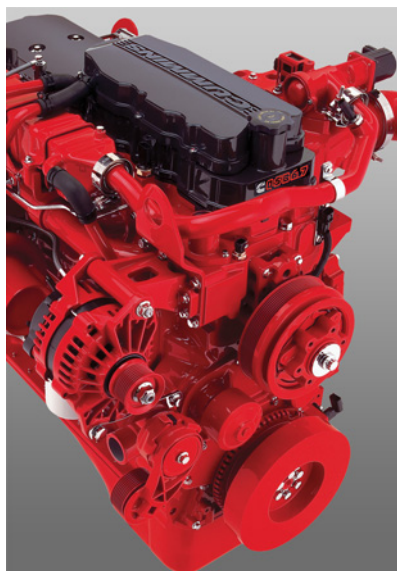




First Quarter 2014 Earnings Teleconference

April 29, 2014



Participants

Tom Linebarger Chairman and Chief Executive Officer

Pat Ward Chief Financial Officer

Rich Freeland President – Engine Business

Mark Smith Vice President – Investor Relations

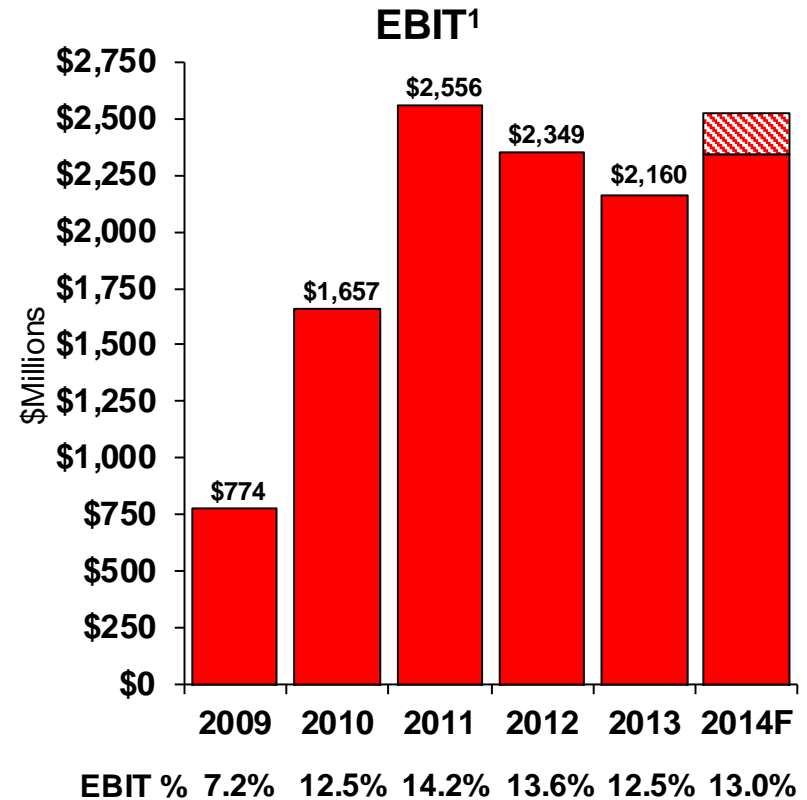
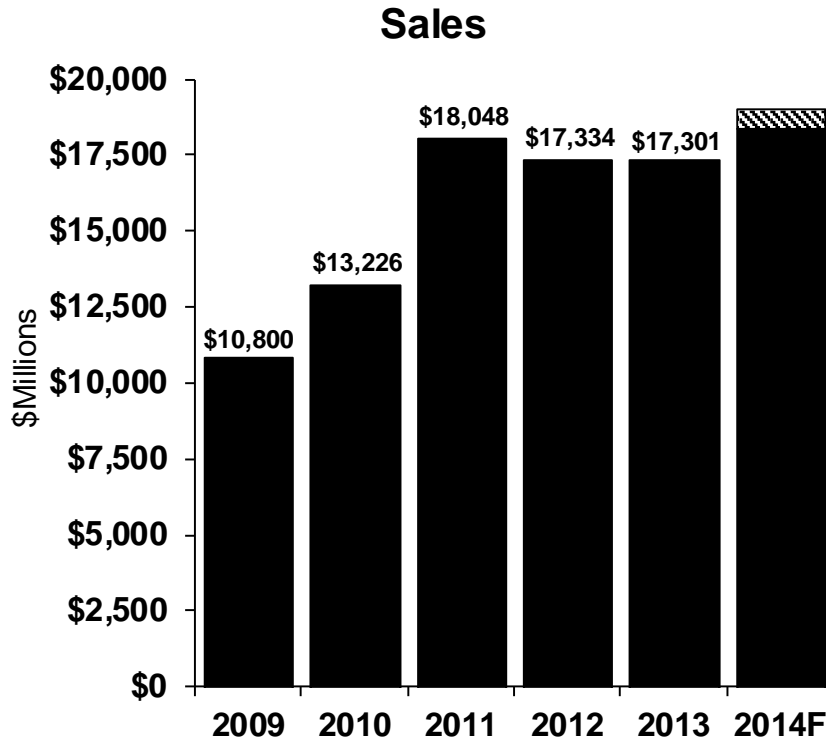


Disclosure Regarding Forward-Looking Statements

Information provided in this presentation that is not purely historical are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including statements regarding our forecasts, expectations, hopes, beliefs and intentions on strategies regarding the future. Our actual future results could differ materially from those projected in such forward-looking statements because of a number of factors, including, but not limited to: the adoption and implementation of global emission standards; the price and availability of energy; the pace of infrastructure development; increasing global competition among our customers; general economic, business and financing conditions; governmental action; changes in our customers' business strategies; competitor pricing activity; expense volatility; labor relations; and other risks detailed from time to time in our Securities and Exchange Commission filings, particularly in the Risk Factors section of our 2013 Annual Report on Form 10-K. Shareholders, potential investors and other readers are urged to consider these factors carefully in evaluating the forward-looking statements and are cautioned not to place undue reliance on such forward-looking statements. The forward-looking statements made herein are made only as of the date of this presentation and we undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise. More detailed information about factors that may affect our performance may be found in our filings with the Securities and Exchange Commission, which are available at <http://www.sec.gov> or at <http://www.cummins.com> in the Investor Relations section of our website.



Cummins Inc.



2014 Guidance	
Sales Up 6 - 10%	EBIT 12.75 - 13.25%

¹ EBIT excludes restructuring charges in 2009, and the gains from the divestiture of two businesses and flood insurance recovery are excluded from 2011. Also, 2012 EBIT excludes \$6 million pre-tax additional gain from the divestiture of two businesses in 2011, and excludes \$52 million in restructuring charges.



Cummins Inc.

Selected Financial Data

\$M	Q1-14	Q1-13	Change	Q4-13	Change
Sales	4,406	3,922	+12%	4,588	-4%
EBIT	528	437	+21%	566	-7%
% of Sales	12.0%	11.1%		12.3%	
ROANA (LTM)	25%	26%		23%	
ROE (LTM)	20%	21%		19%	

- Compared to the prior year, the increase in revenue was driven primarily by increased demand in North American on-highway markets.
- Quarter-over-quarter decreases were driven by lower demand in global power generation markets as well as weakness in European and North American construction demand after the transition to Tier IV Final Emission standards.



Joint Venture Income

\$M	Q1-14	Q1-13	Q4-13
Engine	32	23	30
<i>On-highway</i>	21	14	17
<i>Off-highway</i>	11	9	13
Power Generation	8	7	2
Distribution	41	45	41
Components	9	7	7
Total JV Income	90	82	80

- JV contribution, compared to the prior year, was higher primarily due to higher truck demand at joint ventures in China.
- The sequential increase was primarily due to an impairment charge in our Power Generation segment in the prior quarter that did not repeat.



Cummins Inc.

Selected Income Statement Data

\$M	Q1-14	Q1-13	Q4-13
Net Income Attributable to CMI	338	282	432
Diluted EPS	1.83	1.49	2.32
Gross Margin (% of Sales)	25.3%	24.4%	25.4%
SAR (% of Sales)	15.7%	16.0%	14.8%

- Gross margin increased, compared to the prior year, driven by stronger volume, lower warranty costs, and favorable material costs, partially offset by unfavorable foreign exchange movements.
- Compared to the previous quarter, despite lower revenues, gross margins as a percent of sales remained relatively flat.



Engine Segment Selected Financial Data

\$M	Q1-14	Q1-13	Change	Q4-13	Change
Sales	2,563	2,303	+11%	2,562	0%
EBIT	269	195	+38%	235	+14%
% of Sales	10.5%	8.5%		9.2%	

- Year-over-year, strong demand in North American on-highway markets was partially offset by weakness in high horsepower markets, primarily mining and power generation.
- EBIT margins increased, compared to the prior year, as a result of higher volumes, lower product coverage costs, and reduced material cost.



Engine Segment Sales by Market – On-highway

\$M	Q1-14	Q1-13	Change	Q4-13	Change
Heavy-Duty Truck	722	654	+10%	638	+13%
Medium-Duty Truck & Bus	601	448	+34%	572	+5%
Light-Duty Auto & RV	361	260	+39%	365	-1%

- **Heavy Duty Truck:** Shipments up 21% Y-o-Y and up 21% sequentially.
- **Medium-Duty Truck & Bus:** Shipments up 32% Y-o-Y and up 17% sequentially.
- **Light-Duty & RV:** Shipments up 35% Y-o-Y and down 2% sequentially.



Engine Segment Sales by Market – Off-highway

\$M	Q1-14	Q1-13	Change	Q4-13	Change
Industrial	700	714	-2%	811	-14%
Stationary Power	179	227	-21%	176	+2%

- **Industrial:** Shipments up 3% Y-o-Y and down 20% sequentially.
- **Stationary Power:** Shipments down 13% Y-o-Y and up 7% sequentially.



Guidance for 2014 Engine Markets

Revenue by market (including aftermarket):

- Heavy-duty truck revenue up 11% and shipments up 9%. NAFTA Class 8 heavy-duty truck build expected to be 244K units.
- Medium-duty truck & bus revenue up 16%. North America truck shipments up 21%. Brazil truck shipments down 15%.
- Light duty auto & RV revenue up 5%.
- Industrial revenue flat, driven by weakness in mining partially offset by increased demand in commercial marine markets.



Key On-Highway Engine Markets - 2014

Key Market	2013	2014	Change Market Size
	Actual	Forecast	
Heavy Duty Truck – NAFTA <i>Class 8, Group 2 - Production</i>	218K units	244K units	Up 12%
Medium Duty Truck – NAFTA <i>Class 6 – 7, and Class 8 Group 1 - Production</i>	112K units	122K units	Up 9%
Heavy & Medium Truck – China <i>Sales</i>	1,061K units	1,061K units	Flat
Heavy & Medium Truck – India <i>Production</i>	226K units	226K units	Flat
Heavy & Medium Truck – Brazil <i>Production</i>	190K units	152K units	Down 20%



Components Segment Selected Financial Data

\$M	Q1-14	Q1-13	Change	Q4-13	Change
Sales	1,230	1,018	+21%	1,135	+8%
EBIT	167	119	+40%	140	+19%
% of Sales	13.6%	11.7%		12.3%	

- Compared to the prior year and prior quarter, higher revenues were primarily driven by increased demand in on-highway markets in North America and China, and higher content in Europe related to the implementation of Euro VI emission standards.
- EBIT margins increased, compared to the prior year, as a result of stronger volumes and lower material costs, offsetting a negative impact to margins from foreign currency movements.



Power Generation Segment Selected Financial Data

\$M	Q1-14	Q1-13	Change	Q4-13	Change
Sales	639	746	-14%	759	-16%
EBIT	25	51	-51%	46	-46%
% of Sales	3.9%	6.8%		6.1%	

- Year-over-year, lower demand mainly due to India and North American markets.
- EBIT margins decreased, compared to the prior year, due to lower volumes and the negative impact of currency movements.



Distribution Segment Selected Financial Data

\$M	Q1-14	Q1-13	Change	Q4-13	Change
Sales	950	778	+22%	1,073	-11%
EBIT	76	95	-20%	107	-29%
% of Sales	8.0%	12.2%		10.0%	

- Year-over-year, growth was driven by acquisitions, primarily in North America, and by increased service demand in North America.
- EBIT margin decreased as a percent of sales, compared to a year ago, due to the impact of acquiring joint ventures and currency movements.

Guidance for 2014 Consolidated Results

Item	Full Year Guidance
Consolidated Revenue	Up 6 - 10%
Earnings from JVs	Flat
EBIT Margin	12.75 - 13.25%
Effective Tax Rate ¹	28.5%
Capital Expenditures	\$700 - \$800M
Global Pension Funding	\$205M
Interest Expense	\$70M



¹Excluding discrete income tax items

Guidance for 2014 Segment Results

Item	Engine	Components	Power Generation	Distribution
Consolidated Revenue Growth	Up 6 - 8%	Up 10 - 15%	Down 3% - Up 3%	Up 22 - 30%
EBIT Margins (% of Revenue)	10.5 - 11.5%	12.75 -13.75%	7 - 8%	9 - 10%



Cash Flow

\$M	Q1-14	Q1-13	Q4-13
Operating Cash Inflow	263	428	756
Capital Expenditures	107	114	259
Working Capital Measure	3,642	3,329	3,473
Working Capital Measure <i>(% of Annualized Net Sales)</i>	20.7%	21.2%	18.9%
Debt to Capital %	18.0%	10.2%	18.1%

- Operating cash flow decreased, compared to the prior year, due to the timing of pension funding in 2014 and an increase in working capital associated with higher revenues.



Thank You for Your Interest in



**For additional information contact:
Mark Smith, Vice President – Investor Relations
(812) 377-3121
Mark.A.Smith@Cummins.com
www.Cummins.com**



Appendix



Cummins Inc.

- Strong product portfolio and global partners
- Macro growth trends play to Cummins' strengths
- Disciplined investment for growth
- Demonstrated technology leadership

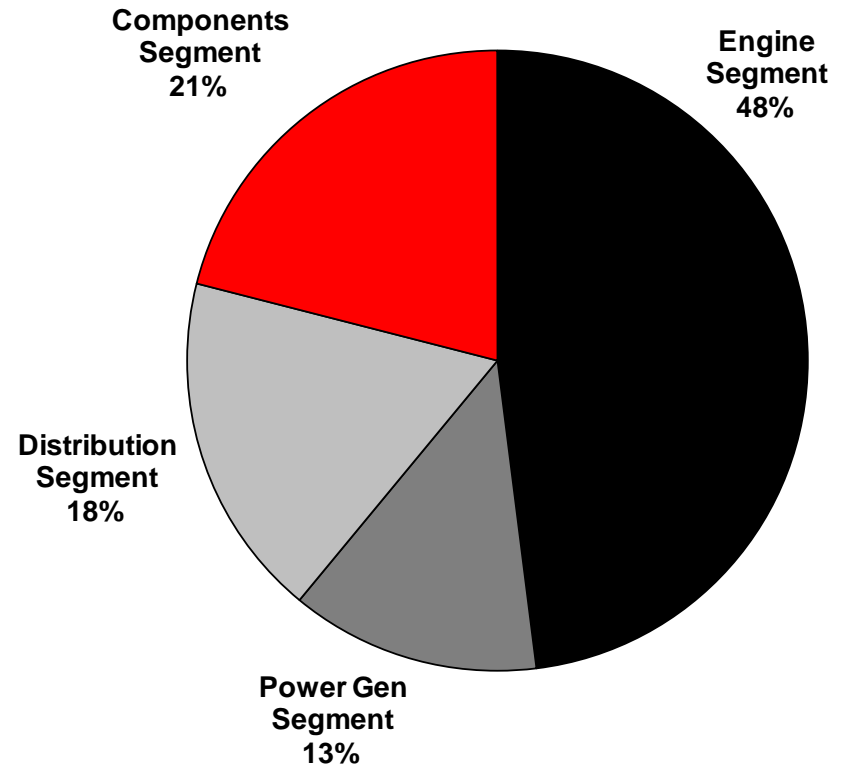
Q1'14 LTM Data

Sales: \$17.8 billion

EBIT: \$2.3 billion

EBIT%: 12.7%

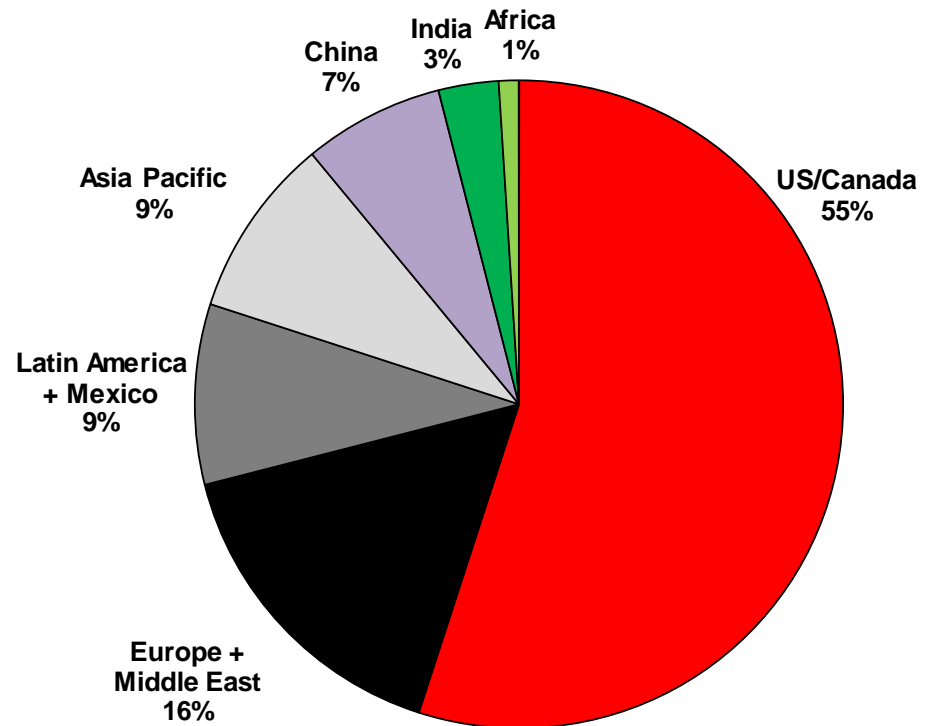
Q1'14 LTM Revenue by Segment



Cummins Inc.

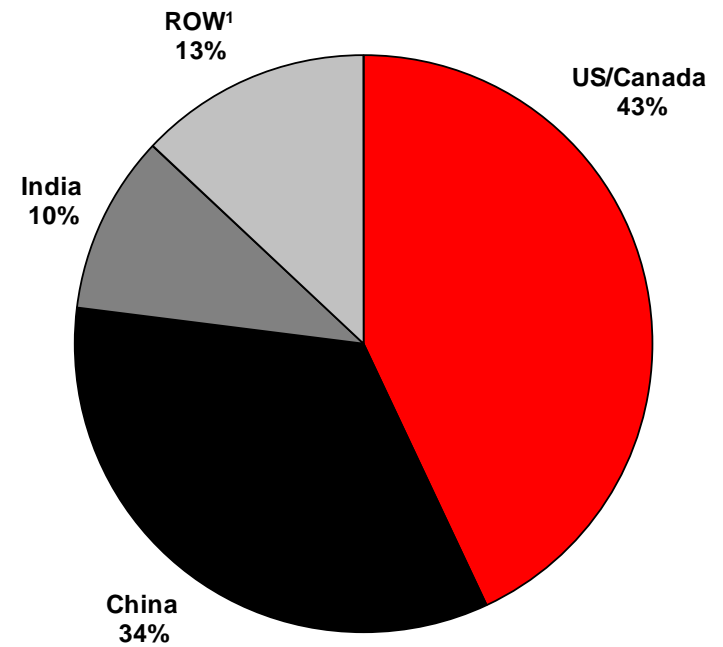
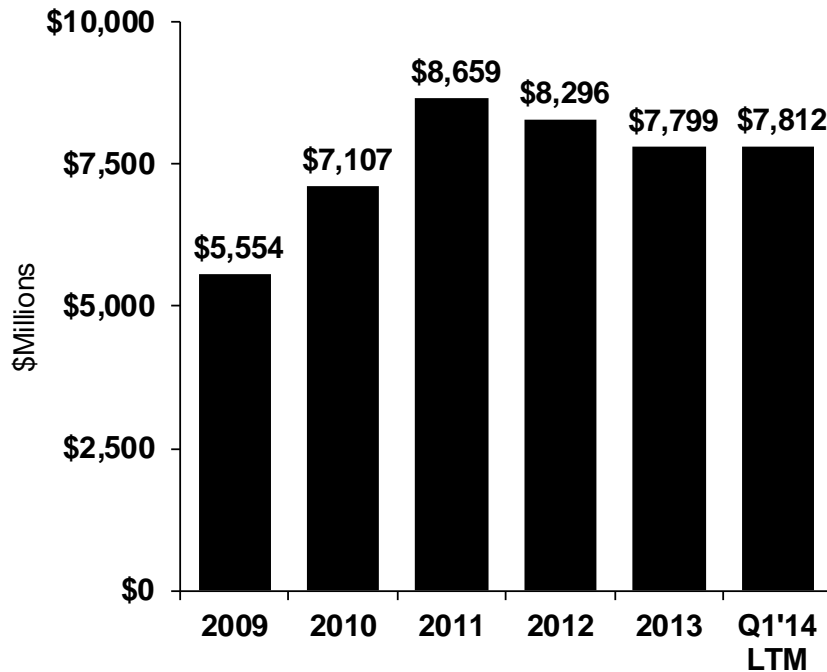
- Capitalizing on global emission regulations
- Strong geographic diversification and leadership across multiple end-markets
- Global distribution with network presence in more than 190 countries and territories.

Q1'14 LTM Revenue by Marketing Territory



Cummins – Joint Venture Sales Unconsolidated

Q1'14 LTM Revenue



¹ ROW = Rest of World

Engine Segment – Overview

- Diesel and Natural gas engines from 2.8L to 91L and 49 hp to 4,200 hp
- Long-term engine supply agreements with key customers to stabilize pricing and to jointly engineer better integrated vehicles to market
- Leading market share in multiple end-markets and geographies

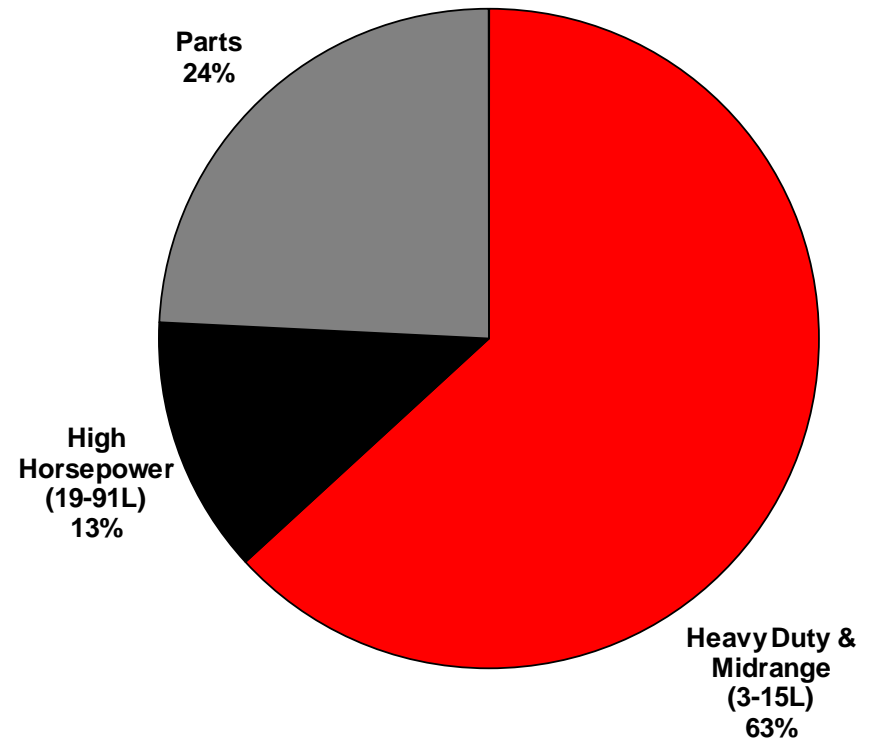
Q1'14 LTM Data

Sales: \$10.3 billion

EBIT: \$1.1 billion

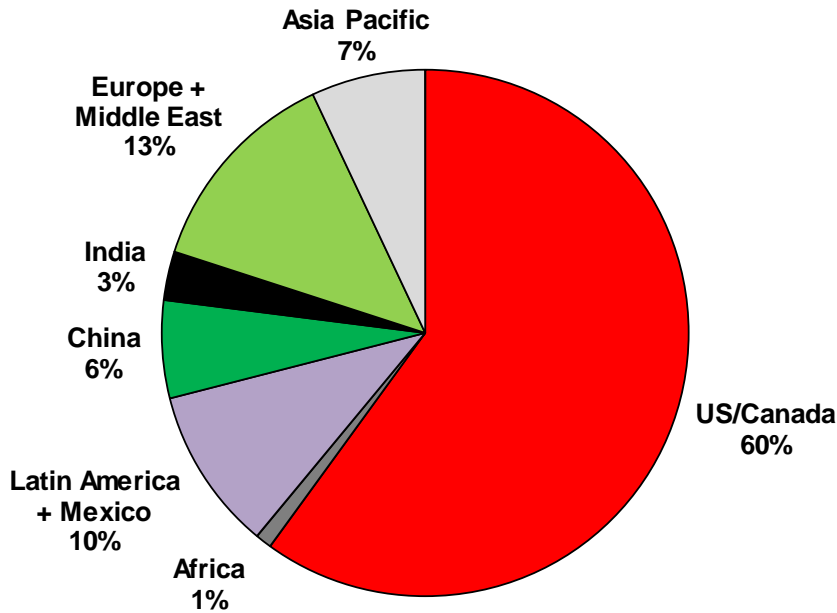
EBIT%: 10.9%

Q1'14 LTM Revenue by Product

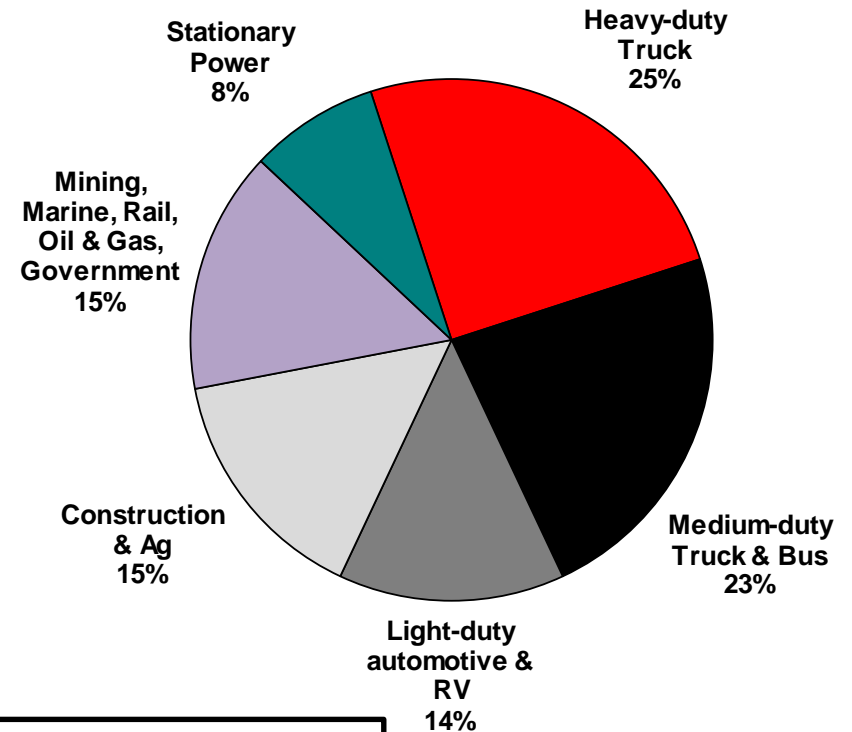


Engine Segment – Sales Mix

Geographic



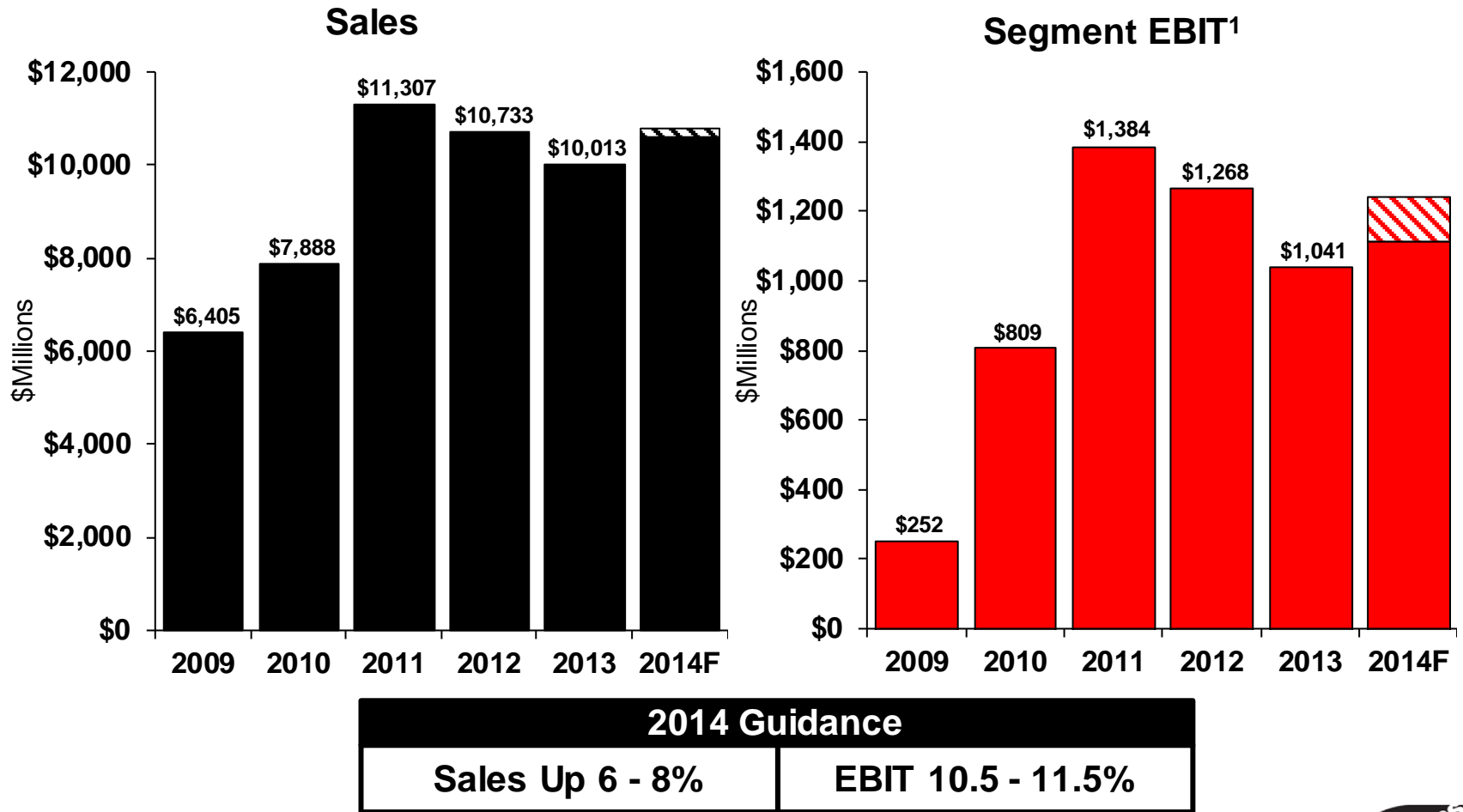
Application



Q1'14 LTM Revenue: \$10.3 B



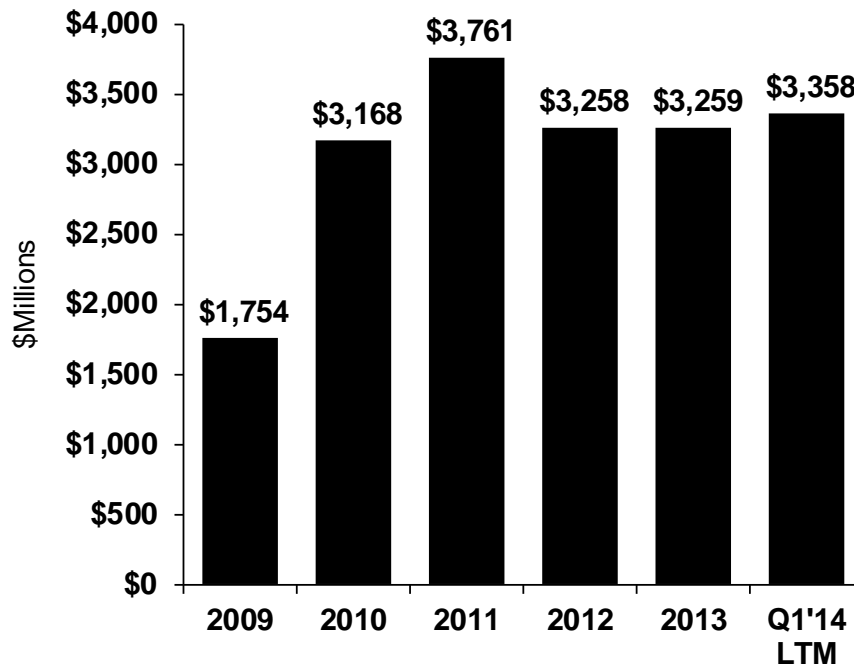
Engine Segment – Historical Performance



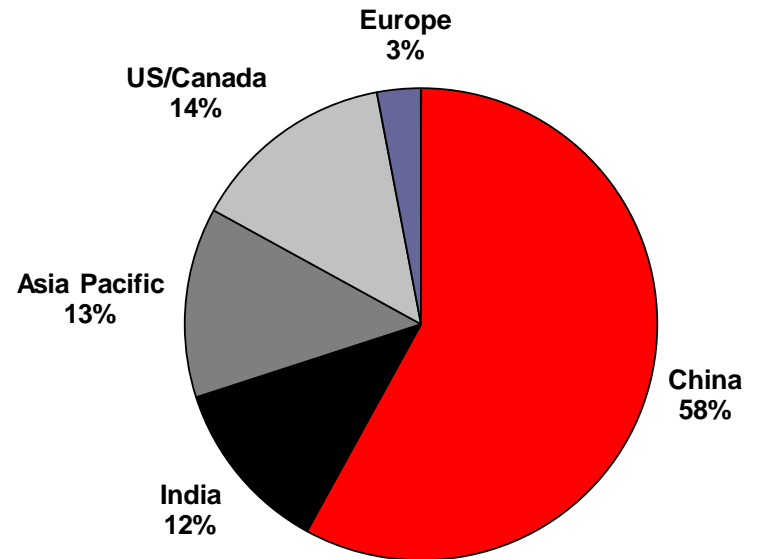
¹ 2012 EBIT excludes \$20 million in restructuring charges.



Engine Segment – Joint Venture Sales Unconsolidated



Q1'14 LTM Revenue



Components Segment – Overview

- Leading supplier of aftertreatment products for commercial vehicle applications
- Largest worldwide supplier of turbochargers from 3.8L to 25L for commercial applications
- World's leading supplier of filtration, coolant and chemical products

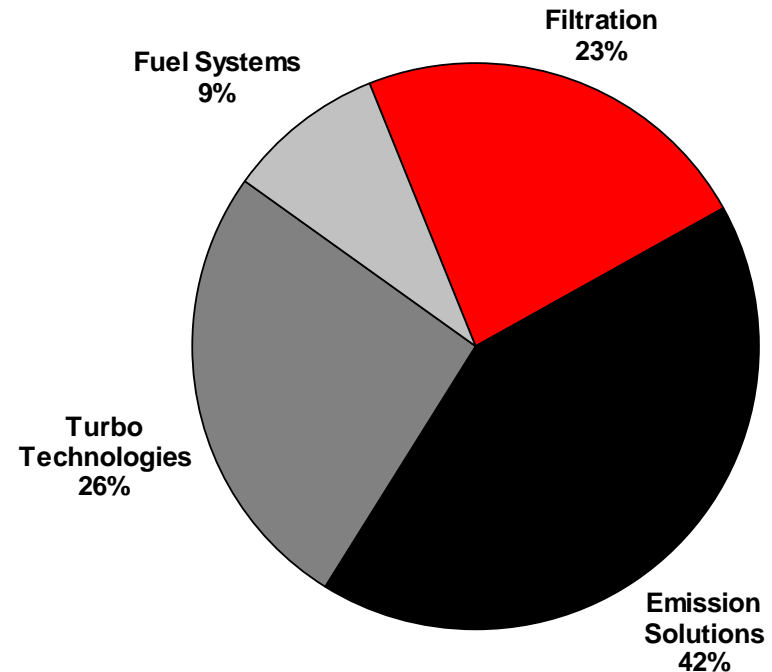
Q1'14 LTM Data

Sales: \$4.6 billion

EBIT: \$575 million

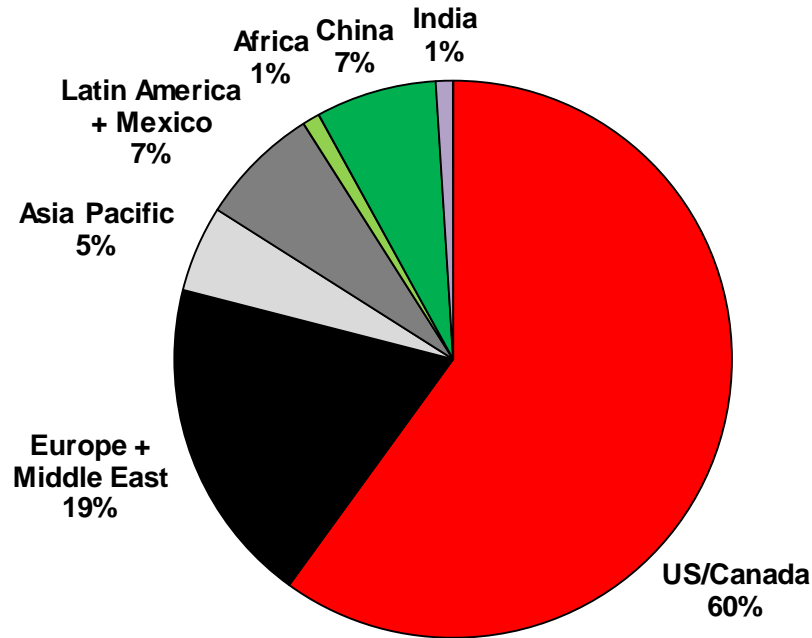
EBIT%: 12.6%

Q1'14 LTM Revenue by Business

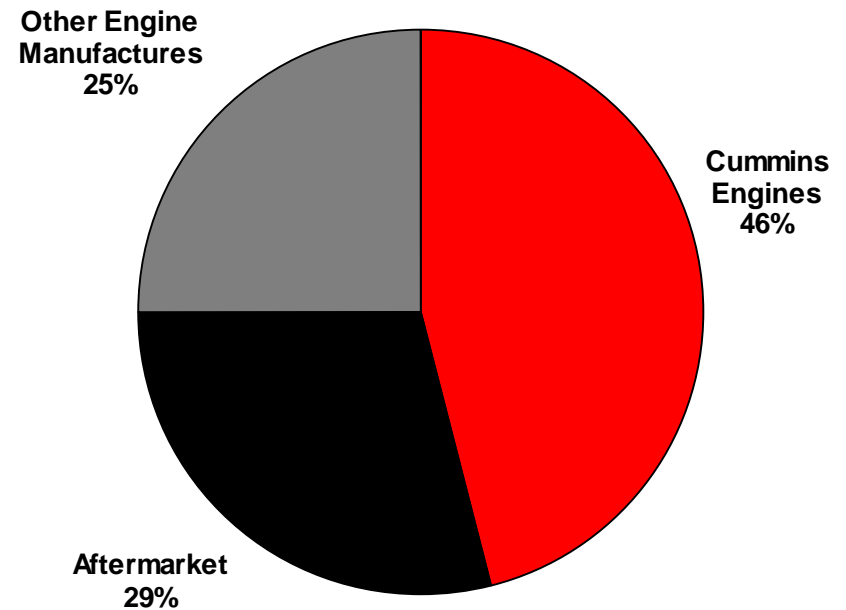


Components Segment – Sales Mix

Geographic



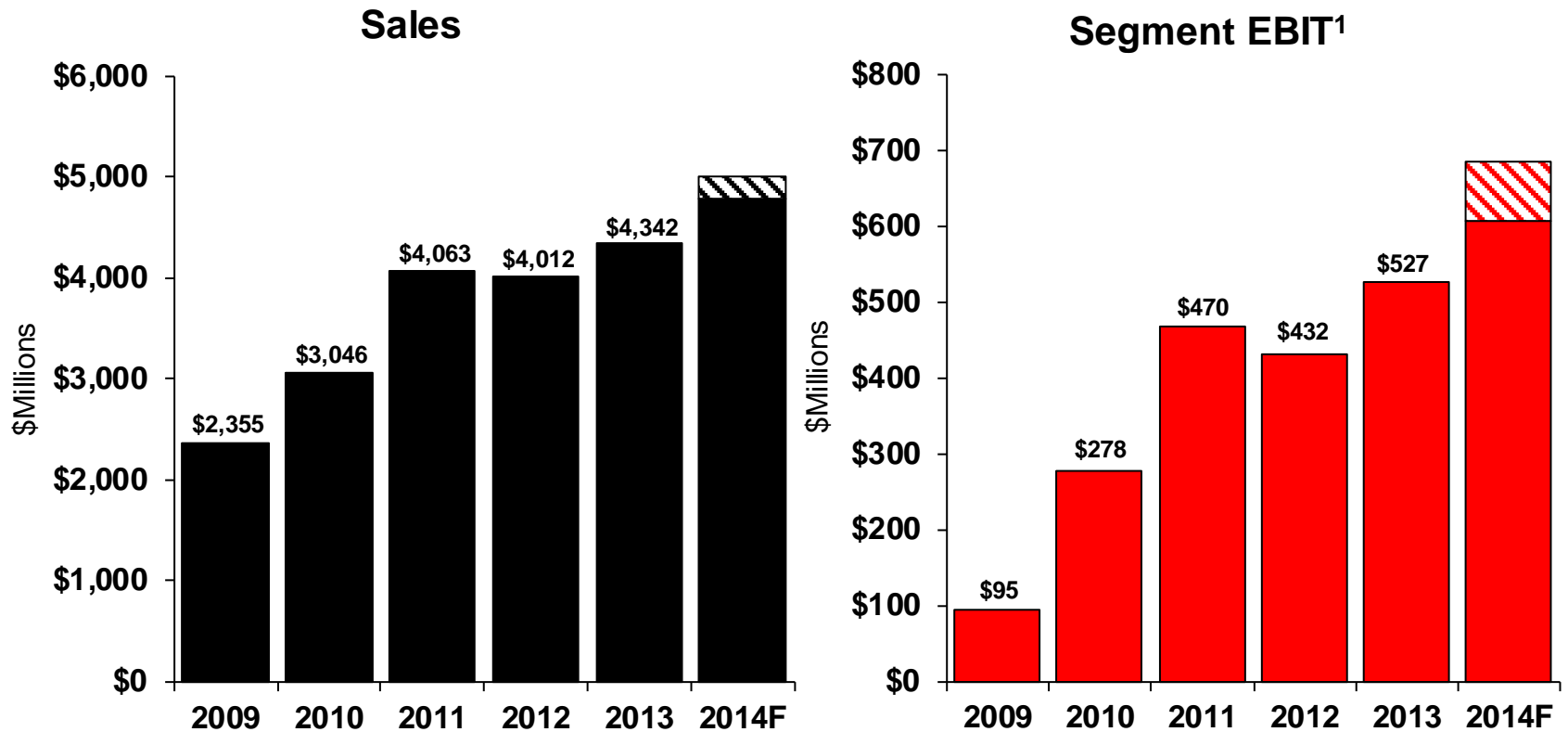
Application



Q1'14 LTM Revenue: \$4.6 B



Components – Historical Performance



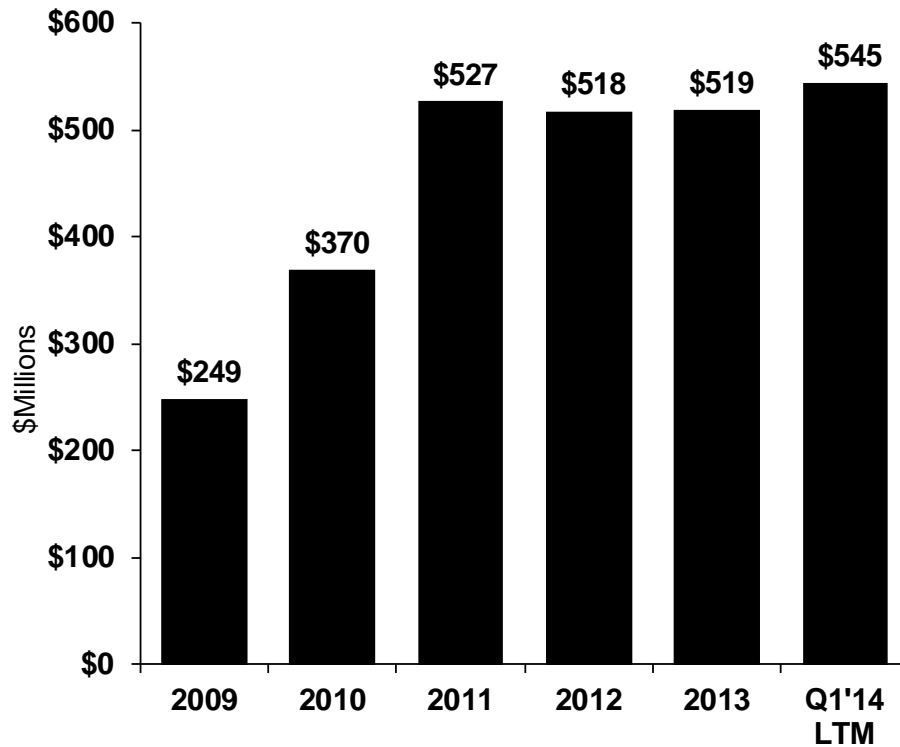
2014 Guidance

Sales Up 10 - 15%	EBIT 12.75 -13.75%
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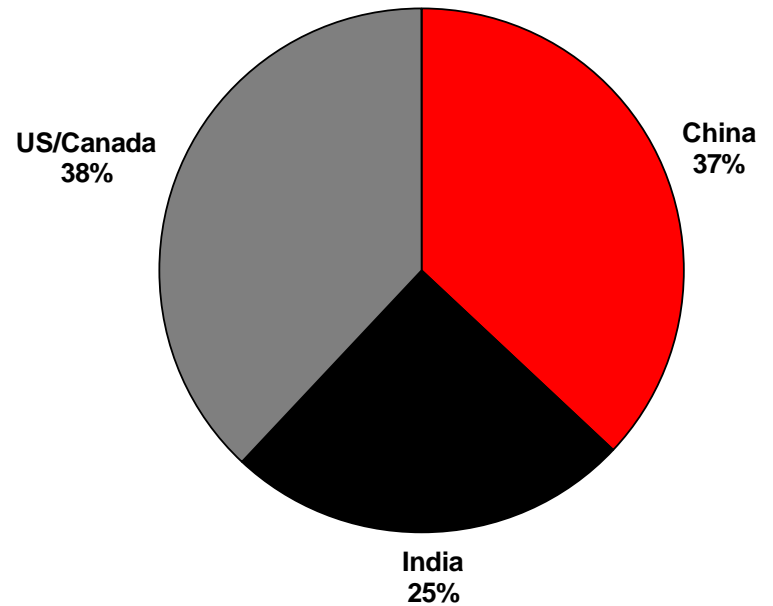
¹ 2012 EBIT excludes \$6 million in restructuring charges.



Components Segment – Joint Venture Sales Unconsolidated



Q1'14 LTM Revenue



Global Emissions Regulations - Driving Growth

Market	2013	2014	2015	2016	2017	2018	2019
US On-Hwy	EPA 2013	EPA 2014 (GHG)		EPA 2016	EPA 2017 (GHG)		
Europe On-Hwy		Euro VI			GHG		
Brazil On-Hwy							
China On-Hwy	NS IV			NS V			
India On-Hwy				BS IV			
US Off-Hwy		Tier 4F					Tier 5
Europe Off-Hwy		Stage 4					Stage 5



Power Generation Segment – Overview

- Global provider of power generation systems, components and services from 2kW to 2.75 Megawatts (MW)
- Leading supplier of alternators from 0.6kVA to 30,000kVA
- Leading market share in multiple geographies

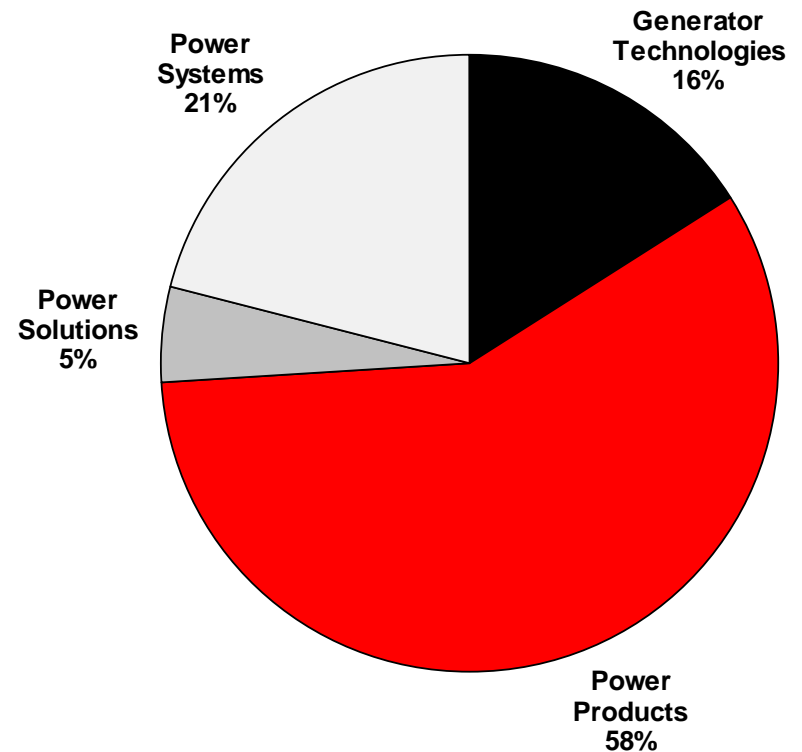
Q1'14 LTM Data

Sales: \$2.9 billion

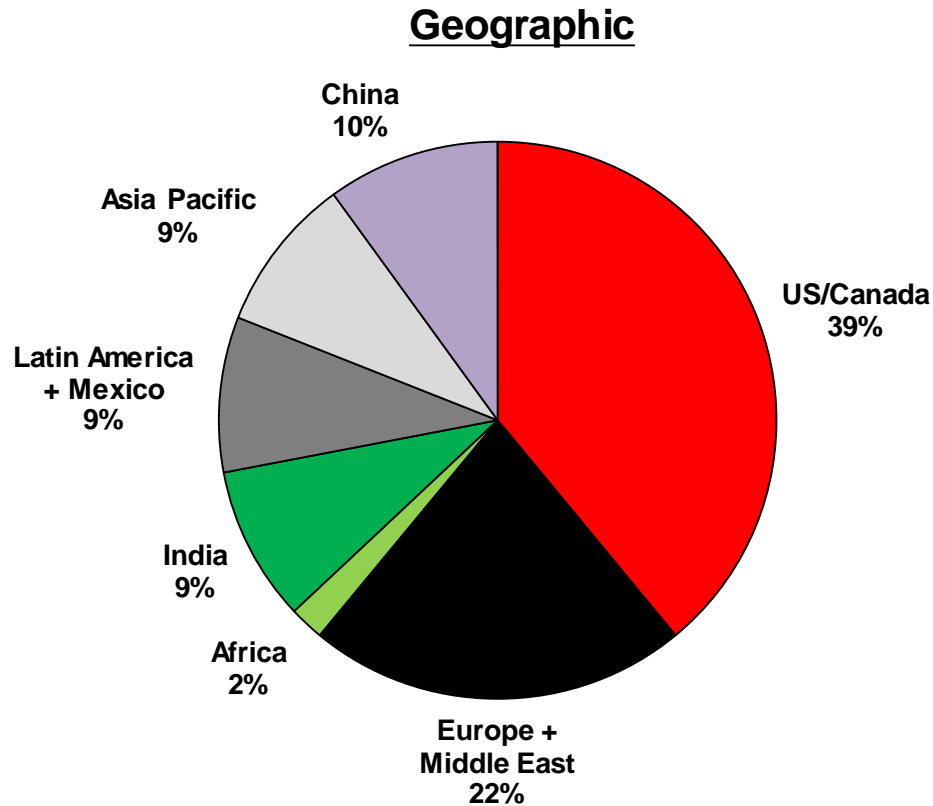
EBIT: \$192 million

EBIT%: 6.6%

Q1'14 LTM Revenue by Product



Power Generation Segment – Sales Mix

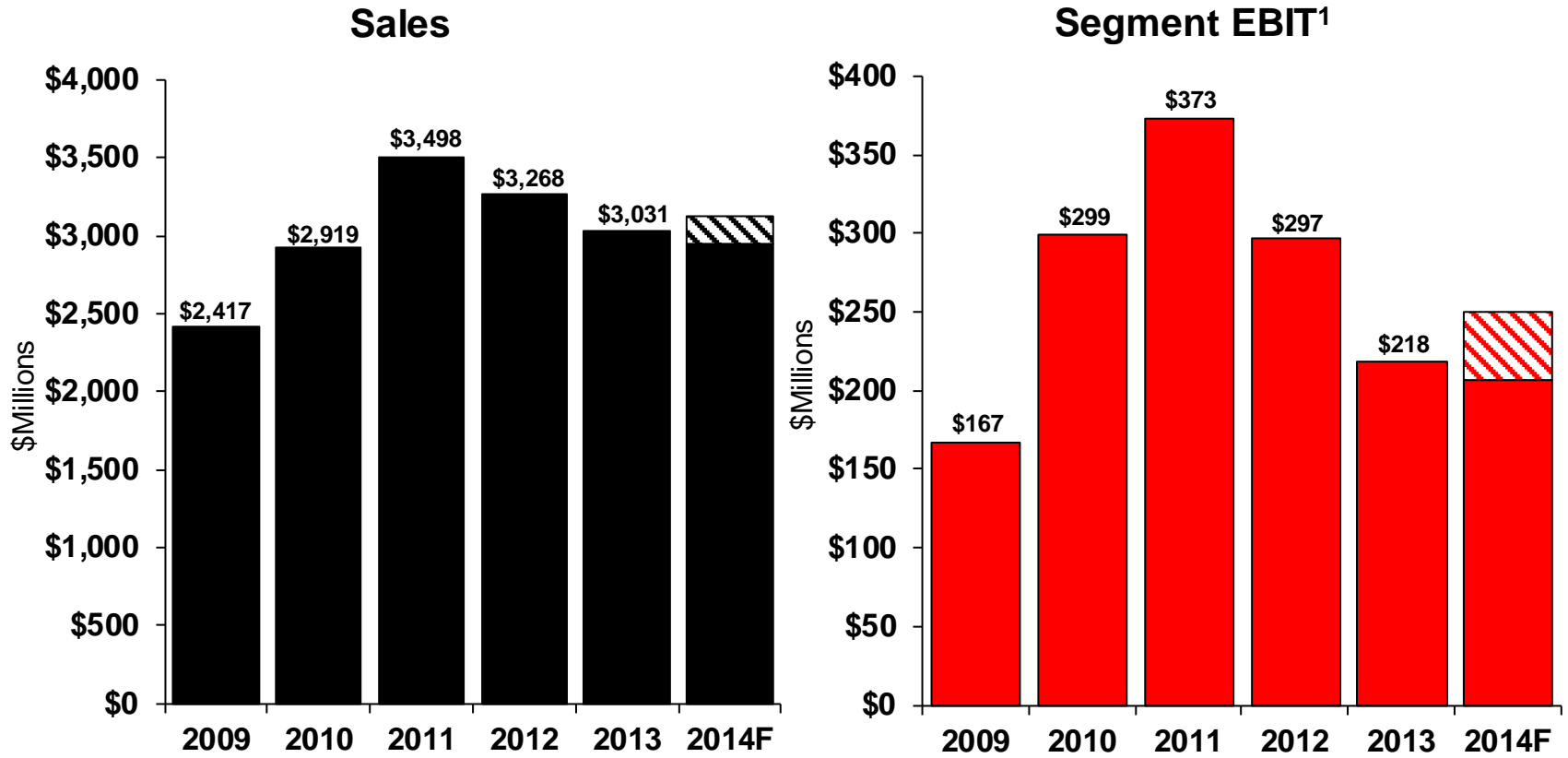


- Market Leadership in China, India, Russia and Latin America
- Energy shortfalls will continue in emerging markets

Q1'14 LTM Revenue: \$2.9B



Power Generation – Historical Performance

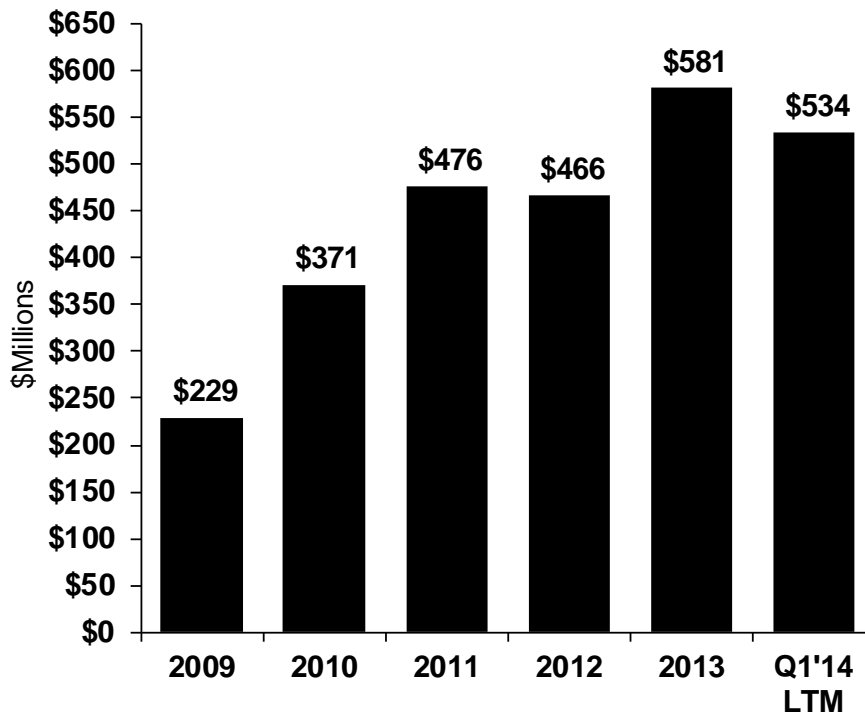


2014 Guidance	
Sales Down 3% - Up 3%	EBIT 7 - 8%

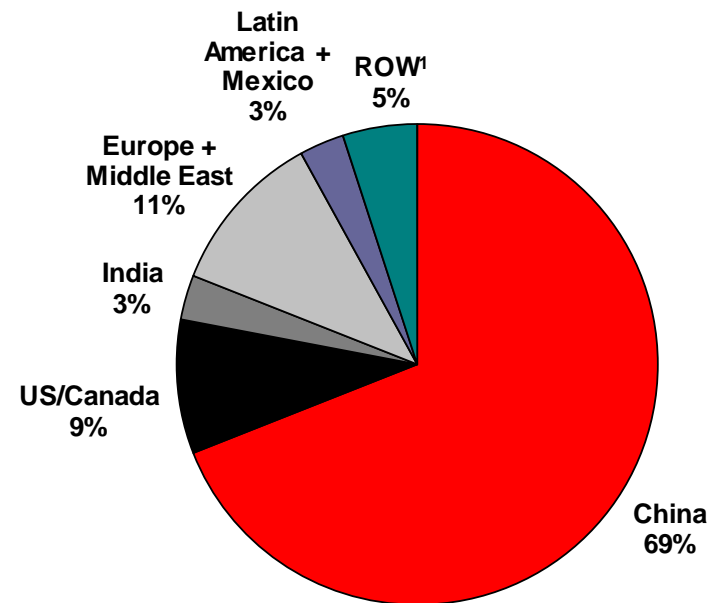


¹ 2012 EBIT excludes \$12 million in restructuring charges.

Power Generation Segment – Joint Venture Sales Unconsolidated



Q1'14 LTM Revenue



¹ ROW = Rest of World



Distribution Segment – Overview

- Provide legendary aftermarket support and increase solution-based revenue
- Move towards a market-based model that drives customer focus
- Increase emerging market growth

Q1'14 LTM Data

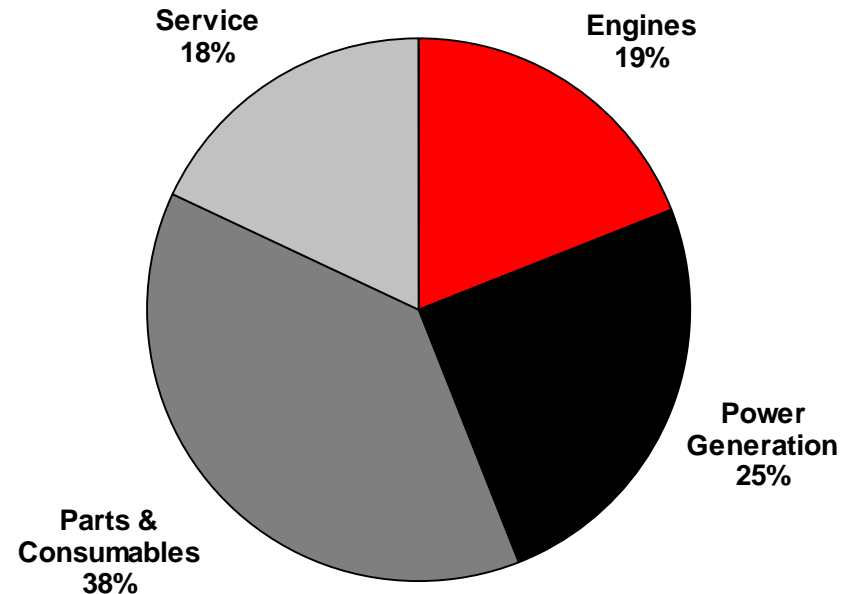
Sales: \$3.9 billion

EBIT: \$369 million

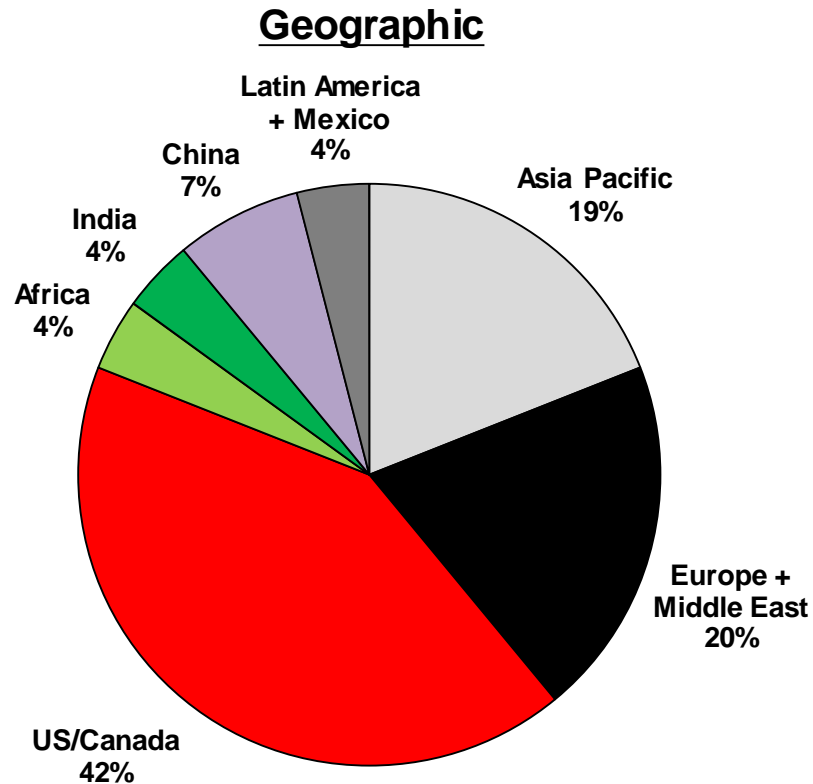
EBIT%: 9.4%

Q1'14 LTM Revenue

Application



Distribution Segment – Sales Mix

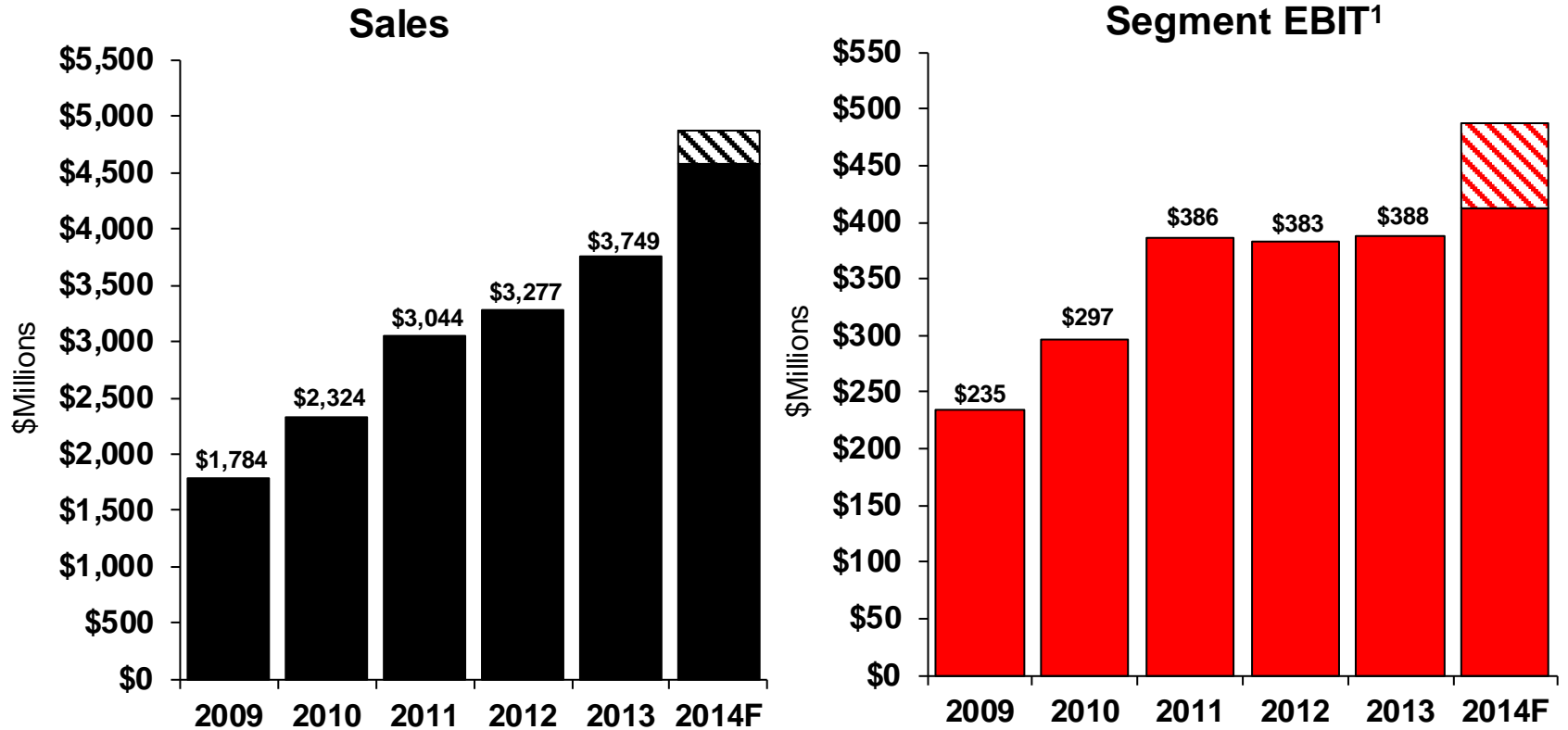


- Key enabler for Cummins growth
- Benefitting from increased population of product in the field
- Acquiring full ownership of North American distributors

Q1'14 LTM Revenue: \$3.9 B



Distribution – Historical Performance

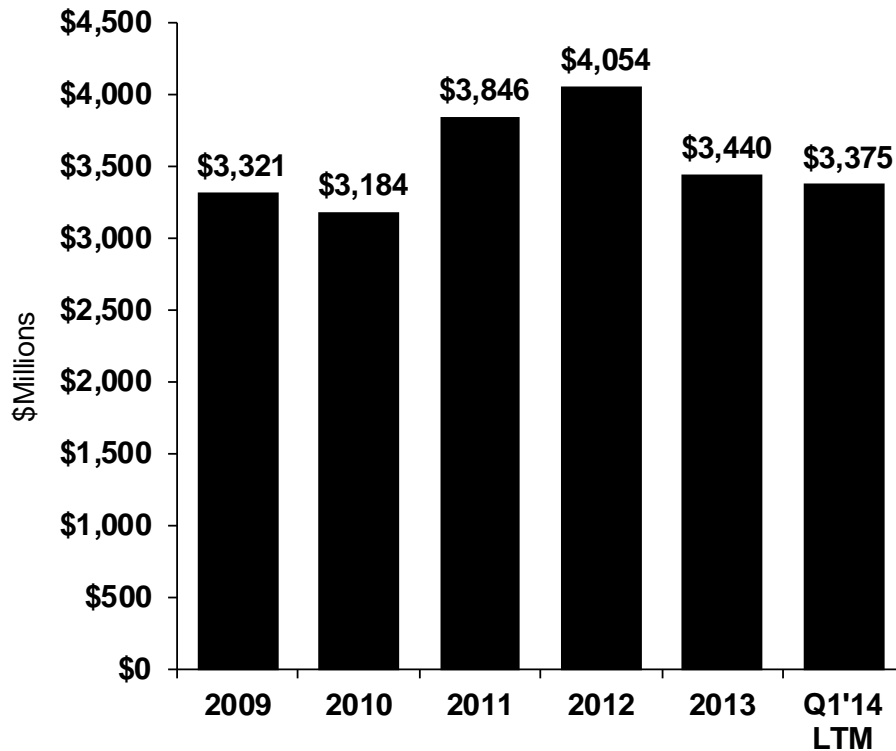


2014 Guidance	
Sales Up 22 - 30%	EBIT 9 - 10%

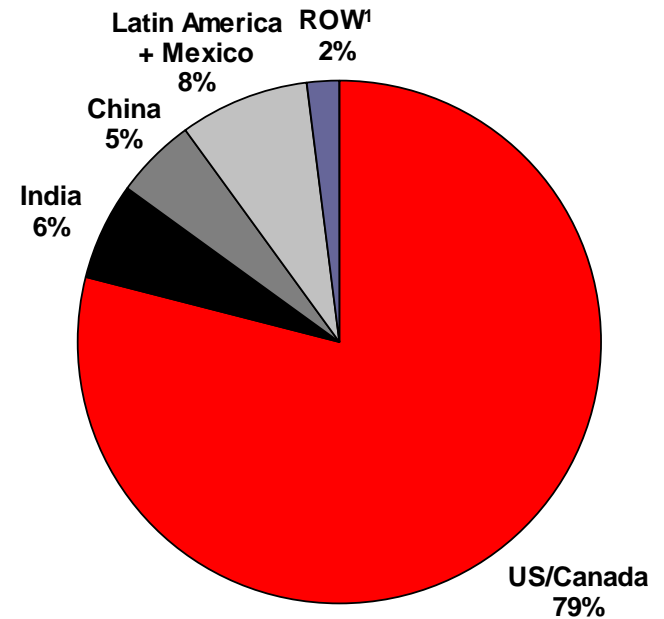


¹ 2012 EBIT excludes \$14 million in restructuring charges.

Distribution Segment – Joint Venture Sales Unconsolidated



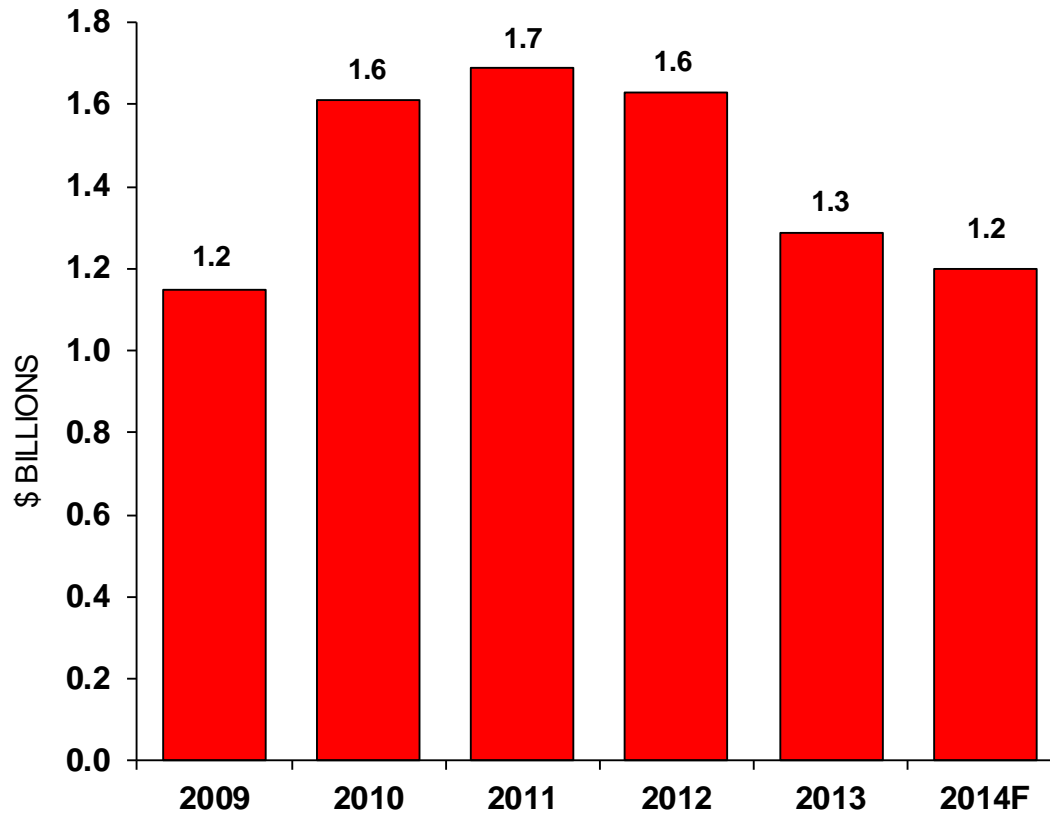
Q1'14 LTM Revenue



¹ ROW = Rest of World



Emerging Market Sales – India¹



- Present in India for over 50 years
- Market leadership
- Strong OEM relationships
- Expanding our markets

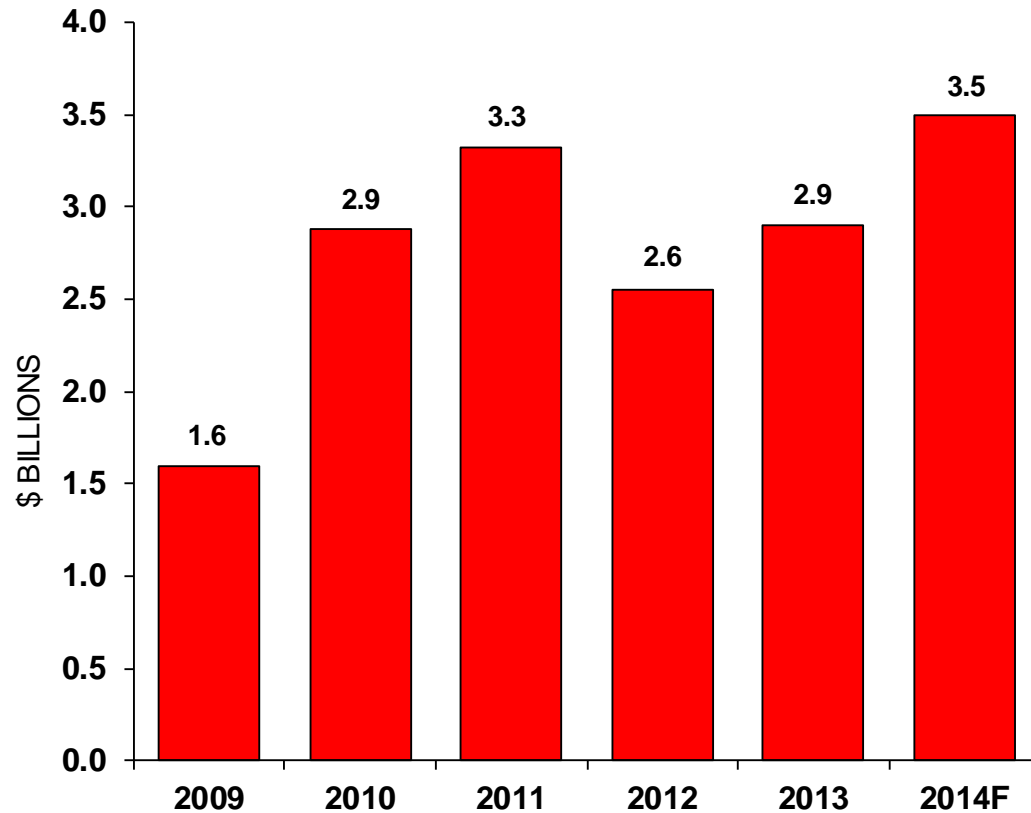
Domestic consolidated + unconsolidated revenue.

KPIT Cummins excluded from Joint Venture Sales Unconsolidated beginning in 2013 due to reduction in ownership interest.

¹ Before intercompany eliminations.



Emerging Market Sales – China¹



- Present in China for over 30 years
- Broad product portfolio - On and Off-Highway
- Strong OEM partners



Domestic consolidated + unconsolidated revenue.

¹ Before intercompany eliminations.

Non-GAAP Reconciliation – EBIT

Millions	<u>Three Months Ended</u>		
	March 30, 2014	December 31, 2013	March 31, 2013
EBIT excluding restructuring charges	\$ 528	\$ 566	\$ 437
Add: Special Items	0	0	0
Less: Restructuring charges	0	0	0
Total EBIT	<u>528</u>	<u>566</u>	<u>437</u>
Less: Interest expense	17	19	6
Income before income taxes	<u>511</u>	<u>547</u>	<u>431</u>
Less: Income tax expense	153	86	119
Consolidated net income	<u>358</u>	<u>461</u>	<u>312</u>
Less: Net income attributable to noncontrolling interests	20	29	30
Net Income attributable to Cummins Inc.	<u>338</u>	<u>432</u>	<u>282</u>

We define EBIT as earnings before interest expense, provision for income taxes and non-controlling 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 non-controlling 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.



Non-GAAP Reconciliation – Working Capital Measure

Millions	March 30, 2014	December 31, 2013	March 31, 2013
Accounts and notes receivable, net	\$ 2,949	\$ 2,649	\$ 2,496
Inventories	2,580	2,381	2,387
Less Accounts payable – trade	<u>(1,887)</u>	<u>(1,557)</u>	<u>(1,554)</u>
Working capital measure	<u>\$ 3,642</u>	<u>\$ 3,473</u>	<u>\$ 3,329</u>
Working capital measure (% of Annualized Net Sales)	20.7%	18.9%	21.2%

A reconciliation of the calculation of working capital measure as a % of annualized net sales to our Condensed Consolidated Financial Statements is shown in the table above.



Non-GAAP Reconciliation – Net Assets

\$ Millions	March 30 2014	March 31 2013
Net assets for operating segments	\$ 9,445	\$ 8,424
Liabilities deducted in computing net assets	5,263	4,620
Pension and other postretirement liabilities	(234)	(856)
Deferred tax assets not allocated to segments	242	543
Debt-related costs not allocated to segments	35	25
Total Assets	\$ 14,751	\$ 12,756

A reconciliation of net assets for operating segments to total assets in our Consolidated Financial Statements is shown in the table above.



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

\$ Millions	March 30 2014	March 31 2013
Equity used for return on equity calculation	\$ 7,967	\$ 7,430
Defined benefit postretirement plans	(607)	(775)
Total shareholders equity	7,360	6,655
Noncontrolling Interest	374	390
Total Equity	<u>\$ 7,734</u>	<u>\$ 7,045</u>

A reconciliation of equity used for return on equity calculation to total shareholder's equity in our Consolidated Financial Statements is shown in the table above.

