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Cummins Filtration to Consolidate Some North American Filter Assembly in its San Luis Potosi, Mexico, Facility

Move Necessary to Remain Competitive in Wake of Steep Sales Drop, Industry Changes

COLUMBUS, Ind.--(BUSINESS WIRE)-- Cummins Filtration, a division of Cummins Inc. (NYSE: CMI) today announced that it is consolidating a significant portion of its North American filter assembly operations into its facility in San Luis Potosi, Mexico, over the next several months in order to keep the business competitive in this region.

Under the consolidation, filter assembly operations at the Cummins Filtration plant in Lake Mills, Iowa, will be moved to San Luis Potosi, beginning in November. The Company also is considering moving additional assembly work from its Filtration plant in Cookeville, Tennessee, but a final decision has not yet been made.

As a result of the consolidation, the Cummins workforce in Lake Mills will be reduced by approximately 400 workers between November 2009 and March 2010. Other operations, which employ approximately 110 people, will remain at the Lake Mills plant.

The consolidation, which involves assembly of oil and fuel filters, is expected to result in significant annual savings to Cummins Filtration after the costs associated with the action are recouped. The move will be seamless to Cummins Filtration customers.

"The filtration industry has become increasingly price sensitive in the past several years, and the recent reduction in demand has heightened the need for us to take decisive action to make our business more cost competitive, both for the present and well into the future," said Rich Freeland, President of the Components business, which includes Cummins Filtration.

"We have a number of under-used filtration plants in North America and, after considering a full range of factors, it was determined that consolidating much of our filter assembly in San Luis Potosi, which is our most modern and cost-effective facility, offers the business the best chance for long-term success," added Freeland.

Cummins Filtration currently employs approximately 330 people in San Luis Potosi and assembles the same type of products as those that will be moved to the plant in this

consolidation. The Cummins Filtration operation is part of a larger Cummins Inc. manufacturing campus in San Luis Potosi that also includes engine and power generation equipment production.

Cummins has had a wholly-owned manufacturing presence in San Luis Potosi since the early 1980s and employs approximately 2,000 people in the city. Cummins Filtration expects to add additional jobs in San Luis Potosi over the next 10 months as a result of the consolidation.

Cummins Filtration is the largest of four businesses that comprise the Cummins Components group. The Components group has been among the hardest hit of Cummins Inc.'s business segments in recent months, as the recession has resulted in a sharp drop in global demand for diesel engines and related components over the last three quarters.

Components sales were down 41 percent in the second quarter of this year, compared to the same period in 2008, and the segment reported a \$10 million loss before interest and taxes during the quarter. Cummins Filtration sales declined 37 percent from the same period in 2008.

"The current recession has led to the steepest drop in sales in the 52-year history of Cummins Filtration," said Cummins Filtration President Joseph Saoud. "Sales have fallen more than 30 percent since November 2008, and we do not expect any meaningful recovery in demand until 2011.

"This was an extremely difficult decision and we realize the job reductions in Lake Mills will have a significant impact on our employees and the community. We had hoped to avoid this kind of job loss, but after exhausting all our initial options for reducing costs, it is clear that further significant action is necessary to remain competitive," Saoud said.

Cummins is committed to assisting the Lake Mills community during the transition. In addition to offering severance and outplacement services, the Company will help affected workers in receiving Trade Adjustment Assistance from the federal government and will continue to support a number of community organizations in the Lake Mills area.

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 approximately 190 countries and territories through a network of more than 500 company-owned and independent distributor locations and approximately 5,200 dealer locations. Cummins reported net income of \$755 million on sales of \$14.3 billion in 2008. Press releases can be found on the Web at www.cummins.com.

Forward-looking disclosure statement

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.