

Cummins Inc. 2004 Annual Report



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 and territories through its network of 550 Company-owned and independent distributor locations and more than 5,000 dealer locations. With more than 28,100 employees worldwide, Cummins reported sales of \$8.4 billion in 2004.



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The Engine Business

manufactures and markets a broad range of diesel and natural gas engines and aftermarket products for automotive, industrial and power generation applications. Cummins engines can be found in medium- and heavy-duty trucks, buses, recreational vehicles, light commercial vehicles and pickup trucks in on-highway applications, and in equipment in the construction, mining, agriculture, marine, rail and government markets.

The Power Generation Business

is a global provider of power generation systems, components and services in standby power, distributed power generation, as well as auxiliary power in mobile applications to meet the needs of a diversified customer base.

The Filtration and Other Business

includes Fleetguard filtration systems, Nelson acoustic exhaust and silencing systems and Emission Solutions aftertreatment systems, as well as Holset turbochargers.

The International Distributor Business

consists of 17 Company-owned distributors and one joint venture that provide Cummins products, parts and service to our customers through 116 locations in 77 countries and territories worldwide.

Left: Cummins corporate headquarters in Columbus, Indiana.

Financial Summary

Cummins financial performance in 2004 was very strong, as shown in the charts to the right. Net earnings, net sales, earnings before interest and taxes (EBIT) and net cash provided by operating and investing activities were all records for the Company. In 2004, return on equity reached its highest level in a decade. Earnings per diluted share of \$7.39 were the second highest in Cummins history.

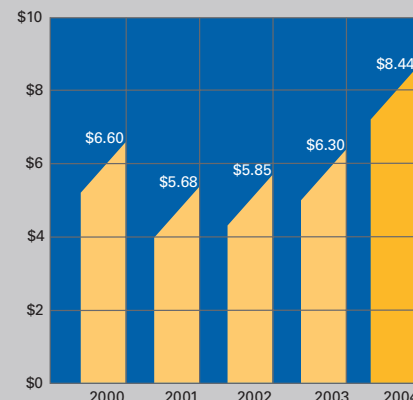
The Company is highly diversified in both product range and global presence. In 2004, the Engine Business accounted for 57 percent of revenues, while Power Generation was 19 percent, Filtration and Other was 15 percent and International Distributors represented 9 percent.*

Forty-eight percent of 2004 revenues were generated outside the United States, with the largest contributions coming from Asia/Australia (17 percent), Europe (14 percent) and Mexico/Latin America (7 percent). Since 2000, the compound annual growth rate of our international sales has been more than 21/2 times that of our sales in the United States.

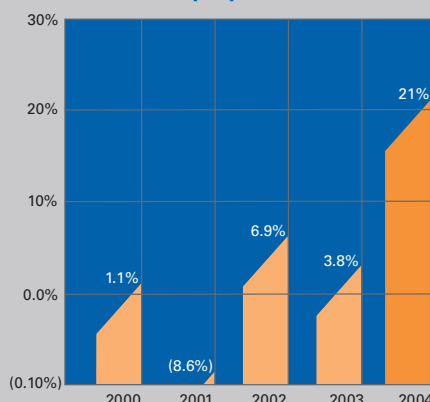
Net Earnings (\$ in millions)



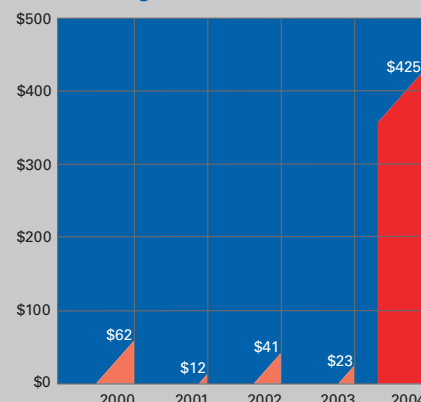
Net Sales (\$ in billions)



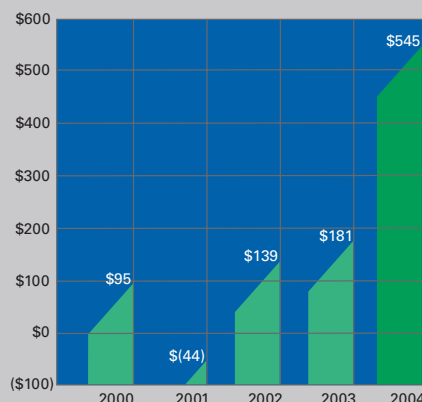
Return on Equity (%)



Cash from Operating and Investing Activities (\$ in millions)**



EBIT* (\$ in millions)**



*Calculated before intercompany eliminations.

**Non-GAAP measure, defined as the net cash provided by operating activities minus the net cash used in investing activities. See Consolidated Statements of Cash Flows in the Form 10-K.

***Non-GAAP measure, fully defined in table on Page 3.

Selected Financial Data

\$ Millions, except per share, shareholder and employee data	2004	2003	2002	2001	2000
Statements of earnings data					
Net sales	\$8,438	\$6,296	\$5,853	\$5,681	\$6,597
Cost of sales	6,758	5,173	4,808	4,668	5,330
Gross margin	1,680	1,123	1,045	1,013	1,267
Selling and administrative expenses	1,015	830	736	721	773
Research and engineering expenses	241	200	201	220	246
Equity, royalty and other income from investees	(111)	(70)	(22)	(10)	(7)
Other (income) expense, net	(10)	(18)	(9)	—	6
Restructuring, impairment and other changes and (credits)	—	—	(8)	126	154
Loss on early retirement of debt	—	—	8	—	—
Earnings (loss) before interest, income taxes, minority interest, preferred dividends and cumulative effect of change in accounting principles (EBIT)					
	545	181	139	(44)	95
Interest expense	113	90	61	77	87
Provision (benefit) for income taxes	56	12	(38)	(44)	(20)
Minority interests in earnings of consolidated subsidiaries	26	14	16	15	14
Dividends on preferred securities of subsidiary trust	—	11	21	11	—
Net earnings (loss) before cumulative effect of change in accounting principles	350	54	79	(103)	14
Cumulative effect of change in accounting principles, net of tax*	—	(4)	3	—	—
Net earnings (loss)**	\$ 350	\$ 50	\$ 82	\$ (103)	\$ 14
Basic earnings (loss) per share					
Net earnings (loss) before cumulative effect of change in accounting principles	\$ 8.30	\$ 1.37	\$ 2.06	\$ (2.70)	\$ 0.35
Cumulative effect of change in accounting principles, net of tax	—	(.09)	0.07	—	—
Net earnings (loss)	\$ 8.30	\$ 1.28	\$ 2.13	\$ (2.70)	\$ 0.35
Diluted earnings (loss) per share					
Net earnings (loss) before cumulative effect of change in accounting principles	\$ 7.39	\$ 1.36	\$ 2.06	\$ (2.70)	\$ 0.35
Cumulative effect of change in accounting principles, net of tax	—	(.09)	0.07	—	—
Net earnings (loss)	\$ 7.39	\$ 1.27	\$ 2.13	\$ (2.70)	\$ 0.35
Number of shares for earnings (loss) per share (in millions):					
Basic	42.2	39.3	38.6	38.3	38.2
Diluted	49.2	39.5	38.8	38.3	38.2
Balance sheet data					
Working capital	\$1,076	\$ 735	\$ 653	\$ 557	\$ 589
Property, plant and equipment, net	1,648	1,347	1,305	1,405	1,596
Total assets	6,527	5,126	4,837	4,311	4,448
Total debt	1,645	1,429	1,137	945	1,197
Preferred securities of subsidiary trust ***	—	—	291	291	—
Shareholders' equity	1,401	949	841	983	1,280
Other data					
Capital expenditures	\$ 151	\$ 111	\$ 90	\$ 206	\$ 228
Depreciation and amortization	272	223	219	229	240
Cash dividends per share	\$ 1.20	\$ 1.20	\$ 1.20	\$ 1.20	\$ 1.20
Shareholders of record	4,000	4,200	4,300	4,600	4,800
Number of employees	28,100	24,000	23,700	24,900	28,000

* A charge of \$4 million, or \$(0.09) per share, related to the adoption of a new accounting standard for variable interest entities in 2003 and a credit of \$3 million, or \$0.07 per share, in 2002 related to an accounting change regarding the measurement date of our benefit plans.

** Net earnings include income tax benefits of \$61 million in 2004 from non-recurring tax benefits and \$57 million in 2002 due to settlement of prior-year tax audits.

***Included in total debt beginning in 2003.

Letter to Shareholders

"...the power of our Company is not just our products, but the ideas, energy and passion of our employees."

This past year was the best in Cummins history. Record-setting results translated into an excellent total return for shareholders of 74.6 percent. The result was almost five times greater than the total return earned by our peer group and nearly seven times greater than the S&P 500 Index. When combined with our stock performance in 2003, total return for the last two years averaged 77.4 percent.

Meanwhile, our market capitalization – or stock price times outstanding shares – more than tripled in the past two years to \$3.8 billion.

Cummins businesses set an annual sales record of \$8.4 billion, topping our prior peak in 1999 by 27 percent. Earnings before interest and taxes, net earnings and cash flow from operations were also record-setting. Earnings per share were \$7.39.

These results were particularly gratifying because only two years ago, we were mired in one of the worst recessions I can remember in my 33 years with the Company. Two of our four businesses were losing money, our share price had dropped to \$19, our debt was

downgraded to below investment grade and we were experiencing significant decreases in product demand.

The difference between then and now rests largely with the actions taken by the people of Cummins. Once again, they illustrated that the power of our Company is not just our products, but the ideas, energy and passion of our employees. In the face of troubling financial times, they made a commitment to sharpen their cost-reduction skills, to pursue efficiency and process improvement and to rethink the Company's go-to-market strategies.

This focus on execution, combined with a superior line of new products and an extensive service and distribution network, put Cummins in position to take advantage of the resurgence in the U.S. economy, as well as growing international opportunities.

And we did. Business Unit performance for 2004 is reviewed, beginning on Page 8.

Business highlights include the following:

- We produced more than 700,000 diesel engines worldwide, including shipments from consolidated and unconsolidated entities and record shipments of the popular turbo diesel engine for the Dodge Ram pickup truck.
- In the North American heavy-duty truck market, we experienced our most significant year-over-year share growth in the last 20 years.
- Our share of global joint venture earnings totaled \$111 million – an increase of 59 percent over 2003.
- Dongfeng Cummins Engine Company in China provided us with a total return on investment in excess of 145 percent over the last 20 months.
- Consolidated and unconsolidated sales in China reached \$1 billion in 2004, a year ahead of schedule.

- Power Generation completed a turnaround year during which its earnings before interest and taxes grew from a \$15-million loss in 2003 to \$69 million of income in 2004.
- The International Distributor Business had record sales and earnings before interest and taxes, reflecting our strategic focus on less cyclical businesses.
- After being named to the *Business Ethics* magazine's top 100 companies the previous five years, we were named No. 1 for 2005 – a particularly gratifying honor.

The coming years hold similar promise for Cummins. We expect our markets to remain strong for the next several years, and we are implementing strategies that will not only maximize our success during good times, but also help us weather the next business cycle downturn.

We will follow a strategy that focuses on being the low cost producer, taking advantage of growth opportunities, building on existing businesses and creating an



Tim Solso enjoys spending time with a young student while visiting Cummins award-winning Child Development Center in Columbus, Indiana. Community involvement is one of the reasons the Company was honored by Business Ethics magazine as the 2005 "Top Corporate Citizen." Cummins was selected for the award from among the nation's top 1,000 companies for its commitment to shareholders, communities, minorities and women, environment, non-U.S. stakeholders, customers and employees.

environment that both attracts and retains outstanding people and motivates them to deliver superior performance.

Our successful Six Sigma program will continue to drive cost savings and quality improvements, while serving as a leadership development tool for employees. We also will expand our global sourcing efforts.

We will take advantage of our improved balance sheet and strengthened markets by investing wisely in growth opportunities around the world. These investments will be strategic and will cut across all of our businesses.

We will build on our already strong presence outside the United States. In particular, China and India remain fertile ground for our operations – our second largest customer is in China and third largest is in India. More than 6,000 Cummins employees work in those two countries. We also opened a technical center in Pune, India, in January 2004 and later in the year announced plans for a technical center in Wuhan, China.

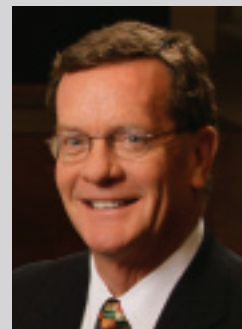
Other opportunities for profitable growth include retail distribution, aftermarket sales and service, light-duty automotive, emission solutions and generators in underdeveloped international markets.

While we look to the future, we will retain the solid framework of our past. For 85 years, the Cummins brand has stood for innovation, honesty and dependability. We have always placed a premium on integrity and fairness in dealings with all of our stakeholders. That will not change.

The genesis of the Cummins personality can be traced to one man – Joseph Irwin Miller. Although Mr. Miller passed away in 2004, his legacy will continue to form the building blocks of our success. A tribute to Mr. Miller appears on the opposite page.

I would like to express my deep gratitude to Bill Ruckelshaus, who is leaving our Board of Directors after 30 years of service to Cummins shareholders and the Company. Mr. Ruckelshaus has had a remarkable career, combining law, public service and corporate leadership. His reasoned approach and counsel were greatly appreciated at Cummins. His thoughtful perspectives and insights will be missed.

In conclusion, let me thank you, our Cummins shareholders, for your investment and confidence in the business. I also want to express my gratitude to the members of the Board of Directors for their valued service and counsel, to our employees around the world for their commitment to excellence, to the many business partners who have contributed to our success and to our customers for the opportunity to provide them with outstanding products and services.



A handwritten signature in dark ink, appearing to read "Tim Solso".

Tim Solso
Chairman and Chief Executive Officer
Cummins Inc.

In Memorium

Mr. J. I. Miller

1909 – 2004

Joseph Irwin Miller – business leader, social activist and philanthropist – built Cummins from a family business into a *Fortune* 500 company with more than 28,100 employees in 160 countries and territories and more than \$8.4 billion in annual sales.

He embraced social reform. As president of the National Council of Churches from 1960 to 1963, he shaped the council into one of the strongest supporters of the civil rights movement. He helped organize the 1963 civil rights march on Washington and was one of three church leaders to organize the National Conference on Race and Religion that same year.

He advised Presidents both in the United States and abroad, from John F. Kennedy to Nelson Mandela. He received more than 20 honorary degrees from some of the most prestigious universities in the country and numerous awards. In 1967, *Esquire* ran his profile on the magazine's cover with the headline: "This man ought to be the next President of the United States."

For tens of thousands of Cummins employees, Mr. Miller's championing of fairness and equal opportunity may be his greatest legacy.

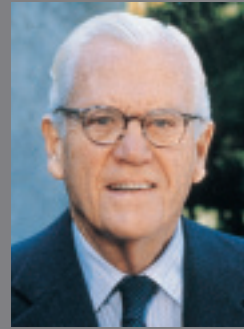
Employees are still trained in the simple ethical philosophy of "doing the right thing." When it was first talked about in the 1970s, it was described as the Irwin Miller

Transparency Test. Mr. Miller's theory was that if an individual was willing to explain to the local minister what he or she was doing, then it passed the transparency test and could "stand the light of day." It was a good guide for getting through tough times.

His commitment to Cummins is legendary. He was named President in 1945 and Chairman of the Board in 1951. Under his direction, the Company set a high priority on research that would come up with new diesel technology, reducing costs while maintaining high product standards and creating a network of independent distributors through which it could develop and maintain a close relationship with customers. Cummins strong presence in China today began when Mr. Miller journeyed there in 1975.

In May 1964, he made a speech to Cummins distributors. It was typical of his feelings about the business. He said:

"I am not in it just to survive. I could survive more easily and effectively by selling out, diversifying and taking life a good deal easier ... But I am not selling, because I think there exists a first-class opportunity for Cummins to become the number one producer in every market it serves – worldwide – and I should like to see us achieve this together."



It goes without saying that he will be missed. However, his presence will continue to be felt in this Company well into the future, and rightly so. His principles of producing quality products, of treating others with respect, of operating with integrity and of embracing diversity are core to the ongoing success of the Company Mr. Miller helped build.

Business Unit Review

*The Cummins ISC-powered
Peterbilt 335 has gained
increasing popularity
thanks to day-in,
day-out dependability.*



Engine Business

The Engine Business achieved record sales of \$5.5 billion, a 51 percent increase over 2003. Earnings before interest and taxes were \$341 million, compared to \$70 million the previous year.

New engines in all markets performed extremely well as judged by our customers, establishing new standards for dependability. This contributed to gains in market share and continued reduction in product coverage costs. We achieved record sales in many markets including recreational marine, commercial marine, mining and pickup trucks. In the North American heavy-duty truck market, we went from 21.5 percent share in 2003 to 26.7 percent share in 2004 – the largest one year share gain in more than 20 years. Customers widely recognize Cummins as the fuel economy and reliability leader in these markets.



*This Dodge Ram heavy-duty
pickup truck features the
5.9-liter Cummins 610 Turbo
Diesel. 2004 engine
shipments for the Ram
were at record levels.*



Sales of our Holset Turbocharger product line – part of the Filtration and Other Business – were very strong in 2004, especially in North America and China.



"We are driven to become the most dependable, worldwide supplier of superior products as measured by our customers."

Joe Loughrey, President, Engine Business

Cummins shipments of turbo diesel engines for the Dodge Ram pickup truck increased 20 percent over the previous year, setting a new production record. The engine powering the Dodge Ram has more horsepower and torque than its competitors and remains extremely popular among owners who demand a durable and dependable diesel engine.

The Engine Business achieved cost reduction targets through continued focus on Six Sigma, global sourcing and improvements in technical productivity. Effective use of joint venture assets, the increase in joint venture income and the consolidation of two heavy-duty engine assembly plants into a single location continue to contribute to overall profitability.

Volumes in most markets grew rapidly in 2004, creating opportunities to further leverage our improved cost structure. We successfully executed our plan to emerge strongly from the downturn.

Drivers of the Peterbilt 379 like the performance and reliability of the truck's Cummins engine.



In 2004, the Engine Business generated significant savings by applying Six Sigma methods to reduce the variation in our processes. At the same time, we are realizing measurable improvements in the quality of our products.

Achieving excellence in customer support remains a critical strategy for all Cummins businesses. We are driven to become the most dependable, worldwide supplier of superior products as measured by our customers. In 2004, we began to do Six Sigma projects with customers to jointly focus on the improvements that mattered to them.

We are confident that we will deliver to our customers the best products at the 2007 and Tier 3 emission standards. Our technical productivity initiatives are resulting in sizeable reductions in development costs for these new engines. We are leveraging our computer-aided design capability in India to provide low-cost, high-quality engineering analysis work to accomplish these objectives and are reducing the time to bring new products to market.





The Hyster reach stacker for container handling is powered by the Cummins QSM heavy-duty engine and operates in ports throughout the world.



The Engine Business designs and manufactures a complete line of diesel- and natural gas-powered engines for on-highway and off-highway markets. These engines are used throughout the world in heavy, medium and light-duty trucks, buses and recreational vehicles. In off-highway applications, Cummins engines power equipment including agricultural, construction, mining, recreational marine, commercial marine, oil and gas, power generation, rail and government equipment.

Power Generation Business

The Power Generation Business experienced a major turnaround in 2004. Sales rebounded significantly from a two-year downturn to hit a record \$1.9 billion – an increase of 41 percent over the previous year.

The Kenworth T800 with the Cummins ISM offers the rugged durability required for severe service.

"China is predicted to be the world's third largest economy by 2007. Cummins opportunity there is enormous, and we intend to take advantage of our deep and diverse market presence and the strategic relationships we have established over the past 30 years."

*John Watkins,
Managing Director, Cummins East Asia*

Cummins Diesel Sales and Service (Korea) Ltd. provides support to customers throughout South Korea, primarily for power generation, commercial marine and rail applications.



Earnings before interest and taxes were \$69 million, compared to a loss of \$15 million in 2003. As part of our turnaround, we led a broad cost reduction effort that significantly contributed to our improved financial performance. We reorganized into a global structure, which positioned us to capture growth in markets around the world. We also strengthened our product lines to give us leading positions in each of our major markets. In addition, we implemented price increases in nearly every market around the world.

Almost all of our product markets strengthened over 2003, particularly the Commercial, Consumer and Alternator segments of the business. Our strong global presence allowed us to take advantage of the economic rebound across the world.

Sales to the Commercial markets, which make up more than half of total power generation sales, were up 45 percent over 2003. Sales of Power Electronics also increased as customers purchased more integrated power systems and solutions. Robust markets in China, the Middle East, India and parts of

Two Cummins generator sets provide standby power to light the beautiful Sichuan Jiuzhai Paradise Hotel in China.





A mechanic in the Cummins distributorship in Russia rebuilds a K2000E engine used primarily in mining applications.



"Power Generation had a turnaround year after losing money the previous two years. We are well on our way to restoring the business to targeted profitability levels."

*Tom Linebarger, President
Cummins Power Generation*

the U.S. were significant contributors to the sales rebound. In North America, non-residential construction spending increased, which drove demand for generators to its highest level in three years.

Consumer markets, including recreational vehicles, specialty vehicles, marine and residential applications, reported record sales and profits for the second year in a row. Sales increased by more than 20 percent, and we continued to improve our market position by leveraging our excellent products, strong Onan brand name and exceptional customer support.

Sales of Newage Alternator products doubled, reflecting strong demand in Asia and new account growth in Europe. This business, which markets primarily under the Stamford, Markon and AVK brands, met heavier demand by leveraging our manufacturing presence in low-cost regions such as China, India and Romania.

We also completed several major power projects in our Rental and Energy Solutions markets.

Power Generation is on the way to achieving targeted profitability levels, as well as establishing a leadership position in our major markets and reaching our strategic objective of becoming the low cost producer.





The Cummins Northeast distributor installed this grid-independent, co-generation project, which provides electricity, heating and cooling to the Fonda-Fultonville School District campus in upstate New York.



Filtration and Other Business

The Filtration and Other Business had record sales of \$1.5 billion – an increase of 41 percent from the previous year – and provided 15 percent of Cummins total sales for 2004. This was accomplished through growth across all of our business, market and geographic segments. Earnings before interest and taxes were \$84 million.

Beyond economic recovery in our key markets, growth drivers included the results of long-term agreements with key customers and demand for Emission Solutions products. However, our profitability was affected by a challenging supply chain environment and rising costs for raw materials, particularly steel.

Looking to the future, we believe we are in a good position to take advantage of growth opportunities across our product lines and markets. We participate in strategic partnerships that provide access to technology and minimize our investment. We are developing new products to meet Emission Solutions customer requirements, and the product line is achieving its operating targets.

An Onan generator lights up the night, providing electricity for recreational enthusiasts who take their towable trailers to remote locations.

"The Filtration Business is a prime example of the benefits derived from Cummins business synergies. We have access to the best engine technology available and we have common customers that allow us access to broad international markets."

Rick Mills, President, Filtration Business

A workshop technician at Cummins Sales and Service Philippines grinds valves.



Fleetguard is a leading designer and manufacturer of filters, filtration and exhaust systems for on- and off-highway applications ranging from diesel-powered equipment to small, gasoline engine applications. Fleetguard also makes filters for the industrial filtration, emissions and noise silencing market through our Kuss and Universal Silencer subsidiaries. In addition, we offer service, parts and maintenance programs through a diversified base of customers and distribution channels.

Fleetguard products are produced and sold in global markets, including North America, South America, Europe, India, China, South Africa, Australia and the Far East.

Fleetguard ranks as the top brand preference for diesel engine air, oil, fuel and coolant filtration products in independent market studies. These same studies show that Fleetguard is the fastest growing brand among our competitors in international markets.

Fleetguard develops systems to help customers meet increasingly stringent global emissions standards as well as noise reduction regulations. In 2004, project groundwork was completed for a new emission and exhaust manufacturing facility in South Africa that will be operational this year.





Hydraulic system fluids cleaned by Fleetguard filters help keep customers' equipment running at optimal performance.



Holset is the leader in commercial diesel engine turbocharger technology and has been part of Cummins since 1973.

In 2004, Holset experienced significant growth in all its key markets. A significant percentage of turbocharger production came from two successful world-class joint ventures, Tata Holset in India and Wuxi Holset in China. In the coming years, we will continue to pursue growth in sales and market share and a successful strategy of bringing new technology to the market ahead of competitors.

International Distributor Business

International Distributor sales grew 28 percent in 2004 to \$856 million. Earnings before interest and taxes were \$51 million, compared to \$40 million in 2003.

All of our distributors had stronger sales in 2004 compared to the previous year. This increase was also reflected in higher sales across the business segments, including engines, power generation, parts, service, packages and solutions.

One of Fleetguard's specialties is media technology, such as the multi-layer media being pleated into hydraulic filters at the Specialty Filtration Plant in Lake Mills, Iowa.

"The distribution business provides stable and growing revenues due to broad diversification in our product and service segments, geographic markets and customer base."

*Steve Chapman, President
International Distributor Business*

The International Distributor Business provides retail distribution of Cummins branded products, related services and broader solutions. We serve our diverse customer base through a network of 17 Company-owned distributors and one joint venture operating in 116 locations in 77 countries and territories worldwide. Distributors are located in the key geographic markets of China, India, Russia/CIS, Japan, Korea, Southeast Asia, Australia, Europe, Africa, the Middle East and Latin America.

In addition to selling Cummins products and parts, our highly skilled personnel offer full-service solutions to our customers. Maintenance contracts, engineering services and integrated products are customized to meet specific end user requirements. Our customers include end users, equipment owners, dealers and local or regional original equipment manufacturers.

In 2004, the International Distributor Business began operating in several new markets, including Austria, Poland, The Czech Republic, Hungary and Rio de Janeiro, Brazil. In addition, we expanded our service capability by adding new branches in China and making other facility improvements.

The distribution business provides stable and growing revenues due to broad diversification in our product and service segments, geographic markets and customer base.

While their markets demand competitive pricing, our distributors deliver strong returns due to modest fixed asset investment and strong working capital management. By focusing on distribution as a business unit, we leverage common systems, best practices, shared resources and Six Sigma to reduce cost and improve our service levels.

Cummins diesels propel commercial marine vessels, such as this tugboat near Vancouver. Cummins commercial marine engine sales averaged a 16 percent growth rate over the past 6 years.



Guff Muench, our principal distributor in Vancouver, uses a Cummins-powered RV to host customer and employee appreciation events. Cummins distributors worldwide focus on excellent customer support.



Board of Directors, Executives and Officers



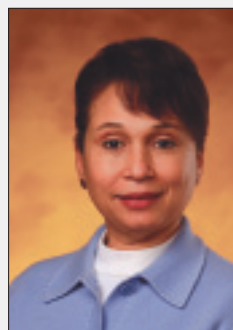
Tim Solso



Robert J. Darnall



John M. Deutch



Alexis M. Herman



William I. Miller



Georgia R. Nelson



William D. Ruckelshaus



Carl Ware



J. Lawrence Wilson

Directors

Tim Solso (g)	Chairman and Chief Executive Officer of Cummins Inc.
Robert J. Darnall (a,b,c,e)	Retired Chairman and Chief Executive Officer, Inland Steel Industries Inc., basic steel manufacturer, processor and materials distributor
John M. Deutch (b,d)	Institute Professor, Massachusetts Institute of Technology
Alexis M. Herman (a,c,d,e)	Chairman and Chief Executive Officer, New Ventures, Inc., an independent consulting firm
William I. Miller (b,d,e,g)	Chairman, Irwin Financial Corporation, a financial services company
Georgia R. Nelson (a,b,d,e)	President of Midwest Generation EME LLC
William D. Ruckelshaus (a,c,d,e)	Strategic Partner, Madrona Venture Group, LLC
Carl Ware (a,b,d,e)	Retired Coca-Cola executive and a former Atlanta councilman
J. Lawrence Wilson (a,b,c,e,f,g)	Retired Chairman and Chief Executive Officer, Rohm and Haas Company, a specialty chemical manufacturing company

Committees

-
- (a) Audit Committee
 - (b) Finance Committee
 - (c) Compensation Committee
 - (d) Technology and Environment Committee
 - (e) Governance and Nominating Committee
 - (f) Lead Director
 - (g) Executive Committee

Policy Committee

Tim Solso	Chairman and Chief Executive Officer
Jean Blackwell	Vice President, Chief Financial Officer and Chief of Staff
Steve Chapman	Vice President, International and President, International Distributor Business
Tom Linebarger	Vice President and President, Power Generation Business
Joe Loughrey	Executive Vice President and President, Engine Business
Rick Mills	Vice President and President, Filtration and Fleetguard Inc.
John Wall	Vice President and Chief Technical Officer

Corporate

Jean Blackwell	Vice President, Chief Financial Officer and Chief of Staff
Jill Cook	Vice President, Human Resources
Mark Gerstle	Vice President, Corporate/CBS Services and Corporate Quality
Richard Harris	Vice President, Treasurer
Marsha Hunt	Vice President, Corporate Controller
Steve May	Vice President, Government Relations
Marya Rose	Vice President, General Counsel and Corporate Secretary
Donald Trapp	Vice President, Business Development

Engine Business

Joe Loughrey	President, Engine Business
Iain Barrowman	Vice President, High-Horsepower Manufacturing
Dave Crompton	Vice President, MidRange Engine Sales
Rich Freeland	Vice President and General Manager, PowerCare and Distribution
Ignacio Garcia	Vice President, Global Purchasing and Manufacturing Support
Sam Hires	Vice President, Heavy Duty Engineering
Jeff Jones	Vice President, Sales and Support
Jim Kelly	Vice President and General Manager, MidRange and Heavy Duty Engine Business
Mark Levett	Vice President and General Manager, High-Horsepower Engine Business
Jim Lyons	Vice President, MidRange and Heavy Duty Manufacturing
Sean Milloy	Vice President, MidRange Engineering
Ed Pence	Vice President, Automotive Business
Glyn Price	Vice President and Controller
John Stang	Vice President, Light Duty Automotive
Jim Trueblood	Vice President, High-Horsepower Engineering
Bharat Vedak	Vice President, Industrial Customer Engineering
Christine Vujovich	Vice President, Marketing and Environmental Policy
John Wall	Vice President and Chief Technical Officer
Bob Weimer	Vice President, Quality, Heavy Duty Business

Power Generation Business

Tom Linebarger	President, Power Generation Business
Paul Ibbotson	Vice President and Managing Director, Holset Engineering Co. Ltd.
Tony Satterthwaite	Vice President, Generator Set Business
Bob Sonntag	Vice President, Power Generation Operations and Supply

Filtration and Other Business

Rick Mills	President, Filtration and Fleetguard, Inc.
Pamela Carter	Vice President, Global Filtration/Coolant Business
Mike Cross	Vice President, Global Exhaust/Emission Solutions
Jeff Hamilton	Vice President and CTO, Engineering and Technology

International Distributor Business

Steve Chapman	Vice President, International and President, International Distributor Business
Amy Adams	Managing Director, Northeast and Southeast Asia
Gino Butera	Managing Director, South Pacific
Mike Green	Managing Director, Central Area
Anant Talaulicar	Managing Director, India
John Watkins	Managing Director, East Asia

Worldwide Locations

Operations	Location	Products
BMC Sanayi ve Ticares A.S.**	Izmir, Turkey	B3.9/5.9 C8.3
Chongqing Cummins Engine Company Ltd.*	Chongqing, China	M11 NT K19/38/50 Generator sets
Columbus Engine Plant	Columbus, Indiana	ISX cylinder blocks and heads
Columbus MidRange Engine Plant	Columbus, Indiana	ISL ISB
Consolidated Diesel Company*	Rocky Mount, North Carolina	B3.9/4.5/5.9 C8.3 ISB ISC ISL QSB QSC QSL
Cummins Engine Beijing Co. Ltd.	Beijing, China	Generator sets
Cummins Brasil Ltda.	São Paulo, Brazil	B3.9/5.9 C8.3 NT/N14 ISB ISM generator sets
Cummins India Ltd.	Pune, India	N14/NT K19 V28 K38/50 QSK60 C
Cummins India Ltd.	Daman, India	Generator sets and natural gas engines
Cummins Industrial Center	Seymour, Indiana	K19 V903 QSK19
Cummins Komatsu Engine Co.*	Seymour, Indiana	QST30
Cummins Marine Charleston	Charleston, South Carolina	Marine propulsion K19 to QSK60, marine auxiliary engines B3.9 to QSK60, marine generator sets
Cummins MerCruiser Diesel*	Charleston, South Carolina	B3.9/5.9 C8.3 QSB5.9 QSC8.3 QSL9 QSM11 N14 sterndrives
Cummins Natural Gas Engines, Inc.	Clovis, New Mexico	G/GTA5.9, 8.3 and 855 GTA14, 19, 28 38 and 50
Cummins Power Generation	Fridley, Minnesota	Generator sets and electronic controls
Cummins Power Generation	Singapore	Generator sets and electronic controls
Cummins Power Generation Ltd.	Ramsgate, England	Generator sets and electronic controls
Cummins S. de R. L. de C. V.	San Luis Potosi, Mexico	L10 N14
Darlington Engine Plant	Darlington, England	B.3/5.9 B4.5/6.7 C8.3 ISB ISC ISL QSB QSC
Daventry Engine Plant	Daventry, England	K38/50 QSK45/60 QSK45/60-G QSK78 QSV81/91-G QSK19 rail powerpacks
Dongfeng Cummins Engine Co. Ltd.*	Xiangfan, China	B3.9/B5.9 C8.3
Jamestown Engine Plant	Jamestown, New York	ISM L10 G-L10 ISX
Komatsu Cummins Engine Company Ltd.*	Oyama, Japan	B3.3 B3.9/5.9 C8.3
Cummins Scania Fuel Systems*	Columbus, Indiana	HPI fuel systems
Tata Cummins Limited*	Jamshedpur, India	B3.9/5.9

Technical Center Locations

Columbus, Indiana
 Cookeville, Tennessee
 Darlington, England
 Daventry, England
 Fridley, Minnesota
 Huddersfield, England
 Jamestown, New York
 Oyama, Japan*
 Pune, India
 Quimper, France
 Ramsgate, England
 São Paulo, Brazil
 Seymour, Indiana
 Stamford, England
 Stoughton, Wisconsin
 Wuxi, China

Regional Parts Distribution Centers

Choenan, Korea
 Hebron, Kentucky
 Mechelen, Belgium
 Memphis, Tennessee
 Pune, India
 Quimper, France
 Salt Lake City, Utah
 San Luis Potosi, Mexico
 São Paulo, Brazil
 Scoresby, Australia
 Shanghai, China
 Singapore
 Sparta, Tennessee

Sales and Service

More than 550 Distributorships and Branches Worldwide

International Distributors

Choenan, Korea
 Beijing, China
 Brussels, Belgium
 Buenos Aires, Argentina
 Dubai, United Arab Emirates
 Gross-Gerau, Germany
 Hong Kong, China
 Johannesburg, South Africa
 Manila, Philippines
 Milan, Italy
 Moscow, Russia
 Pune, India
 Santiago, Chile*
 São Paulo, Brazil
 Scoresby, Australia
 Singapore
 Tokyo, Japan
 Wellingborough, England

*Joint Venture

**Licensee

Operations	Location	Products
AVK Electroputere	AVK, Craiova, Romania	Alternators
AVK Holding GmbH & Co KG*	AVK, Ingolstadt, Germany	Alternators
SEG GmbH*	SEG, Kempen, Germany	Power systems
CBM Technologies Pty. Ltd.	Adelaide, Australia	Industrial radiators
Cummins Auto Services Ltd.	Pune, India	Commercial vehicle parts sales and service
Cummins Brasil Ltda.	São Paulo, Brazil	Engine components and remanufactured engines
Cummins Engine Company Pty. Ltd.	Scoresby, Australia	Engine components and remanufactured engines and components
Cummins India Ltd.	Pune, India	Generator sets, electronic controls and engine components
Cummins S. de R. L. de C. V.	San Luis Potosi, Mexico	Engine components and remanufactured engines
Diesel ReCon Company	Memphis, Tennessee	Remanufactured engines and components
Diesel ReCon Company	OER Toronto, Canada	Remanufactured engines and components
Diesel ReCon Company	Cumbernauld, Scotland	Remanufactured engines and components
Diesel ReCon de Mexico S.A. de C.V.	Ciudad Juarez, Mexico	Remanufactured engines and components
Fleetguard	Kilsyth, Australia	Filtration systems
Fleetguard	Bonsucesso, Brazil	Filtration and exhaust systems
Fleetguard	Quimper, France	Filtration systems
Fleetguard	Cookeville, Tennessee	Filtration systems
Fleetguard	Lake Mills, Iowa	Filtration systems
Fleetguard	Pietermaritzburg, South Africa	Filtration systems
Fleetguard	Hinckley, England	Exhaust systems
Fleetguard	Stoughton, Wisconsin	Filtration and exhaust systems
Fleetguard	Arcadia, Wisconsin	Exhaust systems
Fleetguard	Black River Falls, Wisconsin	Exhaust systems
Fleetguard	Bloomer, Wisconsin	Filtration systems
Fleetguard	Mineral Point, Wisconsin	Filtration and exhaust systems
Fleetguard	Neillsville, Wisconsin	Filtration and exhaust systems
Fleetguard	Viroqua, Wisconsin	Exhaust systems
Fleetguard	Wautoma, Wisconsin	Exhaust systems
Fleetguard	Waynesboro, Georgia	Exhaust systems
Fleetguard	Piqua, Ohio	Exhaust systems
Fleetguard Filters Ltd.*	Pune, India	Filtration systems
Fleetguard Nelson Mexico S. de R. L. de C. V.	San Luis Potosi, Mexico	Filtration and exhaust systems
Fuel Systems Business	Columbus, Indiana	Fuel system design and manufacture
Holset	São Paulo, Brazil	Turbochargers
Holset	Charleston, South Carolina	Turbochargers
Holset	Memphis, Tennessee	Turbocharger aftermarket distribution center
Holset Engineering Company Ltd.	Huddersfield, England	Turbochargers
Kuss Filtration	Findlay, Ohio	Filtration systems
Markon Sawafuji Ltd.*	Oakham, England	Alternators
Nelson Engine Systems India Ltd.*	Daman, India	Exhaust systems
Newage Electrical India Ltd.	Ahmednagar, India	Alternators
Newage International Ltd.	Stamford, England	Alternators
Shanghai Fleetguard Ltd.*	Shanghai, China	Filtration systems
Stamford Mexico S. de R.L. de C.V.	San Luis Potosi, Mexico	Alternators
Tata Holset Ltd.*	Dewas, India	Turbochargers
Tubengineers Pty. Ltd.	Scoresby, Australia	Exhaust systems
Turbo Europa	Amersfoort, Netherlands	Turbocharger aftermarket distribution center
Universal Silencer	Stoughton, Wisconsin	Filtration and silencing systems
Universal Silencer	Muscoda, Wisconsin	Filtration and silencing systems
Universal Silencer Mexico SA DE	San Luis Potosi, Mexico	Filtration and silencing systems
Wuxi Holset Engineering Company*	Wuxi, China	Turbochargers
Wuxi Newage Alternators Ltd.	Wuxi, China	Alternators

Shareholder Information

Shareholder Contacts and Services

Stock Transfer Agent, Registrar and Dividend Disbursing Agent

Wells Fargo Shareowner Services is the Company's stock transfer agent and registrar. Wells Fargo maintains the Company's shareholder records, disburses dividend checks and administers the Company's Dividend Reinvestment Program.

General correspondence, address change, name change, notification of lost securities, transfers, inquiries about transfer requirements and correspondence relating to the Dividend Reinvestment Program should be directed to Wells Fargo.

By Mail

Wells Fargo Shareowner Services
P. O. Box 64854
St. Paul, MN 55164-0854

By Hand or Overnight

Wells Fargo Shareowner Services
161 North Concord Exchange
South St. Paul, MN 55075

By Phone

800-468-9716
651-450-4064

By Fax

651-450-4033

By Email

Contact Wells Fargo through a secure website, www.wellsfargo.com/com/shareowner/services. Click on 'registered shareholders,' then click on 'contact us.'

Dividends

Common stock dividends are payable quarterly upon authorization of the Board of Directors on or about the 1st of March, June, September and December to shareholders of record on or about the 15th day of the previous month.

Dividend Reinvestment

As an added service to shareholders, Cummins has a Dividend Reinvestment Plan administered by Wells Fargo Shareowner Services. This plan gives shareholders of record the option of having their cash dividends and optional cash payments applied toward the purchase of additional shares. Shareholders desiring information about this plan may contact Wells Fargo Shareowner Services (see above), or request information from Cummins through our website, www.cummins.com.

Direct Deposit of Dividends

Automatic direct deposit of quarterly dividends is offered to our shareholders, at no charge, and provides secure and timely access to their funds. For further information, please call 800-468-9716.

Shareholder Information

Common Stock:



The common stock of Cummins is traded on the New York Stock Exchange and the Pacific Stock Exchange under the symbol CMI.

Annual Meeting:

The 2005 Annual Meeting of Shareholders will be held at 11 a.m. (EST) on Tuesday, May 10, 2005, at the Cummins Technical Center, 1900 McKinley Avenue in Columbus, Indiana.

Shareholders may vote their shares by mail, toll-free telephone number or Internet. Please refer to the simple instructions on the proxy card.

Financial Information:

Through the Cummins website, www.cummins.com, shareholders may access Webcasts of Company events including management presentations, quarterly earnings teleconferences and the Annual Meeting. Shareholders may also access SEC filings, press releases, stock quotes and other information, as well as request printed copies of reports and email alerts of Company events.

Analyst and Investor Contacts

Analysts and investors seeking information about Cummins should contact:

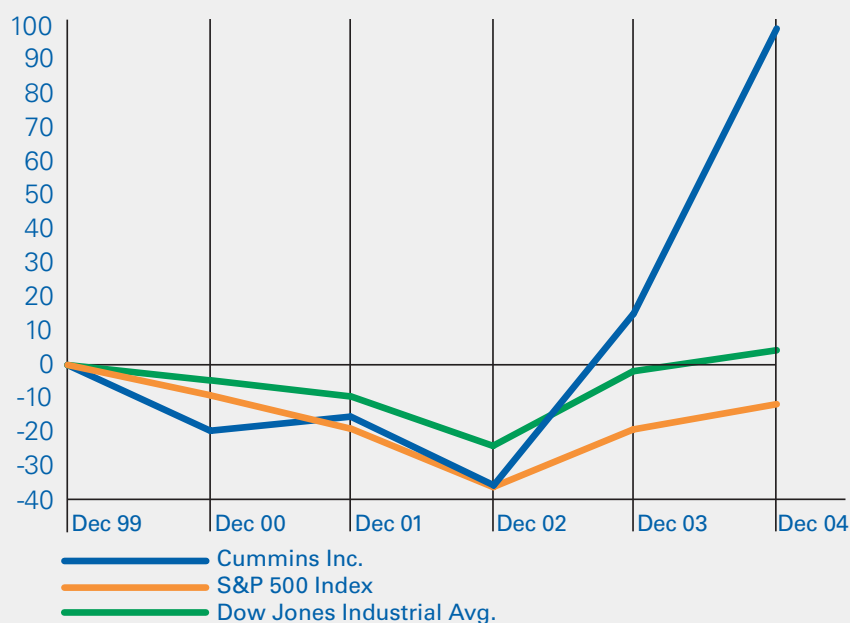
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Executive Director, Investor Relations
Cummins Inc.
Box 3005 (Mail Code 60115)
Columbus, IN 47202-3005
Phone: 812-377-3121
Fax: 812-377-4937
Investor_relations@cummins.com

Quarterly Earnings Reporting

For 2005, Cummins quarterly earnings are anticipated to be announced the latter part of April, July, October and January 2006.

Five-year Total Return to Shareholders:

Cummins Inc.
December 31, 1999 to December 31, 2004
(assume reinvestment of all dividends)



Five-year Compound Average Annual Total Return

Cummins Inc.	14.8%
S&P 500 Index	(2.3%)
Dow Jones Indus. Avg.	0.6%

Common Stock Price (Closing)

	2004	2003	2002	2001	2000
High	\$84.42	\$52.30	\$50.19	\$45.32	\$49.63
Low	\$48.70	\$22.21	\$19.69	\$29.31	\$27.23
Close	\$83.79	\$48.94	\$28.13	\$38.54	\$37.94

Cummins Products and Services

Investors and customers can learn more about Cummins products and services by going to www.cummins.com and selecting the Cummins company of interest from the drop-down menu.

Other specific websites

www.everytime.cummins.com

Engine Business specific information

www.fleetguard.com

Complete filtration product information and catalog

www.cumminspower.com

A source for power generation products and services

www.onan.com

www.funroads.com

Recreational vehicle lifestyle website and the home of the Onan online store

www.newage-avkseg.com

Complete information for alternators ranging in output from 0.6 kVa to 30,000 kVa

www.holset.co.uk.com

Complete information on Holset turbochargers

Forward-looking Statements

This summary annual report contains certain forward-looking statements that are based on current expectations, estimates and projections about the industries in which we operate and management's beliefs and assumptions. These statements are not guarantees of future performance and involve certain risks, uncertainties and assumptions that are difficult to predict. Actual outcomes may differ materially from what is expressed in any forward-looking statement. Cummins undertakes no obligation to update publically any forward-looking statements, whether as a result of new information, future events or otherwise. A more complete disclosure about forward-looking statements may be found in our 2004 Form 10-K.

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