The Power of Cummins
CAR Breakfast Briefing Series, March 25, 2014
Robert D. Borchelt, Ph.D.
A Rich History Rooted in Innovation

Founded in 1919 by Clessie Cummins and W.G. Irwin
Pioneered the development of diesel engines
Promoted diesels as a reliable source of power
Earned its first profit in 1937

The Power Of Cummins
J. Irwin Miller Era
A transformative and visionary leader

Integrated values into the fabric of our business
Embraced stakeholder model
Laid foundation for future global growth
Making people’s lives better by unleashing the Power of Cummins.

Vision:

• Motivating people to act like owners working together.
• Exceeding customer expectations by always being first to market with the best products.
• Partnering with our customers to make sure that they succeed.
• Demanding that everything we do leads to a cleaner, healthier, safer environment.
• Creating wealth for all stakeholders.

Mission:
Values

- **Integrity:**
  Strive to do what is right and do what we say we will do.

- **Innovation:**
  Apply the creative ingenuity necessary to make us better, faster, first.

- **Delivering Superior Results:**
  Exceed expectations, consistently.

- **Corporate Responsibility:**
  Serve and improve the communities in which we live.

- **Diversity:**
  Embrace the diverse perspectives of all people and honor with both dignity and respect.

- **Global Involvement:**
  Seek a world view and act without boundaries.
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.

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Sustainability

People
Building strong communities throughout the world with a diverse workforce

Products
Meeting clean air standards with technology-leading engines and related products

Practices
Creating a smaller global footprint by recycling, reducing and reusing in our buildings and communities

The Power Of Cummins
Cummins delivers power through our products
Complementary Businesses
Global Power Leader

Engine Business

Components Business

Power Generation Business

Distribution Business
Complementary Businesses

2013 Revenue: $17.3 billion

- Engine: 48%
- Components: 20%
- Distribution: 18%
- Power Generation: 14%

The Power Of Cummins
Engine Business

$10 B in sales in 2013

953,528 Engines in 2013

Broad range of products in every global market

The Power Of Cummins
Engine Business
Market Applications

- Heavy-Duty Truck
- Medium-Duty Truck & Bus
- Light-Duty Automotive & RV
- Mining, Marine, Oil & Gas, Government
- Construction & Agriculture
- Stationary Power

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Power Generation Business

$3B in sales

Pre-integrated power systems from 2 kW-2,750 kW

one company, one source for complete power solutions

The Power Of Cummins
Power Generation Business

Lines of Business

Power Products

Power Systems

Power Solutions

Generator Technologies

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Components Business

$4.3\text{ B}\text{ in sales}$

4 Integrated businesses

Key technologies for meeting global emission standards

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Components Business

Lines of Business

- Emission Solutions
- Turbo Technologies
- Filtration
- Fuel Systems

The Power Of Cummins
Distribution Business

$3.7 B in sales

Delivering products and service through more than 120 global distributors

Cummins’ direct link to end users

The Power Of Cummins
Distribution Business

Provide solutions for customers, leveraging the full range of Cummins products in more than 20 application segments.

Provide service and support through our extensive global distributor and dealer network of factory trained technicians.

Provide training to dealers and employees to ensure the customer sees one Cummins when interacting with our Company.

The Power Of Cummins
Cummins delivers **power** through our **network**
Global Presence

190+ Countries and territories

48,000 Employees worldwide

Develop, design and manufacture products on 6 continents

The Power Of Cummins
2013 Global Sales

- U.S. 52%
- Outside U.S. 48%
  - Mexico/Latin America 10%
  - Europe/Middle East 16%
  - Asia Pacific 10%
- China 7%
- India 4%
- Africa 1%

The Power Of Cummins
Global Partnerships
We deliver products and services to worldwide customers.

The Power Of Cummins
Customer Support Excellence
Customer Success. Every Time

Strong
global network

Same level
of support and services

Customers’ success = Cummins’ success
Cummins delivers power through our employees.
Our employees are the reason for our success. Their hard work, innovation and agility have made Cummins the company it is today.

--- Tom Linebarger, Chairman & CEO
Diversity

Embrace the diverse perspectives of all people and honor with both dignity and respect.

- Creates an environment where innovation and ideas flourish.
- Builds a workforce that reflects the communities where Cummins does business.
- Encourages all employees to use their best talents.

The Power Of Cummins
Serve and improve the communities in which we live

While some still argue that business has no social responsibility, we believe that our survival in the very long run is as dependent upon responsible citizenship in our communities and in the society, as it is on responsible technological, financial and production performance.

--- J. Irwin Miller
Corporate Responsibility

Focused Engagement:

Environment

Education

Social Justice/
Equality of Opportunity

Strategic Initiatives:

TEC: Technical Education for Communities

Power to Prosper

The Power Of Cummins
Every Employee, Every Community

308 783

Recorded volunteer hours globally

Cummins Environmental Challenge

11,513 employees invested 64,682 hours

10,000 trees planted or saved

12,000 tons of garbage diverted from landfills

19,000 tons of greenhouse gas reduced

The Power Of Cummins
Recognition

Scored perfect in Corporate Equality Index by Human Rights Campaign for the 9th straight year in 2014

Listed in Bloomberg’s Civic 50

Named one of the World’s Most Ethical Companies by the Ethisphere in 2014 for 7 years in a row

Listed Dow Jones Sustainability Index for an 9th consecutive year

Ranked in Newsweek’s Top 500 “Green Rankings

Ranked No.15 for Top Diversity Companies by DiversityInc. for the seventh consecutive year
Cummins delivers power through innovation.
Legacy of Innovation

Emission History: challenge becomes opportunity

1985
1997
1998
2001
2007
2014

EPA regulates commercial vehicles
EPA alleges industry “cycle beating controls”
Signed consent decree
Cummins decided to commit to the deadline
1st company to meet the 2010 emission standards
SuperTruck achieves important milestone
Investing in the Right Technologies

$700M R&D investment

Focused on delivering technology that is clean, sustainable, dependable

Emission Standards

The Power Of Cummins
Innovation in 2013

70+
New and updated Products

1st
To meet greenhouse gas standards

FFM
Fit For Market
Innovations

ISG
5.0L V8 Turbo Diesel
ISB 6.7
QuietConnect & PowerConnect
FFM SCR System
QSK95 for Rail

The Power Of Cummins
We need to know our markets and individual customers better than anyone else. We need to know our technologies better than anyone else and we need to be able to combine those so we can continue to differentiate our products in the eyes of our customers.

----John Wall, Chief Technology Officer
Cummins Innovative MES Solution

- Powered By

![Cummins Logo](cummins-logo.png)

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- Have you checked for surface defects? [ ] Yes [ ] No

**Goal: 5 Actual: 0 Cycle Time: 10 User: in 168 Customer: CUMMINS AUSTRIA**

- Post Defect
- Short Build
- Repair Station
- Submenu
- Re-Read from PLC
- Submit
Cummins Innovative MES Solution

- True Mass Customization is Possible
  - Thousands of Shop Orders, Built Mixed Model

- Across Multiple Business Units and Business Models
  - High/Low Volume, Complex/Simple Product, MTS/BTO/CTO, Large/Small Sites

- With a Standard Configurable Solution
  - 97% Common Objects, 3% Plant Customizable

- While Improving Results
  - 25%+ Efficiency, 50%+ Quality
Cummins Innovative MES Solution

“True Mass Customization is Possible, Across Multiple Business Units and Business Models, With a Standard Configurable Solution, While Improving Results.”

- Robert D. Borchelt, Ph.D.