To Cummins shareholders:

In 2014, Cummins employees around the world contributed to a record year. Revenues of more than $19 billion marked our highest sales ever. Our continued development of cutting edge technologies and products allowed us to win in global markets, despite challenging economic conditions. Our work this past year positioned Cummins for future profitable growth and long-term sustainability and I want to thank all of our stakeholders for their support in making 2014 a successful year for Cummins.

2014 Financial Performance

In 2014, we recorded $19.2 billion in sales, 11 percent higher than 2013. Acquisitions contributed 3 percent to revenue growth. Revenues in North America increased 20 percent and international sales grew 2 percent. Within international markets, growth in China more than offset weaker demand in Brazil and India.

Earnings before interest and taxes for the year were $2.5 billion or 13.0 percent of sales, which included record performance in the Components and Distribution segments, compared to $2.16 billion or 12.5 percent of sales in 2013.

Net income for the full year was $1.65 billion ($9.02 per diluted share), up from $1.48 billion ($7.91 per diluted share) in 2013.

Delivering Value for All Stakeholders

Cummins continues to deliver on our mission to create wealth for all stakeholders. Last year, we returned more than 50 percent of operating cash flow to shareholders by repurchasing stock and increasing our quarterly dividend by 25 percent. We received credit rating upgrades from Standard & Poor's and Moody's, reflecting the strength of Cummins' balance sheet.

The total shareholder return for Cummins in 2014 was 4 percent, compared to an average of 3 percent for our peer group and 11 percent for the S&P 500 Index. The cumulative total shareholder return for Cummins for 3, 5 and 10 years ending on 12/31/2014 was 72 percent, 234 percent and 643 percent respectively, exceeding that of our peer group average and the S&P 500 index in each of those periods.

We helped our customers succeed by providing them with leading technology products across all markets that we serve. In fact, during 2014, we launched 67 new and improved products, or more than one new product every week. Included in those products was a brand new generator set platform powered by the QSK95, our largest and most powerful engine to date. This generator set will deliver more power density, better fuel economy and more reliability to customers with larger power needs.

We improved our support of customers around the world by opening new Regional Distribution Centers in Ghana, South Africa, China and Colombia. Locating these Centers in regions where our customers are growing and developing new business moves parts and inventory closer to where they are needed and decreases our customers' lead times.

In recognition of these and many other actions demonstrating our commitment, we received supplier awards from Chrysler, PACCAR, Bluebird, Dongfeng Motor and Jianghuai Auto for the outstanding support that we provide to customers around the globe.

Finally, we continue to focus on making Cummins a Great Place to Work. We continued to invest in our leaders to ensure that they are ready to meet the challenges of the future. Our people are what make Cummins successful and our leaders are the people charged with inspiring our people to achieve. Thus, we view investments in the development of our leaders and leadership teams as critical to our future success.

<u>Living Our Values</u>

At Cummins, we continue to strengthen our business and our communities by living our core values. These values are woven through our business practices and across our company's global footprint.

For example, our value of Corporate Responsibility drives us to serve and improve the communities in which we live. We believe that our business is only as healthy as the communities in which we operate and that our employees can have a positive, long-lasting impact on their surroundings.

Through our Every Employee, Every Community program, our employees logged more than 360,000 hours of service to their communities last year. They contributed by bringing safe drinking water and environmental education to students in China and by creating a green roof at a university in San Luis Potosí, Mexico, which improved air quality, saved energy and reduced noise.

As a Company, we continued our focus on filling the technical skills gaps in critical regions around the world. By establishing new partnerships in Nigeria and Turkey, we expanded the Technical Education for Communities (TEC) program. TEC equips people in communities around the globe with the skills needed for jobs in our industry, strengthening their communities through access to quality jobs and, in turn, strengthening businesses like ours.

We continued our commitment to our vision, demanding that everything we do leads to a cleaner, healthier, safer environment. Cummins believes that working toward a cleaner environment is not only the right thing to do, but that it is also a win-win-win for Cummins, our communities and our customers. Our customers win by using those fuel-efficient products, ultimately reducing their costs. Our communities win because we reduce our overall environmental footprint. And Cummins wins when customers choose our products that offer them a technical advantage in meeting emissions regulations.

We announced our most comprehensive environmental sustainability plan to date in 2014. The plan establishes measurable goals to reduce our environmental footprint by decreasing the amount of waste we generate and making considerable reductions in our energy and water use. This year, we will announce more goals that will help us reduce greenhouse gas production.

Finally, we won the prestigious Robert W. Campbell Award from the United States-based National Safety Council. This award recognized our continued and successful efforts to enhance and improve health and safety at Cummins. While privileged to receive this important award, we will continue to focus on improving workplace safety. Safety of our employees is a critical responsibility for the company and we will not rest until we achieve zero injuries.

<u>Looking ahead</u>

In 2015, we expect to see continued economic uncertainty in global markets. While conditions are not improving as fast as we would like, we remain optimistic that we will strengthen our market positions around the world, particularly through the launch of new and important products.

Our continued commitment to the research and development of new products allows us to this year start full production of the QSK95 for power generation and off-highway markets, as well as our new five-liter V8 turbo diesel engine in partnership with Nissan. In addition, the ISG engine is expected to gain traction in the heavy-duty truck market in China.

As we look toward our future and our plans for profitable growth, we must support our strategies with significant investments. Since 2010, Cummins has invested more than $7 billion in our future through capital, acquisitions, joint ventures and critical research and development.

We are confident that our core markets will provide strong long-term opportunities and profitable growth. Cummins' leading technology, our global presence and our solid partnerships will allow us to grow and win in the marketplace.

Despite challenging economic and market conditions, 2014 was a record year thanks to the commitment and contributions of our nearly 55,000 talented employees across the world. I am also grateful to our customers, shareholders and global partners who trust us to deliver on our brand promise of dependability. I am honored and privileged to be part of the world-class team that is Cummins.