

# China's Auto Industry - Driving Higher

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**JP Morgan**  
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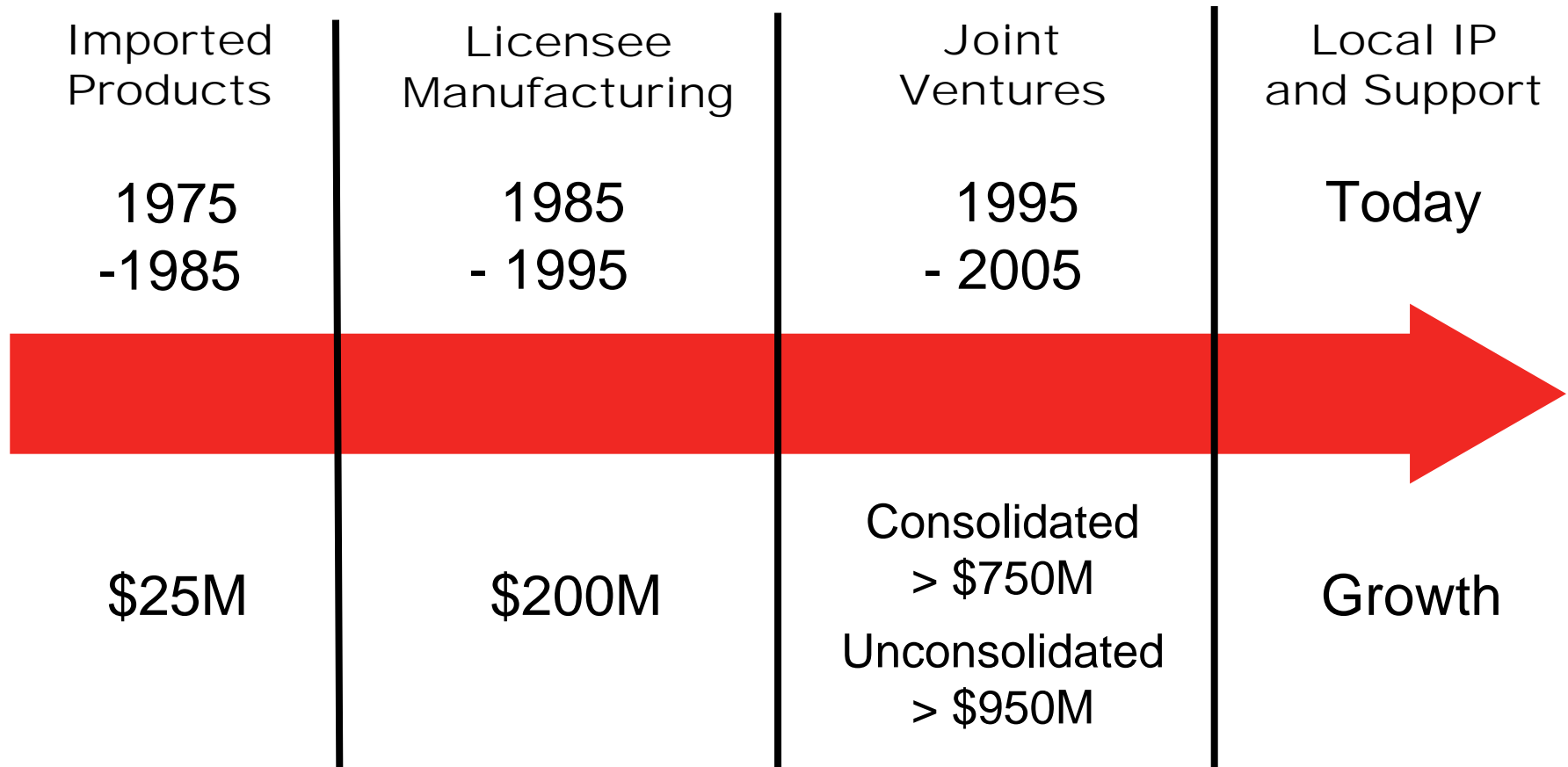
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This presentation contains certain forward-looking information. Any forward-looking statement involves risk and uncertainty. The Company's future results may be affected by changes in general economic conditions and by the actions of customers and 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 3 of our 2007 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](http://www.cummins.com)) for the reconciliation of EBIT to GAAP financial measures.



# Evolution of Cummins in China





# Cummins in China

## Beijing

- China Headquarters
- Genset Assembly Plant
- BFCEC JV Engine Plant  
*(under construction)*
- Beijing Distributor
- Emissions Solutions Plant  
*(under construction)*

## Xi'an

- XCEC JV Engine Plant
- Xi'an Distributor

## Shenyang

- Shenyang Distributor

## Wuxi

- CTT JV Plant
- Vanewheel JV Plant
- CGT Plant

## Chongqing

- CCEC JV Engine Plant

## Urumqi

- Urumqi Distributor

## Chengdu

- Chengdu Distributor

## Kunming

- Kunming Distributor

## Guangdong area

- Hong Kong Distributor
- Guangzhou Distributor
- Shenzhen JV Distributor



## Shanghai

- Filtration Campus
- Filtration JV Plant
- IPO & Marine Offices
- China PDC
- Valvoline JV
- Shanghai Distributor

## Wuhan

- DCEC JV Engine Plant
- Nelson Exhaust JV Plant
- Fuel Systems Plant  
*(under construction)*
- EA R&D Center
- Wuhan Distributor

## Taiwan

- Taiwan Distributor

> 300 dealers

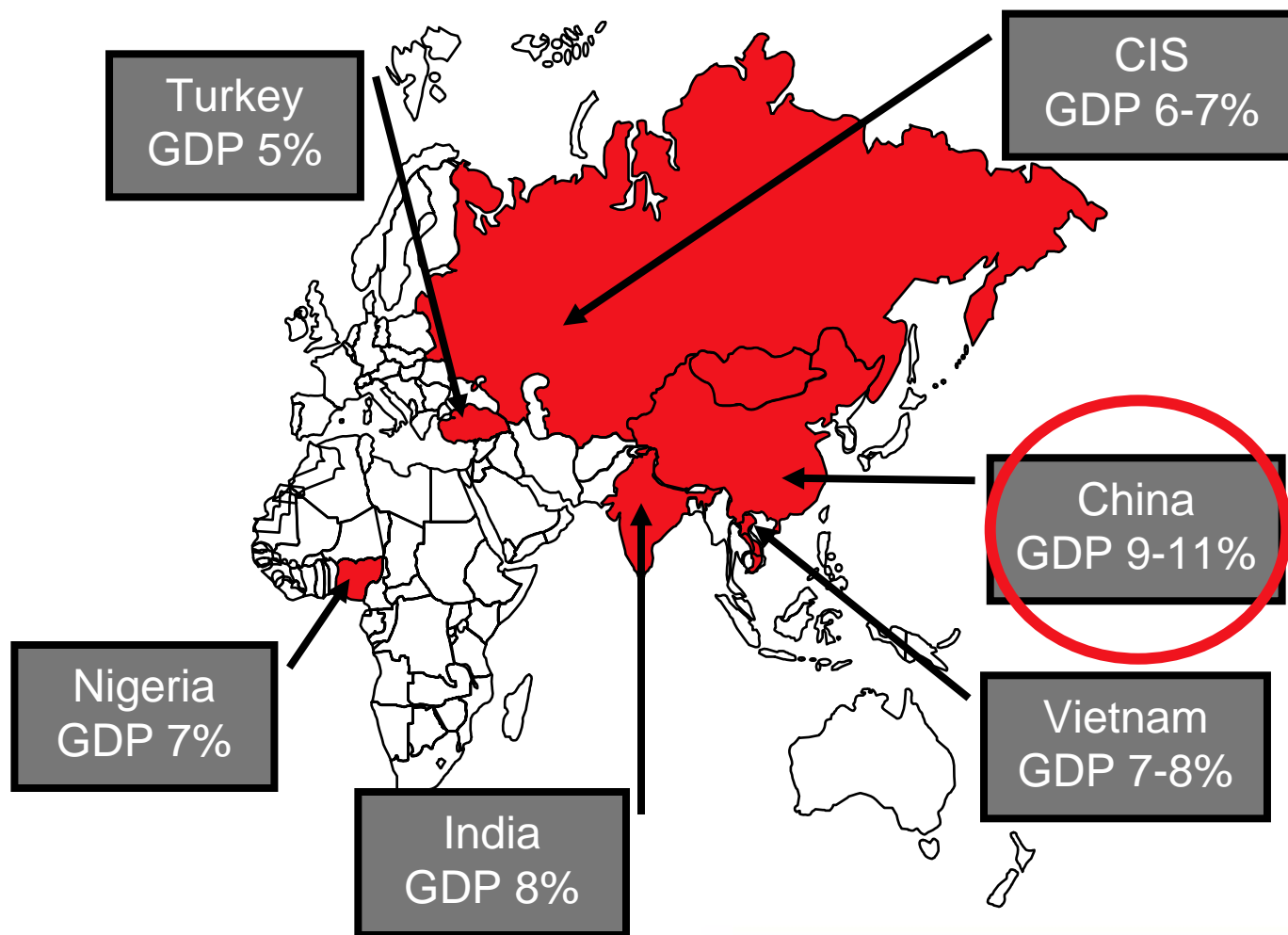


# Cultivating the China Auto Market

## Key Growth Drivers

- Robust and Sustainable GDP Growth
- Significant Infrastructure Development
- Tougher Global Emission Standards

# Robust and Sustainable GDP Growth





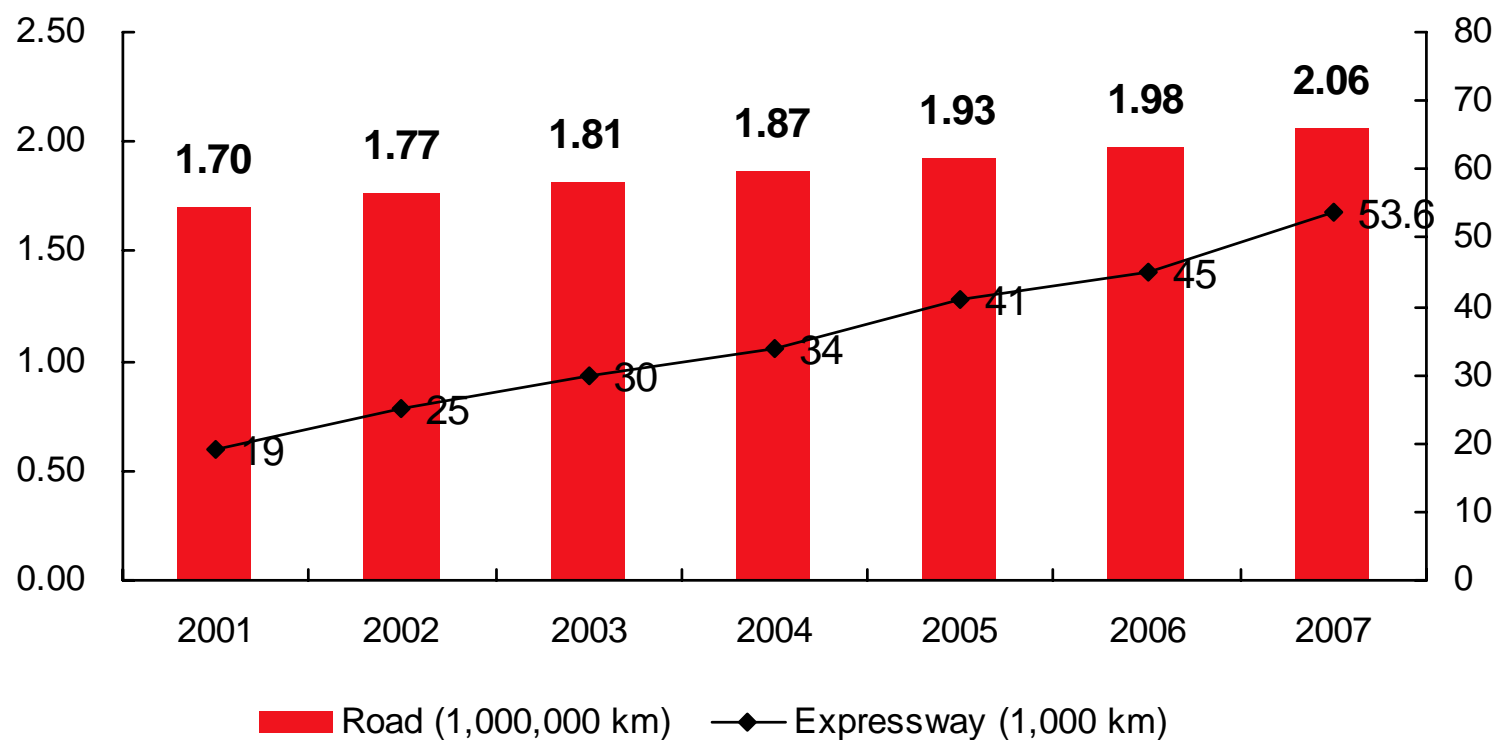
# Significant Infrastructure Development





# Transportation Infrastructure Investments...

China road mileage development

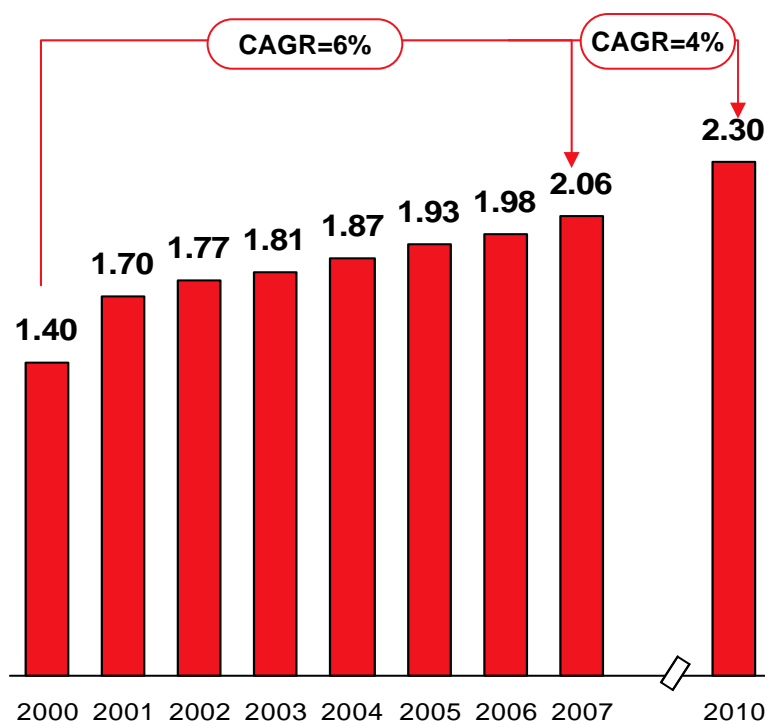


Source: 2006 Year Book of china Transportation & Communication, Ministry of Communications

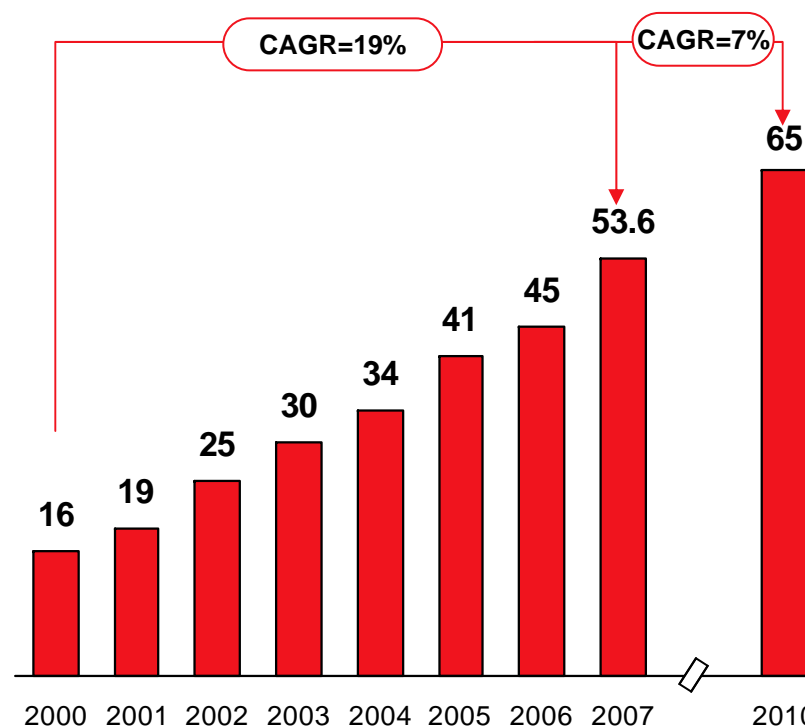


## ...with Plans for Continued Investment Over Time

Road length [1,000,000 km]



Expressway length [1,000 km]



NOTE: Road excludes village roads

Source: Chinainfobank; China Ministry of Communication, National Road Development Plan (2010 data)



## “2030 Vision” - Nationwide Road Network

- **85,000 Km of highways**
  
- **“7918 Plan”**
  - 7 Radiating roads from Beijing
  - 9 North - South roads
  - 18 East - West roads

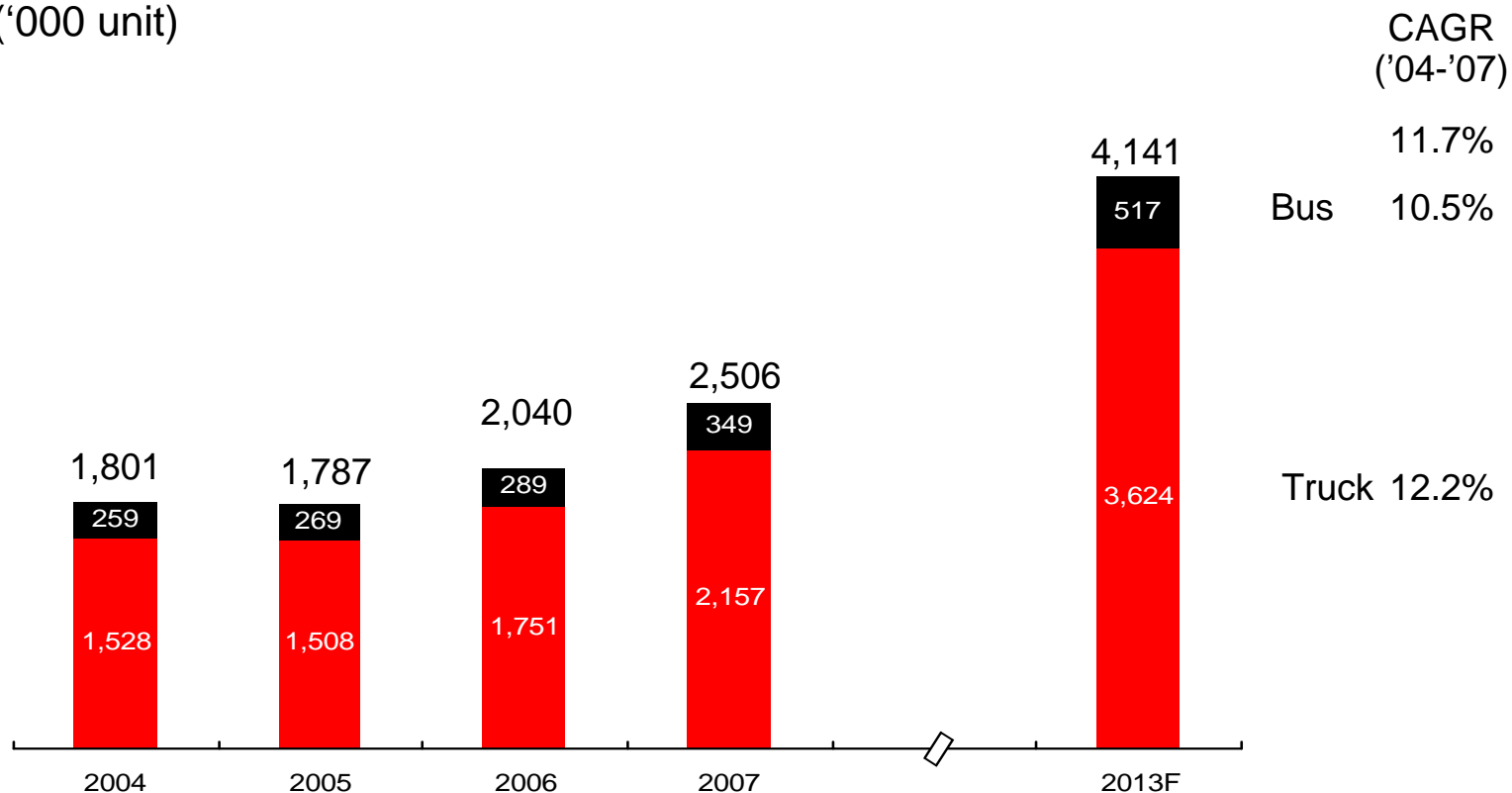
# The "7918 Plan"





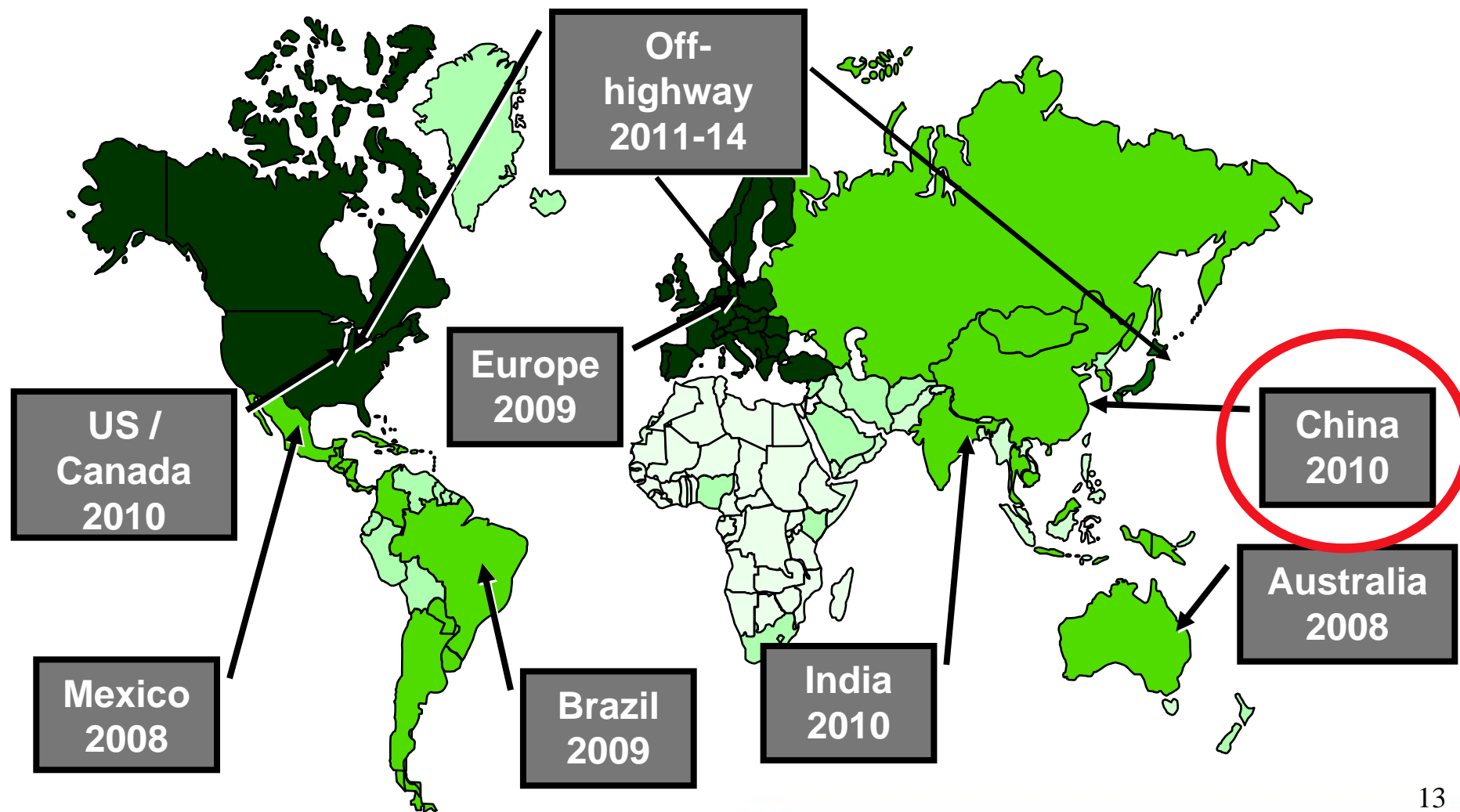
# Economic Growth and Heavy Road Infrastructure Investment is Spurring Truck and Bus Sales

Commercial Vehicle Market Development  
(‘000 unit)





# Tougher Global Emission Standards





# Commercial Market Definition in China - Vehicle Classification

## Truck Definition

Category	Definition
Heavy Duty Truck (HDT)	GVW > 14T (> 30,800 lbs.)
Medium Duty Truck (MDT)	6T < GVW ≤ 14T (13,200 – 30,800 lbs)
Light Duty Truck (LDT)	1.8T < GVW ≤ 6T (3,968- 13,227 lbs.)
Mini Truck	GVW ≤ 1.8T (≤ 3,968 lbs.)

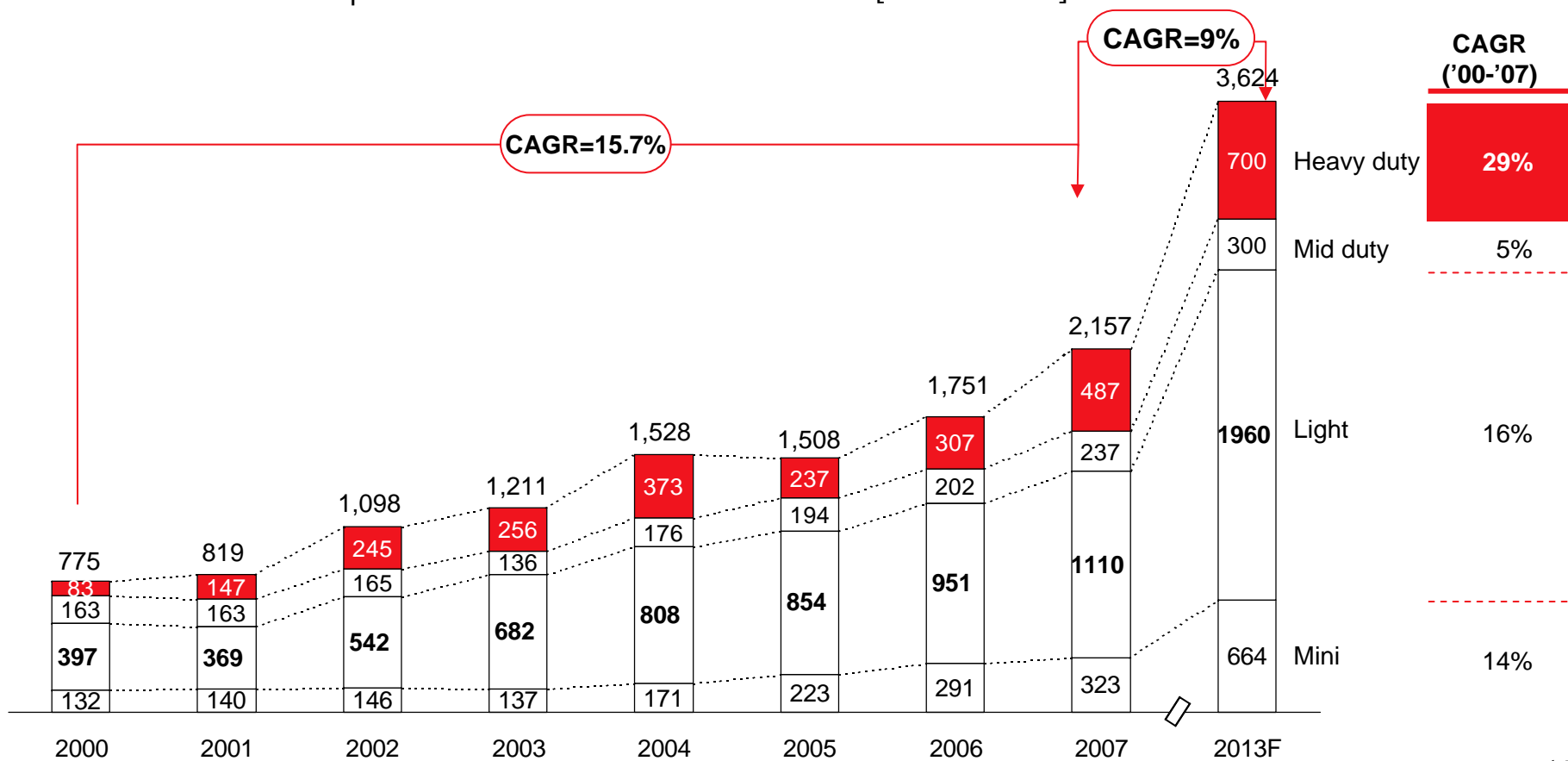
## Bus Definition

Category	Definition
Large and super large Bus	L > 10 meter
Medium Bus	7 < L ≤ 10 meter
Light Bus (LB)	3.5 < L ≤ 7 meter



# Truck Market Development By Segments

Sales Development of China Truck Market ['000 units]



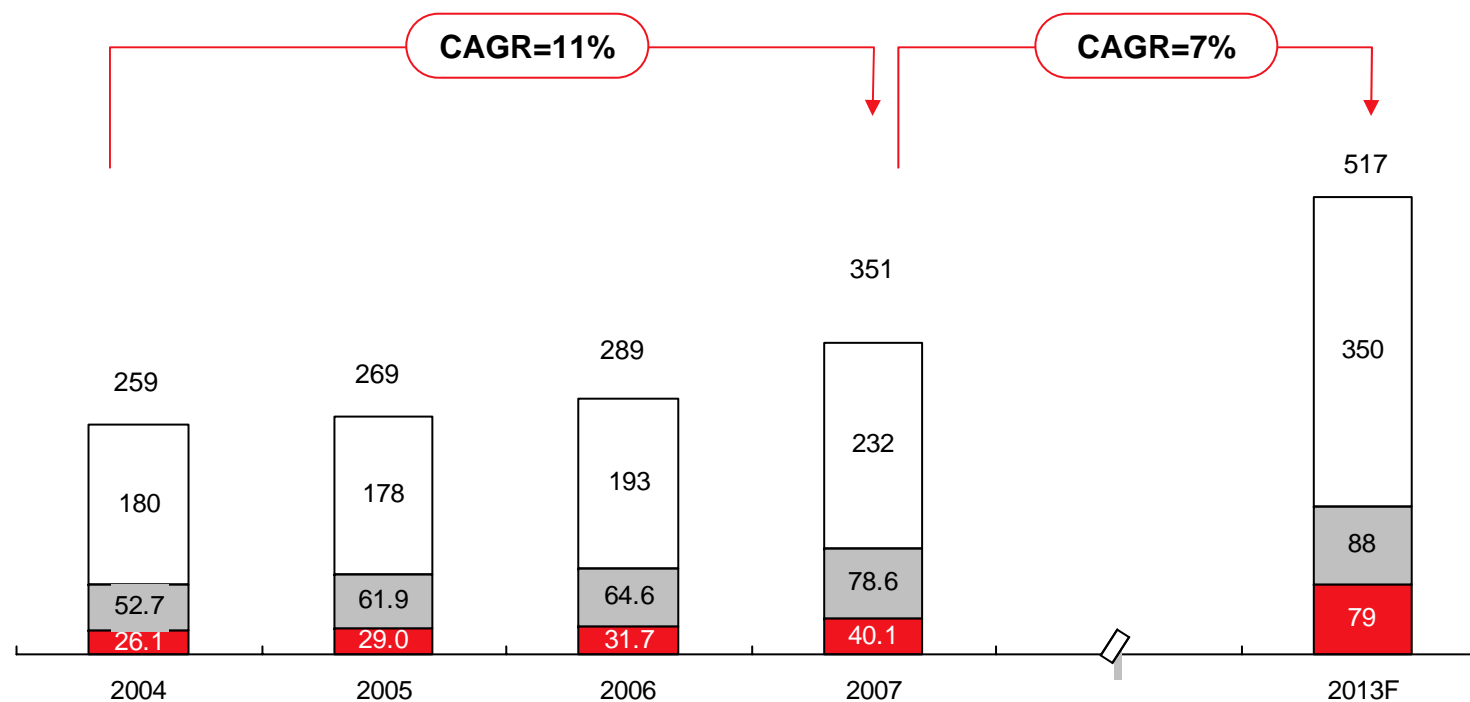
Source: China Automobile Yearbook 2007, China Auto Association (CAAM), Cummins China Analysis



# Bus Market Development By Segments<sup>1)</sup>

Development of China Bus Market

[1,000 units]

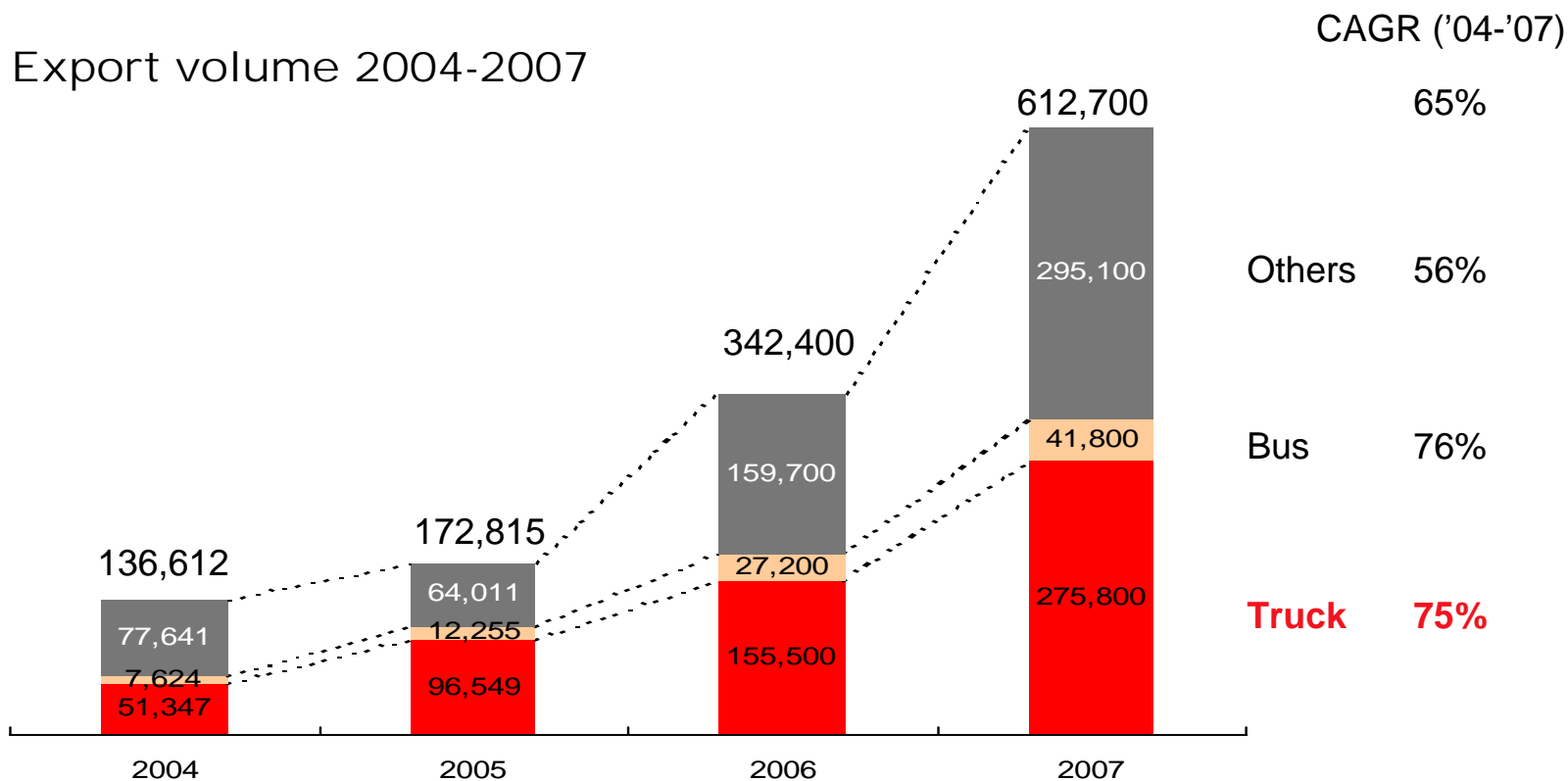


1) Excluding mini bus segment  
Source: CAAM & ISI Emerging Markets China

■ Large   ■ Medium   □ Light



# China Automotive Exports Grew Rapidly with Truck Exports Increasing 75%



Notes: 1. Others include passenger cars, bus and truck chassis

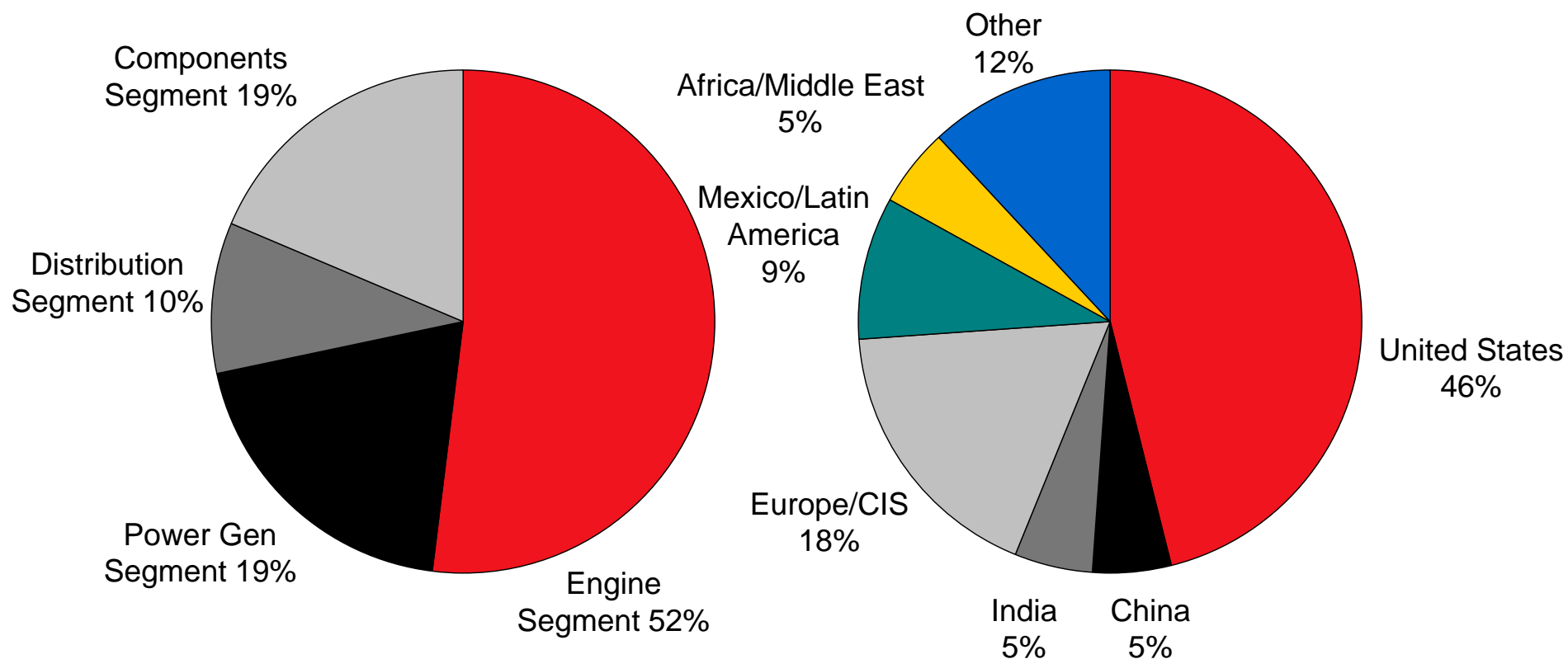
2. Including both gasoline and diesel trucks

Source: CAAM, Cummins China Analysis



# Cummins – Who We Are

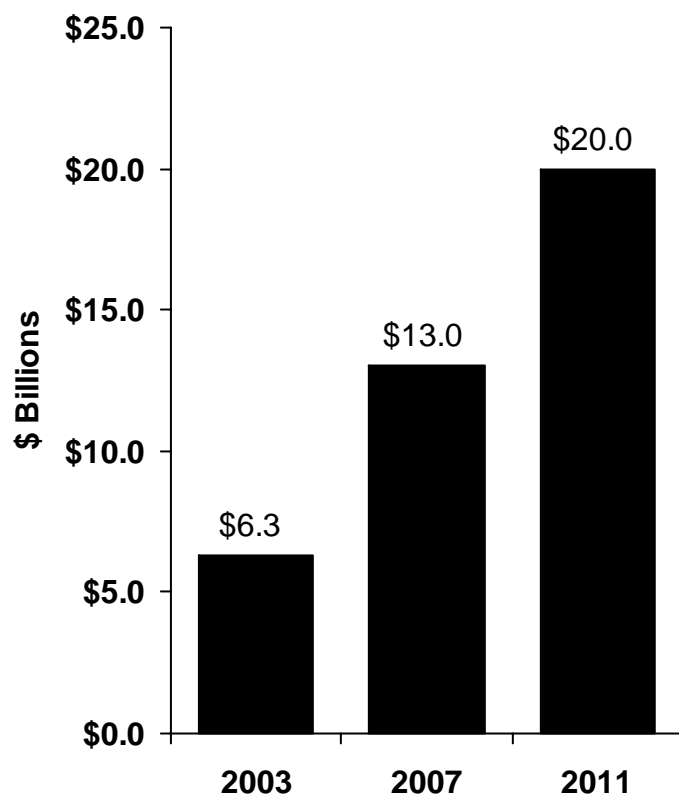
## 2007 Revenue by Segment and Geography



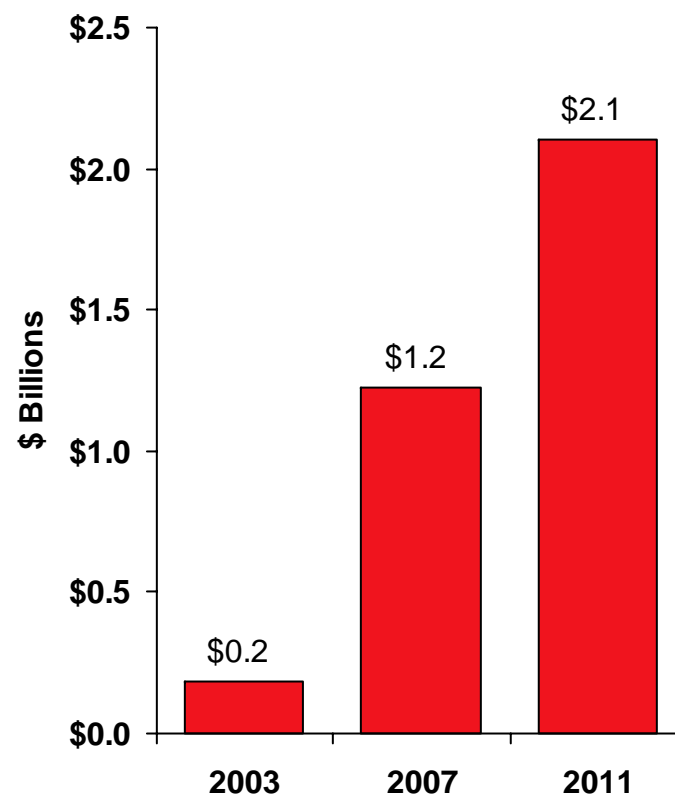


# Cummins – Where We're Headed

## Sales



## EBIT



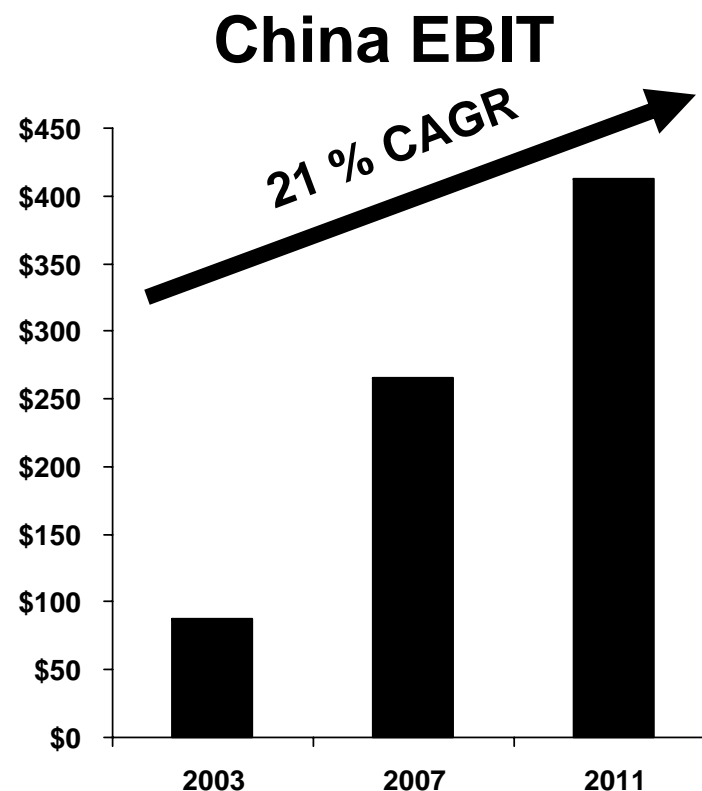
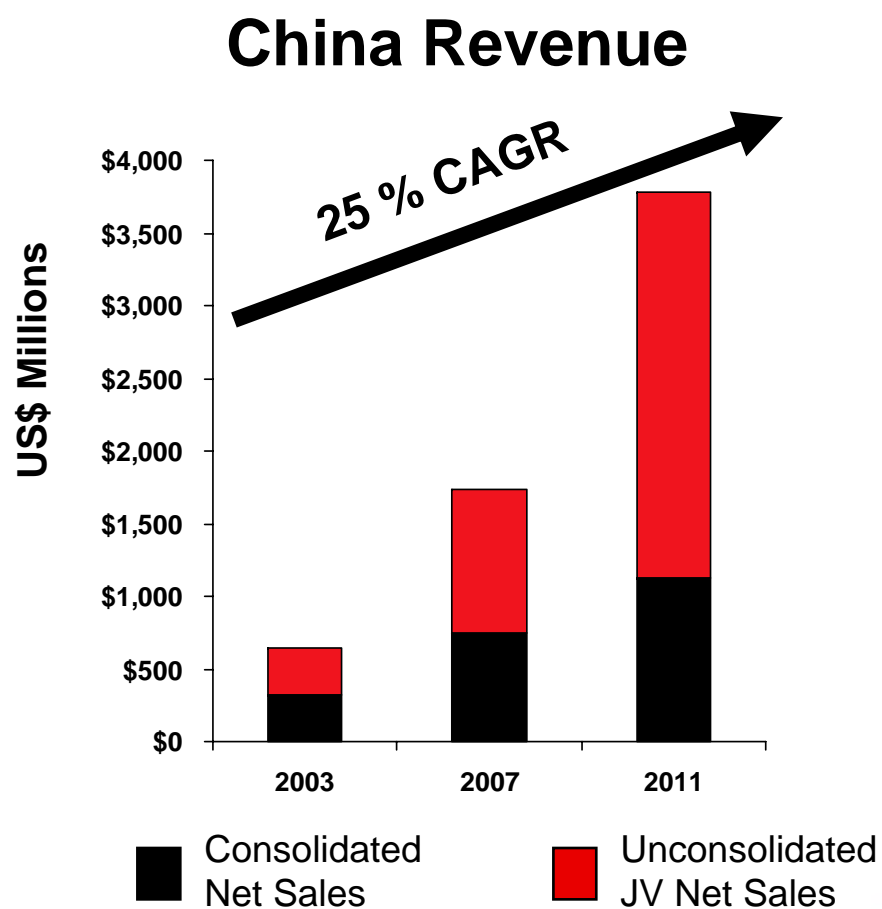


## Cummins – How We're Getting There

- Disciplined investment for growth
- Demonstrated technology leadership
- Macro growth trends play to Cummins' strengths:
  - Robust and Sustainable GDP Growth
  - Significant Infrastructure Development
  - Tougher Global Emission Standards
  - Strong Market Growth



# Leveraging Leadership in Rapidly Growing Truck Market in China





## Well Positioned for Growth in China

- Long-term partnerships
- Strong network of complementary businesses
- Market leadership
- Capacity growth
- Local technology capability
- New products
- People

Thank You for Your Interest in



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