



EXECUTIVE SUMMARY

Building Cleaner, Healthier Communities Around the World



Inside: Learn how Cummins' remanufacturing business is keeping our engines and parts on the road – and out of landfills.



Chairman and CEO Tim Solso speaks to employees at one of his many town hall meetings. Cummins has experienced significant success under his leadership.

GOVERNANCE

Solso announces retirement

After 12 years as Cummins' chairman and CEO, Tim Solso announced in July his retirement from Cummins effective Dec. 31, 2011.

During Solso's tenure, sales grew from \$6.6 billion in 2000 to \$13.2 billion in 2010. International business grew from 40 percent of sales to more than 60 percent over that same time period. And the Company won numerous awards for diversity, corporate responsibility and environmental achievements.

Solso has had a "transformational" impact on the Company, according to Cummins' President and COO Tom Linebarger, who will become Cummins' leader on Jan. 1, 2012. "Tim's leadership has been all about creating a sustainable company."

Solso says Linebarger is a "remarkable individual who lives by the values that have guided Cummins for more than 90 years." Solso says he has never been so optimistic about the Company's future in his 40 years with Cummins.



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Safety gains traction in 2010-2011

Health and safety leaders at Cummins continued to drive down injuries, illnesses and incidents across the Company over the past year.

An industry-leading driver safety program for employees was implemented in 2010 and a major initiative to improve contractor safety was launched in 2011.

Other 2010-11 milestones:

- » Cummins had 96 facilities with Severity Lost Work Day rates of zero in 2010 – up from 61 in 2009.
- » Seventy-five facilities in the Cummins network recorded Safety Incidence rates of zero in 2010.
- » The Company released a major Health & Safety Toolkit on Slip, Trip and Fall Prevention.

The Company received national attention for its safety efforts in 2010. Cummins was one of 12 companies named to EHS Today magazine's list of America's Safest Companies.



Cummins Generator Technologies employee Amado Rivera looks at one of the mirrors in the plant in San Luis Potosi, Mexico that says "you are seeing the person responsible for safety" in Spanish.

EMPLOYEE RELATIONS

Diversity initiative goes outside U.S.

Cummins' Global Diversity Department has been taking its Affirmative Development Project on the road the past year to help employees develop the tools they need to speak with each other in a way that's respectful but provides critical input.

The program was created after officials learned some managers were avoiding difficult conversations with people from different cultures or backgrounds for fear they would offend them. The program works with members of diverse employee groups and their managers and helps them develop ways to better communicate their career goals, and discuss job expectations and performance.

The project was successfully piloted in the United States and was implemented in China and India in 2010. In 2011, it is scheduled to be rolled out in Australia and Brazil.

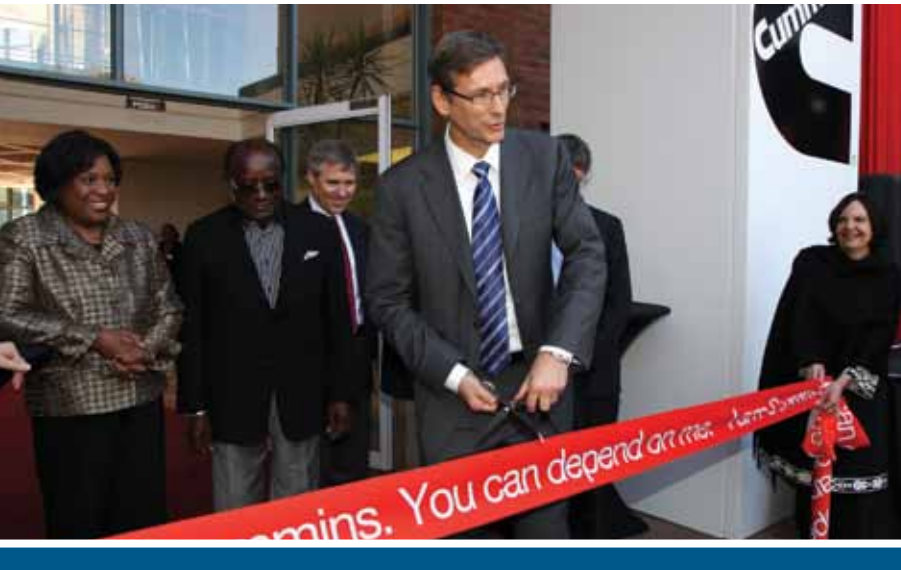


Meanwhile, the Company's Diversity Procurement Council has raised its target for Cummins' purchases with diverse suppliers

in the United States and Canada from 12 percent to 14.5 percent of total purchases by 2012. If current trends continue, the Company should reach CEO Tim Solso's goal of \$1 billion in purchases from diverse suppliers that same year.

FINANCIAL

Cummins enjoys outstanding 2010



President and COO Tom Linebarger cuts the ribbon at a ceremony marking the opening of Cummins' new Africa headquarters in Woodmead, South Africa. Cummins is planning to significantly increase its presence on the continent.

Cummins' growth far exceeded expectations in 2010, primarily on the strength of the Company's performance in large emerging markets such as Brazil, China and India.

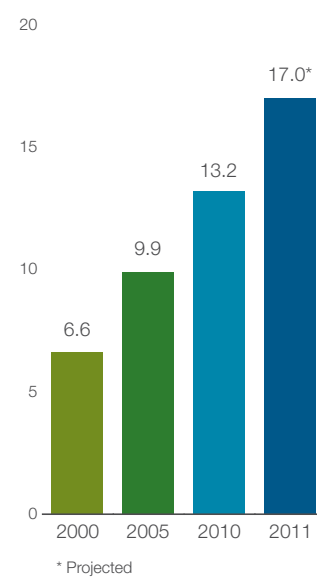
Despite a sluggish North American truck market, sales were \$13.2 billion, up 22 percent from 2009 and second only to 2008 revenues. For the first time in the Company's history, earnings surpassed \$1 billion.

The Company expects 2011 to be a record year in terms of both sales and profits. Cummins started the year with two strong financial quarters, including a record second quarter that included the highest level and percent of sales the Company has reported in any quarterly period in its history.

The strong results are enabling the Company to invest in the business. Capital investment is expected to grow by 75 percent to as much as \$650 million in 2011. Cummins' joint ventures will invest another \$300 million in their operations.

GROWTH SINCE 2000

Consolidated Sales in billions of dollars



Welcome to the Executive Summary of Cummins' 2010–2011 Sustainability Report.

Cummins is a global power leader, consisting of complementary business units that design, manufacture, distribute and service diesel and natural gas engines, as well as related technologies including power generation systems.

Part of our mission is demanding that "everything we do leads to a cleaner, healthier (and) safer environment." Here's a brief look at how we do that. To see our full report, go to www.cummins.com/sustainability

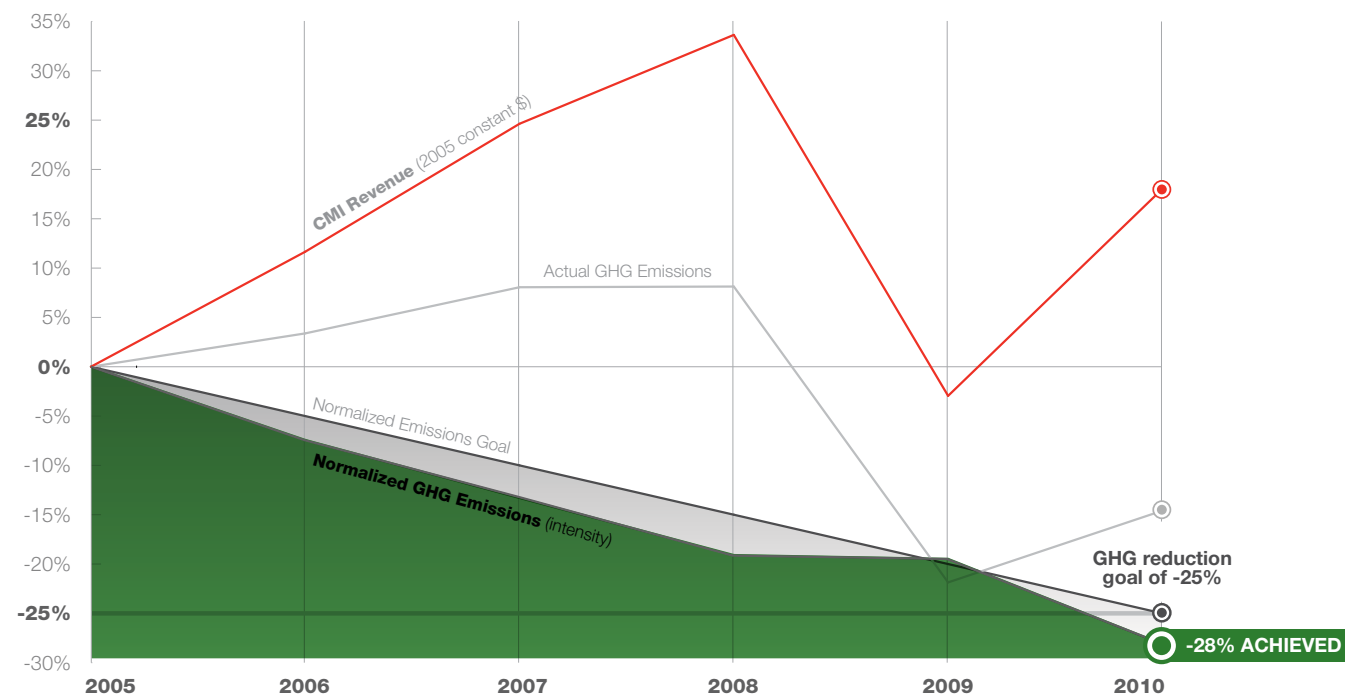
ENVIRONMENT

Company reduces GHGs by 28 percent

Cummins reduced its greenhouse gas emissions by 28 percent since 2005 – exceeding the 25 percent goal set as part of the Company's participation in the U.S. Environmental Protection Agency's Climate Leaders Program.

The Company joined the program in 2006 and set a goal of a 25 percent reduction per dollar revenue from 2005 to 2010. The Company recorded an absolute reduction of 110,324 tons of CO₂ over that time period.

Cummins reduced its GHG emissions by 28 percent per dollar of revenue from 2005 to 2010, exceeding the 25 percent reduction goal it set with the U.S. EPA.



Other environmental highlights during 2010-11:

- » Cummins' EPA-certified 2010 engines with Selective Catalytic Reduction aftertreatment delivered up to six percent better fuel economy while meeting federal emission standards.
- » The Company's growing focus on water conservation has now reduced water consumption across the Company by 281 million gallons since 2008.
- » The amount of hazardous waste produced as a by-product of the manufacturing process is down 50 percent in the United States since 2008.

"Cummins strongly believes in the business case for climate change actions," said John Wall, Vice President and Chief Technical Officer. "It is good business, good for our business and it is the right thing to do."



Cummins' new remanufacturing facility in Phaltan, India is equipped with the latest technology which enables the Company to keep parts and engines on the road longer and, in some cases, improve them with innovations developed since they were first built.

ReCon: sustainable before it was cool

This year's Sustainability Report salutes Cummins' remanufacturing business. For more than 40 years, the Company has been returning engines and parts to productive use while offering customers low-cost solutions to their transportation needs.

In 2010, some 50 million pounds of Cummins product were kept out of landfills and returned to the road thanks to the Company's remanufacturing business. Known as ReCon, the division is part of Cummins' Engine Business and has operations across the globe.

Cummins recently opened a new remanufacturing facility in Phaltan, India. Equipped with the latest technology, the plant can, in many cases, improve parts by adding innovations developed since the parts were first built.

"Remanufacturing is a perfect opportunity to be good stewards of our environment and, at the same time, give our customers much better value," said Norbert Nusterer, Cummins Vice President – Parts Business.

ABOUT THE RECON BUSINESS

- » **2010 Sales**
\$750 million
- » **Employees**
2,685
- » **Percent of an engine that can be remanufactured**
85 percent
- » **GHGs avoided per year**
200 million pounds
- » **Pounds of material reclaimed**
50 million
- » **Number of part numbers offered**
1,000 components and 2,000 engines



ABOUT THE MEGASITE

Cummins' new remanufacturing facility in India is at the Megasite, a 300-acre campus that will eventually contain 10 Cummins facilities by 2014.

The site, which was inaugurated in January 2011, is currently home to three Cummins facilities with a fourth coming on line later in 2011. The campus, which is located in a remote area some 100 kilometers from the Company's operations in Pune, includes a number of "green" features.

For example, the site collects "greywater" – water used in sinks and canteens – as well as rain water that falls on the property through a system of small pits or cisterns interconnected by small canals. The water is used on landscaping. What the site lacks in rain, it more than makes up for in rocks. Rather than remove them, many were used for masonry in the buildings as well as the fence that surrounds the campus.

CORPORATE RESPONSIBILITY

The Company expands community involvement efforts

Cummins further integrated community involvement into the way the Company does business in 2010-11.

Eleven full-time Corporate Responsibility leaders were embedded in business units in North America and in various countries around the world including Brazil, China, India and Mexico to coordinate community involvement activities.

The Company believes passionately that Cummins is only as strong as the communities where we do business and where our employees live and work.

"We will do better as a company if our communities are healthier, if society is more just, and if we have a better educated workforce," said Jean Blackwell, Cummins' Executive Vice President – Corporate Responsibility.

Other 2010-11 highlights:

- » About 6,700 employees from 13 different countries participated in the 86 community-based projects entered in Cummins' 2010 Environmental Challenge, reducing greenhouse gases by an estimated 709 tons.
- » Participation in the Every Employee Every Community Program reached record levels in 2010. More than 27,000 employees, about 62 percent of the Company's workforce, worked on community projects for at least four hours of Company time.
- » U.S. employees donated a record \$2.12 million to the United Way in 2011.



Cummins employees stock Lake Taihu with algae-eating fish.

There's something fishy here

Cummins employees, bicycling and algae-eating fish would seem to have little in common. But they make up the foundation of an effort to clean one of China's largest freshwater lakes.

Lake Taihu is renowned for its scenic beauty and is the source of drinking water for about 30 million people. But the lake has been battling toxic blue-green algae.

Employees at Cummins Generator Technologies in Wuxi, China, decided to focus their community involvement efforts on the lake in 2010, launching a multi-faceted effort to improve Taihu's water quality.

"We wanted to make a significant difference in our community, and helping to reverse the decline of Taihu seemed like a good place to channel our efforts," said Yichan Wang, Cummins' Corporate Responsibility leader for China.

Some 1,200 employees have cleaned up parks around the lake, removed algae from the water and helped to stock nearly 9,000 algae-eating fish. Employees also conducted a festival and bicycle parade to raise awareness about the problem and how individuals could help.



The Lake Taihu project was one of 15 efforts across the Company honored during the 2010 Environmental Challenge.

The Cummins Foundation awarded each winning project a \$10,000 grant that can be given to the not-for-profit of the winning Community Involvement Team's choice.