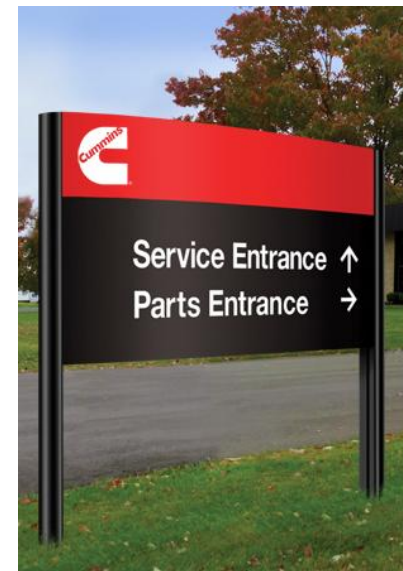




Second Quarter 2013 Earnings Teleconference

July 30, 2013



Participants

Tom Linebarger Chairman and Chief Executive Officer

Pat Ward Chief Financial Officer

Rich Freeland President – Engine Business

Mark Smith Executive Director – 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 2012 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.



CMI Analyst Day

Tuesday, September 17, 2013

New York, NY

For additional information contact:

Mark Smith, Executive Director – Investor Relations

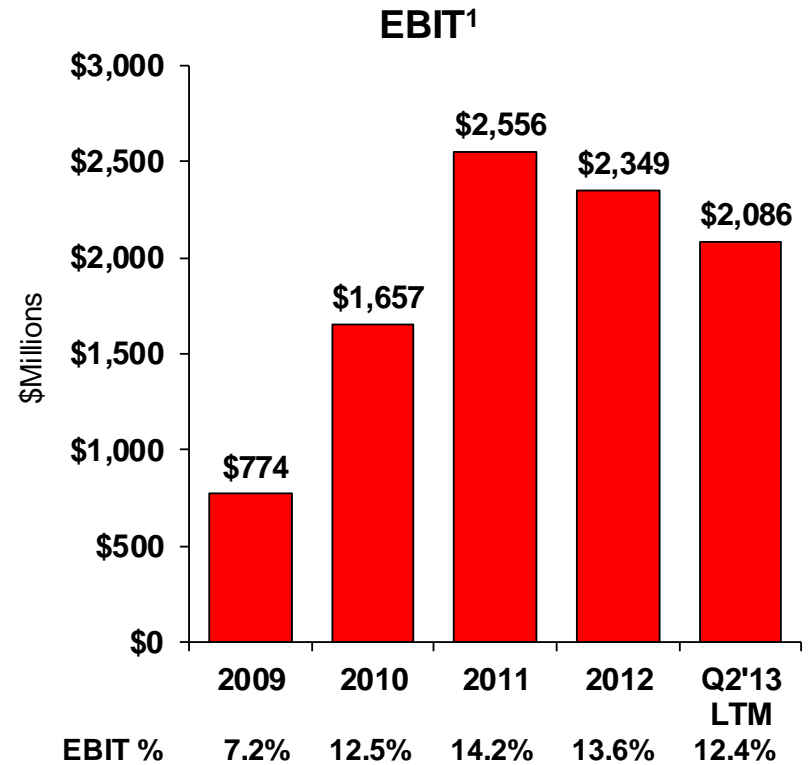
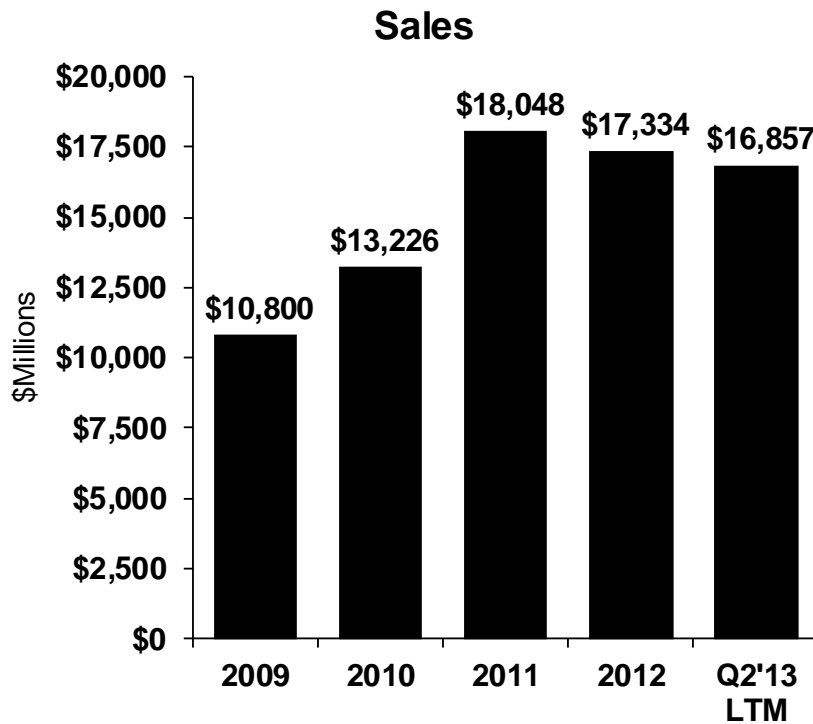
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Cummins Inc.



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, Q2'12 EBIT excludes \$6 million pre-tax additional gain from the divestiture of two businesses in 2011, and Q4'12 EBIT excludes \$52 million in restructuring charges.



Cummins Inc.

Selected Financial Data

\$M	Q2-13	Q2-12	Change	Q1-13	Change
Sales	4,525	4,452	+2%	3,922	+15%
EBIT Excluding Special Items ¹	621	663	-6%	437	+42%
% of Sales	13.7%	14.9%		11.1%	
ROANA (LTM) ²	25%	37%		26%	
ROE (LTM) ²	20%	31%		21%	

- Compared to the prior year, the increase in revenue was driven by the impact of acquisitions, stronger demand in the light duty and medium duty truck markets along with North American power generation demand.
- Quarter-over-quarter increases were driven by North American on-highway markets, as well as seasonal increases in power generation markets and the impact of the acquisition in the distribution business.

¹ Q212 EBIT excludes \$6 million pre-tax additional gain from the divestiture of two businesses in 2011

² ROANA and ROE calculations exclude gain from divestiture of business, restructuring, and flood insurance recovery.



Joint Venture Income

\$M	Q2-13	Q2-12	Q1-13
Engine	52	37	23
<i>On-highway</i>	32	24	14
<i>Off-highway</i>	20	13	9
Power Generation	10	10	7
Distribution	37	49	45
Components	9	8	7
Total JV Income	108	104	82

- Compared to last year, higher earnings in China offset lower earnings in North America, partly driven by the impact of acquisitions.
- The sequential increase was driven by higher contribution from joint ventures in China.



Cummins Inc.

Selected Income Statement Data

\$M	Q2-13	Q2-12	Q1-13
Net Income Attributable to CMI ¹	414	465	282
Diluted EPS ¹	2.20	2.45	1.49
Gross Margin (% of Sales)	25.5%	27.2%	24.4%
SAR (% of Sales)	14.6%	15.1%	16.0%

- EBIT percent, compared to the prior year, declined due to the impact of unfavorable mix and product coverage.
- Gross margin percent was down compared to the prior year, with the impact of unfavorable mix, and higher product coverage costs, partially offset by the benefit of improved pricing and lower material costs.



Engine Segment Selected Financial Data

\$M	Q2-13	Q2-12	Change	Q1-13	Change
Sales	2,656	2,841	-7%	2,303	+15%
EBIT	339	376	-10%	195	+74%
% of Sales	12.8%	13.2%		8.5%	

- Year-over-year, stronger demand in global medium duty truck markets and from Chrysler was more than offset by reduced demand in the North American heavy duty truck market as well as North American oil and gas and global mining markets.
- EBIT margins declined, compared to the prior year, due to the impact of unfavorable mix partially offset by the benefit of improved pricing, lower material costs, and higher joint venture contribution.



Engine Segment Sales by Market – On-highway

\$M	Q2-13	Q2-12	Change	Q1-13	Change
Heavy-Duty Truck	723	807	-10%	654	+11%
Medium-Duty Truck & Bus	595	512	+16%	448	+33%
Light-Duty Auto & RV	345	297	+16%	260	+33%

- **Heavy Duty Truck:** Shipments down 16% Y-o-Y and up 15% sequentially.
- **Medium-Duty Truck & Bus:** Shipments up 24% Y-o-Y and 29% sequentially.
- **Light-Duty & RV:** Shipments up 8% Y-o-Y and 37% sequentially.



Engine Segment Sales by Market – Off-highway

\$M	Q2-13	Q2-12	Change	Q1-13	Change
Industrial	762	859	-11%	714	+7%
Stationary Power	231	366	-37%	227	+2%

- **Industrial:** Shipments down 6% Y-o-Y and up 20% sequentially.
- **Stationary Power:** Shipments down 23% Y-o-Y and 2% sequentially.



Guidance for 2013 Engine Markets

Revenue by market (including aftermarket):

- Heavy-duty truck revenue and shipments down 3%. NAFTA Class 8 heavy-duty truck build expected to be 229K units.
- Medium-duty truck & bus revenue up 5%. North America truck shipments up 8%. Brazil truck shipments up 19%, partially offset by reduced Bus shipments in North America.
- Light duty auto & RV revenue down 5%.
- Industrial revenue down 10% driven by a decline in mining revenues.



Key On-Highway Engine Markets - 2013

Key Market	Previous Market Size	Current Market Size
Heavy Duty Truck – NAFTA <i>Class 8, Group 2 - Production</i>	233K units	229K units
Medium Duty Truck – NAFTA <i>Class 6 – 7, and Class 8 Group 1 - Production</i>	109K units	109K units
Heavy & Medium Truck – China <i>Sales</i>	926K units	974K units
Heavy & Medium Truck – India <i>Production</i>	280K units	280K units
Heavy & Medium Truck – Brazil <i>Production</i>	158K units	158K units



Components Segment Selected Financial Data

\$M	Q2-13	Q2-12	Change	Q1-13	Change
Sales	1,117	1,036	+8%	1,018	+10%
EBIT	136	116	+17%	119	+14%
% of Sales	12.2%	11.2%		11.7%	

- Compared to the prior year, increased sales were driven by increased demand globally for aftertreatment systems.
- EBIT margin increased, compared to the prior year, due to increased volumes and lower material costs.



Power Generation Segment Selected Financial Data

\$M	Q2-13	Q2-12	Change	Q1-13	Change
Sales	814	909	-10%	746	+9%
EBIT	76	94	-19%	51	+49%
% of Sales	9.3%	10.3%		6.8%	

- Revenue, compared to the prior year, declined due to weakness in most international markets, partially offset by strength in North America.
- EBIT margin decreased, compared to the prior year, primarily due to lower volumes.



Distribution Segment Selected Financial Data

\$M	Q2-13	Q2-12	Change	Q1-13	Change
Sales	954	794	+20%	778	+23%
EBIT	100	92	+9%	95	+5%
% of Sales	10.5%	11.6%		12.2%	

- Compared to the prior year, revenue excluding acquisitions was essentially flat, with strength in North American power generation markets offset by weakness in North American oil and gas and global mining markets.
- EBIT margin decreased , compared to the prior year, primarily due to impacts of acquisition, including reduced joint venture contribution.



Guidance for 2013 Consolidated Results

<u>Item</u>	<u>Full Year Guidance</u>
Consolidated Revenue	Flat
Earnings from JVs	Down 5%
EBIT Margin	13 - 14%
Effective Tax Rate	29.1%
Capital Expenditures	\$750-800M
Global Pension Funding	\$170M

¹Excluding discrete income tax items



Guidance for 2013 Segment Results

<u>Item</u>	<u>Engine</u>	<u>Components</u>	<u>Power Generation</u>	<u>Distribution</u>
Consolidated Revenue Growth	Down 5%	Up 7%	Down 3%	Up 10%
EBIT Margins (% of Revenue)	10.5-11.5%	11.5-12.5%	8.5-9.5%	10.5-11.5%



Cash Flow

\$M	Q2-13	Q2-12	Q1-13
Operating Cash Inflow	532	376	428
Capital Expenditures	161	140	114
Working Capital Measure	3,551	3,567	3,329
Working Capital Measure <i>(% of Annualized Net Sales)</i>	19.6%	20.0%	21.2%
Debt to Capital %	10.6%	11.0%	10.2%

- Operating cash flow increased, compared to the prior year, driven by reductions in working capital investment partially offset by lower earnings.



Thank You for Your Interest in

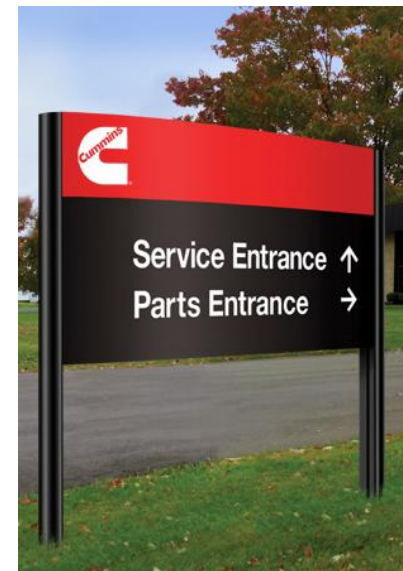


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Appendix

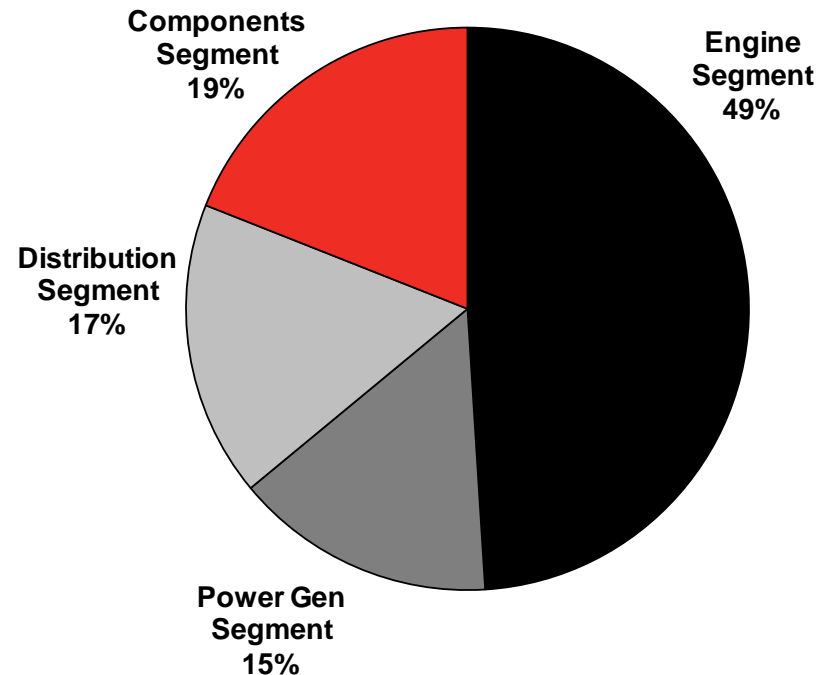


Cummins Inc.

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

Q2'13 LTM Data
Sales: \$16.9 billion
EBIT¹: \$2.1 billion
EBIT Margin: 12.4%

Q2'13 LTM Revenue by Segment

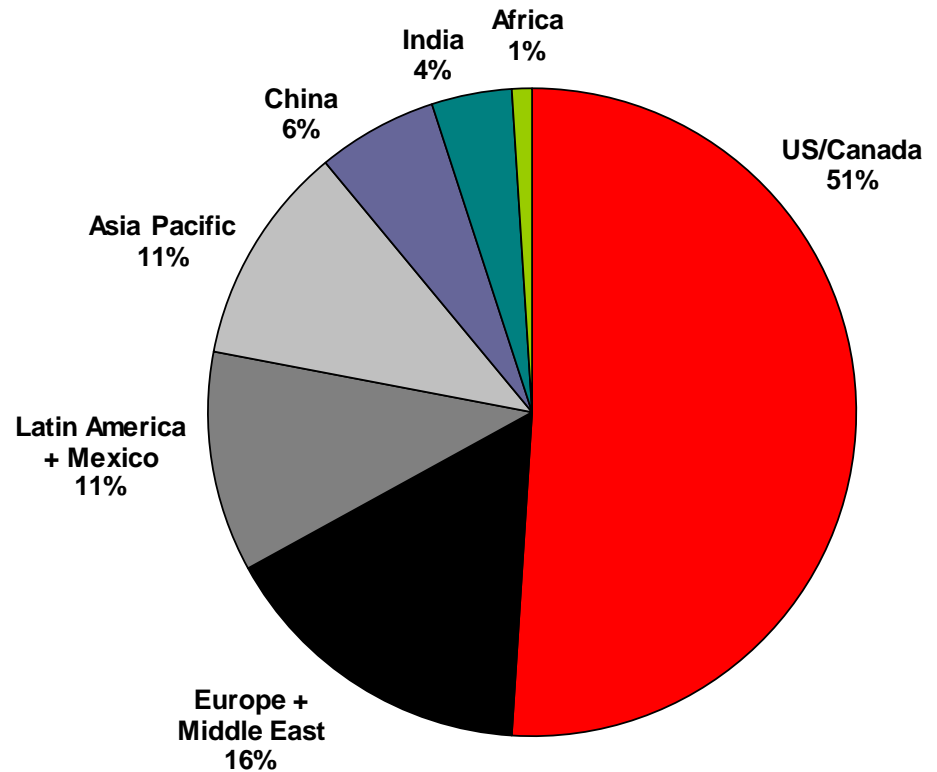


¹ Q4'12 EBIT excludes \$52 million in restructuring charges.

Cummins Inc.

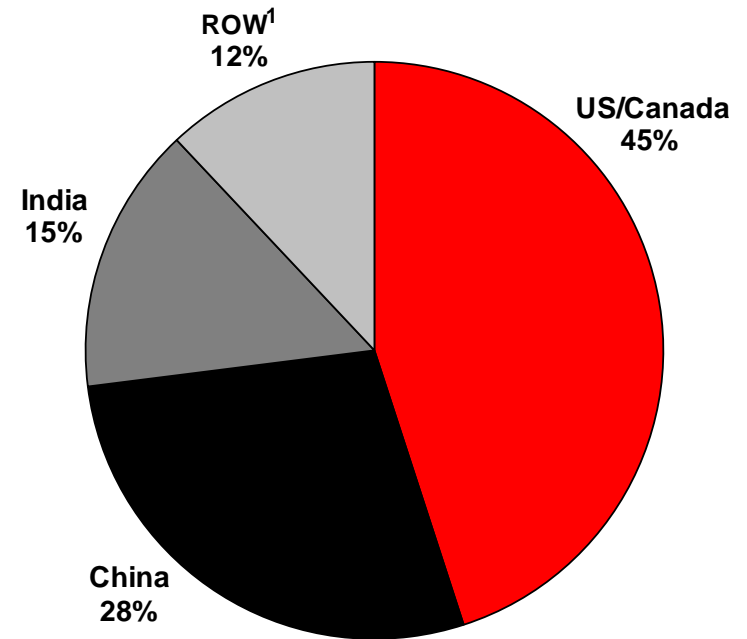
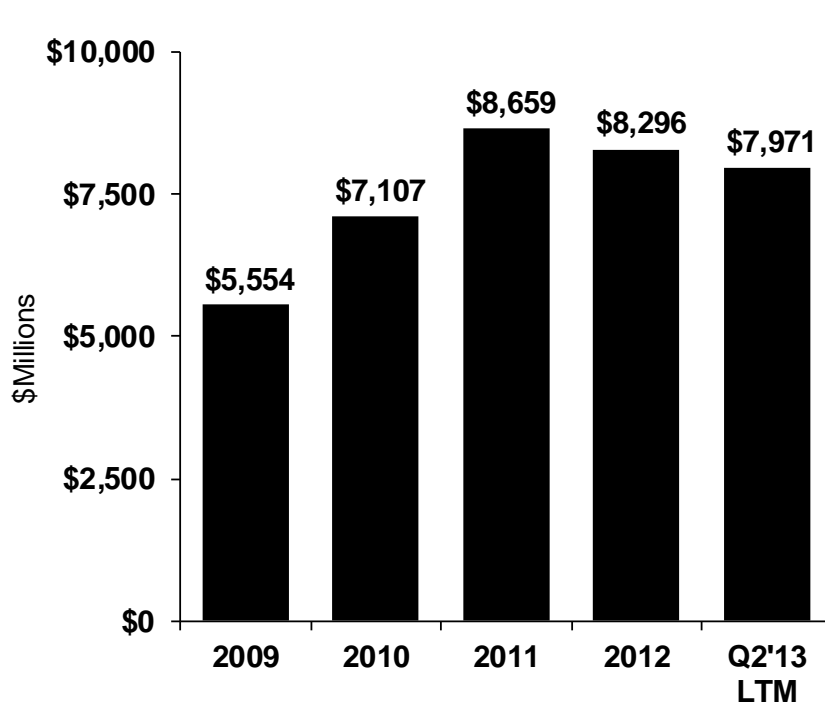
Q2'13 LTM Revenue by Marketing Territory

- Strong geographic diversification and leadership across multiple end-markets



Cummins – Joint Venture Sales Unconsolidated

Q2'13 LTM Revenues



¹ ROW = Rest of World



Engine Segment – Overview

- Diesel and natural gas engines from 2.8L to 91L and 48 hp to 3,500 hp
- Long-term 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

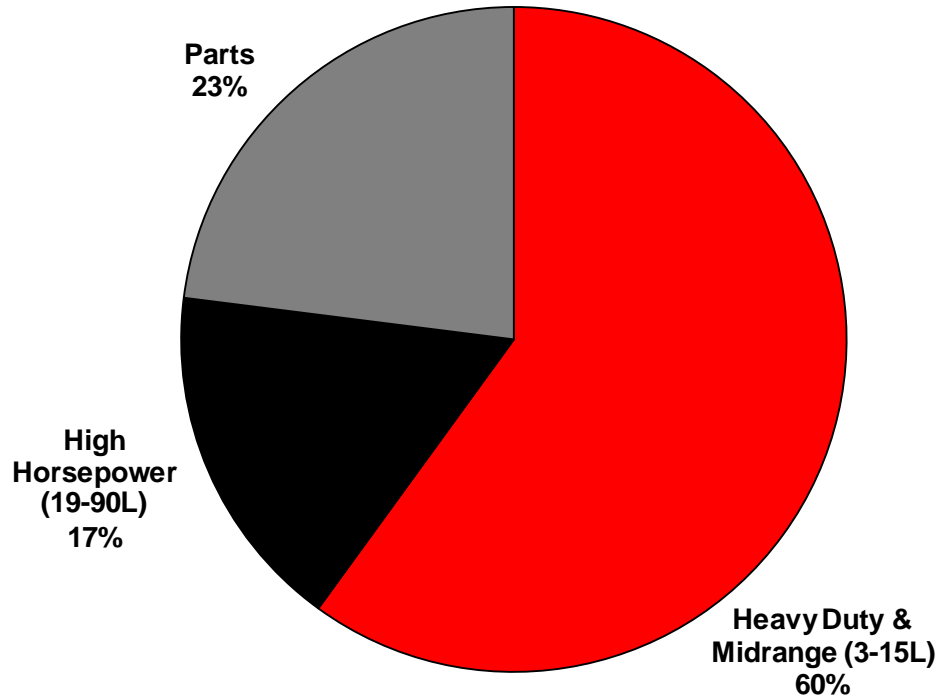
Q2'13 LTM Segment Data

Sales: \$10.0 billion

EBIT¹: \$1.0 billion

EBIT Margin: 10.5%

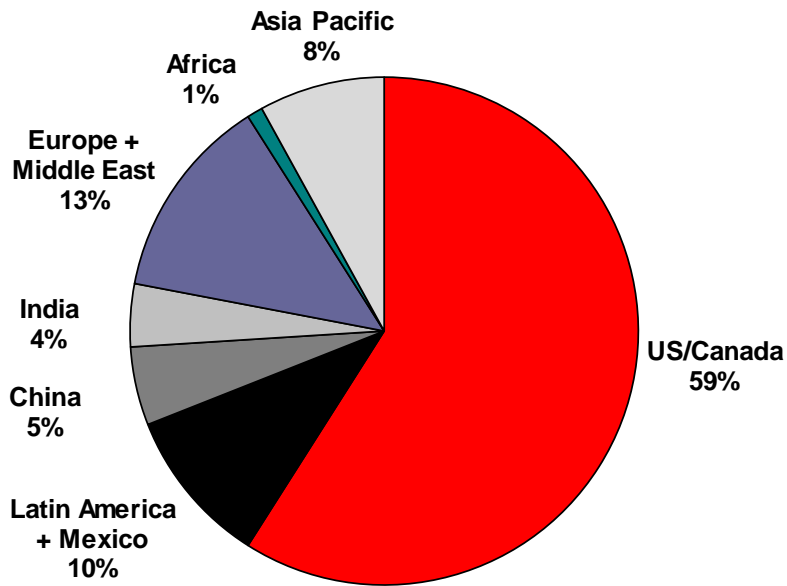
Q2'13 LTM Revenue by Product



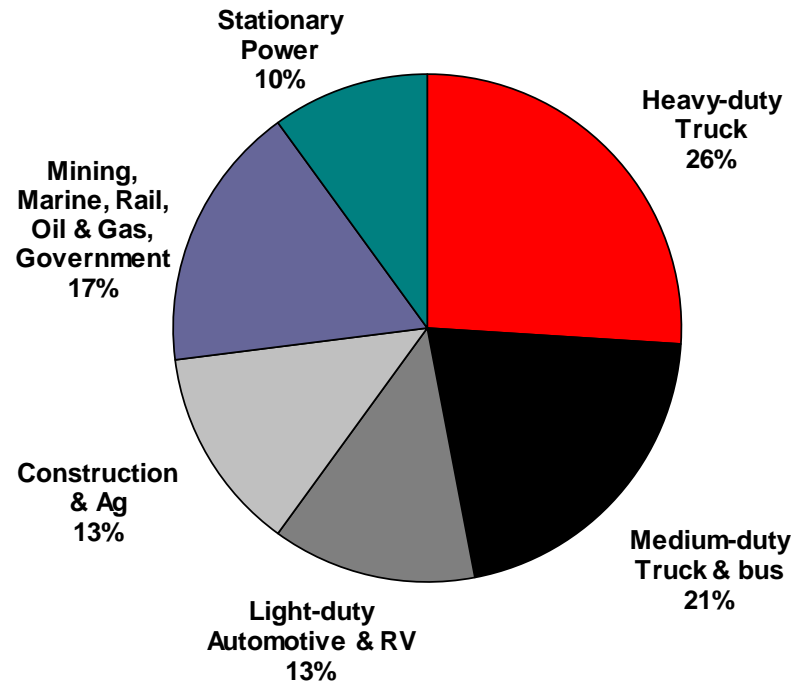
¹ Q4'12 EBIT excludes \$20 million in restructuring charges.

Engine Segment – Sales Mix

Geographic



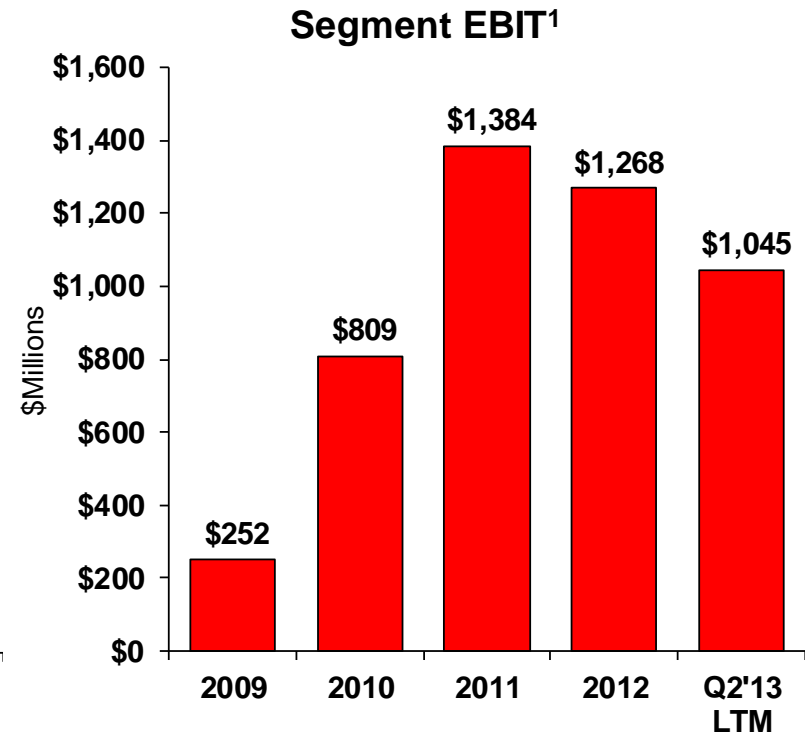
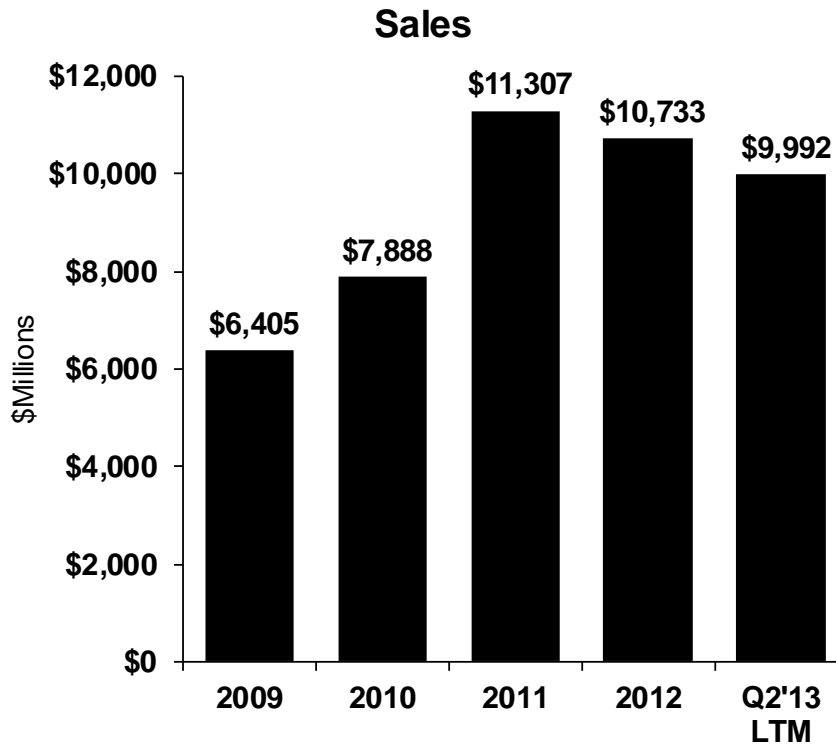
Application



Q2'13 LTM Revenue: \$10.0 B



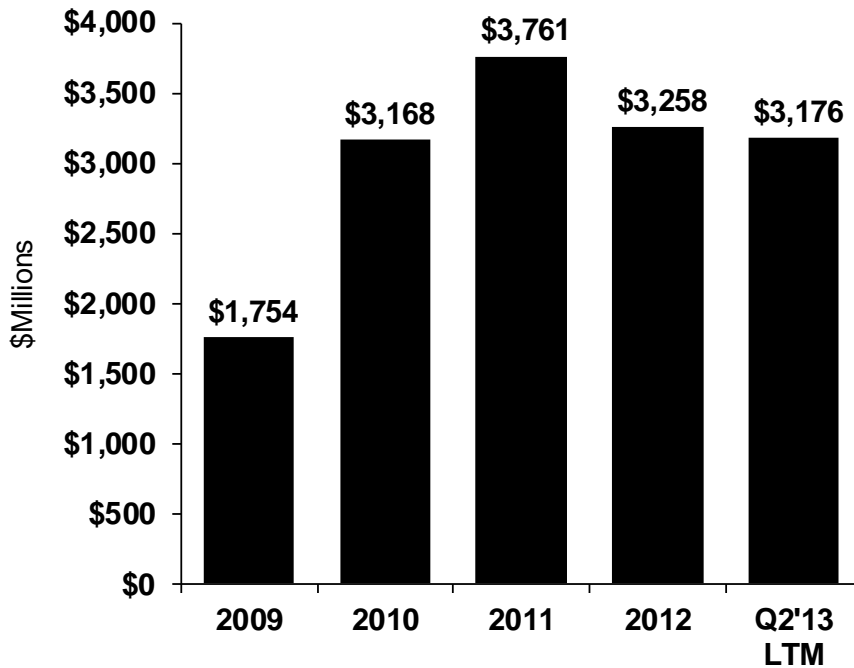
Engine Segment – Historical Performance



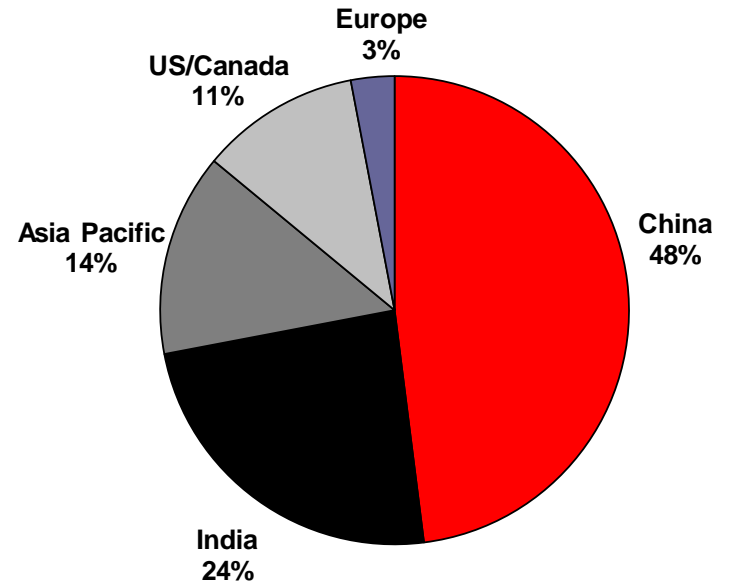
¹ Q4'12 EBIT excludes \$20 million in restructuring charges.



Engine Segment – Joint Venture Sales Unconsolidated



Q2'13 LTM Revenues



Components Segment – Overview

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

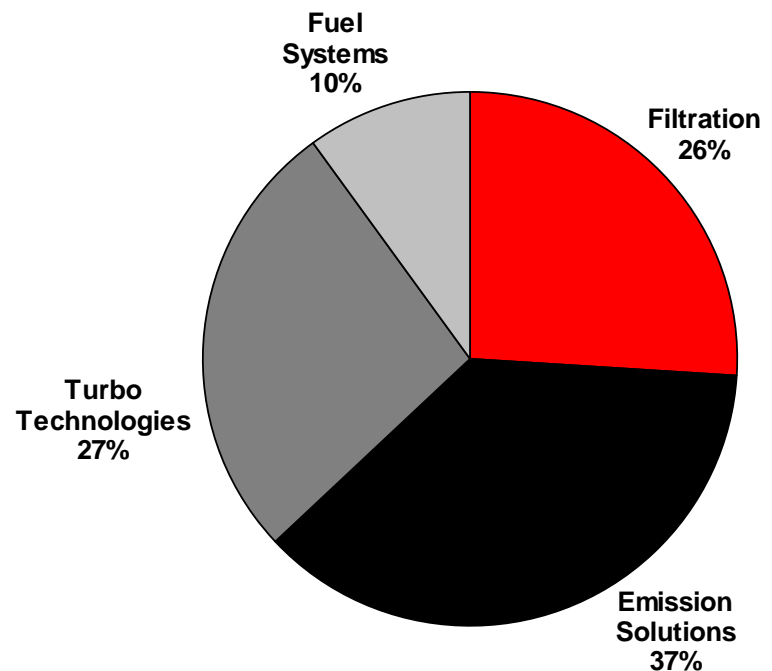
Q2'13 LTM Segment Data

Sales: \$4.0 billion

EBIT¹: \$428 million

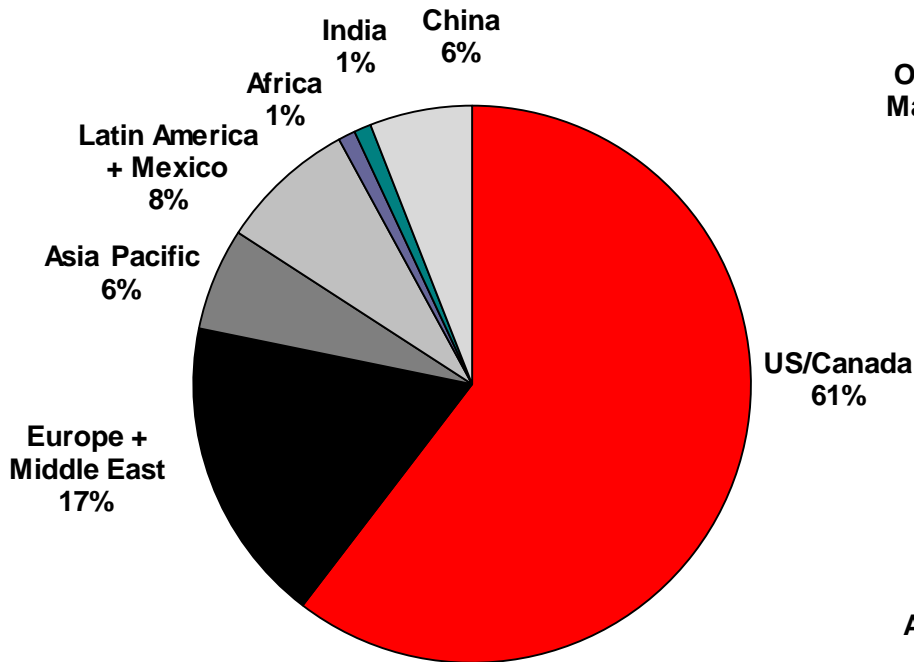
EBIT Margin: 10.7%

Q2'13 LTM Revenue by Business

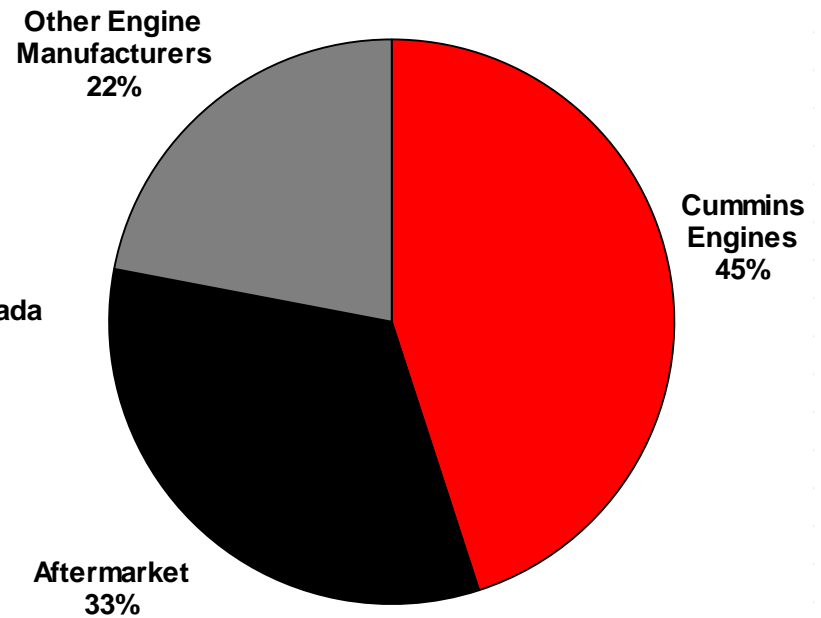


Components Segment – Sales Mix

Geographic



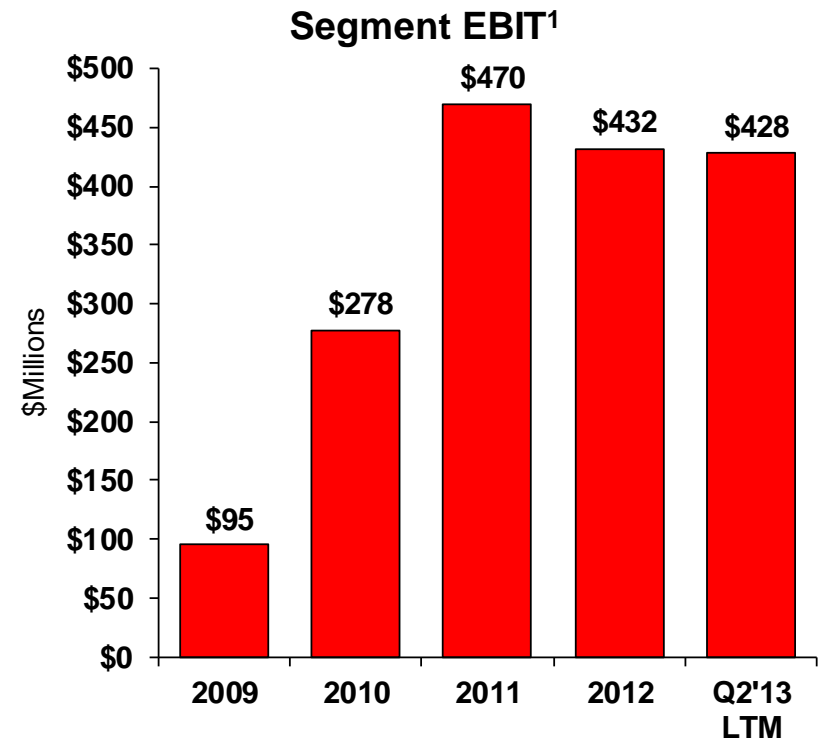
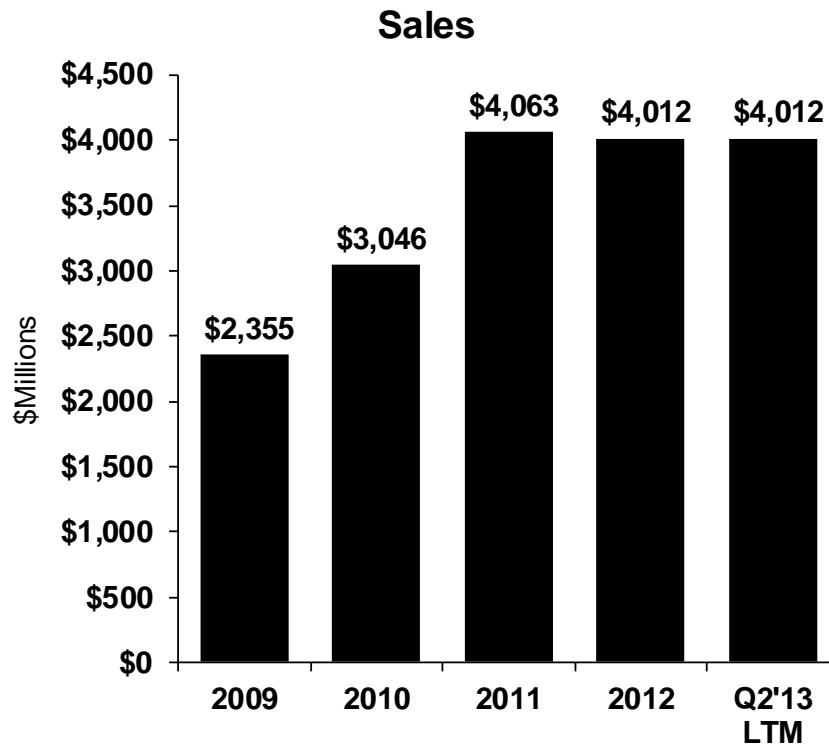
Application



Q2'13 LTM Revenue: \$4.0 B



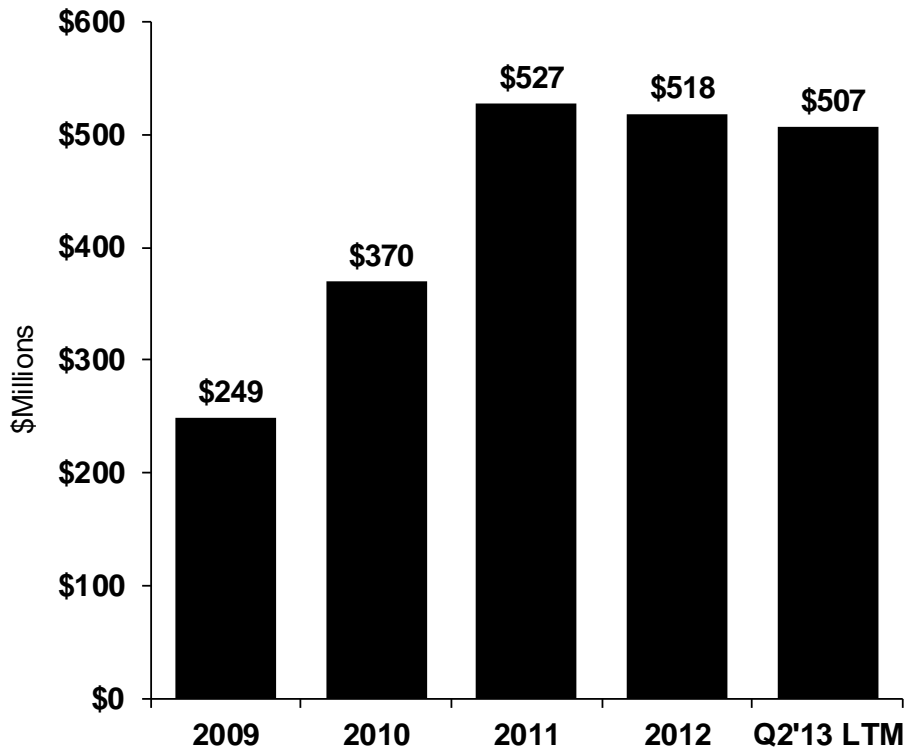
Components – Historical Performance



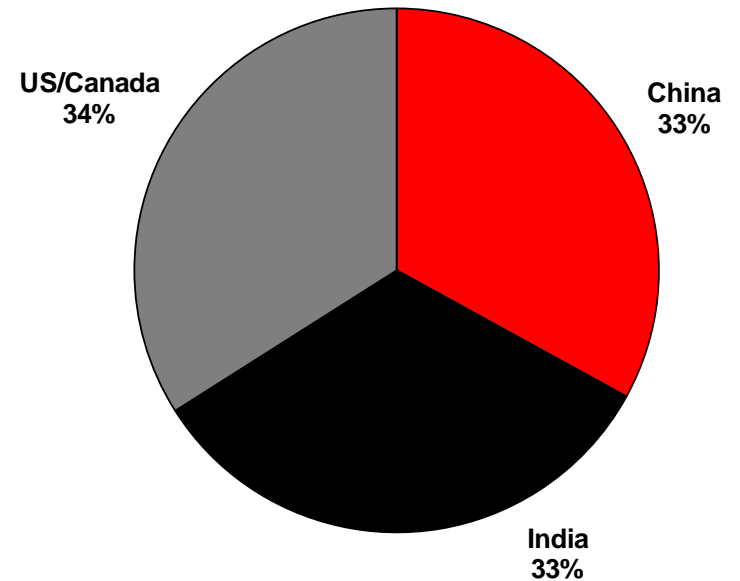
¹ 2011 EBIT excludes \$121 million and Q2'12 EBIT excludes \$6 million, both from the divestiture of two businesses in 2011. Also, Q4'12 EBIT excludes \$6 million in restructuring charges.



Components Segment – Joint Venture Sales Unconsolidated



Q2'13 LTM Revenues

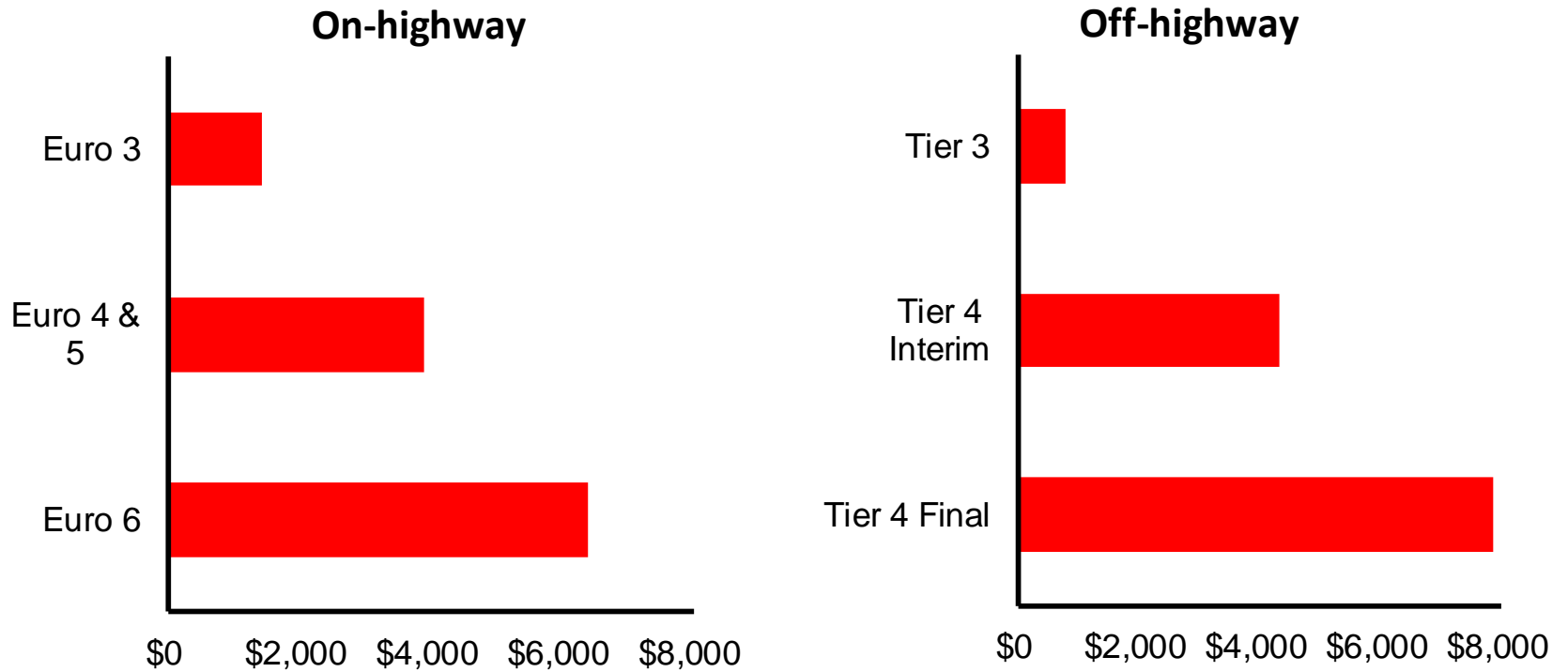


Global Emissions Regulations - Driving Growth

Market/Application	2010	2011	2012	2013	2014	2015	2016+
U.S. on-highway	EPA10			EPA13	CO ₂		EPA16
Europe on-highway					Euro VI		CO ₂
Brazil on-highway			Euro V				Euro VI
China on-highway				Euro IV			Euro V
India on-highway	Euro IV (Major cities)					Euro IV (Countrywide)	Euro V
U.S. off-highway		Tier 4i	Tier 4i		Tier 4F		
Europe off-highway		Stage 3B			Stage 4		



Regulations Drive Increased Content



Power Generation Segment – Overview

- Global provider of power generation systems, components and services from 5 kW to 2,750 kW
- Leading supplier of alternators from 0.6kVA to 30,000 kVA
- Leading market share in multiple geographies

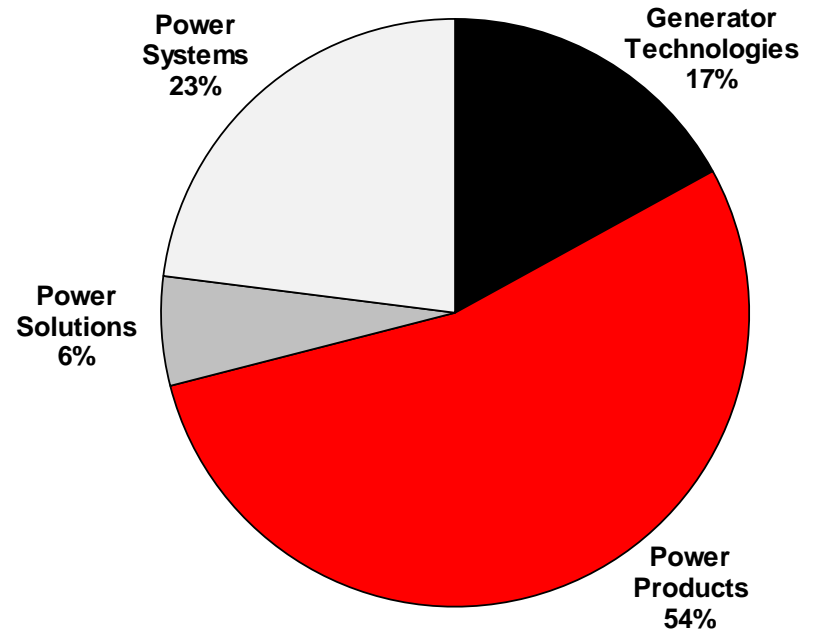
Q2'13 LTM Segment Data

Sales: \$3.1 billion

EBIT¹: \$254 million

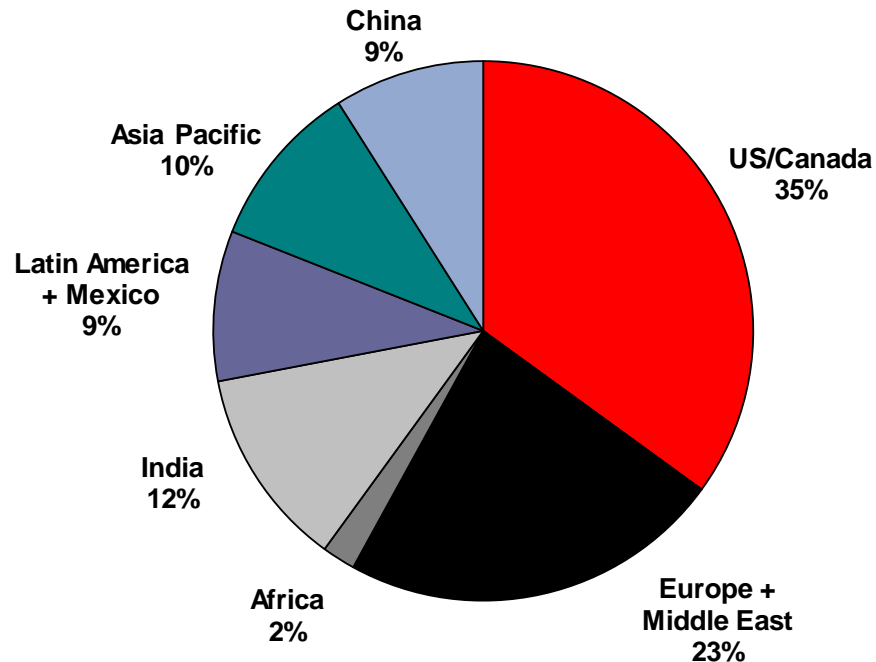
EBIT Margin: 8.1%

Q2'13 LTM Revenue by Product



Power Generation Segment – Sales Mix

Geographic

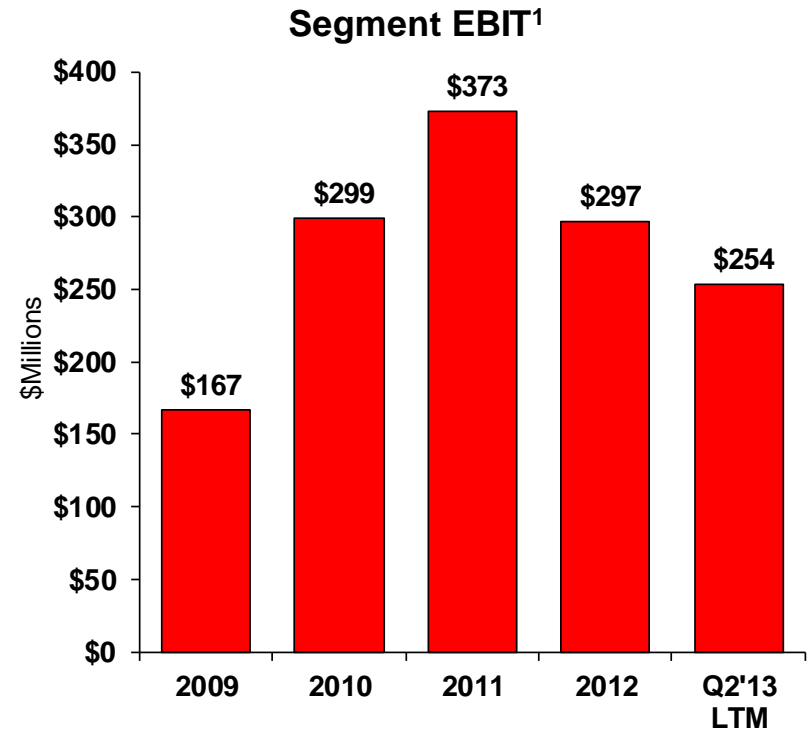
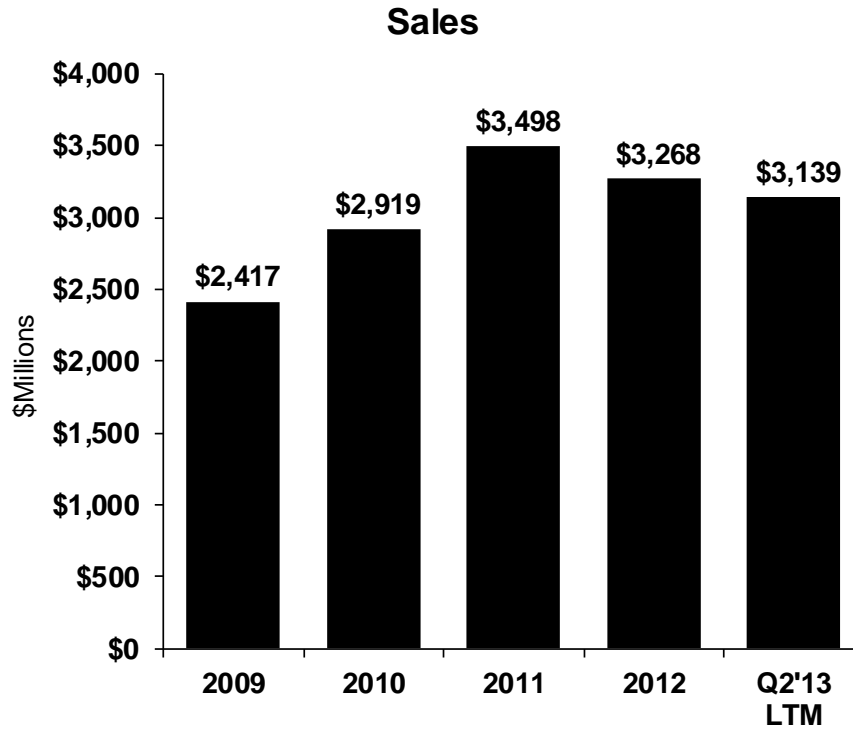


- Market Leadership in China, India, Russia and Latin America
- Energy shortfalls will continue in emerging markets

Q2'13 LTM Revenue: \$3.1 B



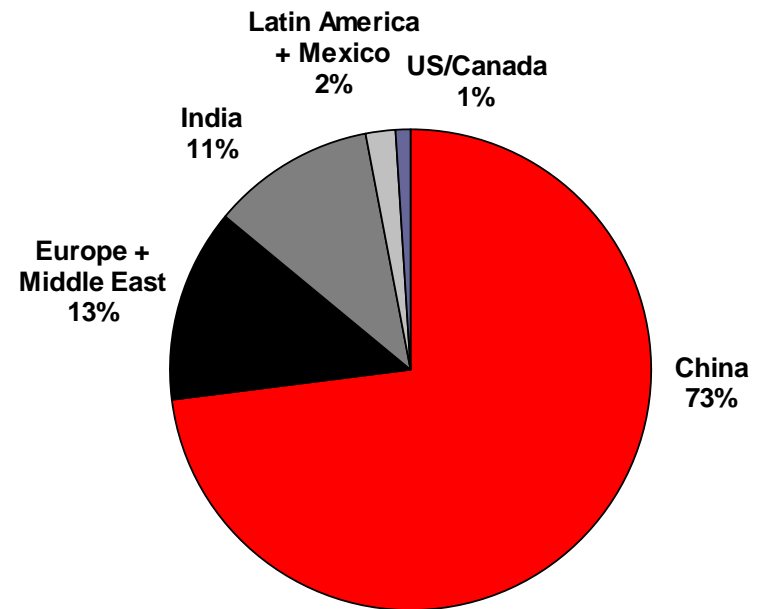
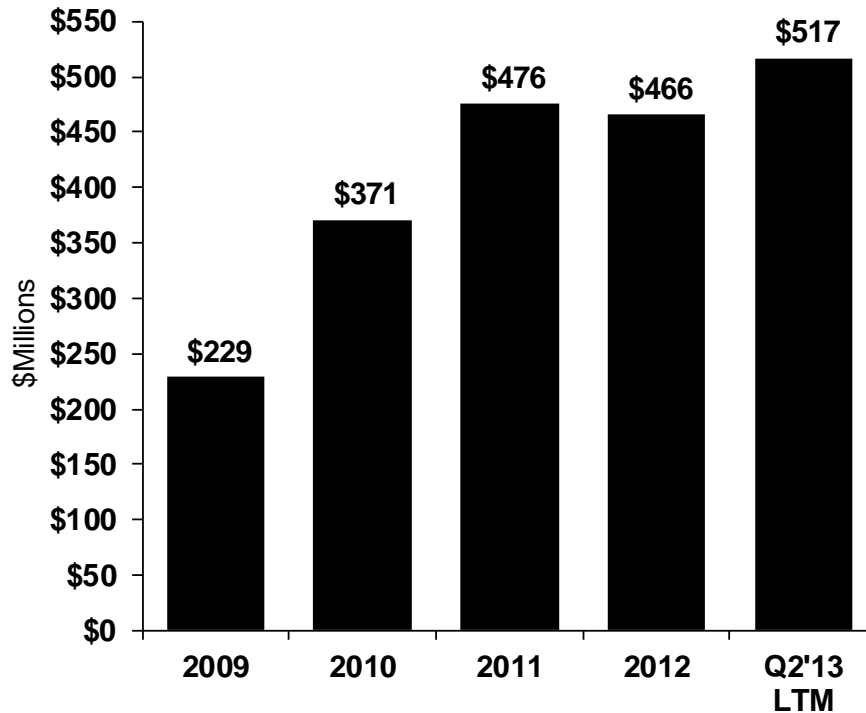
Power Generation – Historical Performance



¹ Q4'12 EBIT excludes \$12 million in restructuring charges.

Power Generation Segment – Joint Venture Sales Unconsolidated

Q2'13 LTM Revenues



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

Q2'13 LTM Segment Data

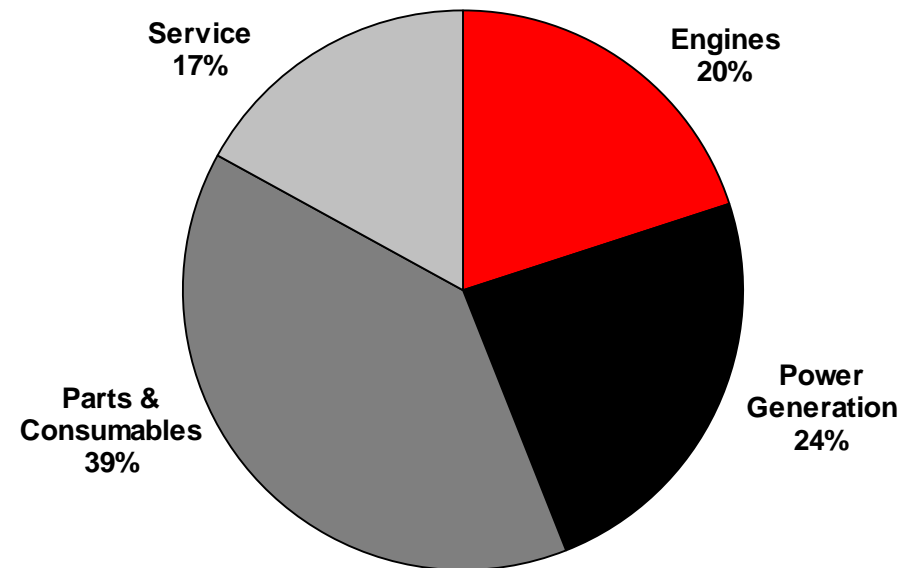
Sales: \$3.4 billion

EBIT¹: \$392 million

EBIT Margin: 11.4%

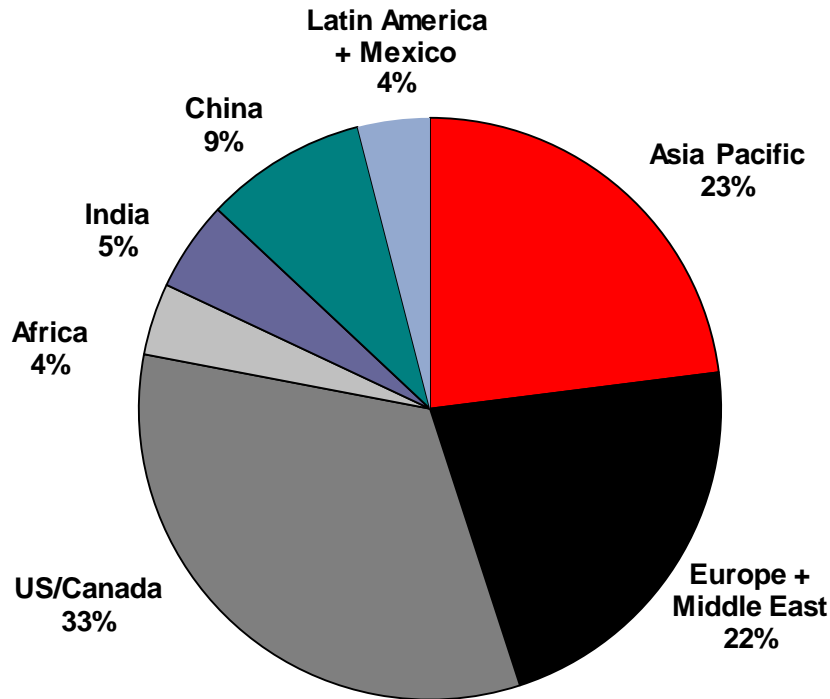
Q2'13 LTM Revenues

Application



Distribution Segment – Sales Mix

Geographic

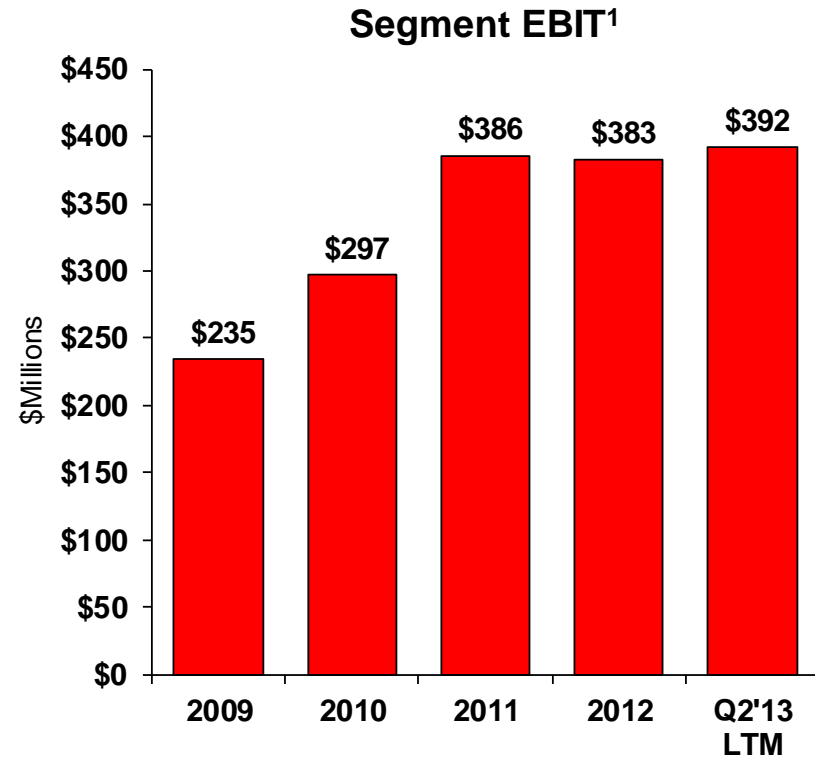
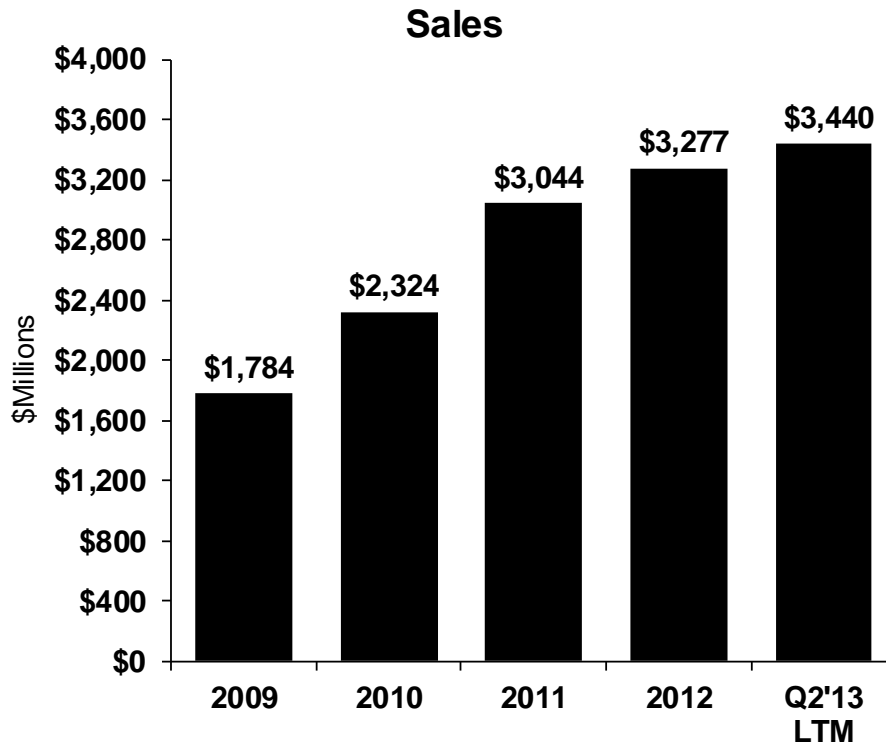


- Less cyclical
- Key enabler for Cummins growth
- Benefitting from increased population of product in the field

Q2'13 LTM Revenue: \$3.4 B



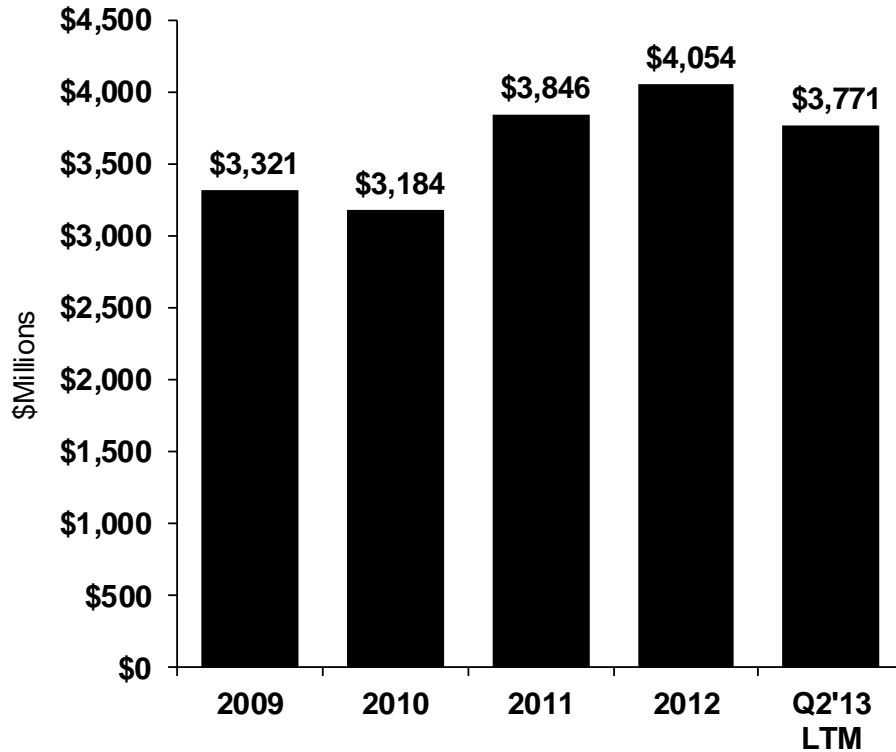
Distribution – Historical Performance



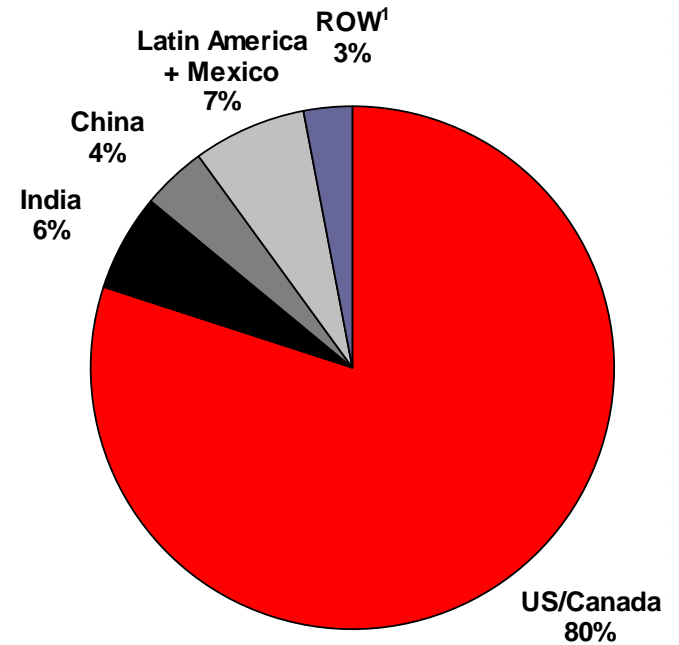
¹ Q4'12 EBIT excludes \$14 million in restructuring charges.



Distribution Segment – Joint Venture Sales Unconsolidated



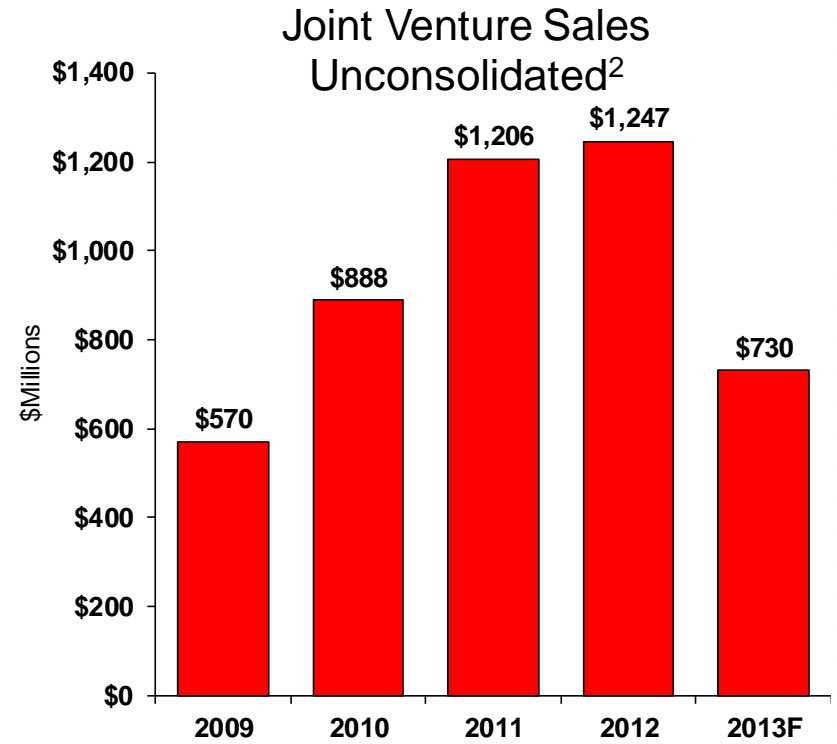
Q2'13 LTM Revenues



¹ ROW = Rest of World



India – Historical Performance

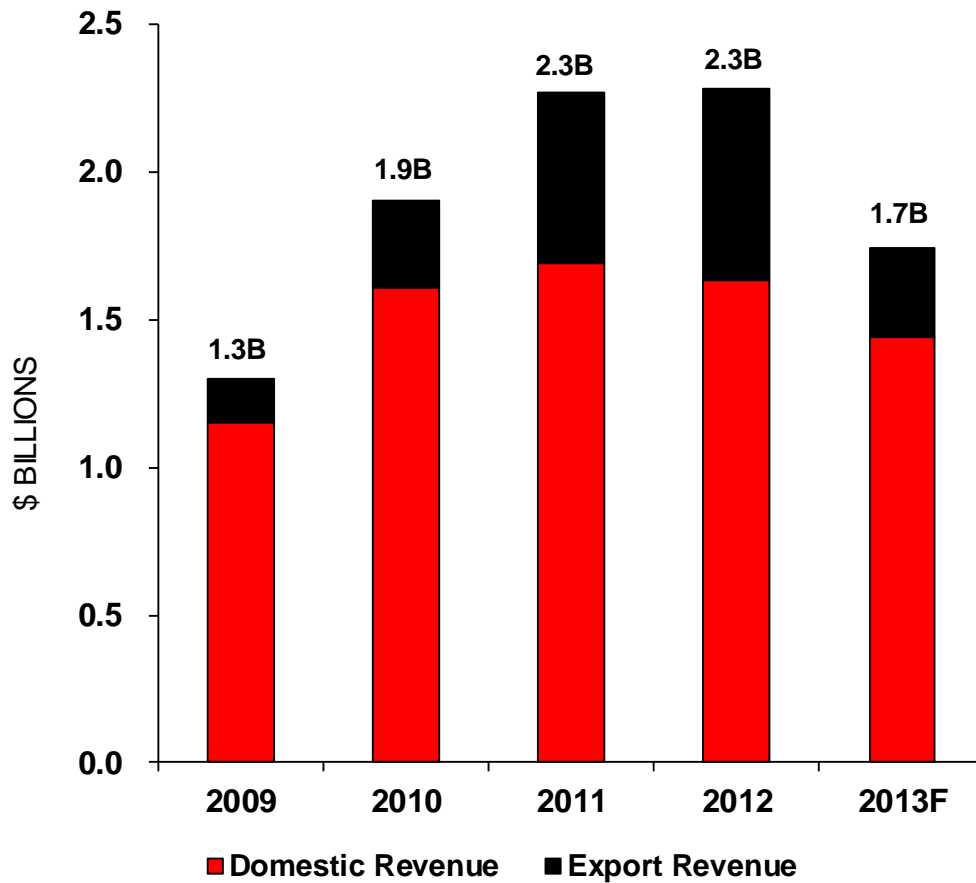


¹ Before intercompany eliminations. Figures also include exports.

² KPIT Cummins excluded from 2013 Joint Venture Sales Unconsolidated due to reduction in ownership interest.



Emerging Markets – India¹

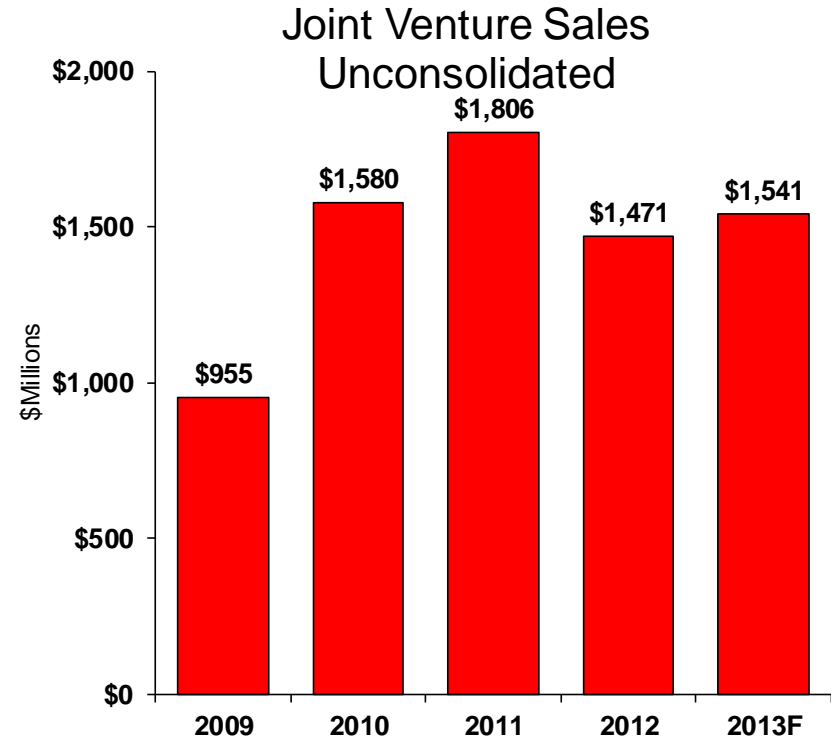
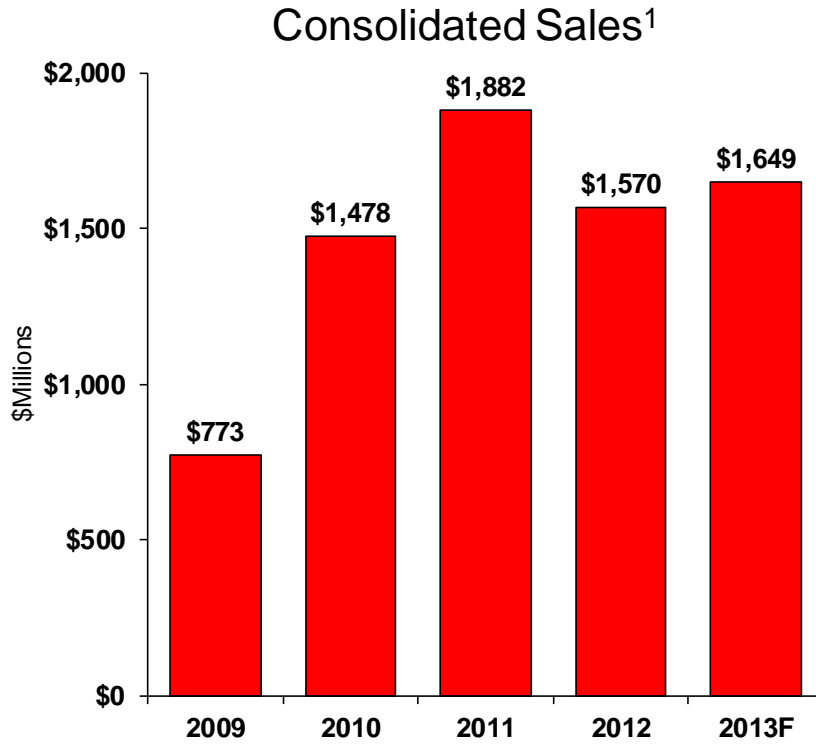


- Growing with Tata
- Leadership in Industrial and Power Gen
- Expanding our markets



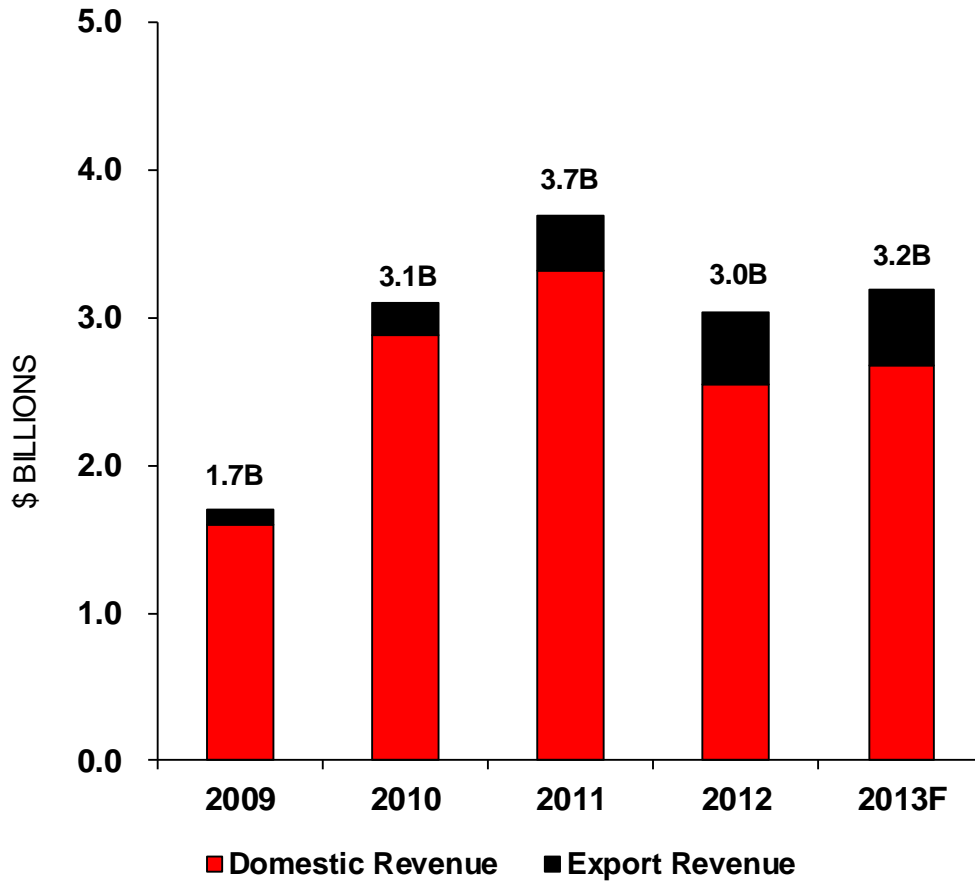
¹Consolidated + Unconsolidated Revenue. Before intercompany eliminations. KPIT Cummins excluded from 2013 due to reduction in ownership interest.

China – Historical Performance



¹Before intercompany eliminations. Figures also include exports.

Emerging Markets – China¹



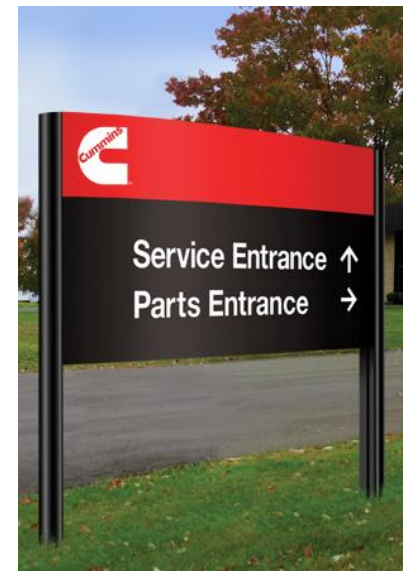
- Truck market growth
- Emissions content
- Growth in distribution
- Power generation



¹Consolidated + Unconsolidated Revenue. Before intercompany eliminations.



Non-GAAP Reconciliations



Non-GAAP Reconciliation – EBIT

Millions	Three Months Ended		
	June 30, 2013	March 31, 2013	July 1, 2012
EBIT excluding restructuring charges	\$ 621	\$ 437	\$ 663
Add: Special Items	0	0	6
Less: Restructuring charges	0	0	0
Total EBIT	<u>621</u>	<u>437</u>	<u>669</u>
Less: Interest expense	8	6	8
Income before income taxes	<u>613</u>	<u>431</u>	<u>661</u>
Less: Income tax expense	172	119	166
Consolidated net income	<u>441</u>	<u>312</u>	<u>495</u>
Less: Net income attributable to noncontrolling interests	27	30	26
Net Income attributable to Cummins Inc.	<u>414</u>	<u>282</u>	<u>469</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	June 30, 2013	March 31, 2013	July 1, 2012
Accounts and notes receivable, net	\$ 2,745	\$ 2,496	\$ 2,620
Inventories	2,475	2,387	2,581
Less Accounts payable – trade	<u>(1,669)</u>	<u>(1,554)</u>	<u>(1,634)</u>
Working capital measure	<u>\$ 3,551</u>	<u>\$ 3,329</u>	<u>\$ 3,567</u>
Working capital measure (% of Annualized Net Sales)	19.6%	21.2%	20.0%

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	June 30, 2013	July 1, 2012
Net assets for operating segments	<u>\$ 8,441</u>	<u>\$ 7,815</u>
Liabilities deducted in computing net assets	4,964	4,719
Pensions and other post retirement liabilities	(786)	(899)
Deferred tax assets not allocated to segments	404	509
Debt related costs not allocated to segments	<u>25</u>	<u>25</u>
Total assets	<u>\$ 13,048</u>	<u>\$ 12,169</u>

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



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

Millions	June 30, 2013	July 1, 2012
Equity used for return on equity calculation	<u>\$ 7,458</u>	<u>\$ 6,806</u>
Defined benefit post retirement plans	<u>(754)</u>	<u>(703)</u>
Total shareholders equity	6,704	6,103
Noncontrolling interest	<u>389</u>	<u>334</u>
Total Equity	<u>\$ 7,093</u>	<u>\$ 6,437</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.

