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Cummins Further Increases Shareholder Value by Raising Its Dividend by 39 Percent

COLUMBUS, Ind.--(BUSINESS WIRE)--

The Cummins Inc. (NYSE:CMI) Board of Directors today increased the Company's quarterly cash dividend on common stock by 39 percent to 25 cents per share, up from 18 cents per share. The dividend is payable on August 31 to shareholders of record on August 17.

"After three consecutive years of record financial results, the Company continues to perform extremely well," said Tim Solso, Cummins Chairman and Chief Executive Officer. "Today's actions are indicative of the Board's continued confidence in the Company's ability to grow profitably and generate strong cash flow."

The dividend increase is the second for Cummins in the past year - the Company increased its dividend 20 percent in July 2006 - and comes four months after the Company announced a 2-for-1 stock split. On a split-adjusted basis, Cummins stock has nearly doubled in 2007.

"The Company's strong financial performance has resulted in significant positive cash flow, which has allowed us to strengthen our balance sheet and invest in profitable growth," Solso said. "At the same time, we understand the need to reward our shareholders' confidence in Cummins by returning value on their investment through increased share price, growing dividends and repurchasing stock. Today's decision by the Board is a strong statement of that commitment."

From 2003 through the end of 2006, Cummins produced an average annual total return (share price appreciation plus dividend) of approximately 46 percent - more than triple that of the S&P 500 and more than double that of the Company's peer group.

About Cummins

Cummins Inc., a global power leader, is a corporation of complementary business units that design, manufacture, distribute and service engines and related technologies, including fuel systems, controls, air handling, filtration, emission solutions and electrical power generation systems. Headquartered in Columbus, Indiana, (USA) Cummins serves customers in more

than 160 countries through its network of 550 Company-owned and independent distributor facilities and more than 5,000 dealer locations. Cummins reported net income of \$715 million on sales of \$11.4 billion in 2006. Press releases can be found on the Web at www.cummins.com.

Information provided in this release that is not purely historical are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including statements regarding the company's expectations, hopes, beliefs and intentions on strategies regarding the future. It is important to note that the company's 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, general economic, business and financing conditions, labor relations, governmental action, competitor pricing activity, expense volatility and other risks detailed from time to time in Cummins Securities and Exchange Commission filings.

Source: Cummins Inc.