

The background is a solid blue color. Overlaid on this are several thin, white, curved lines that sweep across the page from the top left towards the bottom right. These lines are layered, creating a sense of depth and movement. The lines are not perfectly straight but have a slight curve, and they appear to be part of a larger, repeating pattern that is partially visible on the right side of the page.

Cummins Inc. 2001 Fact Book

Cummins Fact Book 2001

This Fact Book presents historical data about Cummins for the convenience of the financial community and investors. It should be read in conjunction with the financial statements and notes contained in the Company's Form 10-K for 2001. Additional company and shareholder information is available at www.cummins.com.

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Description of the Company's Business

A global power leader, Cummins Inc. is a corporation of complementary business units that design, manufacture, distribute and service electric power generation systems, engines and related products, including fuel systems, controls, air handling, filtration, and emissions solutions. Headquartered in Columbus, Indiana (USA), Cummins serves its customers through more than 500 Company-owned and independent distributor locations in 131 countries and territories. With 24,900 employees worldwide, Cummins reported sales of \$5.7 billion in 2001.

The Company's key markets for diesel engines are on-highway vehicles, industrial equipment and power generation. In addition, Cummins provides filtration and acoustic systems, natural gas engines, engine components and electronic systems. Cummins is organized into four business segments. The Engine Business manufactures and markets engines and aftermarket products for heavy- and medium-duty trucks, buses, recreational vehicles (RVs) and light commercial vehicles and for equipment in the construction, agricultural, mining, marine, rail and government markets. The Power Generation Business is a global provider of electricity management hardware and services. Its products include diesel and alternate-fuel electrical generating sets, gensets for RVs, loose engines, alternators and management systems controls and switchgear.

The Filtration and Other Business includes the Filtration Business, which provides Fleetguard and Nelson filters, silencers and exhaust systems and the Holset turbocharger business. The International Distributor Business consists of 17 company-owned distributors and three joint ventures that provide Cummins products and related services to end users in 50 countries and territories.

Cummins is a highly diversified company, not only in terms of its product range and business segments, but also due to its global presence. In 2001, the Engine Business accounted for 52 percent of business unit revenues, while Power Generation was 24 percent, Filtration/Other was 15 percent and International Distributors represented 9 percent. A full 46 percent of 2001 revenues were generated outside the United States, with the largest contributions coming from Europe/CIS (15 percent), Asia (12 percent), and Mexico/Latin America (8 percent).

2001 Highlights

Net sales were \$5.7 billion in 2001, 14 percent lower than sales of \$6.6 billion reported in 2000 and 1999. Earnings before interest and taxes in 2001 were \$83 million, excluding a pretax charge of \$125 million in connection with certain restructuring actions and asset impairment write-downs. This compares to \$249 million in 2000, excluding a pretax charge of \$160 million for restructuring actions and asset impairments, and \$356 million in 1999, excluding a pretax

charge of \$60 million in connection with the dissolution of the Cummins Wartsilä joint venture. In 2001, Cummins reported a loss before interest and taxes of \$42 million, compared to earnings of \$89 million in 2000 and \$296 million in 1999. Cummins reported a net loss in 2001 of \$102 million, or \$(2.66) per share, compared to net earnings of \$8 million, or \$.20 per share, in 2000 and net earnings of \$160 million, or \$4.13 per share, in 1999.

For the year ended:	December 31, 2001	December 31, 2000
Net Sales (\$ millions)	\$5,681	\$6,597
Before special charges:		
Earnings before interest and taxes (\$ millions)	\$ 83	\$ 249
Net earnings (loss) (\$ millions)	(18)	111
Basic earnings (loss) per share	(.47)	2.91
Diluted earnings (loss) per share	(.47)	2.91
As reported:		
Earnings (loss) before interest and taxes (\$ millions)	\$ (42)	\$ 89
Net earnings (loss) (\$ millions)	(102)	8
Basic earnings (loss) per share	(2.66)	.20
Diluted earnings (loss) per share	(2.66)	.20
Weighted average number of shares for EPS (millions):		
Basic	38.3	38.2
Diluted	38.3	38.2

2001 Business Unit Overview

Engine Business

Leading supplier of diesel- and alternate-fueled engines for heavy-duty trucks, medium-duty trucks, buses, motorhomes, and specialty on-highway vehicles

Exclusive supplier of diesel engines for the Dodge Ram pickup truck

Leading global supplier of diesel engines for the agriculture, construction, government, marine, mining, rail, and oil and gas markets

Products/Services

- **Medium-duty Engines**
ISB and ISC for light commercial automotive, truck, school, transit and shuttle bus, motorhomes, and specialty vehicles. Automotive applications are available in diesel-fueled versions from 175 to 350 horsepower and in alternate-fueled versions from our Cummins Westport joint venture. For agriculture, construction, and marine applications, the B3.3, B3.9, B5.9, QSB and QSC engines are available from 60 to 340 horsepower
- **Heavy-duty Engines**
ISL, ISM, N14, ISX and Signature Series for trucking applications from 280 to 600 horsepower. QSM, M11, N14 and QSX for construction, mining, marine, and agriculture applications from 225 to 600 horsepower. For marine applications, the QSM and N14 engines are available from 360 to 635 horsepower
- **High-horsepower Engines**
QSK19, V903, QST30, K38/50, QSK45, QSK60 and QSK78 for marine, rail, mining, government, and oil and gas applications from 295 to 3500 horsepower

Customers and Markets

- Original Equipment Manufacturers who install Cummins engines in their vehicles and equipment
- Customers who use Cummins-powered equipment in their business endeavors
- Dealers and distributors

2001 Highlights

- Signed long-term exclusive supply agreements with International Truck and Engine Corporation and PACCAR Inc.
- Chosen as the exclusive diesel engine supplier to Chrysler for the Dodge Ram pickup truck through model year 2007
- Expanded KCEC joint venture with Komatsu to include Cummins C series engine
- Formed joint venture with Westport Innovations to develop, manufacture and sell natural gas-fueled engines
- Awarded a U.S. Department of Energy contract to develop a light-duty automotive engine
- First engine manufacturer to declare readiness to meet the U.S. Environmental Protection Agency's emissions standards for 2002

Power Generation Business

Global supplier of diesel- and natural gas-powered generator sets and generator set components from 3kW to multi-megawatt installations

Worldwide market leader in auxiliary generator sets for recreational vehicles (RVs) and diesel-powered recreational marine applications

Products/Services

- **Power Systems**
Diesel- and natural gas-powered generator sets, digital control systems, transfer switches, and paralleling switchgear
- **Mobile Systems**
Onan gasoline-, liquefied propane-, and diesel-fueled auxiliary generator sets from 3kW to 12.5kW and associated controls
- **Alternators**
Newage synchronous AC alternators and associated control systems

Customers and Markets

- Public and investor-owned utilities, telecommunications providers, self-generating manufacturers, and any business or public facility with a need for self-generated or standby power
- RV, specialty vehicle, and marine pleasurecraft Original Equipment Manufacturers
- Alternators for industrial, marine, commercial, construction, telecommunications, mining, and other standby or continuous power applications

2001 Highlights

- Formed alliance with AvK/SEG, strengthening Cummins position in power station controls and variable speed controls used in wind turbines and uninterruptible power supply systems
- Awarded a major grant from the U.S. Department of Energy with McDermott Technology, Inc. to develop and commercialize fuel cells for small generator sets
- Entered into an agreement to distribute Capstone powered microturbine systems through Cummins Power Generation Business
- Expanded PowerRent program, establishing fleets in Australia, Brazil, India, Mexico, Saudi Arabia, and Singapore and growing fleet size in North America

Filtration and Other Business

Global leader of advanced integrated filtration systems for heavy-duty equipment, both on- and off-highway

Leading North American supplier of filtration and silencing systems for gas turbine, industrial, small engine, and passenger car applications

Holset, is a global provider and leading technologist of turbochargers for a wide range of applications

Products/Services

- **Heavy-duty Systems**
Air intake filtration, emission and noise reduction, engine filtration, and mobile hydraulic filtration systems
- **Small Engine Systems**
Air intake filtration, engine filtration, and exhaust systems
- **Other Systems**
Air intake and silencing systems for gas turbine applications, in-tank filtration for passenger cars, hydraulic filtration for industrial applications, and aftertreatment systems
- **Turbocharging Systems**
Holset variable geometry turbocharging, wastegate solutions, and power turbine, high pressure ratio, and multi-stage solutions

Customers and Markets

- Original Equipment Manufacturers, distributors, dealers and end users of heavy-duty on- and off-highway diesel-powered equipment
- Original Equipment Manufacturers of both gasoline- and diesel-powered small engine systems for lawn and garden and recreational equipment
- Original Equipment Manufacturers of gas turbine generators, industrial machinery, passenger cars, and industrial hydraulic equipment
- Cummins joint ventures and selected Original Equipment Manufacturer customers
- Distributors and dealers

2001 Highlights

- Awarded PACCAR's "Aftermarket Excellence Award" in recognition of outstanding quality parts and service support
- Won Volvo's "Aftermarket Supplier of the Year" award
- Named Penske Leasing's "Supplier of the Year" in the accessories category for the fifth consecutive year
- Formed new Emission Solutions business to focus on growth opportunity in exhaust aftertreatment

International Distributor Business

Retail distributor of Cummins products and provider of related services and broader solutions that enhance the end users' overall experience with Cummins

Network of 17 Company-owned retail distributors and three joint ventures with a total of 111 sites that provide products, services, and solutions to end users in 50 countries and territories

Products/Services

- **Product Distribution**
Retail distribution of Cummins power generation, engine, filtration, turbocharging, and related consumable products
- **Service**
Product repair and overhaul, maintenance, and repair contracts
- **Integrated Packages**
Locally integrated packages of engines or generator sets plus related components and services engineered into a single package, includes fire pump packages, wind machines, repower packages for used equipment, flood and irrigation pump packages, small powerhouses that supply standby electricity for a factory or industrial zone, and auxiliary lighting equipment
- **Solutions**
Comprehensive business solutions that manage portions of end user businesses using engine-powered equipment, including rental, operation and maintenance of small independent power plants, and service of end user equipment

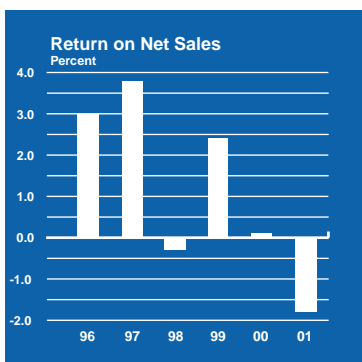
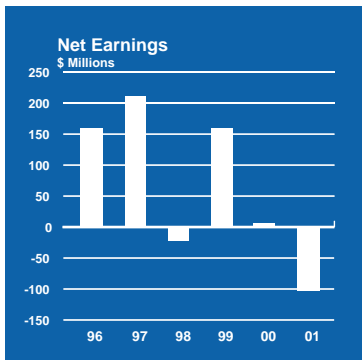
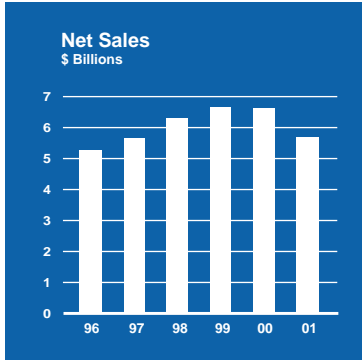
Customers and Markets

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

2001 Highlights

- Formed new business unit in response to growing size and importance of retail sales and service to Cummins
- Opened new distributor in Philippines in order to improve customer support and expand sales of power generation products
- Inaugurated new distributor facility in South Korea as a foundation for growing that business which was acquired in 1997
- Entered PowerRent business in Australia, Singapore, Latin America and India in partnership with the Power Generation Business Unit
- Key service business includes supply, maintenance and repair contracts to support Bombardier passenger trains in the UK and mining equipment in Chile, Australia and China

Statement of Operations



\$ Millions	2001
Net sales.....	\$5,681
Cost of goods sold	4,660
Special charges	-
Gross profit	<u>1,021</u>
Selling, administrative, research and engineering expenses	948
(Income) expense from joint ventures and alliances.....	(10)
Other expense (income), net.....	-
Restructuring, asset impairment and other charges	<u>125</u>
Earnings (loss) before interest and taxes	(42)
Interest expense	<u>76</u>
Earnings (loss) before income taxes	(118)
Provision (benefit) for income taxes	(42)
Minority interest	15
Dividends on preferred securities of subsidiary trust	<u>11</u>
Earnings (loss) before extraordinary items and cumulative effect of accounting changes	(102)
Extraordinary items.....	-
Cumulative effect of accounting changes.....	-
Net earnings (loss)	<u>(102)</u>
Preference stock dividends.....	-
Earnings (loss) available for common shares	<u>\$ (102)</u>

Earnings (loss) per share:

Basic:

Before extraordinary items and cumulative effect of accounting changes	\$ (2.66)
Net.....	(2.66)

Diluted:

Before extraordinary items and cumulative effect of accounting changes	\$ (2.66)
Net	(2.66)

Number of shares for basic EPS	38.3
Number of shares for diluted EPS	38.3

Statement of Operations

Percent of net sales	2001
Net sales.....	100.0
Cost of goods sold	82.0
Special charges	-
Gross profit	<u>18.0</u>
Selling, administrative, research and engineering expenses	16.7
(Income) expense from joint ventures and alliances.....	(1)
Other (income) expense, net.....	-
Restructuring, asset impairment and other charges.....	<u>2.2</u>
Earnings (loss) before interest and taxes	(0.8)
Interest expense	<u>1.3</u>
Earnings (loss) before income taxes	(2.1)
Provision (credit) for income taxes.....	(0.8)
Minority interest3
Dividends on preferred securities of subsidiary trust	<u>.2</u>
Earnings (loss) before extraordinary items and cumulative effect of accounting changes	(1.8)
Extraordinary items.....	-
Cumulative effect of accounting changes.....	-
Net earnings (loss)	<u>(1.8)</u>

2000	1999	1998	1997	1996	1995	1994	1993	1992
\$6,597	\$6,639	\$6,266	\$5,625	\$5,257	\$5,245	\$4,737	\$4,248	\$3,749
5,338	5,221	4,925	4,345	4,072	3,974	3,551	3,211	2,907
-	-	92	-	-	-	-	-	-
<u>1,259</u>	<u>1,418</u>	<u>1,249</u>	<u>1,280</u>	<u>1,185</u>	<u>1,271</u>	<u>1,186</u>	<u>1,037</u>	<u>842</u>
1,020	1,026	1,042	1,004	977	955	879	789	712
(9)	28	30	(10)	-	2	(4)	-	(2)
(1)	8	(13)	(26)	(24)	6	-	7	15
160	60	125	-	-	118	-	-	-
89	296	65	312	232	190	311	241	117
86	75	71	26	18	13	17	36	41
3	221	(6)	286	214	177	294	205	76
(19)	55	4	74	54	(47)	41	22	9
14	6	11	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
8	160	(21)	212	160	224	253	183	67
-	-	-	-	-	-	-	(6)	(6)
-	-	-	-	-	-	-	-	(251)
<u>8</u>	<u>160</u>	<u>(21)</u>	<u>212</u>	<u>160</u>	<u>224</u>	<u>253</u>	<u>177</u>	<u>(190)</u>
-	-	-	-	-	-	-	8	8
<u>\$ 8</u>	<u>\$ 160</u>	<u>\$ (21)</u>	<u>\$ 212</u>	<u>\$ 160</u>	<u>\$ 224</u>	<u>\$ 253</u>	<u>\$ 169</u>	<u>\$ (198)</u>

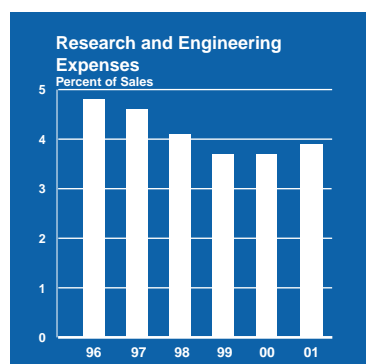
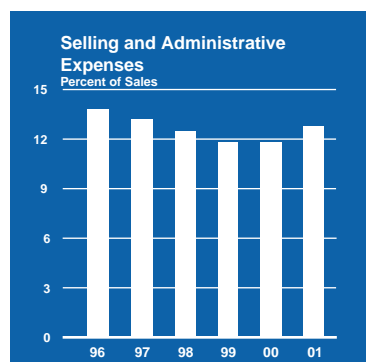
\$.20	\$ 4.16	\$ (.55)	\$ 5.55	\$ 4.02	\$ 5.53	\$ 6.14	\$ 5.01	\$ 1.80
.20	4.16	(.55)	5.55	4.02	5.53	6.14	4.85	(6.01)

\$.20	\$ 4.13	\$ (.55)	\$ 5.48	\$ 4.01	\$ 5.52	\$ 6.11	\$ 4.77	\$ 1.80
.20	4.13	(.55)	5.48	4.01	5.52	6.11	4.63	(6.01)

38.2	38.3	38.5	38.2	39.8	40.6	41.2	34.9	32.9
38.2	38.6	38.5	38.7	39.9	40.7	41.4	38.3	37.4

2000	1999	1998	1997	1996	1995	1994	1993	1992
100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
80.9	78.6	78.6	77.2	77.5	75.8	75.0	75.6	77.5
-	-	1.5	-	-	-	-	-	-
<u>19.1</u>	<u>21.4</u>	<u>19.9</u>	<u>22.8</u>	<u>22.5</u>	<u>24.2</u>	<u>25.0</u>	<u>24.4</u>	<u>22.5</u>
15.5	15.5	16.6	17.8	18.6	18.2	18.5	18.5	19.0
(.1)	.4	.5	(.1)	-	-	(.1)	-	-
-	.1	(.2)	(.4)	(.5)	.2	-	.2	.4
2.4	.9	2.0	-	-	2.2	-	-	-
1.3	4.5	1.0	5.5	4.4	3.6	6.6	5.7	3.1
1.3	1.2	1.1	.4	.3	.2	.4	.9	1.1
-	3.3	(.1)	5.1	4.1	3.4	6.2	4.8	2.0
(.3)	.8	-	1.3	1.1	(.9)	.9	.5	.2
.2	.1	.2	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
.1	2.4	(.3)	3.8	3.0	4.3	5.3	4.3	1.8
-	-	-	-	-	-	-	(.1)	(.1)
-	-	-	-	-	-	-	-	(6.7)
<u>.1</u>	<u>2.4</u>	<u>(.3)</u>	<u>3.8</u>	<u>3.0</u>	<u>4.3</u>	<u>5.3</u>	<u>4.2</u>	<u>(5.0)</u>

Key Expenses, Income Taxes, and Profitability Measures



Selling, Administrative, Research and Engineering Expenses

\$ Millions	2001
Selling and administrative expenses	\$ 728
Research and engineering expenses	220
	<u>\$ 948</u>

Other (Income) Expense

\$ Millions	2001
Interest income	\$ (10)
Foreign currency (gains) losses	11
Other	(1)
	<u>\$ -</u>

Income Taxes

\$ Millions	2001
Earnings (loss) before income taxes:	
U.S.	\$ (220)
Foreign	102
	<u>\$ (118)</u>
Current:	
U.S.	\$ (11)
Foreign	32
	<u>\$ 21</u>
Deferred:	
U.S.	\$ (74)
Foreign	11
	<u>\$ (63)</u>
Income tax provision (benefit)	<u>\$ (42)</u>

Profitability Measures

Percent	2001
Gross profit	18.0
Product coverage expense	3.4
Selling and administrative expenses	12.8
Research and engineering expenses	3.9
Earnings (loss) before income taxes	(2.1)
Return on net sales	(1.8)
Return on equity	(8.6)

2000	1999	1998	1997	1996	1995	1994	1993	1992
\$ 776	\$ 781	\$ 787	\$ 744	\$725	\$692	\$641	\$579	\$533
244	245	255	260	252	263	238	210	179
<u>\$1,020</u>	<u>\$1,026</u>	<u>\$1,042</u>	<u>\$1,004</u>	<u>\$977</u>	<u>\$955</u>	<u>\$879</u>	<u>\$789</u>	<u>\$712</u>

2000	1999	1998	1997	1996	1995	1994	1993	1992
\$ (13)	\$ (7)	\$ (9)	\$ (5)	\$ (11)	\$ (9)	\$ (11)	\$ (13)	\$ (14)
14	2	5	(1)	2	5	-	6	7
(2)	13	(9)	(20)	(15)	10	11	14	22
<u>\$ (1)</u>	<u>\$ 8</u>	<u>\$ (13)</u>	<u>\$ (26)</u>	<u>\$ (24)</u>	<u>\$ 6</u>	<u>\$ -</u>	<u>\$ 7</u>	<u>\$ 15</u>

2000	1999	1998	1997	1996	1995	1994	1993	1992
\$ (136)	\$ 232	\$ (21)	\$ 205	\$134	\$135	\$181	\$ 111	\$ (36)
139	(11)	15	81	80	42	113	94	112
<u>\$ 3</u>	<u>\$ 221</u>	<u>\$ (6)</u>	<u>\$ 286</u>	<u>\$214</u>	<u>\$177</u>	<u>\$294</u>	<u>\$ 205</u>	<u>\$ 76</u>
\$ 19	\$ 43	\$ 16	\$ 16	\$ 22	\$ 30	\$ 29	\$ 5	\$ 2
35	43	41	32	15	23	19	19	16
<u>\$ 54</u>	<u>\$ 86</u>	<u>\$ 57</u>	<u>\$ 48</u>	<u>\$ 37</u>	<u>\$ 53</u>	<u>\$ 48</u>	<u>\$ 24</u>	<u>\$ 18</u>
\$ (94)	\$ (17)	\$ (34)	\$ 26	\$ -	\$ (93)	\$ (9)	\$ (12)	\$ (9)
21	(14)	(19)	-	17	(7)	2	10	-
<u>\$ (73)</u>	<u>\$ (31)</u>	<u>\$ (53)</u>	<u>\$ 26</u>	<u>\$ 17</u>	<u>\$ (100)</u>	<u>\$ (7)</u>	<u>\$ (2)</u>	<u>\$ (9)</u>
<u>\$ (19)</u>	<u>\$ 55</u>	<u>\$ 4</u>	<u>\$ 74</u>	<u>\$ 54</u>	<u>\$ (47)</u>	<u>\$ 41</u>	<u>\$ 22</u>	<u>\$ 9</u>

2000	1999	1998	1997	1996	1995	1994	1993	1992
19.1	21.4	19.9	22.8	22.5	24.2	25.0	24.4	22.5
4.2	3.7	3.3	2.6	2.7	2.4	2.3	2.1	2.4
11.8	11.8	12.5	13.2	13.8	13.2	13.5	13.6	14.2
3.7	3.7	4.1	4.6	4.8	5.0	5.0	4.9	4.8
-	3.3	(.1)	5.1	4.1	3.4	6.2	4.8	2.0
0.1	2.4	(.3)	3.8	3.0	4.3	5.3	4.2	(5.0)
0.6	11.8	(1.6)	15.5	12.8	19.9	26.7	26.8	(33.7)

Quarterly Statement of Operations

\$ Millions	2001			
	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Net sales.....	\$1,349	\$1,461	\$1,408	\$1,463
Cost of goods sold	1,117	1,192	1,153	1,198
Special charges	-	-	-	-
Gross profit	232	269	255	265
Selling and administrative expenses	183	183	177	185
Research and engineering expenses.....	53	58	53	56
(Income) expense from joint ventures and alliances....	(2)	(3)	(2)	(3)
Other (income) expense, net.....	4	-	(3)	(1)
Restructuring, asset impairment and other charges	-	125	-	-
Earnings (loss) before interest and taxes	(6)	(94)	30	28
Interest expense	23	23	15	15
Earnings (loss) before income taxes	(29)	(117)	15	13
Provision (credit) for income taxes.....	(7)	(39)	2	2
Minority interest	4	4	4	3
Dividends on preferred securities of subsidiary trust	-	-	6	5
Net earnings (loss)	<u>\$ (26)</u>	<u>\$ (82)</u>	<u>\$ 3</u>	<u>\$ 3</u>
Earnings per share:				
Basic.....	\$ (.68)	\$ (2.14)	\$.08	\$.08
Diluted.....	(.68)	(2.14)	.08	.08
Quarterly net sales as a percent of total year.....	24%	25%	25%	26%

Percent of net sales	2001			
	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Net sales.....	100.0	100.0	100.0	100.0
Cost of goods sold	82.8	81.6	81.9	81.9
Special charges	-	-	-	-
Gross profit	17.2	18.4	18.1	18.1
Selling and administrative expenses	13.6	12.5	12.6	12.7
Research and engineering expenses.....	3.9	4.0	3.8	3.8
(Income) expense from joint ventures and alliances....	(.2)	(.2)	(.2)	(.2)
Other (income) expense, net.....	.3	-	(.2)	(.1)
Restructuring, asset impairment and other charges	-	8.5	-	-
Earnings (loss) before interest and taxes	(.4)	(6.4)	2.1	1.9
Interest expense	1.7	1.6	1.0	1.0
Earnings (loss) before income taxes	(2.1)	(8.0)	1.1	.9
Provision (credit) for income taxes.....	(.5)	(2.7)	.2	.1
Minority interest3	.3	.3	.2
Dividends on preferred securities of subsidiary trust	-	-	.4	.4
Net earnings (loss)	<u>(1.9)</u>	<u>(5.6)</u>	<u>.2</u>	<u>.2</u>

2000

Quarter 1	Quarter 2	Quarter 3	Quarter 4
\$1,648	\$1,769	\$1,572	\$1,608
1,313	1,418	1,262	1,345
-	-	-	-
335	351	310	263
194	190	195	197
59	59	62	64
(1)	(3)	(3)	(2)
2	(2)	(5)	4
-	-	-	160
81	107	61	(160)
19	21	22	24
62	86	39	(184)
17	22	9	(67)
3	3	5	3
-	-	-	-
<u>\$ 42</u>	<u>\$ 61</u>	<u>\$ 25</u>	<u>\$ (120)</u>

\$ 1.09	\$ 1.62	\$.66	\$ (3.16)
1.09	1.62	.66	(3.16)
25%	27%	24%	24%

2000

Quarter 1	Quarter 2	Quarter 3	Quarter 4
100.0	100.0	100.0	100.0
79.7	80.2	80.3	83.6
-	-	-	-
20.3	19.8	19.7	16.4
11.8	10.8	12.4	12.3
3.6	3.3	3.9	4.0
(.1)	(.2)	(.2)	(.1)
.1	(.1)	(.3)	.2
-	-	-	9.9
4.9	6.0	3.9	(9.9)
1.1	1.2	1.4	1.5
3.8	4.8	2.5	(11.4)
1.1	1.2	.6	(4.1)
.2	.2	.3	.2
-	-	-	-
<u>2.5</u>	<u>3.4</u>	<u>1.6</u>	<u>(7.5)</u>

1999

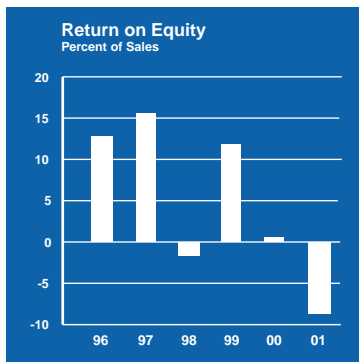
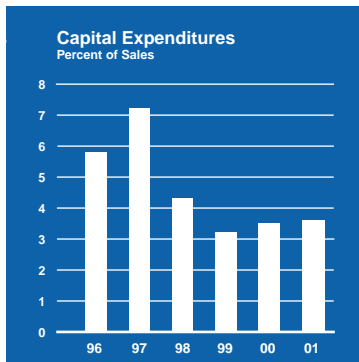
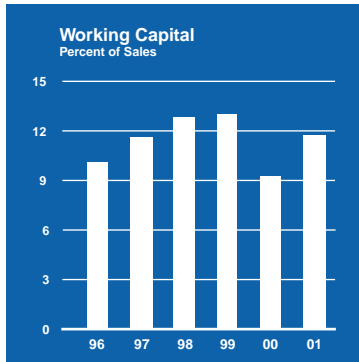
Quarter 1	Quarter 2	Quarter 3	Quarter 4
\$1,505	\$1,667	\$1,631	\$1,836
1,204	1,296	1,270	1,451
-	-	-	-
301	371	361	385
178	200	192	211
54	60	67	64
7	5	8	8
7	3	3	(5)
-	-	-	60
55	103	91	47
19	19	18	19
36	84	73	28
10	25	19	1
2	1	1	2
-	-	-	-
<u>\$ 24</u>	<u>\$ 58</u>	<u>\$ 53</u>	<u>\$ 25</u>

\$.63	\$ 1.51	\$ 1.37	\$.65
.63	1.50	1.35	.65
23%	25%	24%	28%

1999

Quarter 1	Quarter 2	Quarter 3	Quarter 4
100.0	100.0	100.0	100.0
80.0	77.7	77.9	79.0
-	-	-	-
20.0	22.3	22.1	21.0
11.8	12.0	11.8	11.5
3.5	3.6	4.1	3.5
.5	.3	.5	.5
.5	.2	.1	(.3)
-	-	-	3.3
3.7	6.2	5.6	2.5
1.3	1.2	1.1	1.0
2.4	5.0	4.5	1.5
.7	1.4	1.2	-
.1	.1	.1	.1
-	-	-	-
<u>1.6</u>	<u>3.5</u>	<u>3.2</u>	<u>1.4</u>

Statement of Financial Position



\$ Millions December 31, 2001

Assets

Current assets:

Cash and cash equivalents	\$ 92
Receivables, net	656
Inventories	688
Other current assets	199
	<u>1,635</u>

Investments and other assets:

Investments in joint ventures and alliances	216
Other assets	125
	<u>341</u>

Property, plant and equipment, net	1,405
Goodwill, net	343
Intangibles, deferred taxes and deferred charges	611

Total assets

\$4,335

Liabilities and shareholders' investment

Current liabilities:

Loans payable	\$ 21
Current maturities of long-term debt	9
Accounts payable	366
Accrued expenses	565
Income taxes payable	9
	<u>970</u>

Long-term debt	915
Other liabilities	1,051
Minority interest	83
Mandatorily redeemable convertible preferred securities	291
Convertible preference stock, no par value	-

Common shareholders' investment:

Common stock, \$2.50 par value	121
Additional contributed capital	1,131
Retained earnings	567
Common stock in treasury, at cost	(289)
Common stock held in trust for employee benefit plans	(140)
Unearned compensation	(39)
Cumulative translation adjustment*	-
Accumulated other comprehensive income	(326)
	<u>1,025</u>

Total liabilities and shareholders' investment

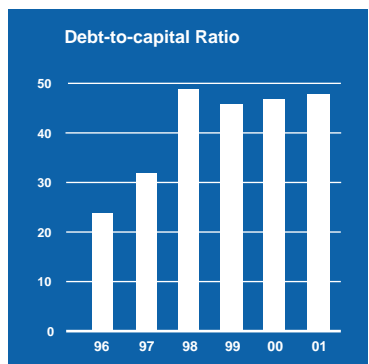
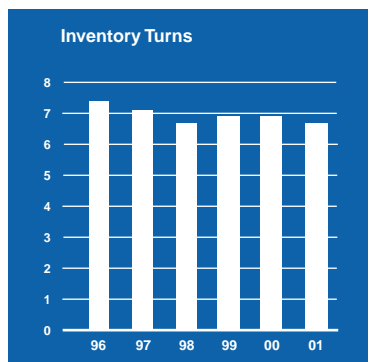
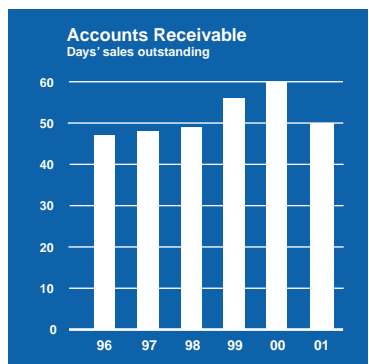
\$4,335

* 1994 and prior years do not reflect the adoption of SFAS 130, Other Comprehensive Income



2000	1999	1998	1997	1996	1995	1994	1993	1992
\$ 62	\$ 74	\$ 38	\$ 49	\$ 108	\$ 60	\$ 147	\$ 77	\$ 54
724	1,026	833	771	669	597	504	427	373
770	787	731	677	587	513	515	440	441
274	293	274	213	189	218	132	128	128
<u>1,830</u>	<u>2,180</u>	<u>1,876</u>	<u>1,710</u>	<u>1,553</u>	<u>1,388</u>	<u>1,298</u>	<u>1,072</u>	<u>996</u>
201	131	136	204	207	234	100	102	146
137	143	144	142	119	92	90	89	72
<u>338</u>	<u>274</u>	<u>280</u>	<u>346</u>	<u>326</u>	<u>326</u>	<u>190</u>	<u>191</u>	<u>218</u>
1,598	1,630	1,671	1,532	1,286	1,148	1,090	958	929
354	364	384	12	-	-	-	-	-
<u>380</u>	<u>249</u>	<u>331</u>	<u>165</u>	<u>204</u>	<u>194</u>	<u>128</u>	<u>170</u>	<u>88</u>
<u>\$4,500</u>	<u>\$4,697</u>	<u>\$4,542</u>	<u>\$3,765</u>	<u>\$3,369</u>	<u>\$3,056</u>	<u>\$2,706</u>	<u>\$2,391</u>	<u>\$2,231</u>
\$ 156	\$ 113	\$ 64	\$ 90	\$ 93	\$ 60	\$ 41	\$ 13	\$ 51
8	10	26	42	39	42	37	33	25
388	411	340	386	380	376	322	267	255
660	740	628	519	493	545	413	366	382
11	40	13	18	16	30	27	21	12
<u>1,223</u>	<u>1,314</u>	<u>1,071</u>	<u>1,055</u>	<u>1,021</u>	<u>1,053</u>	<u>840</u>	<u>700</u>	<u>725</u>
1,032	1,092	1,137	522	283	117	155	190	412
837	788	1,000	713	747	703	638	679	587
72	74	62	53	6	-	1	1	6
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	112	115
122	121	120	120	110	110	109	101	91
1,137	1,129	1,121	1,119	929	926	927	823	654
718	760	648	715	548	428	232	4	(146)
(290)	(274)	(240)	(245)	(169)	(135)	(72)	(67)	(67)
(151)	(163)	(172)	(175)	-	-	-	-	-
(33)	(35)	(38)	(42)	(46)	(51)	(55)	(59)	(63)
-	-	-	-	-	-	(69)	(93)	(83)
(167)	(109)	(167)	(70)	(60)	(95)	-	-	-
<u>1,336</u>	<u>1,429</u>	<u>1,272</u>	<u>1,422</u>	<u>1,312</u>	<u>1,183</u>	<u>1,072</u>	<u>709</u>	<u>386</u>
<u>\$4,500</u>	<u>\$4,697</u>	<u>\$4,542</u>	<u>\$3,765</u>	<u>\$3,369</u>	<u>\$3,056</u>	<u>\$2,706</u>	<u>\$2,391</u>	<u>\$2,231</u>

Balance Sheet Analysis



Asset Management Analysis

\$ Millions	2001
Receivables.....	\$ 656
Percent of net sales.....	11.5
Days' sales outstanding.....	50

Average inventories.....	\$ 716
Percent of cost of goods sold.....	15.4
Inventory turns.....	6.7

Investments in joint ventures and alliances:

Consolidated Diesel Company.....	\$ 47
European Engine Alliance.....	44
Komatsu alliances.....	19
Tata Cummins.....	18
Dong Feng.....	25
Chongqing Cummins.....	19
AvK/SEG.....	15
Behr America.....	-
Cummins Wartsila.....	-
Kirloskar Cummins Limited*.....	-
Other.....	29
	<u>\$ 216</u>

* Consolidated in the fourth quarter of 1997

Capital additions.....	\$ 206
Depreciation/amortization expense.....	231

Accounts payable.....	\$ 366
Percent of cost of goods sold.....	7.9

Current assets.....	\$1,635
Current liabilities.....	970
Net working capital.....	<u>\$ 665</u>
Percent of net sales.....	11.7
Current ratio.....	1.7

Number of employees at year-end.....	24,900
Sales per employee (in thousands of dollars).....	\$ 229

Total Capitalization

\$ Millions	2001
Loans payable.....	\$ 21
Current maturities of long-term debt.....	9
Long-term debt.....	915
Total indebtedness.....	<u>945</u>

Shareholders' equity.....	1,025
Total capitalization.....	<u>\$1,970</u>

Debt-to-capital ratio.....	48
Debt-to-equity ratio.....	91

Share and Shareholder Analysis

	2001
Shareholders' investment per share.....	\$26.66

Cash dividends per share.....	\$ 1.20
Number of common shareholders of record.....	4,600

2000	1999	1998	1997	1996	1995	1994	1993	1992
\$ 724	\$1,026	\$ 833	\$ 771	\$ 669	\$ 597	\$ 504	\$ 426	\$ 373
11.0	15.4	13.3	13.7	12.7	11.4	10.6	10.0	9.9
60	56	49	48	47	42	39	37	35
\$ 779	\$ 759	\$ 704	\$ 632	\$ 550	\$ 514	\$ 477	\$ 440	\$ 439
14.6	14.5	14.3	14.5	13.5	13.0	13.4	13.7	15.1
6.9	6.9	6.7	7.1	7.4	7.7	7.4	7.3	6.6
\$ 66	\$ 11	\$ 39	\$ 32	\$ 38	\$ 96	\$ 33	\$ 51	\$ 100
26	14	5	-	-	-	-	-	-
16	18	17	10	12	8	3	1	-
18	22	22	16	13	13	8	-	-
16	10	8	7	4	-	-	-	-
16	16	15	16	16	15	-	-	-
-	-	-	-	-	-	-	-	-
14	15	14	14	12	12	12	12	-
-	-	(6)	88	59	31	-	-	-
-	-	-	-	36	27	22	17	17
29	25	22	21	17	32	22	21	29
<u>\$ 201</u>	<u>\$ 131</u>	<u>\$ 136</u>	<u>\$ 204</u>	<u>\$ 207</u>	<u>\$ 234</u>	<u>\$ 100</u>	<u>\$ 102</u>	<u>\$ 146</u>
\$ 228	\$ 215	\$ 271	\$ 405	\$ 304	\$ 223	\$ 238	\$ 174	\$ 139
240	233	199	158	149	143	128	125	123
\$ 388	\$ 411	\$ 340	\$ 386	\$ 380	\$ 376	\$ 322	\$ 267	\$ 255
7.3	7.9	6.9	8.9	9.3	9.5	9.1	8.3	8.7
\$1,830	\$2,180	\$1,876	\$1,710	\$1,553	\$1,388	\$1,298	\$1,072	\$ 996
1,223	1,314	1,071	1,055	1,021	1,053	840	700	724
<u>\$ 607</u>	<u>\$ 866</u>	<u>\$ 805</u>	<u>\$ 655</u>	<u>\$ 532</u>	<u>\$ 335</u>	<u>\$ 458</u>	<u>\$ 372</u>	<u>\$ 272</u>
9.2	13.0	12.8	11.6	10.1	6.4	9.7	8.7	7.2
1.5	1.3	1.4	1.5	1.6	1.7	1.9	1.8	1.8
28,000	28,500	28,300	26,300	23,500	24,300	25,600	23,600	23,400
\$ 236	\$ 233	\$ 221	\$ 214	\$ 224	\$ 216	\$ 185	\$ 180	\$ 160
2000	1999	1998	1997	1996	1995	1994	1993	1992
\$ 156	\$ 113	\$ 64	\$ 90	\$ 93	\$ 60	\$ 41	\$ 13	\$ 51
8	10	26	42	39	42	37	33	25
1,032	1,092	1,137	522	283	117	155	190	412
<u>1,196</u>	<u>1,215</u>	<u>1,227</u>	<u>654</u>	<u>415</u>	<u>219</u>	<u>233</u>	<u>236</u>	<u>488</u>
<u>1,336</u>	<u>1,429</u>	<u>1,272</u>	<u>1,422</u>	<u>1,312</u>	<u>1,183</u>	<u>1,072</u>	<u>821</u>	<u>501</u>
<u>\$2,532</u>	<u>\$2,644</u>	<u>\$2,499</u>	<u>\$2,076</u>	<u>\$1,727</u>	<u>\$1,402</u>	<u>\$1,305</u>	<u>\$1,057</u>	<u>\$ 989</u>
47	46	49	32	24	16	18	22	49
90	85	96	46	32	19	22	29	97
2000	1999	1998	1997	1996	1995	1994	1993	1992
\$34.90	\$37.44	\$33.11	\$37.05	\$33.24	\$29.39	\$25.79	\$18.40	\$ 11.21
\$1.20	\$1.125	\$ 1.10	\$1.075	\$ 1.00	\$ 1.00	\$.63	\$.20	\$.10
4,800	4,800	5,200	4,700	4,800	5,000	4,800	4,400	4,800

Statement of Cash Flows

\$ Millions	2001	2000	1999	1998	1997
Cash flows from operating activities:					
Net earnings (loss).....	\$ (102)	\$ 8	\$ 160	\$ (21)	\$ 212
Adjustments to reconcile net earnings (loss) to net cash from operating activities:					
Restructuring actions	49	132	38	110	(24)
Depreciation and amortization.....	231	240	233	199	158
Receivables.....	202	54	(200)	(10)	(80)
Proceeds from sale of receivables	(164)	219	-	-	-
Inventories.....	67	9	(60)	(26)	(65)
Accounts payable and accrued expenses.....	(170)	(241)	162	56	(18)
Other.....	31	(33)	(26)	(37)	17
Total adjustments	<u>246</u>	<u>380</u>	<u>147</u>	<u>292</u>	<u>(12)</u>
Net cash provided by operating activities.....	<u>144</u>	<u>388</u>	<u>307</u>	<u>271</u>	<u>200</u>
Cash flows from investing activities:					
Property, plant and equipment:					
Additions.....	(206)	(228)	(215)	(271)	(405)
Disposals.....	20	11	22	7	21
Proceeds from sale leasebacks	143	-	-	-	-
Investments in joint ventures and alliances.....	(46)	(53)	(36)	(22)	(47)
Other	<u>2</u>	<u>-</u>	<u>6</u>	<u>2</u>	<u>1</u>
	<u>(87)</u>	<u>(270)</u>	<u>(223)</u>	<u>(284)</u>	<u>(430)</u>
Free cash flow	57	118	84	(13)	(230)
Business acquisitions and dispositions	<u>1</u>	<u>(42)</u>	<u>57</u>	<u>(468)</u>	<u>76</u>
Cash flow from operating and investing activities	<u>58</u>	<u>76</u>	<u>141</u>	<u>(481)</u>	<u>(154)</u>
Cash flows from financing activities:					
Proceeds from borrowings	-	1	28	711	281
Payments on borrowings	(9)	(65)	(90)	(161)	(50)
Net borrowings under short-term credit agreements....	(248)	49	49	(30)	(12)
Repurchases of common stock	-	(16)	(34)	(14)	(75)
Dividend payments.....	(50)	(50)	(47)	(46)	(45)
Proceeds from issue of preferred securities of subsidiary trust.....	291	-	-	-	-
Other.....	(11)	(5)	(11)	11	(3)
Net cash provided by financing activities	<u>(27)</u>	<u>(86)</u>	<u>(105)</u>	<u>471</u>	<u>96</u>
Effect of exchange rate changes on cash.....	<u>(1)</u>	<u>(2)</u>	<u>-</u>	<u>(1)</u>	<u>(1)</u>
Net change in cash and cash equivalents	30	(12)	36	(11)	(59)
Cash and cash equivalents at beginning of year.....	<u>62</u>	<u>74</u>	<u>38</u>	<u>49</u>	<u>108</u>
Cash and cash equivalents at end of year.....	<u>\$ 92</u>	<u>\$ 62</u>	<u>\$ 74</u>	<u>\$ 38</u>	<u>\$ 49</u>

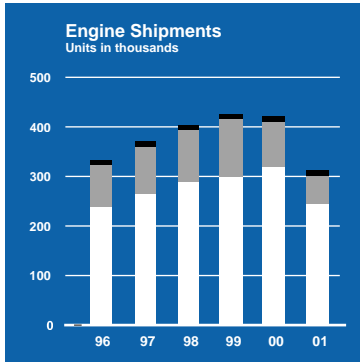
Free cash flow is the net cash flow from operations and investing, before acquisitions and divestitures.

Business Segments

\$ Millions

2001	Engine	Power Generation	Filtration and Other	International Distributors	Eliminations	Total
Net sales	\$3,121	\$1,422	\$889	\$562	\$(313)	\$5,681
Depreciation and amortization	140	46	40	5		231
Income from joint ventures and alliances	3	2	4	1		10
Earnings before interest, income taxes and special charges	(91)	81	66	27		83
Special charges	118	5	1	1		125
Earnings (loss) before interest and income taxes	(209)	76	65	26		(42)
Net assets	740	314	638	168		1,860
Investment in joint ventures and alliances	159	42	8	7		216
Capital expenditures	141	39	18	8		206
2000						
Net sales	\$4,050	\$1,395	\$902	\$555	\$(305)	\$6,597
Depreciation and amortization	151	47	39	3		240
Income from joint ventures and alliances	5	1	2	1		9
Earnings before interest, income taxes and special charges	24	103	93	29		249
Special charges	131	19	10	-		160
Earnings (loss) before interest and income taxes	(107)	84	83	29		89
Net assets	799	521	706	186		2,212
Investment in joint ventures and alliances	163	26	6	6		201
Capital expenditures	138	43	39	8		228
1999						
Net sales	\$4,225	\$1,356	\$863	\$491	\$(296)	\$6,639
Depreciation and amortization	146	47	38	2		233
Income (expense) from joint ventures and alliances	(4)	(25)	1	-		28
Earnings before interest, income taxes and special charges	182	52	94	28		356
Special charges	18	42	-	-		60
Earnings before interest and income taxes	164	10	94	28		296
Net assets	1,015	553	702	166		2,436
Investment in joint ventures and alliances	112	11	3	5		131
Capital expenditures	128	48	34	5		215

Volume and Market Data



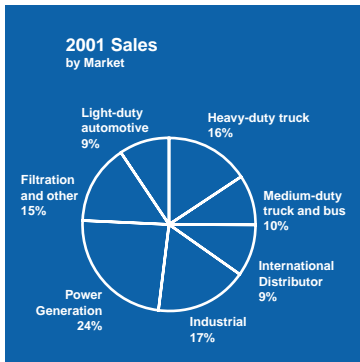
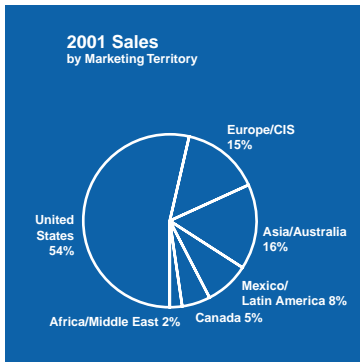
Engine Unit Shipments	
Units in thousands	2001
Midrange engines	243.5
Heavy-duty engines.....	57.4
High-horsepower engines.....	11.0
	<u>311.9</u>

Net Sales by Marketing Territory	
\$ Millions	2001
United States	\$3,045
Europe/CIS	832
Asia/Australia.....	901
Mexico/Latin America.....	471
Canada	303
Africa/Middle East	129
	<u>\$5,681</u>

Net Sales by Market*	
\$ Millions	2001
Engine Business:	
Heavy-duty truck.....	\$ 940
Medium-duty truck and bus	577
Light-duty automotive and RV	576
Industrial	1,028
	<u>3,121</u>

Power Generation Business	1,422
Filtration and Other Business.....	889
International Distributor Business	562
Elimination of intersegment revenue.....	(313)
	<u>\$5,681</u>

* Not available prior to 1994.
International Distributor Business sales not available prior to 1998

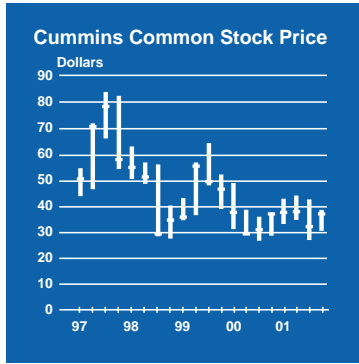


2000	1999	1998	1997	1996	1995	1994	1993	1992
318.1	298.4	287.4	264.3	237.4	222.1	195.6	167.9	139.8
91.9	117.9	106.1	94.9	85.0	107.3	99.9	86.5	73.8
11.7	9.8	9.8	10.6	9.9	9.5	8.8	8.6	8.3
<u>421.7</u>	<u>426.1</u>	<u>403.3</u>	<u>369.8</u>	<u>332.3</u>	<u>338.9</u>	<u>304.3</u>	<u>263.0</u>	<u>221.9</u>

2000	1999	1998	1997	1996	1995	1994	1993	1992
\$3,775	\$4,064	\$3,595	\$3,123	\$2,925	\$3,018	\$2,712	\$2,389	\$2,016
860	800	791	796	759	783	671	600	629
905	818	806	898	868	723	626	559	455
451	375	468	364	260	233	318	330	355
418	473	459	318	313	384	330	257	187
188	109	147	126	132	104	80	113	107
<u>\$6,597</u>	<u>\$6,639</u>	<u>\$6,266</u>	<u>\$5,625</u>	<u>\$5,257</u>	<u>\$5,245</u>	<u>\$4,737</u>	<u>\$4,248</u>	<u>\$3,749</u>

2000	1999	1998	1997	1996	1995	1994
\$1,444	\$1,787	\$1,554	\$1,354	\$1,261	\$1,550	\$1,483
657	637	658	710	694	737	621
835	779	716	558	492	402	348
1,114	1,022	1,054	1,044	863	776	686
4,050	4,225	3,982	3,666	3,310	3,465	3,138
1,395	1,356	1,230	1,205	1,213	1,092	980
902	864	852	754	734	688	619
555	492	499	-	-	-	-
(305)	(298)	(297)	-	-	-	-
<u>\$6,597</u>	<u>\$6,639</u>	<u>\$6,266</u>	<u>\$5,625</u>	<u>\$5,257</u>	<u>\$5,245</u>	<u>\$4,737</u>

Common Stock History



Price Range of Common Stock Dollars

	<u>High</u>	<u>Low</u>	<u>Close</u>
1997 Q1	55.63	44.63	51.25
Q2	72.75	47.75	70.56
Q3	83.00	67.88	78.75
Q4	82.50	55.31	59.06
1998 Q1	62.75	51.00	55.13
Q2	57.31	49.19	51.25
Q3	56.00	29.63	29.75
Q4	40.88	28.31	35.50
1999 Q1	42.25	35.00	35.56
Q2	58.13	36.13	57.13
Q3	64.56	49.00	49.81
Q4	52.56	39.06	48.31
2000 Q1	49.63	31.06	38.13
Q2	38.63	29.94	29.94
Q3	36.88	27.25	31.25
Q4	37.94	29.06	37.94
2001 Q1	43.27	34.40	37.54
Q2	45.50	35.77	38.70
Q3	43.50	28.00	33.00
Q4	39.65	30.75	38.54

History of Stock Splits

1954 — 5% stock dividend
 1955 — 5 for 4 split
 1956 — 5 for 4 split
 1957 — 10% stock dividend
 1958 — 5% stock dividend
 1960 — 2 for 1 split
 1960 — 5% stock dividend
 1961 — 10% stock dividend
 1962 — 5 for 4 split
 1964 — 4 for 3 split
 1969 — 10% stock dividend
 1993 — 2 for 1 split

Dividends* Per Share Dollars

1985	1.10	1991	.35	1997	1.075
1986	1.10	1992	.10	1998	1.10
1987	1.10	1993	.20	1999	1.125
1988	1.10	1994	.63	2000	1.20
1989	1.10	1995	1.00	2001	1.20
1990	1.10	1996	1.00		

**Restated for stock split effective in the fourth quarter of 1993*

