

A New Cummins: Sustainable Performance

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Disclosure Regarding Forward-Looking Statements & non-GAAP Financial Measures

This presentation contains certain forward-looking information. Any forward-looking statement involves risk and uncertainty. The Company's future results may be affected by changes in general economic conditions and by the actions of customers and competitors. Actual outcomes may differ materially from what is expressed in any forward-looking statement. A more complete disclosure about forward-looking statements begins on page 61 of our 2006 Form 10-K, and it applies to this presentation.

This presentation contains certain non-GAAP financial measures such as earnings before interest and taxes (EBIT). Please refer to our website (www.cummins.com) for the reconciliation of EBIT to GAAP financial measures.

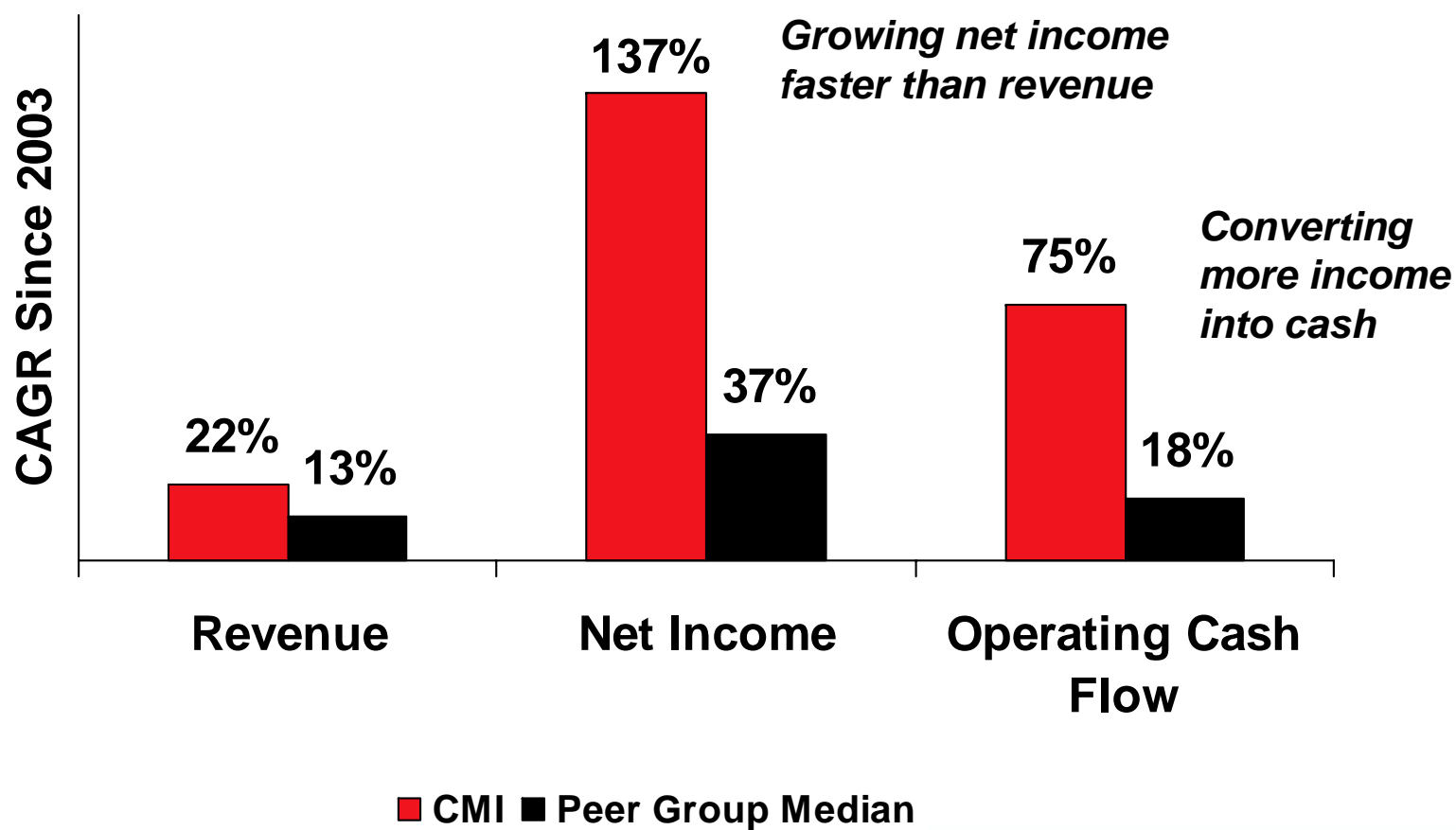


Creating Greater Shareholder Value

- Doubled our revenue in 5 years
- Highest period of net earnings as a percent of sales in over 40 years
- Generated \$4.2 billion in EBITDA since 2003
- Improved debt to capital from 60% in 2003 to 19% today
- Actively repurchased 3.2 million shares in 2 years
- Exceeded both ROANA and ROE targets for over three years



We Have Outperformed Our Peer Group





Confident in Our Ability to Perform in 2007 and Beyond

- We are executing on our Strategic Principles
- Our customers recognize Cummins for our technology leadership
- We are investing in the next generation of profitable growth opportunities



2007 and Beyond – Building on Our Strategic Principles

- Complementary Businesses
- Low Cost Producer
- Create Shareholder Value
- Profitable Growth
- Create the Right Environment



Diversified Global Power Leader

Four Complementary Businesses



Engines



Power
Generation



Components



Distribution



Low Cost Producer

- Drive for Productivity
 - Manufacturing
 - Technical
 - Shared Services
- Six Sigma
- Global Sourcing

Building Stable Diversified Earnings Base

Significant contributor to total EBIT

China



Distribution

India



Aftermarket



Our Customers Recognize Cummins for Our Technology Leadership

- Virtually integrating through OEM partnerships
- Global technology leader in constantly changing emissions environment



Virtually Integrating Through OEM Partnerships

- Low Cost
- Strong Brand
- Global Presence
- Customer Support Excellence
- Technology Leadership



VOLVO

DAIMLERCHRYSLER

PACCAR

KOMATSU





Unique Technology Integration

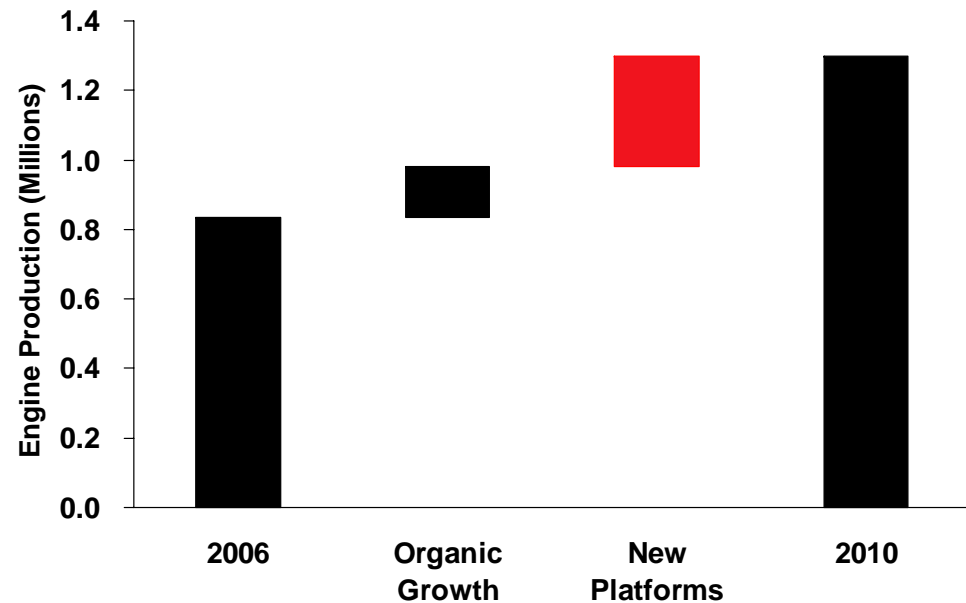
- Fuel Systems
- Electronic Controls
- Air Handling Systems
- Filtration and Aftertreatment
- Combustion Technologies





Profitable Growth – Engine Business

- Light Duty Diesel in U.S. and China
- 13- and 11-liter Engines in China
- Market Share Gains
- Midrange Engine Capacity

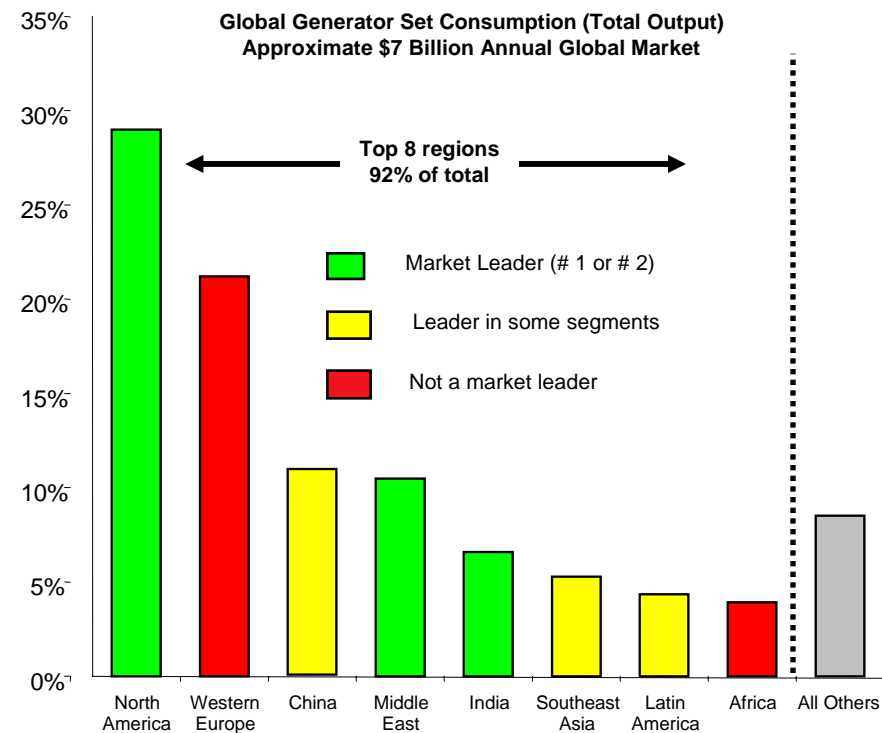


In 2010, 25% of our engine volume will come from new engine platforms.

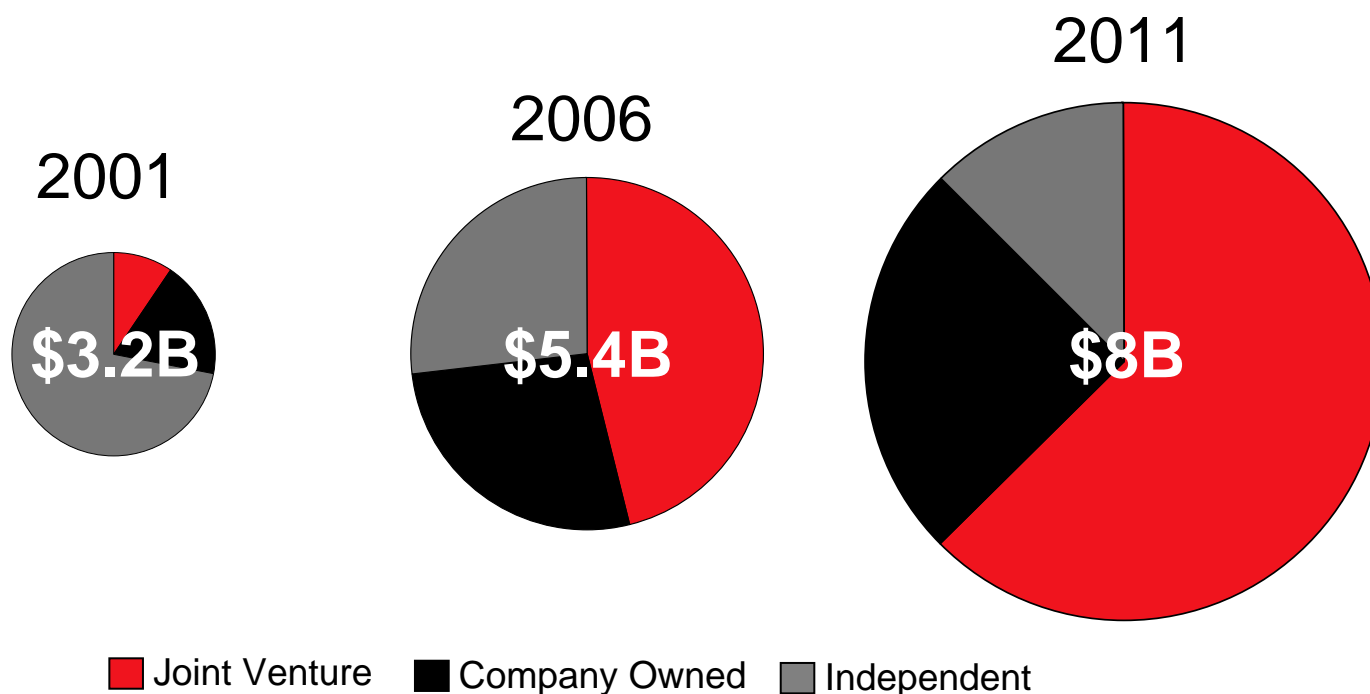


Profitable Growth – Power Generation

- Pursuing market leadership in commercial generators
- Expanding into adjacent consumer markets



Profitable Growth – Distribution



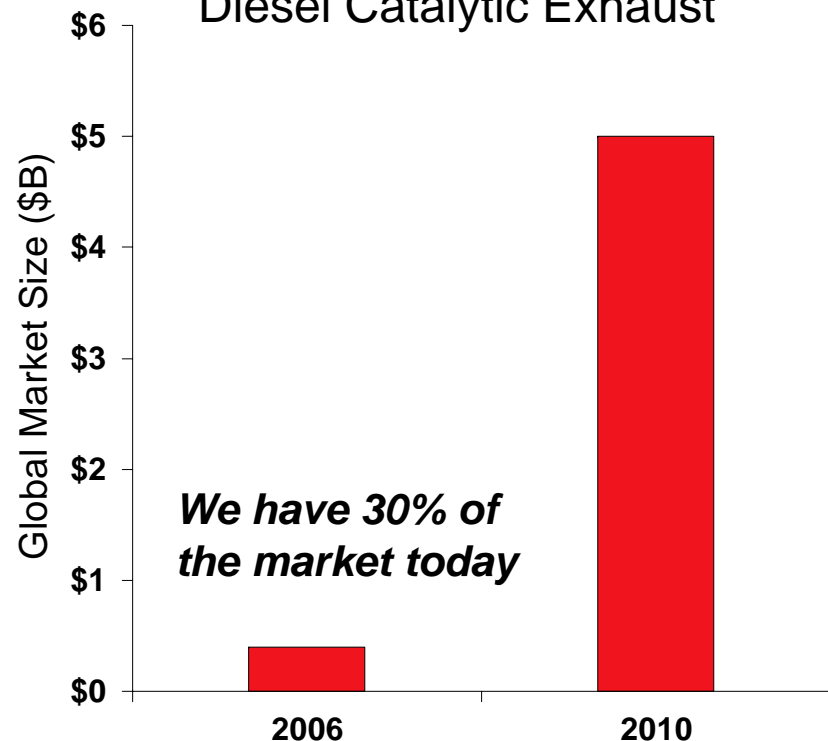
*Revenues through our distribution channel are growing 10% CAGR.
In 2011, nearly 90% of revenue will flow through fully or partially
owned distributors.*



Profitable Growth – Components

- Strategic advantage in emissions compliance
- Significant future growth in revenue and earnings
- Multiple new product introductions
- Winning non-CMI business

Evolving Global Emission Standards Accelerates Market Growth for Diesel Catalytic Exhaust





Confident in Our Ability to Perform in 2007 and Beyond

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Appendix



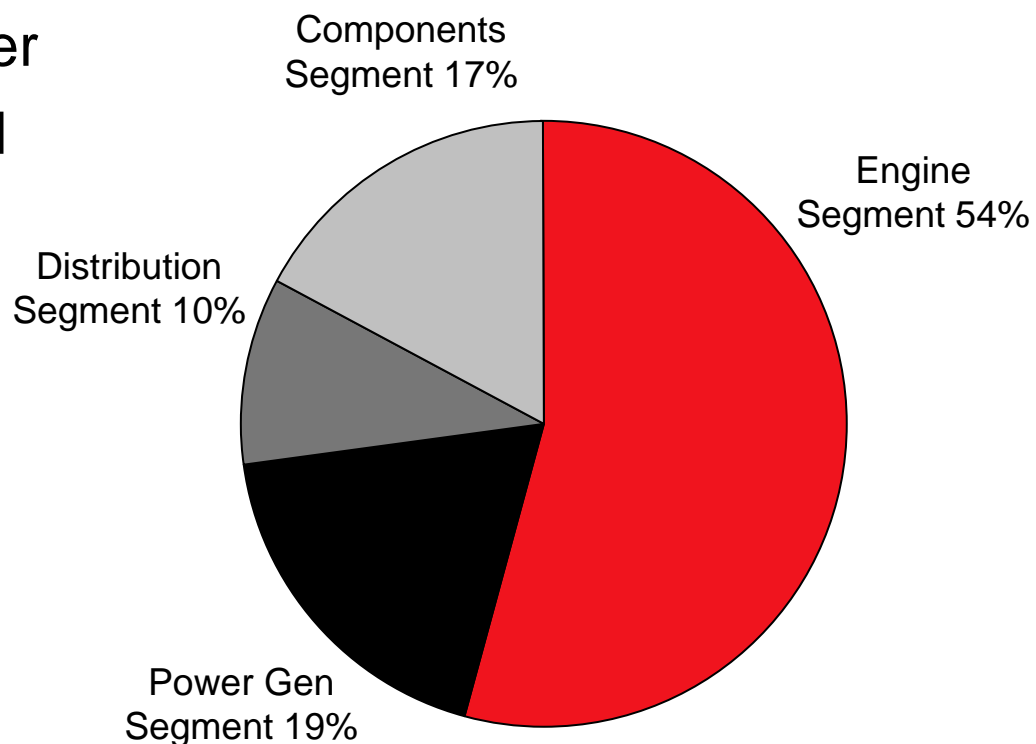


Cummins Inc.

Q1 2007 LTM Revenue by Segment

Q1 2007 – Great Quarter

- Strong global demand for our product
- Year-over-year growth in revenue and earnings
- Investing in profitable growth opportunities



Q1 2007 LTM Data

Sales: \$11.5 billion

EBIT: \$1,167 million

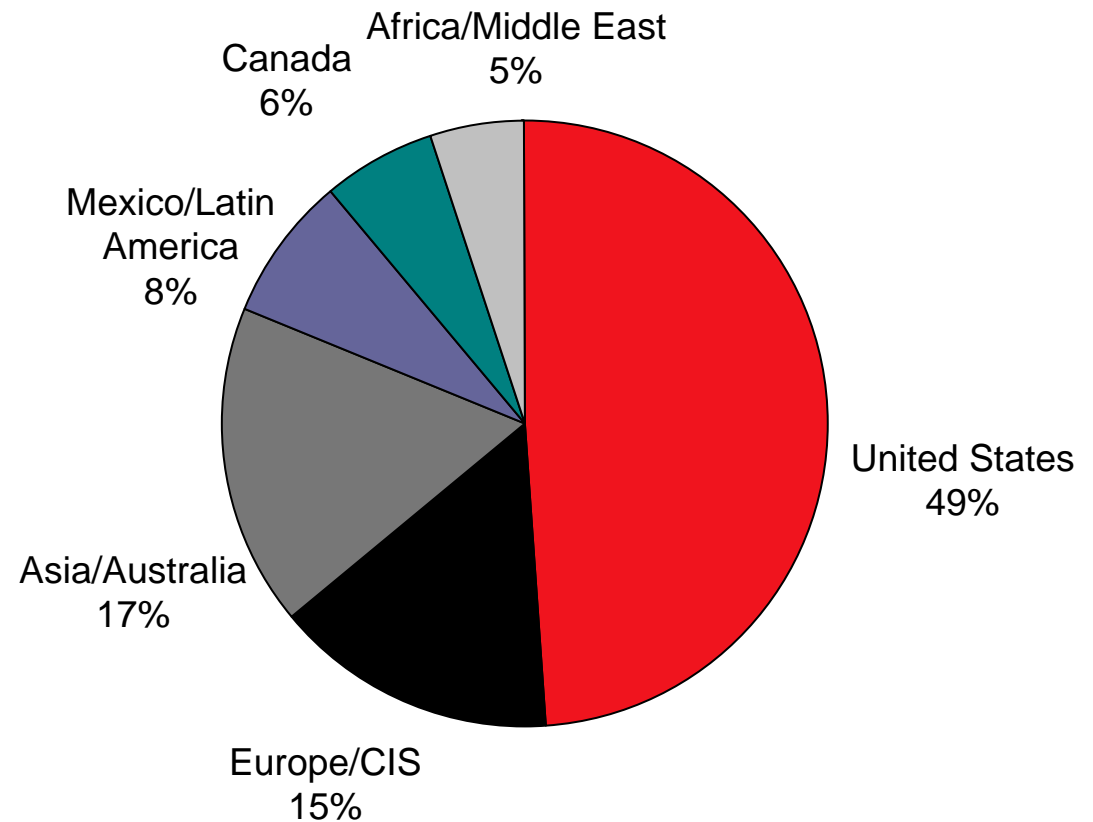
EBIT Margin: 10.1% (Target: 7-10%)



Cummins Inc.

Q1 2007 LTM Revenue by Marketing Territory

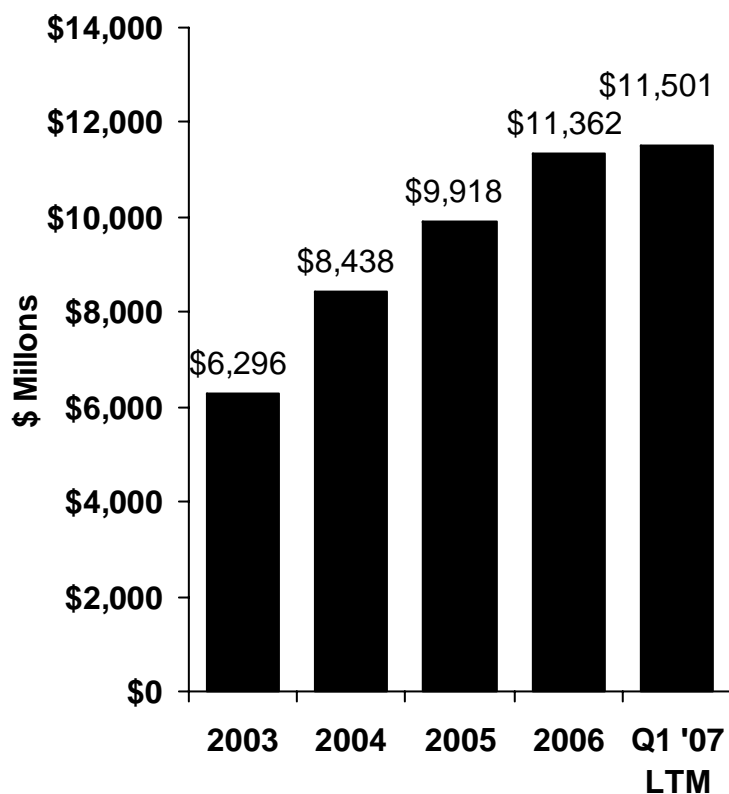
- International revenue is 51% of consolidated revenue
- International revenue was 54% in the first quarter
- Most international areas growing at double digit rate



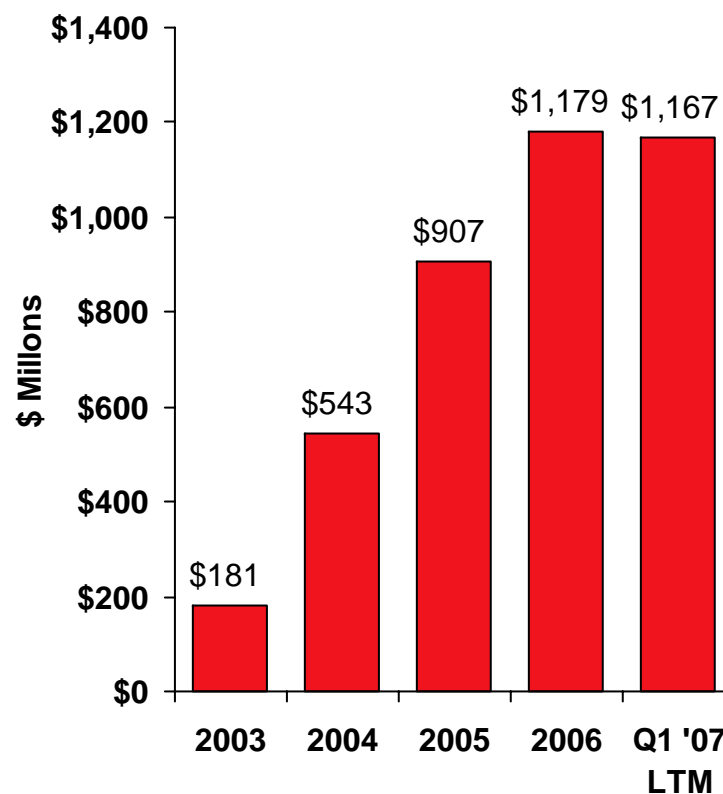


Cummins - Historical Performance

Sales



EBIT

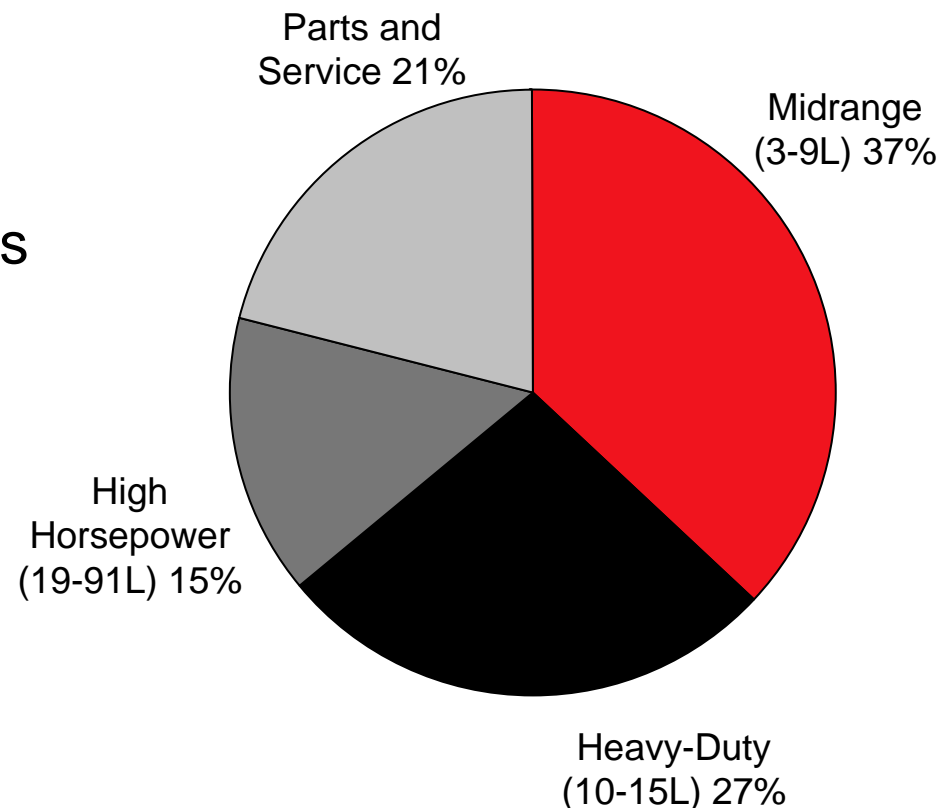




Engine Segment

Q1 2007 LTM Revenue by Product

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



Q1 2007 LTM Segment Data

Sales: \$7.5 billion

EBIT: \$682 million

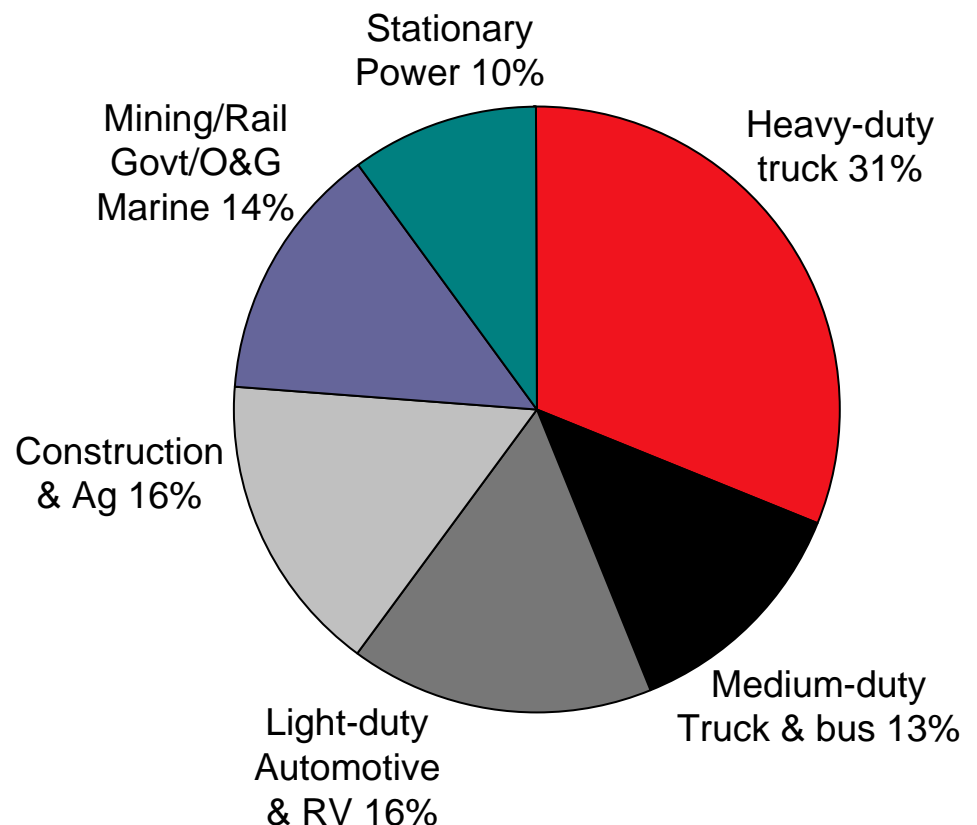
EBIT Margin: 9.1% (Target: 7-10%)



Engine Segment

Q1 2007 LTM Revenue by Market Application

- Heavy-duty Truck demand remains strong
- Share gains in Medium-duty Truck & Bus
- Off-highway markets supported by non-residential construction and commodity markets



Q1 2007 LTM Segment Data

Sales: \$7.5 billion

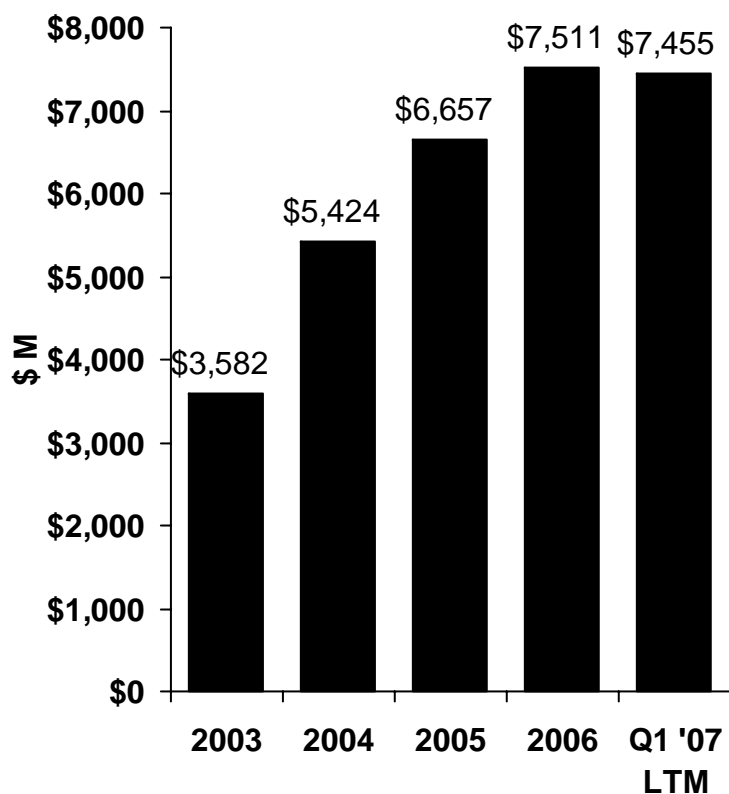
EBIT: \$682 million

EBIT Margin: 9.1% (Target: 7-10%)

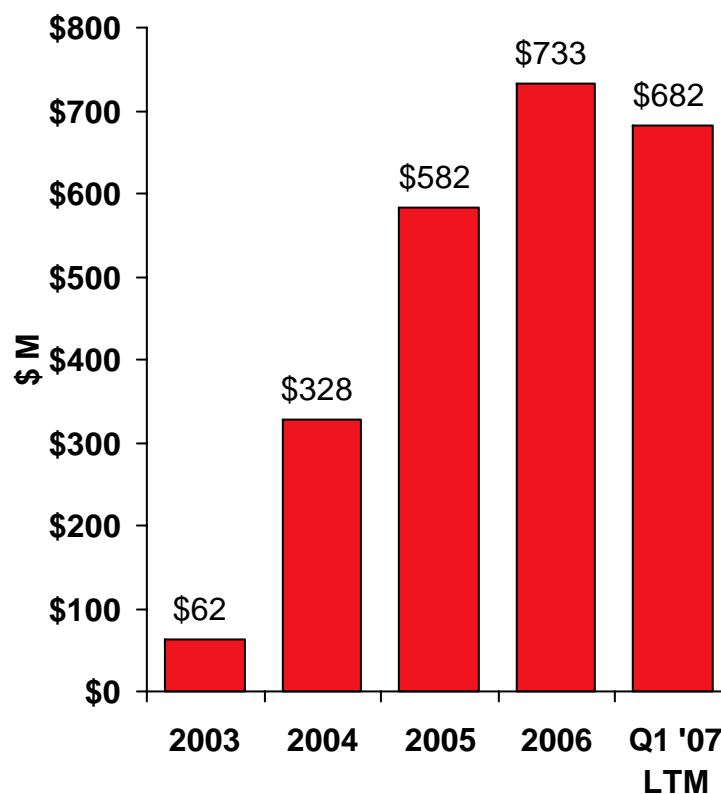


Engines – Historical Performance

Sales



Segment EBIT

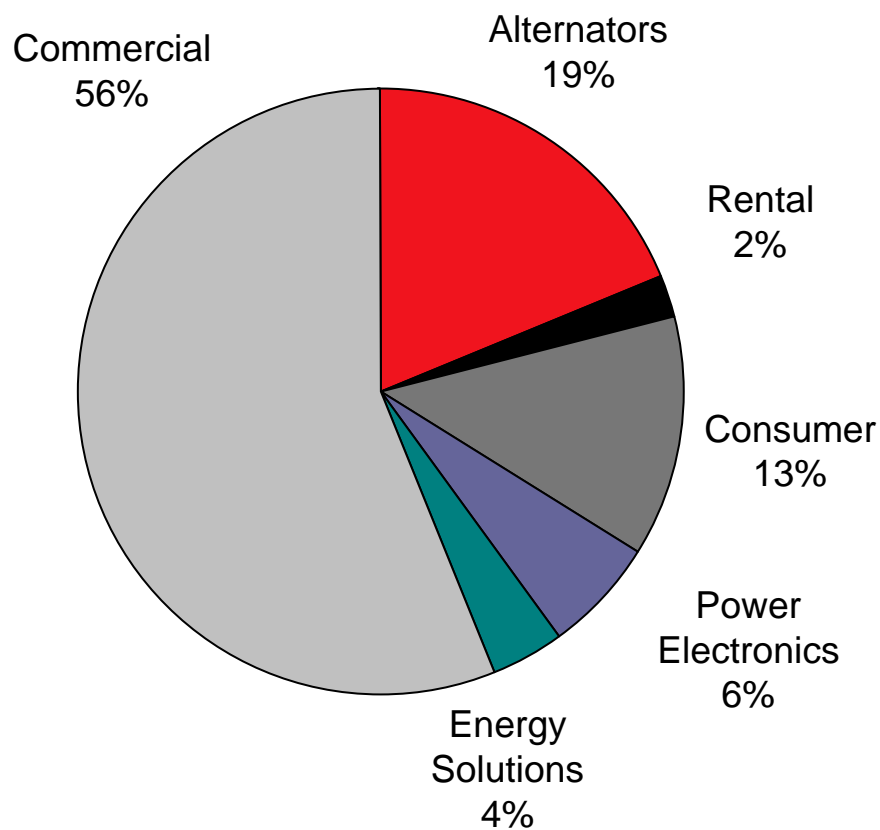




Power Generation Segment

Q1 2007 LTM Revenue by Product

- Turnaround complete
- Strengthening markets
- Expanding market share
- Consumer growth opportunities
- Growing project business capability



Q1 2007 LTM Segment Data

Sales: \$2.6 billion

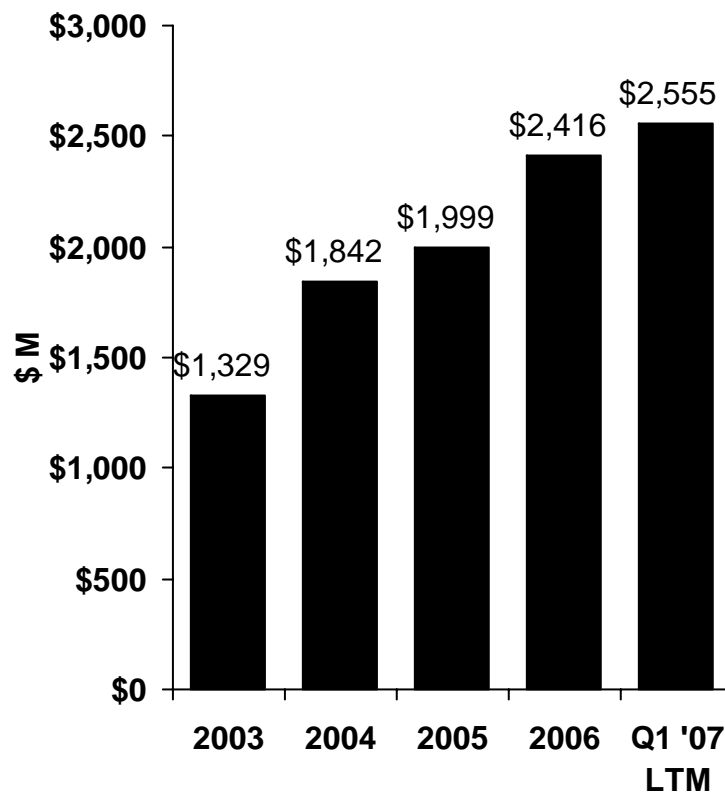
EBIT: \$252 million

EBIT Margin: 9.9% (Target: 7-9%)

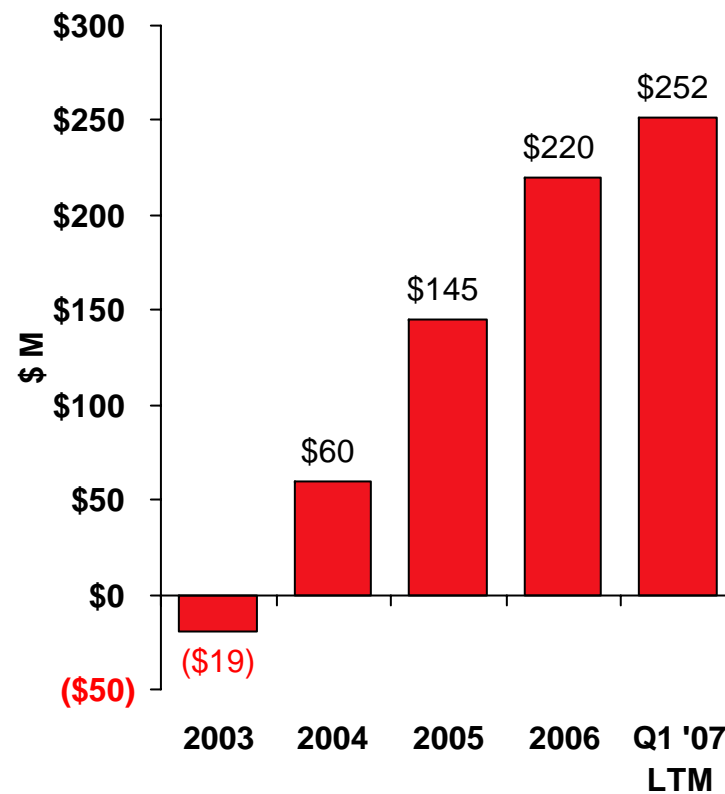


Power Generation - Historical Performance

Sales



Segment EBIT

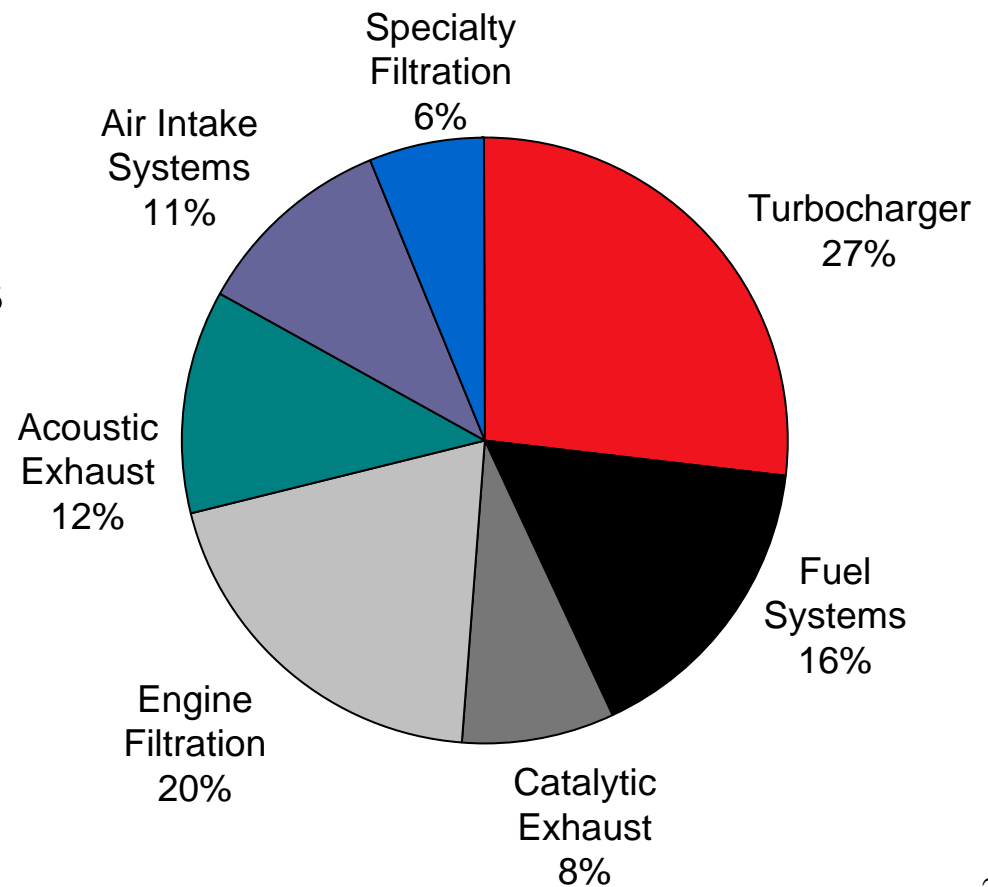




Components Segment

Q1 2007 LTM Revenue by Product

- Strategic advantage in emissions compliance
- Significant future growth in revenue and earnings
- Multiple new product introductions
- Winning non-CMI business



Q1 2007 LTM Segment Data

Sales: \$2.4 billion

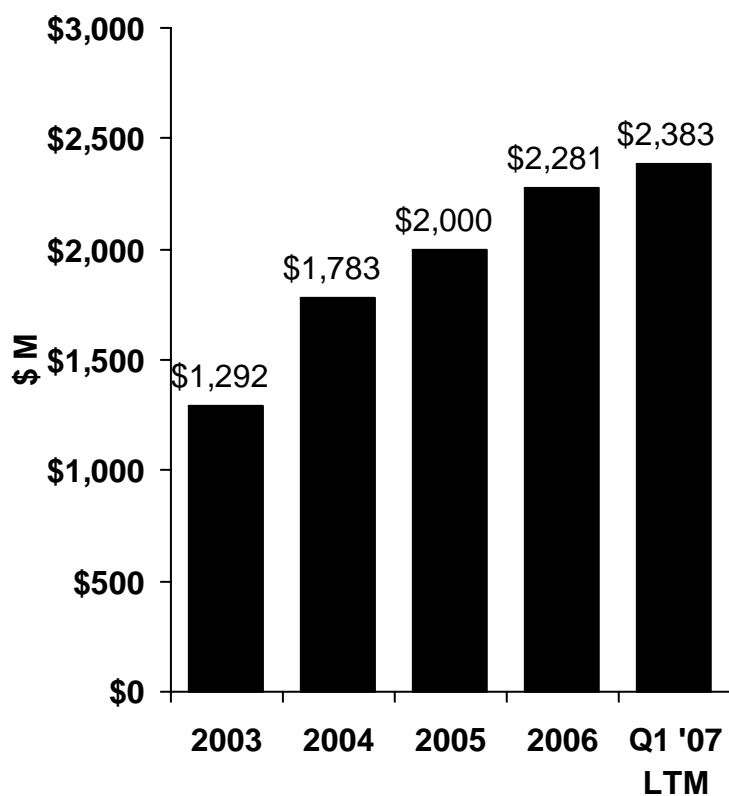
EBIT: \$100 million

EBIT Margin: 4.2% (Target: 7-9%)

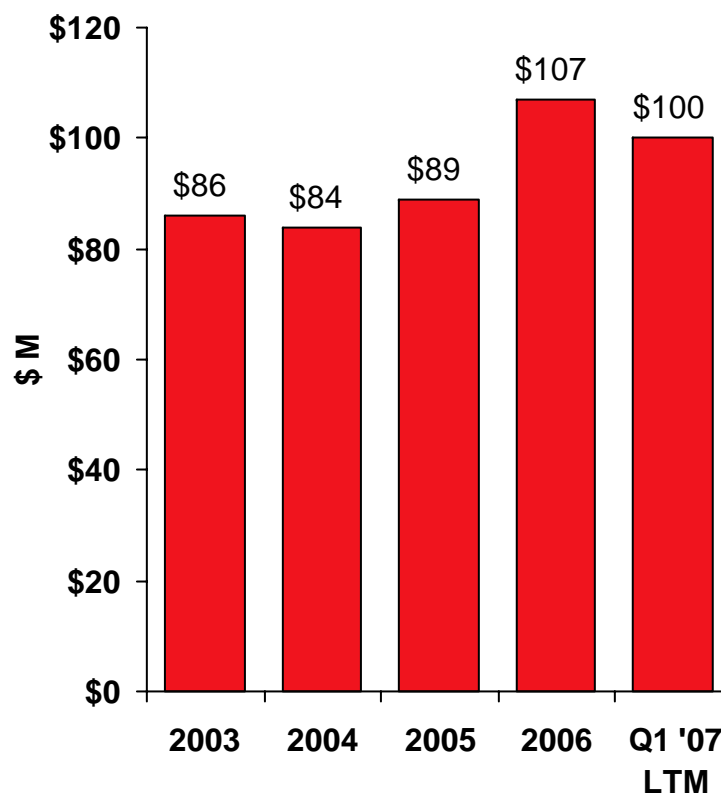


Components - Historical Performance

Sales



Segment EBIT

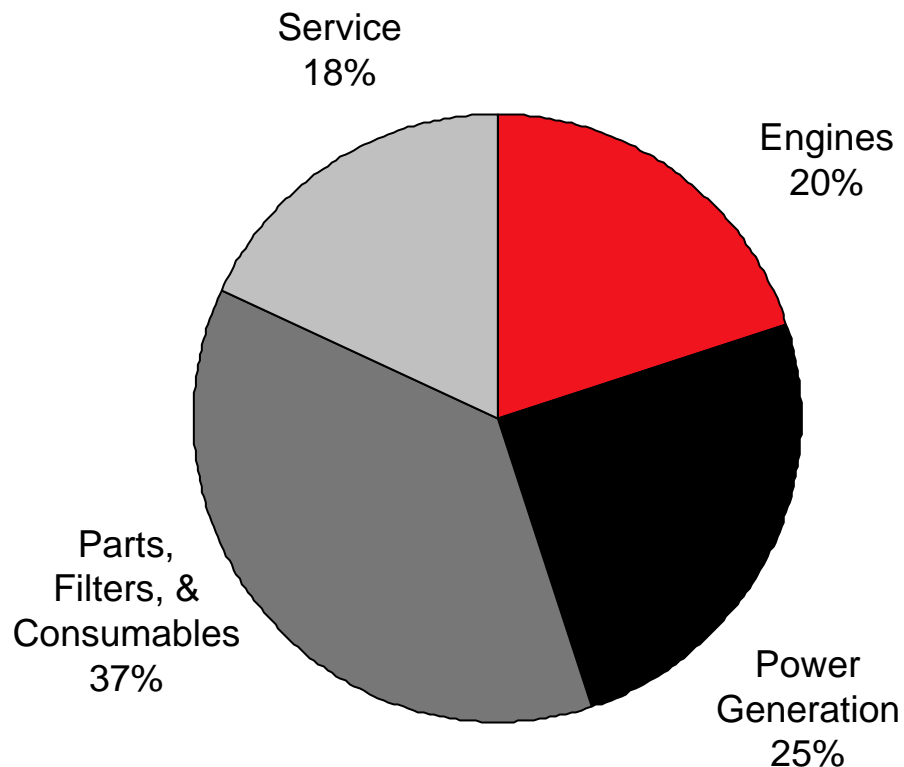




Distribution Segment

Q1 2007 LTM Revenue by Product

- Broadening product offering
- Expanding global coverage
- Increasing equity ownership
- Excelling in customer support



Q1 2007 LTM Segment Data

Sales: \$1.4 billion

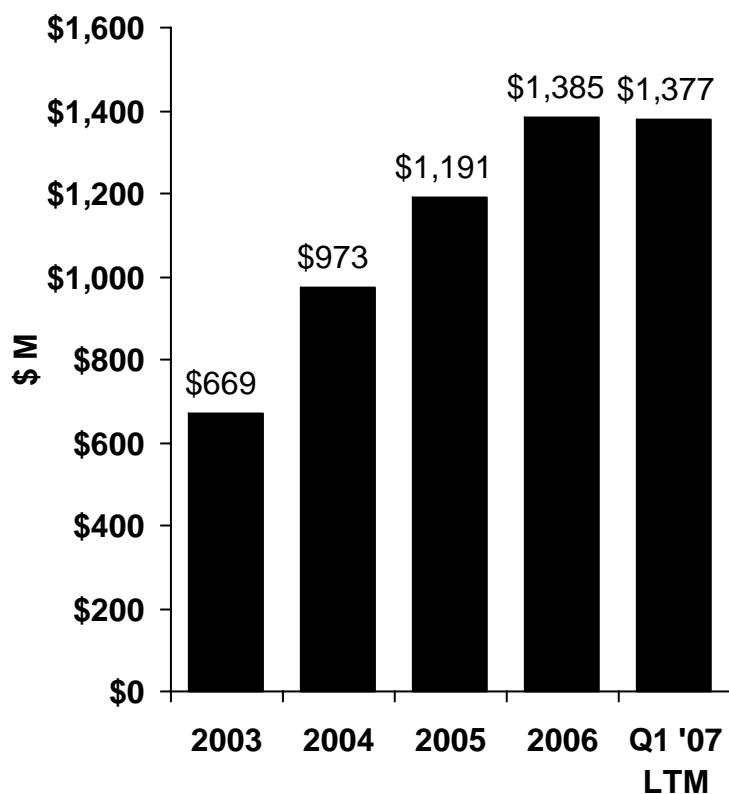
EBIT: \$152 million

EBIT Margin: 11.0% (Target: 8-10%)

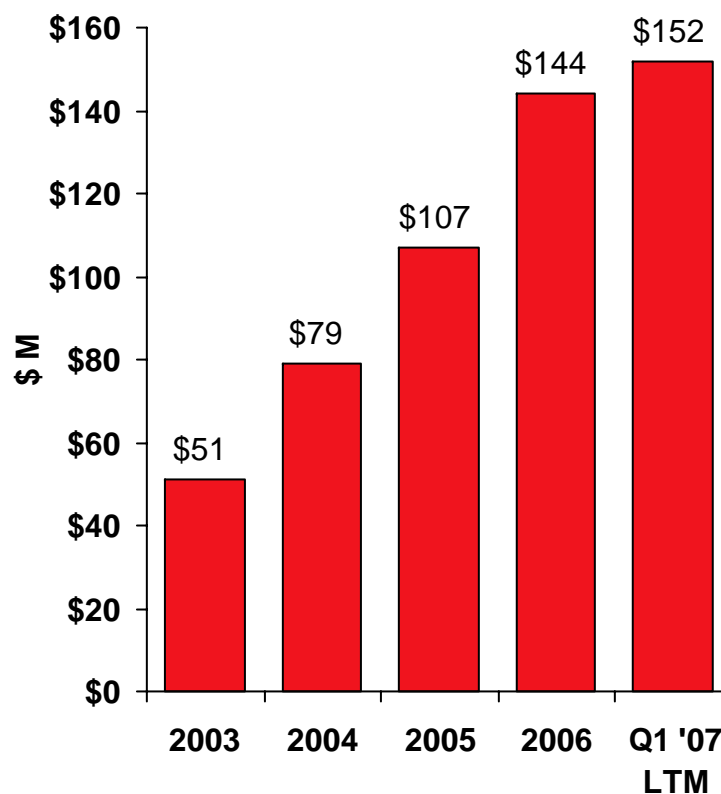


Distribution - Historical Performance

Sales



Segment EBIT



Non-GAAP Reconciliations





Non-GAAP Reconciliation - EBIT

Millions	<u>Three Months Ended</u>		
	April 1, 2007	April 2, 2006	December 31, 2006
Segment EBIT	\$ 243	\$ 255	\$ 303
Less: Interest Expense	<u>\$ 16</u>	<u>\$ 27</u>	<u>\$ 20</u>
Earnings before income taxes and minority interests	\$ 227	\$ 228	\$ 283

EBIT = Earnings before interest, taxes, and minority interests.

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.



Non-GAAP Reconciliation - EBITDA

Three Months Ended

Millions	April 1, 2007	April 2, 2006	December 31, 2006
Segment EBIT	\$ 243	\$ 255	\$ 303
Depreciation & Amortization	\$ 68	\$ 74	\$ 74
EBITDA	\$ 311	\$ 329	\$ 377

EBITDA = Earnings before interest, taxes, minority interests, depreciation, and amortization.



Non-GAAP Reconciliation – Cash From Operations Excluding Pension Contributions

Millions	<u>Three Months Ended</u>	
	<u>April 1, 2007</u>	<u>April 2, 2006</u>
Cash provided by operations	\$ (113)	\$ 18
Add back: pension contributions	<u>\$ 61</u>	<u>\$ 41</u>
Cash provided by operations excluding pension contributions	\$ (52)	\$ 59

We believe cash provided by operations excluding pension contributions is a useful measure of our operating performance for the periods presented as it illustrates our operating performance without regard to funding decisions. This measure is not in accordance with, or an alternative for, GAAP and may not be consistent with measures used by other companies. It should be considered supplemental data.



Non-GAAP Reconciliation – Net Assets

Millions	April 1, 2007	April 2, 2006
Net assets for operating segments	\$ 4,041	\$ 3,609
Liabilities deducted in computing net assets	3,516	3,385
Minimum pension liability excluded from net assets	-	(837)
Pension and other postretirement liabilities	(824)	-
Deferred tax assets not allocated to segments	689	814
Debt-related costs not allocated to segments	26	26
Total assets	\$ 7,448	\$ 6,997



Non-GAAP Reconciliation – Equity Used for Return on Equity Calculation

Millions	April 1, 2007	April 2, 2006
Equity used for return on equity calculation	\$ 3,480	\$ 2,501
less Defined other postretirement benefits	5	-
less Defined benefit pension plans	538	-
less Minimum pension liability adjustment	-	523
Total shareholder's equity	\$ 2,937	\$ 1,978