



Sustainability Report

A Legacy of Dependability and Responsibility

July 2009





2009 marks the 90th anniversary of Cummins Inc. Over the last nine decades, the Company has grown into a global leader in the production of diesel and natural gas engines, power generation systems and related components. Our commitment to customers, employees and communities is rooted in our heritage and has made us Cummins. Dependable. Since 1919.



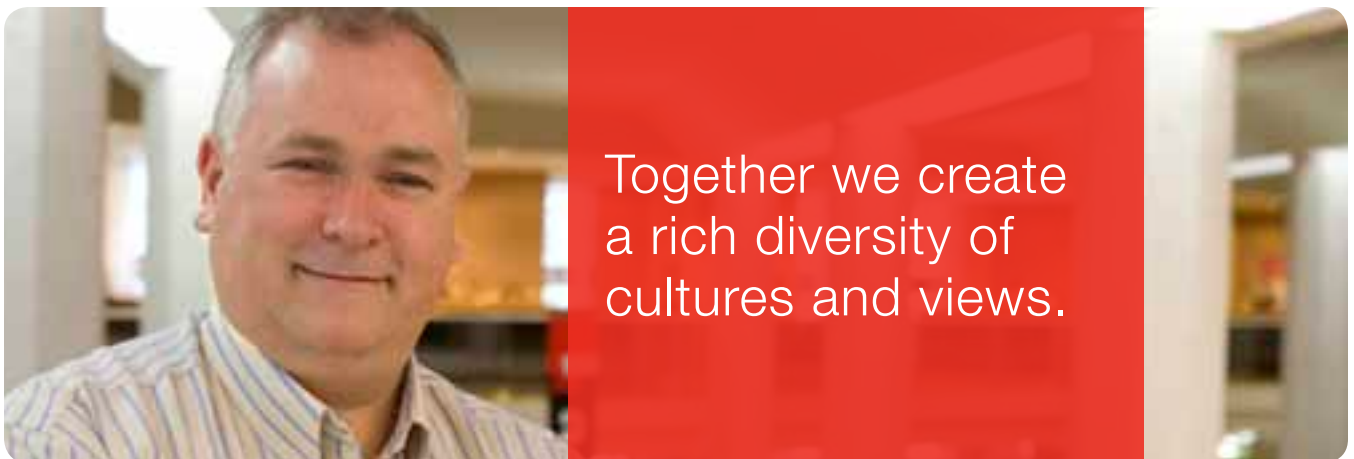
I know what
my company
stands for.



I am ready to carry out its
mission of returning value to
our customers, shareholders
and communities — and to
be a good steward of the
environment along the way.



I bring my unique
perspective to
work every day,
as do thousands
of my colleagues
around the world.



Together we create
a rich diversity of
cultures and views.

I understand my company's vision includes all the communities we serve around the globe, not just my own.



And I believe my success will contribute to the success of everyone we serve, everywhere.



I am Cummins.



You can depend on me.



About This Report

The information in this report is presented in the spirit of the guidelines set by the Global Reporting Initiative (GRI). The aim of the GRI is to develop a consistent way for companies around the world to voluntarily report on the economic, environmental and social components of their business. Started in 1997 by the Coalition for Environmentally Responsible Economies (CERES), the GRI became independent in 2002 and today works

in collaboration with the United Nations Environment Program (UNEP) and the UN Secretary-General's Global Compact. We are proud of the positive impact Cummins products and the people who manufacture them have on our society. We look forward to the opportunity to make a difference, not just today, but for future generations as well.

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Letter from the Chairman

The global economic situation has changed significantly since we published our Sustainability Report last year. At Cummins, we began to feel the effects of the recession in most of our markets late in 2008. Our current business climate will continue into next year, making 2009 and 2010 very challenging years.

Cummins has devoted significant time and energy to ensuring that our company remains strong during the recession and emerges well-positioned to resume our profitable growth once the recovery begins.

At the same time, a critical determinant of Cummins' success over the long term is our ability to create an organization that is focused on delivering on our commitments to the full range of stakeholders we serve. The values that define Cummins are designed to endure and have never been more important to us than in today's economic climate.

Acting with integrity. Doing our part to improve the communities where we live and work. Embracing diversity. Operating with a global vision. Striving to always exceed the expectations of our customers. Being first to market with innovative products and services.

These statements represent Cummins' core values and I am proud to say that our more than 35,000 employees worldwide continue to demonstrate their commitment to bringing these words to life every day. Cummins' sixth annual Sustainability Report highlights the progress we have made in the past year around several of these values, particularly corporate responsibility and our commitment to the environment.

Our approach to corporate responsibility is grounded in a stakeholder model articulated nearly 40 years ago by then-Chairman J. Irwin Miller, who believed that businesses have a responsibility to help to create healthy communities. The tools and actions that define our work to remain a responsible company may have changed over the years, but the underlying principles have not.

The values that define Cummins are designed to endure and have never been more important to us than in today's challenging climate.



Our commitment to corporate responsibility also contains an element of self-interest. Cummins operates under the philosophy that corporate responsibility contributes directly to the long-term financial health of our company.

Building successful, vibrant communities leads to stronger markets for our products. Being seen as a company that cares about all its stakeholders, in addition to generating strong financial return for shareholders, is essential to our efforts to attract the most talented workers from around the world. Creating a culture that encourages employees to become active in their communities is central to our goal of creating a great place to work, which is the best way we know to retain those talented workers.

In the past year, Cummins has strengthened its commitment to corporate responsibility and we are in the midst of some exciting changes that will make our efforts in this area more global, more focused and more effective. A full discussion of our work, including details of the goals and vision of our recently created Corporate Responsibility organization, can be found starting on page 88 of this report.

Ensuring that everything we do leads to a cleaner, healthier and safer environment has been part of the Cummins Mission statement for many years. In practice, that means we are unwavering in our commitment to producing the cleanest diesel engines in the world and in reducing the Company's environmental footprint.

Since our last Sustainability Report, Cummins has raised the stakes on both fronts. We have invested significantly in new products and technologies designed to further lower exhaust emissions from our products and are in the final stages of preparing for the most extensive new product launch in our history. At the same time, we have increased our commitment to addressing the global impact of climate change.

Early this year, we introduced our first set of 10 climate change principles. These principles address ways that Cummins plans to become a greater part of the solution and also articulates the Company's positions on key public policy issues surrounding climate change. They are:

Company directed principles

- Improve product efficiency
- Grow and develop new businesses
- Collaborate with suppliers and customers
- Make work spaces green spaces
- Harness the energy of employees
- Support community efforts

Public policy principles

- Develop responsible regulations
- Promote technology development
- Accelerate progress through incentives
- Create a balanced global approach

This work, which seeks to leverage the interest and expertise of our employees around the world, is the next step in an ongoing effort that has seen Cummins decrease waste, improve energy efficiency and lower its greenhouse gas emissions significantly in recent years. A detailed description of our key environmental initiatives can be found starting on page 39 of this report.

At Cummins, we have long worked under the premise that our strength as a company is dependent on the health of the communities in which we operate and where our products are sold. From that perspective, the notion of sustainability is not a luxury, but rather a critical component to our long-term success.

I hope you will read our current Sustainability Report and learn more about our work to remain a responsible corporate citizen that is responsive to the needs of all our stakeholders.

A handwritten signature in black ink that reads "Tim Solso". The signature is written in a cursive, flowing style.

Tim Solso
Chairman and Chief Executive Officer
Cummins Inc.

Who We Are

Cummins Inc. was made possible by the two men who dominated its early years—Clessie Cummins, who wanted to build engines, and W.G. Irwin, whose family fortune backed the venture.

The Irwin family settled near Columbus, Indiana, about 1821, with its members soon playing key roles in the religious, political, business and cultural affairs of their community. Irwin family enterprises tended to blend the search for profits with a sense of community mission and a desire to help local entrepreneurs.

Clessie Cummins, a local man with a lifelong fascination for machines, served as W.G. Irwin's driver and mechanic. With W.G.'s permission, Clessie opened an auto repair shop in a vacant forge building. That venture, started in 1913, developed into a machine shop that employed 50 people and performed a variety of Army and Navy ordnance jobs during W.W. I.

The Cummins Engine Company was born 14 weeks after the end of W.W. I, when postwar need and opportunity came together with Clessie's willingness to devote his considerable mechanical and promotional talents to diesel technology. Just as important was the willingness of W.G. Irwin to finance the enterprise with family resources.

In 1947 J. Irwin Miller was elected president of Cummins Engine Company. Miller, a grand-nephew of W.G. Irwin who was educated at both Yale and Oxford, had been involved in the company's operations for more than a decade. As he took up the reins, Miller brought a new sense of strategic planning to

the company along with a more assertive philosophy of corporate responsibility. As he said in the Cummins 1972 Annual Report,

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.

It was under Mr. Miller's watch that Cummins took on the properties that characterize it in the minds of so many today: environmental consciousness, integrity, diversity, global involvement, and service and improvement to the communities in which we live and work. It was also under Mr. Miller that Cummins sought and found overseas markets and operations.

Our commitment to corporate responsibility continues to shape our business decisions today. The Company has grown to be a global power leader, with more than half of its employees and sales from outside the United States. Most recently, the Company has been reshaped into the "new Cummins"—a company that is less cyclical, more diversified, more results-oriented and committed to turning a greater share of its sales into profits. But the star we continue to steer by mandates that everything we do leads to a cleaner, healthier, safer environment.

As we have since 1919, Cummins has made it our obligation to meet the needs of both our customers and the communities where we work and live. The ultimate goal is always the same: create sustainable wealth and well-being for all our stakeholders.



All Cummins businesses are united under the Cummins name, with the Company's earliest historical colors, red and black.

Our brand is the sum total of all our years in business. From the beginning, when the Company's founders first stood behind the products they sold to the ongoing growth of our diversified business, Cummins has maintained a reputation for integrity. In terms of a brand, that translates into a single vision: dependability. We want stakeholders to know they can depend on Cummins. And we want employees to be able to unify around the Cummins brand to create value and a competitive advantage.

Cummins is a family of four interrelated, yet diversified business segments that create or enhance value as a result of those relationships and doing business with each other. These four business segments are Engine, Power Generation, Components and Distribution.

Cummins products can be found in nearly every type of vehicle, from the heavy-duty diesel-powered trucks that travel the world's highways, to tractors that till the soil, large trucks that carry natural resources from the mine and ships that travel the world's waterways. Cummins-built generators supply both prime and auxiliary power around the globe. Filters, turbochargers, fuel systems, exhaust aftertreatment and related components help engines run cleaner and more efficiently. A comprehensive network of distributors provide repair and maintenance service for customers worldwide.

Cummins has entered into a number of joint venture agreements and alliances with business partners and affiliates in various areas of the world to increase market penetration, expand product lines, streamline supply chain management and develop new technologies. As of the end of 2008, Cummins has 55 joint ventures in 18 countries, 45 of which are unconsolidated.



Cummins' first diesel was the 1.5 and 3 hp HVID used by farmers for powering pumps. Founded by Clessie Cummins and W.G. Irwin, the Company is located in Columbus, Indiana.

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Mission

- | | |
|--|--|
| • To motivate people to act like owners working together | A record year for Six Sigma in savings and projects launched p. 13 |
| • To exceed customers' expectations by always being first to market with the best products | First to meet EPA's stringent on-highway 2010 emission standards p. 46 |
| • To partner with our customers to ensure their success | Customer-focused fuel economy projects save millions of gallons of fuel p. 42 |
| • To demand that everything we do leads to a cleaner, healthier, safer environment | An energy use challenge saves nearly \$1 million and 7,000 tons of GHGs p. 41 |
| • To create wealth for all our stakeholders | Fifth consecutive year of record sales and profits and No. 10 in the Fortune 500 in earnings per share growth p. 14 and 22 |

Making people's lives better by unleashing the power of Cummins.

That simple statement is the framework for Cummins and its employees worldwide. The Company takes pride in manufacturing high quality products that serve the needs of our customers. But the power of our Company is not just our products, but the ideas, energy and passion of our employees. That passion fuels employee energy and commitment, making it possible for Cummins to maintain a leadership position in the markets it serves.

Cummins also recognizes that with its role as a corporate leader is a responsibility to make positive contributions in the communities in which employees work and live. Accordingly, Cummins' corporate mission and values reflect its desire to return value to its customers, employees, shareholders and communities.

Values

Integrity: We strive to do what is right and what we say we will do.

2,800 major suppliers comply with our Supplier Code of Conduct p. 28

Innovation: We will apply the creative ingenuity necessary to make us better, faster, first.

Innovative filter has environmental and customer-friendly design p. 49

Deliver Superior Results: Our goal is to consistently exceed expectations.

133 percent increase in the dividend since 2006 p. 22

Corporate Responsibility: We will serve and improve the communities in which we live.

Employees give financial aid to earthquake and flood victims p. 97

Diversity: We embrace the diverse perspectives of all people and honor both with dignity and respect.

National recognition for Darlington's (U. K.) activities and initiatives designed to increase gender diversity p. 15

Global Involvement: We seek a world view and to act without boundaries.

Since 2000, non-U.S. sales have grown from 43 percent to 60 percent p. 23

Strategic Principles

Cummins has five key elements to its business strategy. This strategy has not changed in recent years. What has changed is our improved performance and our continued ability to deliver on commitments.

Being a low cost producer

Cummins realizes that to successfully compete in the marketplace, it must offer the best products at the best prices. To do that, we leverage our innovative technology, economies of scale, global presence and customer partnerships.

The Six Sigma quality program, launched in 2000, is an integral part of that strategy. Cummins belts launched 4,100 projects in 2008, with closed projects saving \$500 million.

And here is what 10 years of Six Sigma has meant for Cummins:

- Projects successfully completed: 13,367
- Total savings: \$2.5 billion
- Green belts trained: 9,320
- Green belts certified: 1,492
- Black belts certified: 465

The Company estimates this program generates savings of approximately 2 percent of annual revenue per year, while infusing quality into every process. Cummins also has expanded the program to include processes with customers, suppliers, distributors and our communities with positive results.

Cummins pursues cost leadership in other ways: through global sourcing, global research and development access, sharing development costs with original equipment manufacturer (OEM) partners and technical productivity, including the use of computer design and modeling instead of building expensive physical prototypes.

Profitable growth

Despite the recessionary environment that exists today, the Company will continue to focus its growth initiatives on related businesses where it can use its existing investments in products or technology, leading brand names or market presence to establish a competitive advantage. The focus is on ventures that complement its more capital-intensive and cyclical core businesses.

Creating shareholder value

Return on capital—specifically return on average net assets (ROANA) and return on equity (ROE)—is our primary measure of financial performance. Each of our business segments uses ROANA targets and the Company, as a whole, has an ROE target. Cummins has dramatically improved its return on capital in recent years; for example, since 1999 (the last peak in the heavy-duty truck cycle), ROE has increased from 10 percent to 20 percent in 2008. ROANA in 2008 was 28 percent.

Complementary businesses that work together to create value

Increasingly, Cummins looks for ways to leverage the synergies among its four business segments. These synergies capitalize on shared capabilities including technology, distribution systems, common customers (cross selling), joint venture partners for global growth and cost reduction through the larger scale of shared services.

Creating the right environment

At Cummins, creating the right environment for success means an inclusive, learning environment that is reinforced by a performance ethic that attracts, develops and retains high-quality talent. We measure our success through strategic skill and competency mapping, leadership development outcomes and participation in tailored individual development and training programs.

Recognition of Good Works

Governance, Ethics and Sustainability

- For the fourth consecutive year, Cummins was named to the Dow Jones World Sustainability index, which recognizes the top 10 percent of the world's largest 2,500 companies in economic, environmental and social leadership.

- Cummins was named one of the "World's Most Ethical Companies" for 2009 by the Ethisphere Institute, an organization

"dedicated to the research, creation and sharing of best practices in ethics, compliance and corporate governance among its membership companies." In all, 99 companies were honored as "most ethical."



- Cummins received in 2008 an overall global rating of 10 – the highest award – for best-in-class corporate governance standards. The rating from GovernanceMetrics International was based on research of nearly 4,200 companies. Cummins was one of only 43 companies that achieved this rating.

- Cummins China was among 48 companies named as a top corporate citizen for its corporate responsibility activities and its substantial contribution to the public good. The award was presented by the China Corporate Citizen Committee and China Central Television.

- The company was ranked No. 10 in Fortune 500 EPS growth last five years.

- Cummins was No. 1 in Fortune 500 Industry Group Total Shareholder Return last 10 years.

- Cummins has been notified that it meets the FTSE4Good Human and Labor rights standards in full.



The 104 Power Shovel from Northwest Engineering was one of the very earliest tracked earth movers available with diesel power as an alternative to steam. With a 12.5 hp 4-cylinder Model F, the shovel was the first land-based mobile equipment powered by Cummins.

1926



Social Issues, Diversity and People

- Cummins was ranked 42nd in the 2009 DiversityInc Top 50 Companies for Diversity.
- Cummins Power Generation in Fridley, Minn., was named Minnesota's Outstanding Philanthropic Organization in 2008 by the Association of Fundraising Professionals (AFP).
- The Company earned a 100 percent rating for the fourth consecutive year from the largest U.S. advocacy group for gay, lesbian, bisexual and transgender employees.
- Cummins South Pacific was named 2008 Employer of Choice for Women, one of only 99 organizations in Australia to receive the award from the Australian Government's Equal Opportunity for Women in the Workplace Agency. It was the second consecutive year the unit has won the award.
- Cummins was selected as one of the "100 Best Places to Work in IT" by IDG Computerworld. This is the second consecutive year the Company has made the list.
- Cummins was awarded the 2008 Circle of Excellence Award by the Indiana Minority Supplier Development Council for its commitment to supplier diversity.
- Cummins received the "Amigo Estrella Award" from the National Society of Hispanic MBAs Indianapolis chapter in 2008 for a second consecutive year.
- Cummins Darlington (U.K.) Engine Plant won the Institution of Mechanical Engineers/ U.K. Resource Centre for Women in Science, Engineering and Technology Award for Diversity and Inclusion in June 2008 for superior diversity programs and policies.

Products

- Cummins received the leadership in Lifting Equipment and Aerial Platforms (LLEAP) Gold Award for Design Leadership for Tier 4 QSB6.7 for both the engine and particulate filter.
- Cummins was recognized as "best in class" for Enterprise Quality Management by Aberdeen Group, a research and market intelligence organization. The Company was cited for top performance in operational metrics and reducing the cost of quality.
- The Power Generation unit of Cummins India Limited won the Confederation of Indian Industry (CII) National Award for Excellence in Energy Management in the category of "Innovative Energy Saving Product / Service" for the third successive year. Cummins received the award for its Power Quality and Adequacy Analysis service, which checks source and load compatibility.
- Cummins received the PACE Award for significant product innovation for the 6.7L Turbo Diesel Engine from Automotive News.
- In December, Cummins Power Generation was named the recipient of the 2008 Frost & Sullivan North American Generator Set Product Quality Leadership of the Year Award.
- Cummins Generator Technologies India Ltd., of Ranjangaon, Pune, received the Greentech Environmental Excellence Award in recognition of its commitment to environmental management. CGT was cited for the design of the new plant at Ranjangaon, which combined outstanding design with environmental management principles.

Engines

SALES
\$8.8
billion

EBIT Margin
6.1%

Mid-Range Engines

Diesel engines for on-highway applications from 120 – 425 horsepower. Natural gas- and LPG-fueled version from our Cummins Westport joint venture. Mid-range engines for off-highway of 31-365 horsepower

Heavy-Duty Engines

Diesel engines for on-highway applications from 280 – 600 horsepower and off-highway applications from 290 – 630 horsepower



Power Generation

SALES
\$3.5
billion

EBIT Margin
10.7%

Commercial Power Systems

Generator sets, control systems and power electronics for a wide range of power requirements primarily powered by diesel and natural gas engines. Turn-key systems, combined heat and power installations, rental power, and plant operation and maintenance services

Consumer Systems

High performance diesel, LPG, natural gas and gasoline fueled generator sets with associated control systems from 2 to 99 KW for use as auxiliary power in a range of consumer, mobile, and specialty equipment



Components

SALES
\$3.2
billion

EBIT Margin
5.4%

Filtration

Air, fuel, hydraulic, coolant and lube filtration, crankcase ventilation, chemical and exhaust system technology products for all engine powered systems

Aftertreatment

Catalytic exhaust systems and related products, including packaging of catalytic exhaust systems, engineered aftertreatment components, and system integration services for engine manufacturers



Distribution

SALES
\$2.2
billion

EBIT Margin
11.4%

Engines and Power Generation

Wholesale and retail distribution of Cummins engines, generator sets and related components. Application Engineering and assembly of Cummins products into packages per customer needs for: Marine and RV applications, Small original equipment manufacturers, and standby and prime Power Generation systems

Geographic Breadth:

The segment consists of 18 company-owned and 18 joint venture distributors in 300 locations in more than 70 countries and territories





High-Horsepower Engines

Diesel and natural gas engines from 380 – 3,500 horsepower

Aftermarket Support

New and reconditioned parts distribution and service support for customer, distributors, and dealers worldwide

Customers and Markets

- Light-duty automotive, RV, medium-duty truck, specialty vehicle, bus, heavy-duty truck, agriculture, construction, mining, marine, rail, defense, logging, power generation, oil and gas markets
- Original Equipment Manufacturers (OEMs) who install Cummins engines in their vehicles and equipment
- Global dealer and distributor network



Alternators

Newage Stamford, AVK, and Markon synchronous AC alternators from 0.6 to 30,000 kVA. Variable speed alternators, converters and control systems

Engines

Cummins diesel engines engineered for use in generator sets

Customers and Markets

- Customers needing standby power, distributed power or auxiliary power
- Public and investor-owned utilities, telecommunication providers, manufacturing and industrial facilities, mining and petrochemical sites, healthcare, retail and financial facilities, water treatment plants, and residential homes
- RV, specialty vehicle, and marine pleasure craft OEMs
- Generator set assemblers



Turbochargers

Holset turbochargers and related products, including variable geometry and wastegate turbochargers, high-pressure ratio and multi-stage solutions, for Engines ranging from 3 to 25 liters

Fuel Systems

Diesel fuel pumps, injectors, and components, high pressure common rail fuel systems for diesel engines, controls for diesel fuel systems. Reconditioned diesel pumps, injectors and electronic control modules

Customers and Markets

- Original Equipment Manufacturers (OEMs) who manufacture vehicles and equipment for all fuel powered systems
- OEMs and Aftermarket distributors, dealers, and end users who serve all engine powered systems
- Light-duty automotive, RV, medium-duty truck, bus, heavy-duty truck, agriculture, construction, mining, marine, small engines, rail, oil and gas and stationary industrial markets



Service and Parts

Sales and distribution of parts, components and related consumables. Repairs, overhaul, maintenance of all Cummins products. Develop and support a servicing dealer network to meet customers needs in their local market place

Solutions

Comprehensive business solutions using Cummins powered equipment, including rental, operation and maintenance, cost-per-hour contracts

Customers and Markets

- Customers who use Cummins-powered equipment in their business endeavors
- Dealers
- Local and regional OEMs producing lower volumes

Commitment to Stakeholders

Cummins recognizes that its duty goes beyond the bottom line. While the Company must deliver value to shareholders, it also strives to responsibly and effectively serve all stakeholders – customers, employees, business partners and the communities in which it operates.

The Company actively engages all stakeholders, seeking feedback and doing its best to keep them informed of Cummins' actions and performance. The Company's policies reflect a commitment to financial excellence, environmental stewardship, creating a great place to work, corporate responsibility and fair competition.

Our activities related to the community are detailed in the Corporate Responsibility section of this book, which begins on page 88.

Customers

As a company, we realize it is not enough to develop the most innovative technology or build the most dependable engines. Our customers have to believe, and we must show them, we care as much about their success as they do.

Cummins works with key customers during development and production to ensure that products are manufactured to customers' satisfaction. Increasingly, Cummins is using Six Sigma tools to help its customers and suppliers reduce costs and improve quality.

The Company's goal for using Six Sigma with customers is to create the shared belief that Cummins cares as much about the customer's business as the customer itself. Cummins currently has approximately 270 active customer-focused Six Sigma projects underway and has completed more than 880 projects since 2005.

Each business unit has a leader responsible for developing projects to meet the needs of its customers. Also, each business unit is charged with developing customer-focused Six Sigma projects that tackle the issues and problems facing individual customers.

Cummins has developed several corporate-wide initiatives to improve the level of customer support across the Company. Notable has been the Customer Support Excellence (CSE) training, which includes a different approach to meeting customer needs by looking at an issue through the customer's perspective.

The CSE program has made great progress since its inception in 2005. More than three-quarters of our employees say they clearly understand how their jobs impact the customer experience, while nearly one quarter are involved in Customer Focused Six Sigma projects

Our "Through the Lens of the Customer" initiative to date has trained 26,000 employees in 12 countries. The Net Promoter Score® (NPS) program and training are beginning to be rolled out globally. The NPS is a simple way to create a clear measure of a company's performance in its customers' eyes. NPS also creates a link between the quality of a company's customer relationships and its profitable growth.

The Cummins Operating System

The Cummins Operating System (COS) helps develop common practices and approaches designed to improve customer satisfaction and profitability. The COS is designed to reduce waste, improve quality, increase responsiveness and develop people.

The COS consists of 10 operating practices that are common across the Company. It is supported by nine common functions, each with a Functional Excellence framework. The Functional Excellence framework at Cummins provides standards, measures, skills



requirements and an individual work plan so each function in the Company can provide service or support at world-class levels. Employees are trained on the COS and Functional Excellence approaches and their importance to Cummins' future success.

In 2006, Cummins began conducting COS assessments. These assessments allow us to demonstrate that the 10 COS practices are embedded in our key processes. They also allow us to identify improvement opportunities and develop an improvement plan to close the gaps.

Employees

As of December 31, 2008, approximately 36 percent of our employees worldwide were represented by various unions under collective bargaining agreements that expire between 2010 and 2014.

Cummins has a long history of being an employer of choice. That reputation continues to this day and is reinforced by the Company's competitive salary and benefits offerings, training and career development opportunities and positive work environment.

Cummins employees enjoy a full slate of benefits. In the U.S., for example, we offer innovative and competitively priced health-care coverage; disease management and wellness programs; flexible spending accounts for medical and dependent care; pension and retirement programs; access to world-class child development centers; flexible work schedules; employee assistance programs and more. These benefits also were made available to non-spousal domestic partners in 2000. We offer employees similar programs at all of our locations around the world.

Cummins places a premium on its workers treating one another with respect and dignity. Treatment of others at work is a key component of the Company's Code of Business Conduct and is the subject of mandatory training for all new hires. Training and career development opportunities also play a crucial role in Cummins' success and in the Company's efforts to attract and retain a talented workforce.

The company provides to new employees training courses covering treatment of others, diversity, information and physical security, sexual harassment issues, the Cummins performance management system and the Cummins Operating System. In addition, the Company's Powertrain program offers on-line training on a variety of subjects, ranging from business software applications to project management skills to interpersonal and communications skills to presentation and leadership skills.

Employees' performance and development plans are reviewed through the Cummins performance management system called OnTrack. Through OnTrack, employees work with their supervisors to create challenging work plans that reflect the goals of the Company and its individual performance cells. Employees receive formal feedback from supervisors and peers quarterly, in addition to a comprehensive annual evaluation.

Cummins also offers its employees opportunities for growth within the Company as their skills and interests dictate. Cummins has a strong history of "growing its own" leaders, and employees regularly move freely from one part of the Company to another. Employees are encouraged to seek out new challenges and to continually broaden their skill sets. High-potential employees are identified and offered comprehensive leadership training as part of the Company's ongoing efforts to develop its leaders from within.

Business Partners

Cummins has working relationships with distributors and suppliers across the world. Similarly, the Company acts as a supplier of components to a number of equipment manufacturers, and has been able to build strong bonds with its business partners.

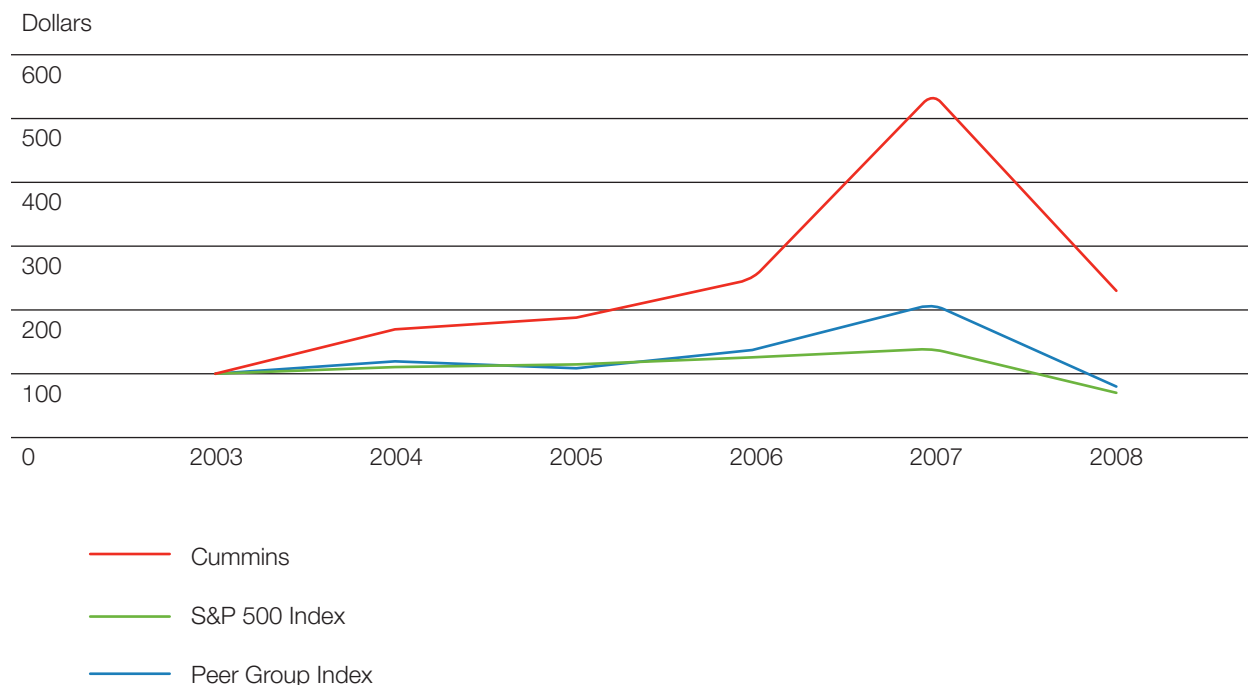
One of the Cummins Operating System principles is to treat preferred suppliers as business partners. In China, that practice is best exemplified by Cummins' relationship with Yinlun, a supplier of oil coolers. All four Cummins engine joint ventures in China are supplied by Yinlun, and Cummins' China International Purchasing Organization exports more than \$20 million in Yinlun products annually to Cummins engine plants around the world.

Yinlun in turn has embraced several Cummins practices, including Six Sigma and Lean Manufacturing. Yinlun has invested in agents and joint ventures globally to ensure that quality work and service support are available in the U.S., U.K. and Brazil. One outcome of its excellent, ongoing performance is a series of awards for cost reduction, quality, delivery, technical innovation, service and leadership given by Cummins joint ventures in China.

Suppliers

Cummins has launched a focused effort to ensure that the Company's most critical suppliers are committed to improvement through Six Sigma. Critical suppliers to Cummins must meet specific Six Sigma performance requirements. Cummins' quality is heavily dependent on the quality of our suppliers' products. Our experience is that Six Sigma is a reliable approach to quality improvement.

Comparison of 5-Year Cumulative Total Return at Year-end 2008



Cummins' Jamestown Engine Plant, which produces the heavy-duty engines that power Class 8 trucks, relies on metal components and sub-assemblies supplied by outside manufacturers. One such supplier was experiencing high rejection rates early in 2008, causing disruptions on the factory floor. A supply-focused Six Sigma project declared a goal of reducing this rejection rate by more than 93 percent. We found that failures resulted from three basic problems for which the supplier was not inspecting. With new procedures, this supplier has now reduced its failure rate by 98 percent, improving its reputation as a precision manufacturer and increasing efficiency at the Jamestown Engine Plant.

Shareholders

Returning value, in terms of profits, rising stock prices and dividends, is a primary measure of a company's commitment to its shareholders. Beyond returning financial value, Cummins believes it owes investors a transparent window into its financial workings.

Cummins goes to great lengths to keep the investing community up-to-date on its performance and future outlook. Top executives hold quarterly teleconferences with industry analysts to discuss financial results. Company representatives also host or attend a number of investor conferences during the year, and meet or talk directly with individual analysts and investors on nearly a daily basis.

Cummins' corporate governance practices on behalf of the shareholders include the following:

- The full board of directors is elected annually.
- The audit, compensation and nominating committees are made up of independent outside directors.
- The company has a designated independent lead director.
- Executives and directors are subject to stock ownership guidelines.
- All stock-based incentive plans have been approved by shareholders.

Economic Performance

Cummins reported its fifth consecutive year of record sales and profits in 2008, despite significant global economic challenges that negatively affected fourth quarter performance.

For the year, sales increased 10 percent to \$14.3 billion, compared to \$13.05 billion in 2007. Net income rose 2 percent to \$755 million, or \$3.84 per share. Earnings Before Interest and Taxes (EBIT) were \$1.2 billion, or 8.5 percent of sales.

As of the end of 2008, Cummins investors have enjoyed a five-year average annual total return of 18 percent. The Company also has increased dividends by 133 percent since July 2006. We also executed a pair of two-for-one stock splits; one during 2007 and the other in early 2008. Cummins increased its dividend for the third time since July 2006 and repurchased 2.3 million shares of stock worth \$128 million as part of its \$500 million repurchase program announced in December 2007.

During the fourth quarter of 2008, the Company took several steps, including a significant workforce reduction, to respond to what has become the worst global recession since World War II. The Company's goal is to maintain a solid profit level through the downturn and to preserve our ability to grow profitability in the future.

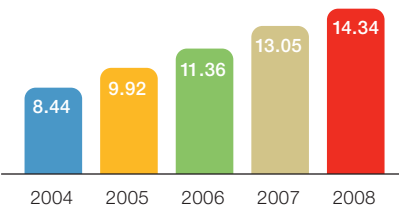
Still, we expect 2009 to be extremely challenging. The recession almost certainly will last through the end of this year, and we are assuming it could take until 2011 for the global economy to fully recover.

We remain confident that the Company is well positioned to achieve its long term growth targets once our global markets improve. But for the short term our focus will be on:

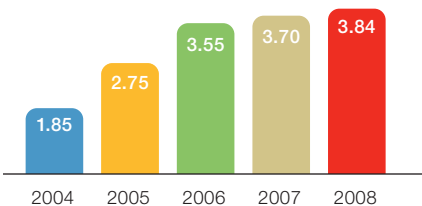
- Reducing costs and manufacturing capacity to align them with demand.
- Managing the business to ensure that we are generating positive cash flow.
- And, strategically investing in critical technologies and products for 2010 and beyond.

Detailed financial information can be found in the Investors and Media section of the Company's website, www.cummins.com. The Cummins' Fact Book, also found on the web site, contains income statement and balance sheet trends for the past 10 years.

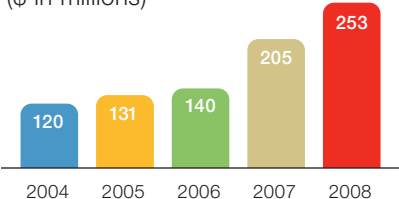
Net Sales (\$ in billions)



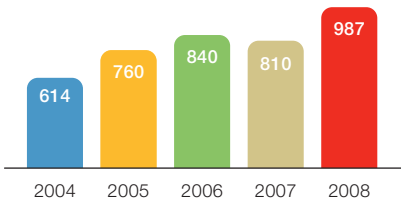
Diluted Earnings per Share (\$)



Investee Equity, Royalty and Other Income (\$ in millions)



Cash from Operating Activities (\$ in millions)



Competitive Strengths

We believe the following competitive strengths are instrumental to our success:

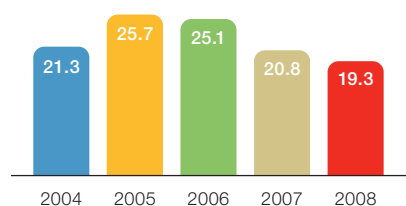
Strong balance sheet. Cummins has worked hard over the past several years to strengthen its balance sheet. The company has a low debt-to-capital ratio of 17 percent and access to nearly \$2 billion in liquidity. Despite a sharp decline in the financial markets in 2008, Cummins pension fund experience less of a decline than other large funds and is still funded at 85 percent.

Technology leadership. The Company's leadership in combustion research, fuel systems, air handling, turbochargers, electronics, filtration and aftertreatment plays a critical role in helping us meet emissions regulations and reducing greenhouse gas emissions.

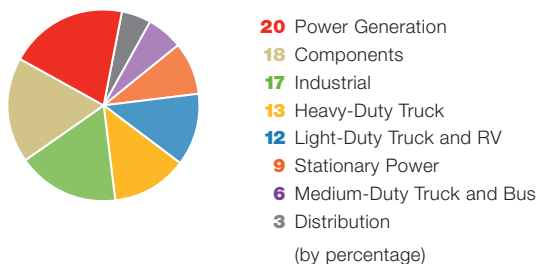
Growing market share. Our technology leadership has earned us increased share in many markets over the past several years. Here are some examples of our market share by products and regions:

- U.S./Canada heavy-duty truck – 45 percent
- Brazil medium-duty truck – 33 percent
- India industrial equipment markets - 30 percent
- Alternators globally – 25 percent
- High-horsepower genset globally – 22 percent

Return on Equity (%)



Total Sales by Market (calculated before intercompany eliminations)

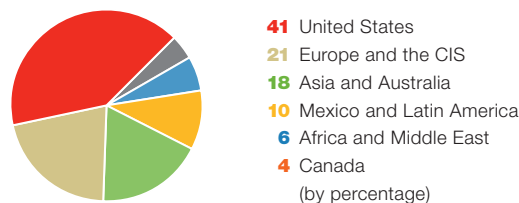


Global footprint. Sixty percent of our sales in 2008 came from outside the U.S. compared to just 43 percent in 2000. We had \$3.7 billion in exports in 2008 and \$11 billion in the past three years. We have an established presence and strong joint venture partners in large emerging markets. Our Power Generation business is poised to take advantage of future need for power in developing regions such as Africa and the Middle East. We have a global distribution system with some ownership of 85 percent of channel revenue.

Strong partnerships. Cummins has 55 joint ventures in 18 countries. We have long-term sales agreements in North America with leading truck Original Equipment Manufacturers (OEMs). In China, India and Russia, we partner with local OEMs, reducing investment risk and giving us ready access to those markets. We also have several joint ventures with Komatsu on a global basis to develop applications for the industrial segment.

Experienced management team. Cummins is fortunate to be led by a management team that has deep and broad management experience across businesses and roles in Cummins. The team has experience in managing in both growth and recessionary periods and has returned business units to profitability. They know how to align costs with business demand while still taking care of customers,

Total Sales by Geography (2008)



Governance



Over the past 90 years, Cummins has developed a reputation as a company that places a premium on the well-being of its employees and that strives to improve the communities in which it operates.

Going back to its earliest days, when the founding family kept the company afloat during difficult times because it felt a responsibility to provide jobs to the young men of Columbus, Indiana, Cummins has been as much about people as products. That legacy was built by longtime former Cummins Chairman J. Irwin Miller and is carried out today through the leadership of Cummins' senior executives and employees worldwide.

Cummins' management and its employees around the world continue to work as partners today, building leading-edge products in clean, safe environments, while working together to strengthen the community.

"Creating a great place to work" is one of Cummins' strategic business principles. At the core of that approach are the Company's efforts to engage employees and other stakeholders in understanding and living the Company's values, as well as playing an active role in pursuing continuous improvement across the Company.

That engagement and commitment to ethical behavior take many forms, some of which are discussed in the pages that follow.

Cummins Code of Business Conduct

The Cummins Code, which was approved by senior leadership and the Cummins Board of Directors, is built around 10 "Statements of Ethical Principles" that provide the foundation for ethical behavior at Cummins. The principles are backed by Corporate Policies and other key documents that give specific guidance on topics and issues addressed by the statements.

The 10 Statements of Ethical Principles are:

- We will follow the law everywhere.
- We will embrace diverse perspectives and backgrounds, and treat all people with dignity and respect.
- We will compete fairly and honestly.
- We will avoid conflicts of interest.
- We will demand that everything we do leads to a cleaner, healthier and safer environment.
- We will protect our technology, our information and our intellectual property.
- We will demand that our financial records and processes are accurate and that our reporting processes are clear and understandable.
- We will strive to improve our communities.
- We will communicate with honesty and integrity.
- We will create a culture where all employees take responsibility for ethical behavior.

In late 2008 Cummins began rolling out "second generation" online training for salaried and office workers around the world on the Code. This training will continue in 2009 and is being offered in multiple languages.

To view the current Cummins Code of Business Conduct, go to www.cummins.com and click on the link from the home page.

Cummins Compliance Training

Cummins is committed to ensuring that its employees, and those with whom it does business, follow all applicable laws in the locations we do business.

Since late 2005, Cummins has introduced 10 online compliance training courses targeted at the appropriate employee groups. This training includes:

- Code of Business Conduct
- Treatment of Each Other at Work
- Export Controls
- Anti-bribery/Foreign Corrupt Practices Act
- Antitrust
- European Union Competition
- Careful Communication
- Intellectual Property
- Managing Within the Law
- Lobbying and Political Action

These courses are offered in multiple languages where necessary and employee completion is tracked. More than 79,000 training subscriptions have been offered to employees since late 2005 (many employees must take more than one course due to the nature of their work) with a 96 percent completion rate. The Company expects to update both the Export Controls and Anti-bribery/Foreign Corrupt Practices Act courses in 2009 and offer those courses to targeted employees to ensure that they have the most current information. Cummins is also working to provide reference materials for each course for employees to refer to on a day-to-day basis.

In addition, Cummins in 2007 began offering training courses to key employees at its distributors in many locations both inside and outside the United States. Today 97 distributors worldwide participate in the Compliance Training program. Employees at these distributors are enrolled in Export Controls and Anti-bribery/Foreign Corrupt Practices Act courses and have a 91% completion rate. In 2009, training will be expanded to additional distributors.

Compliance Training (2008)

Course	Subscriptions	Completion Rate
Code of Conduct (05 ver)	16,263	98%
Code of Conduct (08 ver)	3,214	95%
Treatment of Each Other	17,261	95%
Export Controls	10,411	94%
Foreign Corrupt Practices Act	10,972	94%
Antitrust	3,631	99%
European Union Competition	137	100%
Careful Communication	12,537	95%
Intellectual Property	3,742	94%
Managing Within the Law	128	81%
Lobbying and Political Action	344	99%



Ethics Violations, Reporting and Investigations

Cummins employees are encouraged to report suspected violations of the Company's Code of Business Conduct or any type of misconduct, and are given several different means of sharing their concerns.

The Company's third-party reporting system, EthicsPoint, allows employees around the globe to report concerns either on-line or through toll-free numbers in multiple languages. Employees can report concerns anonymously where allowed by law. Still, more than half of all complainants in 2008 identified themselves, showing a large degree of trust in the Company's ethics investigation process. Those who report about any topic are protected under the Company's anti-retaliation policy.

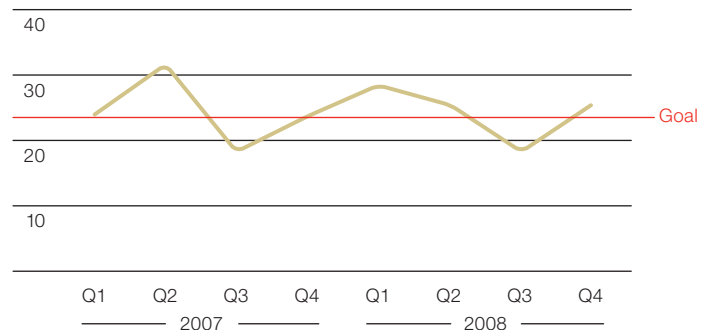
Cummins has a global team of trained Master Investigators who investigate complaints and ensure that appropriate action is taken in a timely fashion. In 2008, Cummins investigated 682 ethics-related complaints, compared to 541 in 2007. The numbers grew because of increased training and promotion of the reporting process. Of the cases investigated in 2008, 52 percent resulted in a finding that the complaint had some merit – and of those 27 percent (95) resulted in employee termination. Cummins is currently meeting its goal for average closure of ethics cases of 24 days.

Complaints of unprofessional behavior and those grouped into the Human Relations category accounted for more than half the total ethics cases investigated in 2008.

Cummins has a robust process for monitoring complaints and how they are handled. Each quarter, we provide each Business Unit leader with a summary of the complaints in his or her region and their resolution. Our CEO also receives a quarterly update. In addition, once a year we provide data regarding complaints to the Audit Committee of our Board of Directors.

The Company's reporting system and its commitment to investigate, take action and protect those who raise concerns help us bring our Code of Business Conduct to life.

Ethics Cases (Days-to-Close)



Ethics Certification Process

During the fourth quarter of 2008, approximately 12,700 Cummins employees completed their annual Ethics Certification. Employees certified their compliance with the Company's Code of Business Conduct and underlying policies and reported any exceptions to Company policy. Internal Audit and the Cummins Law Department reviewed all exceptions to ensure they were documented and investigated according to Company policy.

Diversity Audits

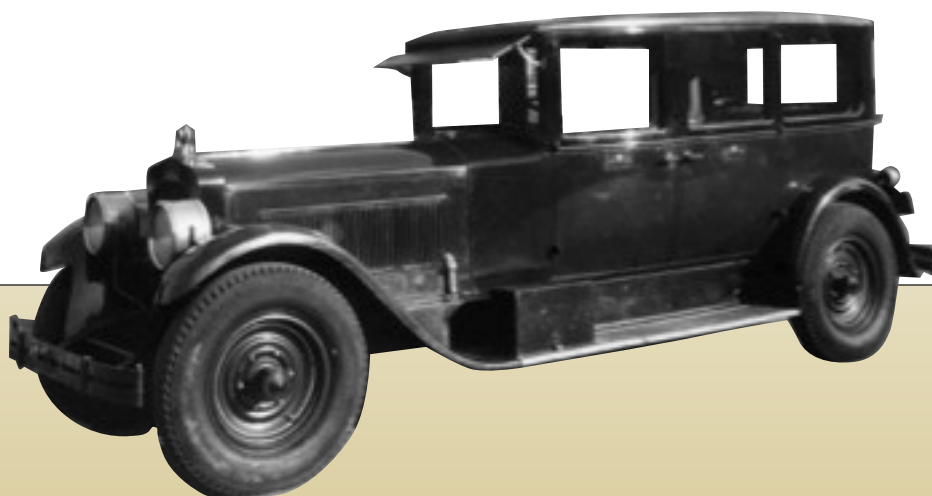
Rigorous diversity audits have been conducted at Cummins' facilities for more than a decade and are today a central component of our efforts to ensure that employees enjoy a positive, safe and productive work environment.

The process began in 1997, led by the Cummins Law Department, and is focused on making sure that our locations are in compliance with the laws, are operating in a way consistent with our commitment to diversity and equal opportunity, and are taking the right steps to provide employees with a great place to work. In that time, the Company has conducted more than 60 diversity audits at 30 sites in the United States and Europe.

The audits are conducted by teams of four to eight employees with diverse backgrounds who have no direct connection to the site being audited. The team tours the facility and also examines satisfaction surveys, training records, personnel files and other documents to ensure full legal compliance and assesses the work environment. The audit also examines the diversity of employees and the site's commitment to creating an inclusive and representative workforce.

A key component of the audit involves team members conducting confidential one-on-one interviews with a randomly selected cross section of approximately 10 percent of the site's workforce. Employees are asked a variety of questions regarding their work environment, knowledge of workplace policies and procedures, and their perceptions as to whether local management is committed to the Company's values, most notably our Code of Business Conduct, Treatment of Each Other at Work policy and diversity.

Results of the audits are shared with local management and with the Company's senior leadership. If issues are discovered, the site must create an action plan to address issues.



Clessie Cummins installed a Model U marine engine in a Packard Limousine, the first car in America with a diesel engine and one of the earliest in the world. The Packard drove 800 miles from Indianapolis to New York, the first ever long distance diesel trip in the U.S.

1929

Supplier Code of Conduct

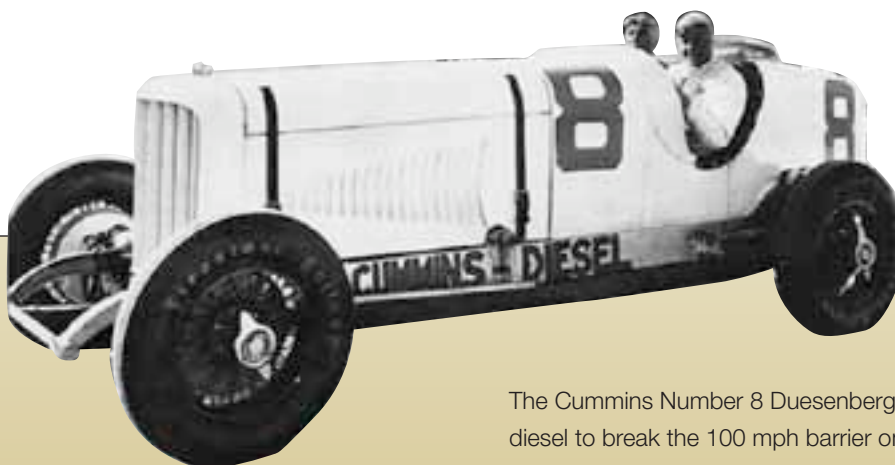
Cummins places a premium on doing business with companies that share its values and that treat their employees with dignity and respect.

The Code spells out standards of conduct to which it requires its suppliers to adhere, including provisions banning child or forced labor, respecting employee rights and providing a safe workplace for employees.

In 2009, Cummins released a new Supplier Code. The new Supplier Code was updated to align with the Company's internal Code of Conduct and to better emphasize the standards that suppliers must meet.

To date, the new Supplier Code has been translated into 14 languages. This new Supplier Code makes it clear that its expectations of conduct exceed mere compliance with local law and that suppliers are held to a higher standard.

At the end of 2007, Cummins had sent the Cummins Supplier Code of Conduct to more than 2,800 suppliers and had received a 99.5 percent response rate, with 99.6 percent of those responding indicating that they were in compliance with every element of the code. Cummins is currently reviewing the supply base to ensure that suppliers which represented greater than 80 percent of purchases in 2008 have responded to the Supplier Code of Conduct. When new suppliers are added, compliance is established in one of two ways. If a legal contract is in place, the Cummins Supplier Code of Conduct is a part of the agreement. If the terms and conditions of the relationship are confined to a purchase order, Cummins purchasing department solicits a response from the suppliers and addresses any areas of concern. Cummins is working with those suppliers who have not responded to attain our goal of 100 percent participation.



The Cummins Number 8 Duesenberg racecar was the first diesel to break the 100 mph barrier on the hard sand at Daytona Beach, Florida. Powered by a 100 hp Model U, the racecar was also the first to complete the Indy 500 non-stop.

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Cummins Noted for Excellence in Governance and Ethics

Cummins has been selected as one of the world's "Most Ethical Companies" for 2009 by the Ethisphere Institute. Ninety-nine companies were selected for the recognition from an initial pool of more than 10,000 companies.



This is the third year Ethisphere, which describes itself as organization "dedicated to the creation, advancement and sharing of best practices in business ethics, corporate social responsibility, anti-corruption and sustainability," has compiled its list of most ethical companies. Cummins has been recognized each of the past two years.

Reviewers for the Ethisphere Institute examined a wide range of information in selecting the companies for its list including: codes of ethics; litigation and regulatory infraction histories; investment in innovation and sustainable business practices; activities designed to improve corporate citizenship; nominations from senior executives, industry peers, suppliers and customers; and feedback from consumer action groups.

Cummins received the highest possible rating for its corporate governance practices from GovernanceMetrics International (GMI). Cummins was one of just 43, or 1 percent of the companies rated, that received GMI's highest rating of 10.0.

GMI rated companies based on six areas of analysis: board accountability, financial disclosure and internal

controls; executive compensation; shareholder rights; ownership base; takeover provisions and corporate behavior; and responsibility. Companies are rated from 0 to 10.

GovernanceMetrics International monitors and rates corporate governance for approximately 4,200 businesses worldwide. Companies are measured using objective data,

starting with a review of public information about each business that includes regulatory filing, websites and news articles. GMI assigns both global and national ratings to companies, allowing each corporation to compare itself to both businesses around the world and at home.



Internal Audit

Cummins has a robust global Internal Audit department that provides the Board of Directors and management with independent, objective information on the performance of the Company's control environment.

The Executive Director — Internal Audit reports to the Audit Committee of the Board of Directors and helps the Audit Committee ensure the integrity of the Company's financial statements and financial reporting, identify operational efficiency improvement opportunities, and monitor the Company's compliance with ethics policies and legal and regulatory requirements.

In 2008, Internal Audit issued 150 audit reports and audit memos covering functions and businesses around the globe. Internal Audit also has a formal implementation plan follow-up process to ensure management has addressed identified risks and implemented corrective actions. When a function or business receives an "Unacceptable" audit grade, the Business Unit leadership must present the corrective action plans to the Audit Committee of the Board of Directors.

Joint Venture Relationships

Cummins does business around the world through a number of joint venture agreements and alliances with business partners to increase our market penetration, expand our product lines, streamline our supply chain management and develop new technologies. Regardless of whether Cummins directly manages the joint venture entity, we take appropriate steps to ensure that the joint ventures share our values.

First, we carefully screen potential partners and only create joint ventures with partners we know and trust. Through our employees' participation on the Boards of these entities, we make sure that Cummins values are embodied in the joint venture.

We are taking new steps to ensure that our joint venture entities treat their employees in a fair and equitable fashion. In 2009, all of our North American joint venture partners and distributors had adopted our Code of Business Conduct or a substantially similar code that embodies the same principles. We also have begun an audit of the existing codes in place at all our international joint venture partners, and will ensure that such entities have or adopt codes in line with our own.

In 2007, we developed a training package to orient Cummins employees who serve as directors of our joint ventures to their responsibilities. The training emphasizes the internal review processes that we use in selecting a joint venture partner. This training focuses on the role of the Cummins director in the management of the joint venture and stresses the support available to the directors from Cummins specialists in the areas of finance, human resources, operations, safety, environmental and other functions. The training also stresses the establishment and maintenance of a favorable relationship with the JV partner as an aid in resolution of disputes that arise.

During 2007, six training sessions were conducted in Indiana, India, China and England. Approximately 100 JV directors, general managers and financial leaders have been trained. The training continued in 2008 in Brazil and Indiana.

In addition to this face-to-face training, Cummins also has launched a pilot program to deliver some of its on-line compliance and ethics courses – such as courses on anti-bribery and export controls – to employees of JVs. This program has been launched with the joint venture distributor network in North American and also is being rolled out to targeted international joint ventures.

Cummins Board of Directors

Cummins is governed by an nine-member Board of Directors. Among the directors, only Cummins Chief Executive Officer Theodore (Tim) M. Solso and President and Chief Operating Officer N. Thomas Linebarger are current employees of the Company. Board members are:



Robert J. Bernhard Vice President for Research and an engineering professor of the University of Notre Dame, appointed in 2008.



Georgia R. Nelson President and CEO of PTI Resources, LLC. She joined the Cummins Board in 2004.



Robert J. Darnall Retired Chairman and Chief Executive Officer of Inland Steel Industries and a Cummins director since 1989.



William I. Miller Chairman and CEO of Irwin Financial Corp. and a director since 1989.



Robert K. Herdman Managing Director of Kalorama Partners LLC, a Washington D.C.- based consulting firm, appointed in 2008.



Theodore (Tim) M. Solso Chief Executive Officer and Chairman of the Board at Cummins since 2000, after serving as Company President since 1995.



Alexis M. Herman Chairman and Chief Executive Officer of New Ventures Inc. and a director since 2001.



Carl Ware President and Chief Operating Officer of Ware Investment Properties, LLC. He was named a director in 2004.



N. Thomas Linebarger President and Chief Operating Officer of Cummins. He was elected director in 2009.

Corporate Governance Principles for the Board

The primary mission of the Board of Directors is to represent and protect the interests of the Company's stakeholders. In so doing, the Board has the legal responsibility for overseeing the affairs of the Company, and has certain specified powers and authorities with respect to corporate action provided by Indiana statutes.

The Board's oversight function is first exercised through the election and appointment of competent officers. The Board relies on the integrity, expertise and competency of these officers in carrying out its oversight function.

The Board's responsibilities include the following:

- Adopt corporate governance principles consistent with the Company's Vision, Mission and Values.
- Exercise sound and independent business judgment with respect to significant strategic and operational issues, including major capital expenditures, diversifications, acquisitions, divestitures and new ventures.
- Advise senior management.
- Monitor:
 - The performance of the Company
 - The performance of senior management
 - The effectiveness of internal controls and risk management practices
 - Compliance with all applicable laws and regulations
 - Communications and relationships with stakeholders



A 32-seater Mack bus repowered with Cummins 125 hp Model H diesel set a transcontinental bus record time from New York to Los Angeles in just over 91 hours. The test bus reached speeds up to 65 mph, achieving a faster travel time than by express train.

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Wuxi Cummins Turbo Technologies Produces 3 Millionth Turbocharger

On August 5, 2008 Wuxi Cummins Turbo Technologies achieved a significant milestone, completing the facility's three millionth turbocharger.

Turbochargers are a vital component of modern diesel engines. They enable the engine to "breathe" more deeply, introducing more oxygen, which enables the addition of more fuel—and thus, more power. Since they are driven by exhaust gases,

turbochargers do not need any power from the engine to operate. Thus, they have proven vital in the trade-off between increased efficiency and reduced emissions in diesel engines. China's growing economy needs these components, and Wuxi Cummins Turbo Technologies is increasing its ability to supply them.

Wuxi's millionth turbocharger was produced after eight years of production, with the two millionth turbocharger coming after a further three years. It was only 15 months later when the three millionth turbocharger was lifted off the production line. It is testament to the hard work of employees at the facility and sums up the rapid development of Wuxi Cummins Turbo Technologies over its short history.

A ceremony celebrating this achievement was opened by Chen Hua, General Manager of Wuxi Cummins Turbo Technologies. Joining the employees at the ceremony were key leaders from FAW Wuxi Diesel, the company's business partner. Mark O'Connor, Country Manager of China, addressed the employees and guests with expressions of appreciation. Quang Huanrong, General Manager of FAW Wuxi Diesel, followed with a speech in which he congratulated Wuxi Cummins Turbo Technologies on its swift development, commending the partnership between Wuxi Cummins Turbo Technologies and FAW Wuxi Diesel over recent years.



In discharging its fiduciary duties to act in the best interests of the Company, the Board considers the effect of its actions on shareholders, employees, suppliers, customers, communities, regulators and the broader interests of society. The Board has seven standing committees: Executive Committee, Audit Committee, Compensation Committee, Governance and Nominating Committee, Finance Committee, Proxy Committee, and Safety, Environment and Technology Committee and. The responsibilities of the Audit, Compensation, Governance and Nominating, Finance, and Safety, Environment and Technology committees are set forth in written committee charters approved by the Board.

The Company complies with all NYSE and regulatory requirements concerning the membership of certain committees, including the requirements with respect to independence and financial expertise. The Governance and Nominating Committee reviews the committee structures of the Board and the membership of the various committees annually, and makes recommendations for any changes to the Board.

Managing Risks

Controlling Exports

As an international company, Cummins faces a complex set of export controls. The United States frequently imposes trade embargoes against certain countries and places restrictions on items that can be shipped to certain other countries.

Cummins follows all applicable U.S. export laws, but goes further in some instances. For example, the Company bars transactions with any person or organization where the end destination of a Cummins product is Sudan or Myanmar (Burma); or where any Cummins product or service would be used in a military application in Syria, Libya, North Korea or Iran.

Cummins' policy on exports is comprehensive, but can be summed up in the following manner:

- We will know which countries are subject to sanctions.
- We will know our customers and business partners.
- We will know our products and be aware of their export control status.
- We will obtain necessary licenses where warranted and will strictly follow their conditions.

We believe our reputation for ethical and responsible conduct is our most important and valuable asset, and we encourage employees to raise compliance concerns to the highest levels of the Company.

All Cummins employees who complete the Annual Ethics Certification must certify their compliance with our Export Control Policy.

Crisis Communications

Making sure that Cummins is prepared if a crisis occurs is a key Company responsibility. To assist facility managers and others involved in emergency planning, Cummins routinely updates its Crisis Communications Plan. The plan includes vital information for facilities on how to communicate effectively during a crisis, as well as templates and forms to assist employees in gathering and updating information.

Cummins also has developed business continuity plans for each business unit or critical function within the business unit.

Pandemic Planning

At Cummins, the well-being of our employees is extremely important. As such, the Company has taken steps to ensure the health and safety of employees should a flu pandemic occur.

The Company formed a Pandemic Planning Team with individuals representing medical, safety, risk management, human resources, facilities, communication, business continuity and other key areas to help create a strategic response plan in the event of a pandemic.

As Cummins entered the summer of 2009, each Cummins facility was following an existing plan to cope with outbreaks of the H1N1 influenza virus. The Cummins Pandemic Response Plan includes six progressive stages, with local response growing stronger as the number of probable H1N1 cases reported near a Cummins facility grows, and declining as the number of reported cases declines. Local management has the discretion to respond to local circumstances, and the directives of local health agencies are always followed.



At higher stages, face-to-face meetings may be limited, and non-essential gatherings may be postponed. Those seeking to enter Cummins facilities may be asked to assess themselves for symptoms and are advised to seek immediate health care if they display them. At the very highest stage, management might even consider suspending operations until an “all clear” is given. No Cummins location had reached that stage, but teams continue monitoring the situation.

Managing Travel Risks

Cummins serves customers in countries and territories around the world, so global travel is part of many employees’ job. Travelers need a smooth, efficient travel process in order to reach a company’s business objectives. And during times of national, corporate, or personal crisis, travel management is crucial to reducing the risk to a company and its travelers through employee tracking and emergency assistance.

Travel management is a specialized business function that balances employee needs with corporate goals, financial and otherwise. Travel management ensures cost tracking and control, facilitates adherence to corporate travel policies, realizes savings through negotiated discounts, and serves as a valuable information center for employees and managers in times when travel is not as smooth and carefree as it used to be.

Two years ago Cummins used Six Sigma tools to develop a bid package to find a global travel management company that could measure up in terms of economics, capability, systems and emergency reporting. In the past, Cummins’ worked with numerous travel agencies across the world, which made data gathering and reporting difficult.

Today, by working closely with a limited number of global travel management companies and security intelligence suppliers, we are getting all the data needed to understand the location and disposition of global travelers. Cummins is updated on the latest developments worldwide. Whether those developments include the risk of insurrections in an unstable region or the state of a recent viral outbreak, managers can assess situations and respond in a rapid and effective manner to situations that impact personal safety and security.

Government Relations and Political Activity

Cummins maintains an office in Washington, D.C. to coordinate government relations activities. The Washington office provides strategic insight and advice to Cummins’ business leaders on emerging government issues and activities, provides top level access to government officials and key policymakers, develops and implements government relations strategies to achieve business objectives and advances business marketing objectives relative to government programs.

The office elevates government issues to senior management, ensures alignment with Cummins’ values and businesses objectives, and identifies and resolves key government issues that impact us.. Specific areas of activity include energy policy, environment, tax, trade, transportation, government research and development, government markets, workplace and human resources issues, defense and homeland security and facility and infrastructure programs.

In 2008, the office continued efforts with a broad group of environmental, industry and public groups to fully fund the Diesel Emissions Reduction Act, a national grant program to promote the retrofit of older diesel engines with emission reduction technologies. The office worked closely with the Administration and Congress on review and scoping activities for a new fuel efficiency program for medium and heavy-duty trucks. Cummins helped lead efforts to promote the installation of energy efficiency technologies, including clean and efficient combined heat and power projects, at industrial sites across the country. We also worked to promote responsible trade measures and debate, competitiveness measures such as extension of the R&D tax credit, and expanded federal research funding for energy efficient products in the transportation and energy sectors.

Cummins belongs to a number of trade organizations in order to further its business interests. We believe these organizations help us by leveraging our resources on issues where we have a similar interest. While we may not agree with the positions these associations take on every issue, we believe that participating in these organizations ensures that our voice is heard. Some of these organizations may use a portion of member dues either directly or indirectly for lobbying or other political activities.

The following is a list of trade organizations to which Cummins paid dues in excess of \$50,000 during calendar year 2008. The numbers represent our estimation of the portion of our dues used by those organizations for lobbying or other political expenditures.

Trade association

Dues spent on lobbying

American Trucking Associations

\$11,930

Business Roundtable

\$31,000

Diesel Technology Forum

< \$4,000

Emissions Control Technology Association

n/a

Engine Manufacturers Association

\$10,378

National Association of Manufacturers

\$13,132

U.S. Chamber of Commerce

\$18,000

As a general practice, Cummins does not make political contributions with corporate funds. However, the Company maintains a corporate policy that allows for certain state and local contributions, where permissible by law. Political contributions with corporate funds may only be made with prior approval from the Company's Executive Committee. In 2008, Cummins made no political contributions of any kind using corporate funds.

The Cummins Inc. Political Action Committee (CIPAC) makes contributions to candidates for federal office on a bipartisan basis after review and approval by the CIPAC Executive Committee and according to federal election law. A complete listing of CIPAC's contributions to candidates can be found on the Federal Election Commission website at www.fec.gov.

The Cummins Inc. Political Action Committee is strictly governed by corporate policies and by-laws that expressly state the following:

- All CIPAC contributions are strictly voluntary.
- The Company will not reimburse employees directly or indirectly for political contributions.
- Employees will not be pressured to contribute to CIPAC or make any other personal political contribution.
- No employee will be solicited by his or her immediate supervisor.
- Prior approval by a majority of the CIPAC Executive Committee shall be required for all contributions or other expenditures in the excess of \$100.
- Contributions to political candidates and political organizations are based on the following criteria:
 - a. Public integrity of the candidate.
 - b. Representation of a Cummins facility or employees.
 - c. Support for issues of importance to Cummins.
 - d. Timely and effective constituent service.
 - e. Political leadership or organization.
 - f. Financial need of the candidate.
 - g. Support for our core values.
- All of our political activities are disclosed to the Cummins Board of Directors in an annual political contribution report.



A venture to build locomotives in Columbus established Cummins as one of the pioneers of diesel-electric rail power, featuring experimental 500 hp 12-cylinder VL engines. The locomotive business and the unique twin-engine design was transferred to General Electric Company.

1935



The Cummins mission states that we will “demand that everything we do leads to a cleaner, healthier, safer environment,” a vision sustained through our long history of partnering with industry and government.

Environmental Stewardship

Cummins and Climate Change

Early in 2007, Cummins formed a climate change team to take both a holistic and tactical view of climate change and sustainability at Cummins. The team's members are from across business units and functions and represent facilities, product planning, corporate strategy, environmental policy and government relations, among others. The team looks at issues that range in complexity from domestic and international energy policy and fuel economy standards to simpler challenges, such as buildings best suited for waste heat recovery and daylight harvesters.

The group's current focus is structured around newly developed principles to serve as our framework to meet the challenges of climate change going forward. Six of these principles direct company actions for our products, businesses, employees and communities, while four of them shape our partnerships with legislative and regulatory entities to develop sound public policy to address climate change

The Cummins mission states that we will "demand that everything we do leads to a cleaner, healthier, safer environment," a vision sustained through our long history of partnering with industry and government.

A few examples of how we are fulfilling our mission:

- Cummins was the first to certify to U.S. EPA's 2010 emissions standards, a full three years ahead of schedule
- Through Cummins Diesel Recon, we reuse and recycle more than 50 million pounds of material each year
- Using Six Sigma process improvement tools, we work with our customers to reduce the fuel consumption of their fleets and with our suppliers to develop more environmentally-friendly components for our products
- Cummins certifies the use of biodiesel blends up to B20 in our new on- and off-highway engines
- Cummins powers 100 percent of new natural gas urban transit buses in the U.S. as well as more than 3,000 buses in Beijing, China and 4,200 in New Delhi, India
- Cummins is reducing facility greenhouse gas emissions 25 percent below 2005 levels by 2010 as part of the U.S. EPA's Climate Leaders program.

Cummins Climate Change Principles

Consistent with our past practices and shared values, Cummins has developed 10 principles to serve as our framework to meet the challenges of climate change. Six of our principles direct company actions for our products, businesses, employees and communities:

1 Improve Product Efficiency We will be a leader in developing new power technologies and products to meet the needs of a carbon constrained economy.

2 Grow and Develop New Businesses We will identify opportunities to grow current businesses and develop new ones to deliver products and services that meet global power needs with less carbon usage.

3 Collaborate with Suppliers and Customers We will work with our suppliers, customers and end-users to help reduce their carbon footprint and learn from them.

4 Make Work Spaces Green Spaces We will reduce the greenhouse gas emissions of our facilities globally.

5 Harness the Energy of Employees We will build an awareness of climate change with our employees, draw on their energy and ingenuity and empower them to make a difference at work and home.

6 Support Community Efforts We will support communities as they reduce their greenhouse gas emissions and transition to a carbon constrained economy.

Climate Change Principles for Public Policy

Four of our principles shape our partnerships with legislative and regulatory entities to develop sound public policy to address climate change.

7 Develop Responsible Regulations We support regulations that meet the needs of the environment, allow appropriate time for technology development and provide for the transition to a carbon constrained economy.

8 Promote Technology Development We support policies to develop the right technologies and products to meet short and long-term goals for greenhouse gas reductions.

9 Accelerate Progress through Incentives We support incentives to encourage the commercialization and adoption of greenhouse gas reducing technologies, products and processes.

10 Create a Balanced Global Approach We support an international framework for climate change that reduces emissions without leading to trade inequities or barriers to global commerce.

Cummins Unplugged Challenge saves nearly \$1 million and reduces carbon dioxide emissions by 7,000 tons



Cummins employees have shown that a few simple actions can make a meaningful environmental difference through their performance on the Company's first "Unplugged Challenge."



Cummins employees were challenged to improve shutdown

procedures for electrical equipment over the recent Christmas holiday period to see how much money and energy the Company could save. Their efforts yielded a savings of \$908,710, compared to the same period during the holiday shutdown last year – or more than 7,000 tons of carbon dioxide that was not released into the atmosphere.

The Unplugged Challenge asked employees to examine power-down procedures for ways to save both money and energy. Teams used sign

templates to identify powered-down systems and documented the steps for restoring operation. Systems were set at minimal levels that would safeguard against freezing damage or problems upon startup. Employees also did sweeps on the first shutdown day to ensure lights and electronics were turned off.

Fifty-four Cummins sites across the world representing 90 percent of the Company's energy use participated in the Unplugged Challenge. Results from our Unplugged Challenge exceeded all expectations, thanks to an extraordinary participation level across every business unit. Employees were diligent in doing both the small actions that can really add up and creative in applying new procedures to save energy. The challenge produced outstanding results and set the bar high for future efforts.

Best Performance Awards

Best Energy Cost Savings
Cummins Turbo Technologies,
Huddersfield
\$81,373

Best Percent Energy Reduction
Cummins Turbo Technologies, Dewas
85 percent

Best Greenhouse Gas Reduction
Engine Business, Cummins Industrial
Center/Cummins Komatsu Engine Co.
583 tons CO₂e

Best Engagement Awards

Best Employee Communications
Cummins Filtration, Black River Falls

Best Employee Engagement
Engine Business, Jamestown
Engine Plant

Best Energy Innovations
Cummins Emission Solutions,
Mineral Point

Cummins helps customers improve fuel economy and reduce greenhouse gas emissions

As a leading global engine supplier in many geographic regions and engine applications, Cummins is committed to helping customers achieve the lowest operating costs. Fuel economy represents the largest single cost factor in many customers' operations. Customers count on Cummins not only for the most fuel efficient products, but also to use Six Sigma tools to help them measure, optimize, and control the critical factors that impact fuel consumption.

Cummins' ongoing efforts to help customers reduce operating costs also deliver substantial reductions in greenhouse gas emissions. From 2004 to 2008, Cummins completed 44 customer-focused Six Sigma projects, which resulted in a savings of 40 million gallons of fuel globally and 406,128 metric tons of CO₂ eliminated cumulatively. This is equivalent to taking 74,382 passenger vehicles off the road.



Cummins territory managers are equipped with the skills and tools necessary to support our customers as fuel economy experts. One such tool that has been developed by Cummins is the software application known as PowerSpec. PowerSpec gives our representatives the ability to:

- Configure trucks to maximize fuel economy for a customer's unique needs
- Analyze customer data to pinpoint areas for MPG improvements
- Set adjustable features which include road speed governor, cruise control, and idle reduction

Barney Trucking, a Utah truck fleet, is an example of the success of using both PowerSpec and the Six Sigma methodology. The Cummins team worked closely with Barney Trucking on a Six Sigma miles per gallon improvement project in 2008. The objective of the project was to evaluate Barney Trucking's electronic engine settings to improve fuel economy and balance the proposed changes with required performance. Using Cummins patented features such as Load Based Speed Control and Gear Down Protection, Barney Trucking realized a 10 percent fuel economy improvement.

Cummins Energy Efficiency Team



The EPA's Climate Leaders program offers a rigorous approach to greenhouse gas reduction that yields credible results. Cummins took the most comprehensive stance possible, choosing to include in its baseline audit all management controlled entities worldwide. All GHGs at 262 sites are currently being tracked and reported in metric tons of carbon dioxide-equivalent. We have automated much of the data collection with a web-based worldwide Environmental Metrics System.

A corporate Energy Efficiency Team was chartered in the second quarter of 2007 with leaders from each business unit and related environmental functions. The team developed a strategic plan and an intensive study of energy assessments at our largest facilities was completed by the end of 2007.

These formal assessments created a working list of more 1,000 viable capital projects that we prioritized according to their financial and environmental benefits. A corporate Energy Efficiency Strategic Capital Fund supports these projects.

Collaborating with Customers

Cummins' efforts to reduce carbon intensity encompass both our products and our collaborative efforts with customers.

Engines

Cummins has numerous initiatives in this area, with key ones focused on the management of automotive heavy-duty engine idle, cruise control and speed. Idle management features supported within the Electronic Control Modules (ECMs) of our engines can help our customers reduce fuel consumption by shutting off the engine after a specified amount of time at idle. When fuel is saved less carbon is released.

The second aspect of reducing/managing the carbon risks involves our fuel economy features. Some of these features are:

- **Road Speed and Cruise Control Governor:** The feature limits the maximum vehicle speed with the driver's foot on and off the throttle. Power required, and therefore fuel burned, is directly proportional to vehicle speed.
- **Smart Torque:** By allowing high torque in the top two gears, you can minimize the number of down shifts required to maintain speed on the highway. By avoiding a downshift, overall engine speed is lowered and a lower engine speed generally equates to less fuel burned.
- **Information Features:** In addition to these "active" features, Cummins engines also have a number of "information features" where "trip" or "duty cycle" information is stored. By reviewing these data, a fleet manager can look for variations between drivers or trucks, look for trends and use the data for driver coaching.

Combined Heat and Power Applications

Cogeneration, or Combined Heat and Power (CHP), is the production of two kinds of energy – usually electricity and heat – from a single source of fuel.

Cogeneration can replace the traditional method of supplying energy from multiple sources, e.g., purchasing electricity from the power grid and burning natural gas or oil separately in a furnace to produce heat or steam. These methods can waste up to two-thirds of the energy in the original fuel. With cogeneration, 70–90 percent of the energy in the original fuel is put to productive use and total energy savings can be 30 percent or more.

A cogeneration system normally consists of a prime mover turning an alternator to produce electricity and a waste heat recovery system to capture the heat from the exhaust and cooling water jacket. The prime mover can be a diesel engine, a lean-burn gas reciprocating engine or a gas turbine.

Cummins Power Generation designs and builds cogeneration systems used around the globe in various applications. These applications include greenhouses that utilize the electricity for lighting, waste heat to keep the greenhouses at the ideal growing temperature, and the CO₂ in the exhaust as food for the plants. Another application operates on the methane created in a wastewater treatment plant digester instead of venting the methane to the atmosphere. The waste heat from the generator set keeps the treatment plant digester at the ideal temperature. Other CHP applications include hospitals, schools, sports complexes, and commercial facilities.

Cummins has 430 MW of installed cogeneration installations globally with an average project size of 2 MW. These installations represent a GHG reduction of about 500,000 metric tons of CO₂ per year for our customers.

New York Plant Turns Waste into Energy

Jamestown Engine Plant (JEP) is the first Cummins facility to go landfill free. Its waste now joins other waste streams from across New York State, Michigan, Ohio and Canada to be burned in a controlled incineration process. Covanta Niagara, a waste to energy (WTE) incineration facility located in Niagara Falls, New York, has been contracted by JEP to burn all of the plant's waste that was previously sent to the local landfill.

By this incineration of waste, the plant will be reducing its carbon footprint and the waste will be transformed into immediate usable

power, rather than taking up space in a landfill, slowly decomposing over the next millennia.

It is this decomposition and subsequent emission of methane gas that persuaded JEP to turn to incineration of waste. According to the EPA, decomposition of trash in open landfills contributes to 131 million tons of methane being released into the atmosphere annually.

This is significant because methane is considered to be a major contributor to global warming. By eliminating landfill waste, JEP will lessen its



CO₂E (carbon dioxide equivalent) production by over 1,454 tons a year. The combustion of the JEP's trash will produce 5 million pounds of high pressure steam and generate more than 3,400 megawatt/hours of electricity over the course of a year.

Engine Testing

Cummins is working to reduce energy consumption, lower pollution levels and reduce costs through initiatives to reduce engine testing in product development and in manufacturing. These initiatives encompass design, the verification of manufacturing quality and the advanced diesel engine quality verification process. See discussion of analysis-led design on page 73.

Sustainability Reporting and Partnerships

Cummins seeks to partner with groups that help us be a better steward of the environment. For the past three years, we have participated in the Carbon Disclosure Project (CDP), an institutional investor consortium that seeks to encourage greater environmental reporting among companies.

On behalf of investors representing \$31 trillion in assets under management, CDP asks companies to provide details on their carbon emissions, their positioning in response to the impact of climate change on their markets and regulatory environment, their use of energy and planning for the future.

The Company was named to the Dow Jones World Sustainability Index for the fourth year in row, being recognized again for its economic, environmental and social leadership. This index represents the top 10 percent of the world's largest 2,500 companies in these corporate sustainability metrics.

In addition, Cummins is a member of the Business Round Table Climate RESOLVE (Responsible Environmental Steps, Opportunities to Lead by Voluntary Efforts), whose members have voluntarily committed to reduce or offset greenhouse gas (GHG) emissions. Cummins also is a member of the Global Environmental Leadership Council of the Pew Center on Climate Change and Resources for the Future Climate Forum.

The Right Technology for Reducing Emissions

Products as Performance Indicators

Leadership in combustion research, fuel systems, air-handling systems, electronics, filtration and aftertreatment allows Cummins to maintain its goal of maximizing customer value by providing the most appropriate emissions control for each market served.

Cummins' diverse product portfolio meets or exceeds all emissions requirements, and at the same time, delivers on customer needs for fuel economy, performance, reliability and durability.

Cummins' technology approach for on-highway engines to meet the more stringent 2010 U.S. Environmental Protection Agency's diesel emissions standards will use an evolution of its proven 2007 solutions to maintain power and torque with comparable fuel economy and maintenance intervals the same as today. Cummins will offer a complete lineup of on-highway engines to meet the near-zero 2010 emissions standards.

The 2010 EPA Emissions and Fuel Rule

Looking ahead to 2010, emission requirements will change dramatically for heavy-duty trucks over this period. Both NO_x and PM will be reduced by 90 percent from 2004 levels.

By 2010, all heavy-duty diesel engines are expected to meet the NO_x standard of 0.20 grams per brake-horsepower hour (g/bhp-hr) and the PM standard of 0.01g/bhp-hr. Also by 2010, regulations will require the phase-in of advanced on-board diagnostics with additional sensors to monitor the effectiveness of emission-control systems on the engine, which will alert the driver if a failed emission-reduction device needs to be repaired.

Ultra-Low Sulfur Diesel Fuel (ULSD)

In addition to the new exhaust emission standards, the EPA is lowering the limit for diesel sulfur fuel from 500 parts per million (ppm) to 15 ppm. The new fuel standard began to be phased in October 2006 and will be completed by September 1, 2010.

Cummins has publicly expressed its support of ultra-low sulfur fuel. ULSD has several benefits. It produces less particulate matter from combustion, so it is a particulate matter control strategy for all equipment in use. In addition, ultra-low sulfur fuel enables the use of advanced aftertreatment control systems.

Ready for 2010

Cummins' entire on-highway product range will be ready to meet the new Environmental Protection Agency (EPA) regulations for the North American market beginning in 2010. The breadth of Cummins' 2010 product offerings demonstrates the Company's commitment to its customers as well as to the environment.

Cummins will offer a range of engines from the 6.7-liter ISB to 15-liter ISX, delivering best-in-class fuel economy and performance, while complying with the EPA's newest and most stringent emissions standards. This is a formula that customers need in today's economy and environment, and is why Cummins advocates and supports the implementation of EPA's commitment to the lowest diesel emission levels in the world in 2010.

For 2010, Cummins will introduce the ISX15, which will provide substantial fuel economy improvement, stronger performance, faster throttle response and overall best-in-class drivability and reliability compared to today's industry leading ISX engine. The ISX15 will feature the new Cummins XPI fuel system, next generation cooled EGR system, advanced VGTTM turbocharger and a new Cummins Aftertreatment System that incorporates Selective Catalytic Reduction (SCR) catalyst technology.

Cummins also will introduce the new ISX11.9 for vocational trucks, emergency vehicles and motor coach applications.

The ISX engine is the market leader today in the North America heavy duty on-highway truck market. Cummins' market share of the heavy duty on-highway business has grown from 27 percent in 2006 to more than 45 percent in 2008.

Cummins also will offer its ISB6.7, ISC8.3 and ISL9 engines for 2010. Cummins MidRange engines deliver best-in-class fuel economy and reliability with high power-to-weight ratios, and have made significant market share gains in medium-duty trucks and bus applications.

In addition to the fuel economy gains associated with SCR and Cummins XPI fuel system, the performance and reliability enhancements that come with decreased EGR rates are even greater than first estimated, which is more evidence that SCR is the right technology for 2010.

Competitive Advantages

Across its entire lineup of on-highway engines, Cummins is able to meet increasingly stringent emissions regulations with speed and efficiency, due primarily to two competitive advantages.

First, Cummins benefits from an integrated business structure that enables it to tap the core competencies of Cummins Emission Solutions, Cummins Turbo Technologies, Cummins Fuel Systems and Cummins Filtration. These businesses work together to bring to market technologically superior, fully integrated systems.

Second, Cummins has worldwide experience and leadership with a wide range of proven technologies. Cummins continues to execute its carefully planned product strategy, anticipating changes and investing in the research and development necessary to meet customer needs and environmental goals.

Earthrace Smashes World Record for a Greener Planet with Cummins MerCruiser Diesel Power



After a thrilling high speed run through the Suez Canal, the world's fastest vessel stopped briefly in Port Suez, Egypt. Fueled with 100 percent biodiesel fuel, the Earthrace was on its final leg of a global circumnavigation that set a new world's record. Earthrace is a 24-meter, wave-piercing trimaran vessel powered by twin Cummins

MerCruiser Diesel QSC8.3-540hp engines running on 100 percent biodiesel fuel, creating tremendous power (maximum speed 90 kilometers an hour) while leaving a net zero carbon footprint.

From its start in May 2008 in Sagunto, Spain, the Earthrace, an advanced endurance vessel, traveled through the Panama Canal, the Pacific, into the Indian Ocean and through the Suez Canal with the support of an amazing number of individuals determined to see it succeed. The Earthrace faced many challenges during its journey, the second attempt in as many years by a group dedicated to proving that being environmentally conscious does not require sacrificing performance.

In the last leg of the journey, Earthrace was the only vessel in the world to receive special dispensation to pass through the Suez Canal at full speed to continue on its journey through the Mediterranean to Spain, a full 2,550 miles ahead of the world record pace set by the British Cable and Wireless team in 1998 (also using Cummins engines). According to Pete Bethune, Earthrace's captain, "Breaking the world record by such a large margin using a boat with a net zero carbon footprint proves that being green does not mean skimping on performance or design. We're hoping this big gesture will have an effect on the way people think about every aspect of their everyday lives."

Evolution of Alternative Fuel Engines

Cummins has a joint venture with Cummins Westport, which manufactures and sells the world's widest range of low-emissions alternative fuel engines for commercial transportation applications such as trucks and buses.

Cummins Westport has established its leadership position as a global provider of alternative fuel and natural gas engines. More than 2,000 buses in Beijing, more than 2,000 in Dehli, 1,000 in the Los Angeles Metro fleet and hundreds in the San Diego MTS fleet are using Cummins Westport engines. Natural gas is becoming a mainstream fuel solution and Cummins Westport engines such as the ISL-G, the first natural gas engine for trucks and buses to be 2010 EPA certified, is rapidly becoming the global standard.

In addition, Cummins Westport offers an engine that runs on both affordable, low-carbon natural gas and zero-carbon biogas. For example, refuse dumped today produces significant amounts of landfill gas or biomethane. The biogas is captured, processed and put back in the very truck that brought the refuse. This 'recyclable' business solution is driving natural gas engine orders, and reducing dependence on fossil fuels.

Cummins and Biodiesel Fuels

Biodiesel is a clean-burning alternative fuel made from renewable resources like soybeans, vegetable oils and even algae. It creates about 60 percent less carbon dioxide than petroleum fuels, biodegrades as quickly as sugar, and is less toxic than table salt. Biodiesel fuel is free from the aromatics and sulfur found in traditional fuels and is one of the few alternative fuels registered with the Environmental Protection Agency for sale and distribution.

In February 2009, Cummins announced that B20 biodiesel blend can be used in its 19- to 78-liter high-horsepower engine platforms manufactured after January 1, 2008. This approval provides a significant expansion of Cummins engine compatibility with B20 usage, bringing the environmental benefits of using a 20 percent renewable fuel blend to high-horsepower applications in mining, oil and gas, rail, industrial and power generation markets.

Cummins high-horsepower engines approved for use with B20 biodiesel include the Quantum Series engine platforms from the QSK19 to the QSK78, covering a wide 506- to 3500-hp range (377 to 2610 kW).

Cummins K Series engine platforms from the K19 to the K2000E are also approved for use with B20 biodiesel across a 450- to 2000-hp range (336 to 1491 kW).

These high-horsepower engines will join Cummins EPA Tier 3 and EU Stage IIIA industrial engines already B20-approved down to the 80-hp (60 kW) QSB3.3.

Cummins understands the environmental benefits of biodiesel and has worked diligently in completing all necessary testing and evaluations to ensure approval of B20 usage in our engines. This enables us to offer guidance and information to our customers on the proper use of biodiesel in Cummins engines. For further information, a question-and-answer document is available on everytime.cummins.com.

Cummins has pledged to continue its efforts to ensure that future products will be compatible with biodiesel fuels and will continue to participate in industry efforts to develop consistent quality throughout the biodiesel industry.



The "Bubblenose" tractor with cab-over-engine played a major role in establishing Freightliner as a recognized truck manufacturer. With a compact 225 hp HR600 Cummins, very short cab length and much use of lightweight aluminium, the innovative tractor enabled heavier and bulkier loads to be carried.

1949



San Luis Potosi (Mexico) Cummins employees recycled 39,000 containers in one month to celebrate Earth Day in 2008.

Cummins Filtration and the Environment

As the global leader in providing filtration, coolant and chemical technology for diesel and gas-powered equipment worldwide, Cummins Filtration takes its environmental responsibility seriously.

With more than 525 active global patents for innovative technology, Cummins Filtration continues to provide environmental leadership by designing products for the future that extend service life, lower emissions and eliminate harmful contaminants. Cummins Filtration products continually meet or exceed global emissions regulations, reduce disposal issues and support extended maintenance.

To achieve these results, Cummins Filtration offers an integrated system approach for equipment maintenance with environmentally friendly product choices for all major engine systems. This stable of green products includes the following state-of-the-art technologies:

User-Friendly Filter

The User-Friendly filter was the winner of Cummins first Design for Sustainability award in 2007. The filter is made of composite material and has significantly less environmental impact than previous steel models. The user-friendly filter requires a third less in material cost and is easier for customers to install and service. Volatile organic compounds are reduced because the filter does not need to be painted, its reformulated paper media does not require curing and the use of plastisol adhesive is avoided.

Crankcase Ventilation Filtration

Cummins Filtration's crankcase ventilation filtration products provide world-class aerosol filtration performance, as rewarded by the 2008 Frost & Sullivan Award for Product Innovation. Cummins Filtration technologies enable very clean Open Crankcase Ventilation systems, protecting both humans and the environment. Crankcase blow-by aerosol emissions to the atmosphere are reduced by more than 90 percent. Liquid oil drip is reduced by 99 percent – eliminating oil dripping onto roads, crops, bodies of water, garages and driveways – among many benefits.

Reducing Greenhouse Gases by the Ton

As with most companies in our industry, the largest part of our carbon footprint comes from energy use—chiefly the “indirect GHG” our electric utilities emit for the power we use, followed by our “direct GHG” from combusted fuels like natural gas for heating, then by “fugitive gases” directly released in manufacturing. Potent GHGs from fugitive gases were eliminated through several projects stemming from our baseline work. Reducing Cummins’ carbon footprint further is fundamentally about driving energy efficiency.

Cummins Official 2005 GHG Baseline by Source

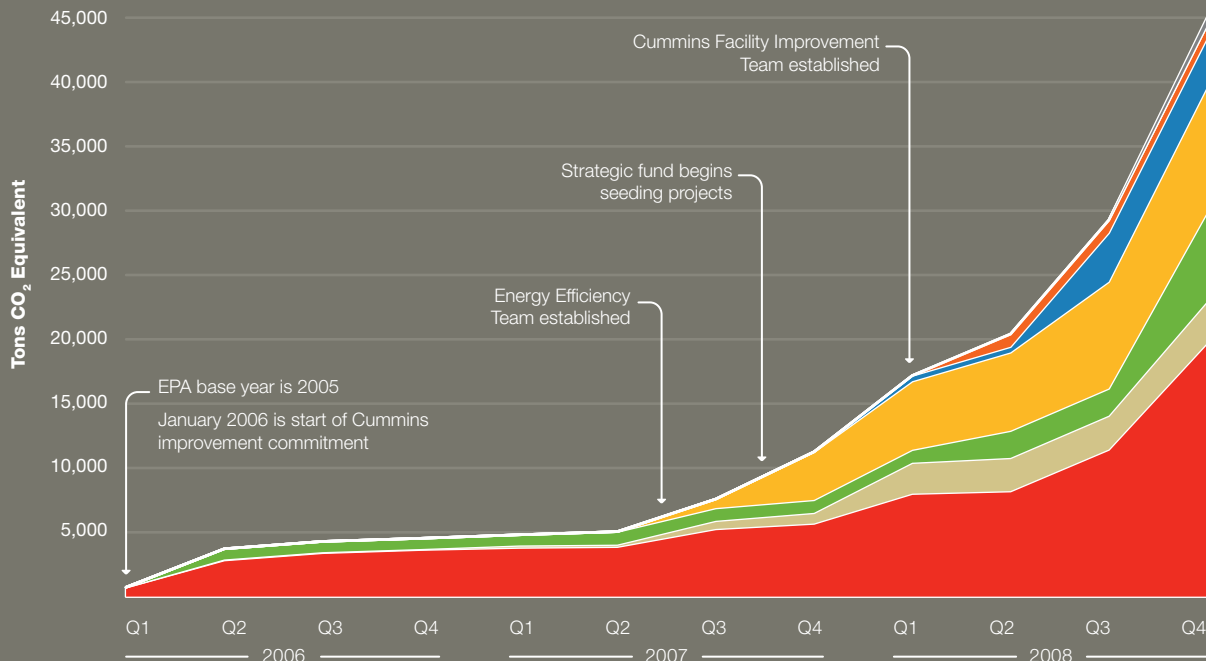
Electricity (indirect GHG)	59%
Stationary combustion (direct GHG)	22%
Fugitive Gases (process GHG)	15%
Mobile sources (owned auto/air)	3%
Other	1%

The mountain chart shows how rapidly the structured approach taken by the Energy Efficiency Team has enabled improvements. One hundred fourteen energy efficiency projects have been implemented, with another 32 in process by the end of 2008. More than 181,000 metric tons of GHG are now being eliminated annually. A \$20 million investment is returning approximately \$13 million in annual energy and maintenance savings. Cummins is on target to meet its voluntary commitment to the Climate Leaders program.

GHG Improvement from Energy Efficiency Projects (2006–2008)

- 114 capital projects implemented
- 32 in process
- Reduction of 181,392 tCO₂e annually (Status as of December 15, 2008)

- CBS
- CFBU
- DBU
- CTT
- CES
- PGBU
- FSBU
- EBU



ES Compleat™ Glycerin Premix Long-Life Antifreeze/Coolant

The Fleetguard ES Compleat is an innovative heavy duty engine antifreeze/coolant that uses glycerin instead of traditional ethylene glycol (EG) or propylene glycol (PG). Glycerin is derived from renewable sources and is the primary byproduct of the biodiesel manufacturing process.

Oil and Fuel Modules with Incinerable Replacement Cartridges

For more than 10 years, Cummins Filtration has partnered with our OEM customers to create oil and fuel modules for heavy-duty applications. Originally, the modules were 100 percent metal, and the replacement cartridges were complex with multiple metal pieces. Today's modules contain less metal and continue to progress toward increased sustainability.

Nanofiber Media

Engineers from Cummins Filtration in 2008 received the prestigious Diploma of Recognition from the International Federation of Automotive Engineering Societies (FISITA) for their research paper on the company's innovative Direct Flow engine air filter with nanofiber filter media. The role of fine, more efficient engine filtration has increased due to new engine exhaust particulate and evaporative emission regulations, as well as the introduction of new international test standards that focus on the sizes of dust particulate that penetrate the filter. Engine lifetime, fuel consumption and engine emissions greatly depend on the design of all engine filtration systems. To meet these expectations, filter development lately has focused on reduced volume filters and ultrafine, nanofiber filter media.

Direct Flow

Direct Flow is a new technology that offers greater filtration performance in a smaller, more versatile size. Direct Flow optimizes the utilization of the filtration media and creates a direct air flow path into the engine providing higher performance than conventional product designs. The Direct Flow filter system uses recycled material in up to two-thirds of the system components with some components being constructed entirely from recycled materials. The filter contains no metal and is fully incinerable.

Filter in Filter

Filter in filter significantly reduces weight, volume of material. For more than ten years, Cummins Filtration has partnered with our OEM customers to create oil and fuel modules for heavy-duty applications.

Diesel Exhaust Fluid

Diesel Exhaust Fluid (DEF), known as AdBlue in Europe, is a urea-based chemical reactant designed specifically for use in SCR systems to reduce NOx emissions. Cummins Fleetguard's DEF is API certified and meets ISO22241 specifications for purity and composition, with environmentally-friendly features such as: non-toxic and non-polluting, non-flammable and non-hazardous.

Emission Regulations and Cummins Product Goals

Since the 1970s, Cummins on-highway engines have been regulated by the EPA and similar regulatory agencies around the world for combustion emissions, including NOx, carbon monoxide (CO), hydrocarbons (HC) and PM, also known as soot.

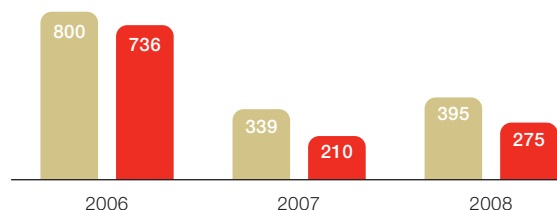
Cummins works closely with regulatory bodies to seek aggressive, but technologically feasible, emission reductions that also allow us to continue to make products that meet the exacting needs of our customers.

When compared to emissions from unregulated engines — i.e. before EPA standards became effective in 1973 — today's on-highway diesel engines emit 90 percent less PM and nearly 90 percent less NOx. Cummins and other engine-makers are required by the end of the decade to further reduce PM and NOx to levels 99 percent lower than the unregulated levels.

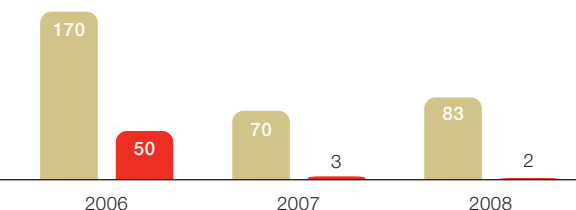
Off-highway engines produced by Cummins also are subject to stringent emission standards. While the combustion process for off-highway engines is fundamentally the same as for on-highway engines, the emission control strategies are not interchangeable because of the broad horsepower range, unique applications and the wide variety of duty cycles typical of off-highway products.

Between 1995 and 2006, off-highway engine emissions for NOx and PM have been reduced by 80 percent and 85 percent, respectively. And from 2010 to 2014, off-highway engines will be controlled to essentially the same level of emissions as their on-highway engine counterparts. By 2014, NOx and PM emissions from off-highway engines will be 98 percent lower than they were in 1995.

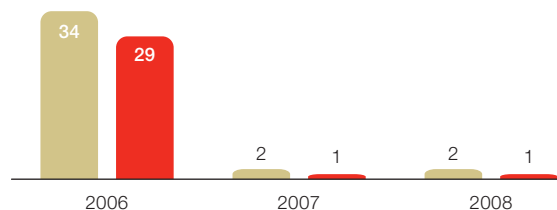
Total Automotive Useful Life Emissions Nitrogen Oxides (NOx) in 1,000 Tons



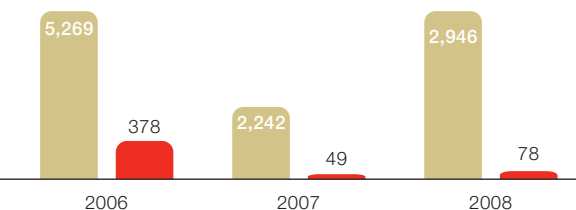
Total Automotive Useful Life Emissions Hydrocarbons (HC) in 1,000 Tons



Total Automotive Useful Life Emissions Particulate Matter (PM) in 1,000 Tons

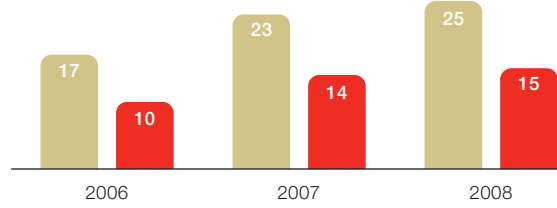


Total Automotive Useful Life Emissions Carbon Monoxide (CO) in 1,000 Tons

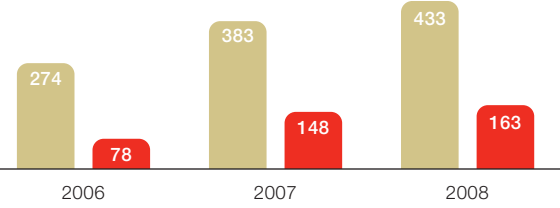


EPA Allowed
 Cummins Produced

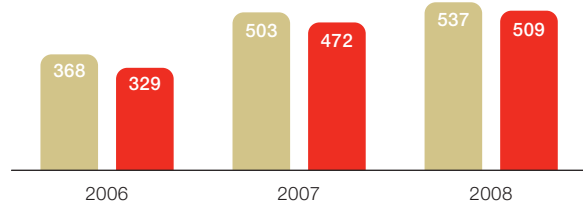
**Total Non-road Useful Life Emissions
Particulate Matter (PM) in 1,000 Tons**



**Total Non-road Useful Life Emissions
Carbon Monoxide (CO) in 1,000 Tons**



**Total Non-road Useful Life Emissions
Nitrogen Oxides + Hydrocarbons
(NOx + HC) in 1,000 Tons**



EPA Allowed
 Cummins Produced

The charts on these and subsequent pages depict Cummins' commitment to the environment by demonstrating that the Company's engines often exceed U.S. emissions standards. The on-road charts for North America compare the estimated maximum allowable emissions by EPA standards versus Cummins' estimate of its engines' actual emissions for the past three years.

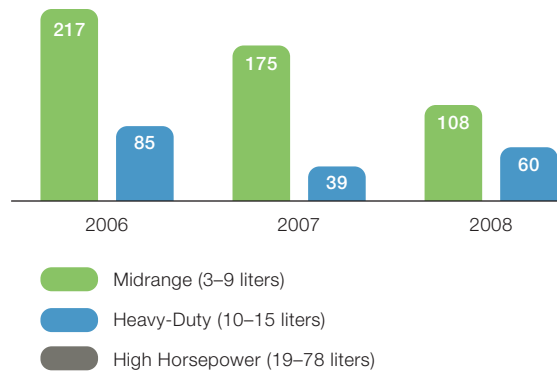
Estimates are based on the number of engines, both heavy-duty and midrange, manufactured in the United States for on-highway use per year.

Cummins engines have released far less hydrocarbon and carbon monoxide into the environment than the maximum allowed by the EPA. And even by the tough NOx and PM measures, Cummins has been under the standards.

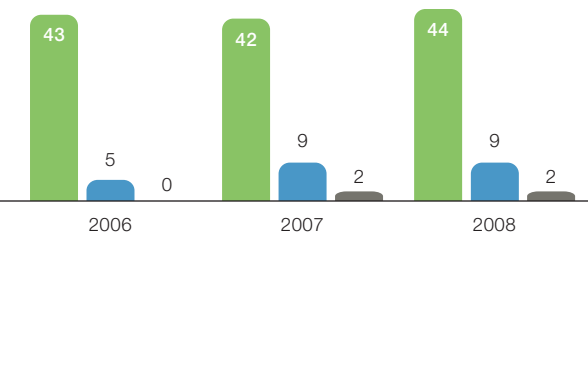
The figures in the non-road charts are based on the number of midrange, heavy-duty and high-horsepower engines produced to EPA standards. As with Cummins on-road engines, these non-road engines release far less HC and CO into the environment than the maximum allowed by regulatory agencies. Likewise, NOx and PM actual emission levels are under the applicable standards.

Cummins also participates in a regulatory program called Averaging, Banking and Trading (ABT). This program allows emission credits to be generated and "banked" by a company whose products generate emissions that are lower than the regulated level. These banked credits may be applied to other engines whose emissions are higher than the standard. However, some credits are discounted by a certain percentage depending on engine type and ABT program rules. As a result of this discounting process, a portion of the emissions credits go unused by the Company, and are thus an additional benefit to the environment.

On-Highway Diesel Engine Volumes (thousands)



Non-road Diesel Engine Volumes (thousands)



Recycling Cummins Products

“Reduce, reuse, recycle.” That’s a key slogan for environmentalists everywhere. At Cummins, we have an additional term. “ReCon” is the name Cummins uses for its line of genuine, factory-remanufactured products. Remanufacturing provides customers the option of same-as-new performance at a value price, especially important during challenging economic times. ReCon helps customers and Cummins alike manage the business cycle, and once again in the 2008-2009 recessionary period, sales of ReCon parts were up compared to new.

Remanufacturing also provides benefits for the environment by using about 85 percent less energy compared to the mining, refining, melting and machining of new material. Cummins reuses or recycles over 50 million pounds of material each year. The energy savings from this reclamation is equivalent to the consumption of about 10,000 homes in the U.S. Since most of that energy is fossil-fuel based, the savings also add up to greenhouse gas (GHG) reductions of about 200 million pounds.

The benefits of remanufacturing are increasingly being recognized world-wide. Cummins has established two new remanufacturing locations in India, and signed a contract to provide remanufacturing services to the holder of one of only 14 trial licenses for remanufacturing granted by the Chinese National Development and Reform Commission. These new locations will provide the benefits of remanufacturing to these growing economies.

Going Beyond Requirements in Other Countries

Cummins meets or exceeds emission regulations in every country that it operates. In South Africa, Cummins sells EPA certified 1999 engines to meet their latest regulations. Similarly, in Taiwan, emissions regulations require EPA 2004 or Euro IV standards, which Cummins sells both types of certified engines. In Mexico, the emission regulations recently enacted require EPA 2004 certified engines, Cummins has been very active in their latest rulemaking and has been selling EPA 2004 certified engines years prior to their latest requirements.

Cummins has worked closely with the Chinese government and OEMs to introduce “green engines” to China. Cummins is committed to bringing in advanced, low-emission, fuel efficient and environmentally friendly products to Chinese customers concurrently with international markets, including the United States and Europe.

In 2008, Cummins’ joint ventures in China, Dongfeng Cummins and Xi’an Cummins developed Euro IV diesel engines in advance of the Chinese Government’s requirements for production in 2009. In 2009, Cummins’ latest joint venture with Beijing Foton will begin production of the all new ISF 2.8L and ISF 3.8L Euro IV engines in Beijing. In 2009, Cummin’s Wuhan based Technical Centre began development projects with all of our joint ventures in China to develop clean diesel engines to meet the stringent Euro V emission standards worldwide.

In addition to local production of Euro IV engines, Cummins is the first foreign diesel maker to invest in the local manufacturing of key sub-systems, including turbochargers, filtration products, fuel systems

and after-treatment products. This initiative supports our Chinese partners and OEM customers as they work to meet future emission standards, including Euro IV and above. In 2008, Cummins Fuel Systems opened a new manufacturing plant in Wuhan to locally produce fuel pumps and injectors. Cummins Emission Solutions also began production of advanced after-treatment systems at our new plant in Beijing to support China's drive to low emission, fuel efficient and environmentally friendly products.

In 2009, Cummins also proactively cooperated with Chinese OEMs to develop and produce hybrid vehicles for the China market. Cummins Power Generation provided combined heat and power system (CHP) to help Chinese customers, such as Beijing South Railway Station, to achieve their energy saving targets. Cummins also continued our efforts to reduce our carbon footprint across China by working with all of our facilities in China to introduce a series of measures designed to minimize our energy consumption.

Seeking Counsel in Developing Products and Meeting Standards

In developing products to meet various standards, as well as the demands of its customers, Cummins seeks advice and counsel from its Science and Technology Advisory Council and the Safety, Environment and Technology Committee of its Board of Directors.

Cummins Science and Technology Advisory Council, formed in 1993, has given the Company access to some of the country's leading scientific thinkers and policymakers from the worlds of academia, industry and government.

The Cummins Science and Technology Advisory Council members regularly discuss the future of the internal combustion engine and the use of alternative power sources. As an example, Cummins already has pursued alternative energy options, including clean natural gas bus engines and power generation units that harness waste gases such as methane available in landfills.

The Cummins Science and Technology Advisory Council members are:

Frank S. Bates

Chairman, Chemical Engineering and Materials Science Department, University of Minnesota.

Dr. Harold Brown, Counselor

Center for Strategic and International Studies, retired Cummins Director, former Secretary of Defense and President of CalTech.

Phil Sharp

President of Resource for the Future, Washington, D.C.

Dr. Sophie V. Vandebroek

Chief Technical Officer and President, Xerox Innovation Group for Xerox Corporation, Stamford, Connecticut. Fellow of the Institute of Electrical & Electronics Engineers and served as an elected member on the IEEE Administrative Committee. Fulbright Fellow and a Fellow of the Belgian-American Educational Foundation.

Dr. Gerald L. Wilson

Professor of Electrical Engineering and Mechanical Engineering, Massachusetts Institute of Technology, formerly Dean of Engineering at MIT.

The Safety, Environment and Technology Committee of the Cummins Board of Directors advises top management and the technical leadership of Cummins regarding:

- Technology strategy and planning
- Significant research and technology projects and tools
- Major new product programs
- Environmental policy and strategy within the public arena as well as maintaining an internal action plan.

Its membership includes the following Directors: Alexis M. Herman, Georgia R. Nelson, William I. Miller and Carl Ware.

The committee also encourages collaboration between Cummins and the external technical and environmental community and reviews the technology plans of the Company.

Making Work Spaces into Green Spaces

Facilities as Performance Indicators

Doing our part to promote a healthy environment goes beyond producing the cleanest possible products. Cummins facilities have a critical role to play in helping create a safe and sustainable environment for today and in the future.

Minimizing workplace injuries, reducing facility emissions and waste and conserving natural resources are fundamental to Cummins' commitment to the communities in which we live and work. These efforts also have a direct positive impact on the profitability of our business.

Cummins' approach to facilities management acknowledges the importance of protecting the environment and includes our formal commitment to the long-term sustainability of our operations. As we continue to meet our regulatory obligations, we also will work to identify opportunities for improvement and reduce the environmental impact of our operations.

Safety and Environmental Council

Cummins Corporate Health, Safety and Environmental (HSE) Council was established in 2003 and continues to strengthen today. The HSE Council brings together manufacturing, safety and environmental leaders from across the Company's business units and corporate staff. The Council meets quarterly with the objective of building a best-in-class safety and environmental organization across Cummins worldwide entities.

The Council meeting is the forum for developing HSE policies and strategic initiatives and is where company-wide objectives and targets are established. Among the Council's initiatives in support of performance improvement objectives are a focus on facility registration to the Enterprise Environmental and Safety Management systems, building good HSE practices into the Company's growth strategy and organizational and individual functional excellence development.

Health, Safety and Environmental Management Systems

Cummins' safety and environmental policy drives the global Health, Safety and Environmental Management System (HSEMS), which provides the platform for setting key safety and environmental objectives and ongoing monitoring of our HSE performance. Cummins has incorporated the elements of the ISO 14001 Standard and the OHSAS 18001 Safety Guidelines into the two systems and has committed to registration by an independent third-party.

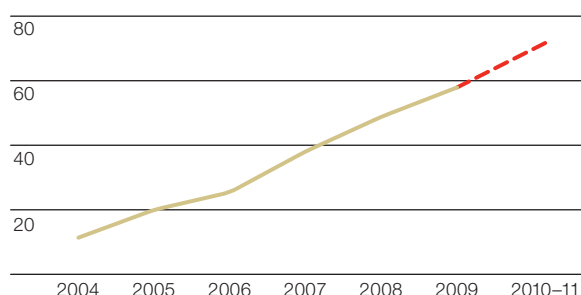
Cummins has taken a multi-site "enterprise" approach to registration of these management systems, rather than a customary individual site registration. This has allowed us to leverage the following opportunities:

- Deployment of common Cummins health, safety and environmental standards across global locations, to drive improvement beyond compliance
- Incorporation of a centrally managed model, with improved visibility of performance across all entities
- Development of a flexible management system within a framework that facilitates timely implementation and best practice sharing
- Successful integration of the safety and environmental systems at the Corporate level paving the way for integration efficiencies at the entity level

Success Story: Cummins Enterprise Environmental Management System

The Enterprise Environmental Management System (EMS) was first registered by an independent third-party registrar in 2004, when a total of four sites participated. By the end of 2008, Cummins had 47 facilities and the corporate entity registered to the ISO 14001 Standard. Our projected growth is for 58 facilities successfully registered by end of 2009. We have also set a corporate objective to include all of our in-scope facilities into the EMS enterprise by end of 2011.

Certified EMS Enterprise Sites



Cummins Enterprise Environmental Management System (ISO 14001 Standards and Corporate Requirements)

Site	Reg. Year	Location	Business Unit
Cummins - Daventry Engine Plant	2001	UK	Engine
Cummins Filtration – Quimper	2001	France	Components
Cummins Turbo Technologies – Huddersfield	2001	UK	Components
Cummins - Darlington Engine Plant	2002	UK	Engine
Cummins Emission Solutions – Mineral Point	2001	USA	Components
Cummins - SLP	2002	Mexico	Engine
Cummins Emission Solutions – Viroqua	2002	USA	Components
Cummins Emission Solutions – Arcadia	2002	USA	Components
Cummins Emission Solutions – Wautoma	2002	USA	Components
Cummins Industrial Center/Cummins Komatsu Engine Co.	2002	USA	Engine
Cummins Generator Technologies – Stamford	2002	UK	Power Generation
Cummins Turbo Technologies – Charleston Leeds Ave	2002	USA	Components
Dongfeng Cummins Engine Co. Ltd/Cummins Xiangfan Machinery Co. Ltd	2002	China	Engine
Tata Cummins Limited	2003	India	Engine
Fuel Systems - Columbus	2003	USA	Components
Cummins Brazil Ltd.	2003	Brazil	Engine
Cummins - Midrange Engine Plant	2003	USA	Engine
Cummins Filtration – Lake Mills	2003	USA	Components
Cummins Emission Solutions – Black River Falls	2003	USA	Components

Enterprise Environmental Management System Registrations (continued)

Site	Reg. Year	Location	Business Unit
Cummins - Corporate	2003	Worldwide	Corp
Cummins Filtration – Bloomer	2003	USA	Components
Cummins Filtration– Neillsville	2003	USA	Components
Cummins Turbo Technologies - Dewas	2004	India	Components
Cummins Filtration - Findlay	2004	USA	Components
Cummins Turbo Technologies – Wuxi	2004	China	Components
Rocky Mount Engine Plant	2004	USA	Engine
Cummins - Jamestown Engine Plant	2004	USA	Engine
Cummins Power Generation – Fridley	2004	USA	Power Generation
Fuel Systems – Juárez/El Paso	2004	USA	Engine
Cummins Power Generation - Kent	2005	UK	Power Generation
Fleetguard - Shanghai	2005	China	Components
Cummins Generator Technologies - Mexico	2005	Mexico	Power Generation
Diesel ReCon - Memphis	2005	USA	Engine
Cummins Filtration - Brazil	2005	Brazil	Components
Cummins Filtration – Cookeville	2006	USA	Components
Cummins Columbus Engine Plant	2006	USA	Engine
Cummins Power Generation - Beijing	2007	China	Power Generation
Cummins Power Generation - Singapore	2007	Singapore	Power Generation
Cummins Generator Technologies - Ahmednagar	2007	India	Power Generation
Cummins Generator Technologies - Wuxi	2007	China	Power Generation
Cummins India Ltd	2007	India	Engine
Cummins Sales and Service	2007	India	Distribution



1950

After competing in the Indy 500, Cummins No.61 Green Hornet went on to become the world's fastest diesel at 165 mph on the Bonneville Salt Flats in Utah. The 340 hp racing version of the JBS-600 engine with supercharging and new PT fuel injection set diesel speed records over 1, 5 and 10 miles.

Green Generator Technologies Plant Opens In India



Landscaping on the canteen roof of the Ranjangaon facility.

Cummins Generator Technologies India's new facility in Ranjangaon is the first truly "green" manufacturing plant in Cummins. The facility incorporates many of the sustainable green building features and practices as defined by The Leadership in Energy and Environmental Design (LEED) Green Building Rating System.

Over the first 10 years of operation, the facility is expected to save over 14 million kWh of electricity, and avoid over 14,500 tons of carbon dioxide emissions. This is the equivalent of permanently removing 274 cars from the road. Not only energy efficient, the Ranjangaon plant is also economically sustainable. After an initial investment of \$125,000 for the environmental features, energy costs will be reduced by approximately \$300,000 per year, plus \$10,000 in annual water savings. The plant produces alternators and will employ approximately 700 people.

Some of the environmental highlights of the CGTI – Ranjangaon plant include:

Energy and Atmosphere

Wind tower provides natural ventilation, reducing ambient temperatures for the shop, and reduced heat load for office air conditioning.

Energy efficient T5 fluorescent lighting for the shop and compact fluorescent light (CFLs) for the office.

Efficient use of natural daylight.

Automated building management system to control pump operation, and localized occupancy sensors and dimmers to adjust lighting.

Water Efficiency

High efficiency fixtures and toilets in restrooms and locker facilities.

Rain water runoff is collected, filtered and allowed to percolate, recharging ground water levels.

Treated "gray water" from canteen and sinks used for landscape irrigation.

Materials and Resources

Use of high efficiency glass for windows and skylights.

Recycled content – use of fly ash in bricks for building construction.

Low VOC-content paints, coatings, adhesives, and sealants.

CFC-free air conditioning.

Vermiculture – use of worms to decompose canteen food waste and leaves.

Sustainable Site

Buildings designed to fit the hilly site, minimizing the need for excavation and filling.

Landscaping designed to reduce irrigation need by 50 percent, and to control storm water runoff.

Tree plantations offset carbon emissions from plant operations; over 3,000 planned.

Outdoor lighting designed to minimize nighttime light pollution.

Cummins 6.7 Liter Turbo Diesel Earns PACE Award

Cummins earned a prestigious 2008 Automotive News PACE (Premier Automotive Suppliers' Contribution to Excellence) Award for innovation demonstrated by the 6.7L turbo diesel engine. The PACE Awards ceremony honors superior innovation, technological advancement and business performance among automotive suppliers.

The 6.7L Dodge Ram Turbo Diesel engine, which debuted in January 2007, is available in the Dodge Ram 2500 and 3500 models. The engine is the strongest, cleanest, quietest heavy-duty diesel pickup truck engine available on the market and is the first to meet the 2010 EPA emissions regulations in all 50 states. Cummins achieves this by using a NOx Adsorber Catalyst – a breakthrough technology designed and integrated by Cummins.



As noted by Joe Loughrey, then President and Chief Operating Officer of Cummins, as he accepted the award, "This is a significant product innovation and a terrific honor for Cummins to be recognized. We share this recognition with our customer, Chrysler, who

collaborated with us in developing a common vision for a product that would deliver on our commitment to exceptional customer satisfaction while ensuring our contribution to a cleaner environment." Loughrey also acknowledged several partners who significantly contributed to Cummins success in the product including the Department of Energy, the Environmental Protection Agency and several supplier partners.

The PACE Award is viewed as the industry symbol of innovation. Cummins earned Automotive News PACE Award winner status after an extensive review by an independent panel of judges, a comprehensive written application and a site visit.

Enterprise Environmental Management System Registrations (continued)

Site	Reg. Year	Location	Business Unit
Cummins Emission Solutions - Daman	2008	India	Components
Cummins Power Generation - Beijing	2007	China	Power Generation
Cummins Technical Center - Columbus	2008	USA	Engine
Cummins UK - Wellingborough	2008	UK	Distribution
Generator Technologies - Romania	2008	Romania	Power Generation
Cummins Filtration - Shanghai	2008	China	Components
East Asia R&D - Wuhan	2008	China	Engine
Cummins Turbo Technologies - Palmetto	2008	USA	Components
Chongqing Cummins Engine Co.	2008	China	Engine

Auditor Certification Program

The program was launched to support Cummins' efforts to develop more consistently robust auditing capabilities and develop employee functional excellence. Audit trainees are called upon to participate with HSE Council leaders in site audits that are conducted to support new HSEMS registrations and satisfy Cummins' annual internal audit requirement. Corporate sponsors provide lead auditor training throughout the year and through successful participation as a team member in several audits and following a performance evaluation as a lead auditor, audit trainees become certified as lead auditors.

Not only has this initiative bolstered subject matter expertise and reduced Cummins' dependence on contractors, it has substantially facilitated the sharing of best practices. Auditors observe first-hand the effective practices in place at the audited site and bring a fresh perspective by sharing their own winning health, safety and environmental management strategies. Lead auditors are recognized at the Cummins annual HSE Awards Banquet. Selected auditors with both safety and environmental responsibilities and expertise are being certified within both disciplines to support the integration of these systems and the continued development of a HSEMS.

Auditor Certification Program

	Total Number of People
Trained Auditors	91
Auditors Participating in Program	46
Certified Environmental Lead Auditors	18
Certified Safety Lead Auditors	6

Environmental Objectives and Targets

Each year, the HSE Council sets objectives and targets for the organization to ensure the continual improvement of Cummins' environmental performance. The business units supplement these with initiatives of special importance and interest to their respective businesses. The Enterprise EMS is the mechanism for driving these improvements, which can take any form that supports the Company's efforts to address our environmental policy commitments.

For example, the Engine Business has reaped significant environmental benefits from its focus on paint reformulations. Also, all businesses were engaged in the work necessary to develop our greenhouse gas emissions (GHG) inventory and the setting of an emissions reduction goal as part of an overall objective to reduce our carbon footprint.

Sites worldwide have completed innovative environmental projects – such as reducing packaging waste, recycling solvents and coolants and capturing rain water for re-use. Recent objectives and targets included improvements of the tools and processes that support collection and reporting of key environmental performance indicators, auditor training and other functional excellence initiatives. Addressing water conservation and emphasis on pollution prevention opportunities will continue to be focus areas as well.

In 2009, Cummins will supplement its efforts to reduce energy and the associated greenhouse gas emissions by deeming energy use a “significant aspect”, or risk, within the EMS, to apply to all sites worldwide. This tactic focuses all of the assets within the EMS to bear on this most critical environmental challenge. In addition, supplemental corporate objectives, targets and procedural requirements will be developed to support the Company's spotlight on energy efficiency initiatives.



Operations

For perspective on our areas of environmental focus at the facility level, a general description of the manufacturing operations by business unit follows:

Engine: Within the Cummins Engine Business, manufacturing facilities employees conduct product design, research and development, engine manufacturing and engine and component reconditioning. Engine assembly facilities perform engine block and component machining, assembly, painting, parts washing and engine performance testing. Product design and engine testing are the primary operations in the research and development technical centers where production processes are limited.

Engine testing is conducted in stationary test stands or cells, where product performance information is measured as engines run at various duty cycles.

Test cells also are used for certification testing to ensure products meet emissions requirements. Rebuild/reconditioning facilities perform engine tear-down and reassembly, using alkaline parts washing processes.

Components: The Components Group includes four separate businesses; Cummins Filtration, Cummins Fuel Systems, Cummins Turbo Technologies and Cummins Emission Solutions. Facility operations primarily involve filtration and exhaust product design, research and development, filter, and exhaust component assembly and product distribution and warehousing.

Key operations conducted among the Components Group divisions include filter, fuel systems, turbo-charger and exhaust aftertreatment component assembly, metal stamping, tube bending and component machining, welding, product assembly, painting and performance testing.

Power Generation: Cummins Power Generation Business facility operations primarily involve product design, research and development, alternator manufacturing, assembly of generator sets, switchgear and controls and product testing. Alternator manufacturing facilities perform component machining, lamination stamping, rotor and stator winding, resin impregnation and alternator assembly.

Assembly facilities perform housing fabrication, genset assembly, switchgear and controls assembly, painting, alkaline bath parts washing and genset performance testing. Product design and performance testing are conducted in the research and development technical centers. Genset testing is conducted in stationary test stands/cells, where product performance information is measured while gensets are run at various duty cycles. Test cells also are used for certification testing to ensure products meet emissions requirements.

Distribution: Cummins distribution business provides parts and service for Cummins products worldwide. Distributor facilities generate used oils as their key waste stream. Selected sites are equipped with engine and chassis dynamometers and consequently, diesel fuel is consumed on-site.

Waste Streams

The primary waste streams generated at Cummins manufacturing facilities include waste paint and associated materials, paint filters, wastewater sludge and filter cake, machine coolant, used oil and resins. Metals and metal parts that cannot be reconditioned for re-use in Cummins products are salvaged for off-site recycling, as are used oils. Other waste streams include filter media and resins.

At most facilities, machine coolant is recycled until ineffective and ultimately added to the wastewater stream for pretreatment prior to discharge to public treatment works.



The split-level coach liners of the 1950s introduced long distance, luxury travel across the U.S. featuring characteristic scenic view windows. The 43-seater Beck DH with Cummins 300 hp HRBS-600 was one of the most powerful models built, with some exported to fleets in Cuba and Mexico.

1955

Cummins Columbus Midrange Engine Plant Recognized for Environmental Leadership

Indiana Department of Environmental Management (IDEM) Commissioner Thomas W. Easterly and Assistant Commissioner Rick Bossingham visited Cummins Columbus Midrange Engine Plant in April 2008 to welcome the company as a new member of Indiana's Environmental Stewardship Program (ESP).

To become an ESP member, a business must minimize environmental impacts in current and planned operations. It must maintain an exemplary compliance record, certify

that it has adopted and implemented an approved environmental management system, and commit to specific measures for continued improvement. Cummins' Columbus Midrange Engine Plant, which assembles diesel engines for the Dodge Ram truck, has worked hard to reduce its environmental impact.

To earn its award, the Company has reduced volatile organic compound emissions by switching from a solvent-based paint to a water-based paint. Indiana wins when

companies use sound business practices to demonstrate their core value of environmental protection.

Because of their exemplary compliance record and continual improvement, ESP members qualify for expedited permit review, flexibility in permitting, reduced reporting frequencies and coordination of compliance inspections. To maintain ESP membership, companies must report their environmental initiatives every year and reapply for ESP membership every three years.

Expanding our Environmental Measures

Cummins has collected key environmental sustainability measures from our facilities for many years, focusing on operations with the greatest potential environmental impact. Measures were originally implemented and reported internally in an effort to identify environmental performance improvement opportunities. Data has subsequently been aggregated for inclusion in Cummins' Sustainability Report and other reporting initiatives.

Because of Cummins' participation in the EPA's Climate Leaders Program and its comprehensive GHG inventory scope requirements, the number of sites taking part in data gathering has broadened significantly, including all facilities under Cummins operational control irrespective of size or function. Cummins has implemented a new data reporting process and tools in 2009. The tools support our data quality objectives as well as offer enhanced reporting functionality. As of 2009, all of Cummins controlled sites worldwide and selected joint ventures will be solicited to provide data for all applicable sustainability indicators. For the purposes of this report, measures data have been compiled from two different data sets, which are indicated in the following sections of this report.

Sustainability metrics, including water use, recycled materials, commodities and wastes, as well as fuels and electrical power usage included were derived from 89 manufacturing and large non-manufacturing sites. These include several large joint venture facilities that are not under Cummins' operational control.

Fuels, electricity and other GHG sources and emissions were collected from all facilities where Cummins maintains operational control and therefore are in scope of our Climate Leaders GHG reduction commitment. The present population of sites in scope of Climate Leaders is 262 facilities. Greenhouse gas related emissions from Cummins' unconsolidated joint venture businesses are not included in this report.

Materials

Category	2005	2006	2007	2008
Materials Other Than Water				
Diesel Fuel (Gallons)	8,630,568	9,464,041	9,800,863	10,586,012
Natural Gas (CF)	1,375,473,756	1,367,998,690	1,317,827,834	1,404,869,934
Propane (CF)	15,026,716	16,909,296	20,078,733	22,511,199
Electricity (kwh)	716,158,774	726,505,056	756,521,445	726,542,254
Oil (Gallons)	1,834,800	2,408,670	2,291,912	1,971,857
Paint (Gallons)	324,346	503,410	444,654	462,345
Coolant (Gallons)	920,145	1,431,659	977,616	1,095,795
Solvent (Gallons)	109,931	161,694	221,193	194,728
Total Water Use				
Total Water Use (Gallons)	1,247,753,509	2,037,442,344	1,305,642,376	1,397,229,924
Significant Discharges to Water (Gallons)	1,013,470,629	1,799,838,718	1,068,979,069	1,199,712,010
Total Amount of Waste By Type				
Industrial Waste (Metric Tons)	2,678	2,756	2542	2,478
General Refuse (Metric Tons)	10,757	13,257	14,110	16,107
Recycled Materials				
Iron (Metric Tons)	112,374	115,324	113,126	105,000
Aluminum (Metric Tons)	1,015	876	671	1,127
Copper & Brass (Metric Tons)	331	551	1,394	674
Cardboard (Metric Tons)	7,514	8,446	9,799	10,994
Paper (Metric Tons)	286	359	453	434
Wood (Metric Tons)	11,160	16,482	21,993	17,879
Plastic (Metric Tons)	296	398	758	910
Reused Liquid Wastes (Gallons)	2,817,773	1,089,614	3,321,242	1,422,466
Number of Reporting Sites - Energy/Fuels	250	254	258	262
Number of Reporting Sites - All Other Metrics	38	54	75	89
Other Significant Direct Air Emissions (Metric Tons)				
NOx	2,535	2,771	2,857	3,084
CO	560	610	628	678
PM10	169	186	192	208
VOC	849	2,538	846	862
Number of Reporting Sites - NOx, CO and PM10	250	254	258	262
Number of Reporting Sites - VOCs	38	54	75	89

Cummins Again Recognized as Sustainability Leader on Global, Regional Levels

The Dow Jones Sustainability Index (DJSI) named Cummins Inc. as one of the world's top 11 leaders in sustainability among industrial companies in its 2008 sustainability review.

DJSI named Cummins to two of its multi-sector indices: the World index for the fourth year in row (the top 10

percent of the world's largest 2,500 companies in corporate sustainability) and the North American index for the second year in a row.

In its annual review, the DJSI analyzes companies in three broad categories - economic, social, and environment, with a higher weighting given to

environmental performance in industrial companies such as Cummins.

Specific issues considered include corporate governance, risk management, customer relationship management, climate change strategy, supply chain standards, labor practices, corporate citizenship and philanthropy, employee development, product stewardship, environmental management systems, and environmental policy and procedures and the scope of their application.



Cummins materials data collection includes process compounds commonly used in the Company's manufacturing processes. In addition, monthly data is reported and compiled for wastes, recycled materials, utilities and other key measures.

Cummins has increased the population of facilities reporting sustainability metrics substantially over the last several years. The growing number of reporters and better measurement processes are responsible for the increases for most non-energy metrics in 2006. Increases in quantities of recycled materials generally reflect improvements in supporting processes worldwide.

Totals for recycled paper, plastic and wood are understated because at several locations load weights are unavailable. Significant discharges to water also are estimated because these are not directly measured at all worldwide locations.

Reused liquid wastes represent estimated quantities of industrial process wastes reclaimed for re-use or otherwise returned to process as feedstock in cement kilns or blended fuels. These include oil, coolants, solvents and thinners and residual fluids primarily from painting processes.

Cummins continues to implement efforts supporting water conservation, waste minimization and other environmental improvements. Strong recycling programs are common in Cummins manufacturing facilities and other locations around the world. Although the increasing number of reporting sites allows the company to develop a more comprehensive understanding of its environmental footprint, the varying population makes meaningful comparisons year to year difficult.

Energy and Fuels

Category	2005	2006	2007	2008
Direct (Gigajoules)				
Fuel Oil/Diesel	1,247,485	1,367,957	1,416,642	1,530,130
Natural Gas	1,523,761	1,515,480	1,459,901	1,556,327
Propane	39,428	44,367	52,683	59,066
Indirect				
Electricity (Gigajoules)	2,578,172	2,615,418	2,723,477	2,615,552
Electricity (KwH)	716,158,774	726,505,056	756,521,445	726,542,254

Greenhouse Gas List

Cummins' inventory includes CO₂, CH₄, N₂O emissions from electricity and fuel consumption, HFC emissions from refrigerant use, and CO₂ and SF₆ emissions from manufacturing process use. Cummins has no emissions of PFCs. As of June 2008, SF₆ is no longer used at Cummins.

Emissions Type	Emissions Sources
Stationary Combustion Sources	Industrial Boilers (Natural Gas & Diesel Fuel) Industrial Furnaces (Natural Gas & Diesel Fuel) Engine Test Cells (Natural Gas, Diesel Fuel, Gasoline and Propane) Generator Sets (Diesel Fuel) Process ovens/heating units (Natural Gas & Diesel Fuel) Electricity generating systems at customer sites
Mobile Sources	Company owned/leased vehicles (Diesel Fuel & Gasoline) Forklift Vehicles (Propane and Diesel Fuel) Corporate Aviation (Jet Fuel)
Process/Fugitive Emissions	Manufacturing process - *SF ₆ Welding operations - CO ₂ Air conditioning equipment - HFCs

* This process was discontinued in June 2008



With twin-radiator V shaped nose for extra cooling and huge sand tires, Kenworth's Super 953 was known as the Desert King. Available with Cummins NT 380 hp, the rugged truck was at the forefront of oilfield exploration work in remote areas of the Middle East and North Africa, with many still in service.

1958

Emission Sources

Direct Sources

Electricity use is the most significant source of GHG emissions associated with Cummins' operations. In addition, as an organization that manufactures and assembles diesel engines and related components, a substantial portion of Cummins' overall GHG emissions are a direct result of the engine testing operations related to production and research and development. Many of the Cummins facilities in the various businesses employ processes that use natural gas-fired or electric industrial ovens or other heat treatments and related processes.

The Energy Solutions Business (ESB) is a business within Cummins Power Generation that sells natural gas and biogas-fueled generator sets as well as cogeneration and other power plant equipment. ESB commercializes these sets through sales, design and construction of turnkey power plant solutions and, in some cases, operates the plant after construction and maintains some equity ownership in the project.

Cummins measures the fuel consumption and emissions in support of the Climate Leaders initiative where the Company manages the complete operations and maintenance services.

Historically, fugitive GHG emissions were generated at the Findlay, Ohio, facility through the process of injection of sulfur hexafluoride (SF6) into sealed gas bags, which were sold as product. This process was discontinued in mid-2008. Other fugitive emissions are associated with use of CO2 gas as a welding shield systems and refrigerant loss typical through use of heating, ventilation and air-conditioning systems.

Indirect Sources

The inventory includes consumption of electricity, which is used by all facilities. It also includes purchased steam consumption from one facility in China and purchased hot water consumption from one facility in Romania.

Greenhouse Gas Emissions Calculations

Indirect emissions calculations from electricity use take into account the carbon intensity of the fuel and technology used to generate the power. A determination of the electricity emissions in the U.S. was made using emission factors from the EPA eGRID emissions database. All other greenhouse gas emissions are calculated using emission quantification methodologies taken from the Climate Leaders Greenhouse Gas Inventory Protocol: Core Module Guidance documents for the appropriate emissions sources. These factors are updated by reviewing any revisions to Climate Leaders guidance documents.

Small Steps Lead to a Smaller Carbon Footprint

Cummins Emission Solutions-Mineral Point became part of the U.S. Environmental Protection Agency's ENERGY STAR Low Carbon Information Technology Campaign



in 2008. The Campaign encourages businesses to enable the power management, or "sleep mode," on computers and monitors.

Placing a desktop computer in sleep mode might seem like the smallest of steps, but computers use energy, and modern businesses use a lot of computers. By activating power management features on all its monitors and computers, CES Mineral Point is managing to save 65,965 kilowatt-hours of energy annually. Over three years, this will save the facility \$16,365 in power bills.

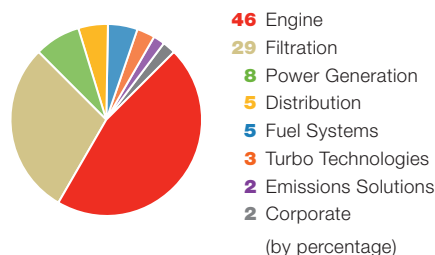
And that's only the start. Over the same term, nearly 152 tons of CO₂ will be kept from the atmosphere through those small steps. That's like removing more than 25 cars from the road, which would produce that amount of CO₂. Or, conversely, it is like planting more than 531 acres of trees, where the CO₂ would be sequestered in organic form.

CES Mineral Point is the first Cummins facility participating in this program, but not the last.

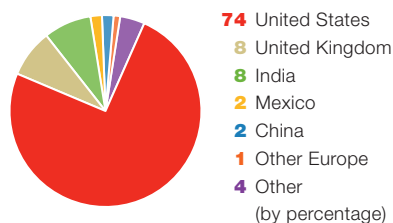
U.S. and Non U.S. Greenhouse Gas Emissions Inventory - CO₂eq. (metric tons)

U.S. Emissions	2005	2006	2007	2008
Direct				
Stationary Combustion Sources	108,529	113,582	106,092	113,157
Mobile Combustion Sources	12,315	13,575	13,620	12,722
Process/Fugitive	117,404	127,645	162,030	166,726
Total Direct Emissions	238,248	254,803	281,742	292,605
Indirect Emissions				
Purchased and Used Electricity	348,465	351,405	348,276	325,223
Total indirect Emissions	348,465	351,405	348,276	325,223
Total U.S. Emissions	586,713	606,207	630,018	617,828
Non- U.S. Emissions				
Direct				
Stationary Combustion Sources	57,164	60,478	69,155	75,252
Mobile Combustion Sources	14,815	14,815	14,815	17,015
Process/Fugitive	2,921	3,002	3,099	3,155
Total Direct Emissions	74,900	78,294	87,069	95,422
Indirect Emissions				
Purchased and Used Electricity	94,060	94,029	121,457	120,607
Purchased and Used Steam	447	447	436	461
Purchased and Used Hot Water	531	531	531	480
Total indirect Emissions	95,037	95,006	122,424	121,548
Total Non-U.S. Emissions	169,937	173,301	209,493	216,971

GHG Emissions by Business Unit (2008)



GHG Emissions by Country (2008)



Total U.S. and Non- U.S. Emissions CO2e	2005	2006	2007	2008
Direct				
Stationary Combustion Sources	165,693	174,060	175,247	188,409
Mobile Combustion Sources	27,129	28,390	28,435	29,738
Process/Fugitive	120,325	130,647	165,129	169,881
Total Direct Emissions	313,148	333,097	368,811	388,028
Indirect Emissions				
Purchased and Used Electricity	442,525	445,434	469,733	445,830
Purchased and Used Steam	447	447	436	461
Purchased and Used Hot Water	531	531	531	480
Total indirect Emissions	443,503	446,412	470,700	446,771
Total U.S. and Non-U.S. Emissions	756,650	779,508	839,511	834,799

Total GHG Emissions in metric tons CO2e

Emissions Source

Emissions Source	2005	2006	2007	2008
Electricity	442,525	445,434	469,733	445,830
Stationary Combustion	165,693	174,060	175,247	188,409
Fugitive SF6, CO2	120,325	130,647	165,129	169,881
Mobile Sources, other	28,107	29,367	29,402	30,679
Total	756,650	779,508	839,511	834,799

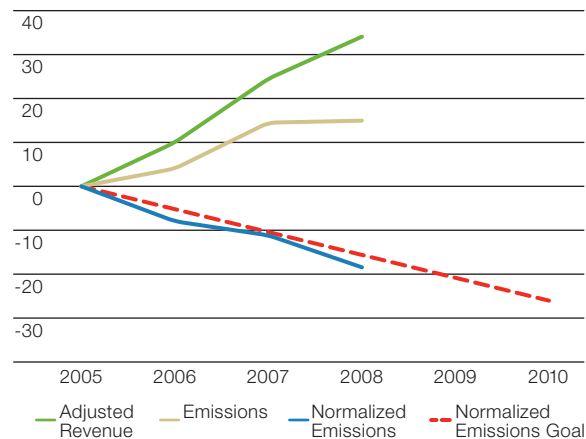
Normalized GHG Emission Goal Tracking (2005–2008 Greenhouse Gas Emissions, Normalized to Revenue)

	2005	2006	2007	2008	'05-'08 % change
Total Emissions (metric tons CO2-equivalent)	778,464	810,255	879,743	878,921	10.4%
Gross revenue (\$millions)	\$9,917.80	\$11,362.40	\$13,048.00	\$14,341.91	44.6%
Inflation-adjusted revenue (constant 2005 \$millions)	\$9,917.80	\$11,074.60	\$12,361.20	\$13,254.60	33.6%
Normalized emissions (tCO2e per 2005 \$millions)	78.49	70.39	67.91	62.94	-17.5%

Greenhouse gas emissions declined by less than 1% from 2007 to 2008 and increased 10.4% compared to the base year 2005. Sales increased on average 13% year over year in the same timeframe – equating to an overall in sales increase of 44.6%. After an adjustment for inflation to 2005 dollars, Cummins has achieved a normalized reduction of 17.5% over the 2005-2008 timeframe.

Normalized GHG Emissions Change from 2005 to 2007 (%)

This graph depicts Cummins progress against its stated reduction goal of 25 percent normalized to sales, and shows that the Company is on the path to achieving its goal. This goal tracking graph will be updated and revisited as the Company implements the many energy efficiency projects that have been identified.



Ozone Depleting Substances

In 1995, Cummins implemented a policy that stationary equipment using chlorofluorocarbons (CFCs) would no longer be purchased by Cummins. Equipment already in place would be considered for conversion or replacement depending on its age and repair costs. As a result of this policy, Cummins has replaced an estimated 60 percent of its equipment containing ozone-depleting substances.

Interactions with Regulatory Agencies

On November 14, 2007, an inspection of the Cummins Filtration facility in Cookeville, Tennessee, was conducted by the Tennessee Department of Environment and Conservation (TDEC). As a result of the inspection, a Notice of Violation (NOV) was issued by TDEC on January 3, 2008, for the following violations:

- EPA Method 24 analysis was not used when eleven new coatings were included in the Title V report;
- EPA method 24 certification sheets were not available during the site inspection; and

- Volatile organic chemicals were calculated using information from the Material Safety Data Sheets, instead of the EPA Method 24 analysis.
- The facility immediately implemented the required corrective measures and a \$1,000 fine was assessed by TDEC.

On July 23, 2008, the Tennessee Department of Environment and Conservation (TDEC) issued a Notice of Violation (NOV) to the Cummins Filtration facility in Cookeville, Tennessee, for an unauthorized wetland alteration. TDEC inspected an area located adjacent to a facility retention pond, between the front entrance and the adjacent Highway 111. A tree in this area had been uprooted during a recent storm, so the facility removed the fallen tree and restored the vegetation in the immediate area. The facility promptly implemented all of the corrective actions requested by TDEC and received a Notice of Compliance on August 6, 2008. No fines were assessed.

As a result of an inspection conducted by the Iowa Department of Natural Resources (IDNR), the Cummins Filtration facility in Lake Mills, Iowa received a Notice of Violation (NOV) on August 20, 2008. The facility had made physical changes at the site without first submitting the required air permit related documents to the IDNR. Upon receipt of the NOV, the facility promptly prepared and submitted all required documents to the IDNR. In response, the IDNR accepted these modifications and issued a new air permit that included the physical changes that had taken place at the facility. No fines were assessed.

On July 21, 2008, the Cummins Industrial Center in Seymour, Indiana, received a Notice of Violation (NOV) from the City of Seymour (Indiana). The NOV was issued to the facility for a failure to reapply for a wastewater discharge permit prior to the expiration of the facility's current wastewater discharge permit. The facility promptly completed the renewal application and submitted it to the City of Seymour. The wastewater discharge permit was renewed by the City of Seymour and no fines were assessed.

Cummins India Limited Reduces Wastewater Effluents by 90 percent

Cummins India Limited (CIL) recently earned a Cummins' Director's Award for Environment. The CIL improvements came through implementation of a Six Sigma project titled; "War on Waste" with the first stage aimed toward reduction of wastewater effluents at the Kothrud plant. The plant already had wastewater pollutant discharge limits and an absolute limit on the volume of its discharge, making wastewater reductions a matter of legal compliance as well as a good environmental practice.

The team first mapped out all sources of water to the wastewater treatment system and installed flow meters to measure the influence of each area. Improvement measures included the identification and repair of leaks, the restriction of run-on by surface water, the capture and segregation of coolant and modified piping configurations.

Wastewater effluents have now been reduced by nearly 90 percent. Contaminant content in the wastewater was also diminished through reductions of oil and coolant in the influent and enhanced oil recovery in the effluent. Treated effluent is now reused to keep the garden

and landscaping green on the plant property, resulting in zero wastewater effluent to the sewer. Because of this initiative, the Pollution Control Board granted permission for plant expansion and increased production.



On December 3, 2008, the Cummins Industrial Center in Seymour, Indiana, received a Notice of Violation (NOV) from the Indiana Department of Environmental Management (IDEM). During intermittent periods in 2007, the facility neglected to conduct paint filter inspections in a manner that was consistent with the requirements contained in the Title V Air Permit. As well, the permit deviations were not appropriately catalogued and communicated to IDEM in the Annual Compliance Certification. The facility implemented the required corrective measures and no fines were assessed by IDEM.

Environmental Clean Up Efforts

As of 2009, federal and state agencies have notified us that we have been identified as a Potentially Responsible Party under Superfund and similar state laws at 19 waste disposal sites. We have established accruals that we believe are adequate for our expected future liability with respect to those sites. In addition, we have four other sites where we are working with governmental authorities on remediation projects. The costs for these remediation projects are not expected to be material.

Better Operations Use Less Energy

Continuous Improvement and Six Sigma

Six Sigma is the key problem-solving tool used by Cummins for environmental improvement projects. From a facilities perspective, Cummins has implemented a number of projects to address sustainability issues, including natural resource conservation and pollution prevention. Both of these have been a continuous improvement focus at Cummins for several years.

A task that began as a down-time reduction project at the Bloomer, Wisconsin, Filtration Plant managed to save energy as it increased productivity. The Bloomer Plant uses heaters to cure the urethane on air filters it manufactures. Employees were experiencing too much down time when heaters went out because it took so long for the lines to heat up upon restart.

A testing team found that different types of heaters, controllers, and insulation improved matters significantly. The new system, installed on a Panelette Line with one of the plant's worst changeover times, reduced wait time upon restart from 105 minutes to just 25 minutes. And since the new heaters are kept on all the time with a constant temperature, we also avoid the power surges associated with turning multiple heaters on and off all day. In a single project, we reduced time on the line by a third of a person, reduced the need for overtime, and saved significant amounts of energy.

Analysis-Led Design

In analysis-led design, computer simulations replace traditional hardware testing, which involves building and testing many expensive prototypes. Instead, a "virtual engine" is built and then tested in a computer simulation, which allows us to look at more designs in a shorter time.

Using analysis-led design on our recent product launches has allowed us to increase the number of analysis hours by more than 200 percent, while cutting total program costs by more than 25 percent. In one engine family alone, more than 14,000 hours of testing was avoided – along with the prototypes that go along with it.

The process yields better designs faster, at a lower cost and with substantial reductions in test cell time and the fuel use and its associated emissions.

Verification of Manufacturing Quality

Engine attribute testing requirements have been reduced on certain product lines because in-process verification allows the identification of potential problems upstream of the test cell process. This product quality initiative promotes the concept of "Right First Time," a more effective means to test a component and engine system, with an associated environmental benefit.

Introduced as the world's biggest crawler dozer, the Allis-Chalmers HD-41 was powered by a 524 hp V12 Cummins. Weighing up to 80 tons with 20 ft wide blade and huge rear ripper, the HD-41 was the predecessor of the super dozer class. After years of testing, the dozer started production in 1970 and was later available under the Fiat-Allis name.



1963

Energy Conservation and Cost Containment at Cummins Facilities

Cummins' energy costs are increasing, yet our consumption of fossil fuels and electric power has represented significantly less than 1 percent of sales for the past several years. We employ several methods to contain costs. We try to minimize the financial impact of these increases by informed and competitive buying strategies in areas where we have manufacturing operations. In addition, our Energy Efficiency and Facilities teams have implemented numerous projects that save energy and costs.

With the forward contract purchases of utilities in selected regions, we are able to postpone or lessen the impact of rising energy costs on our facilities worldwide.

Where markets allow, as in the U.K., Cummins teams engage in lengthy and detailed negotiations to secure the most favorable rates for the electricity and natural gas we use. They receive market intelligence twice a day, monitor the forward price of energy up to three years ahead, and gauge shifts in market sentiment that point to rising or lowering prices.

The resulting rate tariffs for electricity can be complex. This past year, for example, Cummins in the U.K. achieved savings by negotiating a seven-rate, Seasonal, Time-of-Day tariff rather than a simple day/night rate. All of our energy use in the U.K. is now metered on the half-hour. But under this contract, savings came to more than \$2.8 million, nearly 30 percent better than the year before.

Natural gas prices have fallen broadly in line with oil, and U.K., facilities have saved more than \$875,000 in natural gas costs.

These existing contracts will end in 2010. Cummins negotiators are already charting trends and sharpening pencils to secure the best possible terms during the next round of negotiations.



The U.S. Navy LARC is the most capable amphibious boat built to carry cargo or troops from ships to shore. The 5-ton payload LARC-V with V8 Cummins 300 hp & 15-ton XV with twin V8s, switch from propeller to 4-wheel drive onshore for steep gradients and 30 mph speed. LARCs remain in use with the Navy for emergency flood relief.

1963

Applied Recycling at Memphis Locations

An ongoing recycling effort has yielded impressive results in two of Cummins' Memphis-based facilities. Cummins' Memphis Distribution Center and ReCon plant have gradually expanded the use of recycled corrugated packaging through a program initiated several years ago by Corporate Indirect Purchasing. Both plants finally achieved 100 percent use of recycled packaging supplied by Pratt Industries, saving over 50,000 trees a year.

In addition to eliminating the consumption of new corrugated material, landfill space was also reduced by approximately 50 semi-trailer loads. Water that would normally have been used to process new paper material was reduced by almost 12 million gallons, and energy savings totaled almost 9 million kilowatt hours.

One practice mandated by the Cummins Operating System is to treat preferred suppliers as partners.



By working closely with Pratt Industries, Cummins was able to use that partnership to create a cleaner environment.

Here are some recent examples of energy and cost savings projects done at our facilities.

- The filtration distribution center in eastern Tennessee installed massive low speed fans to equalize temperatures for reduced energy use. The project will result in annualized savings of \$129,000 and GHG savings of 413 tons.
- The Darlington Engine Plant in the U.K. installed high speed doors at Vantec gates to reduce heat loss at delivery times, saving \$16,000 and 22 tons of GHG annually.
- Replacing leaking single pane skylights with high efficiency double pane at the light-duty diesel engine plant in Columbus, Indiana, will save \$25,000 and 144 tons of GHGs annually.

Green sources of power include true renewables, wind and hydro, but there are other clean and efficient types of generation available. Good Quality Combined Heat and Power, known as GQCHP, is also one of these; Cummins has purchased 63GW of such worth around \$6.7 million. GQCHP is the simultaneous generation of electricity and useful heat from a single fuel source. By capturing and reusing the heat, and not burning extra fossil fuel, GQCHP significantly reduces Carbon Dioxide (CO₂) emissions. This generation technology is recognized as a green source by the U.K. Government which permits exemption from the Climate tax normally imposed.

Providing a Safe Working Environment

By many measures, Cummins does a good job of providing clean, safe and healthy workplaces for its employees. For example, the company-wide incidence rate (IR) in 2008 was 1.03 – significantly better than the average incidence rate of our industry, which was 3.7. We had 31 sites go the entire year without a single reportable incident. Our severity case rate (SCR) of 0.48 was below the target of 0.5, while lost work days rate improved by 25% from 2007. These are positive signs that Cummins takes safety seriously and is doing many of the right things.

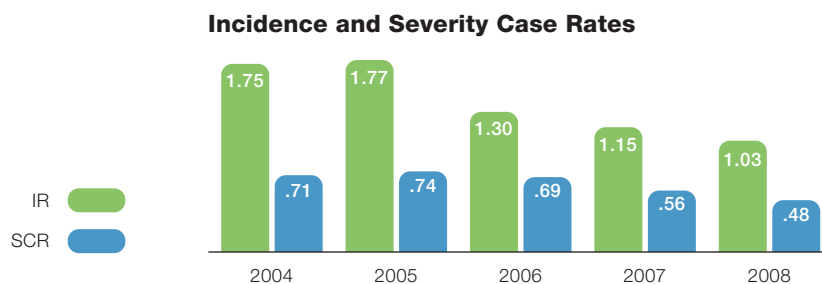
In 2008 Cummins began the implementation of a Global Driver Safety program. The effort is to elevate the Cummins Health and Safety system to best in class by extending beyond the bounds of the normal workplace and demonstrating one of its values of “serving and improving the communities in which we live.” The Driver Safety program is intended to not only address the safety of Cummins employees while driving, but to ultimately provide a safer driving environment for everyone we share the road with. Road crashes are a major cause of injuries and fatalities in every market in which we operate and Cummins intends to do its part by addressing this important issue through policy, standards and education.

In-plant mobile equipment safety has been a focus for Cummins for several years. The Engine Business Unit carved the path for this initiative in 2006 with development of the Forklift/Pedestrian safety initiative. Since 2006, many sites have implemented the initiative, but in 2008 Cummins Turbo Technologies is leading the way to reduce this hazard.

Cummins reduced the risk of injury by segregating people and vehicles, especially in our warehouse operations. Actions taken by CTT include:

- Aggressive training and awareness campaigns,
- Segregating vehicles and people, including use of physical barriers,
- Limiting pedestrian access to warehouse locations,
- Requiring use of high visibility clothing when pedestrians must enter the warehouse, and
- Eliminating forklift use in the manufacturing operation at CTT Wuxi, China.

“Since November 2007, we have not had a single near hit incident involving a pedestrian walking out into an aisle way in the path of a forklift truck. We also have plans to continue making improvements” said Sue Manning, CTT Worldwide Safety Functional Excellence Leader.





Cummins also implemented a number of actions and process changes across the Company. One example is the “Red Flag” process implementation. Sites having the worst safety performance metrics and highest risk levels are identified as Red Flag sites. Initially, the Red Flag sites participate in a safety strategy review session with Business Unit and corporate safety leaders, and undergo an in-depth safety audit. Progress toward closing gaps in the site’s safety system is then closely followed.

Another improvement in 2008 was initiation of the Major Incident and Dangerous Occurrence Reporting process. Special criteria for reporting such incidents was established and reporting “Call Trees” were created for each Business Unit. Incident report communication templates were created to enable lessons-learned sharing across Cummins globally.

Safety Management System

The Cummins Safety System (CSS) is one way we can ensure safety programs like those mentioned above become ingrained as a way of working, managing and operating at Cummins. Cummins Safety System conforms with the Occupational Health and Safety Assessment Series (OHSAS) 18001 specification, an international occupational health and safety management system. But Cummins goes well beyond its requirements. Cummins Safety System is widely deployed around the world. As of 2007, a process was implemented to enlist an independent third party registrar to verify system conformance to the OHSAS 18001 specifications at selected sites.

The following sites are registered to the OHSAS 18001 specification:

- Cummins Filtration, Viroqua
- Cummins Filtration, Shanghai
- Cummins Turbo Technologies, Dewas
- Cummins Fuel Systems Juarez, Mexico
- Cummins Exhaust India Limited, Daman, India
- Cummins Generator Technologies, SLP, Mexico
- Cummins Power Generation, Singapore
- Cummins Parts and Service, SLP, Mexico
- Cummins Technical Center
- East Asia Research & Development Center

Participation in the Safety Enterprise fits well with participation in the Company’s EMS Enterprise. Cummins Exhaust India Limited (CEIL) based in Daman, India, developed an integrated health, safety and environmental management system. This was the first Cummins Enterprise integrated HSE management system to be externally approved by Bureau Veritas and recommended for certification. Lisa Roccki, Manufacturing Functional Excellence Leader for Filtration, said, “We are extremely proud of the team at CEIL Daman for achieving this certification. It shows their commitment to safety and environment in their daily work.” Cummins Technical Center in Columbus, Indiana was the second Cummins site to have an integrated HSEMS.

Tech Center Introduces Ergonomics Program

The Columbus (Indiana) Technical Center has introduced a new Ergonomics Program, combining an ergonomics team, training and a muscle soreness clinic to create a sustainable and healthy environment for our employees.

The program's goal is to ensure that employees work in an environment that allows for maximum productivity without compromising health and well-being. The program operates under the belief that reducing work-related injuries will result in better employee morale and greater job satisfaction while reducing lost time.



Employees are encouraged to sign up for the muscle soreness clinic, adhere to some basic ergonomic tips and complete an employee comfort survey. The ergonomic team works to keep employees healthy by improving work station problems, assisting return to work issues, conducting risk identification issues and providing employee ergonomic education.

The onsite clinic helps employees suffering from aches and pains, and a licensed physical therapist performs screening exams and provides advice on self-treatment and management of these issues.



World Wide Health, Safety and Environmental Workshop

The 2008 World Wide Health, Safety and Environmental Workshop was hosted by Cummins Power Generation in Fridley, Minnesota. The workshop brought together HSE professionals from around the globe for professional development, networking, benchmarking and best practice sharing. Nearly 200 HSE and manufacturing leaders from various Cummins facilities attended, representing all Business Units and 16 different countries. The event featured exhibitions, training sessions and best practice sharing, with content for both the new and experienced Cummins HSE professionals. Topics presented included leveraging the Cummins Operating System for environmental management, electrical safety, hand safety best practices, and monitoring and measuring environmental performance, to name a few. "The participants were really energized. I've received nothing but positive feedback on the week's content and activities," said Power Generation Business HSE Director, Mark Dhennin. "It was an intense week of work, but certainly worth all the effort."

Health, Safety and Environmental Awards

In order to recognize outstanding performance, the Health, Safety and Environmental Council presents awards to those Cummins entities that best demonstrate excellence in one or both of these areas. Through their efforts, these sites are instrumental in helping Cummins meet the commitments of the Company Vision and Mission.

The Council evaluated the performance of each entity, using the following criteria:

- Benefit to environment and safety
- Level of management and employee commitment
- Economic efficiency
- Innovation
- Ability to serve as a model for use by others

The environmental awards focus on projects and initiatives that promote sustainability, emissions reductions and the conservation of natural resources. Bonus points are awarded for site recognition in government and nongovernmental organizations' environmental stewardship programs.

Entities are recognized at four distinct levels; Chairman, HSE Council, Director and Best Practice. The HSE Council also honored three individuals, including facility HSE leaders and plant managers, for their personal efforts to improve safety or environmental performance.

To recognize achievements in areas where Cummins has widened its environmental focus, we have established awards for the following categories: Design for Environment, Chairman's Awards for Energy Efficiency, Chairman's Award for Sustainable Building Practices.

Cummins Mexico Parts and Recon in San Luis Potosí, Mexico (Cummins SLP) was awarded the Chairman's Award For Environment in 2008. This is the second time the plant project and leadership team have been so recognized. The winning project was the result of efforts of the Environment and Community Involvement Teams for efforts promoting and improving recycling efforts in the San Luis Potosi community. To support the plant's "Put Your Batteries On" campaign, Cummins SLP, in partnership with community leaders and under contract with the regulatory authorities, serve as the recyclable materials collection point.

Materials, including batteries and used plastic containers were collected at the plant for recycling, diverting these wastes from the landfill and eliminating the potential pollution associated with their land disposal. An estimated 1,000 liters of water will be polluted for each battery buried in the ground because of the eventual release of the acids and metal pollutants they contain. During the two year campaign, SLP ensured that nearly 20,000 kilograms of batteries were properly managed, protecting millions of liters of precious groundwater.

The environmental award winners were:

Chairman

Cummins Mexico Parts and Recon, San Luis Potosí, Mexico, *"Get Energized" Campaign*

HSE Council

Cummins Filtration Bloomer, WI, *"Defect Box" Scrap Reduction*

Director

Cummins India Ltd., *Parts Washing Chemical Substitution*
Cummins Power Generation Kent, *Recycling Program*
Cummins Turbo Technologies Dewas, *Sludge Drying Bed*

Best Practice

Cummins Brazil Ltda., *Pollution Prevention and Water Harvesting*
Emission Solutions Mineral Point, *Low carbon IT*
Cummins Turbo Technologies Huddersfield, *Making Power Down Sustainable*

Chairman's Award For Sustainable Building Practices

Cummins Turbo Technologies, Pithampur India, *Green Construction Standards using Reused and Renewable Materials*

Chairman's Award For Energy Efficiency

Cummins Turbo Technologies, Huddersfield U.K., *Developing the Systematic Approach to Energy Shutdown Management*

Cummins Health and Safety Recognition Program

Sites are eligible for Health and Safety recognition in three performance levels: Chairman's Award, HSE Council and Director's Award. In addition, awards are given in recognition of best practices the sites have implemented.

The Corporate Health and Safety 2008 Recognition is based on the following criteria:

Chairman's Award: To be eligible for this award, a site must achieve a maximum Incidence Rate of 0.5, maximum Severity Case Rate of 0.15, maximum Lost Work Days Rate of 2.0 and a minimum CSS Formal or Verification Audit level 3, with 95 points.

HSE Council's Award: To be eligible for this award, a site must achieve a maximum Incidence Rate (IR) of 0.8, maximum Severity Case Rate (SCR) of 0.3, maximum Lost Work Days Rate (LWD) of 4.0 and a minimum CSS Formal or Verification Audit level 3, with 85 points. Sites are exempted from the CSS Audit score criteria if they participate in the OHSAS 18001 Enterprise.

Director's Award: To be eligible for this award, a site must achieve a maximum Incidence Rate of 1.0, maximum Severity Case Rate of 0.5, maximum Lost Work Days Rate of 6.0 and a minimum CSS Formal or Verification Audit level 3, with 70 points.

The Health and Safety Performance Award winners for 2008 are:

Chairman's Award

Cummins Filtration China
Cummins Turbo Technologies, Dewas
Parts Distribution Center San Luis Potosi

HSE Council's Award

Cummins Fuel Systems Juarez
Cummins Power Generation Fridley
Cummins Power Generation Singapore
Cummins Technical Center
Wuxi Cummins Turbo Technologies

Director's Award

Cummins Emission Solutions Mineral Point
Cummins Filtration Findlay, OH
Cummins Generator Technologies India, Ahmednagar
Cummins Power Generation Brazil
Cummins Turbo Technologies, Brazild
Cummins Turbo Technologies, Palmetto
Darlington Engine Plant
Dongfeng China Engine Company
Rocky Mount Engine Plant

Best Practice winners were selected based on innovation and enthusiasm in driving Health and Safety improvements at the site.

2008 Best Practice Award Winners are:

Cummins Filtration Bloomer for its “Safety Alert Program,” which was developed by the site’s associates, supervisors and managers to alert others to safety and ergonomic problems. Any employee is empowered to stop the production line when an unsafe act or condition was identified. When a safety alert has stopped the line, employees work together to evaluate and resolve the issue.

Cummins Power Generation Fridley for its “Powered Industrial Truck Focus Team” which resulted in increased industrial truck issue awareness, project accountability and cross-functional support. The site’s logistics department recently celebrated a 12 month rolling Incidence Rate of 0.00 and led the Fridley site in 2008 with the best scores for all four quarters of Safety and 5S audits (Sort, Straighten, Sweep, Standardize, Self-discipline).

Cummins Power Generation Kent for its “Health and Wellness Improvement” project that aimed to create a more efficient and effective facility by focusing on the health and wellness of employees. Several different health and wellness programs were run over the year to improve the health and fitness of employees, both inside and outside of work. Some examples included ‘Weight Loss at Work’, ‘Quit Smoking with Smoking Cessation’ and ‘On the Ball - Back to Business’ classes. Nearly all of the site’s employees participated in at least one of the programs.

Cummins Fuel Systems Columbus for its “Safety Football League” project, a competition between the site’s departments for safety and housekeeping performance. The competition focused on improving safety awareness and getting employees more engaged in improvement activities on the shop floor. One thousand nine safety and housekeeping improvements were realized over the course of the competition.

Parts Distribution Center Mechelen for its “Rack Safety Program” in which an audit format was created that established a risk score for each rack location. A target was set out to lower the risk scores in all rack locations, in order of priority based on risk level. As a result, employees report that they feel safer when working in these areas.

Diversity


Treating Others with Dignity and Respect

Cummins 35,000 employees – more than half of whom work outside the United States – embody the Cummins’ philosophy of diversity. They operate across cultures, functions, language barriers and time zones to solve the technical and logistical challenges created by a worldwide customer base.

They differ in age, gender, race, nationality and language, as well as in personality, behavior, sexual orientation and religious beliefs. They have different skills and abilities, including education, experience and

functional capability. Their diversity reflects the countries and communities where they live and work, as well as the customers and constituencies they serve.

In 2008 and 2009, Cummins updated its Business Case for Diversity to strengthen the link between diversity and innovation, establish objectives for the Company to reach to maximize the benefits of diversity, and add depth to its definition of diversity. Here is an excerpt from the updated Business Case:



“Companies that value and manage diversity have a distinct advantage over those that do not when it comes to the bottom line. In fact, the ability to manage diversity could well be the difference between success and failure for businesses, as well as the communities in which they operate.”

Tim Solso, Cummins Chairman and CEO



Cummins: The Business Case for Diversity

As Cummins reaches out to attract and retain global customers, the Company acknowledges that a diverse workforce is essential to its continued success. How then does Cummins define diversity within the corporation?

- On a personal level, the diversity of an individual is defined by his or her cultural and personal differences, as well as life and professional experiences.
- At the organization level, diversity is created through the distinct personalities and capabilities of each individual within the group.
- Taken together, the diversity of individuals and organizations creates an environment where innovation and ideas flourish.

When Cummins' businesses enter new markets and geographies, they employ people who understand the local culture and speak the local language – people who share the Company's values, and in most instances, who are an integral part of the local community.

A successful work environment not only includes people from different backgrounds, it also welcomes and celebrates their differences.

To derive the greatest benefit from diversity, Cummins believes it must do the following:

- Create a workplace population with representation that is similar to the markets in which it operates.
- Demand that the workplace is safe and inclusive for all individuals and organizations.
- Develop a collective behavior that encourages all individuals and employees to best use their talents.
- Capitalize on a diverse workforce to enhance the Company's competitive position in the marketplace.

Influencing Factors and Challenges

Five major factors have the potential to significantly affect Cummins and the way it does business now and in the future. They include:

Globalization: Cummins has worldwide operations, including technical centers, manufacturing operations and distribution networks. These far-reaching business connections provide the Company with numerous opportunities for low-cost sourcing, talent recruitment and profitable growth in new markets. At the same time, operating in a global environment subjects the Company to greater potential risks, ranging from political, economic and ethical issues to manufacturing, market and people management. To deal with these challenges, Cummins must employ a workforce that understands complex issues at local levels and can operate successfully within the Company's value system.

Increasing Customer Expectations: Large global customers have more leverage to demand innovative products and business solutions at the lowest cost. Delivering solutions that delight customers with superior performance requires Cummins to have a worldwide network of highly skilled people.

Changing Demographics: Immigration, emigration, changing global norms, aging populations and generational differences, coupled with varying birthrates, are driving greater complexity in all regions. Successful companies understand how demographics can affect their markets and how to effectively leverage diversity to create value by attracting and retaining the best talent.

Cummins Salutes Diverse Suppliers



Marian B. Noronha has always believed businesses have a responsibility beyond the bottom line.

That's why the chairman and president of Turbocam International has bought people out of slavery in Nepal, helped build a hospital in an impoverished part of India and worked with churches in the Netherlands to start a water company in Ghana.

"We have kind of grown up with Cummins," said Turbocam's Noronha, whose Barrington,

N.H.-based business has grown from a \$6 million company in 2000 to \$60 million in 2008, providing Cummins with a variety of machining products along the way.

That growth, according to Noronha, a devout Christian, has allowed Turbocam to both build wealth for its employees and perform Christian service around the world.

Turbocam was one of five businesses honored in 2008 as Cummins' first Diverse Suppliers of the Year. The companies were feted at the Cummins Salute to Diversity Dinner in Columbus, Ind., on Sept. 29. The winning businesses then joined 40 other top women and minority-owned suppliers at a trade show Sept. 30 at Cummins' Columbus Engine Plant.

The suppliers were chosen for their high quality goods and services, dedication to efficiency and cost cutting, and their commitment to public service.

The dinner and trade show were designed to connect Cummins' top diverse suppliers with other parts of the Company in the hope that the diverse suppliers would bid on additional work with Cummins.

Cummins has set a goal of making 12 percent of its purchases with minority-owned businesses by 2012. Currently, the Company is just under 8 percent with the goal of reaching 9 percent by the end of 2009.

At Cummins' 2009 Diversity Procurement Summit, a meeting of purchasing employees from across the Company, Cummins Chairman and Chief Executive Officer Tim Solso noted that his personal work plan includes reaching goals for supplier diversity.

It can't be a passive thing," he said. "It has to be active. Everybody has to get in the game."

The Move Toward Sustainability: Corporations have come to understand that operating with an eye toward sustainability is vital to the society and our environment. A sustainable approach also nourishes a company – enabling growth today and in the future. This holistic attitude toward doing business requires a company, with its employees, to examine every aspect of its footprint – from product development to manufacturing practices and facilities operations. The value of a sustainable approach is recognized by Cummins' many constituents, especially investors.

Increasing Regulations: Regulations provide both a business opportunity and a challenge for Cummins. For example, the implementation of stricter global emission standards and new requirements on fuel economy are business opportunities for the Company's leading technology. Conversely, laws that affect operational issues such as financial reporting, manufacturing emissions and safety, require teams that can understand and deal with complex regulations around the world.

The Competitive Advantage of Diversity

“Character, ability and intelligence are not concentrated in one sex over the other, nor in persons with certain accents, or in certain races, or in persons holding degrees from some universities over others.

“When we indulge ourselves in such irrational prejudices, we damage ourselves most of all and ultimately assure ourselves of failure in competition with those more open and less biased.”

– J. Irwin Miller, former Cummins Chairman and CEO

Mr. Miller’s words, spoken over 20 years ago, identify the reasons why it is critical for Cummins to recruit talented employees from a diverse pool of candidates in every region and culture where the Company operates. Diversity provides Cummins with a competitive advantage in the following areas:

Attracting and retaining the best people

A company that promotes diversity in hiring and stimulates an understanding and appreciation of differences will do the following:

- Attract and retain the best talent
- Create an inclusive work environment that fosters innovation
- Promote differing viewpoints to enhance problem solving and decision-making
- Develop a positive reputation in its communities
- Create an inclusive and safe environment

Exceeding customer requirements

Global OEMs benefit from the innovative products and services Cummins provides through its worldwide operations and diversified workforce. The Company is better able to meet and exceed the needs of the marketplace because it has manufacturing facilities, technical, distribution and service centers along with low-cost sourcing opportunities close to where its customers do business.

Nearly all world growth in the future is projected to occur in Africa, Asia, Eastern Europe, the Middle East and Latin America. Cummins understands that the best way to grow into new businesses and more geographic regions is to have employees and organizations that understand the local culture or are part of it.

Innovation

Cummins relies on key insights from its diverse workforce to help solve complex engineering and business problems; to help reduce costs; and to help create differentiated products and services that enable the Company to delight its customers.

A greater number of innovative ideas and solutions are created from a group of people with different perspectives and backgrounds than from a homogeneous group whose members might basically act and think alike.

Doing the right thing

A company is only as healthy as the environment and communities in which its employees live and work. It is in Cummins’ self-interest, not selfish interest, to create an environment in which people treat others as they want to be treated. An environment in which diversity is celebrated creates a culture that is aligned with Cummins’ core values and enables the company to flourish.



Other diversity highlights at Cummins

In addition to updating the Business Case, there are many other highlights from 2008 and early 2009, including:

- In 2009, Cummins was named to the list of the Top 50 companies for diversity by DiversityInc magazine for a third consecutive year. The magazine said “Cummins demonstrates strong workplace best practices, improving supplier diversity and continued CEO commitment.”
- Mandatory comprehensive diversity training for all new employees designed exclusively for Cummins. Second generation (advanced diversity management topics) training is a mandatory part of career development for leaders.
- Cummins’ Sondra K. Bolte was named the winner of the 2008 William R. Laws Human Rights Award by the Columbus, Ind. Human Rights Commission. Tim Solso and Joe Loughrey shared the 2009 award. Solso, Loughrey and Bolte joined a long list of distinguished past winners including legendary Cummins CEO J. Irwin Miller, the late Richard “Dick” Stoner, a former Cummins executive and Indiana University trustee, and former U.S. Rep. Lee Hamilton. The award honors people who have made a significant contribution to improving relationships among all people, fighting stereotypes and improving understanding in the Columbus area.



Cummins’ horizontal NHH855 set the power standard for underfloor “pancake” diesels in the largest ever 3-axle school buses. With the 220 hp 14-liter flat engine installed mid-bus to free up space, the Gillig 733D was able to increase capacity up to 97 seats.

1967

Cultural Assessment Survey

Cummins is an ethical company, results oriented, with high expectations for performance, according to managers who participated in the first-ever survey of the Company's culture in spring 2008.

But those same managers say Cummins' performance management system, the frequent absence of cross-business unit collaboration and Cummins' U.S.-centric focus are all potential barriers to future success.

Leaders hope the survey will help the Company preserve the best aspects of Cummins' culture and identify obstacles to growth so they can be addressed quickly.

In the wake of the survey, seven specific areas of concern were identified, and a strategic proposal advanced to deal with each one. Strategies range from fostering a more collaborative atmosphere between business units to further empowering employees to make decisions on a worldwide

basis. Each strategic proposal has been assigned an officer who will sponsor it and determine the tactics necessary to achieve the objectives in each case.

"Managers think Cummins is doing a pretty good job," said Lisa Gutierrez, Executive Director of Global Diversity at the Company and the leader of the project team that conducted the survey. "Now, it's a matter of going from good to great."

- Cummins leaders shared their career experiences with Notre Dame MBA students at the school's second annual Diversity Conference in early February 2009, in South Bend, Ind. The conference was organized by MBA students in the Mendoza College of Business at Notre Dame, which aspires to enhance the Notre Dame experience for its students by encouraging cultural, professional and spiritual diversity, in an atmosphere of academic excellence. Cummins was one of the sponsors of the event.
- Cummins' long-standing commitment to use qualified Minority Business Enterprises (MBE) suppliers has yielded positive results in recent years. In 2008, Cummins spent \$483.5 million (direct and indirectly through subcontracts) with minority-owned suppliers, up from \$387.8 million in 2007. Cummins spent a total of \$571.6 million in diverse spend including suppliers owned by Women and Disabled Veterans in addition minority-owned suppliers.
- Cummins has received a perfect score on the Human Rights Campaign's Corporate Equality Index every since year 2005.
- More than 50 Local Diversity Councils (LDCs) addressed key diversity related matters at their particular Cummins locations. Meanwhile, more than 30 Affinity Groups (AGs) representing a specific employee demographic have also been instrumental in Cummins' diversity journey, focusing on recruitment, retention, career development and business enhancement. Currently, the Company has affinity groups for African and African- American employees, South and Southeast Asian employees, Chinese, Latino, and Lesbian, Gay, Bisexual and Transgender employees; new employees; veterans and women employees.

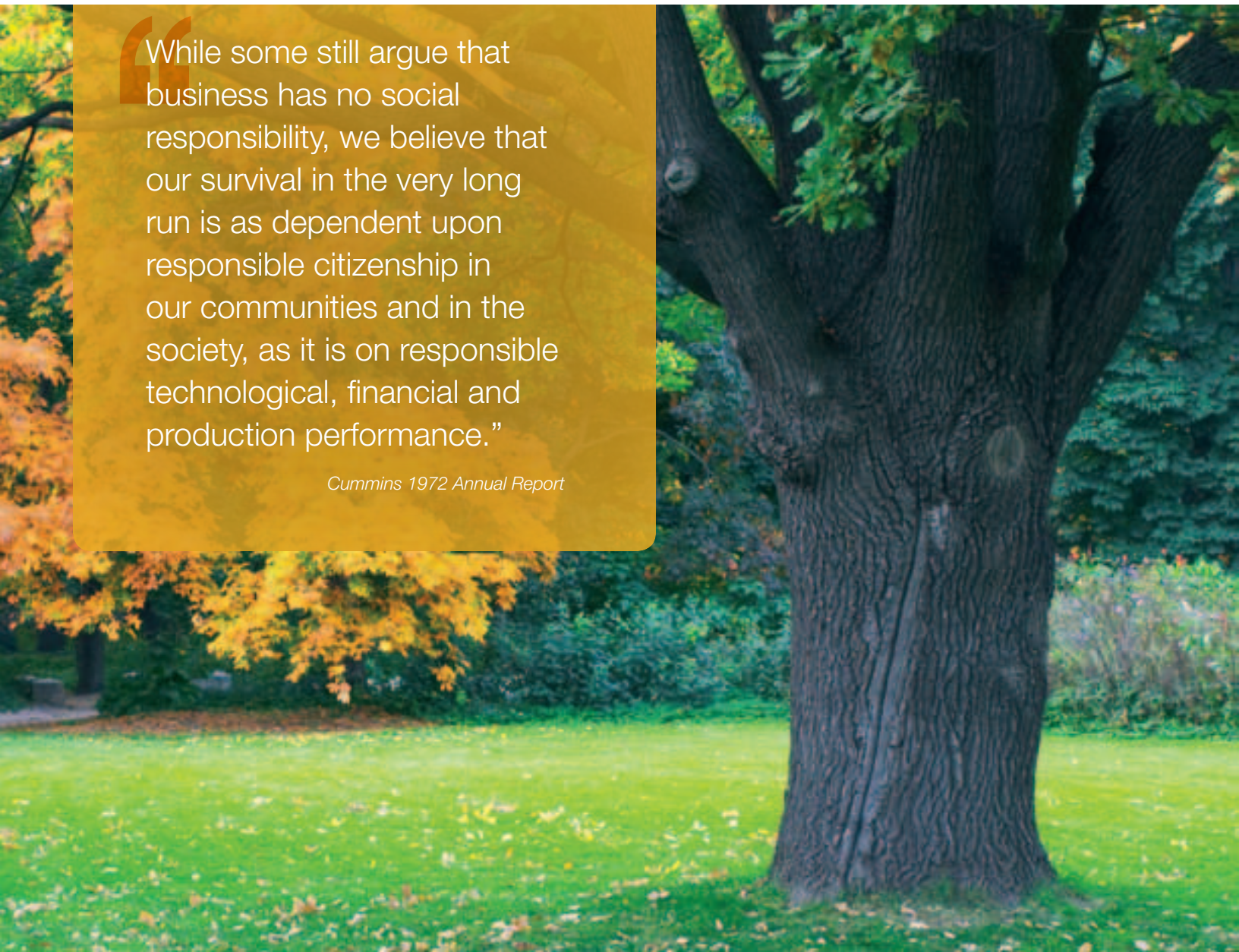
Corporate Responsibility

Cummins takes a broad-based approach to corporate responsibility that is grounded in a stakeholder model first articulated nearly 40 years ago by then-Chairman J. Irwin Miller. It was Mr. Miller's belief that businesses have a social contract with a full range of stakeholders as well as a self interest in helping to create healthy communities in which they can grow and prosper.

Cummins' vision of corporate responsibility has matured as the Company has grown and become more global, but the core beliefs have not changed. Fundamentally, Cummins believes that corporate responsibility contributes directly to the long-term health, growth and profitability of our company.

“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.”

Cummins 1972 Annual Report





At Cummins, the focus is on the best way to have a sustained positive impact given the challenges facing our communities. It starts with an emphasis on responsible decision-making and leadership that takes into account the potential impact of the Company's actions on all its stakeholders.

Employee involvement also is central to Cummins' efforts to be a responsible corporate citizen. The Company actively seeks to engage its 35,000 employees to help strengthen the communities in which we work and live.

The Company's network of more than 150 Community Involvement Teams and programs such as Every Employee Every Community, (see stories on pages 92 and 93) offer Cummins the chance to leverage our greatest strength – the skills, passion and commitment of our employees – to make a meaningful difference in communities around the world.

Philanthropy is the final component to Cummins' corporate responsibility efforts. The Cummins Foundation, one of the oldest corporate charities in the United States, awarded \$4.6 million in grants in 2008. Additionally, Cummins provided more than \$500,000 in direct corporate donations to philanthropic causes in 2008. (For a profile of the Cummins Foundation, as well as a list of grants awarded in 2008, see pages 95-105.

Strengthening Cummins' Commitment to Corporate Responsibility

Throughout its 90-year history, Cummins has made corporate responsibility a fundamental part of who we are and how we do business. In an effort to build on its past efforts and better focus the Company's work on the challenges of tomorrow, Cummins raised the profile of its corporate responsibility organization in late 2008.

An Executive Vice President, who reports directly to the Chief Executive Officer, took charge of the Corporate Responsibility organization that drives Cummins' work in this area around the world. One of the first challenges tackled by the organization was to articulate Cummins' vision for corporate responsibility through the creation of a "business case," which defines corporate responsibility at Cummins as:

- Evaluating the effect of our business decisions and practices on a wide variety of stakeholders and recognizing our responsibility to each one.
- Seeking to establish a higher standard of corporate citizenship by always acting ethically and with integrity, and pursuing and applying "best practices" to create a cleaner, safer and healthier environment.
- Seeking to eliminate barriers to success by using our values, talents and resources to drive improvement in the communities in which we operate, as well as the broader world.
- Creating sustainable wealth for all stakeholders.

Creating sustainable wealth for all stakeholders

In order to accomplish these goals in an increasingly complex world, Cummins has committed to improving its efforts in four specific areas:

1. Improving our global engagement. More than half of Cummins' employees work outside the U.S. and international sales account for more than 50 percent of the Company's revenues. We have Community Involvement Teams around the globe. The large majority of our philanthropic giving, however, has been directed to organizations in the U.S. Strengthening our processes so that the Company's charitable giving better mirrors Cummins' employee and business base has become a priority.

2. Providing greater focus to philanthropy worldwide.

In order to allow our giving to have a maximum impact on the communities in which we operate, Cummins has decided to focus its philanthropic efforts in three areas that were determined after soliciting input from hundreds of employees around the world. They are:

- Environment – Ensuring that everything we do leads to a cleaner, healthier and safer environment is part of Cummins' corporate mission. Cummins has long been a leader in creating technology that reduces harmful air emissions, and our employees have experience – and a passion for – reducing the environmental impact of our products and facilities. We intend to leverage that knowledge and commitment to improve the environment in our communities worldwide.
- Education – From helping strengthen the basic skills necessary for individual success to providing training for tomorrow's generation of advanced manufacturing employees, Cummins has a role to play in improving the quality and alignment of educational systems in our communities.



Built in Canada, the Pacific Ultra P12 6x6 was one of the strongest ever tow tractors with 500 or 800 hp Cummins. A fleet in South Africa would couple 4 Ultras with 1 more Ultra as rear pusher to make a huge towing convoy with over 3000 hp and gross weight up to 860 tons.

1973

Cummins and the Wagholi Orphanage



The Wagholi Orphanage began more than two decades ago as a simple residence on the outskirts of Pune. It was occupied by one kind woman and her son, who sheltered about a half dozen children from the streets. Today the orphanage houses and educates more than 550 homeless children, many of whom are physically or mentally disabled. The government

of India funds 145 of these children. The rest are supported by donations and a lot of compassion.

The Engineering Community Involvement Team (CIT) of Cummins India Limited maintains a close relationship with the Wagholi Orphanage, contributing a share of the time and money required to keep it going. In addition to its regular support, the team contributed a “special event” in 2008.

Diwali, the annual Festival of Lights, is celebrated throughout India on the first new moon after October 13. Most Wagholi orphans are sent to celebrate the national holiday with temporary families, but some 50 children without families got a taste

of the festival from the CIT. On Oct. 22, Engineering Vice President Mike Lambert led a celebration beginning with a prayer for Saraswati (Goddess of Knowledge) and Sai (God of Peace). The day was then filled with competitions as the children made drawings, wish cards, and diyas—cotton-like string wicks in small clay pots filled with coconut oil—to signify victory of good over evil within an individual. Winners received treats; all received sweets and clothing parcels.

Orphanage girls performed a traditional Indian dance by way of a thank-you, and each volunteer received a thank-you card fashioned by a child. The celebration may become an annual CIT tradition.

■ Social Justice - Ensuring economic and educational opportunities for those marginalized by poverty or discrimination has long been a mainstay of Cummins’ corporate responsibility work.

3. Increasing leadership responsibility. Creating a culture that values corporate responsibility begins with setting clear expectations for leaders across the Company. Cummins is committed to establishing basic concepts that define effective, responsible leaders, including: decision-making that engages all key stakeholders; encouraging community involvement; maintaining the highest standards for ethics and integrity; and acting as positive examples in their communities.

4. Incorporating corporate responsibility in the Company’s strategies. It is in Cummins’ self-interest to help create strong and growing markets for our products, as well as healthy communities in which to operate. As such, we need to expand our work to make corporate responsibility as much a part of the Cummins “DNA” as creating great products or providing world-class customer service.

Additionally, creating a great place to work is central to our ongoing efforts to attract and retain the very best employees. Our employees consistently tell us that they value being able to work for a company that acts responsibly. At the same time, motivated and engaged employees are a vital resource in efforts to improve our communities.

Unleashing the Power of Cummins Employees

Our employees are Cummins' best resource and they are central to our efforts to improve the communities in which we live and work. We are working to create several mechanisms to educate our employees on Cummins' vision of corporate responsibility and provide them with the tools and resources necessary to make a difference, including:

- Introducing employees to the concepts of corporate responsibility and community involvement as part of their orientation program when they join Cummins.
- Expanding the Company's donation matching program beyond the United States to better leverage employees' charitable giving in all parts of the world.
- Better supporting and training our Community Involvement Teams (CIT) so they can become even more effective in serving our communities. This effort includes making it even easier for all workers to participate in our Every Employee Every Community program and providing more community grants to support CIT efforts that are aligned with our focus areas.
- Increased use of Six Sigma tools – both at Cummins and increasingly with our local partners – to drive improvements across our communities.

Community Involvement Teams

Community Involvement Teams (CIT) are employee-led groups that represent the diversity of the workforce and all levels of management. There are more than 150 Community Involvement Teams working to solve community problems.

Community Involvement Teams have the responsibility of developing an annual plan, organizing volunteer activities, responding to community requests for donations and developing proposals for funding from The Cummins Foundation to enhance their involvement in their communities. Here are some recent examples of CIT involvement around the globe:

- The J. Irwin Miller Community Center Sewing Shop, a CIT project organized in Sao Paulo, Brazil, opened in May 2008. The Center provides homemakers with training in sewing techniques, product development, marketing, product quality, and management. For many, it is their first job opportunity. The Sewing Shop has started making uniforms for Cummins employees.
- A CIT in Fridley, Minnesota, arranged for Power Generation engineers to modify toys for the Courage Center for children with disabilities. Certain toys require physical ability to activate by pressing a button to make it sing, dance, drive, or move. The engineers adapted such toys by placing a switch jack into each item allowing an adapted switch, operable by disabled children, to be plugged into the toys.
- Employees of Cummins Filtration South Africa, in partnership with the Pietermaritzburg & District Community Chest, installed fencing and planted two gardens for families in need. Employees also donated refrigerators, stoves, toasters, kettles and cooking utensils to residents of the Shongweni community. The Shongweni community was established by Habitat for Humanity to benefit households providing shelter to children in crisis due to HIV and AIDS.



Every Employee Every Community

Started in 2005 as a way to celebrate Cummins' selection as the "top corporate citizen" by Business Ethics magazine, Cummins' Every Employee Every Community (EEEC) initiative has grown into an integral part of the Company's community involvement efforts.

EEEC allows employees to give back to their communities by volunteering on Company time. Each Cummins site around the world has the flexibility to schedule community service projects according to local needs, their facility and employee work schedules. Projects may involve cleaning a schoolyard, planting a garden, or sorting packaged goods at a local food bank. What all have in common is that they make the community better.

More than 14,700 employees contributed 52,894 hours of community service in 2008 — a 60 percent increase in the number of volunteers over 2007, and a 40 percent increase in the number of hours volunteered.

VolunteerMatch

Thanks to VolunteerMatch, the growing list of volunteer opportunities available to Cummins employees can now be communicated and tracked with ease. VolunteerMatch, launched in 2008, is a global, web-based volunteer management system connecting Cummins employees with volunteer opportunities in their local communities.

Employees can search for opportunities by ZIP code (U.S.) or by country (non-U.S.). They can select an interest area, including anything from animals to education and literacy. VolunteerMatch also allows Cummins to track employee participation and evaluate our contributions in a more data-driven way.

United Way Matching Program

One of the most powerful community building tools Cummins has at its disposal is the United Way matching program funded by the Cummins Foundation. Under the program, the Foundation provides a dollar-for-dollar match for all employee contributions to United Way fund drives in United States, effectively doubling the impact of our employee giving.

For the 2009 campaign, the Cummins Foundation provided approximately \$2 million in matching funds to United Way organizations in regions where we have operations, making Cummins the largest supporter of United Way in a number of regions, including Columbus, IN; Jamestown, NY and Rocky Mount, NC. We also are currently exploring the best way to create programs similar to the United Way match in countries outside the U.S. to help our employees in those locations leverage their charitable giving to improve their communities.



Corporate Donations

Corporate direct donations provide a means for Cummins to participate in community development and events that are more appropriately funded by the Company than the Foundation. These activities include memberships, sponsorships, dinners or other events.

In 2008 Cummins charitable contributions were \$11 million. Company donations to all of Cummins foundations were \$6.1 million and direct donations accounted for \$4.9 million. Of the direct donations, \$587,960 were in support of our international communities.

Action for Blind People	Darlington, England	Sports & Leisure Activities for Blind School	\$ 35,287
Artistic Senses	Juarez, Mexico	Transportation Support for Handicapped Children	\$ 10,000
Bethel Ranch Training Center	Beijing, China	Sustainable Farm for Blind Orphan Foster Home	\$ 50,500
Brazil Health Clinic	Sao Paulo, Brazil	Expand the Health Clinic	\$ 30,000
Brazil Sewing Machine Shop Set-up	Sao Paulo, Brazil	Neighborhood Women's Sewing Machine Shop	\$ 35,000
Children's House - Detskiye Domiki	Moscow, Russia	Mini-van to Take Children to Medical Appointments	\$ 20,000
Chongqing Cummins Hope Primary School	Chongqing, China	Computer Access for Students	\$ 25,000
The Club of the Third Age	Juarez, Mexico	Creation of a Ceramics Shop for Senior Citizens	\$ 12,185
Daventry Community Association	Daventry, England	Ashby Road Community Center Heating System	\$ 27,654
Den Anker	Mechelen, Belgium	Educational Excursion for Disabled Children	\$ 25,000
Dongfeng Cummins Engine Co.	Dongfeng, China	Computers, Desks, Chairs - Primary Schools	\$ 50,000
Global Village of Beijing	Shanghai, China	Environmental Protection Education & Activities	\$ 22,700
Habitat for Humanity	Singapore	Housebuilding Project	\$ 25,000
Lions Club International	Chongqing, China	Computer Room - Heyuan Zijing Yirong Primary School	\$ 25,000
Lions Club International	Shenyang, China	Computer Room - Bo Zhengou Primary School	\$ 22,000
Lovecoal	Seoul, Korea	Purchase Stoves for Heating for Indigent Families	\$ 25,000
Masakhane Creche	Pietermaritzburg, SA	Build a Child Care Centre	\$ 25,000
Right to Play	Thailand	Sport and Play Program for Children and Youth	\$ 35,334
Royal School for Deaf Children Margate	Kent, England	Monkshill Farm - Outdoor / Farm Classes	\$ 25,000
Safe Anchor Trust	Huddersfield, England	Purchase Wheel Chair Lift for Canal Boat	\$ 25,000
Worldvision - China	Kunming, China	Home for Street Children/Migrant Children's Chorus Project	\$ 17,300
Zimbabwe Maulana Primary School	Zimbabwe, Africa	Safe Drinking Water	\$ 20,000
Total			\$ 587,960

The Cummins Foundation

Formed in 1954, the Cummins Foundation is one of the oldest corporate charities in the United States and is an integral part of the Company's efforts to strengthen the communities in which it operates. Cummins' Executive Vice President for Corporate Responsibility also serves as the Chief Executive Officer of the Foundation, providing further alignment between the Company's charitable giving and its broad corporate responsibility work.

The Foundation, which is funded solely by Cummins Inc., focuses its financial support on nonprofit organizations whose missions are consistent with the Company's global priorities- education, the environment and social justice in the communities where we have business interests as well as efforts supported by Cummins employees. In 2008, the Cummins

Foundation awarded \$4.6 million in new grants (and paid approximately \$5.4 million), including \$1.8 million in United Way matching grants in regions where Cummins employees live and work and \$1 million in grants to projects nominated by Cummins Community Involvement Teams around the world.

While the majority of Cummins Foundation funding historically has been made to organizations in the United States, the Company has strengthened its efforts to expand future funding so that it better reflects the geographic balance of the Company's business operations. Additionally, the company has established foundations in India and Mexico, which operate under similar priorities.



Cummins Foundation Directors and Committees (as of April 1, 2009)

Foundation Management

Board of Directors

Tim Solso, Chairman

Jean Blackwell

Tom Linebarger

Will Miller

Mark Gerstle

Marya Rose

Pat Ward

*Joe Loughrey retired from the Board March 31, 2009

Officers

Jean Blackwell, Chief Executive Officer

Tracy Souza, President and Secretary

Marsha Allamanno, Treasurer

Audit Committee

Marsha Hunt, Committee Chair

Luther Peters

James Guilfoyle

Investment Committee

Richard Harris, Committee Chair

Nadeem Ali

Marsha Hunt

International Committees and Foundations

C3-Cummins Community Connection — Central Area

Raymond Eyres, Committee Chair

Cummins Community Cares — South Pacific

Gino Butera, Committee Chair

Cummins India Foundation

Anant Talaulicar, Chairman of Foundation

Asociacion Filantropica de Cummins AC

Teresita Rey, Chairman

Edgar Freeman, Director

Domestic Committee

Columbus, IN Committee

Mark Gerstle, Committee Chair

Statements of Financial Position

In 2008, The Cummins Foundation received \$5,520,000 from Cummins and paid grants totaling \$5,366,992.

Assets	Dec 31, 2007	Dec 31, 2008
Cash and cash equivalents	\$13,580,212	\$13,690,822
Notes receivable	0	350,000
Excise tax refund receivable	500	1,500
Investments	3,167,632	2,021,081
	\$16,748,344	\$16,063,403

Liabilities

Grants payable	\$5,113,215	\$1,767,401
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Unrestricted net assets

Undesignated	5,109,737	4,543,602
Board-designated funds	6,525,392	9,752,400
	\$16,748,344	\$16,063,403

Employees and Disaster Relief



Cummins employees worldwide sent aid to more than 110 Cummins employees whose homes and lives were ravaged by floods that swept across the Midwest in June 2008. The Cummins Foundation reports that employees raised more than \$500,000 to aid victims of the

floods, which caused \$100 million in damages to Cummins facilities alone.

Employees donated more than \$300,000 to the American Red Cross for relief work and raised an additional \$185,000 for the Cummins Employees Flood Relief Fund (CEFRF), a special account set up to provide recovery assistance. Those individuals affected by the June 2008 flood will now have help rebuilding their lives with gifts from the CEFRF ranging from \$400 to \$3,000.

This outpouring of support came only weeks after Cummins employees and organizations gave more than \$1.3 million in money, supplies,

and equipment to the victims of the May earthquake in China that killed over 70,000.

Tracy Souza, president of the Cummins Foundation, believes these efforts emphasize the generous nature of the Company and its employees. "Cummins has always tried to live up to its core value of corporate responsibility. This has been especially true during times of adversity and hardship when the Cummins family has come together to not only help each other, but also to help others in need in the communities in which we live and do business," she said.

Foundation Grants (paid in 2008)

Grantee	Community	Purpose	Amount
ABC - Stewart School	Columbus, IN	Support	\$ 10,000
Adult Day Care Corporation	Columbus, IN	Support for At-Risk Seniors	\$ 2,000
American Indian College Fund	Denver, CO	Annual Campaign	\$ 2,500
American Legion Post 200	Black River Falls, WI	City Park Improvements	\$ 5,000
American Red Cross	Columbus, IN	Flood Relief Campaign	\$ 250,000
Amherst H. Wilder Foundation	Fridley, MN	Mobile Resource Center	\$ 25,000
Arts Council for Chautauqua County	Jamestown, NY	Media Arts Education Program	\$ 10,000
Autism Speaks	New York	Sponsorship	\$ 50,000
Bartholomew Area Legal Aid, Inc.	Columbus, IN	General Support	\$ 6,000
Bartholomew Consolidated School Corp.	Columbus, IN	Book Buddies Program	\$ 50,000
Bartholomew Consolidated School Foundation	Columbus, IN	Diversity Initiatives	\$ 5,000
Bartholomew County Sheriff's Office	Columbus, IN	Purchase Physical Fitness Equipment	\$ 35,000
Black River Falls Middle School	Black River Falls, WI	Technology Class Improvements	\$ 10,000
Boys & Girls Club of Nash Edgecombe Counties	Rocky Mount, NC	Smart Moves Program	\$ 25,000
CAP Services	Stevens Point, WI	Domestic Abuse Outreach	\$ 10,000
CASA of Memphis & Shelby Counties	Memphis, TN	Child Advocates	\$ 2,500
CCYHA Lakers Sled Hockey	Jamestown, NY	Sports Activities for Physically Challenged Youth	\$ 25,000
The Center on Philanthropy	Indianapolis, IN	Annual Symposium Support	\$ 10,000

Foundation Grants (continued)

Grantee	Community	Purpose	Amount
Central Indiana Corporate Partnership	Indianapolis, IN	Conexus - General Support	\$ 50,000
Challenged Champions Equestrian Center	Findlay, OH	Expanded Program for Physically Challenged	\$ 2,500
Christian Help Inc.	Indianapolis, IN	House Refurbishment for Homeless Family	\$ 5,000
City of Columbus	Columbus, IN	Architecture Fees	\$ 416,000
City of Columbus	Columbus, IN	Architecture Fees	\$ 207,412
City of Columbus	Columbus, IN	Architecture Fees	\$ 92,403
City of Columbus - Redevelopment Commission	Columbus, IN	Architecture Fees	\$ 400,000
City of Lake Mills	Lake Mills, IA	Handicap Sidewalks & Shelter	\$ 25,000
City of Stoughton	Stoughton, WI	Preserve America Fund	\$ 1,693
City of Stoughton	Stoughton, WI	Stoughton Fire Department Support	\$ 5,200
City of Stoughton	Stoughton, WI	Stoughton Area Emergency Medical Service	\$ 3,107
Clark Atlanta University	Atlanta, GA	Ware Family Scholarship Endowment	\$ 10,000
Columbus Area Arts Council	Columbus, IN	Support for Mill Race Players	\$ 2,500
Columbus Area Arts Council	Columbus, IN	Rock the Park Sponsorship	\$ 10,000
Columbus Area Arts Council	Columbus, IN	UnCommon Cause Sponsorship	\$ 5,000
Columbus Area Chamber of Commerce Foundation	Columbus, IN	Connected Community Partnership	\$ 10,000
Columbus Indiana Architectural Archives	Columbus, IN	Support for Archivist	\$ 100,000



1989

When the Cummins Turbo Diesel was introduced to the Dodge Ram 250 and 350, the pickup truck market was transformed. The 160 hp 5.9-liter offered a huge advantage in torque, enabling owners to haul trailers 2 tons heavier than any other pickup. In the first year, orders for almost 20,000 Cummins powered Rams were double highest expectations.

Cummins South Pacific Named Employer of Choice for Women



Australian Government Equal Opportunity for Women in the Workplace Agency

Cummins is one of only 99 organizations in Australia receiving this citation from the Australian Government's Equal Opportunity for Women in the Workplace Agency (EOWA).

Anna McPhee, Director of the EOWA, said, "For these organizations, creating equity is about changing culture, changing expectations, breaking

down the outdated myths about women and valuing the massive contribution women make to the workplace whether they are working part-time or full-time, working from home or in the office, starting their careers, or nearing retirement."

The citation follows the recent naming of Gino Butera, Managing Director – Cummins Pacific Asia Distribution, as the "Leading CEO for the Advancement of Women in Australia."

down the outdated myths about women and valuing the massive contribu-

Butera received the award from EOWA for his proactive approach to achieve greater female representation in both traditional and non-traditional roles at all levels of the organization.

"This is not an individual award," said Butera, acknowledging the work of Cummins South Pacific's Local Diversity Council and Women's Leadership Network Group in his acceptance speech. "Identifying, implementing and living with diversity initiatives in the workplace takes active leadership and participation across the entire organization."

Grantee	Community	Purpose	Amount
Columbus Indiana Philharmonic	Columbus, IN	Children's Outreach Program	\$ 25,000
Columbus Police Department	Columbus, IN	CHIP (Child Identification Program)	\$ 21,400
Community Education Coalition	Columbus, IN	Columbus Campus Master Plan Design	\$ 15,000
Community Helping Hands	Jamestown, NY	Gateway Center Renovation	\$ 25,000
Cornerstone Middle School	Baxter, TN	Education Support	\$ 10,000
Cummins India Foundation	Dewas, India	Support for Shree Ramkrishna Charities	\$ 10,000
Cummins India Foundation	Pune, India	Visually Impaired Girls School	\$ 20,000
Eastside Community Center	Columbus, IN	Flood Victim Support - Food Delivery	\$ 4,000
Fathers and Families Center	Indianapolis, IN	Support At-Risk Families	\$ 25,000
Food Bank of Eastern New Mexico	Clovis, NM	Kids Weekend Food Backpack Program	\$ 25,000
Food Bank of Eastern New Mexico	Clovis, NM	Support for Food Bank	\$ 10,000
Franklin College	Franklin, IN	Cummins Lectures on Ethical Leadership	\$ 25,000
Gliding Stars of Findlay	Findlay, OH	Therapeutic Ice Skating Program	\$ 2,500
Guadalupe Center of Immokalee	Immokalee, FL	Scholarship Program for Immigrant Families	\$ 20,000
Habitat for Humanity of Dane County	Madison, WI	House Building Project	\$ 25,000
Habitat for Humanity of Findlay/Hancock County	Findlay, OH	Women's Build 2008	\$ 25,000

Cummins Emission Solutions Forges Partnership with Local Rehabilitation Center

When Cummins Emission Solutions, Mineral Point, Wis., had the need to outsource the assembly of some components, the staff did not have to look very far for someone to do it.

Less than half a mile down the road is the Hodan Center, a community rehabilitation program for persons with disabilities which, among other functions, contracts the production services of its clients to area businesses.

As one of its functions, the Hodan Center provides clients with industrial services and offers to businesses a high quality, cost effective workforce.

The assembly and packaging services may be customized to meet various business needs.

The Hodan Center started working with Cummins in April 2008 making three different sensors and clipping bars. Now, eight components are being produced with a current goal of 12. "We're sensitive; we don't want to overload the center. But, for now, we've never had an issue," says Bruce Berstler of Cummins.

"They (Hodan) also do their pickups of the parts and delivery of the finished goods." The work orders provide employment for about 20 of the 110 clients served at the center.

Hodan Center, Inc.



"Cummins goes all over the world looking for quality and on-time delivery and we found the both with you guys," CES Plant Manager, Amit Soman, told the client-employees.

This article was written by Jean Berns Jones of the Dodgeville Chronicle, and has been reprinted for this report with permission

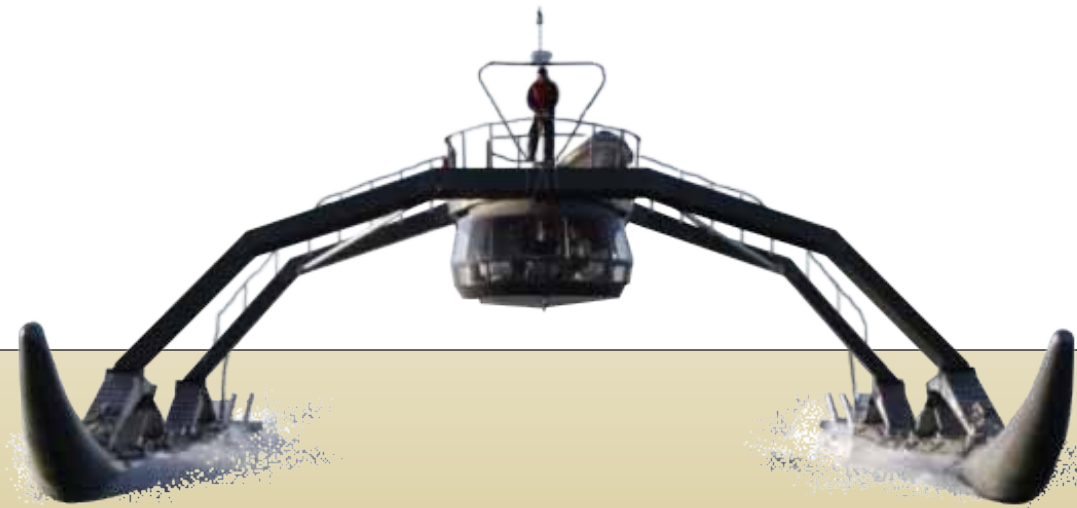
Foundation Grants (continued)

Grantee	Community	Purpose	Amount
Habitat for Humanity Waushara County	Wautoma, WI	House Building Project	\$ 25,000
Heritage Fund of Bartholomew County	Columbus, IN	Architecture Fees	\$ 60,000
Heritage of Hope, Inc.	Hope, IN	Support for Community Foundation	\$ 10,000
Human Services, Inc.	Columbus, IN	Horizon House Homeless Shelter	\$ 5,000
Indiana Achievement Awards	Indianapolis, IN	Program Sponsor	\$ 1,000
Indianapolis Opera	Indianapolis, IN	Education Sponsorship	\$ 10,000
Indianapolis Zoo	Indianapolis, IN	Indianapolis Prize Support	\$ 50,000
Initiative for Global Development	Seattle, WA	Support Anti-Poverty Initiative	\$ 100,000
ISO Women's Committee - Columbus Unit	Columbus, IN	Young People's Discovery Concert	\$ 3,000
Kidscommons Children's Museum	Columbus, IN	2008 Winter Carnivale-China	\$ 10,000
Kidscommons Children's Museum	Columbus, IN	2009 Winter Carnivale-Mexico	\$ 10,000
Lake Mills Entertainment Inc.	Lake Mills, IA	Theater Renovation	\$ 25,000
Lake Mills Family Center	Lake Mills, IA	Fitness Center Upgrade	\$ 5,000
Lake Mills Fire Department	Lake Mills, IA	General Support	\$ 2,500
Lake Mills Senior Citizens Club	Lake Mills, IA	Support for Senior Citizens	\$ 2,500
Legal Momentum	Columbus, IN	Support Annual Campaign	\$ 1,500

Grantee	Community	Purpose	Amount
LeMoyné-Owen College	Memphis, TN	Improvement Projects Support	\$ 100,000
LeMoyné-Owen College Community Development Corp	Memphis, TN	Teen Mothers Program	\$ 7,000
The Library Project	China	Support 31 Elementary / Middle School Libraries	\$ 50,000
The Links	Memphis, TN	Institute of Women's Empowerment	\$ 2,500
Memphis Cultural Arts Enrichment Center	Memphis, TN	Welcome to Zanesville - Watoto de Afrika	\$ 10,000
Memphis Urban League	Memphis, TN	Support At-Risk Youth	\$ 2,500
Memphis Youth Leadership Program	Memphis, TN	Training & Development for At-Risk Youth	\$ 37,500
The Mind Trust	Indianapolis, IN	Educational Improvement in Indianapolis	\$ 100,000
Mineral Point Public Library	Mineral Point, WI	Library Expansion / Improvement	\$ 10,000
Mt. Healthy Elementary School	Columbus, IN	Fitness Trail & Equipment	\$ 23,000
My Sister's House	Rocky Mount, NC	Strong Voices for Girls Program Support	\$ 5,000
NAACP - Bartholomew County Branch	Columbus, IN	State Education Summit Support	\$ 500
Nationalities Council of Indiana	Indianapolis, IN	International Festival Support-Peking Opera	\$ 7,800
New Haven Elementary	Union, KY	Book Blazers Program	\$ 25,000
People Serving People	Minneapolis, MN	Child Development Center Support	\$ 10,000
Phoenix Theatre	Indianapolis, IN	Building for the Future Campaign	\$ 25,000
Portland State University	Portland, OR	Human Powered Vehicle Development Project	\$ 1,000
Rocky Mount Children's Museum	Rocky Mount, NC	Planetarium	\$ 50,000
Shepherd Community Center	Indianapolis, IN	Expand Programing to Serve Closed Shelter Clients	\$ 25,000
The South Carolina Maritime Heritage Foundation	Charleston, SC	Spirit of South Carolina Repairs	\$ 20,000
South Decatur Youth Football	Westport, IN	Equipment Replacement	\$ 5,000
Spelman College	Atlanta, GA	Endowed Scholarship Fund	\$ 50,000
Spelman College	Atlanta, GA	Executive Leadership Group - Dr. Tatum	\$ 10,000
Su Casa Columbus Inc.	Columbus, IN	Emergency Assistance	\$ 10,000
Tennessee Baptist Children's Homes	Bartlett, TN	Support for At-Risk Youth	\$ 10,000
Turning Point Shelter for Domestic Violence	Columbus, IN	Safe Harbor Light House Project	\$ 25,000
United Community Ministries	Rocky Mount, NC	Homeless Shelter	\$ 5,000
United Negro College Fund	Indianapolis, IN	Annual Campaign	\$ 25,000
United Way Funds			
Decatur County United Fund, Inc.	Indiana	Employee Match	\$ 7,177
Greater Twin Cities United Way	Fridley, MN	Employee Match	\$ 192,791
Jackson County United Fund	Indiana	Employee Match	\$ 50,767
Jefferson County United Way	Indiana	Employee Match	\$ 2,834
Jennings County United Way	Indiana	Employee Match	\$ 21,296
Metro United Way of Clark County	Indiana	Employee Match	\$ 1,774
Rocky Mount Area United Way	Rocky Mount, NC	Employee Match	\$ 193,450

United Way Funds (continued)

Rush County United Fund	Indiana	Employee Match	\$ 192
Shelby County United Fund, Inc.	Indiana	Employee Match	\$ 9,565
Trident United Way	Charleston, SC	Employee Match	\$ 84,832
United Fund of Dearborn County	Indiana	Employee Match	\$ 72
United Way for Clinton County	Indiana	Employee Match	\$ 48
United Way of Allen County	Indiana	Employee Match	\$ 24
United Way of Bartholomew County	Columbus, IN	Employee Match	\$ 712,545
United Way of Bloomington & Monroe County, Inc.	Indiana	Employee Match	\$ 4,907
United Way of Central Indiana	Indiana	Employee Match	\$ 68,870
United Way of Dane County, Inc.	Stoughton, WI	Employee Match	\$ 34,878
United Way of Eastern New Mexico, Inc.	Clovis, NM	Employee Match	\$ 9,614
United Way of El Paso County	El Paso, TX	Employee Match	\$ 3,804
United Way of Franklin County	Indiana	Employee Match	\$ 456
United Way of Greater Cincinnati Northern Kentucky	Florence, KY	Employee Match	\$ 18,144
United Way of Greater Lafayette & Tippecanoe County	Indiana	Employee Match	\$ 48
United Way of Hancock County	Findlay, OH	Employee Match	\$ 3,494
United Way of Johnson County	Indiana	Employee Match	\$ 68,956



Proteus is an ultra-light craft with wave adaptive inflatable hulls capable of ocean crossing. Large titanium springs ensure cabin stability and payload modules can switch roles from search and rescue to oceanography. *Proteus* is powered by two QSB5.9 Cummins MerCruiser engines each 355 hp.

Cummins Turbo Technologies India Empowers Those With Special Needs

Cummins Turbo Technologies India has supported a local blind school for women for 10 years, but was recently challenged to step up its commitment by creating employment opportunities—placing a visually impaired person in a factory setup.

Initially, the team responsible for the step was overwhelmed. How would such a person commute between home and office? Or find access to the washroom and cafeteria? How would she cope with health and safety issues on the factory floor?

Team members used Six Sigma tools to take a structured approach to these problems, beginning with health and safety. The team created a cause-and-effect matrix to identify suitable employment opportunities and found one in aftermarket operations, packing repair kits.

Mamta, a young woman from the school for the blind, was hired at the Dewas plant and was soon achieving 100 percent accuracy at the job. Neeraj Deshpande, Aftermarket Leader, is proud to have Mamta in his team.

“This initiative was not only about empowering people with special needs, but also to remember not to overlook potential employees who have a disability,” said Vikas Thapa,



New employee Mamta packs repair kits in the aftermarket section of the Cummins Turbo Technologies plant in Dewas.

Head of Human Resources for Cummins Turbo Technologies India.

This was not the first time that Cummins Turbo Technologies India took such a challenge. In 2005, a Turbo Technologies Dewas team hired the first hearing and speech impaired candidate for the assembly line function. To support the initiative, the co-workers on the shop floor learned to communicate with the employee through sign language, and management took additional steps to ensure his safety and security.

The performance of that employee and the commitment of co-workers encouraged the team to hire two more hearing and speech-impaired people, who are now successfully working on assembly lines at the Pithampur and Dewas plants.

Turbo Technologies India has now listed the creation of employment opportunities for special needs people as a critical initiative on its Goal Tree.

United Way Funds (continued)

United Way of Madison County	Indiana	Employee Match	\$ 972
United Way of Metropolitan Nashville	Nashville, TN	Employee Match	\$ 84,038
United Way of North Central Iowa	Lake Mills, IA	Employee Match	\$ 36,643
United Way of Putnam County	Cookeville, TN	Employee Match	\$ 26,603
United Way of Putnam County	Greencastle, IN	Employee Match	\$ 30
United Way of Scott County	Indiana	Employee Match	\$ 3,627
United Way of South Central Indiana	Indiana	Employee Match	\$ 792
United Way of Southern Chautauqua County	Jamestown, NY	Employee Match	\$ 124,161
United Way of the Mid-South	Memphis, TN	Employee Match	\$ 26,296
United Way of the Wabash Valley	Indiana	Employee Match	\$ 48

United Way Funds Sub Total

\$ 1,793,748



Cummins Delivers Portable Power to Hurricane Alley

Shortly after learning that Hurricane Ike was headed for Texas in September, Cummins had more than 25 truckloads of Cummins Onan portable generators rolling into hurricane country.

"I got the calls from our retailers, and the generators were on the road within two hours," said Melissa Davis, North American Sales Manager. "They were available ahead of any threatened power outages."

Hurricane Ike was the third most destructive storm in U.S. history, and worst ever to hit Texas. Its winds reached 145 mph and caused an estimated \$24 billion in damage. An estimated three million people were left without power, many of whom remained in the dark two weeks later. The Onan portable generators were shipped to areas in the anticipated path of the hurricane. Each was designed to provide 5,000 watts of continuous power and up to 5,500 watts of peak power for 9 hours of

continuous operation on a tank of gas. The generators can power a refrigerator, lights, air-conditioner and more.

"In areas that have a history of hurricanes or other severe weather, people need standby power as the alternative to available power," said Davis. "A standby generator can pay for itself by just powering your refrigerator or freezer until the grid comes back online, which is especially important if you need to refrigerate expensive medicines."

Purdue, Cummins Inc., and Cummins College of Engineering for Women Expand Partnership

Although the three have worked together since 2003, Purdue University, Cummins Inc. and Cummins College of Engineering for Women (CCEW) signed a memorandum of understanding On Nov. 7, 2008 to foster important additional linkages. Research and development; student and faculty exchange; a fellowship program; and support for mechanical engineering curricula at the CCEW campus in Pune, India will all be involved.

Cummins actively recruits Purdue University students to add to its cohort of engineers. This new agreement, formalized in Mumbai

by leaders of the three institutions, sets the stage for greater interaction between Purdue and the CCEW as partnerships expand over the next five years.

“Two of Cummins’ strongest and longest-standing academic partners are Purdue University in Indiana and CCEW in Pune, India,” said Dr. John C. Wall, Vice President and Chief technical Officer. “We are very pleased to formalize our scholarship program with Purdue to support selected outstanding young women engineers from CCEW for graduate studies in engineering and information technology at Purdue.”



Created in 1991, Cummins College of Engineering for Women was the first engineering college in India established exclusively for women. It is consistently ranked among the top five colleges in Pune, an academic center.

Foundation Grants (continued)

Grantee	Community	Purpose	Amount
United Way of Johnson County	Indiana	Purchase Appliances for Flood Victims	\$ 5,000
University of San Francisco	San Francisco, CA	McCarthy & Martin Scholarship Fund	\$ 5,000
University of Tennessee	Memphis, TN	Summer Camp for Children with ADHD	\$ 10,000
Vanderbilt University	Nashville, TN	Education Support	\$ 75,000
Walton-Verona High School	Walton, KY	Education Support	\$ 5,000
West Ohio Food Bank	Findlay, OH	Support for Food Bank	\$ 5,000
Westwood Youth Development	Memphis, TN	Camp Care Program	\$ 2,500
Women with Wings	Erlanger, KY	Support for Domestic Violence Victims	\$ 5,000
World Vision USA	China	China Earthquake Relief	\$ 307,730
YMCA of the USA	Chicago, IL	National Black & Hispanic Achievers Program	\$ 10,000
YMCA of the USA	Chicago, IL	Leadership Conference Speaker Support	\$ 3,500
Youth Leadership Bartholomew County	Columbus, IN	Student Leadership Seminar	\$ 500
Total Foundation Grants			\$ 5,366,993



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