

CUMMINS INC  
Form 11-K  
June 28, 2005

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, DC 20549**

**FORM 11-K**

**ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934  
For the Fiscal Year Ended December 31, 2004**

**OR**

**TRANSITION REPORT PURSUANT TO SECTION 15(d)  
OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the transition period from \_\_\_\_\_ to \_\_\_\_\_**

**Commission File Number 1-4949**

**CUMMINS INC. AND AFFILIATES  
RETIREMENT AND SAVINGS PLAN  
FOR LUBRICANT CONSULTANTS, INC. EMPLOYEES  
(Full title of the plan)**

**CUMMINS INC.**

**500 Jackson Street  
P. O. Box 3005  
Columbus, IN 47202-3005**

(Name of Issuer of Securities Held Pursuant to the Plan and  
the Address of its Principal Executive Office)



**CUMMINS INC. AND AFFILIATES  
RETIREMENT AND SAVINGS PLAN  
FOR LUBRICANT CONSULTANTS, INC. EMPLOYEES**

**FINANCIAL STATEMENTS  
AND  
SUPPLEMENTARY INFORMATION**

**DECEMBER 31, 2004 AND 2003**

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**CUMMINS INC. AND AFFILIATES  
RETIREMENT AND SAVINGS PLAN  
FOR LUBRICANT CONSULTANTS, INC. EMPLOYEES**

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DECEMBER 31, 2004 AND 2003

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Supplemental Schedules\*

\* As the Plan is a member of the Cummins Inc. and Affiliates Retirement and Savings Plans Master Trust ("Master Trust"), the schedules of assets (held at end of year), at December 31, 2004 and of reportable transactions for the year ended December 31, 2004 of the Master Trust have been certified by the Master Trustee and have been separately filed with the Department of Labor. Other Supplemental Schedules not filed herewith are omitted because of the absence of the conditions under which they are required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.

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106 Community Drive - Seymour, Indiana 47274  
(812) 522-8416 - FAX (812) 523-8615  
email address: blue@blueandco.com

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Benefits Policy Committee and  
Participants of the Cummins Inc. and  
Affiliates Retirement and Savings Plan for Lubricant Consultants, Inc. Employees  
Columbus, Indiana

We have audited the accompanying statements of net assets available for benefits of the Cummins Inc. and Affiliates Retirement and Savings Plan for Lubricant Consultants, Inc. Employees (the "Plan") as of December 31, 2004 and 2003, and the related statement of changes in net assets available for benefits for the year ended December 31, 2004. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plans internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2004 and 2003, and the changes in net assets available for benefits for the year ended December 31, 2004, in conformity with accounting principles generally accepted in the United States of America.

/s/ Blue & Co., LLC

June 10, 2005

**CUMMINS INC. AND AFFILIATES  
RETIREMENT AND SAVINGS PLAN  
FOR LUBRICANT CONSULTANTS, INC. EMPLOYEES**

**STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS  
DECEMBER 31, 2004 AND 2003**

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	2004	2003
<b>Assets</b>		
Investment in Cummins Inc. and Affiliates Retirement and Savings Plans Master Trust, at fair value	\$ 471,019	\$ 430,141
<b>Net assets available for benefits</b>	\$ 471,019	\$ 430,141

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*See accompanying notes to financial statements.*

**CUMMINS INC. AND AFFILIATES  
RETIREMENT AND SAVINGS PLAN  
FOR LUBRICANT CONSULTANTS, INC. EMPLOYEES**

**STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS  
YEAR ENDED DECEMBER 31, 2004**

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**Additions**

Plan interest in Cummins Inc. and Affiliates Retirement and Savings Plans Master Trust investment income	\$ 50,191
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**Deductions**

Benefits paid to participants	9,313
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Net increase in net assets available for benefits	40,878
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<b>Net assets available for benefits, beginning of year</b>	430,141
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<b>Net assets available for benefits, end of year</b>	<b>\$ 471,019</b>
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*See accompanying notes to financial statements.*

**CUMMINS INC. AND AFFILIATES  
RETIREMENT AND SAVINGS PLAN  
FOR LUBRICANT CONSULTANTS, INC. EMPLOYEES**

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2003

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1. DESCRIPTION OF THE PLAN

The following description of the Cummins Inc and Affiliates Retirement and Savings Plan for Lubricant Consultants, Inc. Employees (the "Plan") provides only general information. Participants should refer to the Plan document for a more complete description of the Plan's provisions.

General

The Plan is a defined contribution plan designed to provide participants with a systematic method of savings and at the same time enable such participants to benefit from contributions made to the Plan by Cummins Inc. and Affiliates (collectively, the "Company"). Eligible employees are employees of Lubricant Consultants, Inc. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 ("ERISA").

Master Trust

The Cummins Inc. and Affiliates Retirement and Savings Plans Master Trust ("Master Trust") holds the assets of the Plan and the following Company-sponsored plans:

- Cummins Inc. and Affiliates Retirement and Savings Plan for Salaried and Non-Bargaining Hourly Employees;
- Cummins Inc. and Affiliates Retirement and Savings Plan for ONAN Corporation Employees;
- Cummins Inc. and Affiliates Retirement and Savings Plan for Bargaining Unit Employees;
- Cummins Inc. and Affiliates Retirement and Savings Plan for Consolidated Diesel Company, Inc. Employees; and
- Nelson Retirement and Savings Plan.

The trustee for the Master Trust is The Vanguard Group.

Participant Accounts

Each participant's account is credited with the participant's contributions, the Company's contributions and an allocation of Plan earnings. Allocations of Plan earnings are made daily and are based upon the participant's weighted average account balance for the day, as described in the Plan document.



**CUMMINS INC. AND AFFILIATES  
RETIREMENT AND SAVINGS PLAN  
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NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2003

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Vesting

Participants are fully vested in all employee and employer contributions and earnings thereon at all times.

Benefit Payments

Upon termination of employment or retirement, account balances are paid either as a lump-sum distribution or annual installments not to exceed the lesser of 15 years or the life expectancy of the participant and/or joint life expectancy of the participant and beneficiary, and commence no later than the participant reaching age 70-1/2. The Plan also permits hardship withdrawals from participant pre-tax contributions and actual earnings thereon.

Voting Rights

Each participant is entitled to exercise voting rights attributable to the Company shares allocated to his or her account. The Trustee shall vote all Company shares for which no voting instructions were received in the same manner and proportion as the shares for which voting instructions were received.

Plan Termination

Although it has not expressed any intent to do so, the Company has the right to terminate the Plan subject to the provisions of ERISA. The Plan has been frozen and no further contributions are being made.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Plan have been prepared on the accrual basis of accounting.

Investments

The Plan's investment in the Master Trust is stated at fair value based on the fair value of the underlying investments of the Master Trust, determined primarily by quoted market prices, except for the fixed income fund. The fixed income fund consists primarily of insurance contracts and bank investment contracts with various companies. The investment contracts are carried at fair value. Fair value approximates contract value, which represents contributions made plus interest accrued at the contract rate, less withdrawals. Insurance contracts and bank contracts are nontransferable, but provide for benefit-responsive withdrawals by plan participants at contract value. Alternative investment contracts consist of investments together with contracts under which a bank or other institution provides for benefit-responsive withdrawals by plan participants at contract value. Fair value is determined by considering such factors as the benefit-responsiveness of the investment contracts, the ability of the parties to perform in accordance with the terms of the contracts, and the likelihood that plan-directed withdrawals would cause payment to plan participants to be at amounts other than contract value. There are no limitations on liquidity guarantees and no valuation reserves are being recorded to adjust contract amounts.



**CUMMINS INC. AND AFFILIATES  
RETIREMENT AND SAVINGS PLAN  
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NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2003

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Allocation of Master Trust Assets and Transactions

The investment income and expenses of the Master Trust are allocated to each plan based on the relationship of the Plan's investment balances to the total Master Trust investment balances.

Use of Estimates

The preparation of financial statements, in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and changes therein, and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

Risks and Uncertainties

The Master Trust invests in various securities. Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

Administrative Expenses

Substantially all costs of administering the Plan are paid by the Company.

Reclassifications

Certain prior year amounts have been reclassified herein to conform to the current method of presentation.

**CUMMINS INC. AND AFFILIATES  
RETIREMENT AND SAVINGS PLAN  
FOR LUBRICANT CONSULTANTS, INC. EMPLOYEES**

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2003

### 3. INVESTMENTS IN MASTER TRUST

The Plan's investments are held in the Master Trust. The assets of the Master Trust are held by The Vanguard Group. At both December 31, 2004 and 2003, the Plan's interest in the net assets of the Master Trust was .04%. The following investments are held by the Master Trust as of December 31:

	2004	2003
Cummins Inc. common stock fund	\$ 104,080,423	\$ 83,780,208
Cummins Inc. common stock - ESOP fund (non-participant directed)	108,416,440	75,374,821
Fixed income fund	332,380,200	312,524,095
Registered investment companies	675,711,339	502,915,326
 Total	 \$ 1,220,588,402	 \$ 974,594,450

The fixed income fund portion of the Master Trust comprises several fully benefit-responsive insurance and investment contracts maturing through 2009. The contracts have varying yields and crediting interest rates which averaged 4.2 percent and 4.5 percent during the years ended December 31, 2004 and 2003, respectively. The crediting interest rates adjust on varying intervals by contract. There are no reserves against contract value for credit risk of the contract issuer or otherwise. The contracts' aggregate fair values exceed the reported contract values by approximately \$1,050,000 at December 31, 2004.

Investments that represent 5% or more of the Master Trust's assets are separately identified as follows:

	2004	2003
Vanguard Wellington Fund	\$ 195,017,499	\$ 172,362,635
Cummins Inc. common stock	212,496,863	159,155,029
Vanguard Institutional Index Fund	171,875,842	142,720,301
Vanguard US Growth Fund	69,382,677	68,300,899
Vanguard Explorer Fund	58,726,095	44,930,828
Vanguard LifeStrategy Moderate Growth Fund	69,239,828	5,383,590
Other	443,849,598	381,741,168

Total	\$ 1,220,588,402	\$ 974,594,450
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**CUMMINS INC. AND AFFILIATES  
RETIREMENT AND SAVINGS PLAN  
FOR LUBRICANT CONSULTANTS, INC. EMPLOYEES**

NOTES TO FINANCIAL STATEMENTS  
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Investment income for the Master Trust for the year ended December 31, 2004 is as follows:

Net appreciation in fair value of investments:	
Cummins Inc. common stock	\$ 48,423,156
Cummins Inc. common stock - ESOP fund (non-participant directed)	54,312,538
Registered investment companies	60,363,322
Interest	13,019,957
Dividends	1,567,367
Dividends from Cummins Inc. common stock - ESOP fund (non-participant directed)	1,862,890

Additional information about the changes in net assets of the Master Trust for the year ended December 31, 2004 relating to non-participant directed investments is as follows:

Contributions	\$ 11,979,089
Benefits paid to participants	4,997,378
Transfers to participant-directed investments	31,927,478

4. TAX STATUS

The Plan received a favorable determination letter dated June 10, 1996 in which the Internal Revenue Service ("IRS") stated that the Plan, as then designed, was in compliance with the applicable requirements of the Internal Revenue Code (the "Code"). The Plan has been amended since receiving that determination letter. The Company and its counsel believe that the Plan is currently designed and being operated in compliance with the applicable requirements of the Code. Therefore, no provision for income taxes has been included in the Plan's financial statements.

5. RELATED PARTY TRANSACTIONS

Certain Master Trust investments are shares of mutual funds managed by The Vanguard Group, and shares of Cummins Inc. The Vanguard Group is the trustee of the Master Trust and Cummins Inc. is the Plan Sponsor; therefore, transactions with these parties qualify as party-in-interest transactions.

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the trustees (or other persons who administer the Plan) have duly caused this annual report to be signed on its behalf by the undersigned hereunto duly authorized.

CUMMINS INC. AND AFFILIATES  
RETIREMENT AND SAVINGS PLAN  
FOR LUBRICANTS CONSULTANTS, INC. EMPLOYEES

By: Benefits Policy Committee of Cummins Inc.

Date: June 28, 2005

By: /S/ DAVID C. WRIGHT  
David C. Wright  
Secretary