

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 8-K

CURRENT REPORT

PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

Date of Report: July 25, 2003

CUMMINS INC.

(Exact name of registrant as specified in its charter)

Indiana
(State or other Jurisdiction of
Incorporation)

1-4949
(Commission File Number)

35-0257090
(I.R.S. Employer Identification
No.)

**500 Jackson Street
P. O. Box 3005
Columbus, IN 47202-3005
(Principal Executive Office) (Zip Code)**

Registrant's telephone number, including area code: **(812) 377-5000**

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Item 7. Financial Statements and Exhibits

(c) Exhibits.

99.1 Press release dated July 25, 2003.

99.2 Reconciliation of Free Cash Flow to GAAP Measure.

Item 12. Results of Operations and Financial Condition

On Friday, July 25, 2003, Cummins Inc. issued a press release concerning its financial results for the second quarter of 2003.

SIGNATURE

Pursuant to the requirements of the Securities Exchange act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: July 25, 2003

Cummins Inc.

By: /s/ Susan K. Carter

Susan K. Carter
Vice President - Finance
(Principal Accounting Officer)

(BW) (IN-CUMMINS) (CUM) Cummins Inc. Reports Solid 2003 Second Quarter Earnings; Filtration and International Distributor Businesses Post Record Quarters; Engine Business Shows Significant Improvement

Business Editors

COLUMBUS, Ind.--(BUSINESS WIRE)--July 25, 2003--Cummins Inc. (NYSE:CUM) today reported second quarter earnings of \$.34 per share, or \$14 million profit after taxes, on sales of \$1.54 billion.

The stronger than expected earnings reflect record performance by the International Distributor and Filtration and Other Businesses. The quarter also represents significant improvement in the Engine Business, particularly due to increased sales in the Dodge Ram truck and a rebound in sales in the North American heavy-duty truck market. The performance in these three businesses bolstered profits significantly and the Power Generation Business moved closer to breakeven while absorbing \$5 million of restructuring costs.

"We believe this quarter's results demonstrate that we are well positioned for the market upturn. Three of our four businesses are performing well, and the fourth business has taken necessary actions to return to profitability," said Tim Solso, Chairman and Chief Executive Officer. "We are delivering the right products to the market for our customers. We are generating positive cash flow, while funding important product development programs. We remain committed to paying an attractive dividend to our shareholders and providing a good return to all our stakeholders. We will continue to tightly manage spending and believe we will benefit strongly as our markets continue to recover."

Engine Business

Total sales for the Engine Business in the second quarter were \$889 million, a 5 percent increase from sales of \$850 million a year ago. Revenues in automotive markets were 6 percent higher than the second quarter of 2002, with increases in our light-duty automotive business more than offsetting sales declines in medium-duty truck and bus engines. Overall revenue from Industrial markets was up 2 percent year-over-year, with increases in mining and government markets and decreases in revenues from rail and marine engines.

The Engine Business continues to benefit from the successful launch of our complete line of emission-compliant engines. There are now more than 16,000 of the new ISX and ISM heavy-duty engines in the field, with almost 450 million miles of service accumulated. By October, the Company expects to have more than 25,000 engines in service, with close to one billion miles of reliable performance.

The award-winning Cummins Turbo Diesel engine made for the Dodge Ram truck continues to perform very well and has strong market acceptance. Engine sales volume for the Dodge Ram over the last three quarters creates a new shipment record for Cummins. For the second consecutive year, our engine was named the best among all Chrysler engines and first among diesel engines for heavy-duty pickup trucks, as recently reflected in a report released by J.D. Powers and Associates.

Power Generation

Sales in the Power Generation Business for the second quarter were \$307 million, essentially flat with the second quarter of 2002.

In North America, revenues were down 2 percent compared to a year ago, with continued weak demand in our commercial genset business. Demand in our consumer business remained strong, with sales 2 percent higher than the second quarter of 2002. Outside North America, revenues increased 3 percent in total, with decreases in Latin America and parts of Asia more than offset by increases in Europe and Australia.

Filtration and Other

Revenues for the Filtration and Other Business were \$265 million for the quarter, a 9 percent increase compared to the second quarter of 2002. This marks a record sales quarter for the segment, despite continued weakness across most markets it serves.

Fleetguard secured another long-term supply agreement in the quarter with CNH Global N.V. and continues to pursue similar agreements with other major original equipment manufacturers. The segment also continues to benefit from the profitable growth of the Emission Solutions business. Emission Solutions continues to achieve growth targets, while funding technologies necessary to meet future emissions requirements.

International Distributor

Sales for the International Distributor Business were \$169 million in the second quarter, an increase of 17 percent compared to sales of \$145 million last year, with improvement across most regions.

The International Distributor Business continues to demonstrate its stable earnings capabilities. Earnings performance reached a record level in the second quarter. This business is increasing parts and service revenues and is benefiting from best-practice sharing across distributors.

Guidance

Cummins expects third quarter earnings in the range of \$.60 to \$.70 per share. Our earnings guidance for the year remains in the previous range of \$1.20 to \$1.40 per share. The Company's free cash flow for the year is still expected to be in the range of \$70 to \$80 million - sufficient to fund our dividend and provide for some modest debt reduction in 2003. Cummins expects capital expenditures for the year to be below \$110 million.

Restatement Update

On April 14th, the Company announced that it would restate prior period financial statements. This restatement required a re-audit of the 2000 and 2001 financial statements by the Company's new auditors, PricewaterhouseCoopers, LLP (PwC) since Arthur Andersen, LLP was Cummins auditors for those periods and is no longer providing auditing services. The Company is pleased to announce that the re-audit and restatement work is substantially complete.

Cummins is completing financial statements and disclosures and expects to file the Company's 2002 Form 10-K as well as first and second quarter Form 10-Qs for 2003 in the near future. Until the Form 10-K is filed, the Company will not release comparisons with prior periods. Once Cummins files the 2002 Form 10-K, the Company will announce the date of its Annual Shareholders Meeting.

Cummins Inc., a global power leader, is a corporation of complementary business units that design, manufacture, distribute and service engines and related technologies, including fuel systems, controls, air handling, filtration, emission solutions and electrical power generation systems. 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 23,700 employees worldwide, Cummins reported sales of \$5.9 billion in 2002. Press releases by fax can be requested by calling News On Demand (toll free) at 888-329-2305. The Cummins home page can be found at www.cummins.com.

Information provided in this release that is not purely historical is considered to be forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including statements regarding the Company's expectations, hopes, beliefs and intentions on strategies regarding the future. It is important to note that the Company's actual future results could differ materially from those projected in such forward-looking statements because of a number of factors, including, but not limited to, general economic, business and financing conditions, labor relations, governmental action, competitor pricing activity, expense volatility and other risks detailed from time-to-time in Cummins Securities and Exchange Commission filings.

Information in this press release includes certain non-GAAP financial measures. Such information is reconciled to what management believes is the most directly comparable GAAP financial measures, contained in this release, which will be furnished on a Form 8-K and may be accessed from the Cummins website at www.cummins.com.

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Cummins Inc.
(Millions, except per share amounts)
Unaudited

FOR THE QUARTER ENDED

	June 29, 2003	March 30, 2003	Year-to-Date 2003
Net sales	\$1,539	\$1,387	\$2,926
As reported			
Earnings (loss) before interest and income taxes	46	(14)	32
Net earnings (loss)	14	(34)	(20)
Basic earnings (loss) per share	\$.34	\$ (.86)	\$ (.52)
Diluted earnings (loss) per share	.34	(.86)	(.52)
Weighted-average number of shares for EPS			
Basic	39.0	38.9	39.0
Diluted	39.0	38.9	39.0

Cummins Inc.
Consolidated Statement of Earnings
Unaudited

Millions, except per share amounts	Second Quarter 2003	First Quarter 2003	Year-to-Date 2003
Net sales	\$1,539	\$1,387	\$2,926
Cost of goods sold	1,263	1,173	2,436
Gross margin	276	214	490
Selling and administrative expenses	200	195	395
Research and engineering expenses	50	46	96
Joint ventures and alliances (income) expense	(17)	(7)	(24)
Interest expense	20	20	40
Other (income) expense, net	(3)	(6)	(9)
Earnings (loss) before income taxes, minority interest, dividends on preferred securities of subsidiary trust and cumulative effect of change in accounting principle.	26	(34)	(8)
Provision (benefit) for income taxes	5	(10)	(5)
Minority interest	2	4	6
Dividends on preferred securities of subsidiary trust	5	6	11
Net earnings (loss)	\$14	\$(34)	\$(20)
 Earnings Per Share			
Basic	\$.34	\$(.86)	\$(.52)
Diluted	\$.34	\$(.86)	\$(.52)
Average number of shares:			
Basic EPS	39.0	38.9	39.0
Diluted EPS	39.0	38.9	39.0
Cash dividends declared per share	\$.30	\$.30	\$.60

Cummins Inc.
Consolidated Statement of Cash Flows
Unaudited

Millions	Second Quarter Ended June 29, 2003
Cash flows provided by (used in) operating activities	
Net earnings	\$14
Adjustments to reconcile net earnings to net cash from operating activities:	
Depreciation and amortization	54
Equity in (income) losses of joint ventures and alliances	(13)
Minority interest	2
Translation and hedging activities	2
Changes in assets and liabilities:	
Receivables	(30)
Proceeds (repayments) from sale of receivables	5
Inventories	(18)
Accounts payable and accrued expenses	25
Other	(7)
Total adjustments	20
Net cash provided by operating activities	34
Cash flows provided by (used in) investing activities	
Property, plant and equipment:	
Capital expenditures	(27)
Proceeds from disposals	2
Investments in and advances to joint ventures and alliances	21
Purchases of marketable securities	(26)
Proceeds from sale of marketable securities	37
Net cash provided by investing activities	7
Net cash provided by operating and investing activities	41
Cash flows provided by (used in) financing activities	
Proceeds from borrowings	9
Payments on borrowings	(8)
Net borrowings under short term credit agreements	(29)
Dividend payments on common stock	(13)

Other	(9)
Net cash used in financing activities	(50)
Effect of exchange rate changes on cash and cash equivalents	2
Net change in cash and cash equivalents	(7)
Cash and cash equivalents at the beginning of the quarter	66
Cash and cash equivalents at the end of the quarter	\$59

Cummins Inc.
Segment Information
Unaudited

Millions	Engine	Power Generation	Filtration And Other	International Distributor	Eliminations	Total
Second Quarter Ended June 29, 2003						
Net sales	\$889	\$307	\$265	\$169	\$(91)	\$1,539
Earnings (loss) before interest and income taxes	24	(15)	25	12	-	46
First Quarter Ended March 30, 2003						
Net sales	\$816	\$267	\$254	\$136	\$(86)	\$1,387
Earnings (loss) before interest and income taxes	(23)	(17)	20	6	-	(14)
Year-to-Date Ended June 29, 2003						
Net sales	\$1,705	\$574	\$519	\$305	\$(177)	\$2,926
Earnings (loss) before interest and income taxes	1	(32)	45	18	-	32

Product Revenues as Percent of Total Sales

% of Consolidated Sales	Q1	Q2	Q3	Q4	YTD
2003:					
Engines	45	44			44
Non-Engine Products	55	56			56
2002:					
Engines	44	46	51	41	46
Non-Engine Products	56	54	49	59	54

Sales

\$Millions	Q1	Q2	Q3	Q4	YTD
2003:					
Engine Business					
Heavy-Duty Truck	236	266			502
Medium Duty Truck+Bus	122	141			263
Light Duty Auto+RV	222	228			450
Industrial	236	254			490
TOTAL ENGINE BUSINESS	816	889			1,705
Power Generation	267	307			574
Int'l. Distributors	136	169			305
Filtration / Other	254	265			519
Eliminations	(86)	(91)			(177)
TOTAL	1,387	1,539			2,926

2002:					
Engine Business					
Heavy-Duty Truck	219	265	378	207	1,069
Medium Duty Truck+Bus	138	157	191	113	599
Light Duty Auto+RV	157	179	236	209	781
Industrial	262	249	228	247	986
TOTAL ENGINE BUSINESS	776	850	1,033	776	3,435
Power Generation	283	304	315	324	1,226
Int'l. Distributors	124	145	152	153	574
Filtration / Other	228	243	236	244	951
Eliminations	(78)	(84)	(88)	(83)	(333)
TOTAL	1,333	1,458	1,648	1,414	5,853

Engine Shipments

Units	Q1	Q2	Q3	Q4	YTD
2003:					
Midrange	66,200	69,900			136,100
Heavy-duty	10,700	12,800			23,500
High Horsepower	1,900	2,000			3,900
TOTAL	78,800	84,700			163,500
2002:					
Midrange	60,500	67,000	71,800	65,800	265,100
Heavy-duty	11,200	14,700	22,700	9,300	57,900
High Horsepower	2,100	2,100	2,200	2,500	8,900
TOTAL	73,800	83,800	96,700	77,600	331,900

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CONTACT: Cummins Inc.
Jason Rawlings, 812-377-7719

Cummins Inc.

Reconciliation of Free Cash Flow to GAAP Measure

In our second quarter earning's release, we provided a non-GAAP forward looking measure. This schedule is included in this Form 8-K to reconcile this measure to what management believes to be the most comparable GAAP measure.

Cummins indicated that its expected free cash flow will be \$70-80 million for the year ended December 31, 2003. This measure can be derived from information presented on the company's cashflow statement as follows:

Note: all amounts below are projections and are presented in millions. Sources (uses) of cash .

Projected Cash Flows generated from operations

as reflected on the Statement of Cash Flows \$170-180 *

Projected capital expenditures, net of disposals (100-110) **

Projected net change in investments and

advances with joint venture operations 0 - 10 **

Projected Free Cash Flow \$ 70-80

* This number is net of cash provided by sales of receivables.

** This information is presented as a component of Investing Cash flows on the
Statement of Cash Flows.