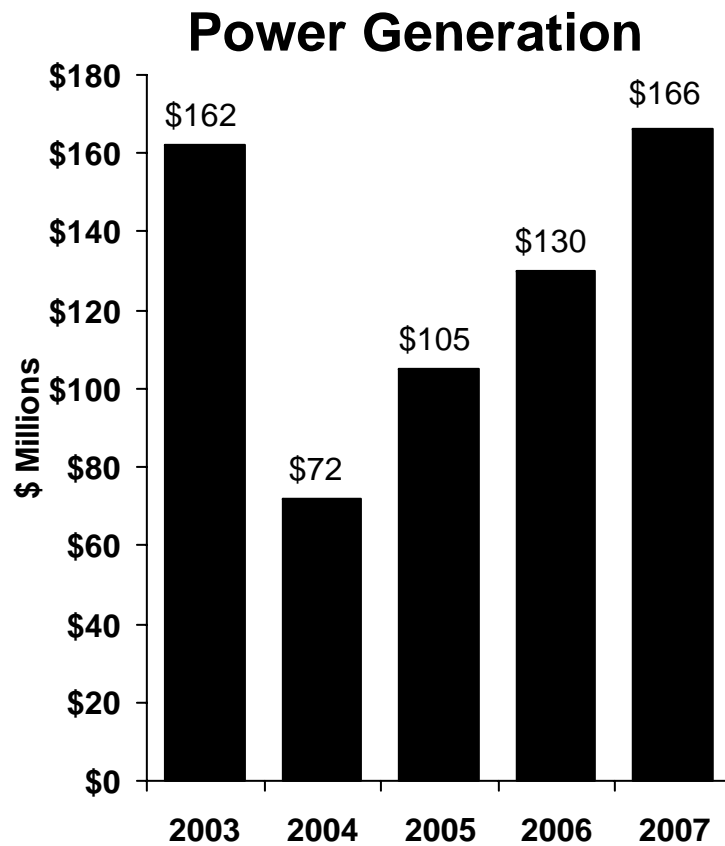
# Joint Venture Sales Unconsolidated



In 2003, sales from certain JVs (colored red above) were treated as unconsolidated; adoption of FIN 46R in 2004 required the company to consolidate the results of certain JVs.



# Joint Venture Sales Unconsolidated



# Non-GAAP Reconciliations





## Non-GAAP Reconciliation – EBIT

Millions	<u>Years Ended</u>				
	2003	2004	2005	2006	2007
EBIT	\$ 181	\$ 543	\$ 907	\$ 1,179	\$ 1,227
Less: Interest Expense	<u>\$ 90</u>	<u>\$ 111</u>	<u>\$ 109</u>	<u>\$ 96</u>	<u>\$ 58</u>
Earnings before income taxes and minority interests	\$ 91	\$ 432	\$ 798	\$ 1,083	\$ 1,169

We define EBIT as earnings before interest expense, provision for income taxes and minority interests in earnings of consolidated subsidiaries. We use EBIT to assess and measure the performance of our operating segments and also as a component in measuring our variable compensation programs. The table above reconciles EBIT, a non-GAAP financial measure, to our consolidated earnings before income taxes and minority interests, for each of the applicable periods.

We believe EBIT is a useful measure of our operating performance for the periods presented as it illustrates our operating performance without regard to financing methods, capital structure or income taxes. This measure is not in accordance with, or an alternative for, accounting principles generally accepted in the United States of America (GAAP) and may not be consistent with measures used by other companies. It should be considered supplemental data.