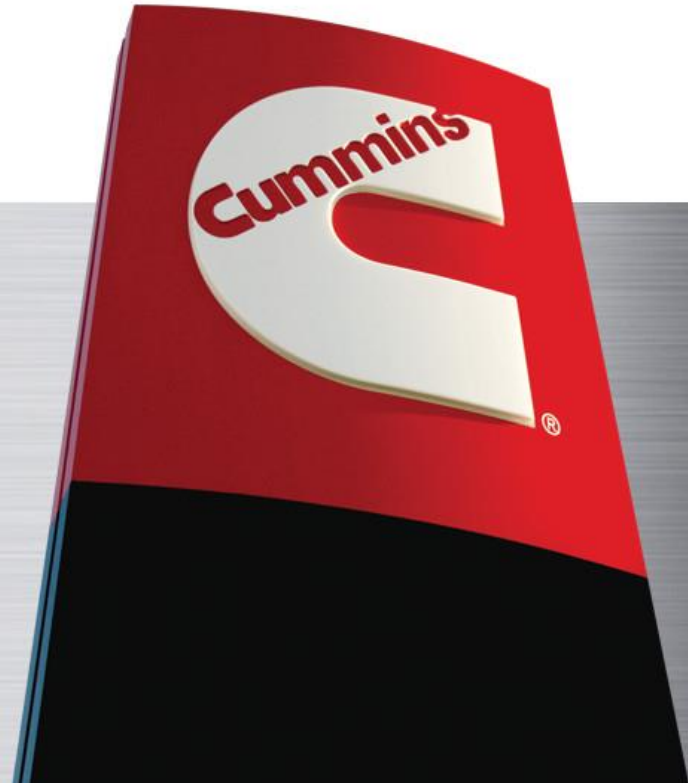


Second Quarter 2016 Earnings Teleconference

August 2, 2016





Participants

Tom Linebarger	Chairman and Chief Executive Officer
Rich Freeland	President and Chief Operating Officer
Pat Ward	Vice President and Chief Financial Officer
Mark Smith	Vice President - Finance Operations



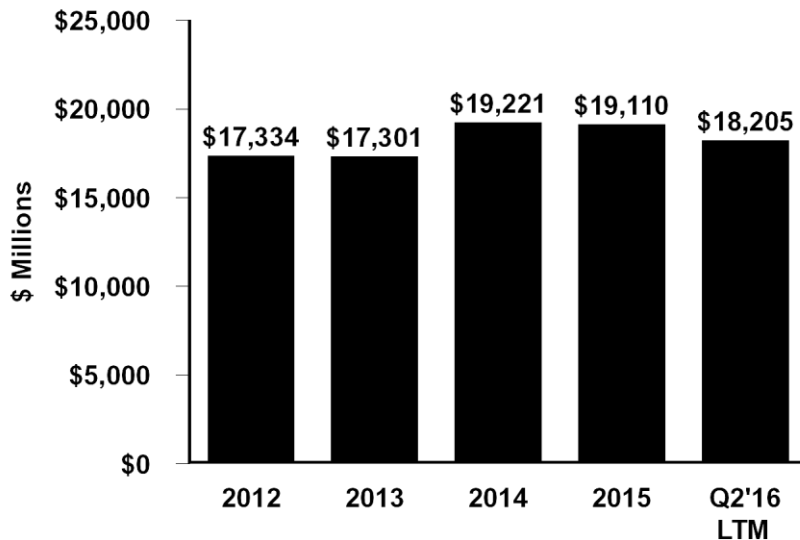
Disclosure Regarding Forward-Looking Statements

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 2015 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.

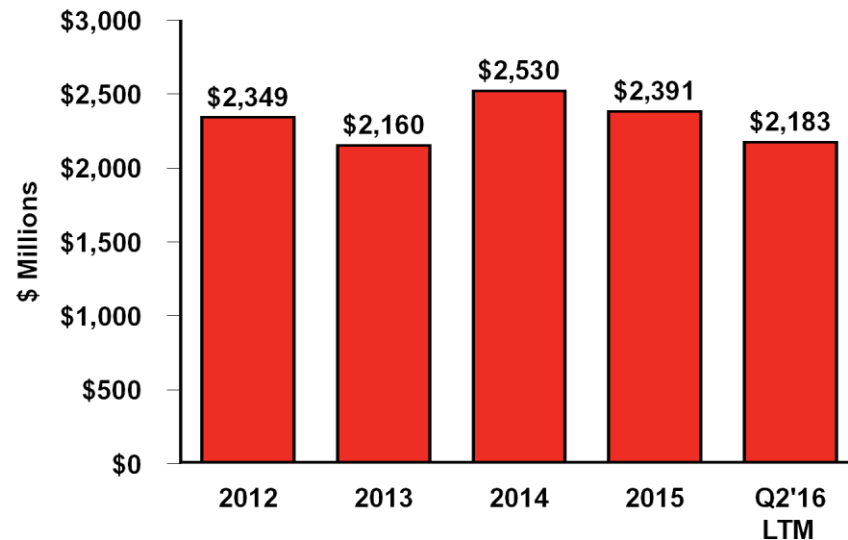


Cummins Inc.

Sales



EBIT¹



2016 Guidance

Sales Down 8 to 10%

EBIT 11.6 to 12.2%

¹ 2012 EBIT excludes \$6 million pre-tax additional gain from the divestiture of two businesses in 2011 and \$52 million in restructuring charges. 2014 EBIT excludes \$32 million in operating actions within PGBU. Q4-2015 EBIT excludes \$211 million of impairment of light-duty diesel assets and \$90 million of restructuring actions and other charges.



Cummins Inc.

Selected Financial Data

\$Millions	Q2'16	Q2'15
Sales	4,528	5,015
Gross Margin (% of Sales)	26.4%	26.6%
SAR (% of Sales)	15.0%	14.0%
EBIT	591	721
EBIT (% of Sales)	13.1%	14.4%
GAAP Profit before Tax (% of Sales)	12.7%	14.0%
Net Income	406	471
Diluted EPS	\$2.40	\$2.62
Dividend Per Share	\$0.975	\$0.78
ROANA (LTM)	25%	27%
ROE (LTM)	19%	20%



Joint Venture Income

\$Millions	Q2'16	Q2'15
Engine	46	51
Distribution	19	21
Components	12	8
Power Systems	11	14
Total JV Income	88	94

- Joint venture income in the second quarter declined due to the acquisitions of the North American distributors previously held as unconsolidated joint ventures and a decline in earnings from joint ventures serving off-highway markets.



Engine Segment Selected Financial Data

\$Millions	Q2'16	Q2'15	Change
Sales	2,002	2,325	-14%
EBIT	206	278	-26%
EBIT (% of Sales)	10.3%	12.0%	

- Sales declined in North America and internationally by 17 percent and 4 percent, respectively.
- EBIT declined due to lower volumes, but were partially offset by improvements in warranty expenses, reduced material costs and benefits from restructuring. Results included a \$39 million increase in Loss Contingency provision.



Engine Segment - Sales by Market

\$Millions	Q2'16	Q2'15	Change
Heavy-Duty Truck	622	875	-29%
Medium-Duty Truck & Bus	600	674	-11%
Light-Duty Automotive	394	354	+11%
On-Highway	1,616	1,903	-15%
Off-Highway	386	422	-9%

- On-highway revenues decreased due to a decline in heavy and medium-duty truck production in North America, partially offset by higher demand for engines for buses and pickup trucks.
- Off-highway revenues declined primarily due to lower construction equipment demand compared to the same quarter a year ago.



Key On-Highway Engine Markets - 2016

Key Market	2015	2016	Change Market Size
	Actual	Forecast	
Heavy Duty Truck - NAFTA Class 8, Group 2 - Production	291K units	200K units	Down 31%
Medium Duty Truck - NAFTA Class 6-7, and Class 8 Group 1 - Production	124K units	117K units	Down 6%
Heavy & Medium Truck - China Sales	751K units	820K units	Up 9%
Heavy & Medium Truck - India Production	318K units	370K units	Up 15%
Heavy & Medium Truck - Brazil Production	74K units	60K units	Down 20%



Distribution Segment Selected Financial Data

\$Millions	Q2'16	Q2'15	Change
Sales	1,544	1,495	+3%
EBIT	87	113	-23%
EBIT (% of Sales)	5.6%	7.6%	

- Increased revenue from acquisitions was partially offset by a decline in organic sales to off-highway markets and the negative impact from a stronger US dollar.
- EBIT declined primarily due to the unfavorable impact of currency and lower organic sales.



Components Segment Selected Financial Data

\$Millions	Q2'16	Q2'15	Change
Sales	1,279	1,397	-8%
EBIT	190	223	-15%
EBIT (% of Sales)	14.9%	16.0%	

- Revenues declined in North America due to lower industry truck production, partially offset by growth in China and Europe.
- EBIT as a percent of sales declined primarily due to lower volumes while material cost reductions and benefits from restructuring actions more than offset impacts from pricing.



Power Systems Segment Selected Financial Data

\$Millions	Q2'16	Q2'15	Change
Sales	921	1,097	-16%
EBIT	90	127	-29%
EBIT (% of Sales)	9.8%	11.6%	

- Sales declined in North America and internationally by 9 percent and 19 percent, respectively, with sales in Asia, Latin American and the Middle East declining the most.
- EBIT declined primarily due to lower demand across most of our markets.



Guidance for 2016 Segment Results

Item	Engine	Distribution	Components	Power Systems
Consolidated Revenue Growth	Down 9 to 12%	Down 1% to Up 1%	Down 6 to 9%	Down 12 to 14%
EBIT Margins (% of Revenue)	10.0 to 11.0%	5.5 to 6.5%	12.75 to 13.75%	7.0 to 8.0%



Guidance for 2016 Consolidated Results

Item	Full Year Guidance
Consolidated Revenue	Down 8 to 10%
Earnings from JVs	Flat
EBIT Margin	11.6 to 12.2%
Effective Tax Rate ¹	27.0%
Capital Expenditures	\$600 - \$650M
Global Pension Funding	\$146M
Interest Expense	\$70M

¹ Excluding discrete income tax items

Cash Flow

\$Millions	Q2'16	Q2'15
Operating Cash Flow	471	396
Capital Expenditures	118	147
Working Capital Measure	3,976	4,434
Working Capital Measure <i>(% of Annualized Net Sales)</i>	22.0%	22.1%
Debt to Capital %	20.6%	17.0%

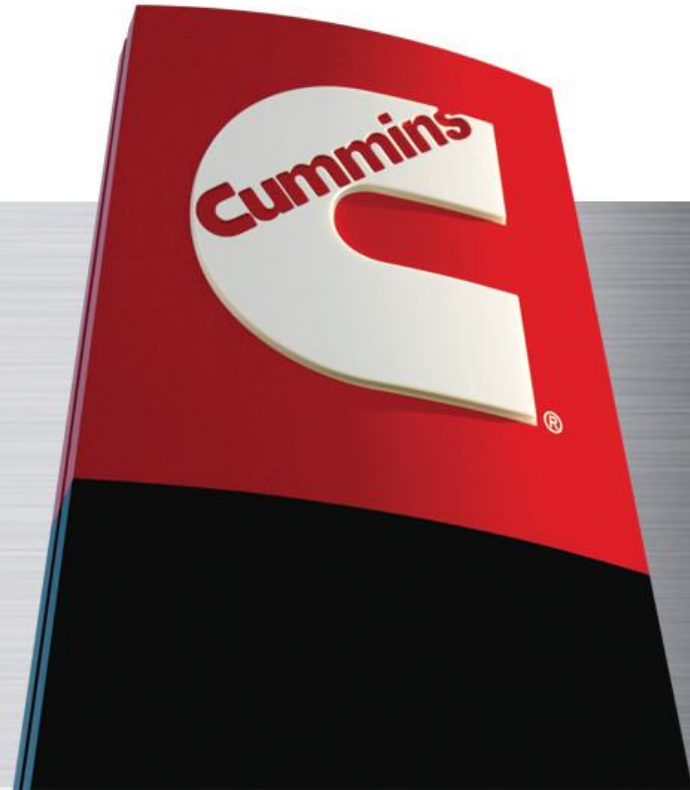
- Operating cash flows improved from a year ago due to lower working capital requirements.

Thank You for Your Interest in



**For additional information contact:
Adam Schumm– Executive Director Investor Relations
(812) 377-3121
Adam.J.Schumm@Cummins.com
www.Cummins.com**

Appendix





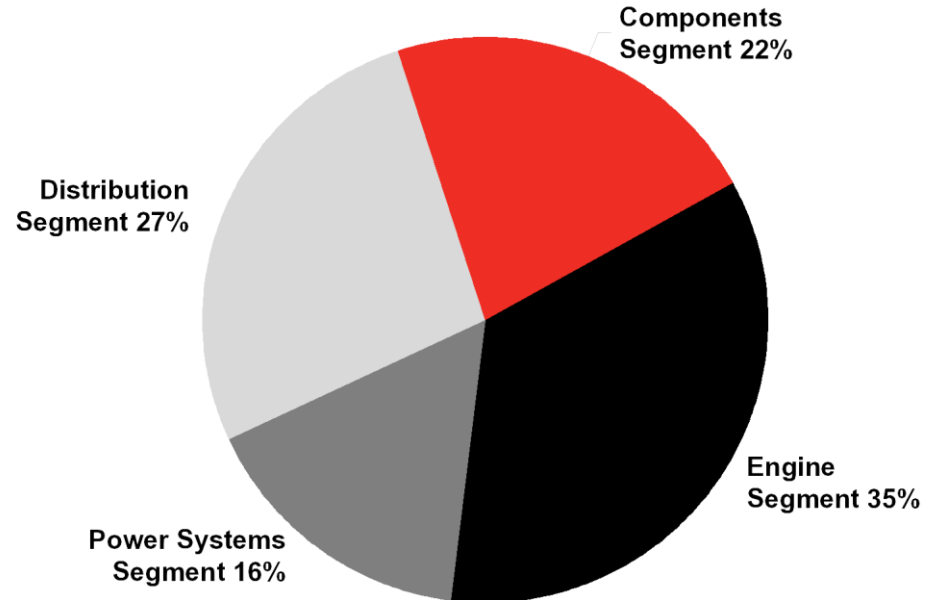
Cummins Inc.

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

Q2'16 LTM Results

Sales: \$18.2 billion
EBIT¹: \$2.2 billion
EBIT%: 12.0%

Q2'16 LTM Revenue by Segment



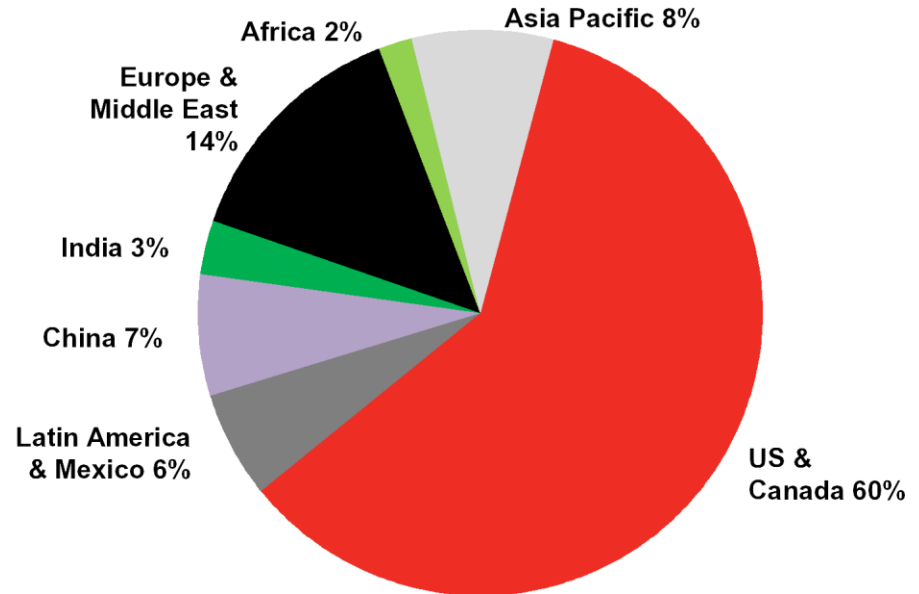
¹ Q4-2015 EBIT excludes \$211 million of impairment of light-duty diesel assets and \$90 million of restructuring actions and other charges.



Cummins Inc.

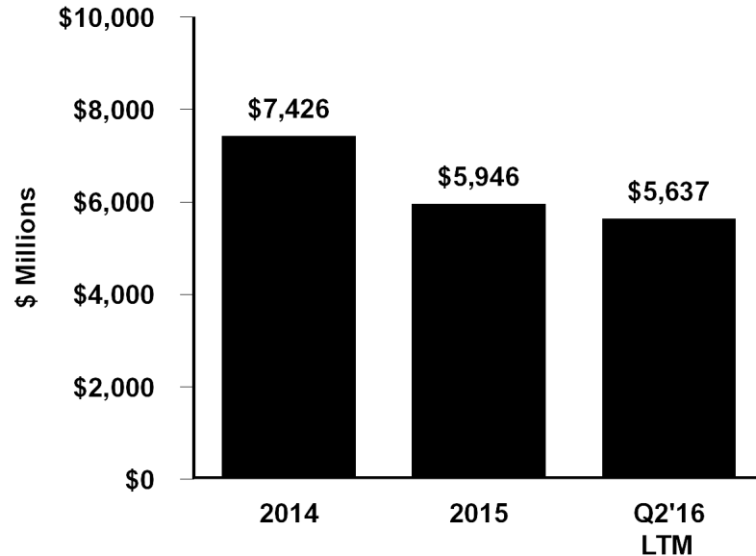
- Capitalizing on global emissions regulations
- Strong geographic diversification and leadership across multiple end-markets
- Global distribution network with presence in more than 190 countries and territories

Q2'16 LTM Revenue by Marketing Territory

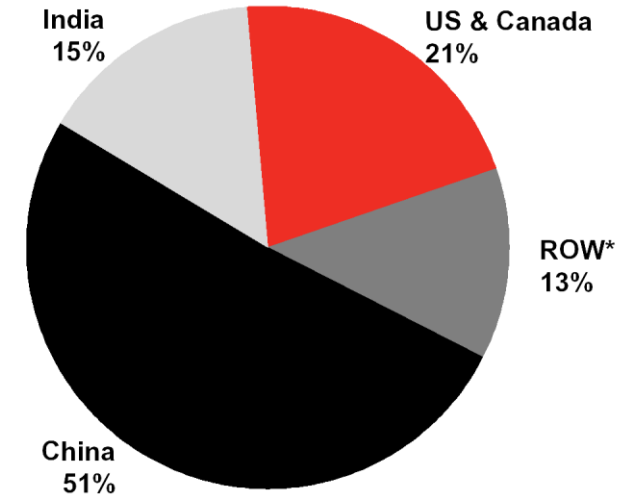




Cummins - Joint Venture Sales Unconsolidated



Q2'16 LTM Revenue



- The acquisition of the North American distributors, previously held as unconsolidated joint ventures, is the primary driver of a decline in revenues.

* Rest of world



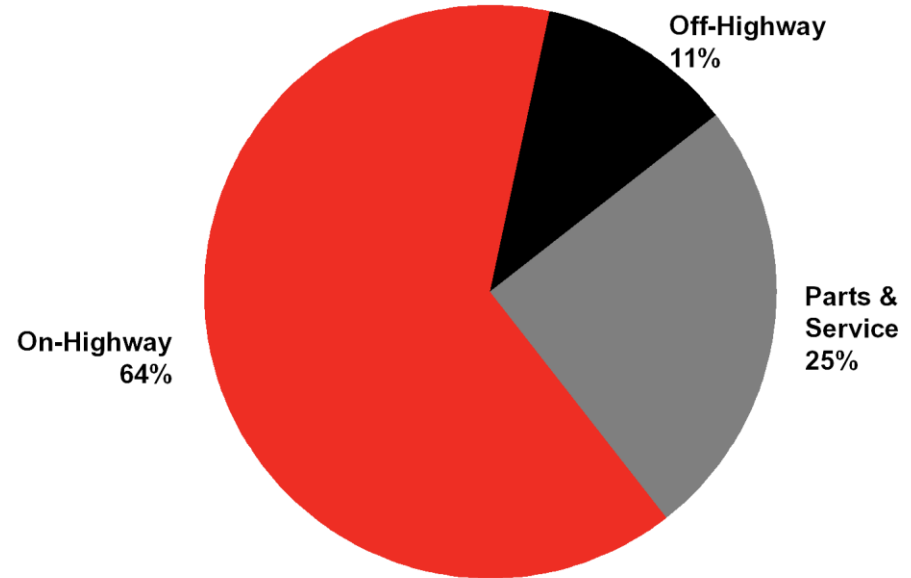
Engine Segment - Overview

- Diesel and natural gas engines from 2.8L to 15L and 60 hp to 755 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

Q2'16 LTM Results

Sales: \$8.2 billion
EBIT¹: \$780 million
EBIT%: 9.5%

Q2'16 LTM Revenue by Product

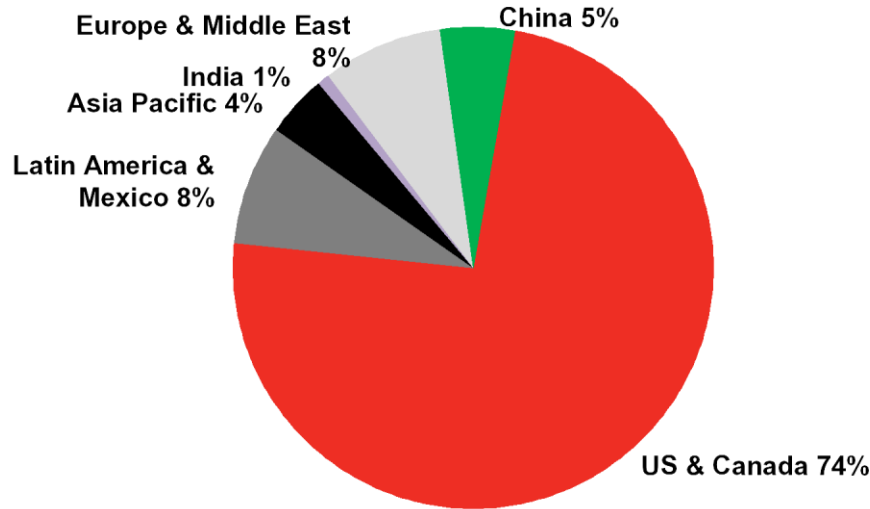


¹ Q4-2015 EBIT excludes \$202 million of impairment of light-duty diesel assets and \$17 million of restructuring actions and other charges.

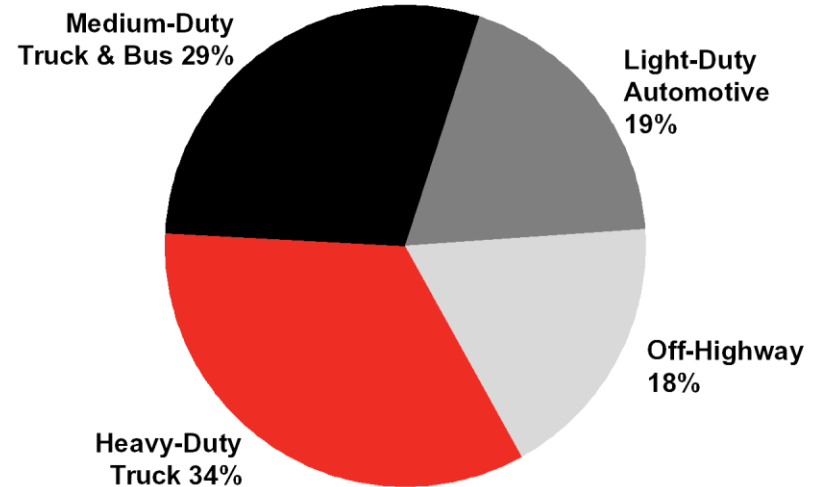


Engine Segment - Sales Mix

Geographic



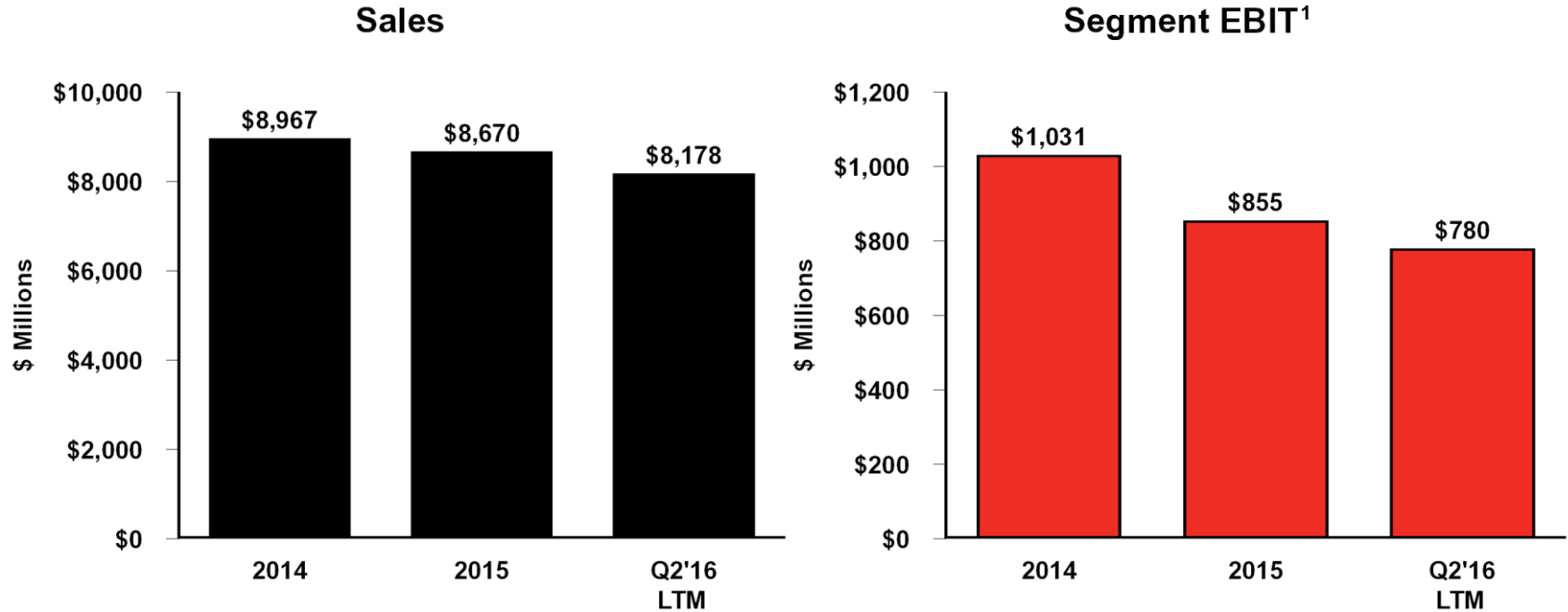
Application



Q2'16 LTM Revenue: \$8.2 billion



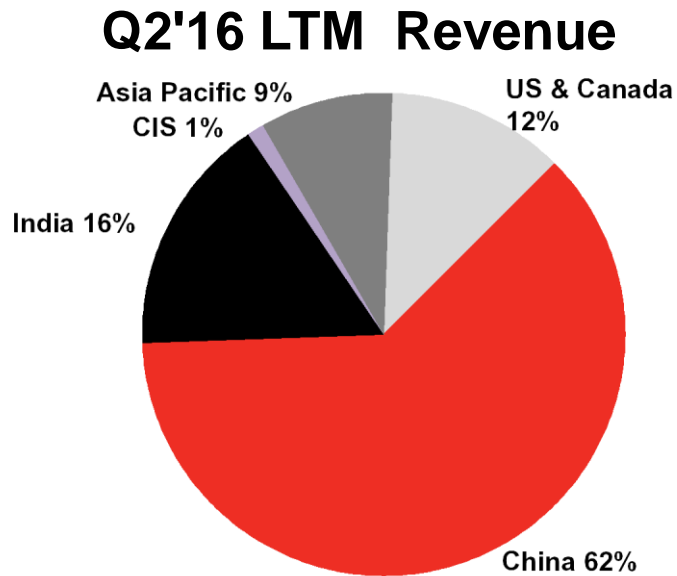
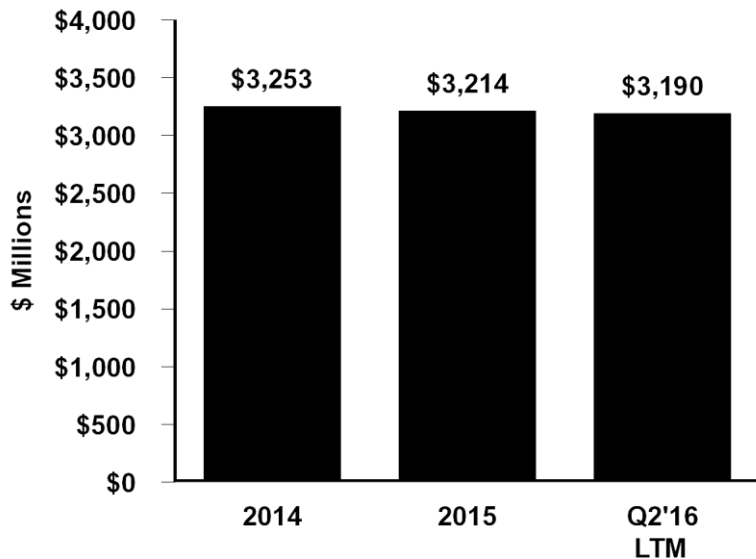
Engine Segment - Historical Performance



¹ Q4-2015 EBIT excludes \$202 million of impairment of light-duty diesel assets and \$17 million of restructuring actions and other charges.



Engine Segment - Joint Venture Sales Unconsolidated



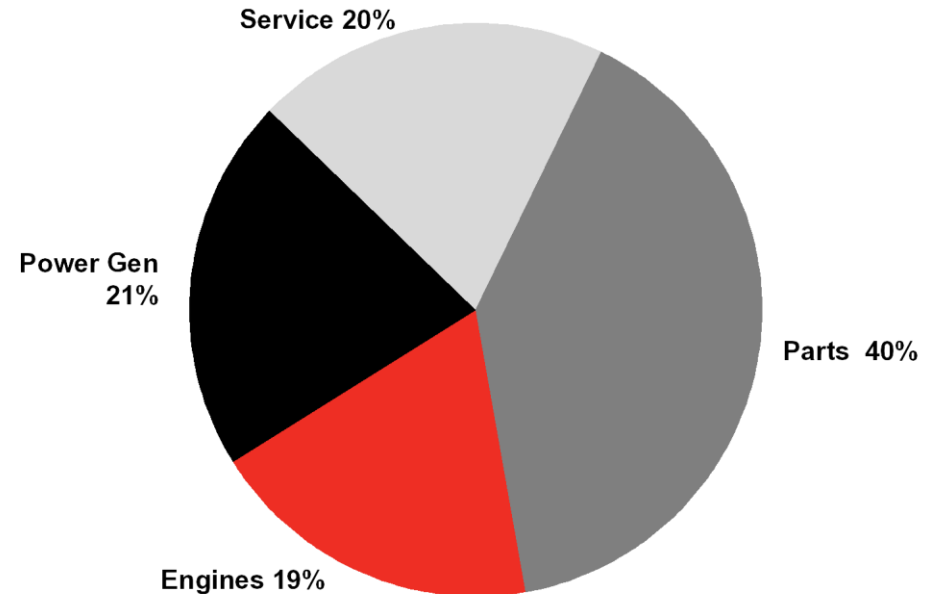
Distribution Segment - Overview

- Provide aftermarket support and increase solution-based revenue
- Acquiring our North American distributors
- Increasing network capabilities in emerging markets to capture profitable growth

Q2'16 LTM Results

Sales: \$6.3 billion
EBIT¹: \$408 million
EBIT%: 6.5%

Q2'16 LTM Revenue by Application

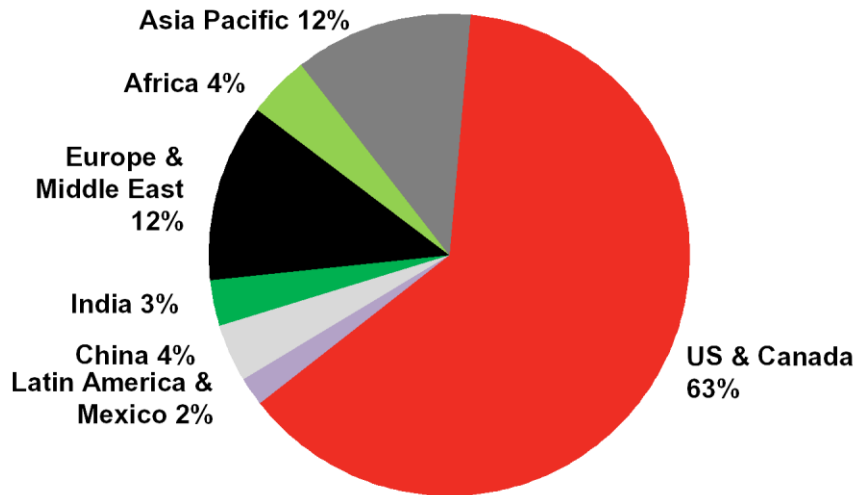


¹ Q4-2015 EBIT excludes \$23 million of restructuring actions and other charges.



Distribution Segment - Sales Mix

Geographic



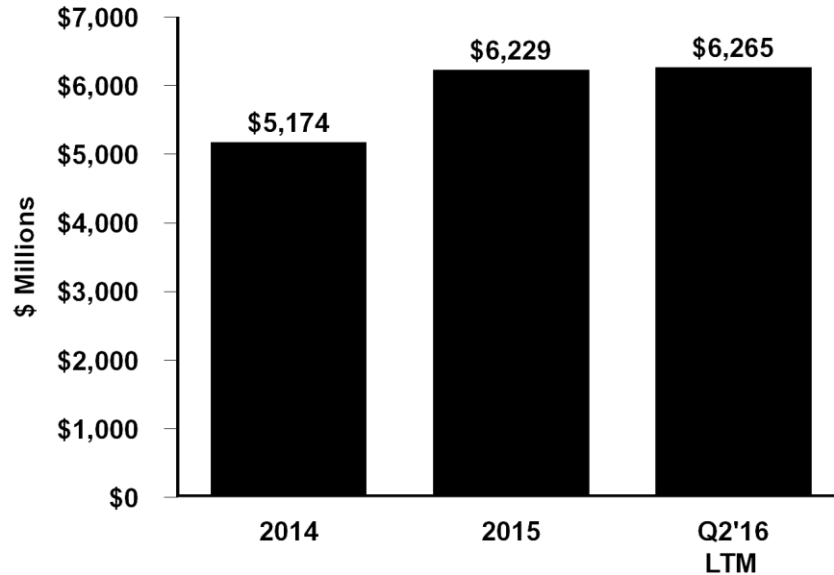
- Key enabler for Cummins growth
- Benefiting from increased population of product in the field

Q2'16 LTM Revenue: \$6.3 billion

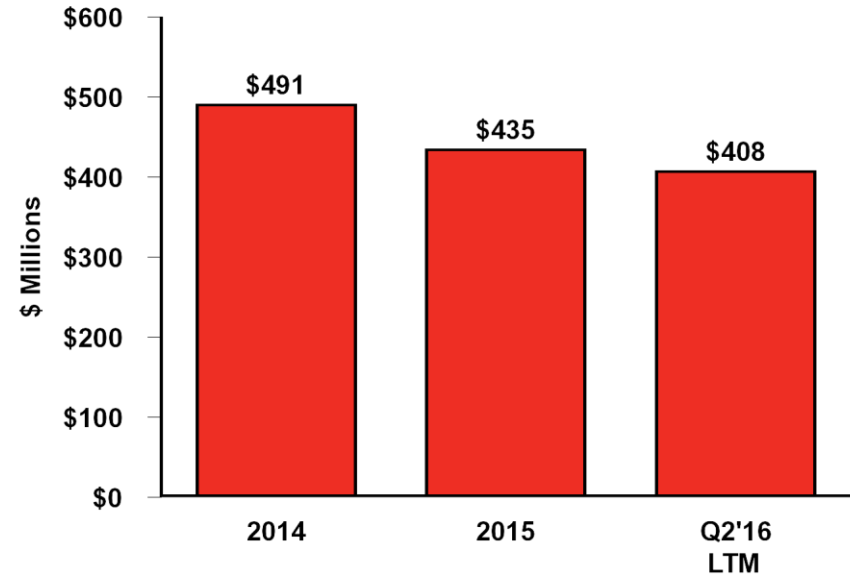


Distribution Segment - Historical Performance

Sales



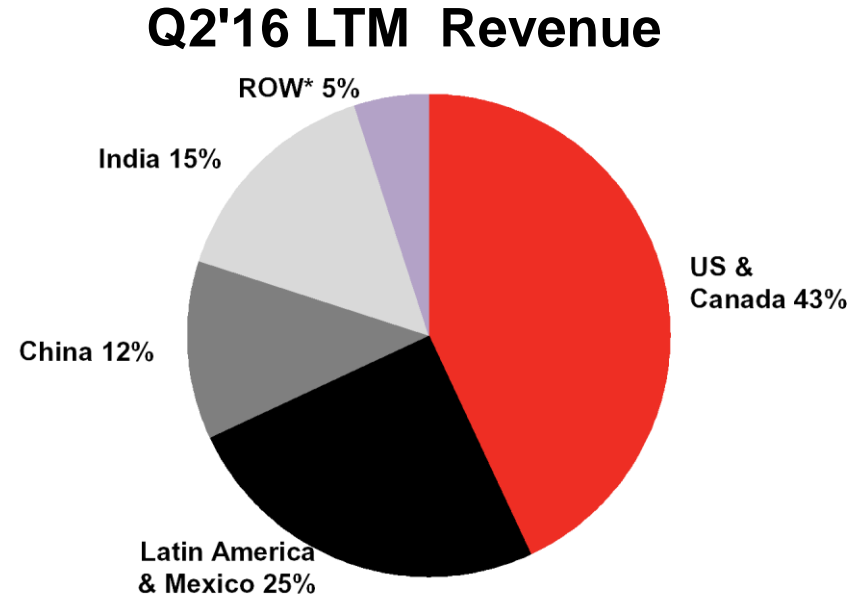
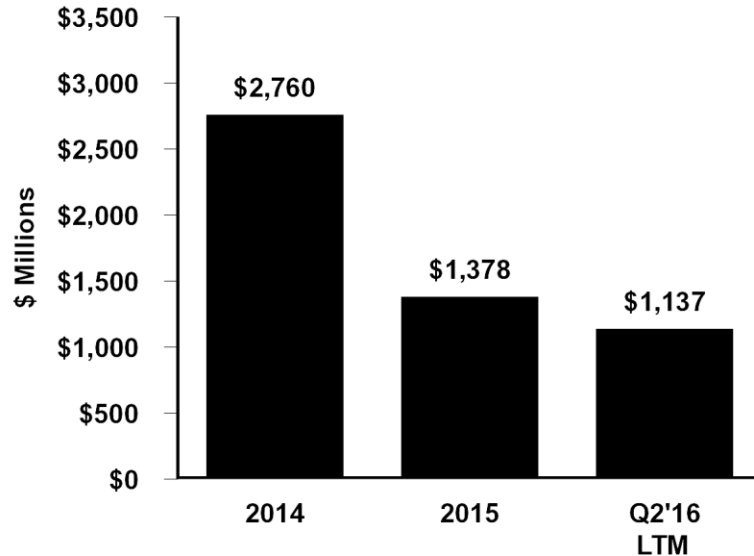
Segment EBIT¹



¹ Q4-2015 EBIT excludes \$23 million of restructuring actions and other charges.



Distribution Segment - Joint Venture Sales Unconsolidated



- The acquisition of the North American distributors, previously held as unconsolidated joint ventures, is the primary driver of a decline in revenues.

* Rest of World



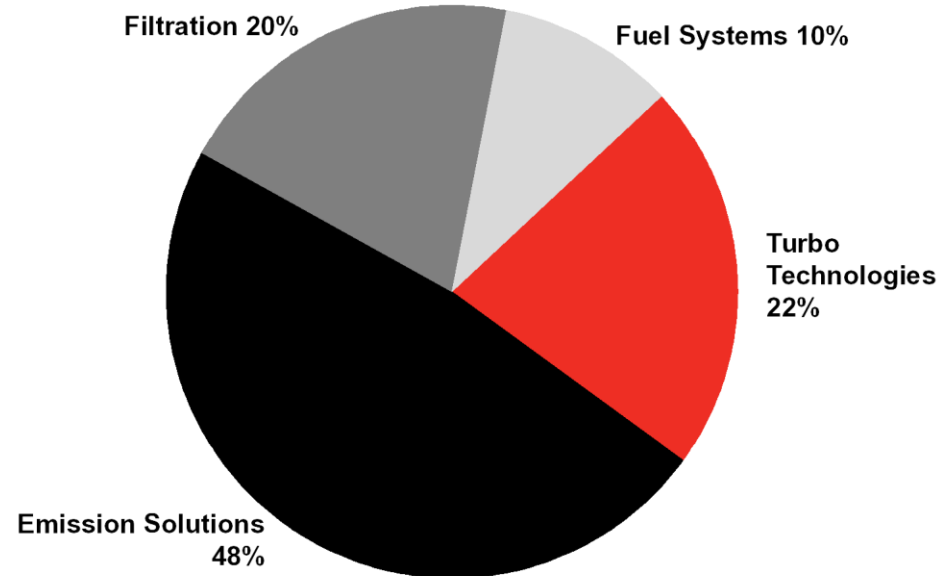
Components Segment - Overview

- 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

Q2'16 LTM Results

Sales: \$5.0 billion
EBIT¹: \$684 million
EBIT%: 13.7%

Q2'16 LTM Revenue by Business

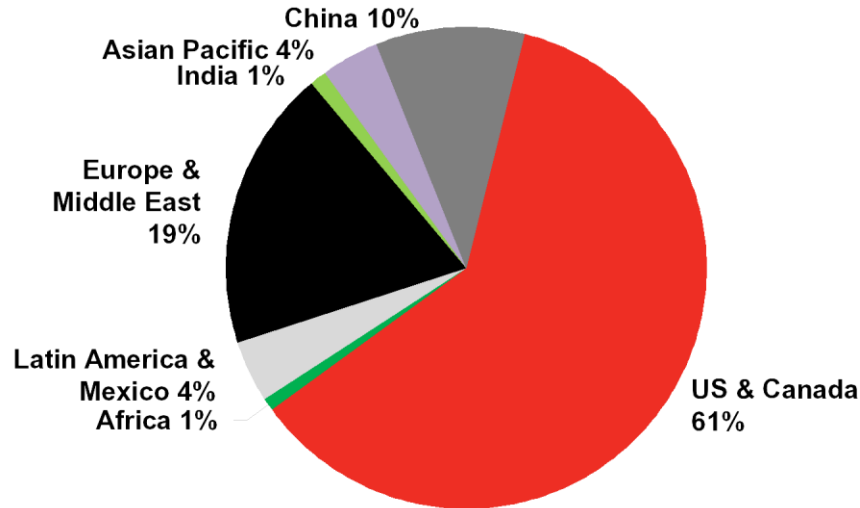


¹ Q4-2015 EBIT excludes \$9 million of impairment of light-duty diesel assets and \$13 million of restructuring actions and other charges.

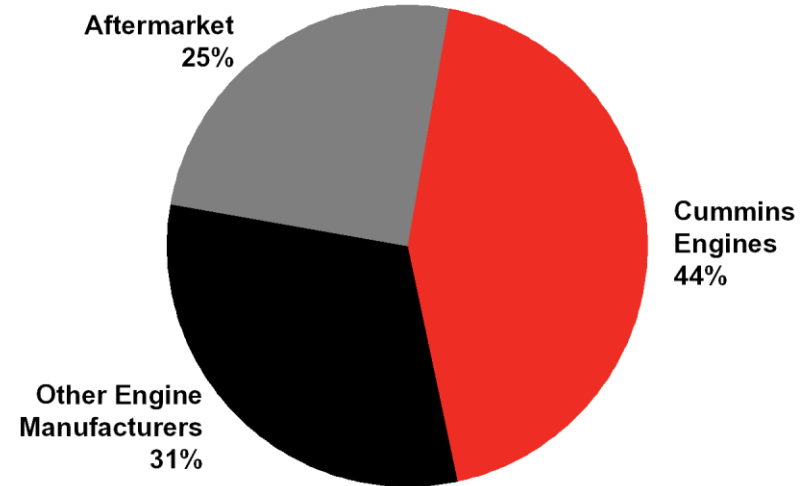


Components Segment - Sales Mix

Geographic



Application

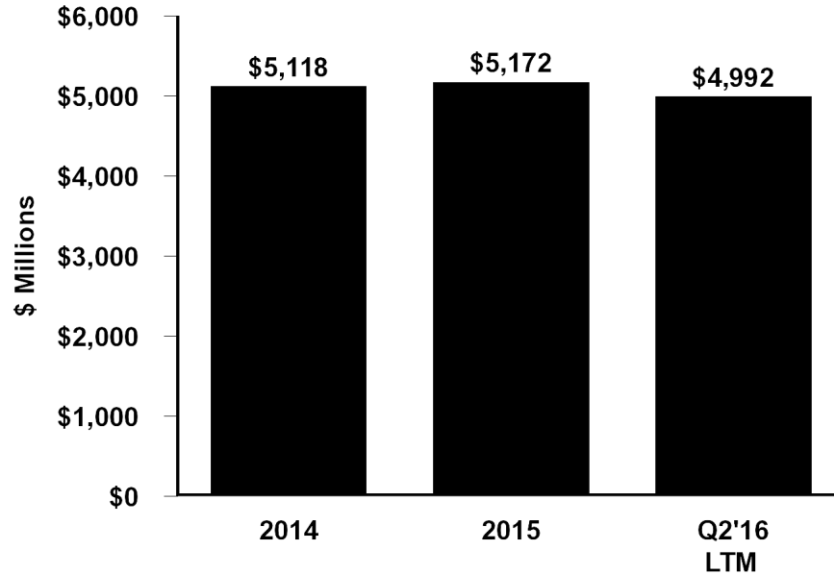


Q2'16 LTM Revenue: \$5.0 billion

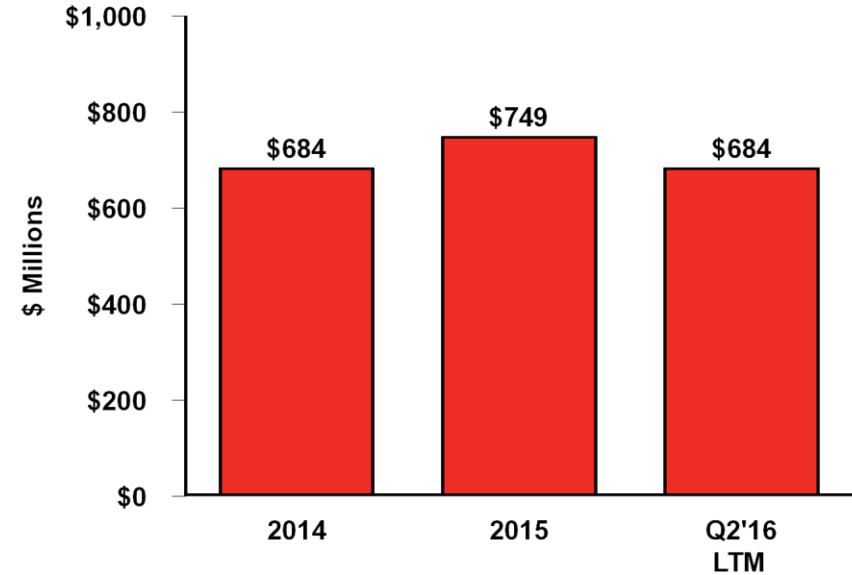


Components Segment - Historical Performance

Sales



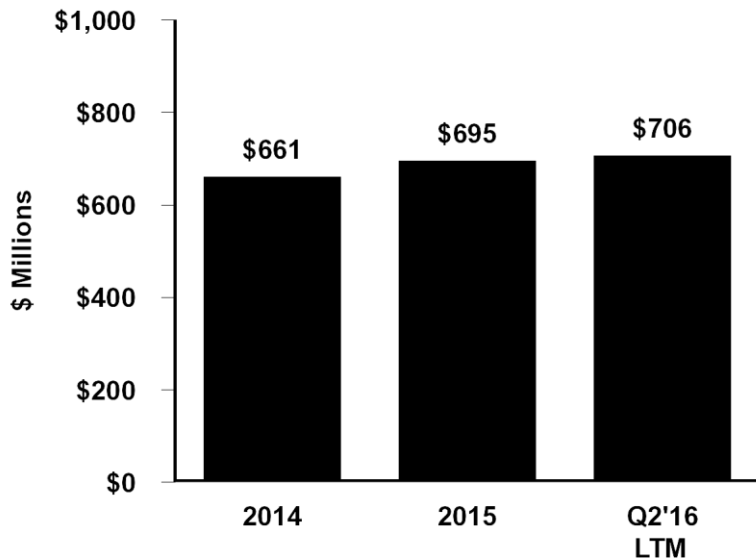
Segment EBIT¹



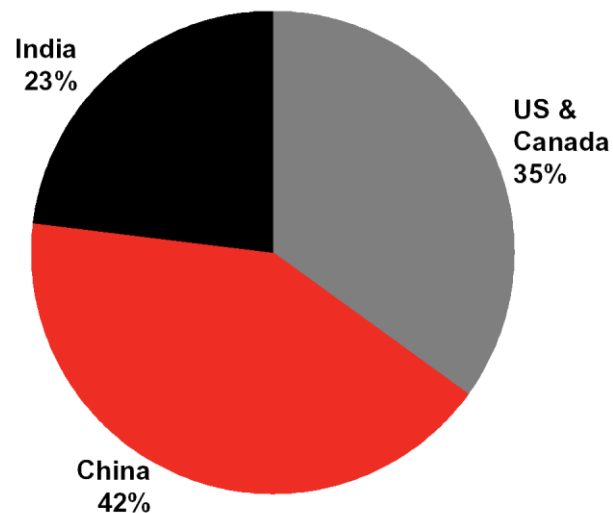
¹ Q4-2015 EBIT excludes \$9 million of impairment of light-duty diesel assets and \$13 million of restructuring actions and other charges.



Components Segment - Joint Venture Sales Unconsolidated



Q2'16 LTM Revenue





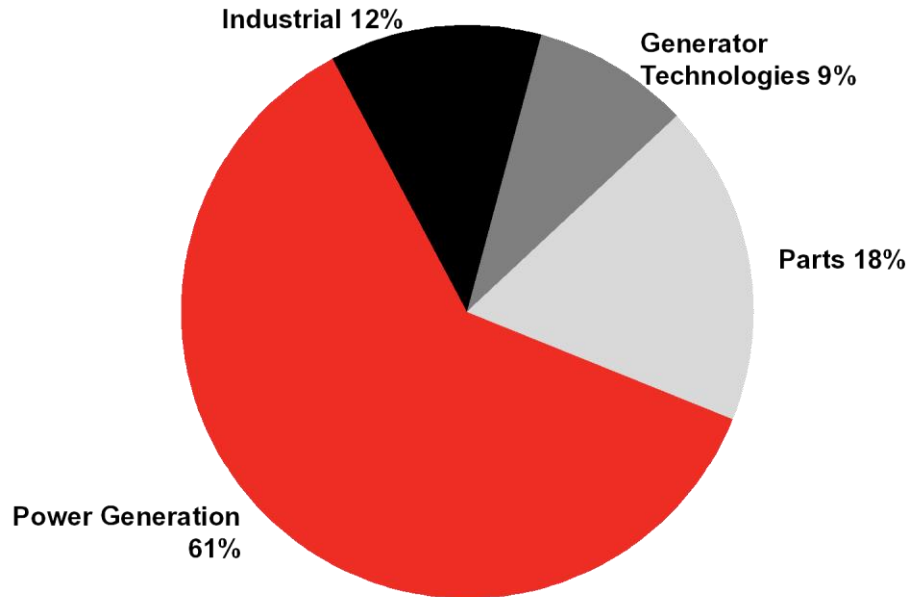
Power Systems Segment - Overview

- Global provider of power generation systems, components and services from 2kW to 3.5 Megawatts (MW)
- Leading supplier of alternators from 3kVA to 12,000kVa
- Leading market share in multiple geographies

Q2'16 LTM Results

Sales: \$3.7 billion
EBIT¹: \$269 million
EBIT%: 7.3%

Q2'16 LTM Revenue by Product

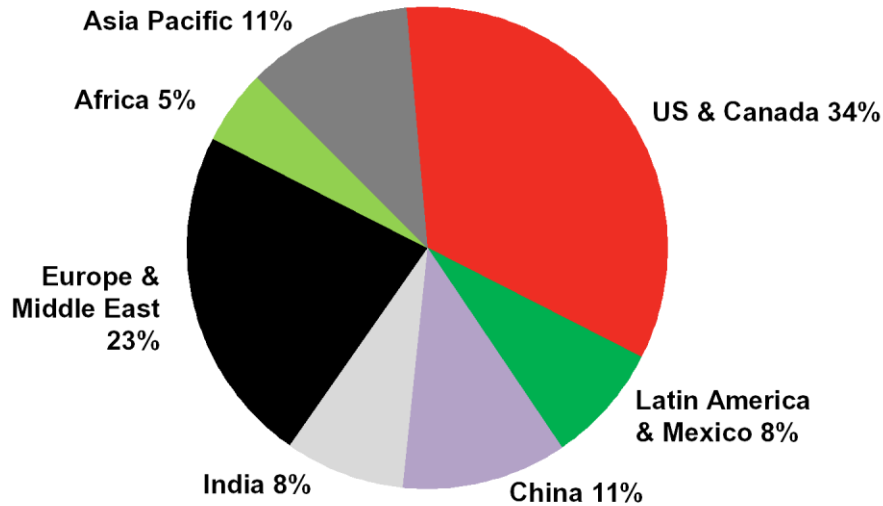


¹ Q4-2015 EBIT excludes \$26 million of restructuring actions and other charges.

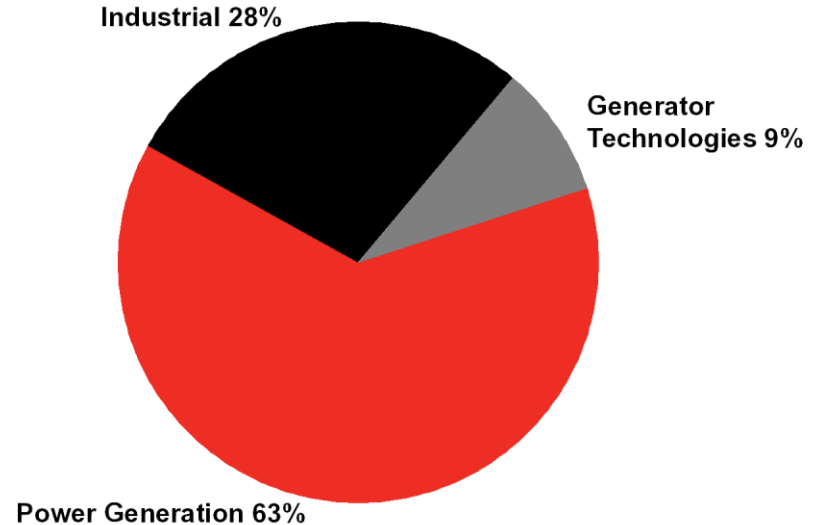


Power Systems Segment - Sales Mix

Geographic



Application

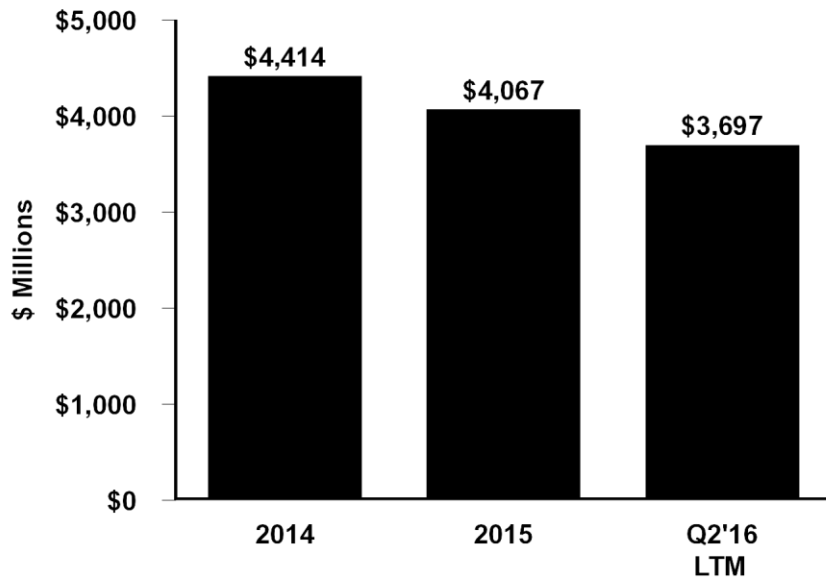


Q2'16 LTM Revenue: \$3.7 billion

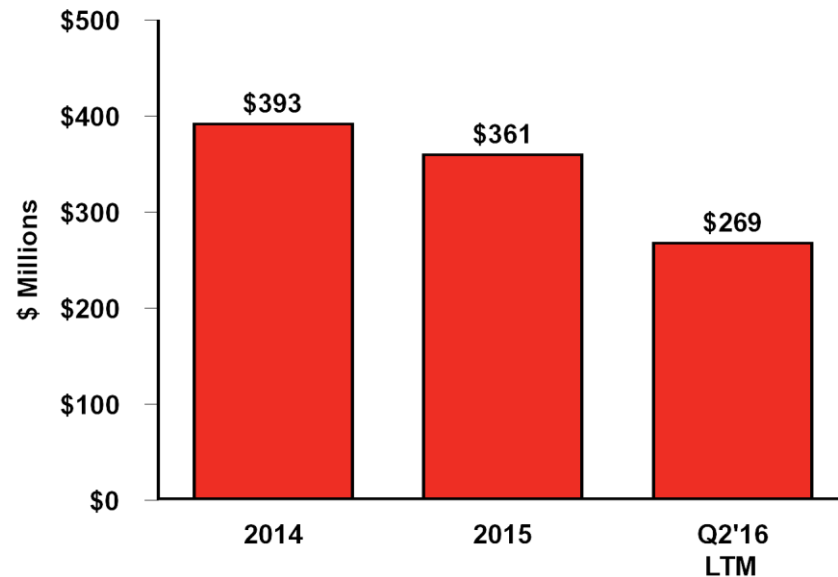


Power Systems Segment - Historical Performance

Sales



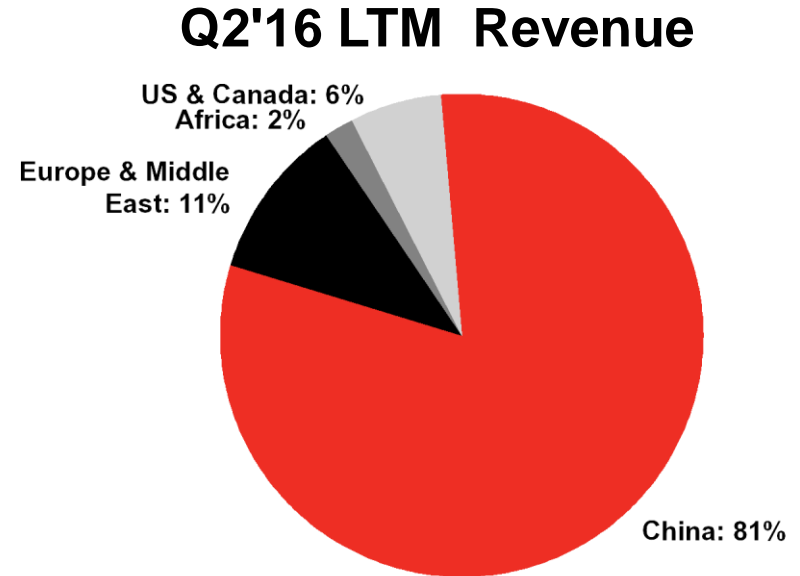
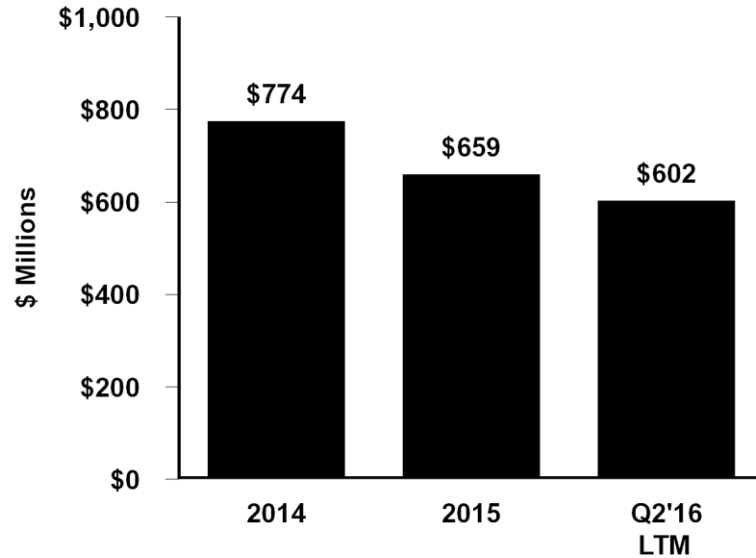
Segment EBIT¹



¹ 2014 EBIT excludes \$32 million in operating actions. Q4-2015 EBIT excludes \$26 million of restructuring actions and other charges.

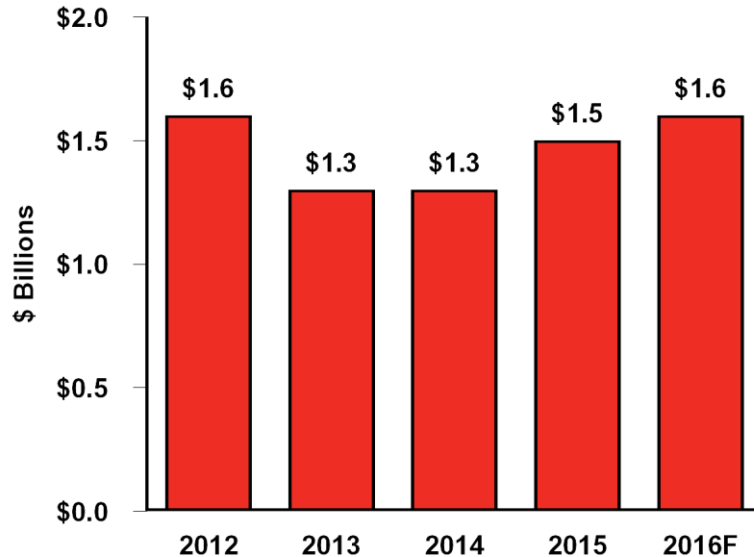


Power Systems Segment - Joint Venture Sales Unconsolidated





Emerging Market Sales - India¹



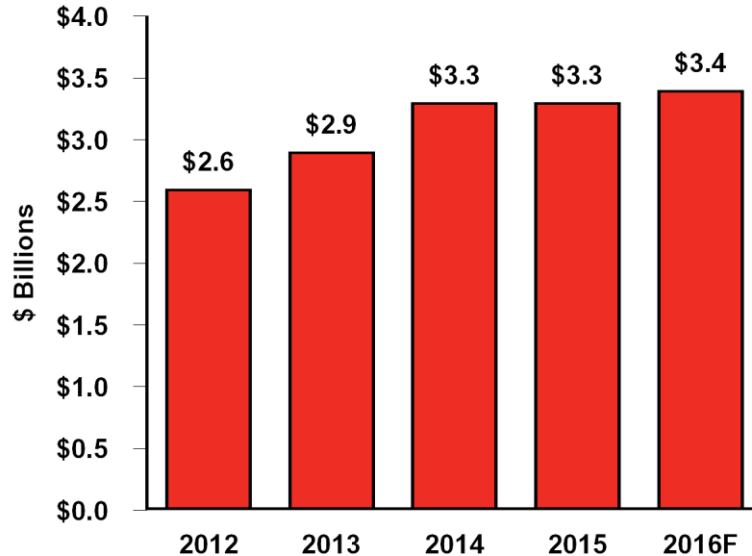
- Present in India for over 50 years
- Market leadership
- Strong OEM relationships
- Expanding our markets

Domestic consolidated + unconsolidated revenue

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

¹ Before intercompany eliminations.

Emerging Market Sales - China¹



- Present in China for over 40 years
- Broad product portfolio for On- and Off-Highway
- Strong OEM partners
- Growth from new products and tightening emission standards

Domestic consolidated + unconsolidated revenue

¹ Before intercompany eliminations



Non-GAAP Reconciliation - EBIT

Three Months Ended

In Millions

	July 3, 2016	June 28, 2015
EBIT	\$ 591	\$ 721
Less: Interest Expense	16	17
Income before taxes	575	704
Less: Income tax expense	148	208
Consolidated net income	427	496
	21	25
Less: Net income attributable to noncontrolling interests		
Net income attributable to Cummins Inc.	\$ 406	\$ 471

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 program. 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 for 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

In Millions

	July 3, 2016	June 28, 2015
Accounts and notes receivable, net	\$ 3,023	\$ 3,422
Inventories	2,778	2,986
Less: Accounts Payable - (principally trade)	(1,825)	(1,974)
Working capital measure	\$ 3,976	\$ 4,434
Working capital measure (% of Annualized Net Sales)	22.0%	22.1%

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

In Millions

	July 3, 2016	June 28, 2015
Net assets for operating segments	<u>\$ 8,762</u>	<u>\$ 9,717</u>
Liabilities deducted in computing net assets	5,991	5,960
Pension and other postretirement liabilities	(176)	(157)
Deferred tax assets not allocated to segments	441	323
Debt-related costs not allocated to segments	2	35
Total Assets	<u>\$ 15,020</u>	<u>\$ 15,878</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

In Millions

	July 3, 2016	June 28, 2015
Equity used for return on equity calculation	<u>\$ 7,497</u>	<u>\$ 8,495</u>
Defined benefit postretirement plans	<u>(636)</u>	<u>(641)</u>
Total shareholders equity	<u>6,861</u>	<u>7,854</u>
Noncontrolling Interest	<u>334</u>	<u>360</u>
Total Equity	<u>\$ 7,195</u>	<u>\$ 8,214</u>

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